

SINYI REALTY

2016 ANNUAL REPORT



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Spokesperson

Name : Chou, Chang-Yun

Title: Chief Strategy Officer

Tel: 886-2-2755-7666

E-mail: S109358@sinyi.com.tw

Deputy Spokesperson

Name : Chen, Chih-Huan

Title: Senior Manager

Tel: 886-2-2755-7666

E-mail: S253839@sinyi.com.tw

Head Office

Address: No.100, Sec.5 Xinyi Rd., Taipei City 110, Taiwan (R.O.C.)

Tel: 886-2-2755-7666

Stock Transfer Agent

Capital Group

Address: B2, No.97, Sec.2, Dunhua S. Rd., Taipei City 106, Taiwan (R.O.C.)

Tel: 886-2-2702-3999

Website:

Auditors

Deloitte & Touche

Auditors: Shyu, Wen-Yea and Lai Kwan-Chung

Address: 12th Floor, Hung Tai Financial Plaza 156 Min Sheng East Road, Sec. 3, Taipei 10596, Taiwan (R.O.C.)

Tel.: 886-2-2545-9988

Website: <http://www.deloitte.com.tw>

Overseas Securities Exchange: not applicable

Corporate Website

<http://www.sinyi.com.tw>

Notice to readers

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

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One. Letter to Shareholders

Ladies and Gentlemen, Dear Shareholders:

The year 2016 saw the continuation of the changes and uncertainties in economic and political situations from the previous year both in Taiwan and overseas. The real estate market in Taiwan witnessed a significant shrinkage in trading volumes, as a result of taxation policy changes, public concern over high housing prices, the government's control measures and the general wait-and-see attitude regarding property purchases. The real estate agency industry is still confronted with many challenges. However, we managed to improve our operating performances and market share in 2016, compared with 2015, with our dedication to catchment areas and efforts to nurture talents.

【The industrial environments and business performance】

Taiwan —

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

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

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

China —

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

Overseas Markets —

Japan remains the most popular choice for the Taiwanese people if they want to purchase properties overseas. However, 60% of the potential buyers from Taiwan are

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

Real Estate Development –

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

The operating performance in Year 2016 is as below:

【Analyses on the financial revenues and expenditures and profitability】

Expressed in Million New Taiwan Dollars

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

Notes: The above table is prepared according to data in the consolidated financial statements.

【Verification of remarkable performance of Sinyi with award honors】

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

honors and awards, notably including:

In the aspects of quality and innovation of services:

- ※ For as astonishingly as 23 years in a row, the Company won the supreme honors of No. 1 among all realty service houses in the “Survey of Ideal Brand from View of Consumers” conducted by the 《Management Magazine》 .
- ※ The Company was honorably awarded in twelve years in a row by Next Magazine “The Prime No. 1 Service Award”, as No. 1 among entire real estate agent services.
- ※ The Company was awarded by “《Commonwealth Magazine》 “Grand Prize for Gold Medal Service” that suggests the supreme honors of First Prize in the entire realty damage indemnity.
- ※ For nine years in a row, the Company was awarded by 《Business Today》 First Place Honor in “Grand Survey of Ideal Brand Names in the Eyes of Merchants” .
- ※ The Company won the extraordinary honors of double championships from the 《30 Magazine》in the “Young Generation Brand Survey” in the category of realty agent, i.e., the “Brand Favored Most” and “Brand Desired Most”.
- ※ The Company’s Subsidiray, Shanghai Sinyi Real Estate Inc. was awarded as “Credit Construction Enterprise” within the highest star as Five-Star Credit Enterprise in the real estate industry for ten years in a row.
- ※ The Company’s Subsidiray, Shanghai Sinyi Real Estate Inc. also was awarded the honor of “Annual Excellent Taiwan-Funded Enterprises” by the Association of Taiwan Investment Enterprises in Shanghai.

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

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

※ The Company's Subsidiary, Sinyi Real Estate (Shanghai) Ltd., was awarded as "The Superior Enterprise of Social Construction 2016" in Jiading district of Shanhai.

【Impact of the external competition, regulatory backdrop and business environment, operating goals and future prospects】

Taiwan —

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

Although the dynamics in the housing market remains poor and there is a concern over lowering birth rates, we continue to develop internal talents and improve our service quality with our business philosophy of "putting people first".

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

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

China —

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

Overseas Markets —

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

Real Estate Development —

In China, the government has been tightening its grip over the housing market and land

transactions with numerous new policies and announcements. This has somewhat hampered the development and trading volumes of the housing and land markets. However, the market demand is expected to stay strong and whether the government's cooling measures can continue to work is a question mark. In contrast, the Taiwanese government is unlikely to suppress the housing market and the overall economy is expected to improve in 2017. Therefore, we think the macro factors are favourable to our property development business.

Both "Sinyi Jiating" in Shanghai and "Sinyi Qian-Shi" in Taipei are starting to deliver completed units in 2017. In addition to the continued marketing for the second phase of "Sinyi Jiating" this year, our development team in China will carry on with the promotion of our brand name Sinyi as the architect of communities. We strive to create a living environment for the happiness and prosperity of local people, and we believe we have the knowhow and competence to deliver this promise. Our development team in Taiwan will start to work on the site we recently acquired in Banqiao District, New Taipei City. We hope to design a premier residential project by integrating it into the neighbouring art and cultural scene. In sum, our development teams in Taiwan and China will continue to source suitable sites, strengthen our pipelines to ensure growth momentum.

Chairperson of the Board

Two. Company Profile

I. Date of incorporation: January 21, 1987

II. Milestone:

Year 2016	<ul style="list-style-type: none"> ● Sinyi Group promoted the Platform Business in order to consolidate varied services and to respond to the advanced technological development in digital and internet. ● Yowoo Technology Inc., the Company’ s subsidiary, launched “ Yowoo delivery platform” aiming at community economic services which provide the community residents with warm food delivery services. ● Sinyi Realty Inc. Japan, the Company’s subsidiary, incorporating Osaka branch, expanded domains from Kanto region to Kansai district in Japan. ● Established SIN CHIUN HOLDING SDN. BHD. in Malaysia and we are towardling to boosting the property market by indirectly invested subsidiary.
Year 2015	<ul style="list-style-type: none"> ● Launch of the Sinyi O2O (Online to Offline) Platform with three integrated services, i.e. Home Anything and Everything, Home Services and Home Shopping Mall under a coordinated process to solve the customers’ home affairs in their home lives. ● Offering of 3D Interactive Shopping for Homes that allows a realistic experience for viewings without the limitation of time and space. ● Kick-off of another ten-year program “Nationwide Community Building” by investing a total of NT\$ 200 million.
Year 2014	<ul style="list-style-type: none"> ● As the leader in the horizontal trades, we launched innovative house viewing services “digital home staging” to enable customers to enjoy the virtual (fictitious) feel of the home view. ● Our Subsidiary Sinyi Development Co., Ltd. launched the initial program in pre-construction sales “Sinyi Qian-Shi”, vastly differing from the house-buy culture currently prevalent in Taiwan. That program features unified selling prices, to originate “online order for a house”, where customers could look into floor plans, prices, sales status and such updates through website to safeguard consumers in their interests in an open and transparent manner.
Year 2013	<ul style="list-style-type: none"> ● We incorporated Sinyi Real Estate (Shanghai) Limited, wherewith we were successfully awarded the tender for development and construction on the land in Shanghai City to create the community home concept. Besides, our another Subsidiary Sinyi Development Co., Ltd. (formerly known as Da-Chia Construction Co., Ltd.) was also awarded the land in the golden area of Tianmu Section, Taipei City where we would build a high class intellectual housing products.

	<ul style="list-style-type: none"> We integrated and extended the real estate brokerage agency services procedures and get officially verified for ISO9001 international certification as the first officially verified home brokerage services house.
Year 2012	<ul style="list-style-type: none"> We took the lead among the horizontal trades in Taiwan in establishing “Ethics Director” and “Corporate Ethics Office”, setting up the landmark of “Faithful Ethics”. We invested to incorporate Sinyi Real Estate (Hong Kong) Limited, through which we were awarded open tender for land in Shanghai area in China to boost the real estate construction domains.
Year 2011	<ul style="list-style-type: none"> We took the lead among the horizontal trades “Worry-free services against potential suicide or murder involved houses, to provide customers with omnifarious and comprehensive house purchase protection networks.
Year 2010	<ul style="list-style-type: none"> We set up the Remuneration Committee to further intensify the functions of the board of directors. We established Qingdao Sinyi and Chengdu Sinyi to further expand business horizons in China. We originated in entire Taiwan the “iPhone House-Review App”, leading the real estate agent services into a mobile high technology era.. We took the lead in the real estate agent services in initiating “Home Staging House Furnishing in American Style” services.
Year 2009	<ul style="list-style-type: none"> We founded the first enterprise university in real estate agent service fields, as an innovative platform combining theories and practices, with a total investment of NT\$150 million to positively cultivate human resources in the field. Sinyi Realty Inc. took the lead to guide real estate agent services into a new milestone to make the “Monthly Indices of Metropolitan Taipei Area” public, calculating the house price indices on a monthly basis. Sinyi marched into Japan by incorporating Sinyi Realty Inc. Japan Sinyi Realty Inc. launched “Action Plan of One Community One Family” with NT\$100 million additional sponsorship fund.
Year 2008	<ul style="list-style-type: none"> Sinyi expanded domains in China in a full steam, by means of “Sinyi Realty Inc.” direct selling system and “Ke Wei International” franchise system to further deepen the markets through the double brand policy.
Year 2007	<ul style="list-style-type: none"> Sinyi Realty Inc. took the lead among entire horizontal trades by initiating “Four Major Assurances” services against a building built with cheap, unreliable concrete which contains a high quantity of sea sand, radiation-contaminated building, leakage and transaction security, bringing added transaction security to customers. Sinyi set up Audit Committee to strive for unceasing better and better in corporate governance and business development.

	<ul style="list-style-type: none"> • Sinyi officially entered the Sinyi Headquarters at Sinyi Building and, meanwhile, signed memorandum with ORIX Group Japan, laying the firm cornerstone ready to march into the entire world markets.
Year 2006	<ul style="list-style-type: none"> • Sinyi initiated the “e-digital reception services” to associate with digital and human function designs, from the very detail to the very majority. We assigned designated personnel to offer guide and instructions in all details.
Year 2005	<ul style="list-style-type: none"> • Sinyi Realty Inc. officially promulgated establishment of the smart brand name “Sinyi Shop” to sell Sinyi products and services, as the spearhead real estate agent service brand name in Taiwan. • Sinyi took the lead in launching “Online Interaction House Review” services with extraordinarily powerful interaction functions, enabling customers to review houses throughout at anytime.
Year 2004	<ul style="list-style-type: none"> • Sinyi Realty Inc. promulgated “One Family Sponsorship Program for Entire Communities” to invest NT\$100 million fund in every five-year term to sponsor community programs, as the first spearhead community sponsorship program of the largest scale aiming to boost interpersonal interchanges to encourage stay in Taiwan.. • Sinyi Realty Inc. set up a new subsidiary by the name of Beijing Sinyi and signed franchise contract with Chongqing Reality Co., Ltd. for franchise system in Chongqing area.
Year 2003	<ul style="list-style-type: none"> • Sinyi took the lead to issue “Sinyi Real Estate Commentary” as a bright lighthouse amidst the confused real estate information. Under our motto of feedback to the society to ensure sound industrial order and assure transparent information, we offer the results and findings yielded through the research efforts to the investment & trust enterprises, investment consultation, banking, real estate and such research institutions. • We updated the Sinyi Realty Inc. website into a brand new one. By then, Sinyi owned as many as twelve service functions, known as Sinyi Realty Inc. Ehome to render even more intimate services to customers.
Year 2002	<ul style="list-style-type: none"> • We promulgated brand new “humans-oriented” Corporate Identity System (CIS), as the new logo composed of “humans”, “housing” and “summit” to further intensify profound values and visions. • We got ahead of horizontal trades with concrete acts to reform services, refurbishing all Sinyi service outlets of entire Taiwan and introducing to community image exhibition spaces to further enhance the relationship between Sinyi Realty Inc. and communities. • We initiated the “Optimal Home Hunting Systems” as the new Sinyi service system, deepening the awareness of the consumer need in house buys, minimizing consumers’ hard work in house purchase and, in turn, boosting satisfaction approval level of house buyers.

	<ul style="list-style-type: none"> • We initiated the “online on-the-spot audiovisual house review software”. All Sinyi branches were additionally equipped with outdoor “housing information multimedia guiding system”, enabling consumers to hunt and view houses online 24 hours. • Sinyi teamed up with telecommunications to launch “entrepreneurial communications integration services” to offer omnifarious and comprehensive platforms including system networks, technological platforms, service content setup, mobile communications terminals to create 3-M technological platform environments and, in turn, boost the competitive edge for enterprises and brand names.
Year 2001	<ul style="list-style-type: none"> • Sinyi successfully upgraded from GreTai Securities Market ("GTSM") to Taiwan Stock Exchange Corporation (TSEC) listing, and officially got listed on the Taiwan Stock Exchange Corporation (TSEC). Sinyi Realty Inc. became the sole real estate agent service house listed on Taiwan Stock Exchange Corporation (TSEC). • Typhoon Toraji and Nari drastically hit Taiwan, in particular - Xinyi Township in Nantou County. Sinyi Realty Inc. established in that township “Sinyi Children Secured Schooling Program” to sponsor the children of the typhoon devastated families until they graduate from the senior high schools. There were a total of 77 beneficiary children in Xinyi Township under the Sinyi Children Secured Schooling Program.
Year 2000	<ul style="list-style-type: none"> • Sinyi Realty Inc. teamed up with National Chengchi University to set up “National Chengchi University CNCCU – SINYI Research Center for Real Estate” as one of the expertise academic research institutions in Taiwan on real estate expertise. • Where the children in the Xinyi Township of Nantou County were critically affected in schooling in the wake of Catastrophic Earthquake September 21, 1999, Sinyi Realty Inc. established in that township “Supreme Sinyi Fellowship”.
Year 1999	<ul style="list-style-type: none"> • Sinyi Realty Inc. created another new era for real estate logistics. On November 9 of the year, Sinyi Realty Inc. successfully passed the application in GreTai Securities Market ("GTSM") listing and became the first OTC listed real estate agent company in Taiwan. • Also in the year, Sinyi Realty Inc. obtained the sole and exclusive agency from the largest real estate brand name in the United States Coldwell Banker for the Greater Region of China wherewith Sinyi Realty Inc. would launch extensive real estate transactions among both sides of Taiwan Strait, Hong Kong and Macao.
Year 1998	<ul style="list-style-type: none"> • Sinyi Realty Inc. launched “Sinyi Real Estate Price Index”, the first of its like in Taiwan, serving consumers with more objective analyses on real estate market trends.
Year 1997	<ul style="list-style-type: none"> • Sinyi Realty Inc. launched NT\$170 million capital increase through cash injection and NT\$330 million capital increase through earnings, bringing the

	aggregate total of the capital up to NT\$700 million. Sinyi Realty Inc. got approved from the Securities & Futures Commission, Ministry of Finance for issuance in public.
Year 1996	<ul style="list-style-type: none"> • Sinyi Realty Inc. launched overall “Readily Available House Escrow” services, as the first one in Taiwan launching new transaction security system. • The aggregate total of Sinyi Realty Inc. branches throughout Taiwan hit one hundred marks.
Year 1995	<ul style="list-style-type: none"> • Sinyi Realty Inc. launched “Sinyi VISA” identification card, the first one presented in real estate agent services, lifetime free of membership fee. Sinyi VISA cardholders are privileged for multiple benefits for VISA cards, preferential discount and automatic public charity donation.
Year 1993	<ul style="list-style-type: none"> • Sinyi Realty Inc. was in overall enforcement of “Overall Assurance System for House Purchases”, including pre-sale assurance on “ownership survey system”, amid-sale assurance “payment assurance system” and “Scrivener (Title Agent) verification system” and after-sales assurance “leakproof assurance system”..
Year 1992	<ul style="list-style-type: none"> • Sinyi Realty Inc. signed contract with China Productivity Center to set up logistic management implementation organization to unfold the initial year for quality in services.
Year 1991	<ul style="list-style-type: none"> • Sinyi Realty Inc. purchased the office mansion, with Sinyi Headquarters relocated into Tunrex Skyscraper Building on Dunhua S. Road, Taipei.
Year 1990	<ul style="list-style-type: none"> • Sinyi Realty Inc. produced “Real Estate Guide Book” as the spearhead among the entire real estate agent services to protect the safty of transactions fot the customers.
Year 1987	<ul style="list-style-type: none"> • Sinyi Realty Inc. was officially approved for incorporation registry, with Ms. Chou Wang Mei-Wen serving as the Chairwoman of the First Session, taking the lead to launch “Ownership survey before transaction” to assure carefree transaction to consumers. Sinyi Realty Inc. introduced to Corporate Identity System (CIS) to intensify corporate image.

III. Highlights of Honors:

Year 2016	<ul style="list-style-type: none"> • For as astonishingly as 23 years in a row, the Company won the supreme honors of No. 1 among all realty service houses in the “Survey of Ideal Brand from View of Consumers” conducted by the 《Management Magazine》 . • The Company was honorably awarded in twelve years in a row by Next Magazine “The Prime No. 1 Service Award”, as No. 1 among entire real estate agent services.
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- The Company’s Subsidiray, Shanghai Sinyi Real Estate Inc. was awarded as“Credit Construction Enterprise”within the highest star as Five-Star Credit Enterprise in the real estate industry for ten years in a row.
- The Company’s Subsidiray, Sinyi Real Estate (Shanghai) Ltd. also was awarded the honor of “Annual Excellent Taiwan-Funded Enterprises” by the Association of Taiwan Investment Enterprises in Shanghai.
- The Company’s Subsidiary, Shanghai Sinyi Real Estate Inc., was awarded among the “Top 30 Best Employers of Shanhai, China, 2016”.
- The Company’s Subsidiary, Suzhou Sinyi Real Estate Inc., was awarded among the “Top 10 Best Employers of Suzhou, China, 2016”.
- The Company’s Subsidiary, Sinyi Real Estate (Shanghai) Ltd., was awarded as “The Superior Enterprise of Social Construction 2016” in Jiading district of Shanhai.

Year 2015	<ul style="list-style-type: none"> • For as astonishingly as 22 years in a row, the Company won the supreme honors of No. 1 among all realty service houses in the “Survey of Ideal Brand from View of Consumers” conducted by the 《Management Magazine》 . • The Company was honorably awarded by 《Infotimes》 Golden Awards of “Golden Finger Network Award XVI” for the sixth time. • For eight years in a row, the Company was awarded by《Business Today》First Place Honor in “Grand Survey of Ideal Brand Names in the Eyes of Merchants”. • The Company was awarded by the Taiwan Institute for Sustainable Energy 《Award of Sustainable Taiwan Enterprise 2015》 in the Categories of “Co-Harmony Society Award”, “Climate Leader Award” and “TOP50 Sustainable Enterprise Report Award in Realty & Construction Categories”. • The Company won “Five-star Service Award” granted by Global Views Monthly, as First Place in the realty agency, and Second Place in cross-business lines. • The Company was honorably awarded in eleven years in a row by Next Magazine “The Prime No. 1 Service Award”, as No. 1 among entire real estate agent services. • The Company was awarded for the ninth time by 《CommonWealth Magazine》 “The Grand Award as the CommonWealth Model Citizen”. • The Company was ranked among the Top 5%” in the First Corporate Governance Appraisal by the Taiwan Stock Exchange Corporation (TWSE). • The Company won for the third time the honors of A++ Grade Award in the information disclosure awarded by the “Securities & Futures Institute”. • The Company won the supreme “Reputable Brand” awarded by 《Reader’s Digest》 for eight times in a row. • In the “The First Place of Revenues in House Broker Classification of Service Industry – Survey on Top Two Thousand Enterprises” conducted by 《CommonWealth Magazine》 , the Company won the supreme honors as No. 1 among the real estate agent services in 21 years in a row. • The Company was acknowledged by 《Digital Era Business Next》 with the prominent honors of the “Award of Innovative Future Commerce” and “Award of the Best Customer Experience”. • The Company was awarded Double Prime Awards by 《Global Views Monthly》 in Session Eleven the “Corporate Social Responsibility Award” in the “Grand Annual CSR Survey in the group of service and finance industries”, “Outstanding Proposal in group of public interest promotion task force” .
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	<ul style="list-style-type: none"> • The Company was awarded for the third time by “《Commonwealth Magazine》 “Grand Prize for Gold Medal Service” that suggests the supreme honors of First Prize in the entire realty damage indemnity. • The Company won the extraordinary honors of double championships from the 《30 Magazine》 in the “Young Generation Brand Survey” in the category of realty agent, i.e., the “Brand Favored Most” and “Brand Desired Most”. • The Company won the Extraordinary Performance Award of 2015 Influence Brands” conducted by 《Manager Today》 . • The Company’s Subsidiary, Shanghai Sinyi Real Estate Inc., won the “Golden Bridge Award” of Session XIV as well as the “Top 20 Plus Real Estate Agencies” from the Shanghai Real Estate Trade Association (SRETA). • The Company’s Subsidiary, Shanghai Sinyi Real Estate Inc., was awarded among the “Top 30 Best Employers of China, 2015”. • The Company’s Subsidiary, Shanghai Sinyi Real Estate Inc., was awarded among the “Best Employer of China for three times in a row.
Year 2014	<ul style="list-style-type: none"> • For as astonishingly as 21 years in a row, Sinyi Realty Inc. won the supreme honors of No. 1 among all realty service houses in the “Survey of Ideal Brand from View of Consumers” conducted by the 《Management Magazine》 . • The Company was honorably awarded “Top Ten Sustainable Performance Models in Taiwan 2014”; “TOP50 Sustainable Performance Award—The Best Report Award of the Year”, “Common Harmonious Society Award” and “Supply Chain Management Award”. • For seven years in a row, the Company was awarded by 《Business Today》 First Place Honor in “Grand Survey of Ideal Brand Names in the Eyes of Merchants”. • The Company won the supreme No. 1 honors of the “Service Top Award” in the real estate agent services conducted by 《Next Magazine》 as the 10th time honors in a row. • For eight years in a row, the Company won the honors of “Best Corporate Citizen Award” from 《CommonWealth Magazine》 ; Fourth Place of “Great Enterprise Category Award”, the first time honors even for the real estate agent services. • The Company won for the second time the honors of A++ Grade Award in the information disclosure awarded by the “Securities & Futures Institute”. • The Company won the Premier Award in the Category of Real Estate conducted by 《Business Next》 in “Digital Service Benchmark Enterprises”. • The Company won the supreme “Reputable Brand” awarded by 《Reader’s Digest》 .

- The Company won the “Best Customer Service Center Award” in the “2014 Taiwan Service Industry Assessment”” conducted by 《Commercial Times》 .
- The Company won the “Work and Life Balance Award” in Session One from the Ministry of Labor.
- In the “The First Place of Revenues in House Broker Classification of Service Industry – Survey on Top Two Thousand Enterprises” conducted by 《CommonWealth Magazine》 , the Company won the supreme honors as No. 1 among the real estate agent services in 20 years in a row. (In and before Year 2012, the event was conducted as the Survey on top 1,000 manufacturers and top 500 service houses.)
- The Company won for the 8th time Award for “Corporation Hierarchy of responsibility toward the Society” in the 《Global Views Monthly》 Corporate Social Responsibility Award, the first time of such honors granted to real estate agent services in the category of the “Overall Performance” Model.
- The Company for the 5th time accredited by 《Taiwan Corporate Governance Association》 in terms of corporate governance evaluation verification.
- The Company won the Extraordinary Performance Award of 2014 Influence Brands” conducted by 《Manager Today》 .
- The Company won the Premier Honors of No. 1 Prize in 11 years in a row in the category of real estate in the “Healthy Brand Survey” conducted by 《CommonHealth Magazine》 .
- The Company won the Premier Award as No. 1 in the category of real estate` in “Brand Desired Most” of “Young Generation Brand Survey” conducted by 《30 Magazine》 .
- The Company won the “Award of Superior Service Channels in the "Green Brand Survey” conducted by 《Business Next》 for three years in a row.
- The Group’s Subsidiary Suzhou Sinyi was awarded the “Best Service Faithful Brokers in Suzhou Real Estate Broker Industry 2014” from Soufun Holdings Limited.
- The Group’s Subsidiary Shanghai Sinyi won the honorable title as “Five Star Faithfull Venture Enterprise” from the Shanghai Real Estate Trade Association (SRETA).
- The Group’s Subsidiary Shanghai Sinyi won the “Golden Bridge Award” of Session XIII as well as the “Top 20 Plus Real Estate Agencies” from the Shanghai Real Estate Trade Association (SRETA).
- The Group’s Subsidiary Suzhou Sinyi was awarded the honors among the “Top Best Employers in Suzhou, China, 2014” conferred by Zhi Lian Recruitment.

	<ul style="list-style-type: none"> • The Group’s Subsidiary Shanghai Sinyi was awarded the honors among the “Top Best 30 Plus Employers in Shanghai China, 2014” conferred by Zhi Lian Recruitment in concert with Peking University (PKU) Corporate Social Responsibility & Employee Brand Name Communications Research Center.”.
Year 2013	<ul style="list-style-type: none"> • The Company was honorably awarded 《Taiwan Institute for Sustainable Energy》 “Taiwan Top 50 Enterprise Sustainable Report on Services” and “Transparent Faithful Performance Model”. • The Company was awarded by the Taipei City Government for six years in a row for Outstanding Performance as “Green Procurement Enterprise and Group”. • The Company was awarded by Taipei City Government Department of Labor for two years in a row for the “Certification Label for Hiring Mentally and Physically Handicapped People. • The Company was awarded by the Environmental Protection Administration, the Executive Yuan for the fourth time “Green Procurement Organization”. • The Company was awarded for the seventh time by 《CommonWealth Magazine》 “The Grand Award as the CommonWealth Model Citizen” . • The Company was honorably rated by Securities & Futures Institute of the Republic of China “A++Enterprise”, among the top 20 Plus among all firms listed on the Taiwan Stock Exchange or Over-the-Counter Securities Exchange. • The Company was honorably awarded by 《Manager Today》 with Premier Award among real estate agent services in the “Survey on Most Influential Brand Names 2013”. • The Company was honorably awarded by 《30 Magazine》 with extraordinarily double champions as the “Most Popular Brand Name in Use” and “Brand Name Best Desired to Own” in the “Survey on Young Era Brand Names” • The Subsidiary Shanghai Sinyi was awarded for the 11th time the 20-Plus Golden Bridge Award in Shanghai City. • Subsidiary of the Company Zhejiang Sinyi was honored as the “Most Satisfactory Real Estate Agent Services Brand in Zhejiang Markets. • The Subsidiary Suzhou Sinyi was awarded “Golden Tripod Award among Suzhou Real Estate Industry 2012, with Extraordinary Contribution by House 365. • The Subsidiary Suzhou Sinyi was awarded “Best Employer in Suzhou” and “Golden Neighborhood Award for Best Continuation in Gusu Area”.

Year 2012	<ul style="list-style-type: none"> • For the second time, the Company was honorably awarded 《CommonWealth Magazine》”Grand Award for Golden Brand Services” as No. 1 among all real estate agent services. • For the 7th time, the Company was honorably awarded by 《Global Views Monthly》 “Award for Corporate Responsibility toward Society”. • The Company was honorably awarded by Industrial Development Bureau, Ministry of Economic Affairs “The Twenty-Plus of Innovative Enterprises in the Grand Survey on Innovative Enterprises in Taiwan 2012” • The Company was honorably awarded for the third time by 《Global Views Monthly》 as Outstanding Service Award” as No. 1 in the real estate agent services. • The Company was honorably awarded by 《Commercial Times》 the Prime Golden Brand in the “Grand Evaluation of Service Industry Throughout Taiwan”. • The Company was honorably awarded in two years in a row by 《Business Next》 in the Premier Award as “Landmark Enterprise in Digital Services”. • The Company was honorably awarded 《Taiwan Institute for Sustainable Energy》 “The Golden Award of Sustainable Performance Report among Enterprises in Taiwan 2012”, “Best CSR Website Information Disclosure”. • The Company was honorably awarded by Department of Labor, Taipei City Government “Remarkable Mechanical Engineering of Blind Massagers in Taipei City in 2012”. • The Company was honorably awarded by Department of Labor, Taipei City Government with Certificate Badge of “Full Employment of Mentally and Physically Handicapped People”. • The Subsidiary Shanghai Sinyi was awarded “Four-Star Faithful Innovative Organization”, as the first enterprise among real estate agent services in entire Shanghai City.
Year 2011	<ul style="list-style-type: none"> • The Company was honorably selected among the Top 100 Brand Names in Taiwan” in celebration of the centennial for the founding of the Republic of China, as the sole one among the real estate agent services. • The Company was honorably awarded by 《CommonWealth Magazine》 the “Best Corporate Citizen”, as No. 5 among the huge enterprise category. • The Company was honorably awarded by the Industrial Development Bureau, Ministry of Economic Affairs “Among the Top 100 Innovative Enterprises”. • The Company was honorably awarded by the Ministry of Economic Affairs Outstanding Performance Award in “Innovative Enterprises Innovative Service Category”.

- The Company was honorably awarded by the Industrial Development Bureau, Ministry of Economic Affairs “The Touching Story in Faithful Undertaking among Enterprises in Taiwan”.
- The Company was honorably awarded by 《Department of Labor, Taipei City Government》 “Three-Star Award of Blessed Enterprise” as the sole one awarded among real estate agent services...
- The Company was honorably awarded for the fourth time by 《Reader’s Digest》 “Trustworthy Brand Name”, “Platina Award in Real Estate Brokerage Agency”.
- Four shop heads of the Company were awarded by 《Taiwan Chain Stores and Franchise Association》 “Outstanding Shop Heads among All Shops of the Entire Country, XIV”, as the sole awardee among entire real estate agent services.
- The Company was honorably awarded by 《Taiwan Institute for Sustainable Energy》 “Best Sustainable Performance Report 2011: for the large scale service cases.
- The Company was awarded by the Taiwan Stock Exchange Corporation (TSEC) “Award for Outstanding Performance in Disclosure of Social Responsibility Reports among Giants Listed on the Taiwan Stock Exchange and Over-the-Counter Securities Exchange”.
- The Company was honorably awarded by Taiwan Corporate Governance Association for “CG6006 Advanced Level Certification”, with such honors in four years in a row (CG6003~CG6006).
- The Company was honorably awarded by the Ministry of Economic Affairs for two years in a row “Best Innovative Contribution Award”, as the sole winner among entire real estate agent services.
- The Company was honorably awarded by 《CommonHealth Magazine》 for eight years in a row, No. 1 among the entire real estate agent services.
- The Company was honorably awarded by 《Business Next》 “The Landmark Enterprises in Digital Services in Session One”, as No. 1 among entire real estate agent services.
- The Company was honorably awarded by 《Infotimes》 with three Golden Awards in “Golden Finger Network Award XII”, including “iPad House Review APP” to win “Network Application Programs (Web App) Commerce Award” and “Best Web App Program Award of the Year (Web App)”, as well as “I Present Best Housing” Web amidst “Web Advertisement Golden Award” among other awards, including “iPad House Review APP” which the Cross-Industry Grand Award of the Year.

	<ul style="list-style-type: none"> • The Company was selected by 《Cheers Magazine》 among the Top 100 Best Admired Enterprises”, as the sole winner among the entire real estate agent services. • The Company was selected by《Management Magazine》 “Among the Fifteen Best Desired Employers in the Eyes of University Students.
Year 2010	<ul style="list-style-type: none"> • The Company was honorably awarded by 《Infotimes, PChome Online》 three Golden Awards of “Golden Finger Network Award XI”, including “Integrated Marketing Category—Architectural Decoration”, “Web Service Category –the Contents”, “Cell Phone Application Program Category –Best Content Award”. • The Company was honorably awarded by Workforce Development Agency, Ministry of Labor for three years in a row “TTQS Training Quality Evaluation System”, Golden Brand Level Enterprise Award. • The Company was honorably awarded by 《Department of Commerce, MOEA》 “Outstanding Brand Award in Commercial Services in Taiwan III”. • The Company was honorably awarded by 《Environmental Protection Administration, Executive Yuan》 “Best Shop Award 2010”. • The Company was honorably awarded by Ministry of Economic Affairs “Outstanding Award of Industrial Technology Development”. • The Company was honorably awarded by 《Ministry of Culture》 “Warm Literature Award X”, with Golden Award and Best Talent Cultivation Award. • The Company was honorably awarded in four years in a row by 《CommonWealth Magazine》 “CommonWealth Citizen Award” as No. 1 among backbone enterprises. • The Company was honorably awarded by 《Cheers》 Magazine and 《Global Views Monthly》【The Best Responsible Entrepreneur】Top5, 【The Top 100 General Managers】 at Top 12. • The Company was honorably awarded in two years in a row by 《Global Views Monthly》 “Five-Star Award in the Grand Survey on Corporate Social Responsibility”. • The Company was honorably awarded in seven years in a row by Next Magazine “The Prime No. 1 Service Award”, as No. 1 among entire real estate agent services. • The Subsidiary Zhejiang was awarded the name of the “Best Satisfactory Brand Name in Quality in Zhejiang” and the “Model Enterprise of Real Estate Agency Services in Hangzhou”. • Subsidiary Beijing Sinyi won the title of “Grade I Real Estate Agent Services in Beijing City 2009”.

	<ul style="list-style-type: none"> Subsidiary Shanghai Sinyi won the title of “One-Star Level Trustworthy Enterprise”
Year 2009	<ul style="list-style-type: none"> The Company was honorably awarded by Workforce Development Agency, Ministry of Labor in two years in a row “National Training Quality Scoring Card TTQS” Golden Brand Level Certification, and was conferred upon TTQS Landmark Enterprise Award. The Company was honorably awarded by Council of Labor Affairs (currently known as Ministry of Labor) “Human Resources Innovation Award V”, as the sole enterprise having been awarded the honors twice.. The Company was honorably awarded by CommonHealth Magazine for six years in a row “Best Health Brand Name Survey” as No. 1 among real estate agent services.
Year 2008	<ul style="list-style-type: none"> Sinyi Website was honorably awarded for Golden Finger Network Award IX with “Web Advertising Key Word Advertising Category—Gold”, “Other Categories—Copper Award”, “Enterprises & Products Category—Real Estate—Silver Award”, “Activity & Web Category Real Estate/Decoration Category—Silver Award, Copper Award, Best Award”; Media and Service Categories—Others—Best Award” among numerous other honors.
Year 2007	<ul style="list-style-type: none"> The Company was honorably awarded by Commonwealth Magazine in thirteen years in a row “Top 100 Service Giants”; No. 1 among real estate agent services real estate brokerage (1995~2007) The Company e-Digital Reception Service was honorably awarded by the Republic of China Information Month “Outstanding Information Application Product Award”. The Company Web was honorably awarded “Golden Finger Network Award VIII”, “Best Web of the Year Award”, “Website Real Estate/Decoration Category/Golden Finger Award, Silver Finger Award, Best Award”, “Web Advertising Category—Others” among lots of other honors.
Year 2006	<ul style="list-style-type: none"> Online House Review, peripheral information search and such characteristics information services. The Company Website was awarded by Department of Commerce, Ministry of Economic Affairs and Institute for Information Industry as the sole one of the entire country awarded e21 Golden Web Award. The Company was honorably awarded by CHEERS Happy Worker Magazine the Best Employer. Among 42 keen candidates competing for the Best Employer Award, the Company along with five others significantly stood out, as the representative landmark to best encourage talented human resources and to cultivate happy employee momentum.

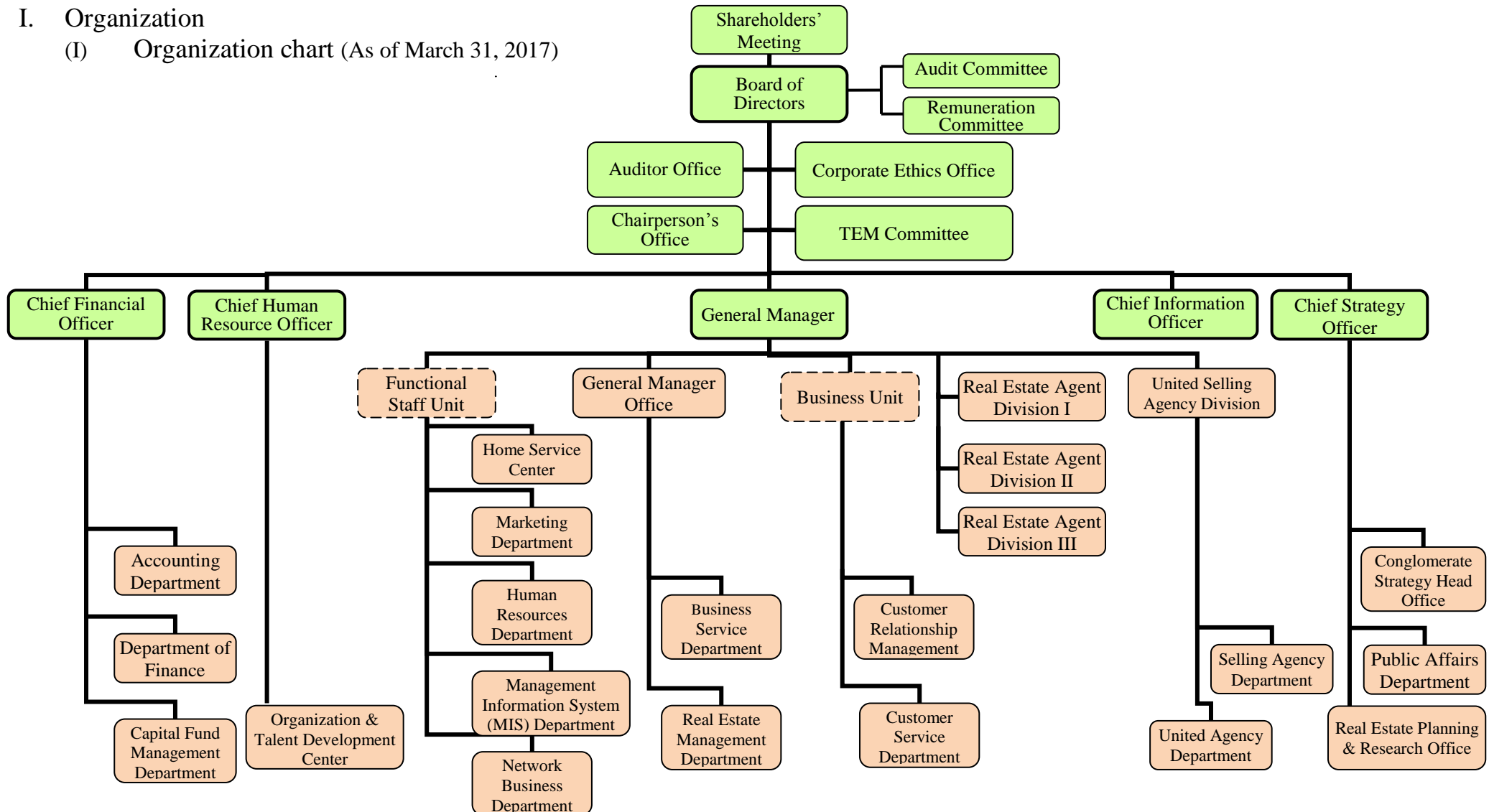
	<ul style="list-style-type: none"> • The Company was honorably awarded by ASiAMONEY Magazine “The Best Management Enterprise in Taiwan 2005”. • The Company became highly approved in the performance in Chinese markets, and was conferred by The State Council, The People’s Republic of China “the First Runner-up among 100 Brokers in China. • The Company was honorably awarded jointly by Shanghai Trademark Association, Shanghai Real Estate Trade Association (SRETA) and Shanghai Consumer Council “Best Concerned Brand Name in Shanghai”.
Year 2005	<ul style="list-style-type: none"> • The Company was evaluated as the extraordinary performance by Department of Commerce, MOEA in concert with Taiwan Chain Franchise Association Headquarters. • The Company was honorably awarded Outstanding Service Award by CommonWealth Magazine “2005 while CommonWealth Magazine evaluated all enterprises about innovative services. The Company won such honors with” Readily Available House Escrow in Full Mark Services”. • The Company was honorably awarded by Executive Yuan (the Cabinet) in the National Quality Award in Session XVI, in the customer satisfaction level survey, where the Company was rated as high above par enterprises, with “full-rate system” to strive for full-mark services, as the sole winner for such honors after the financing industry. • The Company was honorably awarded by Council of Labor Affairs in Human Resources Innovation Award in Session One, as the sole one of the national level for the human resources development, as the supreme honors in the human resources world. • The Company was rate No. 1 in the real estate agent services with “Strategic Service Award” pursuant to the grand survey conducted by the Global Views Monthly over 87 service giants. • The Company provides 360-degree interacting house interview services and won the “Best Enterprise Award” and “Best Web Technology Application Award” of Golden Finger Network Award VII jointly conferred upon by the China Times and PC Home. • The Company received renewed approval for performance in Chinese markets, and was awarded “2004~2005 Best Franchise Brand name in China”.
Year 2003	<ul style="list-style-type: none"> • In the 【e-21 Golden Net Award】 jointly sponsored by the Department of Commerce, Ministry of Economic Affairs and Institute for Information Industry, the Company won the Outstanding Award, as the sole winner among the entire real estate agent services.
Year 2001	<ul style="list-style-type: none"> • In “e-Value Grand Survey over 100” conducted by eCommonWealth

	Magazine , the Company was the sole one rated into the rating among real estate agent services.
Year 1998	<ul style="list-style-type: none"> The Company was honorably awarded in two years in a row by Commonwealth Magazine as the landmark enterprise for the enterprise goodwill survey.
Year 1996	<ul style="list-style-type: none"> “Real Estate Guide Book” produced by the Company was awarded as the Outstanding Quality Program VII for the remarkable production procedures.
Year 1995	<ul style="list-style-type: none"> The Company was honorably awarded by Commonwealth Magazine the Supreme Honor of No. 1 in the brokerage service category in the “Survey over Top 1000 manufacturers and Top 500 Service Houses“.
Year 1989	<ul style="list-style-type: none"> The Company was rated No. 1 in the “Scoring Survey in Marketing Power of the Top Nine Lines” conducted by Harvard Management Services, Inc..

Three. Corporate Governance Report

I. Organization

(I) Organization chart (As of March 31, 2017)



(II) Business operation of a variety of departments:

Departments		Contents of duties
Chairperson's Office		Implement the major decisions resolved in the board of directors, and guide the managers to enact major policymaking process.
Auditor Office		Help the board of directors and the management check and audit the defects found in the internal control system and business performance, and offer timely proposal for improvement so as to assure that the internal control system could be implemented in an effective way as the grounds for review and amendment of the internal control system.
Corporate Ethics Office		Assume the responsibility for put into implementation thoroughly of "faithfulness, ethics" philosophy, set up moral ethics norms and create corporate moral culture and intensify the constitution of the entire conglomerate.
Conglomerate Strategy Head Office		Assume the responsibility to carry out reform programs, research & development for new business lines, innovate business mode, map out and review annual plans of the Conglomerate, manage procedural innovation and technology & know-how, communicate and coordinate with cross-department issues.
The General Manager's Office		Set up a variety of business plans, coordinate with and integrate various departments as the actual market situations and competition status may justify
Business Service Department		Assume the responsibility for communications, offer incentives for sales promotion, publicize business philosophy, manage and dispatch secretaries to branches internally.
Customer Service Department		Assume the responsibility for customer consultation, customer services, enhance customer approval and solve legal issues or disputes with customers, if any.
Real Estate Management Department		Assume the responsibility for management and leasehold of the premises of Sinyi Headquarters
Real Estate Agent Division		Assume the responsibility for brokerage promotion, implement reforms, solicit, cultivate brokerage human resources and take charge of their duties.
United Selling Agency Division	Selling Agency Department	Provide customers with domestic and foreign firsthand sluggish sales, and integrate marketing channels the selling agency and real estate agent departments to expand brokerage services to satisfy customer needs.
	United Agency Department	Provide customers with overseas real estate items, integrated foreign real estate development and management, marketing activities, planning and arrangements to provide customers foreign real estate trading advice.
Division of Finance	Department of Finance	Assume the responsibility for investment management, budget programs, cost statistics & analyses and such operating management, evaluation of performance, as the very grounds for policymaking process.
	Accounting Department	Assume the responsibility for accounting and taxation related issues.
	Capital Fund Management Department	Assume the responsibility for capital fund management, financing planning, cashier affairs, financial product operation and hedge related business operation.
Marketing Department		Map out a variety of operating & marketing plans for the long-term and short-term goals, set up a variety of policies and measures to satisfy customers and boost business performance.
Customer Relationship Management Department		Assume the responsibility for development and maintenance of customer relationship.
Real Estate Planning & Research Office		Carry out analyses on real estate markets and businesses, provide business management policymaking process and operating revenues and launch interchanges with business, academic celebrities in interactions.

Departments	Contents of duties
Public Affairs Department	Assume the responsibility for implementation of public benefits related programs.
Home Service Center	Assume the responsibility for recommendation for interior design, refurbishment, relocation, cleaning and such services as well as for the operation of internet shopping mall which sells home daily necessities.
Human Resources Department	Assume the responsibility for development on human resources and personnel management, boost rationalization of business operation procedures to demonstrate the overall efficiency, take good care of fringe benefits for employees and provide a variety of educational & training programs to assure harmonious human resources relationship and to put right human resources to the right positions.
Organization & Talent Development Center	Assume the responsibility for organizational development and mapping out and implementing the human resources cultivation programs for the Conglomerate.
Management Information System (MIS) Department	Assume the exclusive responsibility for integration of relevant application systems for the entire conglomerate, planning/setup and management for information and network frameworks, information security planning, setup and management, new information technology & know-how/tool research & development/innovation and introduction.
Network Business Department	Assume the responsibility for development and maintenance for websites, web marketing and application for such tools, photograph for interaction house review and inspection over the potential defects of the real estate.

II. Directors and Management Team:

(I) Information on Directors

March 31, 2017

Title	Nationality or the venue of registry	Name	Sex	Date of on Board (mm/dd/yy) (Note 1)	Term (mm/dd/yy)	Date of on Board for the First Time (mm/dd/yy)	Shareholding When on Board		Shareholding for the Time Being		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Main Experience/Educational Background (Note 2)	Concurrent Positions in the Company and Other Companies at present	Other Managers, Directors or Supervisors that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Director/Supervisor		
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relation
Chairperson	Taiwan, R.O.C.	Chou Chun-Chi	male	05/20/2016	05/19/2019	01/21/1987	8,042,093	1.27%	8,042,093	1.27%	3,098,324	0.49%	-	-	General Manager of the Company Bachelor of Dept. of Law, Chinese Culture University	Director or Chairperson of the Company's affiliated enterprises (Note 5) Supervisor of Kun Gee Venture Capital Co., Ltd. Managing Director of Commerce Development Research Institute Director of Sinyi Real Estate Consulting Inc. Chairperson of Sinyi Culture Foundation	Vice Chairperson	Chou Wang Mei-Wen	Spouse
Vice Chairperson	Taiwan, R.O.C.	Sinyi Co., Ltd.	male	05/20/2016	05/19/2019	04/03/1998	180,277,601	28.53%	180,277,601	28.53%	-	-	-	-	-	-	-	-	-
	Taiwan, R.O.C.	Sinyi Co., Ltd. Representative: Chueh Chien-Ping (note 3)		05/20/2016	05/19/2019	05/27/2004			3,223	-	4,138	-	-	-	General Manager of the Company EMBA, Commerce Group, College of Management, National Taiwan University Dept. of Business Administration, National Cheng Kung University	CEO of platform business of Sinyi Group Sinyi Global Asset Management Co., Ltd.	-	-	-
Director	Taiwan, R.O.C.	Sinyi Co., Ltd.	-	05/20/2016	05/19/2019	04/03/1998	180,277,601	28.53%	180,277,601	28.53%	-	-	-	-	-	-	-	-	-
		Chou Wang Mei-Wen (note 3)	female	05/20/2016	05/19/2019	01/21/1987			3,098,324	0.49%	8,042,093	1.27%	-	-	Vice-chairperson of the Company EMBA, National Taiwan University of Science and Technology	Director or Chairperson of the Company's affiliated enterprise (Note 5) Chairperson of Sinyi Interior Design Co., Ltd. Director of Sinyi Culture Foundation	Chairperson	Chou Chun-Chi	Spouse

Title	Nationality or the venue of registry	Name	Sex	Date of on Board (mm/dd/yy) (Note 1)	Term (mm/dd/yy)	Date of on Board for the First Time (mm/dd/yy)	Shareholding When on Board		Shareholding for the Time Being		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Main Experience/Educational Background (Note 2)	Concurrent Positions in the Company and Other Companies at present	Other Managers, Directors or Supervisors that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Director/Supervisor		
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relation
Independent Director	Taiwan, R.O.C.	Liu Shuen-Zen	male	05//20/2016	05/19/2019	06/11/2010	-	-	-	-	-	-	-	-	Associate Professor, Dept. of Accounting, College of Management, National Taiwan University Assistant Professor, Institute of Business Administration, University of Maryland, USA Lecturer of University of Pittsburgh, USA Doctor of Philosophy on Accounting, University of Pittsburgh, USA Bachelor of Dept. Economics	Professor, Dept. of Accounting, College of Management, National Taiwan University	-	-	-
Independent Director	Taiwan, R.O.C.	Hong San-Xiong	male	05//20/2016	05/19/2019	05/20/2016	-	-	-	-	-	-	-	-	Chairperson of Waterland Financial Holdings Co., Ltd. Chairperson of International Bills Finance Corp. Chairperson of Taiwan Asset Management Corporation Independent Director of China Steel Inc. Director of China Airlines Co., LTD. Chairperson of Taiwan Financial Asset Service Corporation Bachelor, Dept. of Law, National Taiwan University	Chairperson of Waterland Securities Co., Ltd. Chairperson of Waterland Securities Co., Ltd. Director of Waterland Financial Holdings Co., Ltd. Director of Waterland Securities Holding Co., Ltd. B.V.I. Director of Waterland Social Welfare Charity Foundation Chairperson of Taipei Shung-Chin Foundation	-	-	-

Title	Nationality or the venue of registry	Name	Sex	Date of on Board (mm/dd/yy) (Note 1)	Term (mm/dd/yy)	Date of on Board for the First Time (mm/dd/yy)	Shareholding When on Board		Shareholding for the Time Being		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Main Experience/Educational Background (Note 2)	Concurrent Positions in the Company and Other Companies at present	Other Managers, Directors or Supervisors that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Director/Supervisor		
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relation
Independent Director	Taiwan, R.O.C.	Jhan Hong-Chih	male	05//20/2016	05/19/2019	05/20/2016	-	-	-	-	-	-	-	-	Publisher of PC Home Publications Group. Editor of Wonshine version of United Daily News. President of Cite' Publishing Group General Manager and Editor in chief of Yuan-Liou Publishing Co., Ltd. Bachelor, Dept. of Economic, National Taiwan University	Chairperson of PChome online Inc. Chairperson of PChomePay Inc. Chairperson of PChome Store Inc. Chairperson of PChome eBay Co., Ltd. Chairperson of Linktel Inc.	-	-	-
Independent Director	Taiwan, R.O.C.	Su Jyun-Bin (Note4)	male	05//20/2016	05/19/2019	05/20/2016	-	-	-	-	-	-	-	-	Director-general, Government Information Office Director-general, Dept. of Environment Protection, Taoyuan Doctor, Dept. of Environment Engineering, National Taiwan University Master, Dept. of Environment Engineering, Cheng Kung University	Adjunct Assistant Professor, Dept. of Civil Engineering, National Taipei University of Technology Adjunct Assistant Professor, Dept. of Natural Resource, Chinese Culture University	-	-	-

Note 1 : Mr. Lin Hsin-Yi and Mr. Lin Hsin-Ho, had served the Company's independent directors for nine years. According to the Company's "Regulations on evaluation and examination of independent director nominees", the Company re-elect Mr. Hong San-Xiong, Mr. Jhan Hong-Jhi and Mr. Su Jyun-Bin as new independent directors in 2016 Annual General Shareholders' Meeting on May 20, 2016 when all the directors term of office expired.

Note 2 : The Company's directors and the relevant experiences linked up with current positions. During the aforementioned period, the directors have never served with the Certified Public Accountant Office in charge of the Company's audit or affiliated enterprises thereof.

Note 3: Directors as representatives of juristic person shareholders: For more details regarding major shareholders of the juristic person shareholders and major shareholders of the juristic person shareholders as juristic

(corporate) persons, please refer to the ensuing page (II), descriptions under the list of major shareholders.

Note 4 : On March 17, 2017, the Company received the resignation letter from independent director Mr. Su Jyun-Bin which stated the resignation from independent director would be effective on May 25, 2017. Hence, the Company will by-elect one independent director at the 2017 Annual General Shareholders Meeting.

Note 5 : Please refer to the relevant information and data of the affiliated enterprises (page.366-377).

(II) Name list of major shareholders

1. Where the directors were juristic person shareholders, the shareholding ratio held by such juristic person shareholders to the top ten shareholders, the names and percentages

March 31, 2017

Names of the Juristic Person Shareholders	Major Shareholders of Juristic Person Shareholders	Shareholding Ratio
Sinyi Co., Ltd.	Yu Heng Co., Ltd.	100.00%

2. Where the major shareholders of juristic person shareholders among those on the aforementioned list, the shareholding ratio held by such juristic person shareholders to the top ten shareholders, the names and percentages

March 31, 2017

Names of the Juristic Persons	Major Shareholders of the Juristic Persons	Shareholding Ratio
Yu Heng Co., Ltd.	Chou Chun-Chi	70.06%
	Chou Keng-Yu	9.99%
	Chou Chun-Hao	9.99%
	Chou Chun-Heng	9.96%
	Chou Wang Mei-Wen	0.00%

(III) Were the directors consistent with the independence?

March 31, 2017

Name	Terms	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Information (Note)										Number of the Other Public Companies in Which the Concerned Director Acts Concurrently as an Independent Director
		An instructor in or a higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the company in a public or a private junior college, college, or university	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialists who has passed a national examination and been awarded a certificate in a profession necessary for the business of the company	Have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company	1	2	3	4	5	6	7	8	9	10	
Chou Chun-Chi			✓	✓							✓		✓	✓	2
Legal representative of Sinyi Development Inc.: Chueh Chien-Ping			✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	-
Chou Wang Mei-Wen			✓	✓							✓		✓		-
Liu Shuen-Zen	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Hong San-Xiong			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Jhan Hong-Chih			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Su Jyun-Bin	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-

Note : Where the directors have served in such condition meeting any event that falls within a situation among those enumerated below within two (2) years before being appointed, mark “✓” on the codes so represented below.

- (1) Not an employee of the company or any of its affiliated enterprises.
- (2) Not a director or supervisor of the company or any of its affiliated enterprises. The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.
- (3) Not a natural person shareholder who holds shares, together with those held by the person’s spouse, minority or held by the person under others’ names, in an aggregate amount of 1% or more of the total number of outstanding share of the company or rank as top-10 shareholders.
- (4) Not a spouse, relative within the second-degree relatives, or lineal relative within the third degree, of any of the persons specified in the preceding three notes.
- (5) Not a director, supervisor, or employee of a juristic person shareholder that directly holds 5 percent or more of the total number of issued shares of the Company or that holds shares ranked as top 5 in shareholding.
- (6) Not a director, supervisor, manager, or shareholder holding 5 percent or more of the shares, of a specific company or institution that has a financial or business relationship with the Company.
- (7) Not as a professional individual nor an owner, partner, director, supervisor, manager or their spouses of a sole proprietorship, partnership, company, or institution providing commercial, legal, financial, accounting or consultation services to the company or its affiliated enterprises; except a member of the Remuneration Committee who exercises powers, duties and responsibilities in accordance with Article VII of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Securities Dealers’ Business Premises.
- (8) Not in a relationship as spouse or a relative within the second degree of kinship with any other directors.
- (9) Not been a person or any conditions defined in Article 30 of the Company Act.
- (10) Not under Article 27 of the Company Act with government, juristic person or the representative thereof successfully elected.

(IV) Information on General Manager, Vice General Managers, Senior Managers and the Managers of Each Department and Branch

March 31, 2017

Title	Nationality	Name	Sex	Date of on Board (mm/yy/dd)	Shareholding		Shareholding of the Spouse and Underage Children		Shareholding Held in the Name of a Third Party		Main Experience/Educational Background (Note 1)	Concurrent Positions in Other Companies at Present	Other Managers that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Person		
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relation
CEO of Group Platform Business	Taiwan, R.O.C.	Chueh Chien-Ping (Note 3)	male	08/01/2016	3,223	-	4,138	-	-	-	General Manager of the Company EMBA, Commerce Group, College of Management, National Taiwan University Bachelor of Dept. of Business Administration, National Cheng Kung University	(Note 2)	-	-	-
General Manager	Taiwan, R.O.C.	Liu Yuan-Chih (Note 3)	male	08/01/2016	-	-	9,026	-	-	-	Vice General Manager of Home Service Center of the Company General manager of Ke Wei Shanghai Real Estate Management Consulting Inc., the Company's subsidiary Bachelor of Dept. of International Trade, Feng Chia University	(Note 2)	-	-	-
Ethics Director	Taiwan, R.O.C.	Yang Pai-Chuan (Note 4)	male	08/01/2014	-	-	-	-	-	-	Associate Professor, Dept. of Business Administration, Fu Jen Catholic University PhD, College of Management, Fu Jen Catholic University	Nil	-	-	-
Chief Strategy Officer	Taiwan, R.O.C.	Chou Chuang Yun (Note 4)	male	01/01/2010	313,471	0.05%	18,946	-	-	-	Senior manager, Marketing Department of the Company Master of College of Management, National Taiwan University	(Note 2)	-	-	-
Chief Information Officer	Taiwan, R.O.C.	Tsai Chi-Yen	male	01/01/2010	-	-	-	-	-	-	Senior Executive Vice President, HSBC Bank (China) Executive Vice General Manager, K Bridge Electronics Co., Ltd. Senior manager, Citibank Taiwan PhD, Graduate Institute of Management Science, Central	(Note 2)	-	-	-

Title	Nationality	Name	Sex	Date of on Board (mm/yy/dd)	Shareholding		Shareholding of the Spouse and Underage Children		Shareholding Held in the Name of a Third Party		Main Experience/Educational Background (Note 1)	Concurrent Positions in Other Companies at Present	Other Managers that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Person		
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relation
											South University, China Master of Institute of Computer Science and Information Engineering, National Cheng Kung University				
Auditor-General	Taiwan, R.O.C.	Chou Su-Hsiang	female	08/01/2014	692,838	0.11%	-	-	-	-	CFO of the Company EMBA, Business Administration-Advanced Finance Class, National Chengchi University Bachelor of Dept. of Land Economics, National Chengchi University	Nil	-	-	-
Vice General Manager of Public Affairs Department	Taiwan, R.O.C.	Kao Chih-Hua	female	12/01/2014	-	-	-	-	-	-	Vice General Manager, Public Relationship Office, TransAsia Airways Corp. Master of Institution of Business Administration, Long Island University	Nil	-	-	-
Vice General Manager of United Selling Agency Division	Taiwan, R.O.C.	Lee Shao-Kang	male	01/01/2011	10,610	-	160,348	0.03%	-	-	Vice General Manager of Real Estate Agent Division in the Company Vice General Manager of Real Estate Agent Division in the Company EMBA, Graduate School of Business Administration, National Taiwan University of Science and Technology	Nil	-	-	-
Vice General Manager of Business Staff Group of Real Estate Agent Division	Taiwan, R.O.C.	Su Shou-Jen	male	01/01/2010	168,328	0.03%	500,000	0.08%	-	-	Vice General Manager of Selling Agency Division in the Company Vice General Manager of Real Estate Agent Division in the Company Bachelor of Dept. of Mathematics, Tamkang University	Nil	-	-	-

Title	Nationality	Name	Sex	Date of on Board (mm/yy/dd)	Shareholding		Shareholding of the Spouse and Underage Children		Shareholding Held in the Name of a Third Party		Main Experience/Educational Background (Note 1)	Concurrent Positions in Other Companies at Present	Other Managers that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Person		
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relation
Vice General Manager of Real Estate Agent Division	Taiwan, R.O.C.	Feng Chi-Yi	male	01/01/2010	1,792	-	-	-	-	-	General manager of Beijing Sinyi Real Estate Ltd., the Company's subsidiary Senior Manager of Real Estate Agent Division in the Company EMBA, Institute of Automation Technology and Management, National Taipei University of Technology	Nil	-	-	-
Vice General Manager of Real Estate Agent Division	Taiwan, R.O.C.	Chen Li-Hsing	female	04/01/2011	438,561	0.07%	-	-	-	-	Senior Manager of Real Estate Agent Division in the Company Senior Manager of Management Information System (MIS) Department in the Company EMBA, Institute of Business Administration, National Chung Hsing University	Nil	-	-	-
Vice General Manager of Real Estate Agent Division	Taiwan, R.O.C.	XinHong-Jun (Note 5)	male	07/01/2016	454	-	14,384	-	-	-	Vice General Manager of Real Estate Agent Division in the Company General manager of Shanghai Sinyi Real Estate Inc., the Company's subsidiary 5-year junior college of Electronic Data Processing, Tamsui Oxford University College	Nil	-	-	-
Senior Manager of Corporate Ethics Office	Taiwan, R.O.C.	Chen Wen-Hsiang	male	03/01/2009	4,592	-	-	-	-	-	Senior Manager of Real Estate Agent Division in the Company Bachelor of Dept. of Mass Communication, Tamkang University	Nil	-	-	-
Senior Manager of Human Resource Department	Taiwan, R.O.C.	Li Ju-Rong	male	10/17/2016	-	-	-	-	-	-	Director of Human Resource Division of BenQ Corporation Master of Institute of Human Resource Management, National	Nil	-	-	-

Title	Nationality	Name	Sex	Date of on Board (mm/yy/dd)	Shareholding		Shareholding of the Spouse and Underage Children		Shareholding Held in the Name of a Third Party		Main Experience/Educational Background (Note 1)	Concurrent Positions in Other Companies at Present	Other Managers that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Person		
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relation
											Central University.				
Senior Manager of Customer Service Department	Taiwan, R.O.C.	Liu Wei-Te	male	03/01/2012	-	-	769	-	-	-	Attorney, Huang & Partners Law Firm Bachelor of Dept. of Law, National Taiwan University	Nil	-	-	-
Senior Manager of Management Information System (MIS) Department	Taiwan, R.O.C.	Chiang Yuan-Chi	male	10/01/2006	214,338	0.03%	-	-	-	-	Master of Institute of Computer Management, National Chiao Tung University	Nil	-	-	-
Senior Manager of Finance Department	Taiwan, R.O.C.	Chen Chih-Huan	male	02/24/2011	26,338	-	-	-	-	-	Manager, Deloitte Touche Tohmatsu Limited Master of Dept. of Accounting, Soochow University	(Note 2)	-	-	-
Senior Manager of Accounting Department	Taiwan, R.O.C.	Lin Chiu-Chin	female	08/01/2014	28,867	-	637,004	0.10%	-	-	Master of Finance Group, Institute of International Business Administration, Chinese Culture University	(Note 2)	-	-	-
Senior Manager of Business Service Department	Taiwan, R.O.C.	Chang Ching-Chih	female	01/01/2014	76,929	0.01%	-	-	-	-	Bachelor of Dept. of Business Administration, China College of Technology	Nil	-	-	-
Senior Manager of Network Business Department	Taiwan, R.O.C.	Hsiao Cheng-Hua	male	01/01/2014	22,120	-	-	-	-	-	Master of Institute of Business Administration, National Chung Hsing University	Nil	-	-	-
Senior Manager of Real Estate Planning & Research Office	Taiwan, R.O.C.	Su Chi-Rong	male	01/01/2017	21,385	-	-	-	-	-	Bachelor of Department of Urban Planning, National Cheng Kung University.	Nil	-	-	-
Senior Manager of Real Estate Agent Division	Taiwan, R.O.C.	Chen Hsu-Chieh	male	07/01/2002	73,944	0.01%	31,843	0.01%	-	-	Bachelor of Dept. of Chemical and Materials Engineering, National Chin-Yi University of Technology	Nil	-	-	-
Senior Manager of Real Estate	Taiwan, R.O.C.	Lin San-Chih	male	10/01/2003	145,803	0.02%	70,609	0.01%	-	-	Bachelor of Dept. of Business Administration, National Chin-Yi	Nil	-	-	-

Title	Nationality	Name	Sex	Date of on Board (mm/yy/dd)	Shareholding		Shareholding of the Spouse and Underage Children		Shareholding Held in the Name of a Third Party		Main Experience/Educational Background (Note 1)	Concurrent Positions in Other Companies at Present	Other Managers that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Person		
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relation
Agent Division											University of Technology				
Senior Manager of Real Estate Agent Division	Taiwan, R.O.C.	Chang Wen-Tsung	male	01/01/2008	93,558	0.02%	2,212	-	-	-	Bachelor of Dept. of Business Administration, National Chin-Yi University of Technology	Nil	—	—	—
Senior Manager of Real Estate Agent Division	Taiwan, R.O.C.	Wang Hui-Ping	male	01/01/2008	86,389	0.01%	-	-	-	-	Bachelor of Dept. of Business Administration, China College of Industry	Nil	—	—	—
Senior Manager of Real Estate Agent Division	Taiwan, R.O.C.	Chang Teng-Lai	male	04/01/2008	92,344	0.01%	-	-	-	-	5-year junior college of Industrial Engineering and Management, Minghsin Junior College of Institute Technology (present name: Minghsin University of Science and Technology)	Nil	—	—	—
Senior Manager of Real Estate Agent Division	Taiwan, R.O.C.	Wang Chih-Nan	male	01/01/2009	83,744	0.01%	-	-	-	-	5-year junior college of Computer Science and Information Engineering, Minghsin Junior College of Institute Technology (present name: Minghsin University of Science and Technology)	Nil	—	—	—
Senior Manager of Real Estate Agent Division	Taiwan, R.O.C.	Ou Chih-Hsiung	male	10/01/1998	139,604	0.02%	180,703	0.03%	-	-	Bachelor of Dept. of International Business, Soochow University	Nil	—	—	—
Senior Manager of Real Estate Agent Division	Taiwan, R.O.C.	Hsieh Tsung-Hsien	male	02/16/2005	403,601	0.06%	-	-	-	-	EMBA, Institute of Business Administration, Chung Yuan Christian University	Nil	—	—	—
Senior Manager of Real Estate Agent Division	Taiwan, R.O.C.	Liu Yu-Jung	male	10/01/2006	78,882	0.01%	68,732	0.01%	-	-	Bachelor of Dept. of Business Administration, Feng Chia University	Nil	—	—	—
Senior Manager of Real Estate Agent Division	Taiwan, R.O.C.	Chou Chun-Jung	male	10/01/2006	111,355	0.02%	23,421	-	-	-	Bachelor of Dept. of Industrial Engineering, Tunghai University	Nil	—	—	—
Senior Manager of Real Estate Agent Division	Taiwan, R.O.C.	Lin Wu-Hsiung	male	10/01/2005	88,391	0.01%	386	-	-	-	Bachelor of Dept. of Microbiology, Soochow University	Nil	—	—	—

Title	Nationality	Name	Sex	Date of on Board (mm/yy/dd)	Shareholding		Shareholding of the Spouse and Underage Children		Shareholding Held in the Name of a Third Party		Main Experience/Educational Background (Note 1)	Concurrent Positions in Other Companies at Present	Other Managers that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Person		
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relation
Senior Manager of Real Estate Agent Division	Taiwan, R.O.C.	Su Shang-Yao	male	09/01/2010	872	-	-	-	-	-	Bachelor of Dept. of Business Administration, Fu Jen Catholic University	Nil	-	-	-
Senior Manager of Real Estate Agent Division	Taiwan, R.O.C.	Huang Mao-Shu	male	04/01/2011	55,290	0.01%	-	-	-	-	Bachelor of Dept. of Business Creative Development, Shih Chien University	Nil	-	-	-
Senior Manager of Real Estate Agent Division	Taiwan, R.O.C.	Chen Ming-Yi	male	04/01/2011	-	-	-	-	-	-	General manager of Beijing Sinyi Real Estate Ltd., the Company's subsidiary Bachelor of Dept. of Distribution Management, Chin-Yi Institute of Technology	Nil	-	-	-
Senior Manager of Real Estate Agent Division	Taiwan, R.O.C.	Chu Ta-Yung	male	07/01/2011	2,691	-	-	-	-	-	MBA (Asia-Pacific), Faculty of Business Administration, Chinese University of Hong Kong	Nil	-	-	-
Senior Manager of Real Estate Agent Division	Taiwan, R.O.C.	Hung Cheng-Lung	male	07/01/2011	-	-	-	-	-	-	Bachelor of Dept. of Architecture, National Cheng Kung University	Nil	-	-	-
Senior Manager of Real Estate Agent Division	Taiwan, R.O.C.	Liao Ching-Chou	male	07/01/2011	2,157	-	1,619	-	-	-	Bachelor of Dept. of Bank Insurance, Ling Tung College of Technology	Nil	-	-	-
Senior Manager of Real Estate Agent Division	Taiwan, R.O.C.	Chen Chin-Tang	male	07/01/2011	18,518	-	-	-	-	-	Bachelor of Dept. of Cooperative Economics, Feng Chia University	Nil	-	-	-
Senior Manager of Real Estate Agent Division	Taiwan, R.O.C.	Chang Chia-Jung	male	01/01/2012	10,114	-	-	-	-	-	Bachelor of Dept. of Civil Engineering, National Chiayi University	Nil	-	-	-
Senior Manager of Real Estate Agent Division	Taiwan, R.O.C.	Chang Wei-Hsiang	male	01/01/2012	53,156	0.01%	-	-	-	-	5-year junior college of Finance and Tax, Takming College of Commerce	Nil	-	-	-
Senior Manager of Real Estate Agent Division	Taiwan, R.O.C.	Wang Mao-Sang	male	01/01/2012	2,875	-	-	-	-	-	Bachelor of Dept. of Law, Shih Hsin University	Nil	-	-	-
Senior Manager of Real Estate	Taiwan, R.O.C.	Chen Shih-Yao	male	04/01/2012	-	-	6,980	-	-	-	Bachelor of Dept. of Statistics, Ming Chuan University	Nil	-	-	-

Title	Nationality	Name	Sex	Date of on Board (mm/yy/dd)	Shareholding		Shareholding of the Spouse and Underage Children		Shareholding Held in the Name of a Third Party		Main Experience/Educational Background (Note 1)	Concurrent Positions in Other Companies at Present	Other Managers that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Person		
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relation
Agent Division															
Senior Manager of Real Estate Agent Division	Taiwan, R.O.C.	Lee Kuo-Hsiung	male	04/01/2012	-	-	5,565	-	-	-	Bachelor of Dept. of Business Administration, National Sun Yat-sen University	Nil	-	-	-
Senior Manager of Real Estate Agent Division	Taiwan, R.O.C.	Hung Chien-Huan	male	10/01/2012	-	-	7,192	-	-	-	General manager of Beijing Sinyi Real Estate Ltd., the Company's subsidiary 5-year junior college of Newspaper Administration, Shih Hsin College of Journalism	(Note 2)	-	-	-
Senior Manager of Real Estate Agent Division	Taiwan, R.O.C.	Lin Te-Cheng	male	03/01/2013	-	-	-	-	-	-	5-year junior college of Electrical Engineering, HsinPu College of Industry	Nil	-	-	-
Senior Manager of Real Estate Agent Division	Taiwan, R.O.C.	Yu Ho-An	male	04/01/2014	80,368	0.01%	56,583	0.01%	-	-	5-year junior college of Textile, Nan Ya College of Industry	Nil	-	-	-
Senior Manager of Real Estate Agent Division	Taiwan, R.O.C.	Liu Tung-Yuan	male	08/01/2014	985	-	20,243	-	-	-	Bachelor of Dept. of Environmental Engineering and Science, Feng Chia University	Nil	-	-	-
Senior Manager of Real Estate Agent Division	Taiwan, R.O.C.	Lee Je-Fong	male	02/01/2016	-	-	-	-	-	-	Bachelor of Dept. of Law, National Chengchi University	Nil	-	-	-
Senior Manager of Real Estate Agent Division	Taiwan, R.O.C.	Wang Chih-Wei	male	02/01/2016	-	-	-	-	-	-	Bachelor of Dept. of Electrical Engineering, Ming Chi University of Technology	Nil	-	-	-
Senior Manager of Real Estate Agent Division	Taiwan, R.O.C.	Ye Zong-Fu	male	02/01/2016	758	-	-	-	-	-	Bachelor of Dept. of Leisure and Tourism Management, Shu-Te University	Nil	-	-	-
Senior Manager of Real Estate Agent Division	Taiwan, R.O.C.	Chen Shih-Ciang	male	02/01/2016	17,380	-	-	-	-	-	Bachelor of Dept. of Architecture, National Cheng Kung University	Nil	-	-	-
Senior Manager of Real Estate Agent Division	Taiwan, R.O.C.	Chang Jun-Da	male	01/01/2017	-	-	-	-	-	-	Bachelor of Department of Business Administration, Ming Chuan University.	Nil	-	-	-

Title	Nationality	Name	Sex	Date of on Board (mm/yy/dd)	Shareholding		Shareholding of the Spouse and Underage Children		Shareholding Held in the Name of a Third Party		Main Experience/Educational Background (Note 1)	Concurrent Positions in Other Companies at Present	Other Managers that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Person		
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relation
Senior Manager of Real Estate Agent Division	Taiwan, R.O.C.	Chen Yu-Li	male	03/06/2017	-	-	-	-	-	-	Bachelor of Department of Environmental Engineering and Science, Fooyin University	Nil	-	-	-

Note 1 : The aforementioned personnel and the relevant experiences linked up with current positions, during the aforementioned period, they have never served with the Certified Public Accountant Office in charge of the Company's audit or affiliated enterprises thereof.

Note 2 : Please refer to the relevant information and data of the affiliated enterprises (page.366-377) regarding serving as the Company's directors or supervisors

Note 3 : Mr. Chueh Chien-Ping, the former general manager was transferred to CEO of group platform business, and Mr. Liu Yuan-Chi, the former vice general manager of home service center, was transferred to the Company's general manager.

Note 4: Ethics Director and Chief Strategy Officer concurrently serve as the Chief Human Resource Officer and the Head of the Marketing Department, respectively.

Note 5 : Mr. Hsin Hong-Jun, the ex-general manager of Shanghai Sinyi Real Estate Inc. of the Company' subsidiary was transferred to the vice-general manager of real estate agent division of the Company.

Note 6 : Mr. Chen Chien-Chih, the former CFO, Mr. Lee Wei-Che, the former Chief Human Resource Officer, and Mr. Chuang Tsung-Hsun, the former senior manager of department of Capital Planning were all discharged from the positions of managers for their resignation. Mr. Wang Chiu-Sze, Mr Tsai Ching-Long, Mr, Tuan Li-Fan and Mr. Chang Cheng-Te, the former senior managers of Real Estate Agent Division, were discharged for transferring to another position and retirement, respectively

(V) Remuneration Paid to Directors, General Manager and Managers in 2016

i. Remuneration for Directors

Expressed in Thousands of New Taiwan Dollars

Title	Name	Remuneration for Directors				Ratio(%) of the Aggregate Amount of A, B, C and D to the Net Income After Tax		Remuneration Received by Concurrent Employees							Ratio (%) of the Aggregate Amount of A, B, C, D, E, F and G to the Net Income After Tax (Note 5)		Whether Receiving Remuneration from any Companies Invested by the Company Other Than the Subsidiaries of the Company or Not							
		Compensation (A)	Pension (B)	Remuneration (C) (Note 1)	Fees for Performance of Business (D) (Note 2)	Wages, Bonus and Special Disbursement, etc. (E) (Note 2 and 3)	Pension (F)	Employee Remuneration (G) (Note 4)			Number of Shares Granted under the Share Subscription Warrants for Employees (H)	Number of Restricted Shares for Employees (I)		The Company	All Companies Specified in the Financial Statements									
								The Company	All Companies Specified in the Financial Statements	All Companies Specified in the Financial Statements		The Company	All Companies Specified in the Financial Statements											
Chairperson	Chou Chun-Chi	5,031	5,031	-	-	6,027	6,027	2,010	2,058	1.42%	1.43%	9,817	10,613	-	-	10	-	10	-	-	-	2.49%	2.58%	Nil
Vice Chairperson	Sinyi Co., Ltd. Legal representative of Sinyi Co., Ltd.: Chueh Chien-Ping																							
Director	Sinyi Co., Ltd. Legal representative of Sinyi Co., Ltd.: Chou Wang Mei-Wen																							
Independent Director	Liu Shuen-Zen(Note 6)																							
Independent Director	Hong San-Xiong(Note 6)																							
Independent Director	Jhan Hong-Chih(Note 6)																							
Independent Director	Su Jyun-Bin(Note 6)																							
Independent Director	Lin Hsin-Yi(Note 6)																							
Independent Director	Lin Hsin-Ho(Note 6)																							
Independent Director	Lee Cheng(Note 6)																							

Note 1 : As officially resolved by the Board of Directors Meeting on February 24, 2017, the remuneration to directors for 2016 was NT\$6.027 million. The resolution shall be reported in the general shareholders' meeting on May 26, 2017.

Note 2: The aforementioned expenses include rental or depreciation expense, fuel expense and maintenance expense of the cars used by the Company's Non-Independent Directors.

Note 3 : The aforementioned expenses include rental, fuel expense and maintenance expense of the cars used by the Company's Director concurrent employee and house rental provided to him.

Note 4 : Employee Remuneration allocated to the director who is a concurrent employee is one part of the amount NT\$10,958 of employee remuneration resolved by the Board of Directors Meeting on February 24, 2017. The resolution shall be reported in the general shareholders' meeting on May 26, 2017.

Note 5 : The term "net profit after tax" as set forth herein denotes the net profit after tax as shown through the individual financial statements 2016.

Note 6 : Mr. Lin Hsin-Yi and Mr. Lin Hsin-Ho, had served the Company's independent directors for nine years. According to the Company's "Regulations on evaluation and examination of independent director nominees", the Company re-elect Mr. Hong San-Xiong, Mr. Jhan Hong-Jhi and Mr. Su Jyun-Bin as new independent directors on May 20, 2016 when all the directors' term of office expired.

Note 7 : The aforementioned expenses include the relevant remuneration NT\$1,119 thousand paid to the chauffeurs to the Company's Non-Independent Directors

Remuneration Listed by Range of Directors

Range of the Remuneration Paid to the Company's Directors	2016			
	Aggregate Amount of A, B, C and D		Aggregate Amount of A, B, C, D, E, F and G	
	The Company	All Companies Specified in the Financial Statements (I)	The Company	All Companies Specified in the Financial Statements (J)
Below \$2,000,000	Chou Chun-Chi, Hong San-Xiong, Jhan Hong-Chih, Su Jyun-Bin, Lin Hsin-Ho, Lee Cheng, Sinyi Co., Ltd, legal representative of Sinyi Co., Ltd.: Chueh Chien-Ping, legal representative of Sinyi Co., Ltd.:Chou Wang Mei-Wen,		Chou Chun-Chi, Hong San-Xiong, Jhan Hong-Chih, Su Jyun-Bin, Lin Hsin-Ho, Lee Cheng, Sinyi Co., Ltd, legal representative of Sinyi Co., Ltd.:Chou Wang Mei-Wen,	Chou Chun-Chi, Chou Wang Mei-Wen, Sinyi Co., Ltd.
\$2,000,000 (inclusive)~ \$5,000,000 (exclusive)	Lin Hsin-Yi,	Liu Shuen-Zen,	Lin Hsin-Yi, Liu Shuen-Zen,	Lin Hsin-Yi, Liu Shuen-Zen
\$5,000,000 (inclusive)~ \$10,000,000 (exclusive)	-		Legal representative of Sinyi Co., Ltd. : Chueh Chien-Ping	-
\$10,000,000 (inclusive)~ \$15,000,000 (exclusive)	-		-	Legal representative of Sinyi Co., Ltd. : Chueh Chien-Ping
15,000,000 (inclusive)~ \$30,000,000 (exclusive)	-		-	
\$30,000,000 (inclusive)~ \$50,000,000 (exclusive)	-		-	
\$50,000,000 (inclusive)~ \$100,000,000 (exclusive)	-		-	
Above \$100,000,000	-		-	
Total (Note)	11		11	

Note: The Company has 7 directors, in aggregate total of 11, with respective disclosure remuneration of the Company's juristic person director Sinyi Co., Ltd. and its legal representative, and the 3 independent directors discharged on May 20, 2016.

Remuneration for General Manager and Vice General Managers

Expressed in Thousands of New Taiwan Dollars

Title	Name	Wages (A)		Pension (B)		Bonus and Special Disbursement, etc. (C) (Note 1)		Employee Remuneration (D) (Note 2)				Ratio(%) of the Aggregate Amount of A, B, C and D to the Net Income After Tax(Note 3)		Amount of the Share Subscription Warrants for Employees Received		Number of the Restricted Shares for Employees		Whether Receiving Remuneration from any Companies Invested by the Company Other Than the Subsidiaries of the Company or Not	
		The Company	All Companies Specified in the Financial Statements	The Company	All Companies Specified in the Financial Statements	The Company	All Companies Specified in the Financial Statements	The Company		All Companies Specified in the Financial Statements		The Company	All Companies Specified in the Financial Statements	The Company	All Companies Specified in the Financial Statements				
								Cash Bonus	Share Bonus	Cash Bonus	Share Bonus								
CEO of Group Platform Bus	Chueh Chien-Ping (Note 4)																		
General Manager	Liu Yuan-Chih (Note 4)																		
Ethics Director	Yang Pai-Chuan																		
Strategy Head	Chou Chuang Yun																		
Management Information System (MIS) Head	Tsai Chi-Yen																		
Auditor-General	Chou Su-Hsiang																		
Human Resources Department Head	Lee Wei-Che(Note 5)																		
CFO	Chen Chien-Chih (Note 5)																		
Vice General Manager of Public Affairs Department	Kao Chih-Hua	35,765	36,129	-	-	29,510	29,840	120	-	120	-	7.11%	7.18%	-	-	-	-	-	Nil
Vice General Manager of Business Staff Group of Real Estate Agent Division	Su Shou-Jen																		
Vice General Manager of United Selling Agency Division	Lee Shao-Kang																		
Vice General Manager of Real Estate Agent Division	Feng Chi-Yi																		
Vice General Manager of Real Estate Agent Division	Chen Li-Hsing																		
Vice General Manager of Real Estate Agent Division	Hsin Hong-Jun																		

Note 1 : The aforementioned expenses include rental, fuel expense and maintenance expense of the cars used by CEO of Group Platform Business and General Manager. House rental for CEO of Group Platform Business is included as well.

Note 2 : Employee Remuneration allocated to the Company's General Manager and vice General Managers is one part of the amount NT\$10,958 of employee remuneration resolved by the Board of Directors Meeting on February 24, 2017. The resolution shall be reported in the general shareholders' meeting on May 26, 2017.

Note 3 : The term "net profit after tax" as set forth herein denotes the net profit after tax as shown through the individual financial statements for 2016.

Note 4 : Mr. Chueh Chien-Ping, the former general manager, was transferred to CEO of group platform business, and Mr. Liu Yuan-Chih, the former vice general manager of home service center, was transferred to the Company's general manager.

Note 5 : They resigned at end of August, 2016.

Note 6 : The remuneration to the General Manager's chauffeurs of the Company was already disclosed in the note of remuneration to directors.

Remuneration Listed by Range of General Manager and Vice General Managers

Range of the Remuneration Paid to the Company's General Manager and Vice General Managers	Year 2016	
	The Company	All Companies Specified in the Financial Statements
Below \$2,000,000		
\$2,000,000 (inclusive)~\$5,000,000 (exclusive)	Chou Chuang Yun, Tsai Chi-Yen, Chou Su-Hsiang, Su Shou-Jen, Chen Li-Hsing, Kao Chih-Hua, Hsin Hong-Jun, Lee Wei-Che(Note 1), Chen Chien-Chih(Note 1)	
\$5,000,000 (inclusive) ~ \$10,000,000 (exclusive)	Chueh Chien-Ping(Note 2), Liu Yuan-Chih(Note 2), Lee Shao-Kang, Feng Chi-Yi, Yang Pai-Chuan	Liu Yuan-Chih(Note 2), Lee Shao-Kang, Feng Chi-Yi, Yang Pai-Chuan
\$10,000,000 (inclusive) ~ \$15,000,000 (exclusive)	-	Chueh Chien-Ping(Note 2)
\$15,000,000 (inclusive) ~ \$30,000,000 (exclusive)	-	-
\$30,000,000 (inclusive) ~ \$50,000,000 (exclusive)	-	-
\$50,000,000 (inclusive) ~ \$100,000,000 (exclusive)	-	-
Above \$100,000,000	-	-
Total	14	14

Note 1 : Resignment in August, 2016.

Note 2: Remuneration of CEO of Group Platform Business and the Company's general manager include the rental, fuel expense and maintenance expense of the cars provided by the Company and house rental provided by the Company's subsidiary for CEO of Group Platform Business.

3. Names of the managers allocated with Remunerations to employees and the facts in allocation

March 31, 2017

Title	Name	Total Share Remuneration (Thousand \$)	Total Cash Remuneration (Thousand \$)	Total (Thousand \$) (Note 1)	Ratio of the Aggregate Amount to the Net Income After Tax (%)(Note 2)
CEO of Group Platform Business	Chueh Chien-Ping				
General Manager	Liu Yuan-Chih				
Ethics Director	Yang Pai-Chuan				
Chief Strategy Officer	Chou Chuang Yun				
Chief Information Officer	Tsai Chi-Yen				
Auditor-General	Chou Su-Hsiang				
Vice General Manager of Public Affairs Department	Kao Chih-Hua				
Vice General Manager of United Selling Agency Division	Lee Shao-Kang				
Vice General Manager of Business Staff Group of Real Estate Agent Division	Su Shou-Jen				
Vice General Manager of Real Estate Agent Division	Feng Chi-Yi				
Vice General Manager of Real Estate Agent Division	Chen Li-Hsing				
Vice General Manager of Real Estate Agent Division	Hsin Hong-Jun				
Senior Manager of Entrepreneurial Ethics Office	Chen Wen-Hsiang				
Senior Manager of Customer Service Department	Liu Wei-Te				
Senior Manager of Management Information System (MIS) Department	Chiang Yuan-Chi				
Senior Manager of Finance Department	Chen Chih-Huan		516	516	0.06%
Senior Manager of Accounting Department	Lin Chiu-Chin				
Senior Manager of Business Service Department	Chang Ching-Chih				
Senior Manager of Network Business Department	Hsiao Cheng-Hua				
Senior Manager of Real Estate Planning & Research Office	Su Chi-Rong				
Senior Manager of Real Estate Agent Division	Chen Hsu-Chieh				
Senior Manager of Real Estate Agent Division	Lin San-Chih				
Senior Manager of Real Estate Agent Division	Chang Wen-Tsung				
Senior Manager of Real Estate Agent Division	Wang Hui-Ping				
Senior Manager of Real Estate Agent Division	Chang Teng-Lai				
Senior Manager of Real Estate Agent Division	Wang Chih-Nan				
Senior Manager of Real Estate Agent Division	Ou Chih-Hsiung				
Senior Manager of Real Estate Agent Division	Hsieh Tsung-Hsien				
Senior Manager of Real Estate Agent Division	Liu Yu-Jung				
Senior Manager of Real Estate Agent Division	Chou Chun-Jung				

Title	Name	Total Share Remuneration (Thousand \$)	Total Cash Remuneration (Thousand \$)	Total (Thousand \$) (Note 1)	Ratio of the Aggregate Amount to the Net Income After Tax (%) (Note 2)
Senior Manager of Real Estate Agent Division	Lin Wu-Hsiung				
Senior Manager of Real Estate Agent Division	Su Shang-Yao				
Senior Manager of Real Estate Agent Division	Huang Mao-Shu				
Senior Manager of Real Estate Agent Division	Chen Ming-Yi				
Senior Manager of Real Estate Agent Division	Chu Ta-Yung				
Senior Manager of Real Estate Agent Division	Hung Cheng-Lung				
Senior Manager of Real Estate Agent Division	Liao Ching-Chou				
Senior Manager of Real Estate Agent Division	Chen Chin-Tang				
Senior Manager of Real Estate Agent Division	Chang Chia-Jung				
Senior Manager of Real Estate Agent Division	Chang Wei-Hsiang				
Senior Manager of Real Estate Agent Division	Wang Mao-Sang				
Senior Manager of Real Estate Agent Division	Chen Shih-Yao				
Senior Manager of Real Estate Agent Division	Lee Kuo-Hsiung				
Senior Manager of Real Estate Agent Division	Hung Chien-Huan				
Senior Manager of Real Estate Agent Division	Lin Te-Cheng				
Senior Manager of Real Estate Agent Division	Yu Ho-An				
Senior Manager of Real Estate Agent Division	Liu Tung-Yuan				
Senior Manager of Real Estate Agent Division	Lee Je-Fong				
Senior Manager of Real Estate Agent Division	Wang Chih-Wei				
Senior Manager of Real Estate Agent Division	Ye Zong-Fu				
Senior Manager of Real Estate Agent Division	Chen Shih-Ciang				
Senior Manager of Real Estate Agent Division	Chang Jun-Da				
Senior Manager of Real Estate Agent Division	Chen Yu-Li				

Note 1: Employee remuneration allocated to the Company's general manager, vice general managers and senior managers is one part of the amount NT\$10,958 of employee remuneration resolved by the Board of Directors Meeting on February 24, 2017. The resolution shall be reported in the general shareholders' meeting on May 26, 2017.

Note 2: The term "net profit after tax" as set forth herein denotes the net profit after tax as shown through the individual financial statements 2016.

Note 3: The managers shown on the aforementioned Table are estimated under the basis of their present serving on March 31, 2017 and eligible for the employee remuneration. The actual list to receive employee remuneration shall depend on if they are eligible on the payment date.

- (VI) Respectively compare and depict the analyses of the aggregate total remuneration paid to the Company's directors, general manager and vice general managers to the net profit after tax shown through the individual financial statements over the past two years in the Company and all companies covered in the consolidated financial reports, and please explain the policies, criteria, portfolio of remuneration payment, procedures to fix remuneration, business performance and interrelationship to the future risks.

Expressed in Thousands of New Taiwan Dollars

	The Company		All Companies Specified in the Financial Statements	
	2016	2015	2016	2015
The aggregate total of remuneration paid to the directors, general manager and vice general managers	79,401	76,373	80,246	76,748
The aggregate total to the net profit after tax shown through the individual financial statements	8.63%	13.54%	8.72%	13.61%

The majority of the fixed monthly salaries paid to directors, general manager and vice general managers in 2016 maintained at the same level as in 2015. The year-end bonuses paid to directors, general managers and vice general managers went up in 2016 compared to the previous year because of higher profits and better performance in 2016.

The decrease in the compensations paid to directors, general manager and vice general managers as a percentage of net incomes in 2016 was due to an increase in the net incomes in 2016 for the gain from disposal of the subsidiary's investment property which is not highly related to the performance of the managers.

Below is a summary of our compensation policies, criteria, arrangements and decision-making process over compensations in relation to operating performances and risk factors:

1. Compensations to directors:

- (1) The compensations to directors are comprised of salaries, director remunerations and allowances.
 - i. Salaries: According to our Articles of Incorporation, the monthly salaries paid to independent directors are based on the individual director's involvement in company operations, contribution to our performance and the industry standards among listed companies. The amount is determined by the Board of Directors. The board in 2016 decided that salaries paid to independent directors were in line with the industry standards and shall not be linked to the Company's profits. Non-independent directors do not receive director salaries.
 - ii. Director remunerations: According to our Articles of Incorporation, a percentage of our profits are allocated as director remunerations at the end of the year. The remunerations paid to directors for 2016 were proposed by Remuneration Committee and approved by the board on February 24, 2017. Director remunerations for 2016 were determined to be 0.55% of the Company's profits, or NT\$6,027 thousand. This will be presented at the Annual Shareholders' Meeting in 2017. Director remunerations are linked with company profits and operating performances.

- iii. Allowances include the transportation allowance for independent directors to attend board meetings, rental or depreciation, petroleum costs and maintenance expenses for the cars allocated to the non-independent directors. The transportation allowance for independent directors is reimbursed according to board meeting attendances and in line with industry practice. Non-independent directors do not receive transportation allowance. Three non-independent directors have company cars (including for reason of the concurrent manager). The Company afforded the car rental (or depreciation), and the expenses associated with petroleum and maintenance for the non-independent directors except for their director monthly salaries.

(2) Compensations to directors on a consolidated basis:

Compensations to directors consist of salaries, director remunerations and allowances. In addition to those from the Company, the compensation to directors was director allowances mainly from the Company's subsidiaries, AN-SIN Real Estate Management Ltd. and ANSHIN Real Estate Management Ltd. The allowances depended on the numbers of attendance. Shanghai Sinyi Real Estate Inc. provided the company care and house for Mr. Chueh Chien-Ping for his concurrently serving as the CEO of Group Platform Business.

2. Compensations to general manager and vice general managers:

- (1) The compensations to general manager and vice general managers consist of salaries, pensions and bonuses (including special reimbursements).

- i. Salaries: Monthly salaries are paid to general manager and vice general managers depending on their positions and performances. There is no direct linkage between monthly salaries and annual earnings.
- ii. Pensions: None of our general manager or vice general managers retired in 2016.
- iii. Bonuses: Bonuses for general manager and vice general managers are calculated pursuant to our internal policies on compensations, proposed by the Remuneration Committee and approved by the board. Performance bonuses are linked with the Company's earnings and key performance metrics.

Performance bonuses and year-end bonuses linked with earnings were increased in 2016 from the previous year, due to an increase in net incomes and better performance.

- iv. Other related remuneration included the company car rental provided for CEO of Group Platform Business and general manager, accompanying with the fuel expense and maintenance expense of these cars.
- v. Some vice general managers quit at the end of August, 2016. Hence, the total salaries paid to these ex-vice general managers in 2016 were higher than the 2015 level.
- vi. Our company has established criteria for the bonuses to general manager and vice general managers on the basis of their long-term contributions. The board approves the amount based on the proposal by Remuneration

Committee according to their implementation effectiveness of our long-term strategies and contribution to our long-term performances.

(2) Compensations to general manager and vice general managers on a consolidated basis:

Other companies in our consolidated financials do not incur compensations to general manager and vice general managers, except the partial salary paid to CEO of Group Platform Business by Shanghai Sinyi Real Estate Inc. as well as company car rental and the related fuel expense and maintenance expense for his responsible for the cross-strait platform business.

III. Implementation of Corporate Governance:

(I) Performance of board of directors

In Year 2016, the board of directors of the Company convened a total of ten (10) meetings where the directors showed attendance in the following status:

Title	Name	Times of Attendance in Person	Times of Attendance by Proxy	Actual Attendance Ratio (%)	Remarks
Chairperson	Chou Chun-Chi	10	-	100%	Nil
Vice Chairperson	Legal representative of Sinyi Co., Ltd.: Chueh Chien-Ping	9	1	90%	Nil
Director	Legal representative of Sinyi Co., Ltd.:Chou Wang Mei-Wen	10	-	100%	Nil
Independent Director	Liu Shuen-Zen	10	-	100%	Nil
Independent Director	Hong San-Xiong	6	-	100%	New appointed member. The directors were all elected on 2016/5/20 and the attendance shall be 6 times.
Independent Director	Jhan Hong-Chih	5	1	83.3%	New appointed member. The directors were all elected on 2016/5/20 and the attendance shall be 6 times.
Independent Director	Su Jyun-Bin	6	-	100%	New appointed member. The directors were all elected on 2016/5/20 and the attendance shall be 6 times.
Independent Director	Lin Hsin-Yi	4	-	100%	Predecessor. (Previous Convener) The directors were all elected on 2016/5/20 and the attendance shall be 4 times.
Independent Director	Lin Hsin-Ho	4	-	100%	Predecessor. (Previous Convener) The directors were all elected on 2016/5/20 and the attendance shall be 4 times.
Independent Director	Lee Cheng	4	-	100%	Predecessor. (Previous Convener) The directors were all elected on 2016/5/20 and the attendance shall be 4 times.

Other remarks required:

I. If there are the circumstances as below, the dates of meetings, sessions, contents of motions, all independents' opinion and the Company's response to independent directors' opinion should be specified:

(1) Matters referred to in Article 14-3 of Securities and Exchange Act: Since the Company has set up its Audit Committee, the provisions of Article 14-3 shall not

apply according to Article 14-5 of Securities and Exchange Act.

- (2) Other resolutions of the directors' meetings objected to by Independent Directors or subject to qualified opinion and recorded or declared in writing: There is no resolutions of the directors' meetings objected to by Independent Directors or subject to qualified opinion. Please refer to the details of resolutions of the Company's board of directors and the Independent Directors' opinions and the Company's response to independent directors' opinion for 2016 and the period ended on the print date of the annual report stated on page 94.

II. Implementation of the avoidance from conflict of interests by the directors:

Date of the board of directors	Issue	Avoidance
01/28/2016	Adoption of authorized chief officers' Year-end bonuses of the year 2015.	Mr. Hsueh Chien-Ping, the Director, withdrew from the discussion and voting process as he concurrently served as the Company's chief officers.
02/25/2016	Proposal of the authorized chief officers' compensation of short-term bonus and long-term contribution bonus for the year ended December 31, 2015.	The same as above.
05/30/2016	Proposal of the appointment of the 3 rd Remuneration Committee members.	Each independent director withdrew from the discussion and voting process of his appointment.
05/30/2016	Proposal of the compensation attributable to the independent directors of the 4 th Board of Directors	Each independent director withdrew from the discussion and voting process of his compensation respectively.
	Proposal of the employee compensation attributable to the authorized chief officers for the year ended December 31, 2015	Mr. Hsueh Chien-Ping, the Director, withdrew from the discussion and voting process as he concurrently served as the Company's chief officers.
07/28/2016	Amendments to the Company's Regulations on the Chief Officers' Compensation."	The same as above.
10/27/2016	Amendments to the Company's "Regulations on the Chief Officers' Compensation".	Mr. Hsueh Chien-Ping, Vice Chairperson, withdrew from the discussion and voting process as he concurrently served as the Company's chief officers.
	To adjust the Executives who are applicable for "Regulations on the Chief Officers' Compensation" for 2016.	The same as above.
12/29/2016	To adjust the Executives who are applicable for "Regulations on the Chief Officers' Compensation" for 2017.	The same as above.

- III. Evaluation of the targets and implementation in the efforts to strengthen the performance of the board of directors in the current year and the most recent year: In an attempt to assure wholesome corporate governance and intensify the relevant functions of the board of directors, other than the existent Audit Committee, the Company further set up the Remuneration Committee in 2010 to help the board of directors implement the functions in performance evaluation and the

self-evaluation system in 2012. In addition, the Company established in 2015 “the procedure of performance evaluation of directors” which states the action plan for improvements shall be developed after the evaluation in order to further intensify the efficiency of the board of directors. For the facts of implementation, please refer to “Divergence between the Company’s Performance in Corporate Governance and the Rules for Corporate Governance by Companies listed on the Taiwan Stock Exchange or Over-the-Counter Securities Exchange”.

(II) Performance of Audit Committee

In Year 2016, the Audit Committee convened a total of ten (10) meetings where the independent directors showed attendance in the following status:

Title	Name	Times of Attendance in Person	Times of Attendance by Proxy	Actual Attendance Ratio (%)	Remarks
Commission member (Convener)	Liu Shuen-Zen	10	-	100%	Nil.
Commission member	Hong San-Xiong	5	-	100%	New appointed member. The directors were all elected on 2016/5/20 and the attendance shall be five times.
Commission member	Jhan Hong-Chih	5	-	100%	New appointed member. The directors were all elected on 2016/5/20 and the attendance shall be five times.
Commission member	Su Jyun-Bin	5	-	100%	New appointed member. The directors were all elected on 2016/5/20 and the attendance shall be five times.
Commission member	Lin Hsin-Yi	5	-	100%	Predecessor. (Previous Convener) The directors were all elected on 2016/5/20 and the attendance shall be five times.
Commission member	Lin Hsin-Ho	5	-	100%	Predecessor. The directors were all elected on 2016/5/20 and the attendance shall be five times.
Commission member	Lee Cheng	5	-	100%	Predecessor. The directors were all elected on 2016/5/20 and the attendance shall be five times.

Other remarks as required:

- I. If there are the circumstances as below, the dates of meetings, sessions, contents of motions, resolutions of Audit Committee and the Company’s response to Audit Committee’s opinion should be specified:
 - (1) matters referred to in Article 14-5 of Securities and Exchange Act:
 - (2) resolutions which were not approved by the Audit Committee but were approved by two thirds or more of all directors:

As to the description of the two items above, please refer to the details of the Audit Committee’s opinions to the material motions of the board of directors and the Company's response to independent directors' opinion stated on page 54.
- II. If there is independent directors’ avoidance of motions in conflict of interest, the independent directors’ names, contents of motions, causes for avoidance and voting should be specified: There were no 2016 Audit Committee’s motions in conflict of interest with the independent directors.

III. Communications by and between independent directors and the internal audit officer and the Certified Public Accountants: The Company's internal audit officer reports to the Audit Committee (independent directors) about the audit plans for the ensuing year and, on a regular basis, report to them about the implementation of the audit on the internal control system. In case of an extraordinary event, the internal audit officer would report to the Audit Committee forthwith. The Audit Committee may directly inquire with the internal audit officer or the Certified Public Accountant. The Certified Public Accountants may, as well, directly report without being accompanied by the management, to the Audit Committee about the audit or recheck findings and suggestions. They have been in very intimate communications and interactions. Communications in 2016 between the independent directors, the Company's internal audit officer and the Certified Public Accountants were as follows:

Date	Mode	Object	Issues to communicate	Result
01/28/2016	Audit Committee	Internal Audit Officer	Report the results of audit work fourth quarter of 2015.	Noted.
02/25/2016	Audit Committee	Internal Audit Officer	Discussion on representation of internal control system for 2015.	Approved as proposed by all members present at the audit committee meeting and submitted to the Board for resolution.
		CPA	Report on audit of 2015 financial statements.	Noted.
03/31/2016	Audit Committee	Internal Audit Officer	Discussion on amendments to the Company's internal control system.	Approved as proposed by all members present at the audit committee meeting and submitted to the Board for resolution.
04/28/2016	Audit Committee	Internal Audit Officer	Report the results of audit work first quarter of 2016.	The committee member inquired the potential material risk and differences between the budget and actual expenditures of the construction of Sinyi Real Estate (Shanghai) Limit and the head of Auditor Office made the explanation.
		CPA	Report on review of financial statements for the three months ended March 31, 2016.	Noted.
07/28/2016	Forum	Internal Audit Officer and CPA	The forum was held for the new independent directors to get overall understanding of the Company's and its subsidiaries' internal audit plans and CPA's audit plan and grasped operation risk.	Independent directors suggested that internal control auditors cooperate with CPA and use internal audit resource effectively and maximize the effect of internal audit by integrating the self-audit units. The internal control office had discussed and integrated the content of audit and execution cycle of the self-audit units and requested them submit quarterly the result of self-audit to internal audit

				office for filing since 2016.
07/28/2016	Audit Committee	Internal Audit Officer	Report the results of audit work second quarter of 2016.	Noted
		CPA	Report on review of financial statements for the six months ended June 30, 2016.	Approved as proposed by all members present at the audit committee meeting and submitted to the Board for resolution.
10/27/2016	Audit Committee	Internal Audit Officer	Report the results of audit work third quarter of 2016.	The committee members suggested internal audit office update to the reporting date the follow-ups and improvements after the audit was conducted and propose the completion date of incomplete affairs. The chair of the audit committee suggested internal audit unit and CPA interact and communicate with each other about the expression of new key audit matters of financial statements since 2017.
		CPA	Report on review of financial statements for the nine months ended September 30, 2016.	Approved as proposed by all members present at the audit committee meeting and submitted to the Board for resolution.
12/29/2016	Audit Committee	Internal Audit Officer	Discussion on internal audit plan for 2017.	The chair of the audit committee inquired CPA about the audit of key audit matters and disclosures in the financial statements and the cooperation between internal audit unit and CPA and suggested the cooperation be disclosed properly in the internal audit plans. Approved as proposed by all members present at the audit committee meeting and submitted to the Board for resolution.

The handle and report of the Audit Committee's suggestion on the major resolutions of the Board of Directors in 2016 and the handling of the opinions of the suggestion by the Company:

Board of Directors Meeting – Session and the Date	Content of the proposals and the following handling	Article 14-5 of Securities and Exchange Act	Resolutions which were not approved by the Audit Committee but were approved by two thirds or more of all directors
11 th -session 21 01/28/2016	1. Approval of the CPAs appointment and the audit fee for year 2016.	✓	
	2. Amendments to the "Internal Control Procedures".	✓	

	<p>Audit Committee's comment:</p> <ol style="list-style-type: none"> As to proposal No. 1, Mr. Liu Shuen-Zen suggested CPA provide the developing business units with the judgment criteria and calculation when the sign of loss on inventory occurs and proper suggestions as well. Mr. Lin Hsin-Yi, the chair of the audit committee suggested CPA provide each business unit with value-added service, reminders and suggestions related to business operation in addition to the routine examination service. The proposal No. 1 was approved as proposed by the members present at the meeting with the suggestions above and submitted to the Board for resolution. As to proposal No. 2, it was approved as proposed by all the members present at the Audit Committee meeting and submitted to the Board for resolution. 		
	<p>The handling of the opinions of Audit Committee by the Company:</p> <ol style="list-style-type: none"> Finance Division would follow the Audit Committee's opinion and would discuss with CPA about the judgment criteria if the sign of loss on inventory occurs. The proposals were approved by all board members present at the Board meeting. 		
11 th -session 22 02/25/2016	1. Adoption of unaudited Consolidated and Parent Company only financial statements for the year ended December 31, 2015.	✓	
	2. Adoption of the 2015 Business Report.	✓	
	3. Adoption of the proposal for distribution of 2015 earnings.	✓	
	4 Proposal of the internal control statement for the year ended December 31, 2015	✓	
	5. The Company's subsidiary loaning to another subsidiary.	✓	
	<p>Audit Committee's comment:</p> <ol style="list-style-type: none"> As to proposal No. 1, Mr. Liu Shuen-Zen indicated that the Company's performance for 2015 was not well as 2014 but the cash inflow generated from operating business for 2015 was better than 2014. He suggested the finance unit communicate with the shareholders and colleagues well. The chair suggested the resource allocation of marketing budget and benefit analysis be reported and encouraged the management accounting unit to trace the effectiveness of marketing budget more actively. Proposal No. 1-5 was approved as proposed by all members present at the Audit Committee meeting with the suggestions above and submitted to the Board for resolution. 		
	<p>The handling of the opinions of Audit Committee by the Company:</p> <ol style="list-style-type: none"> Finance Division had explained to the investors on online conference and prepared the communication materials to brief to the colleagues. In addition, Finance Division proposed the report related to the difference between digital marketing and traditional paper delivery. The proposals were approved by all board members present at the Board meeting. 		
11 th -session 22 02/25/2016	1. Adoption of the 2015 Business Report and Adoption of the proposal for distribution of 2015 earnings	✓	
	<p>Audit Committee's comment:</p> <p>Approved as proposed by all members present at the Audit Committee meeting with the suggestions above and submitted to the Board for resolution.</p>		
	<p>The handling of the opinions of the suggestion by the Company:</p> <p>Submitted to the General Shareholders' Meeting.</p>		

11 th -session 23 03/31/2016	1. Amendments to the "Internal Control Procedures".	✓	
	2. Amendments to the "Articles of Incorporation" of the Company.	✓	
	3. The Company's loaning to its subsidiary.	✓	
	4. Amendments to the "Procedures for Loaning Funds to Other Parties".	✓	
	5. Amendments to the "Procedures for Endorsements and Guarantees".	✓	
	Audit Committee's comment: 1. As to proposal No. 4, Mr. Lin Hsin-Yi, the Chair of the Audit Committee, suggested the amendments to the regulations be reviewed by the Department of Law Affairs before being submitted to the Audit Committee. 2. Proposal No. 1-5 were approved as proposed by all members present at the Audit Committee meeting with the suggestion above and submitted to the Board for resolution.		
The handling of the opinions of Audit Committee by the Company: 1. The suggestions were adopted since then; the proposals above were approved by all board members present at the Board meeting.			
11 th -session 24 04/28/2016	1. Adoption of unaudited consolidated financial statements for the first quarter ended March 31, 2016.	✓	
	2. To guarantee the subsidiary, Shanghai Sinyi Real Estate Inc. which will apply the line of credit.	✓	
	Audit Committee's comment: 1. Approved as proposed by all members present at the Audit Committee meeting with the suggestion above and submitted to the Board for resolution.		
	The handling of the opinions of Audit Committee by the Company: 1. The proposals above were approved by all board members present at the Board meeting.		
12 th -session 1 05/30/2016	1. Approval of the overseas subsidiary of the Company intending to obtain land held from the government.	✓	
	2. Approval of the domestic subsidiary of the Company intending to obtain land held from the private.	✓	
	Audit Committee's comment: 1. Approved as proposed by all members present at the Audit Committee meeting with the suggestion above and submitted to the Board for resolution. As to proposal No. 1, the chair inquired all members present at the Audit Committee meeting and the meeting resolved to authorize the Company's president to deal with tender of the land-use right and related affairs within the determined price in RMB per square meter and to submit the proposal to the Board for resolution. 2. As to proposal No. 2, the chair inquired all members present at the Audit Committee meeting and the meeting resolved to authorize the Company's president to deal with tender of the land-use right and related affairs within the determined total land price in NTD and to submit the proposal to the Board for resolution.		
	The handling of the opinions of Audit Committee by the Company: 1. The proposals above were approved by all board members present at the Board meeting.		
12 th -session 3	1. Adoption of unaudited consolidated financial statements for	✓	

07/28/2016	the second quarter ended June 30, 2016. .		
Audit Committee's comment: 1. Approved as proposed by all members present at the Audit Committee meeting with the suggestion above and submitted to the Board for resolution.			
The handling of the opinions of Audit Committee by the Company: 1. The approposals above were approved by all board members present at the Board meeting.			
12 th -session 4 10/27/2016	1. Adoption of unaudited consolidated financial statements for the third quarter ended September 30, 2016.	✓	
	2. The Company's subsidiary disposal of real estate.	✓	
	3. To apply to the Investment Commission, Ministry of Economic Affairs (MOEA) for incremental amount of investing real estate development in China.	✓	
	4. The Company applications to the financial institution for sharing the line of credit with the subsidiary, and to endorse the guarantee for the subsidiary.	✓	
	5. The subsidiary's payment of bid bond for land use right in China.	✓	
	Audit Committee's comment: 1. Approved as proposed by all members present at the Audit Committee meeting with the suggestion above and submitted to the Board for resolution.		
The handling of the opinions of Audit Committee by the Company: 1. The approposals above were approved by all board members present at the Board meeting.			
12 th -session 5 11/07/2016	1. Approval of the overseas subsidiary of the Company intending to obtain land held from the government.	✓	
	Audit Committee's comment: 1. The chair inquired all members present at the Audit Committee meeting and the meeting resolved to authorize the Company's president to deal with tender of the land-use right and related affairs within the determined price in RMB per square meter and to submit the proposal to the Board for resolution.		
	The handling of the opinions of Audit Committee by the Company: 1. The approposals above were approved by all board members present at the Board meeting.		
12 th -session 6 12/29/2016	1. To approve the 2017 internal audit plan.	✓	
	2. The Company's loan from its subsidiary for capital planning.	✓	
	Audit Committee's comment: 1. As to proposal No. 1, the chair suggested the internal audit office deliver the periodical report in the future with describing execution of details and adopted method of the proposed improvements at the annual internal audit plan. The chair inquired the CPA the cooperation between the internal audit office about the audit of key audit matters and its disclosures in the financial statements and suggested to describe the cooperation at the annual internal audit plan. 2. As to proposal No. 2, Mr. Hong San-Xiong, the Audit Committee member, inquired the detail of loan term, interest rate of loan and the actual interest paid of the loan between the Company and its subsidiary and made a suggestion that the		

	<p>description of loan term be described more precisely in the attachment. The chair suggested the collaboration of cross-business-unit capital planning be more cautiously to prevent the mistake from happening.</p> <p>3. Proposal No. 1-2 were approved as proposed by all members present at the Audit Committee meeting with the inquiries and suggestions and submitted to the Board for resolution.</p>	
	<p>The handling of the opinions of Audit Committee by the Company:</p> <p>1. The approposals above were approved by all board members present at the Board meeting.</p>	

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

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

Evaluation Items	Facts of performance (Note 1)			Status on discrepancy and reasons in relation to Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies																																																																																																														
	Yes	No	Description of Summary																																																																																																															
non-opened information in market?																																																																																																																		
III. Organization and Functions of Board of Directors (I) Does the Board of Directors prepare diversified guidelines in response to the organization of members and actualize the execution?	V		<p>(I) The Company's corporate governance guidelines state that the members of the board of directors shall have the knowledge, skills and qualifications necessary for the performance of their duties. The composition of the board of directors shall be considered to be diversified, and the internal directors of the company shall not be more than one-third. At the same time, the type of business operations and development needs, including but not limited to the following two major aspects:</p> <p>1. Basic backgrounds and conditions values: gender, age, nationality and culture.</p> <p>2. Professional knowledge and skills: professional background (such as law, accounting, industry related knowledge, finance, marketing or technology), professional skills and industry experience.</p> <p>In order to achieve the ideal goal of corporate governance, the board of directors should have the following capabilities: (1) operational judgment ability; (2) accounting and financial analysis ability; (3) management ability; (4) crisis processing capacity; (5) industry knowledge; (6) the comprehensive of international market; (7) leadership; (8) decision-making ability.</p> <table border="1"> <thead> <tr> <th>Diversified core ability</th> <th>Gender</th> <th>Management ability</th> <th>Leadership</th> <th>Industry knowledge</th> <th>Talent education</th> <th>Performance evaluation</th> <th>Accounting and finance</th> <th>Law</th> <th>Environmental protection</th> </tr> </thead> <tbody> <tr> <td>Chou Chun-Chi</td> <td>M</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td>✓</td> <td></td> </tr> <tr> <td>Chueh Chien-Ping</td> <td>M</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Chou Wang Mei-Wen</td> <td>F</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Liu Shuen-Zen</td> <td>M</td> <td>✓</td> <td></td> <td></td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td></td> </tr> <tr> <td>Hong San-Xiong</td> <td>M</td> <td>✓</td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> <td></td> <td>✓</td> <td></td> </tr> <tr> <td>Jhan Hong-Chih</td> <td>M</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Su Jyun-Bin</td> <td>M</td> <td>✓</td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> <td></td> <td></td> <td>✓</td> </tr> <tr> <td>Lin Hsin-Yi (former)</td> <td>M</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td></td> </tr> <tr> <td>Lin Hsin-Ho (former)</td> <td>M</td> <td>✓</td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> <td></td> <td>✓</td> <td></td> </tr> <tr> <td>Lee Cheng (former)</td> <td>M</td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td></td> <td>✓</td> </tr> </tbody> </table> <p>The Corporate Governance Rules of the Company specifies the composition of the members of the Board of Directors should consider gender equality and diversified guidelines. At present,</p>	Diversified core ability	Gender	Management ability	Leadership	Industry knowledge	Talent education	Performance evaluation	Accounting and finance	Law	Environmental protection	Chou Chun-Chi	M	✓	✓	✓	✓	✓		✓		Chueh Chien-Ping	M	✓	✓	✓	✓	✓				Chou Wang Mei-Wen	F	✓	✓	✓	✓	✓				Liu Shuen-Zen	M	✓			✓	✓	✓			Hong San-Xiong	M	✓	✓		✓	✓		✓		Jhan Hong-Chih	M	✓	✓	✓	✓	✓				Su Jyun-Bin	M	✓	✓		✓	✓			✓	Lin Hsin-Yi (former)	M	✓	✓	✓	✓	✓	✓			Lin Hsin-Ho (former)	M	✓	✓		✓	✓		✓		Lee Cheng (former)	M	✓		✓	✓	✓			✓	Nil
Diversified core ability	Gender	Management ability	Leadership	Industry knowledge	Talent education	Performance evaluation	Accounting and finance	Law	Environmental protection																																																																																																									
Chou Chun-Chi	M	✓	✓	✓	✓	✓		✓																																																																																																										
Chueh Chien-Ping	M	✓	✓	✓	✓	✓																																																																																																												
Chou Wang Mei-Wen	F	✓	✓	✓	✓	✓																																																																																																												
Liu Shuen-Zen	M	✓			✓	✓	✓																																																																																																											
Hong San-Xiong	M	✓	✓		✓	✓		✓																																																																																																										
Jhan Hong-Chih	M	✓	✓	✓	✓	✓																																																																																																												
Su Jyun-Bin	M	✓	✓		✓	✓			✓																																																																																																									
Lin Hsin-Yi (former)	M	✓	✓	✓	✓	✓	✓																																																																																																											
Lin Hsin-Ho (former)	M	✓	✓		✓	✓		✓																																																																																																										
Lee Cheng (former)	M	✓		✓	✓	✓			✓																																																																																																									

Evaluation Items	Facts of performance (Note 1)			Status on discrepancy and reasons in relation to Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Description of Summary	
(II) Does the company, besides establishing Remuneration Committee and Audit Committee in accordance with laws, also voluntarily establish other committees with similar functions?		V	<p>there are 7 directors of the Company in total (including 1 female director), among which, 4 directors were performed by the ex-independent directors Mr. Lin Hsin-Yi, Mr. Lin Hsin-Ho, Mr. Liu Shuen-Zen and Mr. Lee Cheng, succeeded by the present independent directors Mr. Liu Shuen-Zen, Mr. Hong San-Xiong, Mr. Jhan Hong-Chih and Mr. Su Jyun-Bin who are professionals with important influences on the Company in practical operation, laws, financial accounting, performance evaluation, and talent cultivation development, etc. as independent directors, to provide professional recommendations and supervise the operation status of the management team; the number of independent directors account for more than 1/2 of the whole director number.</p> <p>(II) The Company has not established other committees with similar functions other than Remuneration Committee and Audit Committee; however, it already tackles on engaging in planning and establishing the committees with other functions.</p>	
(III) Does the company establish performance rules and evaluation methods of the Board of Directors, and periodically engages in performance evaluation every year?	V		<p>(III) The Company performs performance evaluation of the Board of Directors periodically every year, by requesting each director to complete evaluation in such aspects as the operation, culture, internal/external relationship operation, self-evaluation in terms of the Board of Directors, for the conference unit/department of the Board of Directors to collect and compile them, and report such in the board meeting and propose the direction of further improvement. The Company established "Procedures of Performance Evaluation of Directors" which stated the Board of Directors shall conduct self-evaluation at least once a year and shall engage the external independent institutes to conduct triennial performance evaluation of the Board of Directors. Related rules and the evaluation are revealed in the investor relationship website of the Company. (http://www.sinyi.com.tw/info/i_1_2_directors.php)</p>	
(IV) Does the company periodically evaluate the independence of the certified public accountant?	V		<p>(IV) When the Company re-engages the certified public accountant (CPA) each year, the Finance Department evaluates if such accountant conforms to the related regulations of independence and competency by the "Accountant Competency, Independence Evaluation Checklist" listing the independence evaluation items with reference with the Article 47 of Certified Public Accountant Act and No. 10 of the Bulletin of Norm of Professional Ethics for Certified Public Accountant "Integrity, Objectivity and Independence". After obtaining the independence statement of the</p>	

Evaluation Items	Facts of performance (Note 1)			Status on discrepancy and reasons in relation to Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Description of Summary	
			CPA intended to be appointed, the Finance Division submitted the evaluation result to the Audit Committee and the Board of Directors for discussion, to serve as the reference of appointing the accountant. (“Accountant Competency, Independence Evaluation Checklist” was shown on page 102)	
IV. Does the company have dedicated (or non-dedicated) divisions or personnel responsible for corporate governance issues (including but not limited to the preparation for the materials required for directors and supervisors, convening of the meetings for directors and shareholders according to relevant laws and regulations, registration of companies and changes to registration details, compilation of meeting minutes for board meetings and shareholders’ meetings)?	V		The Finance Division of the Company is responsible for corporate governance issues. The head of the Finance Division is the convener, leading the other 3 staff to deal with the corporate governance affairs which include the preparation for the materials required for directors, planning the schedules of convening the Board meetings and shareholders’ meetings, registration of companies and changes to registration details, compilation of meeting minutes for board meetings, function-committee meetings and shareholders’ meetings, arrangement of the lessons of the board members, assistance with the performance self-evaluation of the board members and functional committee members, the monitoring and improvement of corporate finance measures in place and explain to internal and external parties the effectiveness of our corporate governance mechanism. The Finance Division reported all colleagues of the Company the status of implementation of corporate governance at the Company’s important meeting such as the monthly meetings. In addition, the Finance Division accepted the invitation of the TWSE in 2015 and shared the experience of implementing corporate governance with other listed companies. Furthermore, the Finance Division published the monthly easy-understanding comedies in 2016 to the Company’s colleagues to promote the concept and meaning of corporate governance and issued the press release to promote externally the achievement of corporate governance as well.	
V. Does the company establish communication channel of the stakeholders (including but not limited to shareholders, employees, customers, supplier, etc.), and establish an exclusive zone of the stakeholders in the company’s website, and properly respond the important issues of corporate social responsibility concerned by the stakeholders?	V		The Company builds a “stakeholders zone” on its official website and discloses on it the way of appeals for stakeholders. The Company establishes “Rules Governing the Recommendations and Appeal of the Stakeholders to the Audit Committee”, and provides an Audit Committee appeal and recommendation mailbox in the Company’s website, to facilitate a commendable communication channel for the stakeholders and independent directors of the Company. (http://www.sinyi.com.tw/about/stakeholder.php)	Nil
VI. Does the company appoint a professional stock affair handling agency to process the affairs of shareholders’ meeting?	V		The Company appoints Capital Securities Corporation to process the related affairs of shareholders’ meeting.	Nil

Evaluation Items	Facts of performance (Note 1)			Status on discrepancy and reasons in relation to Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Description of Summary	
VII. Information Opening (I) Does the company set up a website to disclose the financial business and the corporate governance information? (II) Does the company adopt other information disclosure methods (such as setting up an English website, designating exclusive personnel to be in charge of the corporate information collection and disclosure, actualizing the speaker system, institutional investor conference process placement in the company's website, etc.)?	V V		(I) The Company discloses the related finance, business and stock affair information of the Company in the investor relationship website of the Company's website, and an exclusive zone of corporate governance is provided to describe the related statutes system and execution status (http://www.sinyi.com.tw/info/company.php). (II) The Company sets up an English website of investor relationship, and provides comprehensive financial information the same as Chinese website of investor relationship, to facilitate foreign investors to acquire the same information as domestic investors, and further upgrade the international visibility and information transparency. (http://www.sinyi.com.tw/info/company-en.php) The Company's website (www.sinyi.com.tw) is operated by such departments as finance, public affair, and business research office, etc., in charge of collecting related information for exclusive personnel to be in charge of processing such related matters as disclosing, etc. The Company also provides a speaker system which the spokesperson and deputy spokesperson are responsible for the make external statements and clarifications. The Company have the online conference with investors at least twice a year and related information including the content of presentation and the online recording file are provided in the investor relationship website of the Company. (http://www.sinyi.com.tw/info/company.php)	Nil
VIII. Does the company have other available important information helpful to understand the corporate governance and performance status (including but not limited to employee interests, employee concern, investor relationship, supplier relationship, rights of stakeholders, advanced study status of directors and supervisors, execution status of risk management policy and risk measurement standard, execution status of client policy, the status of purchasing liability insurance of the company for its directors and supervisors, etc.)?	V		(I) Employee Interests and Employee Concern: The Company towards its internal colleagues, besides providing related interests, also provides professional consultant service to its colleagues and family members. In response to individual demands, such consultancy services concerning work career, family paternity, emotion between two genders, physical/mental stress, law, finance and medical issues, etc. are provided, to assist each colleague to possess balanced work and life. As to the external parties, through such organization or group as Sinyi Cultural Foundation, Sinyi Charity Organization, Sinyi Volunteer, etc., the company encourages colleagues to actively participate in public social welfare activity services, to feed back the community. The Company also provides employees a good communication channel, to assist them to engage in bilateral communication with the management and directors. In addition, the Company also holds an organization recognition investigation and supervisor leadership style questionnaire investigation each year, so as to explore the aspects for further improvement, and increase the interaction opportunities between the managerial level and colleagues.	

Evaluation Items	Facts of performance (Note 1)			Status on discrepancy and reasons in relation to Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Description of Summary	
			<p>(II) Investor Relationship: The initial principle of solidifying the corporate governance mechanism is to protect the shareholders equity, and treat all shareholders in a fair manner. The Company has adopted some measures as below:</p> <ol style="list-style-type: none"> 1. Bringing forward of announcement of audited/ reviewed financial statements: The Company has announced its reviewed quarterly financial statements within one month after the end of the quarter. (the statutory time limit: within 45 days) From 2014, the Company has announced its audited annual financial statements no later than the end of February next year. (the statutory time limit: no later than the end of March next year). 2. Adjusting the date and time of annual shareholders' meeting. The Company avoids convening its annual shareholders' meeting at hot date. From 2014, the annual shareholder's meeting is held before end of May. In addition, the starting time of the meeting will be adjusted to 9:30 AM for the sake of convenience of the shareholders attending the meeting from far away. 3. Providing English business and financial information: The Company issued English financial statements from 2010, announced Chinese and English material information at the same time from 2011, built the English website of investors in 2015 and provided shareholders with English annual report and shareholders' meeting handbook from 2015. 4. From 2012, at the time of a vote, for each proposal, the chairperson first announces the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. Election of directors has been conducted in accordance with the candidate nomination system. 5. Since 2009, the Company provides shareholders to exercise voting rights in electronic manner for the annual meeting of shareholders, as one of the few leading domestic TWSE/GSTM-listed companies in using shareholders' meeting communication voting platform. 6. The Company periodically convenes online institutional investor conference since 2009. 7. Upon convening a shareholders' meeting, it also makes efforts to avoid presenting an extraordinary motion proposal, to maintain the interests of the shareholders using the e-communication voting system. The minutes of shareholders' meeting are also displayed in the company's website. <p>(III) Supplier Relationship:</p>	Nil

Evaluation Items	Facts of performance (Note 1)			Status on discrepancy and reasons in relation to Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Description of Summary	
			<ol style="list-style-type: none"> 1. The purchase personnel of the Company would jointly with the purchase requisition unit/department from time to time engage in evaluation on service quality, delivery schedule, and price of a supplier, and in accordance with the evaluation result establish a qualified supplier database. 2. Concerning the suppliers with outstanding result, a price negotiation and tendering would be provided in priority, to ensure quality and reduce the purchase cost of the Company. 3. In order to actualize the protection of human rights, it would also extend to the suppliers in close transactions with the Company, by taking initiative to invite them to sign a human right contract, to respect the basic labor human right protection of their employees. 4. The Company also established the “Ethical Guideline Governing the Purchase Work of Sinyi Group and Its Affiliated enterprises” in 2014, requesting the personnel involving in purchase of each unit/department to faithfully observe the said Guideline. In addition, “Normal Operation Behavior Specification of Sinyi Conglomerate” is also newly established, by issuing notes to the qualified suppliers to sign and faithfully observe the said specification, in order to seek for the supplier partners recognizing faithful operation. <p>(IV) Rights of Stakeholders: The Company through judgment deems the major stakeholders to be clients, colleagues, shareholders, state and community, natural environment; as concurrent consideration and balance of the interests of the stakeholders has always been the objective of the Company, during internal proposals and discussions of major issues, it is required to engage in evaluation vs. the impacts on the major stakeholders, to ensure the interests balance of the stakeholders. Besides, the Company also provides Audit Committee appeal and recommendations mailbox in the Company’s website, to facilitate the stakeholders of the Company a channel to reflect their comments to the independent directors, to maintain their interests. The related descriptions in detail are shown in page.113, the description of the general status of fulfilling the corporate social responsibility.</p> <p>(V) Advanced Study Status of Directors: The Company’s independent directors and directors already fulfilled at least 6 hours each of the 2016 advanced study program for directors while details are revealed as below:</p>	

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	Yes	No	Description of Summary						
			Independent Director			Corporate Governance Association	mergers and acquisitions from the aspect of directors and supervisors		
				11/17/2016	11/17/2016	Taiwan Securities Association	From the trend of tax amendment to investigate the dividend income and the OBU	3	
			Jhan Hong-Chih Independent Director	10/28/2016	10/28/2016	Taiwan Corporate Governance Association	The opportunity and the risk in the trend of the digital technology	3	
				12/15/2016	12/15/2016		The new phase of 「Internet+」	3	
			Su Jyun-Bin Independent Director	07/22/2016	07/22/2016	Taiwan Corporate Governance Association	Disply the fuction of independent director	3	
				08/12/2016	08/12/2016		Group governance	3	
				12/15/2016	12/15/2016		The new phase of 「Internet+」	3	
				12/22/2016	12/22/2016		The reaction of the enterprize to the new phase of the internet	3	
			Note 1: Indicates if it conforms to the required number of hours of advanced study, scope of advanced study, system of advanced study, arrangement of advanced study and information disclosure specified in the “Key Points of Promoting Advanced Study for Directors and Supervisors of TWSE/GTSM-listed Companies”.						
			(VI) Status of Advanced Study of Managers:						
			Title/ Name		Date of Advanced Study		Organizer	Name of Program	No. of hour
					From	To			
			Chief Accountant Lin Chiu-Chin	09/08/2016	09/09/2016	Accounting Research and Development Foundation	Continuing education program of principal accounting officers of issuers, securities firms, and securities exchanges	12	
			Note: Vice general managers of the Compnay all attend the program of “The new phase of 「Internet+」 ” and “The reaction of the enterprize to the new phase of the internet”.						
			(VII) Execution status of risk management policy and risk measurement standard: The Company already establishes risk management policy and procedures, and periodically reviews the execution status of risk management; please refer to page. 352.						
			(VIII) Establishment of the disposition procedures governing internal major messages: In order to establish a commendable internal major information disposition and disclosure						

Evaluation Items	Facts of performance (Note 1)			Status on discrepancy and reasons in relation to Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Description of Summary	
			<p>mechanism of the Company, avoid improper information disclosures, and ensure conformity and correctness of the information released by the Company to external parties, the Company already in accordance with the guideline examples proclaimed by the competent authorities establishes the “Internal Major Information Disposition Procedures” of the Company, and performs publicity to its employees, managers and directors in due time, to avoid them from violating laws or insider trading matters.</p> <p>(IX) Execution status of client policy: Besides setting up a telephone and network online client service center to respond to the requirements and questions of clients at all times, in order to strengthen the high concern level of client service, the “Client Service Department” takes initiative in performing non-scheduled checks and confirmations of the execution status of client policies, accepting the complaints and dispositions of clients, and assisting the first-line business colleagues in handling client complaint cases, by self-assuring it as an internal “Consumers’ Foundation” of the company, to duly perform the work of maintaining client’s interests. Besides, Client Service Department also, through the satisfaction level investigation mechanism and various audit systems, continues to improve and better the service quality of the Company. Client Service Department provides a 24-hour online client service system which was granted the award of “The Best Client Service Center” in the “Grand Assessment of 2014 Taiwan Service” conducted by “Commercial Times”.</p> <p>(X) Status of purchasing liability insurance of the company for its directors: The Company already purchases liability insurance for its all directors, as the total insurance amount is US\$3,000 thousand (equivalent of NT\$96,000,000) and the insurance coverage period starts from July 15, 2016 to July 15, 2017.</p> <p>(XI) Our company participates for the 5th time in the corporate governance system evaluation held by Taiwan Corporate Governance Association, and passed the corporate governance evaluation of the advanced version of CG6008 in January 2014 (from CG6006 on, the validity of this certificate shall last two consecutive years). We continue to review and improve our corporate governance practices by following the corporate governance evaluation metrics designed by the Taiwan Stock Exchange Corporation. In 2016, we did not commission any professional institutes to assess our corporate governance system or take part in the corporate governance system evaluation held by Taiwan Corporate Governance Association.</p>	

Evaluation Items	Facts of performance (Note 1)			Status on discrepancy and reasons in relation to Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies
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<p>IX. Please state the improvements made up to date according to the corporate governance assessment of the most recent years by Corporate Governance Center of the Taiwan Stock Exchange Corporation and propose the proprieties and measures for areas not yet addressed: In 2016, we were ranked as the top 5% of the listed companies and with a total score of 101 by the 2nd year of corporate governance assessment by the Taiwan Stock Exchange. This was the second time we received this recognition. During the 2nd year of the assessment, some of the basic evaluation item and general evaluation items were not applicable to us. We ticked all the boxes and obtained the sores, except for some of the further requirements such as the deployment of Nomination Committee, disclosure of compensations to individual directors and the signing of group contracts with employees, where no scores were given. We will keep making progress.</p>				

(IV) Relevant information of the Remuneration Committee:

To assure wholesome corporate governance and intensify the managerial function in remuneration by the board of directors to help implement and evaluate the overall payroll and fringe benefits policies and the remuneration for directors and ranking managers, the Company set up as duly resolved in the board of directors the Remuneration Committee as early as August 2010, far earlier before the competent authority required so. The Remuneration Committee was organized by all independent directors to carry out such responsibilities and powers: 1. Enactment and review on a regular basis the performance evaluation and remuneration policies, systems, criteria and structure of directors and managers. 2. Evaluation on a regular basis and fixing remuneration for directors and managers. 3. Review over incentive remuneration plans or share-based payments for employees. 4. Suggestion on amendment of the organization of Remuneration Committee. 5. Handling of issues assigned by the board of directors. At the moment, the Remuneration Committee is organized by four independent directors, with Independent director Hong San-Xiong serving as the chairperson and convener. Since it first came into being, the Remuneration Committee has been in sound and satisfactory performance, conducting self-performance evaluation on a regular basis to upgrade the performance of the Committee.

1. Information and data of Remuneration Committee members:

Position	Names	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Information (Note)								Number of Other Public Companies Concurrently Serving as a Member of Remuneration Committee	Remark
		An instructor in or a higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the company in a public or a private junior college, college, or university	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialists who has passed a national examination and been awarded a certificate in a profession necessary for the business of the company	Have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company	1	2	3	4	5	6	7	8		
Independent Director	Liu Shuen-Zen	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	2	
Independent Director	Hong San-Xiong			✓	✓	✓	✓	✓	✓	✓	✓	✓	-	
Independent Director	Jhan Hong-Chih			✓	✓	✓	✓	✓	✓	✓	✓	✓	2	
Independent Director	Su Jyun-Bin	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	-	
Independent Director (abdicated)	Lin Hsin-Yi			✓	✓	✓	✓	✓	✓	✓	✓	✓	2	(Note 2)
Independent Director (abdicated)	Lin Hsin-Ho	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	(Note 2)
Independent Director (abdicated)	Lee Cheng	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	1	(Note 2)

Note 1 : Please tick with \surd mark in the boxes below where the Remuneration Committee members prove to have met with the conditions enumerated below in two years before being appointed and during their tenure of office.

- (1) Not an employee of the company or any of its affiliated enterprises.
- (2) Not a director or supervisor of the company or any of its affiliated enterprises. The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.
- (3) Not a natural person shareholder who holds shares, together with those held by the person's spouse, minority or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding share of the company or rank as top-10 shareholders.
- (4) Not a spouse, relative within the second-degree relatives, or lineal relative within the third degree, of any of the persons specified in the preceding three notes.
- (5) Not a director, supervisor, or employee of a juristic person shareholder that directly holds 5 percent or more of the total number of issued shares of the Company or that holds shares ranked as top 5 in shareholding.
- (6) Not a director, supervisor, manager, or shareholder holding 5 percent or more of the shares, of a specific company or institution that has a financial or business relationship with the Company.
- (7) Not as a professional individual nor an owner, partner, director, supervisor, manager or their spouses of a sole proprietorship, partnership, company, or institution providing commercial, legal, financial, accounting or consultation services to the company or its affiliated enterprises.
- (8) Not been a person or any conditions defined in Article 30 of the Company Act.

Note 2 : They were abdicated because the Company re-elected for new independent directors in 2016 Annual General Shareholders' Meeting on May 20, 2016. "Number of Other Public Companies Concurrently Serving as a Member of Remuneration Committee" indicated for the period the member was serving for the Company's Remuneration Committee.

2. Information of performance by the Remuneration Committee:

- i. The Company's Remuneration Committee is composed of four (4) members.
- ii. Tenure of office of Remuneration Committee members of the current session: May 20, 2016~May 19, 2019. Within the latest fiscal year, the Remuneration Committee convened five (6) meetings. The qualifications and attendance facts of the Remuneration Committee are enumerated below:

Title	Name	Times of Attendance in Person	Times of Attendance by Proxy	Actual Attendance Ratio (%)	Remarks
Commission member (Convener)	Hong San-Xiong	4	-	100%	New appointment. The Company's directors were re-elected on 5/20/2016 and the 12 th board of directors assigned new 12 th independent directors as the members of the Company's Remuneration Committee. The attendance shall be 4 times.
Commission member	Jhan Hong-Chih	4	-	100%	New appointment. The Company's directors were re-elected on 5/20/2016 and the 12 th board of directors assigned new 12 th independent directors as the members of the Company's Remuneration Committee. The attendance shall be 4 times.
Commission member	Su Jyun-Bin	4	-	100%	New appointment. The Company's directors were re-elected on 5/20/2016 and the 12 th board of directors assigned new 12 th independent directors as the members of the Company's Remuneration Committee. The attendance shall be 4 times.
Commission member	Liu Shuen-Zen	6	-	100%	Nil
Commission member	Lin Hsin-Yi	2	-	100%	Predecessor. The member resigned because the Company's directors were re-elected on 5/20/2016 and the attendance shall be twice.
Commission member	Lin Hsin-Ho	2	-	100%	Predecessor. The member resigned because the Company's directors were re-elected on 5/20/2016 and the attendance shall be twice.
Commission member	Lee Cheng	2	-	100%	Predecessor. The member resigned because the Company's directors were re-elected on 5/20/2016 and the attendance shall be twice.
Other matters to be noted in the meeting minutes: :					
<ol style="list-style-type: none"> 1. If the board of directors refuses to accept or modify suggestions of the Remuneration Committee, the meeting date, session, agenda content, results resolved by the board of directors, and the Company's treatment of opinion of the Remuneration Committee should be clearly stated: Nil. 2. If the members have opposite opinion or reservations against the resolution of the Remuneration Committee and the opinion or reservations have been recorded or documented, the meeting date, session, agenda content, the opinion of all members of the Remuneration Committee, and the treatment of the members' opinion should be clearly stated: Nil. 					

(V) Performance of social responsibility :

Evaluation Items	Facts of performance			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Abstract	
<p>I. Actualization of Corporate Governance</p> <p>(I) Does the company specify and disclose the corporate governance practice rules in accordance with the “Corporate Governance Practices Rules of TWSE/GTSM-listed companies”?</p>	V		<p>(I) The Company in accordance with “Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies” establishes “Corporate Social Responsibility Best Practice Principles for Sinyi Realty Inc.” and pays attention to the development of social responsibility system of domestic/overseas enterprises at all times and the transition of enterprise environment, so as to review and improve the corporate social responsibility system implemented by the Company, to upgrade the performance of fulfilling its corporate social responsibility. The said Rules had been approved in the Board of Directors of the Company in January 2017 and reported at 2017 annual general shareholders’ meeting for revision. The said Rules are also disclosed in the investor relationship website of the Company. (http://www.sinyi.com.tw/info/i_1_6_rule.php)</p>	Nil
<p>(II) Does the company hold education & training in social responsibility on a periodical basis?</p>	V		<p>(II) The Company also formally established the “Chief of Ethics” in January 2012 and organized Corporate Ethics Office, to further promote actualization of corporate good faith and ethics. In addition, supervisors are required to participate in corporate ethics program on a periodical basis, to internalize the corporate ethics from upside down as a part of routine operation. In 2014, Professor Yang Pai-Chuan of Fu Jen Catholic University, specializing in entrepreneurial ethics, was also recruited to take over the position of Chief of Ethics, tackling on planning for a series of entrepreneurial ethics educational program, and holding interaction exchanges with the high-level supervisors periodically each month concerning the subject of entrepreneurial ethics of the Company. In addition, through holding a monthly company gathering at the beginning of each month for joint participation of</p>	

Evaluation Items	Facts of performance			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Abstract	
(III) Does the company implement a full-time (part-time) sector to promote corporate social responsibility, and for the Board of Directors to authorize the high-level management level to take action and report the disposition status to the Board of Directors?	V		<p>colleagues, the Company demonstrates the importance of balancing the interests of stakeholders.</p> <p>In 2016, the Company started up an internal program “Business re-engineering” which promotes to all colleagues the operation concepts of justice ahead of profit, human oriented and positive thinking through several monthly topic discussions and actions such as change management and value-created services and by means of analyzing and sharing at each meeting at all levels. In addition, the Company actively constructs and develops a methodology which can absorb its operation concepts to make all colleagues easy to understand and carry them out in daily life.</p> <p>(III) The Company establishes “TEM Committee” (Corporate Ethics Promotion Committee), with corporate ethics to serve as the core of corporate social responsibility, to comprehensively solidify the goal of sustainable development direction of corporate social responsibility of the whole company, and periodically review the performance and objective achievement progress periodically. TEM Committee guided each department to solve the related issues to corporate ethics under due planning, actualize the flow reengineering, ensure corporate ethics to be actualized in each sector of operation, to maintain the welfare of stakeholders and report the performance to the board of the directors.</p> <p>Chief Strategy Officer represented our dedicated team for corporate social responsibility in December 2016 to report to the Board our annual achievements and plans for 2017. By reviewing the corporate social responsibility policies, systems, management approaches, initiatives and achievements for the year, we revisited the progress with our commitment to five key stakeholders, including:</p> <ol style="list-style-type: none"> 1. the rendering of innovative service to customers; 2. the drive for corporate governance with creative activities; 3. the offering of benefits/facilities to our colleagues for their 	

Evaluation Items	Facts of performance			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Abstract	
(IV) Does the company establish reasonable wage compensation policies, and link the employee performance appraisal system with corporate social responsibility policies, and provide a clear and effective incentive and punishment system?	V		<p>mental/physical/spiritual health;</p> <p>4. the efforts in environmental and social welfare issues;</p> <p>5. the promotional of community projects and assistance to disadvantaged groups on a national level.</p> <p>In addition, to strengthen the rules of corporate social responsibility, the Corporate Ethics Promotion Committee had proposed to the Board of Directors the revision of “Corporate Social Responsibility Best Practice Principles for Sinyi Realty Inc.” which had been approved by the Board of Directors and reported at 2017 annual shareholders’ meeting. The Rules and achievements are also disclosed in the investor relationship website of the Company. (http://www.sinyi.com.tw/info/i_5_1_csr.php)</p> <p>(IV) In the Company, the “Code of Ethics of Directors of the Board and Managers” and the “Behavioral Rules of Sinyi Conglomerate” are established, and periodical publicity has been conducted. Besides, a clear incentive and punishment system and rules governing the appraisal are provided, to periodically perform employee performance evaluation and assessment, in order to attain the objective of encouragement or warning. The company distribute the annual-end bonus from the yearly after-tax operating profit in the long run so that employees is able to share the operating performance. In addition, the Company has the established “Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Managerial Officers” and the “Sinyi Enterprise Behavior Guidelines” which is periodliy promoted. Moreover, we have reward and punishment system and also the audit methods that connect with employees’ performance and combine with his year-end bonus in oder to make employees be aware of the spirit of stackholder’s revenues.</p>	
<p>II. Sustainable Environment for Development</p> <p>(I) Does the company endeavor to upgrade the utilization</p>	V		(I) Though the Company is not in manufacturing industry, yet it still	Nil

Evaluation Items	Facts of performance			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Abstract	
<p>efficiency of various resources, and use the regenerated material with a low impact on environmental load?</p> <p>(II) Does the company establish a proper environmental management system in response to its industry characteristics?</p>	V		<p>endeavors to promote environmental protection activities: the Company participates in the campaign of “Green Purchase Intent of Private Enterprises and Groups” of the Environmental Protection Administration and Department of Environmental Protection of Taipei City Government, to jointly promote green purchase. The material of environmental protection and LED with high energy saving efficiency and conversion air conditioners are applied to the decoration of various branch stores and the headquarter building. It also continuously promote such measures as water resource conservancy plan, printing volume control & management of printers, and the increase of the green vegetation of the top floor of the headquarter building, etc. In addition, it also actively promotes overall E orientation and green innovation service R&D, to effectively save paper printing and considerably upgrade service efficiency. The green purchase amount of 2016 reached \$20,220 thousand.</p> <p>(II) The Company is classified as real estate agent industry which has much lower impact to environment than the manufacturing industries. However, in the “Behavioral Rules of Sinyi Conglomerate”, the Company expressly specifies the code of related environmental protection behaviors, and periodically performs publicity of related green energy knowledge to its colleagues, to strengthen the concern and actualization of green environmental protection of colleagues in work and life as well as resource recycling. The Company requests the branch stores to turn off the light of signboard before 22:00 and to develop the habit of turning off light when leaving. The Headquarter of the Company turn off the light automatically at noon for 1 hour and at 19:00. The assumed temperature of airconditioners is 26°C. The Company also introduced in life cycle evaluation technology in 2013, to further enhance green service value, and introduces in ISO14064-1 Greenhouse Gas Examination Guidance.</p>	

Evaluation Items	Facts of performance			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Abstract	
(III) Does the company pay attention to the impact of climate change on operation activities, execute greenhouse gas examination, and establish corporate energy saving and carbon reduction as well as greenhouse gas volume reduction policies?	V		(III) The Company considers environmental protection as an importation foundation of sustainable corporate operation. Besides the performance of greenhouse gas examination every year, it introduced the first “Ubiteq energy management system” from Japan in 2011, to comprehensively initiate the automatic electricity saving measures of the headquarters building, during lunch break at 12:30 and at 19:00 exactly, the system shall automatically turn the lights off. Besides, publicity is also conducted to request administrative personnel to take mass transportation means as much as possible upon coming and leaving offices, and business colleagues to take such measures as walking or taking bicycles to visit Customers or engage in commercial circle development, etc., to reduce carbon emission with due effort. Sinyi volunteers also hold community tree planting activity, to promote the importance of earth protection and energy saving & carbon emission reduction. Since 2013, the Company has promoted summer uniform, to replace suits and ties with short-sleeved POLO shirt, so as to reduce the reliance on air conditioners. Green vegetation area has also been increased in the top floor of the headquarters building. Window film has been provided to the glass windows of the whole building, to reduce direct sunshine and further decrease the power consumption of air conditioners. The Company also participates in an exclusive project of the Ministry of Economic Affairs, by introducing in life cycle evaluation technology, to upgrade the comprehensiveness and correctness of greenhouse gas examination, so as to formulate a perfect carbon emission reduction plan. Furthermore, the Company does not belong to an industry with high water utilization. Most of the consumed water is under employee daily use. However, it still continuously promotes water resource saving plans, including purchase of such products with water	

Evaluation Items	Facts of performance			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Abstract	
			<p>saving logo as water faucet, close-stool, etc., and executes water output volume reduction measure from faucet, to reduce the waste of water resource.</p> <p>The Company introduced in ISO14064-1 Greenhouse Gas Examination Guidance in 2013. The 2014 greenhouse gas emission volume at the beginning of 2015 was inspected by British Standards Institution (BSI) to conform to ISO14064-1 Greenhouse Gas Examination standard, which will serve as the reference of carbon emission reduction betterment. Having been the pioneer who have established the first PCR in the realty industry, applied Carbon Labeling and implemented ISO50001 in 2016. The energy saving, carbon emission reduction and greenhouse gas emission volume reduction status of the Company in 2016 can be referred to page. 113 General Status of Corporate Social Responsibility Fulfillment.</p>	
<p>III. Maintenance of Community Public Welfare</p> <p>(I) Does the company establish related management policies and procedures in accordance with related laws and international covenants on human right?</p> <p>(II) Does the company implement an employee appeal mechanism and channel, and take due actions?</p>	V		<p>(I) The Company strictly obeys the regulation of related government laws, to actualize labor laws, protect welfare of colleagues. Besides establishing Labor-Management Committee and convening labor-management meetings, colleagues may also through the communication platform in a sector or cross-sector communication platform propose ideas and recommendations, to realize the goal of sufficient communication and effectively solving problems.</p> <p>(II) In the internal website of the Company, a Board Chairperson's mailbox and internal interactive network are provided, to serve as the appeal channel of employees; besides, due response and disposition shall be provided by each responsible sector. In addition, an "Organization Recognition and Job Satisfaction Investigation" and "Supervisor Leadership Investigation" are also conducted towards all colleagues every year, to acquire the comments reflected by colleagues, to serve as the reference basis</p>	Nil

Evaluation Items	Facts of performance			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Abstract	
(III) Does the company provide employees with a safe and healthy working environment, and implement safety and health education to employees on a periodical basis?	V		<p>for improvements of each department heads and various policy implementations of the company, to upgrade the job satisfaction of colleagues.</p> <p>(III)The Company, besides the legally required labor health insurance, also purchases group insurance for employees. In addition, it provides a free health examination once every two years; for the formal colleagues above (including) 40 years old, a health examination once every year would be provided. The Company also encourages colleagues to found various association activities and provides budget subsidy; meanwhile, “EAP Employee Assistance Project” is also promoted continuously. What is more, the Company also periodically holds personal and accident calamity safety lectures, to build a safe worksite environment. At each floor of the headquarters building of the Company, automated External Defibrillators (AED) are provided, and colleagues are instructed how to use them for any emergency status. On the other hand, in order to strengthen the fire protection and calamity prevention consciousness, avoid any accident from occurrence out of anxiety should a fire or other calamities occur, therefore, self-defensive fire protection organizations are formulated, to conduct periodical fire protection drills in normal time.</p>	
(IV) Does the company establish a mechanism for periodical employee communication, and notify the employees of any operation change with potentially major impact on them in a reasonable manner?	V		<p>(IV) In the internal website of the Company, a Board Chairperson mailbox and company exchange network are provided, to serve as the channel of employees to communicate with the management level and other departments. Besides, the internal website of the Company, major corporate policies, industry-related laws and messages are also announced from time to time, to facilitate colleagues to understand the corporate operation direction and entire market environment. The Company at the beginning of each month would hold a monthly company gathering at the beginning of each month for joint participation of colleagues. Besides the personnel with prominent performance are granted</p>	

Evaluation Items	Facts of performance			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Abstract	
(V) Does the company establish effective career competency development and training plans for employees?	V		with various awards as incentives in a monthly company gathering, the current important company policies, operation status and future objectives of the company are also reported, to create an atmosphere of joint effort of colleagues. an “Organization Recognition and Job Satisfaction Investigation” and “Supervisor Leadership Investigation” conducted towards all colleagues every year are also important ways of communications between the colleagues and the Company. (V) The Company provides a 360° cultivation system to plan comprehensive competency training to supervisors of various levels and employees, and introduces in the related training programs concerning belief development of corporate ethics, to cultivate key competence of employees. Besides physical programs, “e-Learning” platform is also provided to facilitate employees to be able to engage in online learning at all times and places, to upgrade their related professional competency. In addition to this, in order to comply with organization development, upgrade the related competency required in employee functions, for an external advanced study program of an employee if conforming to fixed conditions, subsidy of half amount of the tuition can also be applied.	
(VI) Does the company formulate related consumer welfare protection policies and appeal procedures concerning R&D, purchase, production, operation and service flows, etc.?	V		(VI) The Company has established such related rules as “Rules Governing Retail Department Reception and Escort Visit Service Specifications and Audit”, “Rules Governing Timely Response Management of Customer Demands”, “Rules Governing Group Purchase”, etc., and performed periodical audit of the related actualization status, to protect consumers’ welfare. Besides, the Company also provides a sector with exclusive responsibility (Customer Service Department and Customer Relationship Operation Department) to be in charge of dispositions of Customer-related issues. A Customer may express comments by means of the exclusive complaint line or exclusive service line,	

Evaluation Items	Facts of performance			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Abstract	
(VII) Does the company follow related laws and international standards concerning the marketing and identification of products and services?	V		24-hour online customer service, and in the manner of E-mail, to be conducted by exclusive personnel. (VII) The Company strictly observes the regulations of related government laws. Internally, related rules governing marketing advertisement publication are established; an "Advertisement Review Guideline Manual" is also prepared to serve to the related personnel for observation. Partial marketing documents shall also be required to be reviewed by the Customer Service Department of the Company prior to external circulation. In case of any offense of the related regulations, rule violation punishment shall be conducted and a circular notice shall be posted in the internal website for public information, serving as a warning for other colleagues.	
(VIII) Does the company evaluate if a supplier had any record with impacts on the environment and a community in the past before transactions with the company?	V		(VIII) The "Rules Governing Group Purchase" is established in the Company, by providing a sector with exclusive responsibilities to be in charge of purchase price inquiries, price parity, price negotiation, authorization, bidding, acceptance inspection, payment request, and supplier management. Besides, assessments are conducted from time to time jointly with the purchase request sector in terms of supplier service quality, delivery schedule, and price, and a database of qualified suppliers shall be built in accordance with the assessment results, to review and correct the name list of conforming suppliers on a periodical basis, able to provide price negotiation in priority and project undertaking in priority. Furthermore, in order to actualize human right protection, suppliers are invited in an initiative manner to sign a contract with clauses dealing with human rights, to respect the basic labor human right protection of their employees. The Company also in 2014 established "Code of Normal Operation Behaviors of Sinyi Conglomerate", requesting the qualified suppliers to sign and faithfully observe the said specification, so as seek for supplier partners recognizing operation with good faith.	

Evaluation Items	Facts of performance			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Abstract	
(IX) Do the contracts between the company and its major suppliers include the policies concerning if a supplier is involved with any offense of its corporate social responsibility and in case a supplier incurs obvious impacts on the environment and community, such clauses of allowing terminating or cancelling a contract at any time?	V		(IX) The Company prepares a volume vs. the major suppliers for management. A purchase sector shall establish commendable sense of ethics with the suppliers concerning purchase matters. A qualified supplier is required to sign and faithfully observe “Code of Normal Operation Behaviors of Sinyi Conglomerate”. In case of any offense with a supplier, the purchase sector has the right to terminate or cancel the cooperation or contract with such a supplier.	
IV. Strengthen Information Disclosure (I) Does the company disclose the related information to corporate social responsibility of key nature and reliability in its website and Market Observation Post Site, etc.?	V		(I) The Company has started to periodically publish a corporate social responsibility report annually since 2005 (during 2004-2008, annual reports of public welfare had been published; since 2009, Report on Sustainable Development have been published), and such are disclosed completely in the CSR (corporate social responsibility) website of the Company for public perusal. Since 2011, the Report on Sustainable Development has been recognized by British Standards Institution (BSI). (http://csr.sinyi.com.tw/download.php)	Nil
V. In case a company establishes its own Corporate Social Responsibility Best Practice Principles in accordance with “Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies”, please describe its operation and the deviation from the established Best Practice Principles: The Company, in order to fulfill its corporate social responsibility and promote the balance and sustainable development of economic, social and environmental ecology, had its “Corporate Social Responsibility Best Practice Principles for Sinyi Realty Inc.” approved in the Board of Directors in December of 2010 and reported at 2017 annual general shareholders’ meeting for revision, to strengthen the actualization of corporate social responsibility, and incorporate it into the corporate management and operation. The Company also reviews the execution status of the said Principles on a periodical basis and makes improvement accordingly, and there has been no deviation status since its execution till present.				
VI. Other important information facilitating to understand the operation status of corporate social responsibility: The Company and its affiliate companies have followed the operation concepts of “good faith” and “ethics” all the way, to internalize “active actualization of corporate social responsibility” to be our root values, maintained harmonious collaboration with various stakeholders, and been highly confirmed by various fields during these years with honor. The Company won the honor of “Best Corporate Citizen Award” from 《CommonWealth Magazine》 for ten years in a row in 2016, and was awarded by the Taiwan Institute for Sustainable Energy 《Award of Sustainable Taiwan Enterprise 2016》 in the Categories of “TOP50 of the Sustainable Enterprise Report Award in Realty & Construction Categories”, “Co-Harmony Society Award”, “Top 10 of the Standard Sustainable Enterprise” and “Talent Development” Award”. In addition, The Company was awarded 《2016 Asia Corporate Social Responsibility Award》 “Social Empowerment Award” and was ranked among the Top 5% of the listed companies in the second Corporate Governance Appraisal by the				

Evaluation Items	Facts of performance			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Abstract	
<p>Taiwan Stock Exchange Corporation (TWSE). The awards listed above all shows that the Company and its affiliate companies have for a long term with basis on the core concept of “applying whatever acquired from a community to the community” promoted its corporate social responsibility as its own responsibility, and are recognized by the community. In the future, the Company and its affiliate companies would continuously provide touching service, transfer the core value of corporate social responsibility, march toward the goal of sustainable operation, and endeavor to become a globalized local enterprise with comprehensive development. Other more related information can be referred to in Unit II, Honorable Record of Corporate Governance and the corporate social responsibility website of the Company (http://csr.sinyi.com.tw/).</p>				
<p>VII. In case the corporate social responsibility report of the Company is approved through verification standards of related certification authorizes, it is required to be described: The “2015 Sinyi Realty Inc. Report on Sustainable Development” published by the Company in 2016 was consigned to BSI Taiwan branch to engage in verification, and a statement of independent guaranty comments was obtained. The certification result conforms to GRI(G4) Core option and the standard of AA1000 AS : 2008.</p>				

(VI) Facts about the Company’s performance in ethical corporate management and the measures so adopted :

Evaluation Items	Facts of performance			The discrepancy of such implementation from Ethical Corporate Management Best Practice Principles for TSEC/GTSM Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary	
<p>I. Establish Operation Policy and Scheme of Good Faith</p> <p>(I) Does the company expressly specify policy, practice of operation in good faith in its corporate statutes and bylaws and external documents, and do the Board of Directors and management level actively actualize the promise of operation policy?</p> <p>(II) Does the company specify a scheme of preventing behaviors not in good faith, and expressly describe in each scheme the operation procedures, behavior guidelines, punishment of offense, and complaint system, and actualize the execution of them?</p>	V		<p>(I) The Company in order to further solidify the corporate culture of operation in good faith and its development establishes “Ethical Corporate Management Best Practice Principles of Sinyi Realty Inc.”, to serve as the basis of actualizing operation in good faith. Besides, related internal operation specifications and internal control systems are formulated, to engage in periodical review/audit for various operations and submit a report to the Board of Directors, for the Board of Directors to provide recommendations for such defects and perform improvement follow-ups.</p> <p>(II) The Company establishes “Behavioral Rules of Sinyi Conglomerate” which, besides being placed in the internal network for check of colleagues at all times, is also provided with automatic computer reminder function, to remind colleagues of knowing and signing such Code periodically, to facilitate colleagues to have a more clear direction while facing such aspects as Customers, colleagues, suppliers, the state, community, and global environment, etc., and avoid any interest conflict and acquisition of improper interest. It is also incorporated into the periodical assessment of employee performance audit system, to ensure the actualization of the corporate operation in good faith. If any colleague finds the dishonest behavior from the Company, the Company’s subsidiaries or other colleagues, he or she may appeal through appeal channels such as chairperson mail box and the specially-assigned person will conduct the investigation. Once colleagues find any dishonest behavior of the Company or other colleagues, they may relect the information through complaint sytem such as the Company’s mailboxes of the President or the Corporate Ethics Office (EnterpriseEthics@sinyi.com.tw), or the contact with the audit</p>	Nil

Evaluation Items	Facts of performance			The discrepancy of such implementation from Ethical Corporate Management Best Practice Principles for TSEC/GTSM Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary	
(III) Does the company apply preventive measures of the operation activities with rather high risk of behaviors not in good faith set forth in various items of Section 2, Article 7 of “Ethical Corporate Management Best Practice Principles for TSEC/GTSM Listed Companies” or within other scopes of operation?	V		office. The complaints will be dealt with by exclusive staff. (III) The Company establishes such internal operation rules and incentive/punishment systems, etc. as business specifications of various stores, to prevent the occurrence of behaviors not in good faith of colleagues, and formulates effective accounting system and internal control system, to perform periodical audit of the actualization status, and report the results to the Board of Directors.	
II. Actualize Operation in Good Faith (I) Does the company evaluate the record of good faith of the transaction parties, and expressly specify clauses dealing with behaviors of good faith in the signed contracts of the transaction parties?	V		(I) The Company establishes “Rules Governing Group Purchase”, provides a sector with exclusive responsibility to be in charge of purchase price inquiries, price parity, price negotiation, authorization, bidding, acceptance inspection, payment request, and supplier management. Besides, assessments are conducted from time to time jointly with the purchase request sector in terms of supplier service quality, delivery schedule and price, and a database of qualified suppliers shall be built in accordance with the assessment results, to avoid transactions with the suppliers with record of behaviors not in good faith.	Nil
(II) Does the company establish a sector of exclusive (concurrent) functions under the Board of Directors to promote corporate operation in good faith, and report to the Board of Directors its execution status on a periodical basis?	V		(II) The Company establishes “Corporate Ethics Promotion Committee”, organized by the high-level supervisors of various departments, and the Corporate Ethics Office ensures the actualization of operation principles of good faith in accordance with the work functions and scope of supervising related matters of each sector. The Corporate Ethics Promotion Committee will annually report the BOD the plan and performance of promoting ethical corporate management. In July, 2016, the Ethical Officer reported the plan and performance of promoting ethical corporate management at the 3th meeting of Session 12 of the BOD that in 2016, the Company started up an internal program “Business re-engineering” which promotes to all colleagues the	

Evaluation Items	Facts of performance			The discrepancy of such implementation from Ethical Corporate Management Best Practice Principles for TSEC/GTSM Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary	
(III) Does the company stipulate a policy of preventing interest conflict, provide due statement channels, and actualize the execution?	V		<p>operation concepts of justice ahead of profit, human oriented and positive thinking through several monthly topic discussions and actions such as change management and value-created services and by means of analyzing and sharing at each meeting at all levels. In addition, the Company actively constructs and develops a methodology which can absorb its operation concepts to make all colleagues easy to understand and carry them out in daily life.</p> <p>(III) The Company expressly specifies rules governing hospitality with good faith and avoiding any interest conflict in “Behavioral Rules of Sinyi Conglomerate” and “Business Specification of Each Store”, and also specifies related guidelines concerning the acceptance of gifts. In case of any offense of a colleague, after the supervisor engages in guidance and communication, punishments shall be submitted in accordance with rules. In case a colleague has any doubt about interest conflict, he/she may besides reporting to his/her direct supervisor also directly reflect it to the Corporate Ethics Office, Board Chairperson or Audit Committee as well. Those who have questions about the identification of appropriate behavior may state and consult with Corporate Ethics Office.</p>	
(IV) Does the company for actualizing operation in good faith already establishes effective accounting system, internal control system and for the internal audit sector to perform periodical audit, or consign the account to execute audits?	V		<p>(IV) The Company in order to actualize operation in good faith already establishes effective accounting system and internal control system, including the collection of service cost to go through an exclusive account of contract performance guaranty; upon the payment request filed by a supplier, it is required to be approved through the responsible supervisors in accordance with the payment request authorization list; as the entertainment expense of each sector is also expressly specified to be approved by the President (while the entertainment expense of the President shall be approved by the Board Chairperson). Audit personnel shall also perform</p>	

Evaluation Items	Facts of performance			The discrepancy of such implementation from Ethical Corporate Management Best Practice Principles for TSEC/GTSM Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary	
(V) Does the company hold internal, external educational training for operation in good faith on a periodical basis?	V		<p>periodical audit in accordance with the regulations of various systems, and relate the audit results to the responsible supervisors of the related sectors, and gather the comprehensive result to the Audit Committee and the Board of Director on a periodical basis. Concerning any colleague with offense of the rules, he/she and his/her supervisor shall report the follow-up improvement status as well.</p> <p>(V) The Company also formally established the “Chief of Ethics” in January 2012 and organized Corporate Ethics Office, to further promote actualization of corporate good faith and ethics. In addition, supervisors are required to participate in corporate ethics program on a periodical basis, to internalize the corporate ethics from upside down as a part of routine operation. Since 2013, Professor Yang Pai-Chuan of Fu Jen Catholic University, specializing in entrepreneurial ethics and succeeding the Company’s chief of Ethics in 2014, has also been recruited to perform the corporate ethics instructor; and publicize the required behaviors of corporate ethics in the major assemblies of the whole company. Besides, the Board Chairman of the Company also describes such operation concepts of the Company as good faith and justice ahead of profit, etc. to all colleagues by means of the monthly assembly every month. The film of the monthly assembly is also displayed in the internal website of the company, to serve for colleagues in watching and mutual sharing.</p>	
<p>III. Operation Status of Corporate Reporting System of an Offense</p> <p>(I) Does the company establish substantial offense reporting and incentive systems, and establish convenient offense reporting channels, and assign proper exclusively responsible personnel to accept the reported subject of an offense?</p>	V		<p>(I) The Company has established rRegulations on whistle-blowing of illegal and unethical or dishonest conduct “ and the Company’s Corporate Ethics Office, internal audit unit and legal service unit in customer’s service department are dedicated as the receiving units of whistle-blowing of illegal and unethical or dishonest conduct. A Customer may express comments by means of the exclusive</p>	None

Evaluation Items	Facts of performance			The discrepancy of such implementation from Ethical Corporate Management Best Practice Principles for TSEC/GTSM Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary	
(II) Does the company specify the investigation standard operation procedures of accepting offense reporting matters and a related confidentiality mechanism?	V		<p>complaint line or exclusive service line, 24-hour online customer service, and in the manner of E-mail, to be conducted by exclusive personnel. The Company also provides an Audit Committee appeal and recommendations mailbox (auditcommittee@sinyi.com.tw) and stakeholders' mailbox (csr@sinyi.com.tw) in the Company's website. Colleagues may also express comments or file an offense report about inadequate behaviors of other colleagues through the internal Board Chairperson's mailbox and Auditor Office's mailbox. In addition, rules governing colleague behaviors and incentive/punishment are also expressly formulated. The punishment cases are also announced in the internal website of the Company to serve as warnings for colleagues. According to "Regulations on whistle-blowing of illegal and unethical or dishonest conduct", if the report was proved to be true after investigation, the receiving unit should raise an application of reward to the Company for the whistle blower after considering the contributions of the report to the Company and its economic benefit.</p> <p>(II) The Company establishes "Regulations on whistle-blowing of illegal and unethical or dishonest conduct", clearly expressing the standard operating procedures of receiving offense report and shall assign exclusive personnel to be in charge for each complaint or offense report, through difference procedures in response to the nature of a case. It would be assigned to the related departments for action or an evaluation committee meeting would be convened, and a response is requested to be replied to the complaint filing party or offense reporting party within a specified period. After completing the necessary investigation procedures, the dedicated unit handling the whistle-blowing system should issue an investigation report according to the finding and facts to Company chairman. When any tip which shows a director or senior manager is</p>	

Evaluation Items	Facts of performance			The discrepancy of such implementation from Ethical Corporate Management Best Practice Principles for TSEC/GTSM Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary	
(III) Does the company take measures to protect an offense reporting party from suffering improper disposition due to an offense report?	V		involved arises or material misconduct or likelihood of material impairment to the Company comes to their awareness upon investigation, the dedicated unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors in written form. During the disposition process, the information of both a complaint filing party and offense reporting party shall be kept confidential; it is limited to be accessed only by the exclusive handling personnel. (III) Since the information of a complaint filing party and offense reporting party for a complaint or offense report shall be strictly kept confidential, in case complaint filing party and offense reporting party is a company colleague, upon filing a complaint or report, he/she may choose to be kept confidential or open out of free will. After it is accepted by exclusive personnel on a project basis and through related procedures and disposition, due management and follow-up shall be filed, to ensure such a party to be free from suffering any improper disposition.	
IV. Strengthen Information Disclosure (I) Does the company disclose the content of operation principles of good faith and promotion performance in its website and Market Observation Post Site?	V		(I) “Ethical Corporate Management Best Practice Principles of Sinyi Realty Inc.” has been disclosed in the Company website and Market Observation Post Site. Concerning the related clauses of the operation principles of good faith of the Company, please refer to the “Corporate Governance” section of the investor relationship website of the Company. (http://www.sinyi.com.tw/info/i_1_6_rule.php) and (http://www.sinyi.com.tw/info/i_1_7_honest.php)	None
V. In case the Company in accordance with “Ethical Corporate Management Best Practice Principles for TSEC/GTSM Listed Companies” establishes its own Ethical Corporate Management Best Practice Principles, please describe its operation and the deviation from the established Best Practice Principles: In order to solidify the corporate culture of operation in good faith of the Company and its organization development, and construct commendable commercial operation architecture, the Company had its “Ethical Corporate Management Best Practice Principles of Sinyi Realty Inc.”, which had been approved in the Board of Directors in December of 2010, reported at				

Evaluation Items	Facts of performance			The discrepancy of such implementation from Ethical Corporate Management Best Practice Principles for TSEC/GTSM Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary	
2015 annual general shareholders' meeting for revision, and incorporated it into the corporate management and operation. The Company also reviews the execution status of the said Principles on a periodical basis and makes improvement accordingly, and there has been no deviation status since its execution till present.				
VI. Other important information facilitating to understand the operation status of corporate operation in good faith: (such as the company in reviewing and correcting its established operation principles in good faith, etc.)				
(I) The Company established Sinyi School in April 2011, and opened to general public to participate in learning. The content of programs includes such series of lectures of corporate ethics, to convey the importance of corporate social responsibility and operation in good faith.				
(II) The Company was honored to be granted an award of an enterprise with operation in good faith in the "Collection of Economic Stories of Taiwan Enterprises with Operation in Good Faith" held by the Industrial Development Bureau, Ministry of Economic Affairs for the first time in 2011, and was the only enterprise being invited to engage in a subject speech to share its operation experience in good faith among the enterprises with awards.				
(III) Sinyi Development Co., Ltd., the Company's subsidiary, promoted "Sinyi Qian-Shi", the first pre-sales project through self construction in 2014, differing from the current building purchase culture in Taiwan. The said project promoted a single selling price, as the initial selling method of "online order for a house" in Taiwan. In the website, such information as the plane, price, sales status of each household, etc. can be inquired, to protect the consumers' welfare through open and transparent information.				
(IV) The Company's Subsidiary, Shanghai Sinyi Real Estate Inc. was awarded as "Credit Construction Enterprise" within the highest star as Five-Star Credit Enterprise in the real estate industry for ten years in a row.				
(V) Other more related information can be referred to page. 113, General Status of Corporate Social Responsibility Fulfillment and the "Corporate Social Responsibility" of the home page of the website of the Company.				

(VII) In case the corporate social responsibility report of this company is approved through verification standards of related certification authorizes, it is required to be described:

The information of the related rules of the Company is already announced under the "Corporate Governance" section of the Company website (<http://www.sinyi.com.tw/info/company.php>), to serve for inquiry of the public, investors and shareholders.

(VIII) Other important information sufficient to improve the understanding of the corporate governance operation status:

1. The Company for a long term has continuously bettered the corporate governance practice. Following the corporate governance evaluation and recognition in "CG6003" through Taiwan Corporate Governance Association in 2008, in the years of 2009, 2010, 2011 and 2014, it also has successively been approved in the corporate governance evaluation and recognition of such advanced versions as "CG6004", "CG6005", "CG6006" and "CG6008" respectively, as the only TSEC/GTSM listed company recognized by Taiwan Corporate Governance Association for five times. In 2011 and 2012 (the 8th session and 9th session), it was also assessed by Securities and Futures Institute in the information disclosure evaluation as A+ class and a rather transparent TSEC/GTSM listed company of voluntary disclosed information. From 2013 to 2015, it was further assessed as A++ class in information disclosure evaluation of the TSEC/GTSM listed companies. Furthermore, the Company was continuously ranked by TWSE as the top 5% of the listed appraisees in the Corporate Governance evaluation held by TWSE in 2015

and 2016. The Company will continuously actualize the related corporate governance specifications with more strict standards, to protect the welfare of investors and stakeholders.

2. Please refer to page. 113, General Status of Corporate Social Responsibility Fulfillment for more related information.

- (IX) Performance in Internal Control System
1. Declaration of Internal Control System

Sinyi Realty Inc.
Declaration of Internal Control System

Date: February 24, 2017

Over the Company's internal control system of Year 2016, based on the results of our self-audit, we'd hereby like to declare enumerated below:

1. Here at the Company, we confirm full awareness that implementation and maintenance of the internal control system are the inherent responsibility of the Company's board of directors and managers. The Company has duly set up such internal control system in an attempt to provide rational assurance of the effect and efficiency of the business operation (including profitability, performance and assurance of the safety of assets), reliability of financial report, accomplishment of the compliance targets.
2. Internal control system is subject to inherent restriction, disregarding how sound it has been designed. Effective internal control system could only provide rational assurance for accomplishment of the three aforementioned targets. Besides, in line with the changes in circumstances and environments, effectiveness of internal control system might change as well. For the Company's internal control system, nevertheless, we have set up sound self-superintendence functionality. As soon as a defect is identified, the Company would take corrective action forthwith.
3. Exactly in accordance with the items of judgement for the effectiveness of the internal control system under "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "Managerial Regulations"), we duly judge whether the internal control system is effective in design and implementation. The items adopted for aforementioned "Managerial Regulations" for judgement of internal control system are the process for management control. The internal control system is composed of five composition elements: 1. Circumstances of control, 2. Risk evaluation, 3. Control operation, 4. Information and construction, and 5. Superintendence. Each and every composing element includes a certain items. For more details regarding the aforementioned items, please refer to contents of the "Criteria".
4. Here at the Company, we have adopted the aforementioned items of judgement over internal control system to verify the effectiveness of the design and implementation of the internal control system.
5. On the grounds of the results of verification in the preceding paragraph, we are confident that the Company's internal control system in design and implementation as of December 31, 2016 (including the superintendence and management over subsidiaries), including the awareness of the results and efficiency of business operation in accomplishment of the targets, reliability of financial reports and compliance of the relevant laws and regulations are effective and would reasonably assure accomplishment of the aforementioned targets.
6. The Declaration will function as the key element of the Company's Annual Report and Prospectus and will be made public externally. In the event that the aforementioned made public involve misrepresentation, concealment or such unlawful practice, the Company shall get involved in the legal responsibilities under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This Declaration has been approved by the Company's board of directors on February 24, 2017. Seven (7) directors were in attendance, none kept objecting opinions, and all directors in attendance hereby state their agreement to the contents of this declaration.

Sinyi Realty Inc.

Chairman : Chou Chun-Chi

General Manager : Liu Yuan-Chih

2. Where a Certified Public Accountant has been delegated to review internal control system in a special project, the Audit Report of the Certified Public Accountant shall be disclosed: Nil.

(X) In 2016 and as of the printing date of this Annual Report, facts of penalty imposed upon the Company and its internal personnel for their violation of the regulations of the internal control system, the major defects and the corrective actions taken: there is no such situation.

(XI) In 2016 and as of the printing date of this Annual Report, the Key Resolutions resolved in the shareholders' meeting and board of directors are as below:

1. Significant decisions resolved in the general shareholders' meeting 2016 and the implementation thereof:

The Company had convened the 2016 annual shareholders' meeting on May 20, 2016 with the significant decisions resolved as follows:

Significant decisions resolved	Facts of implementation
1. Adoption of 2015 business report and financial statements.	Nil.
2. Adoption of earning distribution proposal of 2015.	The Board had resolved June 22, 2016 as the ex-dividend date and distributed the dividend on July 12, 2016 with NT\$0.7 per share.
3. Approval on amendments of the Company's "Procedures for Loaning Funds to Other Parties".	The Company had announced the revision on its website on May 21, 2016 to be followed.
4. Approval on amendments of the Company's "Procedures for Endorsements and Guarantees".	The Company had announced the revision on its website on May 21, 2016 to be followed.
5. Approval on the amendments of the Company's "Articles of Incorporation".	The amendment had been approved and registered on June 8, 2016.
6. Approval on amendments of the elected directors of the 12th Board of Directors.	The election of board had been approved and registered on June 8, 2016.
7. Approval on release of the prohibition on directors (including representatives) of the 12th Board of Directors from participation in competitive business.	Nil.

2. The details of resolutions of the Company's board of directors and the Independent Directors' opinions and the Company's response to independent directors' opinion for 2016 and the period ended on the print date of the annual report :

Session and the date	Significant decisions resolved (Note1)	Independent directors' opinions	Objection or qualified opinions of independent directors	The Company's response to independent directors' opinions
Session 11 the 21th meeting 01/28/2016	<ol style="list-style-type: none"> 1. Approval of the CPAs appointment and the audit fee for year 2016. 2. Amendments to the "Internal Control Procedures". 3. Adoption of authorized chief officers' Year-end bonuses of the year 2015. 4. Prepare to revoke the branches and set up sales offices. 	<ol style="list-style-type: none"> 1. Mr. Lin Hsin-Yi, the convener of the Audit Committee presented the Audit Committee's examination on proposal 1 and 2 on behalf of the Audit Committee. Please refer to the resolutions of the Audit Committee meeting on 01/28/2016 on page 54. 2. Mr. Liu Shuen-Zen, the convener of the Remuneration Committee presented the Remuneration Committee's examination on proposal 3 on behalf of the Remuneration Committee. The Remuneration Committee members present at the meeting all approved the proposal. 3. Other proposal: Nil. 	Nil.	Refer to the Company's response to the Audit Committee's opinions on page 54.
Result of resolutions: Except for the proposal 3 was approved by the other directors present at the meeting with the withdrawl from the discussion and voting process of Mr. Hsueh Chien-Ping, the Director, other proposals were approved by all directors present at the meeting.				
Session 11 the 22th meeting 02/25/2016	<ol style="list-style-type: none"> 1. Adoption of unaudited Consolidated and Parent Company only financial statements for the year ended December 31, 2015. 2. Adoption of the 2015 Business Report. 3. Adoption of the proposal for distribution of 2015 earnings. 4. Election the number of Directors nominees of the 12th Board. 5. Proposal of release the Prohibition on Directors (including representatives) of the 12th Board from Participation in Competitive Business. 6. Proposal of the internal control statement for the year ended December 31, 2015. 	<ol style="list-style-type: none"> 1. Mr. Lin Hsin-Yi, the convener of the Audit Committee presented the Audit Committee's examination on proposal 1-3, 6 and 10 on behalf of the Audit Committee. Please refer to the resolutions of the Audit Committee meeting on 02/25/2016 on page 55. 2. Mr. Liu Shuen-Zen, the convener of the Remuneration Committee presented the Remuneration Committee's examination on proposal 7 and 8 on behalf of the Remuneration Committee. The Remuneration Committee members present at the meeting all approved the proposal. 	Nil.	Refer to the Company's response to the Audit Committee's opinions on page 55.

Session and the date	Significant decisions resolved (Note1)	Independent directors' opinions	Objection or qualified opinions of independent directors	The Company's response to independent directors' opinions
	7. Proposal of the proportion of employee bonus and directors compensation for the year ended December 31, 2015. 8. Proposal of the authorized chief officers' compensation for the year ended December 31, 2015. 9. Resolve to convene 2016 Annual General Shareholders' Meeting. 10. The Company's subsidiary loaning to another subsidiary. 11. Prepare to revoke the branches and set up sales offices.	3. Other proposals: Nil.		
Result of resolutions: Except for the proposal 7 and 8 were approved by the other directors present at the meeting with the withdrawal from the discussion and voting process of Mr. Hsueh Chien-Ping, the Director, other proposals were approved by all directors present at the meeting.				
Session 11 the 23th meeting 03/31/2016	1. Examine candidates of the Company's Directors of the 12th Board. 2. Amendments to the "Internal Control Procedures". 3. Amendments to the "Articles of Incorporation" of the Company. 4. To apply to financial institutions for the incremental loans and line of credit. 5. Prepare to revoke the branches and set up sales offices. 6. The Company's loaning to its subsidiary. 7. Amendments to the "Procedures for Loaning Funds to Other Parties". 8. Amendments to the "Procedures for Endorsements and Guarantees". 9. Proposal of release the Prohibition on Directors (including representatives) of the 12th Board from Participation in Competitive Business. 10. Amendments to the agenda of 2016 Annual General Shareholders' Meeting. 11. Re-appoint the director of of the board of directors of the Company's subsidiary.	1. Mr. Lin Hsin-Yi, the convener of the Audit Committee presented the Audit Committee's examination on proposal 2-3 and 6-8 on behalf of the Audit Committee. Please refer to the resolutions of the Audit Committee meeting on 03/31/2016 on page 56. 2. Other proposals: Nil.	Nil.	Refer to the Company's response to the Audit Committee's opinions on page 56.

Session and the date	Significant decisions resolved (Note1)	Independent directors' opinions	Objection or qualified opinions of independent directors	The Company's response to independent directors' opinions
Result of resolutions: All proposals were approved by all the directors present at the meeting.				
Session 11 the 24th meeting 04/28/2016	<ol style="list-style-type: none"> Adoption of unaudited consolidated financial statements for the first quarter ended March 31, 2016. Prepare to revoke the branches and set up sales offices. To guarantee the subsidiary, Shanghai Sinyi Real Estate Inc. which will apply the line of credit. 	Nil.	Nil.	Nil.
Result of resolutions: All proposals were approved by all the directors present at the meeting.				
Session 12 the 1st meeting 05/30/2016	<ol style="list-style-type: none"> Election of the chairperson and vice-chairperson of the 12th Board of Directors. Appointment of the members of the 3rd Remuneration Committee. Adoption of Ex-dividend and distribution date for earning distribution of year 2015. Amendments to "Supervision and Management of Subsidiaries". Approval of the overseas subsidiary of the Company intending to obtain land held from the government. Approval of the domestic subsidiary of the Company intending to obtain land held from the private. Preparation to change the branches location and revoke the branches and set up sales offices. To apply to financial institutions for changing the term of line of credit. 	<ol style="list-style-type: none"> As to proposal 4, Mr. Jhan Hong-Chih, the independent director, inquired the impact on the Company's risk for raising the proportion of lending fund to others accounted for the Company's net assets, which was explained by the Finance Division. Mr. Liu Shuen-Zen, the independent director, suggested that more complete written evaluation be presented for the directors' better understanding in the future if the amendments to the regulations were not for the purpose of legal compliance. Mr Hong San-Xiong, the independent director, inquired the definition of "others" in the amendments related to lending fund to others which was explained by the Finance Division. Other proposals: Nil. 	Nil.	Nil.
Result of resolutions:				
<ol style="list-style-type: none"> All directors present at the meeting elected Mr. Chou Chun-Chi and Ms. Chou Wang Mei-Wen as the Chairperson and Vice Chairperson of the 12th Board of Directors of the Company, respectively. Except for the proposal 2 was approved by the other directors present at the meeting with each independent director's withdrawal from the discussion and voting process of his appointment, proposal 3-8 were approved by all directors present at the meeting. 				
Session 12	1. Proposal of the monthly compensation for the Company's	Mr. Hong San-Xiong, the convener of the	Nil.	Nil.

Session and the date	Significant decisions resolved (Note1)	Independent directors' opinions	Objection or qualified opinions of independent directors	The Company's response to independent directors' opinions
the 2nd meeting 05/30/2016	independent directors of the 12th BOD. 2. Proposal of the employee compensation attributable to the authorized chief officers for the year ended December 31, 2015.	Remuneration Committee presented the Remuneration Committee's examination on proposal 1 and 2 on behalf of the Remuneration Committee. The Remuneration Committee members present at the meeting all approved the proposal.		
Result of resolutions: The proposal 1 and 2 were approved by the other directors present at the meeting with each independent director's withdrawal from the discussion and voting process of his compensation and with the withdrawal from the discussion and voting process of Mr. Hsueh Chien-Ping, the Director, respectively.				
Session 12 the 3rd meeting 07/28/2016	1. Re-election of the vice-chairperson of the 12th Board of Directors. 2. Adoption of unaudited consolidated financial statements for the second quarter ended June 30, 2016. 3. Amendments to the Company's "Regulations on the Chief Officers' Compensation". 4. To apply to financial institutions for the incremental loans and line of credit. 5. Preparation to revoke the branches and set up sales offices. 6. The Company's chief officers' position adjustment.	Nil.	Nil.	Nil.
Result of resolutions: Except for the proposal 3 was approved by the other directors present at the meeting with the withdrawal from the discussion and voting process of Mr. Hsueh Chien-Ping, the Director, other proposals were approved by all directors present at the meeting.				
Session 12 the 4th meeting 10/27/2016	1. Adoption of unaudited consolidated financial statements for the third quarter ended September 30, 2016. 2. Preparation to revoke the branches. 3. Amendments to "Regulations on Supervision and Management of Subsidiaries". 4. The Company's subsidiary disposal of real estate. 5. To apply to financial institutions for the line of credit. 6. The Company applications to the financial institution for sharing the line of credit with the subsidiary, and to	Nil.	Nil.	Nil.

Session and the date	Significant decisions resolved (Note1)	Independent directors' opinions	Objection or qualified opinions of independent directors	The Company's response to independent directors' opinions
	<p>endorse the guarantee for the subsidiary.</p> <p>7. To apply to the the Investment Commission, Ministry of Economic Affairs (MOEA) for incremental amount of investing real estate development in China.</p> <p>8. The subsidiary's payment of bid bond for land use right in China.</p> <p>9. Amendments to the Company's "Regulations on the Chief Officers' Compensation".</p> <p>10. To adjust the Executives who are applicable for Executive Compensation Policy for fiscal year 2016.</p>			
Result of resolutions: Except for the proposal 9 and 10 were approved by the other directors present at the meeting with the withdrawl from the discussion and voting process of Mr. Hsueh Chien-Ping, the Director, other proposals were approved by all directors present at the meeting.				
Session 12 the 5th meeting 11/07/2016	1. Approval of the overseas subsidiary of the Company intending to obtain land held from the government.	1. Mr. Liu Shuen-Zen, the convener of the Audit Committee presented the Audit Committee's examination on proposal 1 on behalf of the Audit Committee. Please refer to the resolutions of the Audit Committee meeting on 11/07/2016 on page 57.	Nil.	Nil.
Result of resolutions: All proposals were approved by all the directors present at the meeting.				
Session 12 the 6th meeting 12/29/2016	<p>1. To propose the fiscal year 2017 budget.</p> <p>2. To approve the 2017 Internal Audit Plan.</p> <p>3. To decide the Executives who are applicable for Executive Compensation Policy for fiscal year 2017.</p> <p>4. Preparation to revoke the branches.</p> <p>5. The Company's loan from its subsidiary for capital planning.</p>	<p>1. Mr. Liu Shuen-Zen, the convener of the Audit Committee presented the Audit Committee's examination on proposal 2 and 5 on behalf of the Audit Committee. Please refer to the resolutions of the Audit Committee meeting on 12/29/2016 on page 57.</p> <p>2. Other proposals: Nil.</p>	Nil.	Nil.
Result of resolutions: Except for the proposal 3 was approved by the other directors present at the meeting with the withdrawl from the discussion and voting process of Mr. Hsueh Chien-Ping, the Director, other proposals were approved by all directors present at the meeting.				
Session 12	1. Amendments to the Company's "Corporate Governance	Nil.	Nil.	Nil.

Session and the date	Significant decisions resolved (Note1)	Independent directors' opinions	Objection or qualified opinions of independent directors	The Company's response to independent directors' opinions
the 7th meeting 01/20/2017	<p>Best Practice Principles".</p> <p>2. Amendments to the Company's "Corporate Social Responsibility Best Practice Principles".</p> <p>3. Adoption of authorized chief officers' Year-end bonuses of the year 2016.</p> <p>4. To apply to financial institutions for the incremental loans and the line of credit.</p>			
Result of resolutions: Except for the proposal 3 was approved by the other directors present at the meeting with the withdrawl from the discussion and voting process of Mr. Hsueh Chien-Ping, the Director, other proposals were approved by all directors present at the meeting.				
Session 12 the 8th meeting 02/16/2017	<p>1. Approval of the domestic subsidiary of the Company intending to obtain land.</p> <p>2. The Company's subsiriary capital increase by cash.</p> <p>3. Amendments to the "Procedures for Loaning Funds to Other Parties" and "Procedures for Endorsements and Guarantees.</p>	Nil.	Nil.	Nil.
Result of resolutions: All proposals were approved by all the directors present at the meeting.				
Session 12 the 9th meeting 02/24/2017	<p>1. Proposal of the proportion of employee's compensation and directors' compensation for the year ended December 31, 2016.</p> <p>2. Adoption of unaudited Consolidated and Parent Company only financial statements for the year ended December 31, 2016.</p> <p>3. Adoption of the 2016 Business Report.</p> <p>4. Adoption of the proposal for 2016 retained earnings distribution.</p> <p>5. Proposal of the internal control statement for the year ended December 31, 2016.</p> <p>6. Proposal of the authorized chief officers' compensation for the year ended December 31, 2016.</p> <p>7. Resolve to convene 2017 Annual General Shareholders' Meeting and its agenda.</p>	Mr. Liu Shuen-Zen, the convener of the Audit Committee presented the Audit Committee's examination on proposal 1-5 and 8-10 on behalf of the Audit Committee. All proposals were approved by all the directors present at the meeting except of proposal 9 with the suggestion that Mr. Jhan Hong-Chih, the independent director, suggested the Company still pay attention to the consistence of the value of transaction and benefit even if the transaction counterparties were both subsidiaries 100% owned by the Company and would not affect the overall benefit of the Company's shareholders through the amount of transaction determined by net book value of the securities because the	Nil.	Nil.

Session and the date	Significant decisions resolved (Note1)	Independent directors' opinions	Objection or qualified opinions of independent directors	The Company's response to independent directors' opinions
	8. The appointment of CPAs and the audit fee for the year 2017. 9. The resolution of intercompany security transaction between the Company's subsidiaries. 10. Draft adoption of increasing capital by issuing new shares through capitalization of the distributable retained earnings for the year 2016.	transaction was conducted in form of asset transfer.		
Result of resolutions: Except for the proposal 6 was approved by the other directors present at the meeting with the withdrawal from the discussion and voting process of Mr. Hsueh Chien-Ping, the Director, other proposals were approved by all directors present at the meeting.				
Session 12 the 10th meeting 03/27/2017	1. By-election of an Independent Director of the Company. 2. Amendments to the agenda of 2017 Annual General Shareholders' Meeting. 3. Amendments to the "Procedures for Acquisition or Disposal of Assets". 4. To apply to financial institutions for the renewal and incremental loans and the line of credit.	Nil.	Nil.	Nil.
Result of resolutions: All proposals were approved by all the directors present at the meeting.				

Note 1: All resolutions of the Company's Board of Directors were shown as above.

- (XII) In latest fiscal year and as of the printing date of this Annual Report, different opinions posed by the directors or supervisors to the Key Resolutions in the board of directors, as backed with written records or declaration in writing: None.
- (XIII) In recent fiscal year and as of the printing date of this Annual Report, facts regarding the compilation for resignation, discharge of the chairman, general manager, chief accountant, financial head, principal internal auditor and research & development head:

Title	Name	Date of Arrival	Date of Dismissal	Reason of resignation or dismissal
General Manager	Chueh Chien-Ping	04/01/2003	08/01/2016	Job adjustment: transferring to Group Platform Business
CFO	Chen Chien-Chih	08/01/2014	08/01/2016	Job adjustment: transferring to Consultant on 08/01/2016 and resigned on 08/31/2016.

- (XIV) The licenses/certificates obtained by the Company from the competent authorities proving transparent personnel on the Company's financial standing :

The Company and the finance relevant personnel include one CPA officially licensed by the Republic of China who also passed the Proficiency Test for Stock Affair Specialist.

IV. Information on Certified Public Accountant fees:

The Company have reviewed the CPAs' independency and the competency, assigned Deloitte CPA - Shyu Wen-Yea and Lai Kwan-Chung as the Company 2016 CPA according to the approval of board of directors on January 28, 2016.

Name of CPA house	Name of CPA		Duration covered in the audit	Remarks
Deloitte Touche Tohmatsu Limited	Shyu Wen-Yea	Lai Kwan-Chung	01/01/2016~12/31/2016	

(I) The evaluation form of the independency and the competency of CPA for 2016

Content	Result	Remark
1. Receipt of Auditor's Independence Declaration	<input checked="" type="checkbox"/> Consistent <input type="checkbox"/> Inconsistent	
2. Any fees paid to auditors for auditing assignments	<input checked="" type="checkbox"/> Consistent <input type="checkbox"/> Inconsistent	
3. Whether auditors and auditing team members are currently serving as the company's directors, managers or positions with significant influence on auditing or have served as the company's directors, managers or positions with significant influence on auditing during the past two years	<input checked="" type="checkbox"/> Consistent <input type="checkbox"/> Inconsistent	
4. Any non-auditing projects serviced by our auditors and with no direct and significant influence on auditing The rendering of non-auditing services by auditors shall be deemed as non-independent in the any of the following circumstances: (1) The auditor is able to approve, execute or complete a transaction or authorize others on the behalf of our company or authorize others in the course of service rendering; (2) The auditor is able to make significant decisions for our company; (3) The auditor reports to the board as a manager of our company; (4) The auditor supervises the assets of our company; (5) The auditor reviews the performance of the day-to-day performance of our employees; (6) The auditor compiles the original documents or data such as procurement instructions and sale orders on the behalf of our company to prove the occurrence of transactions.	<input checked="" type="checkbox"/> Consistent <input type="checkbox"/> Inconsistent	
5. The auditor does not promote or solicit the stocks or other securities issued by our company.	<input checked="" type="checkbox"/> Consistent <input type="checkbox"/> Inconsistent	
6. The auditor does not serve as the defender of our company or represent our company to resolve the conflicts with any third party.	<input checked="" type="checkbox"/> Consistent <input type="checkbox"/> Inconsistent	
7. The auditor is not the spouse, directive relative, in-law or relative by blood within two degrees with any director, manager or employee with significant influence over auditing assignments.	<input checked="" type="checkbox"/> Consistent <input type="checkbox"/> Inconsistent	
8. The auditor, the auditor's spouse or minor children do not invest in or share the financial benefits of our company.	<input checked="" type="checkbox"/> Consistent <input type="checkbox"/> Inconsistent	
9. The auditor, the auditor's spouse or minor children do not borrow from and lend to our company.	<input checked="" type="checkbox"/> Consistent <input type="checkbox"/> Inconsistent	
10. None of the auditors in the same practice who has worked for us with the past year serve as our director, manager or position with significant influence on auditing assignments.	<input checked="" type="checkbox"/> Consistent <input type="checkbox"/> Inconsistent	
11. The auditor has not received significant gifts or valuable presents from any of our director, supervisor or manager.	<input checked="" type="checkbox"/> Consistent <input type="checkbox"/> Inconsistent	
12. Our company has never requested the auditor to accept improper selection of accounting policies or inappropriate financial disclosure as suggested by our management.	<input checked="" type="checkbox"/> Consistent <input type="checkbox"/> Inconsistent	
13. The auditor is engaged in appropriate discussions regarding financial reporting, including the suitability of new and major accounting principles.	<input checked="" type="checkbox"/> Consistent <input type="checkbox"/> Inconsistent	

(II) Range of the fees paid to the certifying Certified Public Accountant

In Thousands of New Taiwan Dollars

Fee Item		Audit fees	Non-audit fees	Total
Amount range				
1	Below \$2,000 thousand		1,633	
2	\$2,000 thousand (inclusive)~\$4,000 thousand			
3	\$4,000 thousand (inclusive)~\$6,000 thousand			
4	\$6,000 thousand (inclusive)~\$8,000 thousand	7,730		
5	\$8,000 thousand (inclusive)~\$10,000 thousand			9,363
6	Above \$10,000 thousand (inclusive)			

- (III) Where the fees paid to the certifying Certified Public Accountant, the office of the certifying Certified Public Accountant as non-audit fee that accounts for over one quarter of the aggregate total of audit fee, please disclose the contents of the audit and non-audit services respectively

The non-audit fee paid by the Company in 2016 accounted for 21% of the aggregate total of audit fees, with the contents of services enumerated below:

Name of CPA house	Name of CPA	Audit fees	Non-audit fees					Duration covered in the audit by CPAs	Remarks
			System design	Commercial registry	Human resources	Others	Subtotal		
Deloitte Touche Tohmatsu Limited	Shyu Wen-Yea	7,730	-	832	-	801	1,633	1/1/2016~12/31/2016	Non-audit fee—other service fee incurred for Administrative appeal for 2011 and 2012 ITR, information security inspection and suggestions, and applying MOEA for approval of the incremental quota of the Company's investing in construction business in China.
	Lai Kwan-Chung								

Note : In 2016, the aggregate total audit fee amounted to NT\$7,730thousand (including the audit fee incurred for issuance of the Consolidated Financial Reports). The contents of the non-audit services are enumerated below:

1. The commercial registry fee amounted to NT\$832 thousand, incurred primarily for alteration registry, capital increase and services to coordinate with offshore subsidiaries.
2. The aggregate total for non-audit fee—Other expenditures came to NT\$801 thousand, not up to 49% of the aggregate total of non-audit fee. The relevant contents are shown through the remark box.

- (IV) Replacement of the Certified Public Accountant office where the audit fee so paid reduced from the audit fee paid in the preceding year: Please elaborate on the amount so reduced, percentage and causes of reduction: Not applicable.
- (V) Where the audit fee paid reduced by over 15% from the audit fee paid in the preceding year: Please elaborate on the amount so reduced, percentage and causes of reduction: The amount of NT\$7,730 thousand for 2016 audit fee paid to the CPA is less

NT\$1,160 thousand (13%) than the amount of NT\$8,890 thousand of the preceding year due to the Company implemented the plan of self-preparing financials, reducing the CPAs' workload of summary during the audit field.

V. Information of a change in the Certified Public Accountants (CPAs):

Information of a change in the CPAs by the Company on January 27, 2015:

(I) Information of the former CPAs

Date of change	January 27, 2015		
Cause and explanation of change	Among the CPAs retained by the Company, in line with the need for internal adjustment, the certifying CPAs was changed from CPAs Yang Wen-Hsien and Wang Tzu-Chun into CPA Shyu Wen-Yea and CPA Lai Kwan-Chung starting from Quarter 1 of 2015.		
Explanation about whether change resulted from termination by rejection by the Principal or the CPAs	Parties concerned	By CPAs	By Principal
	Facts	N/A	
	Termination at discretion? Rejection from acceptance (continued retaining)		
Audit report with opinions other than unqualified (unreserved) opinion and the causes in the past two years	N/A		
Opinions different from the Issuer's	Yes	-	Accounting principles and practices
		-	Disclosure of financial reports
		-	Scope or steps of audit
		-	Others
	No	✓	
Explanation			
Other facts of disclosure (Facts to be disclosed under Article 10, Paragraph 5, Subparagraph 1, Item 4 of the Regulations)	Nil		

(II) About the succeeding CPAs:

Name of CPA House	Deloitte Touche Tohmatsu Limited
Names of CPAs	Shyu Wen-Yea, Lai Kwan-Chung
Date of retaining	As officially resolved in the board of directors on January 27, 2015.
Contents of consultation and the results on the accounting practices or accounting principles made prior to retaining, and the potential issuance of the financial reports	Nil
Opinions of the succeeding CPAs in writing about the opinions of the former CPAs	Nil

(III) Reply by the former CPAs regarding the issues of Article 10, Paragraph 5, Subparagraphs 1 and 2, Point 3 of the Regulations: N/A

VI. The Company's chairman, general manager, managers in charge of finance and accounting who have served with the office of a certifying Certified Public Accountant over the past one year, please disclose the name, position title and the information regarding the Certified Public Accountant Office or the affiliated enterprise thereof: Not applicable.

VII. In Year 2016 and as of the printing date of this Annual Report, transfer of shares, pledge or change in equity by the directors, managers and key shareholders holding over 10% of the aggregate total are shown as below, and there is no transferor of any one among directors and supervisors, managers, key shareholders who transfers or mortgages share equity a related party.

Expressed in Share

Title	Name	2016		As of March 31, 2017	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairperson	Chou Chun-Chi	-	-	-	-
Vice Chairperson	Legal Representative of Sinyi Co., Ltd.: Chueh Chien-Ping	-	-	-	-
		-	-	-	-
Director	Legal Representative of Sinyi Co., Ltd.:Chou Wang Mei-Wen	-	-	-	-
		-	-	-	-
Independent Director	Lin Hsin-Yi(Note 1)	-	-	-	-
Independent Director	Lin Hsin-Ho(Note 1)	-	-	-	-
Independent Director	Lee Cheng(Note 1)	-	-	-	-
Independent Director	Liu Shuen-Zen	-	-	-	-
Independent Director	Hong San-Xiong (Note 2)	-	-	-	-
Independent Director	Jhan Hong-Chih (Note 2)	-	-	-	-
Independent Director	Su Jyun-Bin(Note 2)	-	-	-	-
Key shareholders holding over 10% of the total shares	Yu Hao Co., Ltd.	-	-	-	-
CEO of Group Platform Business	Chueh Chien-Ping	-	-	-	-
General Manager	Liu Yuan-Chih	-	-	-	-
Ethics Director	Yang Pai-Chuan	-	-	-	-
Chief Strategy Officer	Chou Chuang Yun	-	-	-	-
Chief Information Officer	Tsai Chi-Yen	-	-	-	-
Chief Financial Officer	Chen Chien-Chih(Note 3)	-	-	-	-
Chief Human Resource Officer	Lee Wei-Che(Note 3)	-	-	-	-
Auditor-General	Chou Su-Hsiang	-	-	-	-
Vice General Manager of Public Affairs Department	Kao Chih-Hua	-	-	-	-
Vice General Manager of General Manager Office	Su Shou-Jen	(500,000) (note 5)	-	-	-
Vice General Manager of United Selling Agency Division	Lee Shao-Kang	-	-	-	-
Vice General Manager of Real Estate Agent Division	Feng Chi-Yi	-	-	-	-
Vice General Manager of Real Estate Agent Division	Chen Li-Hsing	-	-	-	-
Vice General Manager of Real Estate Agent Division	Hsin Hong-Jun(Note 4)	-	-	-	-
Senior Manager of Entrepreneurial Ethics Office	Chen Wen-Hsiang	-	-	-	-
Senior Manager of Human Resource Department	Li Ju-Rong(Note 4)	-	-	-	-
Senior Manager of Customer and Legal Service Department	Liu Wei-Te	-	-	-	-
Senior Manager of Management Information System (MIS) Department	Chiang Yuan-Chi	-	-	4,314	-
Senior Manager of Finance Department	Chen Chih-Huan	3,000	-	-	-
Senior Manager of Capital Fund Management Department	Chuang Tsung-Hsun(Note 3)	-	-	-	-
Senior Manager of Accounting Department	Lin Chiu-Chin	-	-	-	-
Senior Manager of Business Service Department	Chang Ching-Chih	-	-	-	-
Senior Manager of Network Business Department	Hsiao Cheng-Hua	-	-	-	-

Title	Name	2016		As of March 31, 2017	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Senior Manager of Real Estate Planning and Research	Su Chi-Rong(Note 4)	-	-	-	-
Senior Manager of Real Estate Agent Division	Chen Hsu-Chieh	21,000	-	11,000	-
Senior Manager of Real Estate Agent Division	Lin San-Chih	-	-	-	-
Senior Manager of Real Estate Agent Division	Chang Wen-Tsung	(15,000)	-	-	-
Senior Manager of Real Estate Agent Division	Wang Hui-Ping	(8,000)	-	-	-
Senior Manager of Real Estate Agent Division	Tuan Li-Fan(Note 3)	-	-	-	-
Senior Manager of Real Estate Agent Division	Chang Teng-Lai	-	-	-	-
Senior Manager of Real Estate Agent Division	Wang Chih-Nan	-	-	-	-
Senior Manager of Real Estate Agent Division	Ou Chih-Hsiung	-	-	5,000	-
Senior Manager of Real Estate Agent Division	Hsieh Tsung-Hsien	-	-	-	-
Senior Manager of Real Estate Agent Division	Liu Yu-Jung	-	-	-	-
Senior Manager of Real Estate Agent Division	Chou Chun-Jung	-	-	-	-
Senior Manager of Real Estate Agent Division	Lin Wu-Hsiung	-	-	-	-
Senior Manager of Real Estate Agent Division	Wang Chiu-Sze(Note 3)	-	-	-	-
Senior Manager of Real Estate Agent Division	Su Shang-Yao	-	-	-	-
Senior Manager of Real Estate Agent Division	Huang Mao-Shu	-	-	-	-
Senior Manager of Real Estate Agent Division	Chen Ming-Yi	-	-	-	-
Senior Manager of Real Estate Agent Division	Chu Ta-Yung	-	-	-	-
Senior Manager of Real Estate Agent Division	Hung Cheng-Lung	-	-	-	-
Senior Manager of Real Estate Agent Division	Liao Ching-Chou	-	-	-	-
Senior Manager of Real Estate Agent Division	Chen Chin-Tang	-	-	-	-
Senior Manager of Real Estate Agent Division	Chang Chia-Jung	-	-	-	-
Senior Manager of Real Estate Agent Division	Chang Wei-Hsiang	-	-	-	-
Senior Manager of Real Estate Agent Division	Wang Mao-Sang	-	-	-	-
Senior Manager of Real Estate Agent Division	Chen Shih-Yao	-	-	-	-
Senior Manager of Real Estate Agent Division	Lee Kuo-Hsiung	-	-	-	-
Senior Manager of Real Estate Agent Division	Hung Chien-Huan	-	-	-	-
Senior Manager of Real Estate Agent Division	Lin Te-Cheng	-	-	-	-
Senior Manager of Real Estate Agent Division	Yu Ho-An	-	-	-	-
Senior Manager of Real Estate Agent Division	Liu Tung-Yuan	-	-	-	-

Title	Name	2016		As of March 31, 2017	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Senior Manager of Real Estate Agent Division	Tsai Ching-Long(Note 3)	-	-	-	-
Senior Manager of Real Estate Agent Division	Chang Cheng-Te(Note 3)	-	-	-	-
Senior Manager of Real Estate Agent Division	Lee Je-Fong	-	-	-	-
Senior Manager of Real Estate Agent Division	Wang Chih-Wei	-	-	-	-
Senior Manager of Real Estate Agent Division	Ye Zong-Fu	-	-	-	-
Senior Manager of Real Estate Agent Division	Chen Shih-Ciang	-	-	-	-
Senior Manager of Real Estate Agent Division	Chang Chun-Da(Note 4)	-	-	-	-
Senior Manager of Real Estate Agent Division	Chen Yu-Li(Note 4)	-	-	-	-

Note 1 : The independent directors Lin Hsin-Yi, Lin Hsin-Ho and Lee Cheng stepped down on May 20, 2017 as a result of the election of the 12th board. The information regarding the increase/decrease of the shares they own and have collateralized is as of the date they step down as insiders.

Note 2 : Mr. Hong San-Xiong, Mr. Jhan Hong-Chih and Mr. Su Jyun-Bin become our independent directors on May 20, 2017 as a result of the election of the 12th board. The information regarding the increase/decrease of the shares they own and have collateralized is as of the date they step down as insiders.

Note 3 : The former Treasurer, Chen Chien-Chih, and the former Human Resources Department Head, Lee Wei-Che, left at the end of August 2016. The former Senior Manager of Capital Fund Management Department, Chuang Tsung-Hsun, left in September 2016. Former Senior Managers Wang Chiu-Sze and Tsai Ching-Long were transferred in April 2016 and July 2016; former Senior Managers Tuan Li-Fan and Chang Zhen-De were transferred in March 2017, respectively. The information regarding the increase/decrease of the shares they own and have collateralized was as of the date they stepped down as insiders.

Note 4 : Vice General Manager of Real Estate Agent Department, Hsin Hong-Jun, Senior Manager of Human Resources Department, Li Zhi-Rong, Senior Manager of SINYI Research Center for Real Estate, Su Chi-Rong, Senior Managers of Real Estate Agent Department Chen Yu-Li and Chang Jun-Da joined our company in July 2016, October 2016, January 2017, March 2017 and January 2017, respectively. Only the information regarding the increase/decrease of the shares they own as of the date they joined is disclosed.

Note5: the shares were transferred to his spouse.

VIII. Top shareholders in terms of shareholding, and the information of their interrelationship

Expressed in Share, %

Name	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Names and Relations of Top 10 Shareholders who are Spousal Relationship or are within the Second Degree of Kinship		Remarks
	Number of Shares	Shareholding rate	Number of Shares	Shareholding rate	Number of Shares	Shareholding rate	Title (Or Name)	Relation	
Sinyi Co., Ltd.	180,277,601	28.53%	-	-	-	-	Yu Hao Co., Ltd. Sinyi Real Estate Consulting Inc.	Same Chairperson Juristic person director	Nil
Sinyi Co., Ltd. Representative: Chou Chun-Chi	8,042,093	1.27%	3,098,324	0.49%	-	-	Sinyi Co., Ltd. Yu Hao Co., Ltd. Chou Chun-Hao Chou Keng-Yu Chou Chun-Heng	Representative of Juristic person director Representative of Juristic person director Relative within the second degree of kinship Relative within the second degree of kinship Relative within the second degree of kinship	
Yu Hao Co., Ltd.	179,161,853	28.36%	-	-	-	-	Sinyi Co., Ltd. Sinyi Real Estate Consulting Inc.	Same Chairperson Supervisor	
Yu Hao Co., Ltd. Representative: Chou Chun-Chi	8,042,093	1.27%	3,098,324	0.49%	-	-	Sinyi Co., Ltd. Yu Hao Co., Ltd. Chou Chun-Hao Chou Keng-Yu Chou Chun-Heng	Representative of Juristic Person Director Representative of Juristic Person Director Relative within the second degree of kinship Relative within the second degree of kinship Relative within the second degree of kinship	
The specially designated (earmarked) comprehensive trust account on employee shareholding of Chinatrust Commercial Bank for Sinyi employees	21,776,223	3.45%	-	-	-	-	Nil	Nil	
Chou Chun-Hao	18,579,959	2.94%	-	-	-	-	Chou Chun-Chi Chou Keng-Yu Chou Chun-Heng	Relative within the second degree of kinship	
Chou Chun-Heng	17,425,935	2.76%	-	-	-	-	Chou Chun-Chi Chou Chun-Hao Chou Keng-Yu	Relative within the second degree of kinship	
Chou Keng-Yu	17,413,390	2.76%	-	-	-	-	Chou Chun-Chi Chou Chun-Hao Chou Chun-Heng	Relative within the second degree of kinship	

Name	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Names and Relations of Top 10 Shareholders who are Spousal Relationship or are within the Second Degree of Kinship		Remarks
	Number of Shares	Shareholding rate	Number of Shares	Shareholding rate	Number of Shares	Shareholding rate	Title (Or Name)	Relation	
Cathay Pacific Bank trusted to take custody of J-Ten Co., Ltd.	11,261,000	1.78%	-	-	-	-	Nil	Nil	
Chou Chun-Chi	8,042,093	1.27%	3,098,324	0.49%	-	-	Sinyi Co., Ltd. Yu Hao Co., Ltd. Chou Chun-Hao Chou Keng-Yu Chou Chun-Heng	Representative of Juristic Person Director Representative of Juristic Person Director Relative within the second degree of kinship Relative within the second degree of kinship Relative within the second degree of kinship	
Sinyeh Co., Ltd.	7,862,920	1.24%	-	-	-	-	Sinyi Co., Ltd. Yu Hao Co., Ltd.	Equity method investees Equity method investees	
Sinyeh Co., Ltd. Representative: Chou Chun-Chi	8,042,093	1.27%	8,042,093	1.27%	-	-	Sinyi Co., Ltd. Yu Hao Co., Ltd. Chou Chun-Hao Chou Keng-Yu Chou Chun-Heng	Representative of Juristic Person Director Representative of Juristic Person Director Relative within the second degree of kinship Relative within the second degree of kinship Relative within the second degree of kinship	
Lungyen Life Service Corporation	3,689,000	0.58%	-	-	-	-	Nil	Nil	

Note : All aforementioned information was as of March 31, 2017 while the transfer among the Register (Roster) of Shareholders was suspended.

IX. The number of shares held by the Company, the Company's directors and supervisors, managers and the businesses under control by the Company either directly or indirectly to the same re-investment business and consolidated shareholder percentages are combined and calculated:

Expressed in Share, %

Reinvested companies (Note)	Investment by the Company		Investment by directors, supervisor, manager and directly or indirectly controlled company		Syndicated investment	
	Number of Shares	Shareholding rate	Number of Shares	Shareholding rate	Number of Shares	Shareholding rate
SINYI LIMITED	76,001,135	100.00%	-	-	76,001,135	100.00%
SINYI INTERNATIONAL LIMITED	136,114,838	100.00%	-	-	136,114,838	100.00%
Jui-Inn Consultants Co., Ltd.	500,000	100.00%	-	-	500,000	100.00%
Sinyi Development Inc.	53,500,000	100.00%	-	-	53,500,000	100.00%
Sinyi Culture Publishing Inc.	-	99.20%	-	0.80%	-	100.00%
Sinyi Global Asset Management Co., Ltd.	5,000,000	100.00%	-	-	5,000,000	100.00%
Sinyi Interior Design Co., Ltd.	95,000	19.00%	405,000	81.00%	500,000	100.00%
Heng-Yi Real Estate Consulting Inc.	2,000,000	100.00%	-	-	2,000,000	100.00%
Yowoo Technology Inc.	3,000,000	100.00%	-	-	3,000,000	100.00%
An-Sin Real Estate Management Ltd.	7,650,000	51.00%	600,000	4.00%	8,250,000	55.00%
SIN CHIUN HOLDING SDN. BHD.	2	100.00%	-	-	2	100.00%
An-Shin Real Estate Management	-	-	5,500,000	55.00%	5,500,000	55.00%
Da-Chia Construction Co., Ltd.	-	-	50,000	100.00%	50,000	100.00%
Sinyi Real Estate Co., Ltd.	-	-	50,000	100.00%	50,000	100.00%
INANE INTERNATIONAL LIMITED	-	-	56,629,268	100.00%	56,629,268	100.00%
Shanghai Sinyi Real Estate Inc.	-	-	-	100.00%	-	100.00%
Beijing Sinyi Real Estate Ltd.	-	-	-	100.00%	-	100.00%
Shanghai Sinyi Limited Corporation of Land Administration and Real Estate Counseling	-	-	-	100.00%	-	100.00%
Chengdu Sinyi Real Estate Co., Ltd.	-	-	-	100.00%	-	100.00%
Qingdao Chengjian & Sinyi Real Estate Co., Ltd.	-	-	-	100.00%	-	100.00%
Ke Wei HK Realty Limited	-	-	2,700,000	100.00%	2,700,000	100.00%
Ke Wei Shanghai Real Estate Management Consulting Inc.	-	-	-	99.07%	-	99.07%
FOREVER SUCCESS INTERNATIONAL LIMITED	-	-	2,216,239	100.00%	2,216,239	100.00%
Shanghai Shang Tuo Investment Management Consulting Inc.	-	-	-	100.00%	-	100.00%
Sinyi Realty Inc. Japan	-	-	16,000	100.00%	16,000	100.00%
Sinyi Management Co., Ltd. (Richesse Management Co., Ltd.)	-	-	600	100.00%	600	100.00%
SINYI DEVELOPMENT LTD.	-	-	500,000	100.00%	500,000	100.00%
Sinyi Real Estate (Hong Kong) Limited	-	-	131,966,210	100.00%	131,966,210	100.00%
Sinyi Real Estate (Shanghai) Limited	-	-	131,000,200	100.00%	131,000,200	100.00%
MAX SUCCESS INTERNATIONAL LIMITED	-	-	-	100.00%	-	100.00%
Zhejiang Sinyi Real Estate Co., Ltd.	-	-	-	100.00%	-	100.00%
Suzhou Sinyi Real Estate Inc.	-	-	-	100.00%	-	100.00%
Hua Yun Renovation (Shanghai) Co., Ltd.	-	-	-	100.00%	-	100.00%
Kunshan Dingxian Trading Co., Ltd.	-	-	-	100.00%	-	100.00%
Sinyi Estate Ltd.	-	-	16,900	100.00%	16,900	100.00%
Sinyi Estate (HK) Ltd.	-	-	17,497	100.00%	17,497	100.00%

Note: accounted for under equity method.

X. Among the top key shareholders or shareholders who hold over 5% in shareholding, in case of juristic person shareholders, please provide details of the key shareholders

March 31, 2016

Names of the Juristic person shareholders	Major Shareholders of the Juristic person shareholders and Shareholding Ratio
Sinyi Co., Ltd.	Yu Heng Co., Ltd. (100.00%)
Yu Hao Co., Ltd.	Yu Heng Co., Ltd. (100.00%)
Sinyi Real Estate Consulting Ltd.	Sinyi Co., Ltd. (68.10%) Yu Hao Co., Ltd. (31.90%)
Lungyen Life Service Corporation (note1)	Li Se-Chong (33.28%) Huang Yi-Fong (6.42%) Chengchan Investment Inc. (note2) (6.22%) Fubon Securities Escrow Account of Orix Asia Capital (5.00%)

Note1: Lungyen Life Service Corporation is a listed company at Taipei Exchange (TPEX) with stock no. 5530. The major shareholders and shareholding ratio of this company shown above are listed as of the printing date, March 31, 2017, of this Annual Report. Please refer the annual report of this company for more information.

Note 2: The chairperson of Chengchan Investment Inc. is Mr. Li Se-Chong.

Four. Performance in Fulfillment of Corporate Responsibilities toward the Society

We received five awards by the 《Taiwan Corporate Sustainability Awards, TCSA》 in December 2016 : “Top 50 Corporate Sustainability Report in Real Estate and Construction”, “Contributions to Social Inclusion” and “Talent Development”, “Co-Harmony Society Award”, and “The Most Prestigious Sustainability Awards-Top Ten Domestic Corporate”. At the same time, the Chairman of the Company, Chou Chun-Chi, was awarded as the outstanding people of the corporate sustainability. It is the testimony to our efforts in corporate governance, environmental protection and social harmony. The Company and subsidiaries will continue to adhere to our people-centric philosophy and honor our corporate responsibilities in order to become a world-class company in real estate services.

The Company officially came into being in Year 1987. Since then, we have faithfully stuck to the Sinyi motto focusing notably on “human-oriented”, “just do it as we should” by launching a variety of real estate agent service guidelines. Now, we have, bit by bit, upgraded the level of services toward customers. As Sinyi Realty Inc. has been growing into an increasingly huge scale, never have we ignored our dedication toward the society as a model corporate citizen and broadened our positive influence. Our dedicated hands-on practices in the responsibility toward the society have won widespread acclaims as well. In Year 2012, we further spearheaded the native counterparts by setting up the Corporate Ethics Office as well as the position title of Ethics Director. Meanwhile, we continually sponsored corporate ethics related lectures and programs, assimilating into “faithfulness” and “ethics” onto the first-line teammates. Through our efforts to cultivate entire staff through corporate ethics, we assure each and every employee to become dedicated Sinyi specialist; each and every enterprise to become Sinyi Realty. Eventually, thanks to such dedicated efforts, the precious island Formosa propitious for the paradise and talented human resources will become cultural giant admirable to all. In the days and years ahead, we shall continually go forward with wholehearted efforts toward the goal as the “new paragon in services industry”. Armed with the spirit for sustainable prosperity, we shall combine the benefits of our customers, staff members, shareholders, society, entire country and natural environments into a whole toward our ultimate goal of “achieving world-class service giant”.

I. Participation in the communities:

(I) Sponsorship toward the Entire Community in One Family:

On a long-run basis, we have spared no effort devote ourselves to community operation. We notice that communities function as the very fundamental unit to push Taiwan ahead. In Year 2004 just after the presidential election campaign, we perceived the emerging political turmoil and the confrontation amidst ethnic groups. In the ensuing year in Year 2005, we set up “One Community One Family

Promotion Association” to boost the function of a community so as to promote the goal of “One Community One Family”. Furthermore, we launched “One Community One Family Sponsorship Program” with five-year in a term, with contribution of NT\$100 million sponsorship fund to substantially help communities fulfill the dream held by all communities toward families. Through such efforts, by means of community reform, we will convert the minor love within our hearts to the major love for the entire communities in neighborhood. Then our community people could restore the medium powers of being “harmonious with fellow community people and neighbors”, to remove all potential estrangement in interrelationship, guiding people to pick up their inherent love and warm concern toward families, communities, society and even entire country, to indeed fulfill the dream of “one community one family”, making Taiwan, the paradise land where we dwell, become the prettiest hometown throughout the world. Thanks to our more than five years efforts in promotion 2004 ~ 2008, we satisfactorily accomplished the Phase I targets. During that period, we received a total of 2,901 proposals and successfully helped a total of 397 communities accomplish their long-fostered dreams.

In Year 2009, we further resolved to invest another NT\$100 million sum to carry out Phase II “Action Plan of One Community One Family”, focusing on “Learning through the Communities” as the core philosophy. We interpreted the value of blessed lifestyle anew. Through the community development platforms, we brought into the business operation into Phase I senior community experiences, instructions through expertise instructors along with investment with Sinyi volunteers and such human resources and other resources. Thanks to such efforts from the Sinyi management, the communities could receive financial support not solely from enterprises, and could cultivate and upgrade their own capability amidst the process of interaction and learning, enable themselves to boost growth of communities, make the communities where they dwell more blessed and demonstrate the innovative values through entrepreneurial sponsorship. Thanks to the wholehearted Sinyi efforts in implementing the One Community One Family Program, in Phase II alone as of the end of Year 2014, we successfully helped a total of 874 communities to fulfill the community reform programs notably including “ecology environmental protection”, “community space reform”, “cultural industry”, “cultural inherit”, “human resources cultivation” and “warm concern toward communities” among other efforts.

Upon the tenth anniversary of our initiative “One Community, One Big Family”, we embarked on “Nationwide Community Building” in March 2015, our second 10-year program, with commitment to invest in NT\$200 million. This is an extension of “One Community, One Big Family”, as well as the largest

corporate-sponsored scheme in community building in Taiwan. It is hoped that our efforts can assist in social reconstruction by starting at homes and connecting communities. We organize innovative activities in order to invite public participation. Since the launch of “One Community, One Big Family” in 2004, there has been an increasing involvement from youngsters. In the beginning, the majority of participants were aged between 45 and 50. After 2009, the largest group of participants is 20~30 years old. To encourage the youth participation, we offer the sponsorship up to NT\$150,000 to college students and graduates as part of our nationwide community regeneration campaign in 2015. We also provide sponsorships up to NT\$200,000 for an individual and NT\$500,000 for a community.

In Year 2016, there were a total of 724 proposals posed under the “One Community One Family Action Plan” among which, there were a total of 214 award winners. In thirteen years in accumulation, there were 8,051 proposals posed in total, with 1,739 communities awarded the support. Overall, the Company has sponsored over NT\$220 million. The plan has solidly constructed the most beautiful scenery in Taiwan and has gathered together the most heart loving Taiwan. In the thirteen years while “One Community, One Family” were under implementation, we focused on the local characteristics in the first five years as the very perch in continuing and promoting the local industry and culture. In the past eight years, we launched huge amounts of proposals to serve youths who return to and dedicate themselves to their own home communities, bringing added momentum of the community industries. Besides, amidst the multiple ethnic races notably the aboriginal people, Hakka and local natives who constituted the majority, quite a few new immigrants have joined the application for our One Community, One Family services in recent years to contribute themselves to the community services amidst the ethnic harmony.

In 2004, we gathered a total of 18 true stories and published “Wonderful Villages 1: 18 Stories of Hope and Sunshine”. We also authorized the School of Social Sciences, Tsinghua University, to publish the simplified Chinese version. As many people visited Taiwan by following these stories, this book has become a showcase of community building efforts. We hope more people can join us by creating their own community stories with the air and water from their hometowns. In 2016, we published “Wonderful Villages 2: 35 Stories of Kindness at the Village. It is more than just the sharing of 35 true stories. It is about the love and devotion people have toward their land. As a testimony of the community transformation in Taiwan, this book takes the readers on a journey from love for homes and for the environment, innovation in technology, heritage of arts to the diversity of cultures. We hope to cover different elements of community building, from rural education to

senior citizen healthcare.

Our Nationwide Community Building initiative launched in 2015 goes beyond communities extends into campuses and operates on an O2O platform. We invite everybody to get involved and make community development easier and more pleasant and we welcome those without experience in community reconstruction. We have constructed a technology platform “Gogonow (i.e. pinky promises)” to solicit and match the commitment and resources from different communities and social groups. The goal is to lower the threshold of participation in community development by integrating funding, materials, manpower and knowledge base. (<https://www.gogonow.cc/>)

We have extensive experience as a real estate agent for property sellers and developers. We know what the customers need and we understand how valuable good neighbours are to home buyers. Sinyi Real Estate (Shanghai) Limited, one of our subsidiaries, is a real estate developer dedicated to the creation of communities for home owners. Striving to make each community a one big family, Sinyi Real Estate (Shanghai) Limited goes beyond the nitty-gritty of the constructions and pursues the spiritual elements of what a home is about. We believe homes are the shelter for the peace of body and mind. Communities should be more than just independent blocks with shared infrastructure. We strive to create a sense of belonging for all the residents and seek to nurture an affluent environment where culture and mutual support enhance the solidarity of each community with frequent events and publications.

For more details about “One Community, One Family”, please surf the website below: <http://www.taiwan4718.tw/index.php>

(II) Sinyi Volunteers:

During the process when we implement “One Community One Family Sponsorship Program”, very often we did notice that numerous community residents foster optimal concepts but could not get their concept embodied due primarily to lack of right human resources. In Year 2007, therefore, the teammates inside Sinyi Realty Inc. took the initiative to launch Sinyi Volunteers, with concrete actions known as “Sinyi Volunteers Service Actions”. We launched extensive invitation to all Sinyi teammates to join the significant program “Sinyi Volunteers” which has since then won warm and continued responses.

“When your palm faces downward, you are a happy donor”. This was the very initiative of the Sinyi Volunteers. In the real estate agent services, services always represent the very core of our services. The selfless concept of Sinyi Volunteers to serve others is just the very fundamental element in the real estate agent services. The Sinyi Volunteers Services, therefore, just function as the very core lesson in our human resources cultivation. The hands-on experiences we

have accumulated previously indicate that the brokers in the more astonishing performance would show higher ratio in participating in Sinyi Volunteers. During the Sinyi Volunteers process, they learned more and more details, and learned the warm heart to appreciate and, in turn, convert all such precious harvest onto customer services.

The Sinyi Volunteers cover all-embracing contents. Other than conventional services with labor, the Sinyi Volunteers rendered extensive services without any bit of hesitation in accompanying senior citizens, accompanying children in the study process, ecological environmental protection, blood donation, charity sales sponsorship, support to farmers in crop harvesting, soliciting books through donation. Almost each and every need in a community ranging from blog setup, after-school study aids, story telling and traffic guards. In all such events and scenes, one could easily find Sinyi Volunteers in presence who demonstrated the doubling effects, manifesting the Sinyi Volunteers spirit to the entire society. Thanks to the Sinyi Volunteers efforts, Sinyi Realty Inc. assumes another responsibility to the public interests in the society.

In an attempt to encourage Sinyi teammates to join the Sinyi Volunteers, each and every staff member is granted one-day official leave so that they may join Sinyi Volunteers. We offer incentives to dedicated Sinyi Volunteers. Moreover, the ranking executives lead the program by personal example by joining Sinyi Volunteers themselves. As of December 31, 2016, we had accompanied up to 120,746 hours and 16,099 volunteers in such meaningful program. As we have grown amidst the support in the society, we offer warm feedback to the entire society. For more details about Sinyi Volunteers, please surf: http://csr.sinyi.com.tw/detail.php?info_id=171

(III) Supreme Sinyi Fellowship:

Catastrophic Earthquake September 21, 1999 virtually devastated a majority of Taiwan Island, in particular the remote Xinyi Township in Nantou County. In an attempt to help the frightened children continue their schooling, here at Sinyi Conglomerate, we set up “Supreme Sinyi Fellowship” in 2000 to help and guide those children in the hard-up financial standing, in single families studying in more than twenty senior high schools, elementary schools and in the devastated families with tuition aids, scholarships to enable them to study with an interruption. As of December 31, 2016, with “Supreme Sinyi Fellowship”, Sinyi Conglomerate virtually helped up to 4,587 children at Xinyi Township with the aggregate total contribution amounting to over NT\$12.04 million.

(IV) Root-laying programs in corporate ethic education:

In an attempt to cultivate future leaders in wholesome ethnics, we have, via the

Sinyi Culture Foundation, launched in 2004 “Root-laying programs in corporate ethic education”. We extensively invited scholars and experts to join the Program. In each and every year, we budgeted millions of New Taiwan Dollars into the Program to encourage higher education field in Taiwan into focusing the education of future entrepreneurs into respectable character. In the Program, we teamed up with Chinese Management Association with selections of corporate ethics instructors and teachers through strict selection and screening process. We sponsor remarkable teachers to produce teaching videos and work out teaching guides on corporate ethics. Amidst the masterpieces worked out and presented by the sponsored teachers, we further screened and selected prominent ones and remarkable representatives so that the bumper crops so yielded in the Program could be co-shared by all academic and entrepreneurial fields through close interchanges. Thanks to such remarkable efforts, the momentum of the schools and the teachers have been significantly augmented and accumulated into corporate ethics powers. In the principle of “One Teacher for Every School”, we supported twenty selected teachers in twenty schools to proceed with “Corporate Ethics” case writing and teaching method research & development. Just as a result of such Sinyi efforts, the “Ethics Teaching Platform” has virtually come into being in all university campuses.

Through implementation, cultivation and accumulation of the “Root-laying programs in corporate ethic education”, Sinyi Conglomerate founded the “Chinese Corporate Ethics Education Promotion Society” to launch hands-on promotion of corporate ethics education in 2009. With dedicated participation from enthusiasts in education, academic and entrepreneurial fields, such powers have been multiplied into formidable momentum. On an annual basis, we further sponsor “Corporate Ethics Education Seminar” to promote the hands-on experiences accumulated by the dedicated teachers and their efforts. So far, we have set up an integrated ethic platforms. Thanks to such sound efforts, people in the academic field will get easy channels to obtain the information, contents of teaching program and the ethnic concept they need and have the bumper crop so yielded so-shared by all. In turn, the sound concept of ethnics may be profoundly implanted into the mind of school students.

Besides in Year 2012, the Chairperson of the Board of the Company donated in his personal name NT\$600 million. The Company, meanwhile, donated a total of 120 million in ten years, making the aggregate total at NT\$720 million. With the huge amount of the donation, Sinyi Conglomerate set up in concert of National Chengchi University the “corporate ethics” oriented “Sinyi Institute”. Through the efforts to cultivate managers, we would imbue corporate ethics to remind enterprises to further focus on the corporate ethics. In turn, they would heighten

the competitive edge of enterprises and industries and intensify the brand name image of the country. Accordingly, the Sinyi Institute is characterized by educational spirit of “managerial moral, social responsibility, sustainable development” to forge international level managerial education center. Inside the Sinyi Institute, other than the events to sponsor College of Commerce, National Chengchi University, we invited numerous guest professors at home and abroad to lecture the selected trainees in Taiwan. We offered Sinyi Scholarship and integrated the existing Sinyi Enterprise Real Estate Research & Development Center and further set up corporate ethics lectures. For the significant event, we invited former Vice President of the Republic of China Vincent Siew as the first time lecture sponsor. Meanwhile, we further set up “Corporate Ethics Research & Development Center” aiming at research of corporate ethics, managerial moral, sustainable enterprise development and sustainable environmental development as the final goals. Through establishment of systematic corporate ethics in sustainable operation, we pass the relevant knowledge and technology & know-how to students in the College of Commerce. For more details regarding Sinyi Institute, please surf: <http://www.syschool.nccu.edu.tw/rcrc>

(V) Establishment of “Sinyi School”:

Sinyi Conglomerate further established Sinyi School in an attempt to provide the general public with another venue to study. Through lectures in diversified, comprehensive and multifaceted issues, symposiums and hands-on participation by Sinyi Volunteers, we guided the general public into added concern about corporate ethics, cultural lifestyle and concept in environmental protection, warm concern about communities, residential spaces and blessed families. Since the Sinyi School was first founded in April 2011, we have worked on the grounds of corporate ethics spirit” as advocated by Sinyi Realty Inc., we put forth human-based perch, and took **【Sinyi School】**as the very brand logo to march into the markets for public learning with diversified, comprehensive and multifaceted domains to launch uninterrupted interchanges with the target groups on a weekly basis through story telling, concept co-share, transmission of once ignored ethic values. All such sound topics have been transmitted to each and every corner of Taiwan with inter-learning and inter-communications with target audiences. As of December 31, 2016, just through Sinyi School, we had sponsored over 516 lectures which had been attended by more than 84 thousand attendees to co-share interchanges through Sinyi School Interchange Platform to co-share the fruits so yielded. Sinyi School have a series of "Environmental Care Series" lectures were held on a monthly basis. In 2016, 20 "Environmental Care Series" lectures were held to achieve the goal of promoting green and green consumption. In the days and years ahead, Sinyi School will continually stick to the upgraded concept of ethics to pass on the blessed values on

the grounds of knowledge and technology & know-how. Other than the transmission like proliferation of ripples, we would further spread formidable power of pulsation which, through continued Sinyi efforts, will be continually fermented on this land to accomplish the true, the good and the beautiful society. For more details about Sinyi School, please surf: <http://www.sinyischool.org.tw/index.php>.

(VI) Adoption of “Xinyi Plaza”:

Echoing the joint participation in maintaining the urban vista initiated by the Taipei City Government, we have, since Year 2007, taken the initiative to adopt Xinyi Plaza. With the entrepreneurial enthusiasm, we have invested human resources and other resources to renovate the Xinyi Plaza into a brand new face. Sinyi Conglomerate has teamed up with the government authority to jointly create the tranquil “urban oasis” amidst the bustling downtown area.

(VII) Echoing the “Senior Citizen Friendly Station” of Taipei City Government:

Since Year 2011, we have echoed Department of Social Welfare, Taipei City Government to innovate “Senior Citizen Friendly Station”—the very original one of its like in the entire country. Through the spirit of “love is just there in every corner”, we encourage senior citizens to walk out of their home into the society, into the wholesome lifestyle. In Taipei City Government, we set up over 150 service points to enthusiastically render such services to senior citizens. Other than restrooms and rest lounges offered under the efforts, whenever a senior citizen feels a discomfort, our Sinyi teammates from the local Sinyi Branch(es) to rush to contact his or her family members or dial 119. Whenever a senior citizen is found to have dementia, the Sinyi teammates will dial 110 to call police to identify his or her status and contact his or her family members. Whenever a senior citizen is in a question about senior citizen welfare, Sinyi teammates would dial 1999 to help consult with the Taipei City Government officials. Through such friendly and intimate service networks, we help senior citizens in omnifarious and comprehensive aspects, lodging, transportation, education and recreation amidst the blessed and friendly city of Taipei.

(VIII) Creation of more jobs:

Since Sinyi Realty Inc. first came into being, we have faithfully stuck to the “human-based” philosophy to offer optimal environments of employment where all Sinyi teammates have enjoyed sound and carefree employment and growth. We have tried to offer diversified, comprehensive and multifaceted opportunities of jobs and echoed the government in a variety of employment programs. Other than numerous opportunities of employment, we have offered opportunities for the mentally and physically handicapped people. Since 2010, we have hired blind people into our regular organization chart to render massage services to help other

Sinyi employees soothe from pressure. We have further donated all massage funds paid by employees to public charity. Further through Industry-Education Cooperation Programs in the summer vacation periods, we helped university/college students orient themselves to the workplace environments and boost their competitive edge in the workplace. In Year 2011, we took the lead to raise the assured salary from NT\$40,000 to NT\$50,000 per month so that all newcomers of Sinyi Conglomerate could put their wholehearted efforts to strengthen quality of services and lay solid foundation in their subsequent prolonged dedication to Sinyi Conglomerate. In early 2013, we solicited reserve managers and offered generous guaranteed salary at NT\$60,000 per month so as to attract the talented elite human resources into Sinyi Family and into prolonged dedication in Taiwan. In the days and years ahead, we shall try to increase more and more opportunities of employment, forge blessed workplace and play the respectable role of model corporate citizen. For more details about our policy in solicit talented human resources, please surf: <http://hr.sinyi.com.tw/index.aspx>.

(IX) Publish “Real Estate Almanac in Taiwan Area”:

Since 1996, we have published and issued “Real Estate Almanac in Taiwan Area” every year. As of August 2000, we teamed up with the “CNCCU – SINYI Research Center for Real Estate”, College of Commerce, National Chengchi University. In combination of the respective resources in the academic expertise and market, we have presented the Almanac in additionally profound and extensive manner to enable all people beyond the real estate area to get objective and rational reference to prevent potential misjudgment and wrong policymaking process resulting from inadequate information. In the future, we shall, as always, provide public with added information in an objective and strict manner. In the Real Estate Almanac in Taiwan Area of Year 2015 Version, we introduced to the most up-to-date economic environments and their impact upon the real estate market. In recent years, other than the real estate product characteristics with variation in prices and volume in the real estate markets in all areas, we have through the Almanac collected the planning and development of social housing, the track of trend of purchasing foreign real estate and the suggestion of implement of Law for Promotion of Private Participation in Infrastructure projects in housing market. The 2016 Taiwan Real Estate Almanac continued to track the impact of macro economy and key policies on the real estate market. The annual book systematically records and analyses the changes in the property market and examines the industry trends. As the Tsai Ing-wen Administration effective in 2016 will focus on housing justice, the 2016 Taiwan Real Estate Almanac documents the relevant policies such as social housing. More information of the Taiwan Real Estate Almanac is on the website: <http://www.ncscre.nccu.edu.tw/>.

(X) Forge “Moon Guarded Well-being Cities” with Moon Bus Furnishing Arts:

In an attempt to echo the call by Taipei City Government “World Design Capital Taipei 2016” coordinate with the “Urban Life Vision Reform”, Sinyi Realty Inc. took the initiative to launch with the Jimmy Cartoon 《The Moon Forgets》 in a large-scale furnishing art program installed at the intersection of Xinyi Road, Sec. 5 and Songzhi Road, Taipei City. That Furnishing Project would bring unique original experience and further depict the “Human Based” Concept to build another new landmark spot where foreign visitors would stay and gaze around. On the other hand, we have tried to further demonstrate the “Human Concern Based Services” to further step into the general public through their common consensus. Just through the present furnishing art programs, we try to encourage the general public to reawaken the old memories profoundly buried in their minds to view anew the things and objects which they might have gazed without seeing or which they took for granted to retrieve their competence to identify truth from false. In a mood to cure their old wound, they would brighten their life into attractive brightness. We promoted “Dr.Red Nose” project with “Theatre De La Sardine” in 2016 and raised the party of Moon Bus in order to let sick children and their families through the game to express psychological pressure and also regain a moment of joy and wheezing.

(XI) Depression Prevention for Aging Population:

The World Health Organization indicates that depression will be the largest burden in healthcare by 2030, and approximately 7% of the older adults suffer depression. As Taiwan is marching into an aging society, our company worked with Sinyi Charity Foundation and John Tung Foundation in 2016 to prevent depression in the aging population. We jointly published the first video clip in Taiwan on the detection and prevention of depression among the older people. We also promote the concept of a carefree elder life by hosting seminars and invite medical doctors to write about grey-hair issues. As depression in later life can be prevented and treated, we wish to urge the depressed senior citizens to seek help in a timely manner.

II. Environmental protection

In the face of the climate change and worsening of the environments on earth, we here at Sinyi Conglomerate have reminded us into the solid role as a dedicated corporate citizen. In the regard to environmental protection to cherish resources on earth, we have virtually spared no effort at all. “Instead of sitting and speaking, we stand up and act”. The green environmental protection should start from our own efforts. Other than the efforts to strictly comply with the environmental protection related rules and regulations enacted by the government, we have established cross-department “Green Management Task Force” to launch promotional

propaganda on energy saving policy, evaluation of the environmental protection energy saving performance. Here at the entire Sinyi Conglomerate, we definitely control environmental protection procurement for water, electricity facilities, building materials, office facilities, through hands-on participation with substantial acts into a formidable power to safeguard environmental protection for earth. On the other hand, though we focus on real estate agent services without substantial products in production, we have spared no effort to boost “Green Services” to minimize carbon discharge.

(I) Green management strategies

1. Enactment of rules for environmental protection acts

In the “Behavioral Rules of Sinyi Conglomerate” enacted and promulgated by Sinyi Conglomerate in 2009, we expressly enacted relevant behavioral rules toward general public in the society and on environmental protection: “We shall focus on environmental protection, conservation of energy and resources and shall minimize the negative impact upon environment in all sorts of business operations”. Through such sound guidelines, both Sinyi Conglomerate and our entire staff members could put into implementation thoroughly green environmental protection lifestyle with hands-on practices to successfully duplicate the hands-on experiences onto everybody. Sinyi Conglomerate is widely believed the very role model in the energy saving and environmental protection. No other real estate company in Taiwan has published any reports on FC-PCR (carbon footprint product category rules) until we released our first report in 2016. We were also certified by the Environmental Protection Administration on December 3, 2016 for our carbon reduction label and became the first real estate brokerage firm in the world that calculates carbon footprints.

2. Compliance with environmental rules

Here at Sinyi Conglomerate, we have especially put energy saving & carbon reduction and environmental protection issues into the business operation plans. In the future, we shall strictly stick to the environmental protection standards prevalent in the international community, set up sound energy management audit and management systems. On the major energy saving contents, we shall conduct analysis on the performance benefit, set future environmental protection goals and measures. Internally, we shall strengthen our environmental protection capability by means of autonomous environmental protection and development of green services.

3. Put into implementation thoroughly environmental protection and minimize waste of energy internally

Energy saving is the very fundamental responsibility of all corporate citizens. Here at Sinyi Conglomerate, we have spared no efforts in

environmental protection. In our real estate agent services where we do not manufacture substantial products, we have put into implementation thoroughly our responsibility toward the society with efforts in environmental protection on a prolonged basis. Through minimization of waste of resources internally, e.g., in the Headquarters Mansions, we introduced to Ubiteg Energy Management system from Japan, set up multiple point video conference system to help Sinyi teammates reduce the traffic rush on the way, adopt water-saving faucets, T5 light tubes and LED lamps for all branches, carry out shut-off campaign in time, set air conditioners at the optimal temperature, print on both sides of paper. All Sinyi teammates must use identity sensors to identify their status before the documents could be out output. Meanwhile, minimize the usages of paper cups and disposable tableware; appropriately classify garbage and recycle kitchen residues, encourage Sinyi teammates to put into implementation thoroughly energy saving & carbon reduction, arrange colleagues to work on rotation to clean up all peripheral areas of Sinyi Office Buildings (including sidewalks, green areas) and carry out office environment with green planting on the rooftops to create optimal environment for living.

【Performance of energy saving & carbon reduction by the Company with various indices in comparison】 :

Contents	Year 2016	Year 2015	Increase/ decrease rate
Number of shops in the business points	433 shops	435 shops	-0.46%
Aggregate total of annual power consumption (Headquarters Building and business outlet points)	12,872,963 Kilo watt hours	13,997,433 Kilo watt hours	-8.03%
Aggregate total of annual water consumption (Headquarters Building)	10,258 kilo cubic meters	9,170 kilo cubic meters	11.86%
Aggregate total of annual cycling (Headquarters Building)	11,452 kg	12,371 kg	-7.43%

Year	Year 2015	Year 2015	Increase/ decrease rate
Total number serving with Headquarters	536 staff members	559 staff members	-4.11%
Aggregate total of annual water consumption at the Headquarters	10,258 kilo cubic meters	9,170 kilo cubic meters	11.86%
Per capita water consumption per annum	16.59 kilo cubic meters	16.40 kilo cubic meters	1.16%

【Greenhouse Gas, (GHG) facts of Sinyi Conglomerate Headquarters】 :

We have checked the greenhouse gas (GHG) of the Sinyi Conglomerate Headquarters. During Year 2016 ~ 2015, the aggregate total discharges of Greenhouse Gas, (GHG) from Sinyi Headquarters came to 761.16 tons and 704.952 tons. Among the aggregate total, the discharge in 2015 was checked and verified by British Standards Institution (BSI) to have satisfied the standard released by ISO 14064-1 Greenhouse Gas, (GHG). In 2016 the aggregate total discharge of Greenhouse Gas, (GHG) and the respective general Greenhouse Gas, (GHG) categories were enumerated below which is under the application for examined:

	CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	NF ₃	Total emission equivalent
Emission equivalent (ton,CO ₂ e/year)	736.7309	22.0227	0.6820	1.7250	0.0000	0.0000	0.0000	761.161
(%)	96.79%	2.89%	0.09%	0.23%	0.00%	0.00%	0.00%	100.00%

	Scope 1	Scope 2	Scope 3	Total emission equivalent
	Direct emission	Energy indirect emission	Other indirect emission	
Emission equivalent (ton, O ₂ e/year)	43.9155	717.2451	0.0000	761.161
(%)	5.77%	94.23%	-	100.00%

Range	Categories	Descriptions of equipment & facilities	Descriptions of fuel
Scope 1 (Direct Greenhouse Gas, (GHG) discharge)	Fixed burning sources (Burning with fuel with fixed equipment & facilities)	Restaurant gas stoves Umbrella shaped warmers	Liquefied petroleum gas (LPG)
		Emergency generators	Diesel Biodiesel
	Discharge source from process(Owned or controlled by the sources themselves)	N/A	N/A
	Moving burning sources (burning with fuel in the transportation with own control powers, e.g., automobiles, trucks, trains, planes and vessels)	Vehicles for public duties	Special gasoline
	Dispersing Greenhouse Gas, (GHG) discharge sources (either intentional or unintentional)	Septic tanks	Liquid manure
Air conditioning equipment		HFC-134a/R-134a, HFC-134a/R-1 Refrigerant – R410a, R32/125 (50/50)	
Scope 2 (Indirect discharge of Greenhouse Gas, (GHG) energy)	Greenhouse Gas, (GHG) discharge deriving from the input electricity, heat, steam or other petrochemical fuel	Other unclassified facilities	Electricity power of other categories
Scope 3 (Other indirect discharge of Greenhouse Gas, (GHG) energy)	Other indirect emission of greenhouse gases	Commuting employees	Fuels
		Contractors 【 maintenance 】	Fuels/ Ethyne
		External landfill sites/incineration	Fuels/Biogas
		Outsourced transportation 【 including fuels and wastes 】	Fuels
		Business travelling	Fuels

4. Implementation of green supply chains

Among the “Behavioral Rules of Sinyi Conglomerate”, we have expressly provided in the aspect of procurement: We shall treat all suppliers and contractors on an equal and impartial basis. All decisions on procurement shall

be duly resolved exactly in accordance with the costs, quality, technology & know-how, delivery, efficiency, the suppliers' financial standing and environmental protection factors. Externally, we have launched extensive promotional propaganda toward suppliers for implementation of green supply chain management. Meanwhile, we have put equivalent efforts to set up green service networks on the customer service terminal. Whenever the Company's Agency Sales Department proposes to a construction firm, they should propose on the environmental protection basis, adopt green working approach or implement green architecture. As always, we should aim at the environmental protection oriented impairment as the preferential choice. Not only do we help customers buy, sell houses and help them obtain optimal houses, we do take into account customer needs in decoration, furnishing, cleaning, relocation and the like. Our Home Service Center, therefore, selects and recommends only environmental protection oriented green suppliers to our customers.

5. Implementation of green procurement:

We have wholeheartedly implemented green procurement. We have joined Environmental Protection Administration, Executive Yuan and Department of Environmental Protection, Taipei City Government in their "Desire of Non-government Environments and Groups in Green Procurement" and officially signed the "Desire of Non-government Environments and Groups in Green Procurement". Further with hands-on acts, we have put forth maximum possible efforts to promote green consumption of all branches and the Headquarters Building and to purchase green badge products. In the promotional propaganda of green badge products, we have intensified the procurement with environmental protection emblems and publicize the adoption of green environmental protection and energy saving products. During 2012 ~ 2016, we procured energy saving and environmental protection products amounting to approximately NT\$139 million. For eight years in a row, we have been awarded by the Taipei City Government "Best Green Procurement Performance Company", and for five times, we have been awarded by the Environmental Protection Administration, Executive Yuan "Outstanding Green Procurement Company".

6. Implementation of overall E-procedures and green service research & development:

As early as 2000, we started implementation paperless office policy. Since 2009, all Sinyi staff members have used electronic means instead of previous paperwork whenever they apply for leave of absence, procurement and bill for payments. Externally, all fax messages have been served by means of e-mail after scanning in an attempt to minimize the waste with use of paper.

Meanwhile, we have spared no effort to engage in green service research & development and continually launch a variety of online innovative services, notably “viewing a house online through a cell phone” which has enabled us to effectively conserve paper consumption, satisfy the need in customized information and tremendously boosted efficiency in services. So far our green service extensively covers the range of information search, evaluation of information as well as post-deal after-sales services, featuring efficacy, convenience and environmental protection.

7. Promotion of Community Green Sites

Chairman of Sinyi Charity Foundation in 2016 provided his land in Guye Village, Xinying District, Tainan City, free of charge, for the plantation of indigenous trees. We worked together with National Chiayi University in the planning of this forest park for local residents. We hope this green oasis can serve as a magnet for community friendship and play its part to mitigate global warming.

(II) Targets of environmental protection:

1. Green procurement, environment friendly policy:

Here at Sinyi Conglomerate, we have put forth maximum possible efforts to promote green procurement. For instance, in all procurement needs, we choose pollution-free appliances labeled with environmental protection emblems or office facilities labeled with power conservation emblem as far as possible. Since 2012, we have further set up energy managerial system to make energy related information transparent to effectively intensify control over the use of energy, minimize electricity bills and carbon discharge.

2. Implementation of waste minimization and recycled green:

We have put forth equivalent efforts to minimize garbage output and recycle resources. For instance, we have set a policy whereunder Sinyi employees should get ready their own cups and tableware, classify garbage outputs to accomplish the goal of garbage minimization, cherish resources on earth. In 2014, Sinyi Realty Inc. had the honor of being awarded by the Taipei City Government “Sustainable Recycling Prize” in the resource recycling innovation competitions.

3. Energy saving & carbon reduction and energy conservation

In Sinyi Conglomerate amidst the real estate agent services without substantial act of manufacture, the costs of water, electricity bills and photocopying fees account for nearly 50% of the monthly outlay. Aiming at the aforementioned costs and fees, we have launched promotional propaganda and implementation for energy saving & carbon reduction to minimize the operating

costs and boost efficiency of our services.

4. Green marketing and innovative services

In our promotion of green services, we attempt to minimize the consumption of paper used for DM purposes and to create and provide innovative environmental protection services to customers. Our efforts include notably pricing information provided through cell phone, real estate information provided by means of text messages or e-mail, execution of a contract by means of meeting via video system or such e-means amidst our multiple efforts as a dedicated citizen to earth. Just in recent years, we have further developed the technology & know-how available to brokers to guide customers to view their desired real estate through intellectual cell phones or tablets accompanied with their on-the-spot interpretation and services with integrated process. With such tremendous devices, our first-line teammates are well capable of rendering more powerful information system along with matchmaking services, with tremendous reduction of waste of paper and conservation of time which our customers used to waste amidst the traffic hassle and other costs. Meanwhile, we launched electronic version “Real Estate Guide Book” in combination with the aforementioned mobile devices which have helped tremendous reduction of photocopying costs.

We launched a digital publication tool in 2015 so that our colleagues can design their own direct mails to prospective customers and target clients. It can be applied to the development of objects and sales and the management of customer relations. Digital emails allow customers to access information on properties and pricing from computers or mobile phones. It has significantly reduced the consumption of paper and opened up possibilities of relationship developments.

III. Commitment to customers:

(I) We think before our customers do:

The success to an enterprise is, to put it in more understandable terms, the very result of customer satisfaction. An optimal brand image could boost the very values of an enterprise and help that enterprise create added profits. That is to mean a successful enterprise should think for its customers in all aspects in the orientation of customer satisfaction, with continued acts in innovation and improvement toward the eventual goal of developing brilliant new vision. Here at Sinyi Conglomerate, our innovative marketing policies include notably “making no gain through price gaps”, “An Instruction of Real Estate” and “Digital Four Goods (like VR-3D investigation of the house, Sinyi App, Sinyi electronic newspaper and the community instruction), all aimed at safeguarding customers’ interests in the top

concern, which have been believed as the very role model to the entire real estate agent services. Where each and every innovative service item launched by Sinyi originates in our full awareness of what our customers feel exactly in need as we take profound command of variations of external environments to minimize all potential risks to customers in their real estate purchase process, the Company has won widespread acclaim from people in all walks of life in the brand name image, quality of services or innovative services.

(II) Innovative services to upgrade the real estate agent services:

High level of services is conducive to upgrade the values for Sinyi Conglomerate in its existence. Since the very beginning when Sinyi Conglomerate came into being, we have continually and unceasingly tried to build and uphold human-oriented Sinyi motto in upgrading quality of services. In the initial founding phase, we took the lead to adopt the “Ownership survey before transaction”, and subsequently, launched a series of “ownership verification system”, “payment assurance system”, “Scrivener (Title Agent) Review System” and “Leakproof warranty system”, “Production of Real Estate Guide Book” and such overall assurance system. Further subsequently thereafter, aiming at potential problems in a building built with cheap, unreliable concrete which contains a high quantity of sea sand, radiation-contaminated building, leakage house and transaction security, we presented “Four Major Assurance Services” to help customers further minimize potential risks in house purchase. In 2011, we further took the lead to launch “assurance against potential suicide or murder involved house” to further minimize the house purchase risks. To further facilitate customers and upgrade level of services, we got associated with *up-to-date* high technology with continued efforts to find new ways instead of old practices. All such tremendous momentum came not only from the remarkable Sinyi spirit demonstrated from entire Sinyi staff members, but further from our philosophy to serve huge number of customers. Moreover, we have set up Real Estate Planning & Research Office through which we have published and issued a variety of journals internally on a regular basis. On an annual basis, we have further published Expertise Journal which has been unilaterally acclaimed as the most authoritative reference in real estate appraisal. In concert with College of Commerce, National Chengchi University CNCCU – SINYI Research Center for Real Estate, we have jointly presented the “Monthly Indices of Metropolitan Taipei Area” as another spearhead in the real estate agent services, believed as the most important ground to indicate real estate prices and economic status. We have, case-by-case one after another, launched the Sinyi Real Estate Price Indices for Kaohsiung, Taichung, Taoyuan, Hsinchu and entire Taiwan.

As we have tried by all available means to help customers buy, sell houses and build their new homes, we have noticed the very key issues amidst the complicated expertise in home furnishing and decoration. Very often the mixed up level of

furnishing service providers might lead to impairment to customers. We, therefore, set up the Home Service Center in 2012. In our consistent strict selection attitude, we strictly screened and selected trustworthy service providers to serve customers with their needs in refurbishment, relocation and warehousing, American home furnishing services, resource recycling and anti-pest services, to assure customers to enjoy carefree home living in blessed warm housing. The Sinyi Home Service Center was officially accredited for ISO9001 verification in 2013.

In Year 2014 we presented 3D substantial vista and virtual (fictitious) home furnishing known as “I’d Like to Show Best Houses + Digital housing presentation Best Home Verification” Through our pantoscopic view expansion and position identification sensor know-how, our customers may just feel on-the-spot the virtual (fictitious) home spaces to immediately feel how the homes they purchase would look like after completion of furnishing to activate an outdated house into renewed life. Thanks to such astonishing know-how, the buyers and sellers would successfully accomplish their desired deals at an accelerated pace.

We introduced 3D Interactive Viewing Services in 2015 by adding three features (i.e. 3D bird's-eye view, roaming views and high-definition resolutions) to our previous offering “Clicks and Views”. The system provides precision 3D images and viewings can be done from multiple points. Prospective home buyers can enjoy the realistic experience as if they were onsite. Meanwhile, we created an innovative business model, the Sinyi O2O (Online to Offline) Platform with three integrated services, i.e. Anything and Everything, Home Services and Home Shopping Mall, covering all the services for home selling and buying.

In 2016, we upgraded the user interface of 3D interactive viewings. Any customers with a VG headset can view properties as if they were onsite. If they move around, they can change the viewing angles. This allows our clients to view the properties in difference locations. We have also optimized the user interface on mobile phones. Interested buyers can easily view properties online simply by moving their screen around or swiping their smartphones.

【 Innovative services and systems launched by Sinyi Conglomerate in recent years 】

Year 2016	<ul style="list-style-type: none"> ● Upgrade the surface of the 3D interactive viewings. Customer can change the viewing angles and view the properties just as in real.
Year 2015	<ul style="list-style-type: none"> ● Introduction of an innovative business model “the Sinyi O2O Platform”, a foray into E-Commerce ● Offering of 3D Interactive Viewing Services to allow a virtual realistic viewing experience
Year 2014	<ul style="list-style-type: none"> ● We combined the “pantoscopic view expansion know-how” to initiate the “I Present my Smart Home + Digital housing presentation best

	home review” services.
Year 2013	<ul style="list-style-type: none"> ● Our Sinyi Home Service Center gets officially certified for ISO9001 Verification to strictly safeguard consumers for their interests, with “Strict Selection of Service Providers”. ● We presented “Sinyi Channel for Closed Deal Prices, focusing on MRT targets”.
Year 2012	<ul style="list-style-type: none"> ● Sinyi originated the position title of “Ethics Director” and Corporate Ethics Office, setting up the landmark of “faithful ethics”. ● Sinyi expanded to increase the house price indices for Taoyuan and Hsinchu areas. ● Sinyi launched the innovative service functions with “house price thermometer” to demonstrate the prices of deals successfully accomplished in the local area through easily understanding thermometer, helping customers locate urban oasis in an easy and enjoyable way. ● Sinyi presented the message of “promotional propaganda messages” with skilled utilization of M-tool to effectively conserve the costs which have been wasted on conventional text messages. ● Sinyi established the Home Service Center to provide thoughtful services in repairs, household needs in a satisfaction-guaranteed manner.
Year 2011	<ul style="list-style-type: none"> ● Sinyi initiated the “Assurance Services against Potential suicide or Murder Involved Houses”. ● Sinyi presented M-oriented Innovating Services known as “Top Agent”, using M-oriented tools to help Sinyi teammates render services to customers in real-time.
Year 2010	<ul style="list-style-type: none"> ● Sinyi took the lead in rendering “Home Staging American Style Furnishing” services. ● As the pioneer of the entire country, Sinyi originated the “iPhone House Review App”, guiding the entire real estate agent services into the mobile technology era. ● Sinyi took the lead in rendering 24-hour customer services.
Year 2009	<ul style="list-style-type: none"> ● Sinyi pioneered “Web Online 3 D Sample Housing”. ● Sinyi guided house price information into a brand new landmark with “Monthly Indices of Metropolitan Taipei Area” to calculate house price indices on a monthly basis.
Year 2007	<ul style="list-style-type: none"> ● Sinyi launched “Four Major Assurances” to perfectly safeguard consumers against a building built with cheap, unreliable concrete which contains a high quantity of sea sand, radiation-contaminated

	building, leakage and transaction security.
Year 2005	<ul style="list-style-type: none"> ● Sinyi pioneered “House View through Cell Phone” to facilitate customers to look into their desired houses wherever they are, whenever they desire. ● Sinyi pioneered in the entire real estate agent services to render “Internet online house view services” with extraordinarily power interactive function to enable customers to view through their desired houses anytime and anywhere.

In the future, we shall, as always, continually devise and render innovative services to further upgrade the quality in our real estate agent services. Through such Sinyi efforts, use of real estate agent services by consumers will take a mounting ratio in their transaction of real estate.

(III) Attentively listen to customers from their hearts

We, in particular, cherish customers’ voices. Here at Sinyi Conglomerate, we have established special sectors (Customer & Legal Service Department, Network Business Department and Customer Relationship Management Department) to assume the responsibility to solve and serve issues linked up with customers. Other than our efforts to conduct customer approval rate survey toward all customers who have retained our services and who have successfully accomplished deals through our real estate agent services, we try to use diversified, comprehensive and multifaceted channels to attentively listen to customers’ voice. To Sinyi, each and every successful deal represents the very start of Sinyi services instead of a closure.

【Channels through which Sinyi collects customer voices】

Customer approval-level survey through questionnaire	We conduct extensive surveys over customers who have used our real estate agent services and have achieved deals through our services for our satisfaction approval level.
Customer approval-level	We conduct sample check over customers as buyers through Internet or potential customers who contact Sinyi in person (by phone) about their approval-level.
Interview by phone and group symposiums on focus issues	We invite customers into face-to-face interviews on profound issues toward different services and development of new products.

Through aforementioned channels, we take the initiative to listen to customer voices from their heart. Besides, our customers are granted the 24-hour toll-free customer grievance service telephone 0800-211-922 or customer service telephone

0800-280-280 (Note: These phone numbers are provided through the business cards of Sinyi service teammates, contracts and prints); E-mail (sinyi@sinyi.com.tw) or Internet online 24-hour customer services to speak up their opinions and problems which are attentively managed through our designated personnel in real-time. Toward grievance and complaints voiced by customers, we have expressly enacted the settlement procedures, including the process of entertainment, classification of cases, assignment through electronic process, timeframe for settlement and follow-up management. All highlights and outcome of the settlement shall be recorded in detail.

IV. Cultivation of human resources

(I) Human resources represent the cherished partners to Sinyi

A service business is a business serving people amidst people. This suggests how important “humans” would mean to a service business, especially to Sinyi. To Sinyi, human resources are the very grounds and are extremely cherished. More accurately speaking, Sinyi teammates would mean a partner instead of asset. We have tried by all means to have Sinyi teammates feel secured in their jobs, absolutely respected, concerned and cared. Here at Sinyi Conglomerate family, all employees feel to stand on a stable and equal position with the Company. As an encouraging result, all Sinyi employees have demonstrated their maximum possible potential and momentum to accomplish themselves amidst performance of duties to grow with Sinyi hand-in-hand, arm-in-arm. Among three backbones that have propped Sinyi to the success today, i.e., human resources, quality and performance, human resources constantly rank first. Only because Sinyi has owned proud human resources could Sinyi possibly offer quality and create proud performance. In the entire Sinyi Conglomerate, therefore, never have we ignored the importance of human resources cultivation. On the grounds of the respective responsibilities and powers, we have elaborately design the educational & training programs aiming at “managers” and “professional expertise”. In an attempt to solicit high performance human resources as the assets to continually strengthen the constitute, Sinyi raised the guaranteed minimum salary for reserved managers up to NT\$60,000 per month in the first six months and worked out integral two-year cultivation training programs to help them grow at an accelerated pace. To further combine theories and hands-on practices into a whole, we have set up full-time instructor system and assigned prominent sales department heads or project managers to serve as the full-time instructors ready to assure sound transmission of intellectual assets. Meanwhile, we have organized project teams where the Management Information System (MIS) department, the regional heads teamed up with outsourced consultants to tailor-make special curricular aimed at strengthening management functions. From inside toward outside, we have, bit by bit, provided all Sinyi with optimal environment for lifetime learning.

The number of employees in the job markets has gradually come down amidst the new trend of job hunters in the new era. To meet the substantial need in human resources of Sinyi Conglomerate to unfold more and more real estate agent service shops in the long-run, we focused on the highlighted groups based on the human resources status in Sinyi branches in 2014 (e.g., where the newcomers were transformed into the regular organization chart, with efforts to cultivate reserve shop heads and guide personnel in substandard performance) to put into implementation thoroughly the plans to cultivate such human resources. In the cultivation process, we taught and guided them according to their respective aptitude and led them into self-accomplishment. With efforts to urge shop heads in their routine management performance and to activate hands-on performance of the branches, we have well retained more high-caliber talents and, in turn, boost the quality and quantity in real estate agent services.

We call for added number of talented human resources to accelerate Sinyi growth. Under the hanging shock of low fertility, the Company launches in 2015 “new employees orientation programs in the workplaces”. Through the brand new policy in soliciting employees, Sinyi Conglomerate will get a tremendous volume of human resources available for screening & selection which is believed to virtually change the conventional relationship between the employees and management. Under such new policy, a newcomer who quits after having received probation for one month is offered with alternatives between NT\$50,000 base salary and NT\$50,000 job changeover fund where under that quit-minded employee will mull profoundly whether or not he or she will reconsider his or her capability and desire to become a Sinyi teammate. We firmly believe that under such policy believed as a subversion of classical tradition, those who choose to continually stay with the Company must be capable ones deserving further Sinyi cultivation into real talents in the mentality co-sharing Sinyi motto with pleasure to devote themselves to the Company. In the future, they should be the rosy talents to fulfill blessed Sinyi branches. Besides, such a policy would further help us fulfill the human-oriented Sinyi spirit. We believe more horizontal trades would follow suit to virtually change the entire society in the thought to hire human resources. Eventually, such a policy will create a more optimal and friendly employment climate toward the goals to fulfill Sinyi society.

(II) Integrated network for learning:

Here at Sinyi Conglomerate, there is not a shortcut to cultivate real estate talents. In this Sinyi family, we have devised and worked out integrated professional educational & training programs for heads in all levels and employees. The training curricula would include Sinyi business philosophy, quality of services and personnel rules and regulations wherewith, we instruct the guide them into sound values and

attitude to serve consumers. Moreover, to build common consensus for the entire Sinyi Conglomerate teammates, put into implementation thoroughly entrepreneurial ethics, convert the managerial style into concentrated leadership, we have specifically established the high performance leadership curricula for high ranking executives since 2012. Through such learning programs, the entire Sinyi Conglomerate will operate in a smoother and pleasant way and the entire Sinyi organization will become sturdier.

To back up Sinyi teammates to further grow and to enable Sinyi personnel in all levels to enjoy sound and comprehensive resources in educational & training programs, we have launched a variety of centralized training programs. Aiming at the chain system development, we have specifically focused on the on-the-job training programs where each and every Sinyi teammate is both a learner as well as a teacher. In the hands-on practices, the entire staff members as well as the management have jointly built a sound climate for learning in the master & apprentice learning system. Here at Sinyi Conglomerate, our educational & training programs have been mapped out in the following manner:

- On a regular basis, we sponsor “on-the-job training programs for employees” and “lifetime learning activities” every year.
- Every year, we sponsor hands-on learning curricula on newcomers to business and advanced training programs, advanced seminars for department heads and brokers in the medium and large scale divisions, and team with the industries with unique sandwich newcomer training programs in concert with the master & apprentice system to enhance Sinyi teammates in their expertise in an accelerated pace.
- With wholehearted efforts, we encourage Sinyi teammates to take nation-sponsored examinations for professional licenses and on-the-job training programs. For such purposes, we have provided diversified, comprehensive and multifaceted incentives to enhance Sinyi teammates in their professional competence.
- We have completed the “digitalization” of educational & training programs and intellectual know-how, set up digital learning platforms, strengthen “e-Learning” digital learning module, sponsor online curricula. Through such efforts, all employees are granted more flexible hours to learn through online system. Such policy helps us minimize the costs required for conventional educational & training programs and boost the performance in educational & training programs.
- We offer subsidiary for educational & training programs beyond Sinyi premises. With multiple incentives, we encourage employees to use their off-duty hours to advance their expertise and know-how, including such programs for master

degrees, linguistic learning or other expertise. Toward all employees joining such educational & training programs outside Sinyi, we support with half of the tuition fees.

(III) Sinyi University

Since 2009, we have in installments in succession invested NT\$150 million to set up “Sinyi University” for which we retained renowned Professor Hsu Shih-Chun to serve as the convener for the Advisory Committee of the University to integrate the abundant academic resources to provide the University with precious proposals and support. Thanks to such efforts, the University has successfully combined the theories and hands-on practices into a whole to build up optimal innovative platform for learning, bring up the competitive edge for enterprises and enhance the profoundness and extensiveness for human resources cultivation, believed as the cradle birthplace for real estate agents. The Sinyi University covers five major colleges, i.e., “Up-and-coming Talent College”, “Real Estate College”, “Quality College”, “Management College” and “Sociology College” which have been backed up with virtual (fictitious) learning environment known as “Sinyi e-School”, and hands-on learning environment known as “Sinyi School”. Among the guiding strategies, we aim at three major approaches “Cultivate global human resources”, “Boost innovative capability”, “Perform the role as a model corporate citizen”. Based on the respective different attributes, we have devised the curricula combining professional expertise and hands-on experiences into a whole. We have offered the hands-on experiences accumulated previously by Sinyi Conglomerate to be co-shared by general public in the society who have been interested in real estate, the freshmen in the society dedicated to real estate science. Meanwhile, we have implemented such curricula in entrepreneurial ethics and concern about humans and culture, “One Community, One Family” Programs and Sinyi Volunteer Practices. As a result of such sound educational programs, Sinyi people have been fostered into not only professional expertise and into the mentality to render thoughtful concern to others. In the future, the University will, bit by bit, enable the outside world to co-share the Sinyi learning programs. It is our earnest hope that through such sound policy and practice, the conducive Sinyi philosophy and practice in human resources cultivation will be passed onto each and every people, organization and group in the society to create the common rosy future.

(IV) Only vertically integrated business education in property management

In 2016, we entered a cooperation plan with Department of Finance, National Yunlin University of Science and Technology and Song Shan High School of Commerce and Home Economics. This initiative aims to develop the basic competences of young students in real estate, provide them with internships and

formal employment based on reviews. The purpose is to integrate education with employment opportunities immediately after graduation. This scheme is the only collaboration in Taiwan between the industry and education institutions in the management and operation of real estate, and it starts from vocational education, university majors to employment prospects. We particularly reserve half of the vacancies in this program for the students in an economic disadvantages because they need to work and study at the same time. After they have passed the assessment, they will be admitted to the real estate management stream in Department of Finance, National Yunlin University of Science and Technology, in preparation for their future employment. To enhance their practical experience, we also offer summer internships to provide them with the opportunity to learn about our operations, real estate appraisals, basic legal concepts, and selling and marketing.

For more details about Sinyi's implementation of entrepreneurial responsibility to the society, please surf the website below and refer to Corporation Sustainability Report for more information. <http://csr.sinyi.com>

Five. Capital Overview

I. Capital and shares

(I) Source of Capital (in most recent year and as of March 31, 2017)

Expressed in thousands of shares/thousands of New Taiwan Dollars

Month/Year	Issue price (NT\$1 per value)	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Paid by property other than cash	Other
07/2014	10	1,000,000	10,000,000	631,840	6,318,398	Capital increase by earnings re-capitalization 184,031 thousand NTD	Nil	Officially approved with Letter Tai-Zheng-Shang-I-Zi 10400149281 dated July 24, 2015

Expressed in

Share

Kind of share	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Nominal common share certificates	631,839,814	368,160,186	1,000,000,000	Listed stocks

(II) Structure of shareholders 2017

March 31,

Type of Shareholder Quantity	Government agencies	Financial institutions	Other juristic persons	Individuals	Foreign institutions and foreigners	Total
Number of shareholders	0	19	57	85	16,173	16,334
Shares held	0	25,264,904	378,458,113	29,804,144	198,312,653	631,839,814
Shareholding rate	0.00%	4.00%	59.90%	4.71%	31.39%	100.00%

(III) Facts of disperse of shareholding 2017

March 31,

Shareholding grading	Number of shareholders	Number of shares held	Shareholding percentage %
1 to 999	4,991	1,157,942	0.18%
1,000 to 5,000	7,087	15,221,582	2.41%
5,001 to 10,000	1,796	12,495,896	1.98%
10,001 to 15,000	793	9,516,974	1.51%
15,001 to 20,000	411	7,140,912	1.13%
20,001 to 30,000	415	10,121,608	1.60%
30,001 to 40,000	205	7,100,119	1.12%
40,001 to 50,000	105	4,718,166	0.75%
50,001 to 100,000	264	18,656,867	2.95%
100,001 to 200,000	140	18,861,889	2.99%
200,001 to 400,000	70	19,007,821	3.01%
400,001 to 600,000	25	12,159,576	1.92%
600,001 to 800,000	5	3,523,497	0.56%
800,001 to 1,000,000	6	5,512,143	0.87%
Above 1,000,001	21	486,644,822	77.02%
Total	16,334	631,839,814	100.00%

Note : As of March 31, 2017, the Company had not issued preferred shares.

(IV) List of key shareholders (The top shareholders in terms of shareholding ratios)

March 31, 2017

Major shareholders	Shares	Number of shares held	Shareholding ratio (%)
Sinyi Co., Ltd.		180,277,601	28.53%
Yu Hao Co., Ltd.		179,161,853	28.36%
The specially designated (earmarked) comprehensive trust account on employee shareholding of Chinatrust Commercial Bank for Sinyi employees		21,776,223	3.45%
Chou Chun-Hao		18,579,959	2.94%
Chou Chun-Heng		17,425,935	2.76%
Chou Keng-Yu		17,413,390	2.76%
CathyBank Escrow Investing account of Jie-Tian Co. Ltd.		11,261,000	1.78%
Chou Chun-Chi		8,042,093	1.27%
Sinye Co., Ltd.		7,862,920	1.24%
Lungyen Life Service Co., Ltd.		3,689,000	0.58%

(V) Market price per share, net value, earnings, and dividends and other related information for the most recent 2 years.

Items/Year		2015	2016	As of March 31, 2017 (Note 3)	
Market price per share (\$)	Highest	37.15	34.00	36.90	
	Lowest	25.70	25.70	31.70	
	Average	30.75	28.45	34.12	
Net Value per share (\$)	Before distribution	14.56	14.86	-	
	After distribution	14.05	Note 1	-	
Earnings per share	Weighted average shares (thousand shares)	Before retrospective adjustment	631,840	631,840	-
		After retrospective adjustment	632,110	Note 1	-
	Earnings per share (\$)	Before retrospective adjustment	0.89	1.46	-
		After retrospective adjustment	0.89	Note 1	-
Dividends per share	Cash dividends (\$)		0.70	1.00	-
	Stock dividends (\$)	From retained earnings	0.00	0.30	-
		From capital surplus	-	-	-
Retained dividends		-	-	-	
ROI (Note 2)	PER		34.55	19.49	-
	Price-dividend ratio		43.93	28.45	-
	Cash dividends yield		2.28%	3.51%	-

Note 1 : To be finalized when the proposal of earnings distribution would be resolved in the 2017 general shareholders meeting.

Note 2 : The calculation formula in this table above is as below:

(1) Price-earnings (P/E) ratio = Closing price per share averaged in the year / EPS.

(2) Price-dividend (P/D) ratio = Closing price per share averaged in the year / Cash dividend per share.

(3) Cash dividend yield = Cash dividend per share / Closing price per share averaged in the year.

Note 3 : As of the printing date of this Annual Report, there was still the latest quarter data of earnings per share (EPS) and net worth per share duly audited by the Certified Public Accountants as well as the market price per share which represents the price of the data of the current year as of the printing date of this Annual Report

Note 4 : Duly calculation based on the post-adjustment earnings per share (EPS).

- (VI) The Company's dividend policy and fact of implementation of such policy
1. 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 twenty percent of accumulated distributable earnings. In distributing dividends and bonuses to shareholders, the distribution shall follow:
 - (1) At least one percent distributed as the employee's remuneration that shall be distributed by stock or cash in accordance with the resolution of the board of directors, and the issuer shall include the subordinate company that meets certain conditions;
 - (2) The directors' remuneration is limited to one per cent;
 - (3) After deducting the first two balances, the dividends are distributed on the basis of the Company's best capital budget and the capital required to meet the capital budget, and the remaining portion distributes the cash dividend. Of which the cash dividend shall not be less than ten percent of the total amount of the dividends.
 2. Allocation of dividend as proposed in the current regular shareholders meeting:
 - (1) For allocation of earnings of 2016, as officially resolved by the Board of Directors Meeting on February 24, 2017, the cash dividend shall be NT\$828,441,674, in which NT\$631,839,814 is cash dividends and NT\$196,601,860 is stock dividends. As calculated by actual outstanding share number of 631,839,814 shares of the Company as of February 24, 2017, each share will be distributed for cash dividend of NT\$1.0 (rounded to dollar; total amount for fractional shares is recorded as other income of the Company) and for stock dividend of NT\$0.31115775, which will be proposed for acknowledgement at 2017 annual general shareholders' meeting.
 - (2) In accordance with the Articles of Association of the Company, the remuneration of the directors shall not exceed 1% of the assigned amount when the accumulative distributable surplus is allocated, and the employee's remuneration shall be at least 1% of the amount of the distribution. According to the regulation, (96) no. 052 guideline, issued by Accounting Research and Development Foundation in 2007 March, the monthly remuneration for employees and the remuneration of the directors are esteemed as expenses, rather than the distribution of the profit. For the year 2016, the remuneration of the staff and the directors' remuneration shall be treated as the expenses while the amount is NT\$10,957,961 and NT\$6,026,878 respectively paid in cash.
- (VII) The impact of the issuance of bonus shares proposed in the current shareholders' meeting upon the Company's business performance and earnings per share (EPS):
Not applicable, as the Company does not make financial forecast public for 2017.
- (VIII) Bonus to employees, remuneration to directors:
1. As expressly provided for in Article 20 of the Company's Articles of Incorporation, the percentages and scope of the bonus to employees and the remuneration to directors shall be in such a scope:
 - (1) At least one percent of the profit before remunerations to employees and

directors shall be appropriated as remunerations to employees

- (2) Not more than one percent of the amount of the above said profit before remunerations to employees and directors as remunerations to directors.
2. The grounds to estimate the bonus to employees and remuneration to directors and supervisors in the present term, grounds to allocate stock bonus; and the accounting handling for a discrepancy between the amount of actual allocation and the number of estimates:

The Company estimates the bonus to employees and remuneration to directors in accordance with the Company Act as amended and the Company's Articles of Incorporation proposed by the Company's board of directors on December 29, 2016, the accrued employees' compensation and the remuneration to directors were based on the net profit before employees' compensation and remuneration to directors. The percentage of employees' compensation was adopted in accordance with the Company's Articles of Incorporation, while the accrued remuneration to directors was estimated based on the fixed amounts. Material differences between these estimated amounts and the amounts proposed by the board of directors on or before the date the Company's annual consolidated financial statements had been authorized for issue are adjusted in the year the bonus and remuneration are recognized. If there is a change in the proposed amounts after the date the Company's annual consolidated financial statements had been authorized for issue, the differences are accounted for as a change in accounting estimate in the following year. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the closing price (after considering the effect of cash and stock dividends) of the shares on the day immediately preceding the shareholders' meeting.

Information of the bonus to employees adopted by the board of directors :

- (1) Amount of bonus to employees and remuneration to directors to be allocated: As officially resolved by the Board of Directors Meeting on February 24, 2016 for allocation of the remunerations to employees came to NT\$10,958 thousand and remuneration to directors came to NT\$6,027 thousand, increased by NT\$643 thousand and decreased by NT\$678 thousand respectively when compared with the amounts entered as costs and expenses in 2016 NT\$10,315 thousand and NT\$6,705 thousand. The gaps result from the fact that the book amounts were entered based on the profit and/or loss anticipated for 2016. After the amounts of actual allocation are reported in the shareholders' meeting, the gaps from the book amounts would be entered as the profit and/or loss of 2017.
 - (2) Percentages of the amount proposed for remunerations to employees in stocks proposed to the net earnings after tax shown through the individual or respective financial reports and the aggregate of bonus to employees: In 2016, the Company did not propose to allocate stock bonus to employees.
3. Bonus to employees, bonus to directors actually allocated in the preceding year:

As officially resolved by the Board of Directors Meeting in 2016, the earning allocable as bonus to employees in cash for 2015 came to NT\$7,383 thousand and the remuneration to directors came to NT\$4,799 thousand

without any gaps from the amounts actually allocated in the wake of being resolved in the shareholders' meeting and were decreased by NT\$10 thousand and decreased by NT\$2,201 thousand respectively when compared with the book amounts entered as costs and expenses NT\$7,393 thousand and NT\$7,000 thousand.

(IX) Facts of the Company's stocks repurchased by the Company : Not applicable

II. Issuance of corporate bonds :

Categories of corporate bonds		Unsecured corporate bonds in Term 103-1
Date of issuance (handling)		06/27/2014
Face amount		NT\$1,000,000
Venues of issuance and transaction (Note 3)		Taiwan
Price of issue		To be issued at 100% of fact amount
Aggregate total		NT\$3,000,000,000
Interest rate		1.48% per annum
Duration		5 years, to be mature on 06/27/2019
Guarantor		Nil
Trustee		Trust Department, Bank of Taiwan
Underwriter		Yuanta Securities Co., Ltd.
Certifying Attorney-at-Law		Attorney-at-Law Kuo Hui-Chi of I Cheng Associated Attorneys-at-Law Office
Certifying Certified Public Accountant		Deloitte Touche Tohmatsu Limited Certified Public Accountants Yang Min-Hsien, Wang Tzu-Chun
Terms of reimbursement		1. Terms of interest payment: Payable based on the face interest rate, on an annual basis, based on simple interest rate. 2. Terms of reimbursement: With 1/2 reimbursement respectively upon expiry of the 4 th and 5 th years
Outstanding principal		NT\$3,000,000,000
Clauses for redemption or reimbursement before maturity		Nil
Restrictive terms		Nil
Title of credit grading institution, date of grading... result of differential treatment evaluation		Taiwan Ratings Corporation graded the Company's corporate bonds at twA on March 27, 2017.
Other auxiliary rights	As of the printing date of this Annual Report, the amounts of common shares, overseas deposit receipt certificates (DRC) having been converted (exchanged or subscribed)	Nil
	Regulations for issuance and conversion (exchange or subscription)	Nil
Regulations on issuance, conversion, exchange or subscription, terms of issuance and potential dilution and the impact upon the current shareholders' equity		Nil
Name of the custodian delegated for the exchange target		Nil

- III. Issuance of preferred shares: Not applicable
- IV. Issuance of overseas deposit receipt certificates (DRC) : Not applicable
- V. Issuance of employee stock option certificates:
The Company's employee stock option certificates were already mature on March 10, 2011.
- VI. Restriction upon employees in rights over new shares: Not applicable
- VII. Merger/acquisition (M&A) or inward transfer of other firms' new shares:
In 2016 and as of the printing date of this Annual Report, the Company was not in any merger/acquisition (M&A) or inward transfer of another firm's shares to issue new shares.
- VIII. Implementation of capital utilization plans:
 - (I). Contents of the Plan: The previous outstanding issuance or private placement or cases having been completed within the past three years with the planned benefit not yet found
 - (II). Fact of implementation : N/A

Six. Operational Highlights

I. Highlights of business operation:

(I) Scope of business operation:

1. Key contents and major products covered within the business operation:

Sinyi Realty Inc. and some of its subsidiaries primarily engage in real estate broking agency and selling agency, as the as the brokerage agency for leasehold and sales of real estate. The contents of Sinyi services include leasehold and sales breakage for presale houses in whole package, surplus unused houses, individual brand new finished buildings, second-hand residences, offices, workshops, land, parking facilities. To unfold such business operations, we have set up multiple branches or business premises, services strongholds throughout Taiwan and have further expanded our business horizons to Shanghai, Suzhou, Hangzhou of China, Tokyo in Japan, Kuala Lumpur in Malaysia among elsewhere of the world in an attempt to serve target groups in Chinese communities. In 2015, as shown through consolidated financial statements, our aggregate total operating revenue hit NT\$7.589 billion, primarily as revenues from brokerage agency and selling agency services.

Two of our subsidiaries, Sinyi Development Inc. and Sinyi Real Estate (Shanghai) are real estate developers. “Sinyi Chien Shih” in Tianmu, Taipei City is expected to obtain the building occupancy permit in April 2017. Sinyi Jiating in Jiading District, Shanghai City, the first stage is already all sell and the second stage began the selling from October 2016. Both projects are scheduled for completion and delivery in 2017, to contribute to our top line and bottom line.

2. Development of new services anticipated to be launched:

Since inception, we have been constantly innovating on our service menu and reengineering our procedures by focusing on customer needs. To ensure the delivery of considerate and satisfactory services, we apply the state-of-the-art technologies in our service workflows. Our innovative services include Home Staging, Property Viewings on iPhone, 720 Degrees Virtual Viewings Online, Housing Market Thermostat, Trajectory Economics, Housing Price Monitor and Virtual Home Staging. To enhance the value added of our Interactive Viewings, footage on public facilities in the building and/or in the neighbourhood are incorporated. In 2015, we introduced 3D Interactive Viewing Services by adding three features (i.e. 3D bird's-eye view, roaming views and high-definition resolutions) to our previous offering “Clicks and Views”. The system provides precision 3D images and viewings can be done from multiple points. Prospective home buyers are promised a virtual realistic viewing experience as if they were onsite. During the same year, we also launched V2 Housing Price Monitor by analysing the registrations of actual prices and the information contained in our own database on 20,000 community buildings. We provide basic information on over 5,000 communities, such as local features, amenities and housing price trends. All the information is available to the public at one click away.

We also offer an assurance service to home buyers by screening out unlucky houses and establishing a system to compensate buyers if unfortunate deaths occur in the property before the exchange of the contract.

The Tainan Earthquake in the beginning of 2016 triggers a warning on the safety of more than 800,000 buildings over 30 years old in Taiwan. To make it easier for the public to gauge the safety of their buildings, we launched a

free-of-charge service in March 2016 to conduct inspections on old buildings of six stories or taller completed before September 21, 1999 in Taipei City, New Taipei City, Taoyuan, Hsinchu, Taichung and Changhua. During our campaign period, we offer onsite inspections by architects or civil technicians in order to actively lessen house lords' concern.

In 2016, we will enhance the friendliness of our webpages for mobile devices by offering a simpler and more intuitive user interface and improving the contents of the website. New features include "Add to favourites", "Browsing history", "Information subscription and sharing". Functionality such as VR (virtual reality) is incorporated for customers who opt for virtual viewing with headsets and Kinect.

In 2017, we will focus on the cultivation of business catchment areas, by applying the concept of "SOLOMO" (social, local and mobile) in the development of systems allowing our sales teams to capture the dynamics of the catchment area and the needs of customers more precisely and efficiently. This will enhance the service efficacy of online marketing and offline sales, so as to faster respond to the requests from customers. Sinyi Realty Inc. will continue to introduce innovative applications for our core business in real estate brokerage for property sellers and developers. Meanwhile, we also select a list of quality vendors for services and products in relation to home purchases so that our customers can enjoy the best services.

(II) Profile of the industry:

1. Progress courses of development:

The Ministry of Economic Affairs officially lifted the ban on incorporation of real estate broking agency firms in 1981. Since then, the lawful real estate brokers running in the shape of normal shops have come into being. In the 2000s, the broking agency market systems and transaction orders have been established into a sound manner bit by bit, including "Fair Trade Act", "Consumer Protection Law", "Condominium Regulation Act" and such real estate trading related laws and ordinances have been put into enforcement. In 1999 "Real Estate Broking Management Act" was put into enforcement and the real estate broking agency business officially entered into legalized systems. With the subsequent development in some two decades, the real estate broking agency business has been transformed from the previous somewhat negative impression to consumers into the new role as professional broking expertise in real estate.

2. Development trend of the industry:

Since 2009 amidst the economic upturn and the significant economic and trading development between both sides of Taiwan Strait, real estate markets have become brisk and the real estate damage indemnity has been expanded into cutthroat competition as more and more products have been released. In an attempt to stabilize the real estate markets, the government authorities in 2010 tried to curb real estate markets by means of house loan squeezing and taxation measures. The deluxe tax imposed in 2011 further effectively inhibited speculation in the real estate markets and led real estate prices to significant plummet. In late 2011, the Legislative Yuan (The Congress) passed "Three Laws on Land Administration". Besides, the policy of registry of the actual prices in the deals was put into enforcement in August 2012. That policy would be conducive to cause the real estate transaction more transparent and the actual prices have become the key reference to public in house purchase.

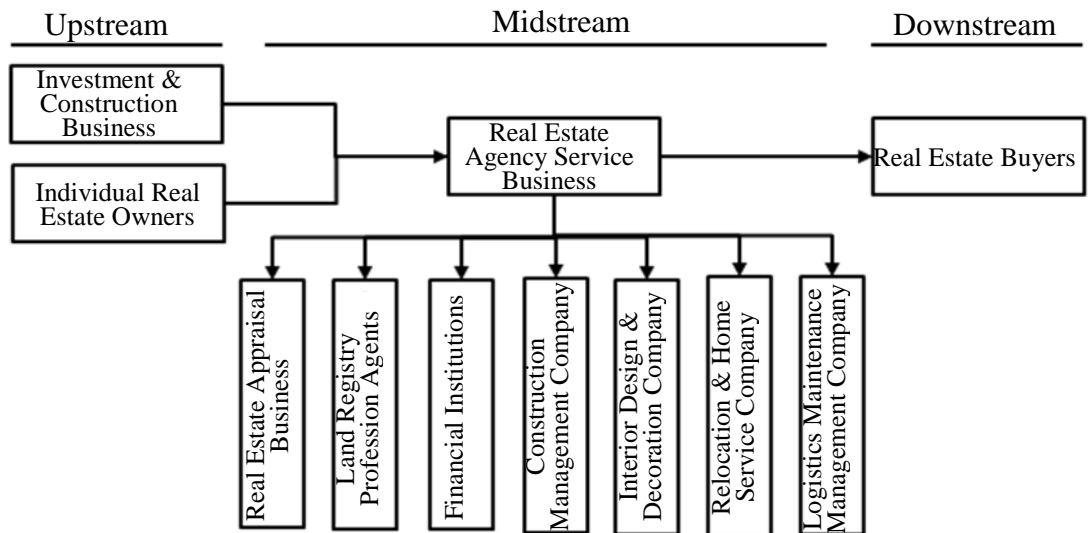
Moreover since the real estate agent services entered the Internet phase in late 2000s, the Internet was not in popular use in the initial phase during the decade long so far though Internet websites have been extensively established by real estate agent services, due primarily to the customs of consumer in the network use. Today, nevertheless, as networks have virtually played an indispensable role in each and every household, more and more house buyers would surf Internet for their desired information. The real estate agent service networks have lured tremendous number of surfers. This trend creates business opportunities of housing viewing with the internet function of the handheld device and the popularity of mobile networks.

We successfully developed iPhone house review App in 2010. Subsequently some other real estate agent services have followed suit. Such App has been further expanded toward iPad products. In an attempt to serve more consumers, we have developed Android App immediately thereafter.

The rapid development of the Internet has seen a mushrooming of competing online platforms for real estate listings. However, the heterogeneity of properties and the complexity of transaction processes mean the e-commerce mechanism cannot easily replace bricks and mortars. Even in Japan and the U.S. where the real estate brokerage industry is mature and information is widely available, online tools have not significantly taken over the role of agents. In sum, the innovation of e-commerce mechanisms has not rewritten the game rule of the housing market. Rather, it has boosted the efficiency of market activities. It is expected that innovations and online technologies will continue to be applied to real estate transactions.

3. Interrelationship among the upstream, midstream and downstream:

Here at Sinyi Conglomerate, we have primarily engaged in real estate agent services. The industrial interrelationship in the line is enumerated below:



4. Trend of industrial development and facts of competition:

The trading volumes in the property market in 2016 hit the record low since 1991. Leading real estate brokerage firms have been scaling back operations, a reversal of their aggressive expansion in the past. The number of shops established by major brands was reduced by 419 in 2016 to 2,780. The franchise segment, in particular, saw the largest decline in the number of shops. (see note below)

List of changes in the number of shops set up by real estate agent service providers in Taiwan:

Real estate agent service firms	Type of business operation	2016 Number of shops	2015 Number of shops	2014 Number of shops	2013 Number of shops	2012 Number of shops
Sinyi Realty Inc.	Direct selling	433	435	427	417	390
Other brand names	Direct selling + Franchise	2,347	2,764	3,089	2,981	2,703
Total		2,780	3,199	3,516	3,398	3,093

Note: On the grounds of statistics of websites of all real estate agent services as of December 31 of the respective years (Other brand names include i Can, Chinatrust Real Estate, Pacific Realtor, Century 21, Yung-Ching Realty, U-Trust House, Taiwan Real Estate and Eastern Realty).

We established a subsidiary Sinyi Realty Inc. Japan in 2010 and this triggered a wave of property purchases in Tokyo, Japan and other countries by the Taiwanese people. At that time, there was an abundance of liquidity but a lack of investment instruments in Taiwan. It was hardly surprising that some investors ventured out to the overseas property markets. The Taiwanese people understand the Japanese market best but are also interested in South East Asia, Australia, the U.S. and Europe. Some real estate agents work with local developers by introducing prospective buyers from Taiwan.

The number of real estate brokers for overseas property sellers and developers increased by approximately 80%, from 188 in early 2014 to 350 in the middle of 2015 and 432 at the end of 2016. However, the growth momentum is slowing down.

In China, the government authorities still try to deepen reform and to insist on Macro Economic Control but still amidst the policies to focus on continuity and stability toward the goals of setting up a wholesome mechanism with prolonged effect. The destocking policy in China is creating a rally in the housing market in early 2016. Though there are some control measures as limitation and conditions to the purchase, in the long run, from the population structure and the accelerating process of urbanization point of view, the overall rigid need in the market and autonomous demand are still forceful. In entire China, the real estate markets are believed to continually grow amidst stability and the urban market segmentation appears increasingly significant. The real estate markets are rising at a stable pace in the first-tier cities, in mixed status with rise and fall in the second-tier and some third-tier cities; while some third-tier cities and fourth-tier cities are continually clearing the stock in real estates. In both residences and commercial real estate in China, they have stepped into the real estate inventorying era. In the light of urban development and unavailability in land, second-hand real estate markets become increasingly huge in scale.

(III) Profiles in technology & know-how and research & development:

Here at Sinyi Realty Inc., we have set up a unique position title as strategic head to take overall charge of implementation of reform programs, new business line research & development and innovation of business mode. The strategic head would eventually submit all such proposals to the department head conference for final decision before enforcement.

1. In the aspect of customer values, we in Sinyi Realty Inc. spearheaded the sound

policies of “making no gain through price gaps”, “pricing in segmentation”, “production adjustment before trading”, “Readily Available House Escrow”, “brokerage service reforms”, “concerted sales system with horizontal trades” and “four major assurances” and such brand new service systems.

2. We took the lead for many times in launching Virtual Home Staging, Housing Price Monitor, Trajectory Economics, Housing Market Thermostat, Home Staging, Property Viewings on iPhone and Android system, 720 Degrees Virtual Viewings Online, guiding the real estate buys and sales into a brand new mobile technology era.
 3. In the reform and improvement of service procedures, we have assimilated all online business lines and the hands-on experiences accumulated previously by salespeople and staff heads which have yielded significant effects in the continued development of “department management”, “standard operational procedures SOP”, “E Project”, “S Programs” as well as “6S” measures. In an attempt to render services to customers in real-time, we also took the lead to offer 24-hour online customer service systems, with designated personnel assigned to serve customers on an all-weather 24-hour basis.
 4. Moreover, we have set up Real Estate Planning Research & Development Office which publishes and issues a variety of real estate journals on a regular basis and further presented Real Estate Almanac which has been believed the most authoritative journal available in the entire real estate agent services. In concert with CNCCU – SINYI Research Center for Real Estate, College of Commerce, National Chengchi University, we originated the “Sinyi Real Estate Price Index” as the authoritative grounds in reference for real estate prices and market status. In an attempt to keep the indices well updated from better to best, we have devised the real estate indices covering the areas of Taoyuan, Hsinchu, Taichung and Kaohsiung other than Taipei, virtually covering all major urban areas of entire Taiwan. Besides, we further launched the overall real estate indices for entire Taiwan to accurately reflect the real estate price fluctuation in real time.
 5. In 2015, we offered expanded 3D substantial view in line with 3D virtual (fictitious) furnishing interactive technology & know-how by means of pantoscopic view expansion know-how along with the positioning and identification sensor know-how. Through such Sinyi offers, customers could feel of the future virtual (fictitious) home spaces just on-the-spot at the site.
- (IV) Long- and short-term business development programs:
1. Short-term business development programs:
 - (1) Real Estate Agency Department: Being an agent in real estate, the focus will be on the extensive cultivation of business catchment areas and the improvement of day-to-day operational capabilities. There will be periodical reviews and follow-ups to better the management of supervisors and boost the service competences of colleagues. The application of systematic tools is expected to reflect the results in the increase of pipelines and transactions and hence the market shares in business catchment areas. We will also regular analyze the changes of customers’ needs, and listen to the voice and expectation from our customers, so as to rapidly adjust the service workflows and contents accordingly. A survey on the satisfaction of customers will be conducted in order to keep track of the effectiveness of the system and highlight the improvements required for our sales teams. This will allow our salespeople to develop their skillsets to meet with the needs of customers and become the best agents they would like to have.
 - (2) Selling Agency Department: The current market is dominated with inelastic demand from home buyers. The performance of Selling Agency Department

depends on the locations, designs/planning and price ranges of the properties. We will be cautious in the selection of the products we place by focusing on completed properties and deprioritizing off-plans. We will create our brand differentiation and advantages by leveraging the complete suite of properties we help to sell.

- (3) In China, the trading volume in the property market has been adversely affected by the government's control since the fourth quarter of 2016. We will slow down our expansion in 2017 as we prioritize the efforts centered on our business philosophy and core values. We will integrate our activities in the cultivation of business catchment areas and optimize the management of internal competences. This can be achieved by increasing the conversion rate of new hires into permanent employees and reducing staff turnovers. The purpose is to accelerate the personal development of our colleagues and boost the number of transactions per employee. Meanwhile, our brokerage department in Taiwan and China has started with the planning of an O2O platform, and will begin to deploy the hardware and software required in 2017.
- (4) In Japan, we will include property sellers into our telephone survey, in order to incorporate their feedback and identify any gap in our services. With an understanding of the opinions from all the customers, we will be able to review and improve our operations and ensure customers' satisfaction. By integrating our offerings in brokerage and leasing, we can promote our philosophy of collaborative services. Meanwhile, we have set up a branch in Osaka in October 2016, to provide more options for customers.
- (5) Our development team has submitted applications for the utilization permit for "Sinyi Qian-Shi" in Taiwan and for the occupancy permit for the first phase of "Sinyi Jiating" in Jiading District, Shanghai. The focus now is to deliver high-quality housing units for our customers. In China, site acquisitions are the key. Land prices have been soaring as a result of the rising prices and increasing transactions in the real estate market in Tier 1 cities during the first three quarters. Starting in the fourth quarter, both the central and the local governments began to tighten the control to curb the overheating of the housing market. These policy measures include numerous restrictions and requirements for the capital sources with which developers use to participate in the tender process for land. The release of new sites has been almost completely put on hold. As a result, our developer team in China has not been able to obtain appropriate sites as of the first quarter of 2017. It is expected that land is likely to be released in the second half of the year. Our development team will watch closely the market conditions and maintain good interactions with government agencies, in order to stay on top of the newest information. In Taiwan, the property market witnessed significant shrinkage in trading volumes during the past two years as a consequence of the policy control and taxation reforms. The market has been shifted to serve home buyers. At this juncture, most developers are taking a conservative approach by focusing on the sale of inventory. The land market also cooled down. After the exit of some competitors, our development team in Taiwan should be able to obtain appropriate sites with favourable terms. By the end of the first quarter in 2017, our subsidiary Sinyi Development Co., Ltd. has acquired some lots in Yong Cui Section of the Yong Cui Regeneration Zone in Banqiao District, New Taipei City. We will design appropriate products by leveraging the advantages of its proximity to the Banqiao 435 Art Zone.
- (6) Our subsidiary Yowoo Technology Inc. is a dedicated developer of mobile apps and software products, striving to create digital services for local communities. In 2016, the company launched "Yowoo Community App" and introduced delivery

services on Yowoo's Home-Direct Platform by working and sharing resources with couriers. We aim not only to service community residents, but also create new businesses for local shops. Our first stop was Tianmu, Taipei City and will expand our footprint to the seven core administrative zones in Taipei City by providing the friendly services of food and beverage delivery.

2. Long-term business development program:

- (1) Broaden the current business horizons from the urban areas toward the peripheral cities to boost market share.
- (2) On the grounds of corporate ethics, from the upper to the lower, the Sinyi management lead by personal example to put into implementation thoroughly promotion and hands-on practice of the corporate ethics, intensify the corporate ethics and business philosophy to solidify the Sinyi motto of the entire staff members so that the Sinyi competitive edge will be definitely known to the entire staff members. Put into implementation thoroughly the standardized operating procedures and continually innovate the contents of real estate agent services, enhance the quality of real estate agent services, boost cohesion of consumers toward the Sinyi brand name so that the fine Sinyi services will be known to more and more consumers.
- (3) Develop real estate business, real estate trading system, contents of services and exchanges in trading information in concert with real estate businesses at home and abroad to lay solid foundation to unfold overseas real estate markets. By taking firm command of the trends and demand in the overseas markets in real time, we shall provide customers at home and abroad with more integrated and refined services. We will continue to cooperate with strategic partners with similar business philosophy in the development of properties.
- (4) Property development is capital intensive. Sinyi Realty Inc. and our subsidiaries will take a cautious approach in the selection of sites on the basis of existing pipelines. We will focus on the development and improvement of competences in design, engineering quality supervision, cost and progress control, capital planning, marketing and branding. The goal is to optimize the managerial capabilities and reduce the operational risks of our development business so that property development can serve as a stable growth engine going forward.
- (5) Our subsidiary Yowoo Technology Inc. has recently launched its Home-Direct Platform. Still in an early stage, the company will recruit more quality shops at a faster pace and further optimize the app functions. Meanwhile, we have achieved an initial success in Tianmu and will duplicate this model to other areas by rendering friendly delivery services to more customers.

II. Markets and Sales Overview:

(I) Analyses on markets:

1. The target markets of major commodities:

As the leading real estate agent service provider, we provide real estate brokerage services to the general public in the society instead of specific target groups. That means we might have a hard time classifying our products based on the target groups and have a hard time as well conducting statistics of the names and titles of our target groups. In terms of key target regions of our real estate agent services, we primarily focus on Metropolitan Taipei Area, and then the regions of Taoyuan, Hsinchu, Taichung, Tainan and Kaohsiung as the secondary target markets. We expand our presale business to Southeast Asia in 2015, and Kuala Lumpur is the main developed area in current stage. Our subsidiaries in China are more actively primarily in key cities in Shanghai, Suzhou, Zhejiang. Our subsidiaries in Japan

primarily render real estate agent services to Chinese investors who purchase real estate in Japan. We provide our agency service in both Tokyo and Osaka cities.

To provide integrated services to customers, our Home Service Centre in 2015 created an O2O platform “Sinyi Home Services” by focusing on three themes: Everything for Home, Services to Home and Shopping for Home.

Despite the dwindling trading volume in the domestic housing market, the demand for real estates of different types remains. We have introduced a full range of services by integrating our resources in distribution and from other members of the group, as we aim to provide one-stop shopping services for different kinds of properties. The information on off-plans, newly completed housing units, pre-owned properties and overseas real estates is available in all of our branches.

The first development project we have, “Sinyi Jiating”, located in Jiading District of Shanghai, has been selling well. The first phase has been sold out on an off-plan basis and the completion is expected to be in March 2017. The sale for the second phase began in October 2016 and the completion is scheduled for the second half of 2017. Considering the completion of project “Sinyi Jiating” in Shanghai and project “Sinyi Qian-Shi” in Taipei both are planned to be done in 2017, we will continue selling its second phase of “Sinyi Jiating” and our development team in Taiwan will begin to work on the site we recently acquired in Banqiao District, New Taipei City. We hope to design a premier residential project by integrating it into the neighbouring art and cultural scene. In sum, our development teams in Taiwan and China will continue to source suitable sites.

2. Sinyi market shares of the primary target markets:

It is true that Sinyi primarily engages in real estate trading and brokerage services, trading of second-hand real estate still plays the pivotal role among our real estate agent services. The data of our horizontal trades are not easily available to us for a comparison. We, therefore, calculate market shares by taking the figures of the number of buildings covered within the ownership transfer as a result of Sinyi services deducted with the number of buildings in the initial ownership registry as the denominator. Accordingly, we presume our market share in the second-hand real estate trading in the real estate agent service markets in the recent five years was around 7.1% to 9.6%, including the rise of market share to 9.6% in 2016. Where the aforementioned denominator already includes cases directly completed by the construction houses and sold to buyers without a hand of real estate agent services. When such part of concluded deals is excluded, our market shares in the second-hand real estate trading should be higher than the aforementioned figures. The reason to the significant increasing is that interference of the consolidation of the housing and land taxes, resulting in obviously shrank number of transferring houses. But at the same time, the benefit in our direct chain reveals. In overseas markets, Suzhou Sinyi has shown more significant market shares in the major administrative regions. Other overseas Sinyi branches have not achieved significant proportion of the trading volume.

3. Status of future supply, demand and growth in the real estate markets:

The year 2016 saw weakening prices and shrinkage trading volumes. Home owners are the main buyers in the market and their most preferred option is pre-owned properties. However, the demand for newer/bigger homes has been increasing given the aging of the property inventory in the marketplace.

(1) Market dominated by demand from home buyers; rising demand for second-time buyers

After a bull run of over a decade post the SARS outbreak, the housing market in Taiwan experienced a correction as a result of the government’s control. Investors

withdrew from the market. The Housing Demand Survey conducted by the Ministry of the Interior indicates that only 15% or so demand in the first half of 2016 came from investors.

This means almost 85% of the demand was from home buyers. The split was approximately half/half between first-time buyers (c. 42% of the total) and second-time buyers (also 42% of the total). The demand from second-time buyers is the highest in Taipei City, New Taipei City, Taoyuan City and Taichung City. The demand from first-time buyers is the highest for Tainan City.

- (2) Strong demand for newly finished residential buildings due to aging population and property inventory

According to the Housing Demand Survey conducted by the Ministry of the Interior, 57.8% of the home buyers prefer buildings with elevators. This ratio exceeds 70% in the Greater Taipei area. This is because the average old age of apartments in Taipei. Buildings with elevators tend to have better management and offer a greater quality. Senior citizens also avoid the hassle of walking the stairs.

Meanwhile, 70% of the house buyers prefer pre-owned properties, 23.5% opt for newly completed units and only 3.6% opt for off-plans. This is because the market is dominated by home buyers who would understandably want the properties readily available.

In Japan, Abenomics is giving a second lease of life to the property market. Bank of Japan is seeing the effects of its quantitative easing at an annual pace of 80 trillion Japanese yens by purchasing government bonds and stocks. The Japanese interest rate became negative at the lowest point in history and the Japanese yen weakened. As a result, share prices and asset prices went up. In sum, the quantitative easing has expanded the market capitalization of the capital market. However, investors do not think very positively of the growth strategy among Abe's three arrows. Abenomics has not been effectively in boosting the real economy in Japan.

The increasing number of inbound tourists is becoming an economic driver in Japan, where the population is shrinking. We believe that the real estate market in Japan, in terms of liquidity and market size, presents a good investment opportunity regardless of the success (or failure) of Abenomics.

In China, the Shanghai city government released the arguably most stringent control measures (as never before) on the housing market on November 28, 2016, including accelerating the initial payment from 30% to 35%. Meanwhile, the first-time buyer was previously defined with property ownership. If a prior mortgage has been paid off, it would not count. However, the new system is based on both property ownership and mortgage history (paid up or not). On the top of these measures, the government is tightening the requirement for mortgages to increase the burden on home buyers in order to curb the market demand. As a result, the trading volume for pre-owned properties in Shanghai dived from the peak of 56,000 units to approximately 11,000 units. This implies that a strong market rebound is likely. The subsequent development depends on the grip the government intends to impose on the housing market.

4. Advantage and disadvantages in the competition niche and the countermeasures:

- (1) Competition niches:

- A. Optimal brand image, high acclaim from consumers:

Since the very beginning when Sinyi came into being, we have constantly insisted on everything that we feel supposed to. Besides,

whatsoever we say, we mean it. Thanks to such remarkable efforts, we have successfully set up optimal brand image. Throughout the real estate agent services in Taiwan, Sinyi Realty Inc. is the sole listed company. Our remarkable dedication has been virtually verified with numerous awards conferred upon us every year. As universally acknowledged, Sinyi Realty Inc. is constantly the No. 1 choice in terms of corporate image and brand identification. The services and systems launched by Sinyi have taken the lead and numerous competitors have tried to follow suit and have been even acclaimed as the standard norms. In all aspects, Sinyi is the No. 1 choice in the minds of potential customers.

B. Advantage in costs yielded by scale economy:

Throughout Taiwan, Sinyi Realty Inc. is the real estate agent services brand name proud of the most directly operated shops. All branches are under direct management from the Headquarters and thus capable of effectively dominating the quality of services and consistent caliber of human resources. In China, Sinyi branches are in a volume up to quite a scale, a scale large enough to launch unified procurement. A variety of advantages in costs yielded by scale economy would be reflected through the room for price bargaining in procurement of services and equipment & facilities. In such aspects of marketing advertisements, hardware equipment & facilities for branches and expenditures for activities sponsored by branches, we are in a position to benefit from competitive pricing.

C. Effective integration of entrepreneurial resources:

In the aspects of information, marketing, educational & training programs for human resources as well as management, we have set up professional teams. We have adequate resources available to our utilization. In marketing activities and sales promotion, we may take advantage of standardization to demonstrate integrated benefits.

D. Concerted performance (synergy) through inter-support with affiliated enterprises:

Both Sinyi Conglomerate and its subsidiaries have been under solid growth in the principal real estate agent services and have further developed into more comprehensive business systems toward customers, industries, information and technology & know-how. With inter-support among all elements within Sinyi Conglomerate, we may demonstrate tremendous concerted performance (synergy).

E. Competence in service innovation:

Since Sinyi first came into being, we have constantly encouraged ourselves toward provision of secured services available to customers. We always think the needs of customers as our own and launch a variety of brand new real estate agent services which have received widespread acclaim in the markets and have been extensively followed suit by horizontal trades. In our policies of making no gain with price gaps, segmental charges, production before trading, logistic concert with horizontal trades, Readily Available House Escrow, leakproof warranty, assurance against potential defect in high chlorine irons and assurance against potential radiation, we have won praise as the four major assurance services to customers. In recent years, taking advantage of online Internet technology & know-how, we have further rendered assurance against potential suicide or murder involved houses. Simply through such incessant competence, Sinyi would suggest more and more thoughtful services to consumers.

F. Efforts to cultivate human resources:

Where real estate agent services are known as the humans-based business, this word “humans” would play an absolutely indispensable role to Sinyi Conglomerate. The timber of Sinyi staff would suggest a supreme key factor toward the quality of Sinyi services. From the very beginning of Sinyi undertakings, we have taken cultivation of talented human resources as the top job. While soliciting human resources, we aim at such candidates having been graduated from a university or in higher educational level without hands-on experiences accumulated in real estate agent services in principle. Through such policy, we assure that the business philosophy and corporate cultures insisted by Sinyi would be put into implementation thoroughly. All our entire staff members feel proud of being Sinyi teammates.

In an attempt to solicit and win high-caliber talents, we took the lead to raise the guaranteed minimum salary from NT\$40,000 to NT\$50,000 per month in 2011. Besides, we have organized the project for new employees in order to let them find their position in the group from 2015, which is a brand new project to attract more talent people to join us.

(2) Advantages toward the vision of development:

A. No more strict policy control and gradual recovery of confidence from buyers
The property market in Taiwan has started the corrective cycle after the rigorous policy control to ensure housing justice and a bull run of more than a decade. There is no more need for the government to proactively intervene. Currently, the government focuses on the adjustment to the supply side, including the proposal to offer 200,000 social housing units within eight years, the reforms in the rental market, property management and urban regeneration. It is expected that the transactions resume normality once the government intervention tapers off.

B. Interest rates lingering low, working capitals remaining high.

Although the Fed in the U.S. has raised interest rates, the Central Bank of the R.O.C. (Taiwan) is unlikely to follow suit any time soon due to a weaker economic recovery (vs. the U.S.). The interest rates are expected to remain low and the money supply is likely to continue increasing. The market is swamped with liquidity. Meanwhile, capital seems to be flowing in due to tax investigations offshore.

(3) Disadvantageous factors against development forward and the countermeasures:

A. The cycle and the atmosphere is still adjusting and the volumn of transaction shrinks:

The Central Bank has in the past years adopted optional credit control, imposed deluxe tax, deluxe housing tax, house hoarding tax, a policy to raise the standard unit house prices in a row aiming at the goal to curb real estate prices. The consolidation of the housing and land taxes has pushed the property market into a downward cycle from the second half of 2014. The demand from investors has significantly dropped. The real estate market will go back to the normal shape where the owner-use houses will be dominating the entire real estate markets. Where the scale of trading appears in a significant scale-down trend, we as the leader in the real estate agent services must try to differentiate services before we can win added opportunities for services. In response to the aforementioned disadvantageous policies, we try to take the countermeasures as enumerated

below:

- a. We shall strictly screen/select newcomers and put into implementation thoroughly sound quality control for Sinyi branches: At the moment in the markets, Sinyi adopts direct management for the large-scale real estate agent services in all cases and take the lead in adopting a policy to screen/select newcomers from the potential candidates without a need in other brokerage service backgrounds but must hold the degrees as a bachelor as the minimum requirements. In recent years we have tried hard to screen/select newcomers among master-degree holders graduating from renowned national universities and graduate schools at home and abroad just in an attempt to upgrade the quality level of our human resources to render even more upgraded services to customers. Toward all Sinyi teammates, we strictly demand quality of services they render before their performance in sales revenues. In comparison with other counterparts in the real estate agent services who hire employees without a restriction on academic degrees and purely on the grounds of their performance in sales revenues, Sinyi suggests a brand name capable of rendering unified and trustworthy high quality services to customers.
- b. We intensify cooperation among the regional branches. Take advantage of our direct management policy with vertical and horizontal integration, our customers are entitled to co-use the ample resources of Sinyi Conglomerate and all branches and, in turn, enjoy our secured, prompt and rational services in the trading process.

B. The policies in real estate markets and banking policies will directly affect the trading volume:

The government policies play the role of the top uncertainty toward real estate markets. Where the government authorities adopt more strict control measures, the trading volume will definitely decrease. In recent years the governments in both sides of Taiwan Strait have primarily aimed against investment-oriented house purchases. The needs in the initial house purchases and house changeover remain unaffected. In the long-run, the costs required for trading and for real estate possession will, bit by bit, increase and dampen the public in their confidence in house purchase.

C. High employee turnover rate:

Amidst the characteristics of real estate agent services, real estate brokers are universally subject to long working hours, hard duties and heavy pressure in sales performances. As a natural result, they would show high employee turnover rate. Here at Sinyi Conglomerate, therefore, we must invest huge amounts of human resources and resources in soliciting newcomers. In response to such disadvantageous factor, we have set up sound mechanism to monitor, pre-alarm, reassess and improve an abnormal quitting rate. Since 2012, we have put into implementation thoroughly the mandatory vacation system for Sinyi teammates as a key policy. Meanwhile our branches are closed during the Chinese traditional New Year period and enjoy one-day holiday in the Dragon Boat Festival and Mid-Autumn Festival. With such a sound policy, we try to assure adequate leisure hours and balanced lifestyle between performance of duties and sound life. Meanwhile, we provided them with wholesome incentive and promotion systems. On a regular basis, we conduct approval-level questionnaires and improve their

working environments. Moreover, we have introduced to the outsourced consultant policy known as “Employee Aid Program” (EAP). Toward the problems the Sinyi teammates might frequently face in routine life, duties and families, the outsourced experts will render handy guidance, consultation services and advice. From time to time on a nonscheduled basis, we monitor and reevaluate the performance of the systems. Thanks to such innovative efforts, the Sinyi teammates could take sound care of both performance of duties and balanced lifestyle toward the goal of “work amidst pleasure”. Under our sound efforts to screen/select newcomers and retain old-timers, we will have dedicated and high-caliber employees staying with us and cultivate more talented human resources.

In China, the market anticipation for tight policy measures boosted the housing prices and transaction volumes during the first three quarters of 2016. However, local governments came up with even stricter control measures starting in the fourth quarter and this severely damped the trading volumes. In Shanghai, the number of pre-owned properties changed hand went from the peak of 56,000 units in August 2016 to 11,000 units or so in January and February 2017. Given the decline in trading volumes and the challenging business, our sales personnel experienced adverse effects on the monthly number of transactions and the level of commission. In 2017, our subsidiary in China will recruit a sufficient number of salespeople, improve the development and supportive procedures for the branches, and prioritize on the increase of revenue per employee. We will also put in place a robust compensation system and pleasant work environment to boost the retention of new hires and reduce the turnover of staff in general.

D. Solicitation of multi-linguistic talents and the difficulty in such efforts

Over the past years, the Sinyi subsidiaries in Japan have grown at a stable pace but have got customer bases primarily confined to overseas Chinese there. In Japan, we have been subject to the restriction upon our efforts to expand service strongholds. We must hire employees amidst those who speak both Chinese and Japanese. Such human resources are hardly available in Japan. As a result, we have failed to boost service volumes in a significant scale. To cope with such problem of shortage in human resources, we shall try to solicit talented human resources in both Taiwan and Japan and, meanwhile, try to recommend talented teammates from Sinyi Conglomerate internally.

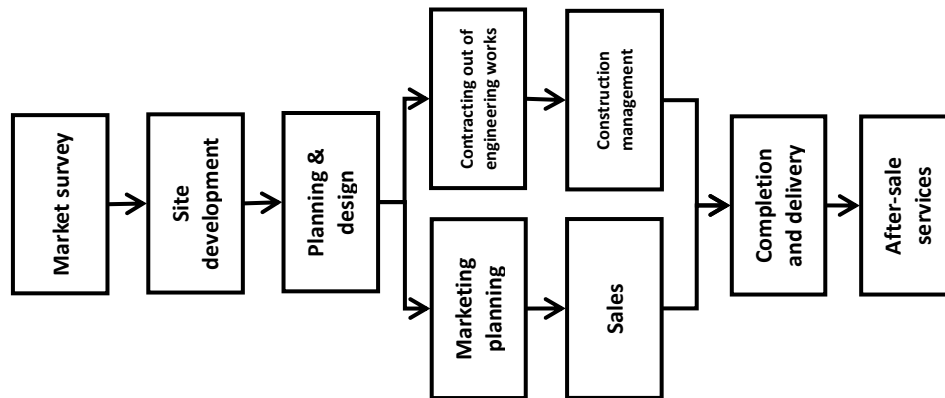
E. High land cost in China not conducive to property developments going forward

Our project development team in China focuses on the Shanghai market. However, the land auction prices have hit record highs time and again over recent years, due to a limited land inventory and the strong demand in Shanghai (a Tier 1 city). This means the land acquisition costs and the risks will be significantly higher for us in the future. Given the difficulty in the purchase of large lots for community-type products, we will take a cautious attitude in the evaluation of each development project.

(II) Major purposes and manufacturing process of key products:

Our company provide brokerage services for rentals and properties for sale. We do not involve in the manufacturing process of products. Our subsidiaries Sinyi Development Co., Ltd. (“Sinyi Development”) and Sinyi Real Estate (Shanghai) Limited (“Sinyi Real Estate (Shanghai)”) are engaged in the developer, letting and sale of real estates. Our properties are developed in the following process:

- i. Product utilization: residences, offices, homes and shops, etc. ◦
- ii. Workflow:



(III) Availability of major raw materials & materiel:

We are the broker between buyers and sellers of properties and we do not deal with the supply of raw materials. Our subsidiaries Sinyi Development and Sinyi Real Estate (Shanghai) are engaged in the developer, letting and sale of real estates. The supply of the inputs is as follows:

Key inputs	Details
Land supply	<p>Taiwan: Our dedicated team has built a comprehensive network for site developments. We focus on Taipei City and New Taipei City, conduct market surveys and approach middlemen in different areas to explore the possibility of working together on suitable sites. We tend to own land and develop our own projects. However, we do not rule out the possibility of collaborating with land owners or participate in urban regeneration in order to expand pipelines.</p> <p>China: We participate in the tenders, auctions, allocations or negotiations for local governments to publicly release land sites. Regular market surveys are conducted by working with survey agencies, in order to investigate and understand the possible release of land by the city government. This ensures the completion of internal assessments and financial assumptions to determine the bidding prices, as soon as possible once the announcements are made. However, the Chinese government has recently tightened up the control over the property market, and released a very limited amount of land. Considering the soaring land prices over the past years, we are currently evaluating the possibility of property development in major cities of the Yangtze River Delta.</p>
Engineering works and materials	<p>Taiwan: Sinyi Development Inc. outsources the construction of engineering works and the procurement of materials to Japanese branded contractors with a long track record and good reputation, according to project scales and cost budgeting. Meanwhile, we send personnel to project sites to supervisor the quality of engineering works.</p> <p>China: Sinyi Real Estate (Shanghai) Limited hosts open tenders to invite qualified contractors for the undertaking of</p>

	engineering works. Decorative assignments and material procurements are contracted out to professional vendors. We outsource a portion of material procurement but our subsidiaries Kunshan Dingxian Trading Co., Ltd. and Hua Yun Renovation (Shanghai) Co., Ltd. also handle part of the procurements.
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- (IV) Names of the key customers who account for over 10% of the aggregate total input (output) values in either among the past two years and ratio of their input (output) values:

We serve as a broker for rental properties or properties for sale. Our customers are the general public and hence we do not have a list of major customers.

Our subsidiaries Sinyi Development and Sinyi Real Estate (Shanghai) are engaged in the developer, letting and sale of real estates. By the end of 2016, no revenues have been recognized for the off-plan projects. Below is the list of the suppliers accounting for at least 10% of our procurements and the values of our purchases during the past two years.

Expressed in Thousands of New Taiwan Dollars

Name of the subsidiary	2016				2015			
	Name of the purchase vendor	Amount	Proportion of the net purchase in a whole year (%)	Relationship with the Company	Name of the purchase vendor	Amount	Proportion of the net purchase in a whole year (%)	Relationship with the Company
Sinyi Development Inc.	PanaHome Taiwan Co., Ltd.	53,270	88%	Nil	PanaHome Taiwan Co., Ltd.	24,672	97%	Nil
	Others	7,042	12%	Nil	Others	689	3%	Nil
	Total	60,312	100%		合計	25,361	100%	
Sinyi Real Estate (Shanghai) Limited	Shanghai Construction Group	1,145,052	62%	Nil	Shanghai Construction Group	709,296	75%	Nil
	Others	699,839	38%	Nil	Others	237,641	25%	Nil
	Total	1,844,891	100%		Total	946,937	100%	

- (V) The production volume and value over the past two years:

We serve as a broker for rental properties or properties for sale, and hence we do not generate a production value. Our subsidiaries Sinyi Development Inc. and Sinyi Real Estate (Shanghai) Limited are engaged in the developer, letting and sale of real estates. By the end of December, 2016, all the projects were still under construction. Sinyi Development incurred NT\$ 64,566 thousand and NT\$ 29,688 thousand in construction costs for “Sinyi Qian-Shi” in 2016 and 2015, respectively. Sinyi Real Estate (Shanghai) Limited incurred NT\$ 1,371,437 thousand and NT\$ 900,249 thousand in construction costs for “Sinyi Jiating” in 2016 and 2015, respectively.

- (VI) Sales values and volumes over the past two years:

We serve as a broker for property rentals and properties for sale. Our service fees

depend on the type of properties and the value of transactions. Therefore, our revenue cannot be analysed with sale of main products.

Our subsidiaries Sinyi Development Inc. and Sinyi Real Estate (Shanghai) Limited are engaged in the developer, letting and sale of real estates. By the end of December, 2016, no revenues have been recognized for the off-plan projects, as these projects were still under construction. There is no data on the sales during the past two years.

- (VII) Key performance indices in real estate brokerage agency services: We provide secured, prompt and rational trading services to consumers, as the ultimate Sinyi goals. Our key performance indices, therefore, lie upon the raise in market shares. Over the past five years, we have hold market shares ranging from 7.1% to 9.6%. On the other hand, high quality is another firm insistence to both Sinyi Conglomerate and all Sinyi branches. The Sinyi Conglomerate and Sinyi branches have, therefore, fixed annual approval-level indices based on different geographic regions. In 2016, toward all target territories, we set the target approval-level rates from 85% to 95%.

III. Major data of Sinyi teammates in both Sinyi Conglomerate and Sinyi subsidiaries over the past two years and as of the printing date of this Annual Report:

Year		December 31, 2016	December 31, 2015	As of March 31, 2016
Number of employees	Managers	160	185	162
	Salespeople	4,089	3,995	3,986
	Staff members	1,133	1,180	1,135
	Total	5,382	5,360	5,283
Averaged ages		31.7	31.2	31.8
Averaged service seniority		5.0	4.3	5.1
Facts of academic degrees	Master (inclusive) or higher	7%	7%	7%
	University/college	92%	92%	92%
	Senior high school (inclusive) or below	1%	1%	1%

IV. Information of environmental protection expenditures:

The aggregate total of impairment and penalty fines undertaken by Sinyi due to pollution to environment in the most recent year and as of the printing date of this Annual Report: Nil.

V. Labor & Management Relationship

- (I) Major existent worker-employer agreement and the facts of performance of worker-employer agreement:

1. Fringe benefits for employees:

- (1) Fringe benefits in insurance:

Other than the mandatory labor insurance and labor pension provision, Sinyi has further acquired group insurance (in the insurance policies for life insurance, accident risk insurance and inpatient medical treatment insurance).

- (2) Fringe benefits in health and security:

A. In Sinyi Conglomerate, all full-time regular employees are granted one Sinyi-sponsored health examination in every two years in full, and those full-time regular employees in the ages above 40 are

granted one Sinyi-sponsored health examination in every year. At Sinyi management, we are extremely concerned about the results and findings in the health examination. Subject to contents from the employees, we take the initiative to help and urge an employee whose examination results indicate a sign of abnormality or extraordinary finding to receive follow-up treatment or observation to assure that all Sinyi employees are in sound health conditions. Within the website inside Sinyi, we have designed a “Health Management` System” zone to provide health management interfaces exclusively to employees to follow up their subsequent health fact findings, measuring records as perfect safeguarding of Sinyi employee health. Since 2011, we have provided psychological health checkup and retained outsourced consultant firms to provide individual reports through which all Sinyi employees may make sure of their mental health conditions. For employees who are found under mental pressures beyond the specified limits, our retained professional consults will take the initiative to invite them to accept individual consultation and help them soothe mental pressure.

- B. We have provided full-time health managerial advisors to assume the exclusive responsibility to help Sinyi employees improve their health related knowledge and know-how. Toward employees whose examination results indicate a sign of abnormality or extraordinary finding, our health managerial advisors will offer thoughtful services in arrangement and reminding of consultation for improvement and for follow-up rechecks. Toward all employees as well as their family members, we offer relevant consultations and arrangement for hospitals and medical treatment service institutions.
- C. We hire licensed blind massagists to render massage services to employees to help soothe pressure and to improve their physical and mental fitness. Through such a policy, we offer opportunities to the blind people.
- D. We implement health enhancement programs, notably the classes to help employees give up smoking, outpatient abstinence of cigarettes, nutrition management, weight control, physical fitness, pressure management, chronic disease seminars and a variety of health related seminars and such fitness improvement programs.
- E. In Taiwan, heart attacks rank among the top ten fatal diseases. Death incurred by a heart attack is very often caused by a sudden cardiac arrest. An electric shock is an effective means to help restore heartbeat. As indicated by literature, in a case of cardiac arrest, a first aid by means of an electric shock within one minute could successfully cure the patient up to 90%. The rate of success would come down by 7-10% in a delay for every minute. That means time is the top factor to a patient to beat the Death. Under such awareness, we have, therefore, installed Automated External Defibrillator (AED) at the public areas with people where the public could make use at the very moment of need. This could help bring down the death rates for patients before they reach a hospital. At the Sinyi Headquarters, we have just installed such Automated

External Defibrillator (AED) and guided employees how to use in case of need.

- F. In both Sinyi home companies and subsidiaries, our staff members engaging in real estate agent services normally depend upon motorcycles as their key transportation. Toward newcomers, we arrange traffic safety video films to help them gain added know-how about traffic safety. For them, we have acquired inpatient and accident risks policies. Meanwhile, to help them ease up a potential responsibility when an employee causes a third party into injury when use of transportation, we further purchase third party liability insurance for Sinyi employees who ride motorcycles as added assurance for their carefree dedication to Sinyi.
- G. To help employees enhance their awareness against a disaster of fire or other accident and to prevent them from a potential accident resulting from nervousness, we have organized the self-guard fire teams and carried out anti-fire exercises on a regular basis.

(3) Fringe benefits in tourism:

In Sinyi, the Welfare Committee (Fringe Benefit Committee) budgets NT\$3,000~ NT\$5,000 for each and every employee every year as the subsidy to the respective departments to sponsor tourist programs. For salespeople and staff members with extraordinary performances, we offer incentives for overseas vacations every year.

(4) Fringe benefits in recreational activities:

On an annual basis, we sponsor softball competitions. All departments would organize their own softball teams to soothe pressure into fitness through the softball games. Such activities would further help cultivate centripetal consensus and team spirit of the entire teams. The Welfare Committee (Fringe Benefit Committee) further budgets NT\$5,000 founding subsidy and NT\$5,000 for every quarter. Through such programs, we encourage employees to engage in wholesome leisure activities and soothe pressure in their jobs and families.

(5) Fringe benefits in vacation leaves:

Following the requirements set forth under the Labor Standards Law, we grant employees regular monthly leave and special leave. On a regular basis, we provide statistical statements to the department heads to help them make sure of how employees use their vacation leaves. Through such a policy, we help employees well balance their jobs and life.

(6) Fringe benefits to support employees:

We have screened/selected qualified professional consultation houses outside to render individual consultation services for employees aiming at their career, family affairs, relationship with children, affection life, mental and physical pressure, legal and wealth management issues, to assure that all Sinyi employees will be perfect mental fitness.

(7) Fringe benefits on individual and family occasions:

All departments of Sinyi Conglomerate sponsor birthday parties from time to time on a nonscheduled basis every month. Toward employees whose birthdays fall within that month, we offer gift coupons. Toward employees who are in the events of wedding, funeral or hospitalization, a

significant calamity, we offer mutual aid benefits in various amounts as the actual situations may justify.

(8) Fringe benefits on childbirth:

Amidst the shock of low fertility in Taiwan, we offer mutual aid fund in an amount of NT\$3,000 to an employee in the first childbirth. Starting from 2013, where an employee gives birth to beyond a second child (inclusive) after he or she has served with Sinyi for one year in full, we offer NT\$120,000 incentive money. The statistics indicate that as of December 31, 2016, a total of 290 Sinyi employees had received such incentive money. For such incentives, the paid amount is accumulated to be 34.8 million.

2. Higher educational & training programs for employees:

(1) Educational & training programs for employees:

We believe that people are the foundation of our industry, and the quality of people is the key to the prospect of the business. To ensure our colleagues of different levels can systematically develop and enhance competences, we plan for relevant curriculum for our personnel to develop the competences and knowledge required in different stages of their careers. These programs, including orientation for new hires, professional advancements and branch manager training, aim to assist our employees to continue learning and growing. Meanwhile, we regularly organize workshops throughout different regions for middle managers and senior executives so as to ensure our business ethics and transform into collective leadership. It is hoped that the periodical discussions, brainstorming sessions, practical drills and experience sharing can smooth our operations and strengthen our organization. Meanwhile, we believe that multiple ways of learning helps to develop talents. Our employees are encouraged to sign up for internal curriculum, as well as to nurture their capabilities from practical experience on a day-to-day basis and drawing various resources for self-learning. Below is a list of the employee trainings we and our subsidiaries provide (excluding external education, certificate training and online courses) in 2016:

Descriptions	Number of classes	Aggregate total of trainees	Aggregate total of trainees/hours	Aggregate total of tuition fees (In thousand NT\$)
General colleagues	3,818	82,876	140,283	8,110
Team leader	68	2,024	6,374	543
Senior supervisor	7	302	1,717	36
Total	3,893	85,202	148,374	8,609

(2) Advanced studies for employees:

In addition to internal curriculum, our colleagues are also encouraged to take part in external training and education programs (e.g. postgraduate degrees and credits, language learning and other professional classes). The goal is to enhance our personnel's capability to acquire new knowledge to meet with our business requirements for diversification and future development. To support learning initiatives, we subsidize the external training for our employees. To ensure the learning effectiveness of the employees signing up external classes, we require the applicants to thoroughly evaluate the objectives and expected outcome of their education. They should also submit the completion certificate and learning reports

within two weeks after the training. In the meantime, learning can be anytime and in any format. Those who access online learning resources can also apply for subsidies.

(3) Studies toward the social programs:

On a regular basis, we offer financial aids to employees in their studies on social programs in an attempt to encourage employees to learn and to co-share hands-on experiences accumulated in their fields.

3. Sound retirement system for employees:

Exactly in accordance with the requirements by laws and ordinances concerned, appropriate 6% of their monthly pays into the individual account opened with the Bureau of Labor Insurance for newly employees newly hired starting from July 1, 2005 and employees who have chosen new system Labor Pension Act. For the existent employees who continually choose the old pension system regulations and for the service seniority retained under the old system of employees who choose new pension regulations, we appropriate the pension reserve funds at the right amounts into the specially designated (earmarked) account in Bank of Taiwan based on the original criteria to calculate pension. Our pension system as of the end of 2016 is in compliance with the regulatory requirements and sufficient to cover the colleagues applicable to the previous system by the end of 2017. For Sinyi teammates assigned by the organizations to affiliated enterprises, we continue calculation of their service seniority to assure the purposes of sound interflow of human resources. For overseas subsidiaries, we ascertain the appropriation system. In accordance with the requirements by the local governments, we pay endowment, medical treatment service funds and such funds for social assurance.

4. Other significant agreements/contracts: We carry out other agreements/contracts exactly in accordance with the requirements by the Sinyi Conglomerate.

(II) The impairment incurred on labor disputes in most recent year and as of the printing date of this Annual Report:

Since the very initial days when the Sinyi Realty Inc. and subsidiaries came into being, we have strictly complied with the government policies and laws and ordinances concerned, put into implementation thoroughly labor related acts, assured sound interests to all Sinyi employees with wholehearted efforts to create labor harmony. As an encouraging result, never have we run into a significant labor dispute. Besides, thanks to our sound and comprehensive fringe benefit system and channels for grievance, we anticipate an extremely low chance to see a labor dispute within a couple of years in the future. We are not supposed to run into such loss.

(III) Employee behavioral and ethic regulations:

For all business operation, all rights & obligations concerned for employees, Sinyi Conglomerate and its subsidiaries have expressly enacted sound regulations as the guiding rules (all such rules and regulations are classified into 27 categories, over three hundred articles in aggregate total) which have been made readily available toward the entire staff members. Any additions, amendments for any rules and regulations shall be submitted to and approved by the respective levels internally and promulgated into the internal websites so that all Sinyi Conglomerate teammates could take firm command of the contents and the reasons behind. The employee behavioral and ethic regulations are summarized below:

1. Hierarchical responsibility rules:

In coordination with the requirements for organizational development, we have duly set up rational position ranks, position titles provided to employees to devise the very blueprints for their career development. For all business operations, we have exceptionally specified the powers to approve through electronic submittal and approval process. Through such practices, we can accelerate the submittal and approval procedures and strengthen the management through hierarchical responsibility rules to effectively regulate the powers, duties and responsibilities in business operation. In turn, we assure that all business operations inside entire Sinyi Conglomerate would be implemented in a normal manner.

2. Responsibilities and powers expressly specified for respective units:

Pursuant to the major functions, we expressly regulate the responsibilities and powers as well as functions to put into implementation thoroughly professional division of labor and, in turn, intensify the core Sinyi competitive edge. Besides, we have put all responsibilities and powers and the ways to contact them into the internal websites to serve internally and customers to meet their needs in case of an emergency.

3. Rules and regulations on rewarding and punishment”

In an attempt to encourage employees with extraordinary contributions and to prevent a potential impairment to Sinyi due to personal behaviors of employees, we have expressly provided the rewarding and punishment rules into the “Work Rules for Employees”. Besides, we have enacted “Regulations Governing Rewarding and Punishment for Employees” which function as the very grounds to regulate employees’ behaviors. Facts of rewarding and punishment for employees are promulgated internally to accomplish the goals of encouraging and reminding Sinyi teammates.

4. Performance management:

As always, we evaluate performance by employees in a “fair, just and open” attitude. For evaluation of employees in all aspects, there are sound criteria to comply with, notably including “Regulations Governing Promotion, Reassignment and Evaluation for Shop Heads”, “Regulations Governing Salespeople in Promotion”, “Regulations Governing Employees in Performance Evaluation” and the like. Aiming at different targets, we evaluate performance on a monthly, quarterly and annual basis. Toward the performance by employees, we offer appropriate feedback as the very grounds to help map out future development programs for staff members.

5. Management over attendance of duties and leave:

To set up sound disciplines to upgrade the quality of performance and provide the sound grounds regulating employees in their attendance of duties and leaves, we have enacted “Regulations Governing Attendance of Duties and Leaves”, “Enforcement Rules for Management over Overtime Work” and have further set up electronic system for employees to apply for a leave of absence. All employees who intend to take a leave may apply online. Such a system could accelerate the handling formalities and put into implementation thoroughly the job substitute system. With establishment of the system for attendance of duties and leaves, the department heads may check and take firm command of the facts of subordinates in attendance of duties and may help all employees well balance their duties and life.

6. Maintenance of business secrets:

To accurately safeguard business interests and boost competitive edge of Sinyi Conglomerate, all employees are subject to strict commitment to non-divulgence obligation for confidentiality. To prevent divergence of business secrets that, if any, might lead to an impairment to Sinyi Conglomerate, we adopt a personnel guarantee system. Whenever a newcomer reports for duty, he or she must provide two guarantors to sign letters of guarantee which expressly enumerate the relevant responsibilities and penalty clauses on business secrets. Moreover, all Sinyi employees must sign “Committee for Sinyi Conglomerate Data Protection, Personal Information Protection and Information Network Use” to assure no potential divulgence of confidential information at all.

7. Prevention against sexual harassment:

All employees are absolutely banned from any sorts of sexual harassment in the workplaces. Other than sexual harassment related rules which are expressly provided in the “Work Rules for Employees”, we have enacted the “Guidelines to Deal with Prevention, Grievance and Investigation of Sexual Harassment in Sinyi Realty Inc.” to regulate employees in their behaviors. We have, as well, designed “sexual harassment prevention website” as promotional propaganda of the relevant information, provided special mailbox through which employees may voice any sexual harassment related events, as a very wound sexual harassment prevention network.

8. Internal and personal information protection:

Through “Operating Guidelines Inside Sinyi Conglomerate for Data Protection and Personal Information Protection” enacted, we expressly provide the relevant norms to safeguard all sorts of information and data inside Sinyi Conglomerate and to satisfy the requirements set forth under the “Personal Information Protection Act” and other laws and ordinances concerned. Besides, we have set up data protection task forces to promote and put into implementation thoroughly the protection of information and data in business operation.

(IV) Protecting measures for the workplaces in personal safety:

Employment Insurance System	Labor insurance	Exactly pursuant to the Labor Insurance Act, including insurance benefits in childbirth, injury, disease, disablement, endowment and death.
	National Health Insurance	Exactly pursuant to the National Health Insurance, granting medical treatment service when an insured person and his or her dependent is in a disease, injury, childbirth and such events.
	Group Employee Insurance	With contents of assurance including time life insurance, accident injury insurance, accident medical treatment service insurance, inpatient service insurance, cancer medical treatment service insurance and occupation-oriented calamity insurance. Besides, when an employee receives inpatient service, the per diem benefit is raised to NT\$2,000 so that all employees may enjoy substantial group assurance.
	Additional Insurance at Employees' Expense	The contents covered in the additional insurance include time life insurance, accident injury insurance for employees and their spouses, children; medical treatment service for an accident for employees' spouses, children, inpatient medical treatment service for spouses, parents and cancer medical treatment service for spouses and children.
Establishment of secured workplace environment	Personal safety, security for equipment & facilities	All female brokers and branch secretaries are provided with carry-on alarm. Anti-fire seminars sponsored on a regular basis. Promotional propaganda on traffic rules and regulations on a regular basis Thorough implementation of power utilization safety and control over smoking. The Sinyi Conglomerate Headquarters is equipped with Automated External Defibrillator (AED).
	Efforts to set up green workplaces	Project to strengthen energy saving & carbon reduction. Continually enhance wholesome workplace environments, e.g., poison-free decoration, disinfection on a regular basis.
Implementation of "EAP Employee Aid Program"	"Employee Aid Program(EAP)"	We help employees preclude potential interference factors beyond profession. Taking the lead to follow suit advanced European and American countries in implementation of "Employee Aid Program" (EAP). By means of psychological, legal, medical treatment and such diversified, comprehensive and multifaceted professional consultations, we assure employees to own balanced physical & mental lifestyle and to, in turn, accomplish the goal of "working amidst the utmost pleasure".

VI. Major agreements/contracts

Attributes of agreements/contracts	Key parties	Duration of the agreements/contracts (mm/dd/yy)	Highlights of contents/restrictive terms
Escrow contract	An-Sin Real Estate Management Ltd.	01/01/2016 ∩ 12/31/2016 (Note 1)	Rendering execution of escrow services toward our customers on the successful transactions of real estate.
Escrow contract	E.Sun Bank	09/11/2016 ∩ 09/09/2017	E.SUN Bank entered escrow contract with AN-SIN Real Estate Management LTD., one of the Company's subsidiaries to provided escrow to the clients who deals the real estate transactions through the Company.
Long-term loan agreement	E.Sun Bank	11/13/2016 ∩ 10/20/2018 (Note 2)	The Company entered a three-year (since borrowing date) revolving credit line agreement of NT\$ 200 million and provides some levels of the Headquarters Building located in Xinyi District as guarantee to sign a three-year (since borrowing date) loan agreement for revolving credit line up to NT\$2.45 billion with E-Sun Bank.
Long-term loan agreement	East Asia Bank	11/10/2016 ∩ 11/10/2019	The Company provides some levels of the Headquarters Building located in Xinyi District, Taipei City as guarantee to sign a three-year loan agreement for credit line up to NT\$1.6 billion with East Asia Bank
Long-term loan agreement	Bank of Taiwan	09/22/2015 ∩ 09/22/2018	The Company provides some levels of the Headquarters Building located in Xinyi District, Taipei City as guarantee to sign a three-year loan agreement for credit line up to NT\$1 billion with Bank of Taiwan.
Long-term loan agreement	Fubon Bank	09/09/2016 ∩ 09/09/2019	The Company provides some levels of the Headquarters Building located in Xinyi District as guarantee to sign a three-year loan agreement for revolving credit line up to NT\$385 million with Fubon Bank.
Long-term loan agreement	Far Eastern International Bank	12/31/2015 ∩ 12/31/2017	The Company signed a two-year unsecured loan agreement with Far Eastern International Bank in the credit line of NT\$800 million.
Long-term loan agreement	Yunta Bank	09/22/2016 ∩ 09/22/2018	The Company signed a two-year unsecured loan agreement with Yunta Bank in the credit line of NT\$300 million.
Long-term loan agreement	Bank of SinoPac	05/27/2016 ∩ 05/27/2018	The Company signed a two-year unsecured loan agreement with Bank of SinoPac in the credit line of NT\$200 million.

Long-term loan agreement	E.Sun Bank	09/10/2013 ∫ 03/10/2017	The Company's Subsidiary Sinyi Development Co., Ltd., in implementation of its real estate development, provides land located at Subsection 3, Tianmu Section, Shilin District, Taipei City as the guarantee, to sign a three-year secured loan agreement with E-Sun Bank for a loan amounting to NT\$190 million. (This agreement was extended for six months in September 2016)
Long-term loans	China Construction Bank	05/20/2014 ∫ 06/19/2017	China Construction Bank extends a loan up to RMB 800 million to one of our subsidiaries, Sinyi Development (Shanghai) for real estate development.
Entrusted loan agreement	Bank of Communications	04/28/2016 ∫ 04/28/2017	The Company's Subsidiary Sinyi Real Estate (Shanghai) Limited delegated the local bank to grant Renminbi (RMB) 50 million loan to Shanghai Sinyi Real Estate Inc. to meet its need for working capital.
Delegated construction agreement with open land	Shanghai No.7 Construction Co., Ltd.	04/28/2014 ∫ 06/11/2017	The Company's Subsidiary Sinyi Real Estate (Shanghai) Limited delegated Shanghai No.7 Construction Co., Ltd. to carry out the delegated construction with the own land located at No. 18-01 Malu Township, Jiading District, Shanghai which was awarded in an open tender.
Delegated construction agreement with open land	Shanghai No.7 Construction Co., Ltd.	05/10/2014 ∫ 06/23/2017	The Company's Subsidiary Sinyi Real Estate (Shanghai) Limited delegated Shanghai No.7 Construction Co., Ltd. to carry out the delegated construction with the own land located at No. 17-01 Malu Township, Jiading District, Shanghai which was awarded in an open tender.
Delegated construction agreement with open land	PanaHome Taiwan Co., Ltd. (PHTW)	09/01/2014 ∫	The Company's Subsidiary Sinyi Development Co., Ltd. teamed up with PanaHome Taiwan Co., Ltd. (PHTW) to carry out delegated construction on own land for the land located in Tianmu Section, Taipei City.

Note 1: With restrictive terms that the agreement would be automatically renewed upon expiry of one-year term.

Note 2: With timeframe to use the credit line which could no longer be used if not used within the specified time limit.

Seven. Financial Information

I. The condensed balance sheet and Statement of Comprehensive Income for the past five years

(I) Information for Condensed Balance Sheet and Comprehensive Income Statement

1. Condensed Consolidated Balance Sheet

Expressed in Thousands of New Taiwan Dollars

Item	Year	Expressed in Thousands of New Taiwan Dollars				Financial information as of March 31, 2017 (Note 2)
		2016 (Note 1)	2015 (Note 1)	2014 (Note 1)	2013 (Note 1)	
Current Assets		17,543,826	13,809,601	10,745,120	9,419,561	-
Financial assets measured at cost - non-current		207,335	252,322	293,616	285,489	-
Property, plant and equipment		3,474,237	3,561,920	3,604,588	3,560,568	-
Investment properties		2,269,286	2,816,292	2,840,915	2,831,604	-
Intangible assets		136,978	144,763	142,718	89,878	-
Other assets		237,602	187,106	178,947	402,818	-
Total assets		23,869,264	20,772,004	17,805,904	16,589,918	-
Current liabilities	Before distribution	10,417,451	5,518,169	2,877,902	4,297,892	-
	After distribution(Note 3)	-	5,960,457	3,491,339	5,605,216	-
Non-current liabilities		4,063,424	5,931,457	5,411,894	2,670,278	-
Total liabilities	Before distribution	14,480,875	11,449,626	8,289,796	6,968,170	-
	After distribution(Note 3)	-	11,891,914	8,903,233	8,275,494	-
The Equity contributed to the Parent Company		9,278,577	9,196,734	9,376,613	9,491,044	-
Capital stock		6,318,398	6,318,398	6,134,367	5,028,170	-
Capital surplus		63,896	63,896	63,896	68,597	-
Retained earnings	Before distribution	2,817,514	2,379,746	2,632,205	3,990,637	-
	After distribution(Note 3)	-	1,937,458	1,834,737	1,577,116	-
Other equity		78,769	434,694	546,145	403,640	-
Treasury stock		-	-	-	-	-
Non-controlled Equity		109,812	125,644	139,495	130,704	-
Total equity	Before distribution	9,388,389	9,322,378	9,516,108	9,621,748	-
	After distribution(Note 3)	-	8,880,090	8,902,671	8,314,424	-

Note 1: The Company has adopted the International Financial Reporting Standards (IFRSs) to work out its financial statements since 2013. In the past five years, for the financial data with adoption of Financial Accounting Standards in the Republic of China, please refer to Note (II) below, the condensed balance sheet and income statement—information with adoption of Financial Accounting Standards of the Republic of China.

Note 2: As of the printing date of this Annual Report, the financial statements of Quarter 1, 2017 had not been audited by the Certified Public Accountant.

Note 3: Duly entered based on the decisions to be resolved in the shareholders' meeting of the ensuing year. The regular shareholders meeting for 2017 has not been convened.

2. Condensed Consolidated Comprehensive Income Statement

Expressed in Thousands of New Taiwan Dollars

Year Item	2016 (Note 1)	2015 (Note 1)	2014 (Note 1)	2013 (Note 1)	Financial information as of March 31, 2017 (Note 2)
Operating revenues	7,588,820	7,523,143	8,899,215	12,091,555	-
Gross operating profit	1,688,326	1,799,515	2,451,429	4,035,711	-
Operating gain/loss	538,342	506,532	1,169,483	2,791,806	-
Non-Operating revenues and expenditures	550,084	277,494	213,193	321,154	-
Net profit before tax	1,088,426	784,026	1,382,676	3,112,960	-
Net profit for the year of continuing operations	924,588	586,361	1,109,410	2,516,298	-
Loss from discontinued operations	-	-	-	-	-
Net profit for the year (loss)	924,588	586,361	1,109,410	2,516,298	-
Other consolidated gain/loss for the year (net after tax)	(395,731)	(130,360)	136,918	374,234	-
Total amount of consolidated gain/loss for the year	528,857	456,001	1,246,328	2,890,532	-
Net profit contributed to the Parent Company	919,865	563,865	1,072,157	2,475,027	-
Net profit contributed to the Non-controlled equity	4,723	22,496	37,253	41,271	-
Total amount of consolidated gain/loss contributed to the Parent Company	524,131	433,558	1,208,802	2,849,357	-
Total amount of consolidated gain/loss contributed to the non-controlled equity	4,726	22,443	37,526	41,175	-
Earnings per share (Note 3)	1.46	0.89	1.70	3.92	-

Note 1: The Company has adopted the International Financial Reporting Standards (IFRSs) to work out its financial statements since 2013. In the past five years, for the financial data with adoption of Financial Accounting Standards in the Republic of China, please refer to Note (II) below, the condensed balance sheet and income statement—information with adoption of Financial Accounting Standards of the Republic of China.

Note 2: As of the printing date of this Annual Report, the financial statements of Quarter 1, 2017 had not been audited by the Certified Public Accountant.

Note 3: In 2014, 2013 and 2012, the earnings per share (EPS) were already adjusted retrospectively for capital increase by earnings re-capitalization for allocation of shares.

3. Condensed Individual Balance Sheet

Expressed in Thousands of New Taiwan Dollars

Year		Expressed in Thousands of New Taiwan Dollars				Financial information as of March 31, 2017 (Note 2)
		2016 (Note 1)	2015 (Note 1)	2014 (Note 1)	2013 (Note 1)	
Item						
Current Assets		2,853,082	2,059,239	2,493,604	2,591,246	-
Investments accounted for using equity method		6,465,505	7,060,348	6,894,333	6,511,482	
Property, plant and equipment		2,696,461	2,759,843	3,163,619	3,132,247	-
Investment properties		2,731,236	2,759,442	2,406,464	2,407,356	
Intangible assets		76,405	78,801	77,646	26,477	-
Other assets		166,341	192,790	250,466	258,559	-
Total assets		14,989,030	14,910,463	15,286,132	14,927,367	-
Current liabilities	Before distribution	1,736,754	1,589,937	1,737,800	3,284,936	-
	After distribution(Note 3)	-	2,032,225	2,351,237	4,592,260	-
Non-current liabilities		3,973,699	4,123,792	4,171,719	2,151,387	-
Total liabilities	Before distribution	5,710,453	5,713,729	5,909,519	5,436,323	-
	After distribution(Note 3)	-	6,156,017	6,522,956	6,743,647	-
Capital stock		6,318,398	6,318,398	6,134,367	5,028,170	-
Capital surplus		63,896	63,896	63,896	68,597	-
Retained earnings	Before distribution	2,817,514	2,379,746	2,632,205	3,990,637	-
	After distribution(Note 3)	-	1,937,458	1,834,737	1,577,116	-
Treasury stock		-	-	-	-	-
Total equity	Before distribution	9,278,577	9,196,734	9,376,613	9,491,044	-
	After distribution(Note 3)	-	8,754,446	8,763,176	8,183,720	-

Note 1: The Company has adopted the International Financial Reporting Standards (IFRSs) to work out its financial statements since 2013. In the past five years, for the financial data with adoption of Financial Accounting Standards in the Republic of China, please refer to Note (II) below, the condensed balance sheet and income statement—information with adoption of Financial Accounting Standards of the Republic of China.

Note 2: As of the printing date of this Annual Report, the financial statements of Quarter 1, 2017 had not been audited by the Certified Public Accountant.

Note 3: Duly entered based on the decisions to be resolved in the shareholders' meeting of the ensuing year. The regular shareholders meeting for 2017 has not been convened.

4. Condensed Individual Comprehensive Income Statement

Expressed in Thousands of New Taiwan Dollars

Year Item	2016 (Note 1)	2015 (Note 1)	2014 (Note 1)	2013 (Note 1)	Financial information as of March 31, 2017 (Note 2)
aOperating revenue	6,123,679	6,140,394	7,841,535	10,813,053	-
Gross profit	1,552,603	1,456,242	2,112,816	3,515,011	-
Operating gain/loss	837,764	624,499	1,243,729	2,636,240	-
Non-operating revenues and expenditures	243,223	99,847	71,040	326,728	-
Net profit before tax	1,080,987	724,346	1,314,769	2,962,968	-
Net profit for the year of continuing operations	919,865	563,865	1,072,157	2,475,027	-
Loss from discontinued operations	-	-	-	-	-
Net profit for the year	919,865	563,865	1,072,157	2,475,027	-
Other consolidated gain/loss for the year (net after tax)	(395,734)	(130,307)	136,645	374,330	-
Total amount of consolidated gain/loss for the year	524,131	433,558	1,208,802	2,849,357	-
Earnings per share (Note 3)	1.46	0.89	1.70	3.92	-

Note 1: The Company has adopted the International Financial Reporting Standards (IFRSs) to work out its financial statements since 2013. In the past five years, for the financial data with adoption of Financial Accounting Standards in the Republic of China, please refer to Note (II) below, the condensed balance sheet and income statement—information with adoption of Financial Accounting Standards of the Republic of China.

Note 2: As of the printing date of this Annual Report, the financial statements of Quarter 1, 2017 had not been audited by the Certified Public Accountant.

Note 3 : In 2014, 2013 and 2012, the earnings per share (EPS) were already adjusted retrospectively for capital increase by earnings re-capitalization for allocation of shares.

(II) Information for Condensed Balance Sheet and Income Statement – Financial Accounting Standards of the Republic of China

1. Condensed Consolidated Balance Sheet – Financial Accounting Standards of the Republic of China (before adopting International Financial Reporting Standards (IFRSs))

Expressed in Thousands of New Taiwan

Dollars

Items	Year	Financial information for the past five Years(Note 1)				
		2016	2015	2014	2013	2012
Current Assets						4,954,982
Fund and investment						132,168
Fixed assets						3,257,354
Intangible assets						69,020
Other assets						3,307,725
Total assets						11,721,249
Current liabilities	Before distribution					2,515,991
	After distribution					3,214,348
Long-term liabilities						700,000
Other liabilities						969,446
Total liabilities	Before distribution					4,185,437
	After distribution	N/A	N/A	N/A	N/A	4,883,794
Capital stock						4,655,713
Capital collected in advance						-
Capital surplus						63,896
Retained earnings	Before distribution					2,665,336
	After distribution					1,594,522
Unrealized Gain/Loss on Financial Instruments						63,048
Cumulative translation adjustment						(31,998)
Net Loss not Recognized as Pension cost						-
Total shareholders' equity	Before distribution					7,535,812
	After distribution					6,837,455

Note 1 : The financial data of 2012 were duly audited and certified by Certified Public Accountants

Note 2 : The Company has adopted the International Financial Reporting Standards (IFRSs) recognized by Financial Supervisory Commission to work out its financial statements since 2013. The financial data in Years 2012 with adoption of Financial Accounting Standards in the Republic of China before adoption of the International Financial Reporting Standards (IFRSs) are provided for reference.

2. Condensed Individual Balance Sheet – Financial Accounting Standards of the Republic of China (before adopting International Financial Reporting Standards (IFRSs))

In Thousands of New Taiwan Dollars

Items	Year	Financial information for the past five Years(Note 1)				
		2016	2015	2014	2013	2012
Current Assets						2,158,886
Fund and investment						3,120,930
Fixed assets						3,105,410
Intangible assets						9,621
Other assets						2,659,289
Total assets						11,054,136
Current liabilities	Before distribution					2,036,949
	After distribution					2,735,306
Long-term liabilities						700,000
Other liabilities						901,192
Total liabilities	Before distribution					3,638,141
	After distribution	N/A	N/A	N/A	N/A	4,336,498
Capital stock						4,655,713
Capital collected in advance						-
Capital surplus						63,896
Retained earnings	Before distribution					2,665,336
	After distribution					1,594,522
Unrealized Gain/Loss on						63,048
Cumulative translation adjustment						(31,998)
Net loss not recognized as pension cost						-
Total shareholders' equity	Before distribution					7,415,995
	After distribution					6,717,638

Note 1 : The financial data of 2012 were duly audited and certified by Certified Public Accountants

Note 2 : The Company has adopted the International Financial Reporting Standards (IFRSs) recognized by Financial Supervisory Commission to work out its financial statements since 2013. The financial data in Years 2012 with adoption of Financial Accounting Standards in the Republic of China before adoption of the International Financial Reporting Standards (IFRSs) are provided for reference.

3. Condensed Consolidated Income Statement – Financial Accounting Standards of the Republic of China (before adopting International Financial Reporting Standards (IFRSs))

In Thousands of New Taiwan Dollars

Items \ Year	Financial information for the past five Years(Note 1)				
	2016	2015	2014	2013	2012
Net operating revenue					8,750,246
Gross profit					2,585,693
Operating profit					1,541,364
Non-operating income and profit					258,022
Non-operating expenses and losses					71,701
Net profit before tax from continuing operations	N/A	N/A	N/A	N/A	1,727,685
Profit from continuing operations					1,381,409
Cumulative effect of the changes in accounting principles					-
Net profit for the year					1,381,409
Earnings per share(Note 2)					2.14

Note 1: All financial data have been duly audited and certified by the Certified Public Accountants

Note 2: All outstanding shares of various years have been duly adjusted retrospectively for capital increase by earnings re-capitalization and share allocation.

Note 3: The Company has adopted the International Financial Reporting Standards (IFRSs) recognized by Financial Supervisory Commission to work out its financial statements since 2013. The financial data in Year 2012 with adoption of Financial Accounting Standards in the Republic of China before adoption of the International Financial Reporting Standards (IFRSs) are provided for reference.

4. Condensed Individual Income Statement – Financial Accounting Standards of the Republic of China (before adopting International Financial Reporting Standards (IFRS))

In Thousands of New Taiwan

Dollars

Items \ Year	Financial information for the past five Years(Note 1)				
	2016	2015	2014	2013	2012
Net operating revenue					7,911,062
Gross profit					2,352,688
Operating profit					1,583,159
Non-operating income and profit					214,915
Non-operating expenses and losses					134,414
Net profit before tax from continuing operations	N/A	N/A	N/A	N/A	1,663,660
Profit from continuing operations					1,351,115
Cumulative effect of the changes in accounting principles					-
Net profit for the year					1,351,115
Earnings per share(Note 2)					2.14

Note 1: All financial data have been duly audited and certified by the Certified Public Accountants

Note 2: All outstanding shares of various years have been duly adjusted retrospectively for capital increase by

earnings re-capitalization and share allocation.

Note 3: The Company has adopted the International Financial Reporting Standards (IFRSs) recognized by Financial Supervisory Commission to work out its financial statements since 2013. The financial data in Year 2012 with adoption of Financial Accounting Standards in the Republic of China before adoption of the International Financial Reporting Standards (IFRS) are provided for reference.

(III) Names of CPAs and their audit opinions for the past five years

	2016	2015	2014	2013	2012
CPA	Shyu Wen-Yea, Lai Kwan-Chung	Shyu Wen-Yea, Lai Kwan-Chung	Yang Min-Hsien, Wang Tzu-Chun	Yang Min-Hsien, Wang Tzu-Chun	Yang Min-Hsien, Shyu Wen-Yea
Audit Opinions	Unqualified opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion

II. Financial Analyses for the Past Five Years

(I) Financial analyses – adopting International Financial Reporting Standards (IFRSs)

1. Consolidated Financial Statement

Analyzed Item		Year				
		2016 (Note 1)	2015 (Note 1)	2014 (Note 1)	2013 (Note 1)	As of March 31, 2017 (Note 2)
Capital Structure (%)	Liabilities to assets ratio (%)	60.67	55.12	46.56	42.00	-
	Long-term funds to property, plant and equipment ratio (%)	371.57	405.17	384.87	314.39	-
Liquidity (%)	Current ratio (%)	163.08	250.26	371.97	219.17	-
	Quick Ratio (%)	86.30	129.74	182.09	120.46	-
	Interest coverage ratio (times)	19.86	12.76	20.24	75.28	-
Operating ability	Accounts receivable turnover rate (times)	9.45	9.45	8.65	11.21	-
	Average days of accounts receivable (days)	39	39	42	33	-
	Inventory turnover rate (times) (Note 3)	-	-	-	-	-
	Accounts payable turnover rate (times) (Note 3)	-	-	-	-	-
	Average days of sales (days) (Note 3)	-	-	-	-	-
	Property, plant and equipment turnover rate (times)	2.16	2.10	2.48	3.53	-
	Total assets turnover rate (times)	0.34	0.39	0.52	0.85	-
Profitability	Return on assets (%)	4.36	3.33	6.80	18.00	-
	Return on equity (%)	9.88	6.23	11.59	29.47	-
	Net gains before tax to paid-in capital ratio (%)	17.23	12.41	22.54	61.91	-
	Net gains ratio (%)	12.18	7.79	12.47	20.81	-
	Earnings per share \$(Note 4)	1.46	0.89	1.70	3.92	-
Cash flow	Cash flow ratio(%)	28.68	29.86	0	0	-
	Cash flow adequacy ratio (%)	45.26	34.73	39.94	65.20	-
	Cash reinvestment ratio (%)	18.08	6.52	0	0	-
Leverage	Operating leverage	8.98	9.61	5.01	2.47	-
	Financial leverage	1.12	1.15	1.07	1.02	-
Descriptions on change in financial ratios up to 20% in the past two years						
Description 1. Compared to the previous year, both 2016 current ratio and the quick ratio dropped mainly due to a net increase of unearned revenue of NT\$4,825 million dollars received by Sinyi Real Estate (Shanghai) in 2016 for its pre-sale real estate. The unearned revenue received was partially used for paying construction expenditures and repayment of bank loans.						
Description 2. In comparison to 2015, the interest coverage ratio and the financial rate related to profitability for 2016 all increased primarily due to the gain of NT\$352 million dollars from disposal of the real estate located in Beijing of Shanghai Sinyi Real Estate.						
Description 3. Cash flow adequacy ratio and cash flow reinvestment ratio for 2016 went up compared to previous year, mainly due to the increase of unearned revenue received by Sinyi Real Estate (Shanghai) in 2016 for its pre-sale real estate, resulting in a net increase of NT\$1,340 million dollars of consolidated cash inflow generated from operating activities in 2016.						

Note 1: The Company has adopted the International Financial Reporting Standards (IFRSs) to work out its financial statements since 2013. In the past five years, for the financial analyzed data, please refer to Note (II) below, the financial analyses—information with adoption of Financial Accounting Standards of the Republic of China.

Note 2: As of the printing date of this Annual Report, the financial statements of Quarter 1, 2017 had not been audited by the Certified Public Accountant.

Note 3: Where the company in the present merger has not started sales of construction products, the Inventory turnover rate is not applicable temporarily so far.

Note 4: Earnings per share have been retrospectively adjusted for stock dividend distribution for capital increase by earnings re-capitalization.

2. Individual Financial Statement

Analyzed Item		Year				As of March 31, 2017 (Note 2)
		2016 (Note 1)	2015 (Note 1)	2014 (Note 1)	2013 (Note 1)	
Capital Structure (%)	Liabilities to assets ratio (%)	38.10	38.32	38.66	36.42	-
	Long-term funds to property, plant and equipment ratio (%)	473.90	456.43	397.54	339.25	-
Liquidity (%)	Current ratio (%)	164.28	129.52	143.49	78.88	-
	Quick ratio (%)	160.51	127.84	142.11	78.18	-
	Interest Coverage ratio (times)	20.55	14.62	33.60	93.34	-
Operating ability	Accounts receivable turnover rate (times)	12.59	11.04	9.45	12.22	-
	Average days of accounts receivable (days)	29	34	39	30	-
	Inventory turnover rate (times) (Note 3)	-	-	-	-	-
	Accounts payable turnover rate (times) (Note 3)	-	-	-	-	-
	Average days of sales (days) (Note 3)	-	-	-	-	-
	Property, plant and equipment turnover rate (times)	2.24	2.07	2.49	3.45	-
	Total assets turnover rate (times)	0.41	0.41	0.52	0.83	-
Profitability	Return on assets (%)	6.46	4.03	7.32	19.24	-
	Return on equity (%)	9.96	6.07	11.37	29.42	-
	Net gains before tax to paid-in capital ratio (%)	17.11	11.46	21.43	58.93	-
	Net gains ratio (%)	15.02	9.18	13.67	22.89	-
	Earnings per share (\$)	1.46	0.89	1.70	3.92	-
Cash flow	Cash flow ratio (%)	42.12	27.18	13.46	96.92	-
	Cash flow adequacy ratio (%)	149.53	139.86	161.16	221.19	-
	Cash reinvestment ratio (%)	2.05	0	0	20.37	-
Leverage	Operating leverage	4.71	6.33	4.13	2.29	-
	Financial leverage	1.07	1.09	1.03	1.01	-
<p>Descriptions on change in financial ratios up to 20% in the past two years</p> <p>Description 1. The 2016 financial ratios related to operating ability are all higher than the previous year, due primarily to the incremental profit with cash inflows generated from operating activities in 2016.</p> <p>Description 2. The 2016 financial ratios related to profitability are all higher than the preceding year, due primarily to the reduction of the operating cost and expenses in 2016 which resulted in an increase in operating profit, and the increase of investment gain recognized for the disposal of the real estate located in Beijing of the Company's subsidiaries Shanghai Sinyi Real Estate in 2016.</p> <p>Description 3. The 2016 rising cash flow ratios compared to 2015 were mainly due to the incremental cash inflows generated from operating activities for the profit before income tax in 2016.</p> <p>Description 4. The operating leverage decreased from the preceding year, due primarily to the managed reduction of the fixed operating cost and expenses in 2016 which resulted in an increase in operating profit compared to the previous year.</p>						

Note 1: The Company has adopted the International Financial Reporting Standards (IFRSs) to work out its financial statements since 2013. In the past five years, for the financial analyzed data, please refer to Note (II) below, the financial analyses—information with adoption of Financial Accounting Standards of the Republic of China.

Note 2: As of the printing date of this Annual Report, the financial statements of Quarter 1, 2017 had not been audited by the Certified Public Accountant.

Note 3: Not applicable as the Company engages in real estate agent services.

1. Capital Structure

- (1) Liabilities to assets ratio = total liabilities / total assets
- (2) Long-term funds to property, plant and equipment ratio = (total equity + non-current liabilities) / net property, plant and equipment

2. Liquidity

- (1) Current ratio = current assets / current liabilities
- (2) Quick ratio = (current assets – inventory- prepaid expenses) / current liabilities
- (3) Interest coverage ratio (times) = net gains before income tax and interest / interest expenses of the current term

3. Operating ability

- (1) Account receivables (including Notes receivables from operating activities and accounts receivable) turnover = net sales/average receivables of each term (including notes receivables from operating activities and accounts receivable) balance
- (2) Average days of accounts receivable = 365 / receivables turnover rate
- (3) Inventory turnover rate = COGS/average inventory amount
- (4) Account payables (including Notes payable from operating activities and accounts payable) turnover= COGS/average payables of each term (including Notes payable from operating activities and accounts payable) balance
- (5) Average days of sales = 365 / inventory turnover rate
- (6) Property, plant and equipment turnover rate = net sales / average net property, factory and equipment
- (7) Total assets turnover rate = net sales / average total assets

4. Profitability

- (1) Return on assets = [gain/loss after tax + interest expense x (1-tax rate)] / average total asset
- (2) Return on equity = gain/loss after tax / average total equity
- (3) Net gains ratio = gain/loss after tax / net sales
- (4) Earnings per share = (the gain/loss contributed to the parent company – preferred stock dividend) / weighted average shares outstanding

5. Cash flow

- (1) Cash flow ratio= net cash flow of operating activities/current liabilities
- (2) Cash flow adequacy ratio= net cash flow of operating activities in the past five years / five years sum of (capital expenditures + inventory addition +cash dividends)
- (3) Cash reinvestment ratio= (net cash flow of operating activities- cash dividends) / (Property, plant and equipment gross + long term investment + other non-current assets + working capital)

6. Leverage :

- (1) Operating leverage = (operating revenue - variable operating cost and expenses)/operating income
- (2) Financial leverage = operating profit / (operating profit - interest expense)

(II) Financial analyses — adopting Financial Accounting Standards of the Republic of China (before adopting International Financial Reporting Standards (IFRSs))

1. Consolidated Financial Statement

Analyzed Item		Year	Financial analysis for the past five years (Note 1)				
			2016	2015	2014	2013	2012
Capital Structure (%)	Liabilities to assets ratio (%)						35.71
	Long-term funds to fixed assets (%)						252.84
Liquidity (%)	Current ratio (%)						196.94
	Quick ratio (%)						194.65
	Interest coverage ratio (times)						180.95
Operating ability	Accounts receivable turnover rate (times)						10.83
	Days of accounts receivable (days)						34
	Inventory turnover rate (times) (Note 2)						-
	Accounts payable turnover rate (Note 2)						-
	Average days of sales (Note 2)						-
	Fixed assets turnover rate (times)		N/A	N/A	N/A	N/A	2.69
	Total assets turnover rate (times)		N/A	N/A	N/A	N/A	0.75
Profitability	Return on assets (%)						12.73
	Shareholders' return on equity (%)						19.06
	Ratio of paid-in capital (%)	Operating profit					33.11
		Net gains before tax					37.11
	Net gains ratio (%)						15.79
	Earnings per share						2.14
Cash flow	Cash flow ratio (%)						60.82
	Cash Flow Adequacy Ratio (%)						151.44
	Cash reinvestment ratio (%)						6.77
Leverage	Operating leverage						3.46
	Financial leverage						1.01
Descriptions on change in financial ratios up to 20% in the past two years							
N/A							

Note 1 : The financial ratios appearing above were obtained from the financial data duly audited by the Certified Public Accountants in the year.

Note 2 : Not applicable as the Company engages in real estate agent services.

Note 3 : Earnings per share have been retrospectively adjusted for stock dividend distribution for capital increase by earnings re-capitalization.

Note 4 : The Company has adopted the International Financial Reporting Standards (IFRSs) recognized by Financial Supervisory Commission to work out its financial statements since 2013. The financial data in Year 2012 with adoption of Financial Accounting Standards in the Republic of China before adoption of the International Financial Reporting Standards (IFRSs) are provided for reference.

2. Individual Financial Statement

Analyzed Item		Financial analysis for the past five years (Note 1)					
		2016	2015	2014	2013	2012	
Capital Structure (%)	Liabilities to Assets Ratio (%)					32.91	
	Long-term funds to fixed assets (%)					261.35	
Liquidity (%)	Current Ratio (%)					105.99	
	Quick Ratio (%)					105.00	
	Interest Coverage Ratio (Times)					2,473.01	
Operating ability	Accounts Receivable Turnover Rate (Times)					11.59	
	Days of accounts receivable (days)					31	
	Inventory turnover rate (times)(Note 2)					-	
	Accounts payable turnover rate (Note 2)					-	
	Average days of sales(Note 2)					-	
	Fixed assets turnover rate (times)	N/A	N/A	N/A	N/A	2.55	
	Total Assets Turnover Rate (Times)					0.72	
Profitability	Return on assets (%)					13.07	
	Shareholders' return on equity (%)					18.94	
	Ratio of paid-in capital (%)	Operating profit					34.00
		Net gains before tax					35.73
	Net gains ratio (%)					17.08	
	Earnings per share(Note 3)					2.14	
Cash flow	Cash flow ratio (%)					114.40	
	Cash flow adequacy ratio (%)					200.33	
	Cash reinvestment ratio (%)					15.43	
Leverage	Operating leverage					2.98	
	Financial leverage					1.00	
Descriptions on change in financial ratios up to 20% in the past two years							
N/A ◦							

Note 1 : The financial ratios appearing above were obtained from the financial data duly audited by the Certified Public Accountants in the year.

Note 2 : Not applicable as the Company engages in real estate agent services.

Note 3 : Earnings per share have been retrospectively adjusted for stock dividend distribution for capital increase by earnings re-capitalization.

Note 4 : The Company has adopted the International Financial Reporting Standards (IFRSs) recognized by Financial Supervisory Commission to work out its financial statements since 2013. The financial data in Year 2012 with adoption of Financial Accounting Standards in the Republic of China before adoption of the International Financial Reporting Standards (IFRSs) are provided for reference.

1. Capital Structure

(1) Liabilities to assets ratio = total liabilities / total assets

(2) Long-term funds to fixed assets ratio = (net shareholders' equity + long term liabilities) / net fixed assets

2. Liquidity

(1) Current ratio = current assets / current liabilities

(2) Quick ratio = (current assets – inventory- prepaid expenses) / current liabilities

(3) Interest coverage ratio (times) = net gains before income tax and interest / interest expenses of the current term

3. Operating ability

(1) Account receivables (including Notes receivables from operating activities and accounts receivable) turnover = net sales/average receivables of each term (including notes receivables from operating activities and accounts receivable) balance

(2) Average days of accounts receivable = 365 / receivables turnover rate

(3) Inventory turnover rate = COGS/average inventory amount

(4) Account payables (including Notes payable from operating activities and accounts payable) turnover = COGS/average payables of each term (including Notes payable from operating activities and accounts payable) balance

(5) Average days of sales = 365 / inventory turnover rate

(6) Fixed assets turnover rate = net sales / net fixed assets

(7) Total assets turnover rate = net sales / total assets

4. Profitability

(1) Return on assets = [gain/loss after tax + interest expense x (1-tax rate)] / average total asset

(2) Return on shareholders' equity = gain/loss after tax / average net shareholders' equity

(3) Net gains ratio = gain/loss after tax / net sales

(4) Earnings per share = (net profit after tax – preferred stock dividend) / weighted average shares outstanding

5. Cash flow

(1) Cash flow ratio = net cash flow of operating activities/current liabilities

(2) Cash flow adequacy ratio = net cash flow of operating activities in the past five years / five years sum of (capital expenditures + inventory addition + cash dividends)

(3) Cash reinvestment ratio = (net cash flow of operating activities- cash dividends) / (fixed assets gross + long term investment + other assets + working capital)

6. Leverage :

(1) Operating leverage = (operating revenue - variable operating cost and expenses)/operating income

(2) Financial leverage = operating profit / (operating profit - interest expense)

III. Audit Report of Audit Committee

Sinyi Realty Inc.

Audit Report of Audit Committee

We have agreed and submitted the Company's 2016 financial statements to the board of directors and obtained the approval of the board of directors. The financial statements have been audited by Deloitte & Touche engaged by the board of directors with an unqualified opinion in the independent auditor's report.

We audited the Company's 2016 business report and earning distribution proposal which have been resolved by the board of directors and has concluded that both of them are in accordance with the related regulations.

In Summary, the Company's 2016 financial statements which have been agreed by us and resolved by the board of directors, 2016 business report and earning distribution proposal which have been resolved by the board of directors and audited by us are all prepared in accordance with the related regulations. Pursuant to Article 219 of the Company Act, a report is submitted as above. Please review.

To
2017 Annual General Shareholders' Meeting

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

February 24, 2017

IV. The audited consolidated financial statements of the latest fiscal year and independent auditors' report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sinyi Realty Inc.

Opinion

We have audited the accompanying consolidated financial statements of Sinyi Realty Inc. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of Taiwan, the Republic of China ("ROC").

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2016. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Service income earned from real-estate brokering

The Group's revenue mainly comes from service income. Refer to Note 4 to the accompanying consolidated financial statements for the details of the accounting policies of revenue recognition. Revenue from the rendering of services is recognized when all the conditions stipulated in the accounting policies are satisfied. When all the conditions are satisfied, the Group's accounting system will calculate service income automatically. Since the service income was computed by the system and the amount is significant to the consolidated financial statement, service income is identified as a key audit matter.

The Group's personnel will fill in the transaction form when real estate contracts or lease contracts have been signed by both counterparties. After being reviewed by the competent supervisor, the transaction form will be delivered to the Group's personnel to create an item file in the system. The system will calculate the service income by item files on a daily basis and generate an entry by batch.

We understood and tested the internal control for recognition of service income. We selected service income samples, which were computed by the system, and cross-checked whether the samples and contracts are the same. In order to verify accuracy of service income in the system, we recomputed service income and verified whether there was any significant differences in the amount. We also confirmed the dates on the contracts to make sure whether the timing of service income recognition is reasonable.

Accrual of performance bonus payables

The Group is mainly engaged in the operation of a real-estate brokerage business. The Group designed a bonus scheme in order to stimulate employee retention. As of December 31, 2016, the carrying amounts of performance bonus payables (including non-current liabilities) were NT\$1,074,634 thousand, accounting for nearly 7% of the total liability. Because the amounts of performance bonus payables and non-current liabilities were considered significant to the consolidated financial statements, it has been identified as a key audit matter.

We focused on the adequacy of performance bonus payables at the balance sheet date. As stated in the preceding paragraph, we understood and tested the internal control for the performance bonus recognition. As for the evaluation of the accrual of performance bonus payables by management, we sampled from the major bonus records and understood the calculation criteria for the relevant bonuses awarded. We confirmed the basis of the calculation for each sample to verify whether they followed the Group's bonus scheme. We performed recalculations to test the accuracy of the performance bonus payables, and we assessed the reasonableness by reviewing the payments in the subsequent period.

Refer to Notes 5 and 23 to the consolidated financial statements for the details of the accrual of performance bonus payables.

Valuation of inventory

As of December 31, 2016, the carrying amount of inventory was NT\$7,753,415 thousand. In order to evaluate the net realizable value of inventory, the Group will take into consideration reasonable estimations of future cash flows, changes in the overall economic environment, and effects of changes in related business regulations. The carrying amount of inventory was considered significant, and the evaluation of inventory's net realizable value is subject to management's judgment and has a significant level of uncertainty, which will impact the consolidated financial statements. Consequently, the valuation of inventory has been identified as a key audit matter.

We focused on the valuation of inventory at the balance sheets date, understood and assessed the reasonableness of management's assumptions made regarding the valuation as well as the methodology used in estimating the net realizable value of inventory. To test the accuracy of the valuation of inventory by management, we sampled the estimated selling price made by management while taking into consideration the market value less the estimated costs of completion and the estimated costs necessary to make the respective sales. We inspected the latest selling price and performed recalculations to verify the reasonableness of the valuation of inventory.

Refer to Notes 4, 5 and 11 to the consolidated financial statements for the details about the valuation of inventory.

Other Matter

We have also audited the parent company only financial statements of Sinyi Realty Inc. as of and for the years ended December 31, 2016 and 2015 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the ROC Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant

deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2016 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 2017

Notice to Readers

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

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

SINYI REALTY INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

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

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

SINYI REALTY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME YEARS ENDED DECEMBER 31, 2016 AND 2015

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

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

(Continued)

SINYI REALTY INC. AND SUBSIDIARIES

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

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

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

(Concluded)

SINYI REALTY INC. AND SUBSIDIARIES
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)**

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

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

SINYI REALTY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2016 AND 2015

(In Thousands of New Taiwan Dollars)

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

(Continued)

SINYI REALTY INC. AND SUBSIDIARIES

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

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

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

SINYI REALTY INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Sinyi Realty Inc. (the “Company”) was incorporated in January 1987 and engaged in the operation of a full-service real-estate brokerage business. The head office is situated in Taipei City, Taiwan, 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 hereto forth 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, the 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 February 24, 2017.

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

- a. 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) endorsed by the FSC for application starting from 2017

Rule No. 1050050021 and Rule No. 1050026834 issued by the FSC stipulated that starting January 1, 2017, the Group should apply the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC and SIC (collectively, the “IFRSs”) issued by the IASB and endorsed by the FSC for application starting from 2017.

New, Amended or Revised Standards and Interpretations (the “New IFRSs”)	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
Amendments to IFRS 10, IFRS 12 and IAS 28 “Investment Entities: Applying the Consolidation Exception”	January 1, 2016
Amendment to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”	January 1, 2016
IFRS 14 “Regulatory Deferral Accounts”	January 1, 2016
Amendment to IAS 1 “Disclosure Initiative”	January 1, 2016

(Continued)

New, Amended or Revised Standards and Interpretations (the “New IFRSs”)	Effective Date Announced by IASB (Note 1)
Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments to IAS 16 and IAS 41 “Agriculture: Bearer Plants”	January 1, 2016
Amendment to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendment to IAS 36 “Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets”	January 1, 2014
Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014

(Concluded)

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 amendment to IFRS 2 applies to share-based payment transactions with grant dates on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition dates on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occurs in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

The initial application in 2017 of the above IFRSs and related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers would not have any material impact on the Group’s accounting policies, except for the following:

Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers

The amendments include additions of several accounting items and requirements for disclosures of impairment of non-financial assets as a consequence of the IFRSs endorsed by the FSC for application starting from 2017. In addition, as a result of the post implementation review of IFRSs in Taiwan, the amendments also include emphasis on certain recognition and measurement considerations and add requirements for disclosures of related party transactions and goodwill.

The amendments stipulate that other companies or institutions, of which the chairman of the board of directors or president serves as the chairman of the board of directors or the president of the Group or is the spouse or second immediate family of the chairman of the board of directors or president of the Group, are deemed to have a substantive related party relationship, unless it can be demonstrated that no control, joint control, or significant influence exists. Furthermore, the amendments require the disclosure of the names of the related parties and the relationships with whom the Group has significant transactions. If the transactions or balance with a specific related party is 10% or more of the Group’s respective total transactions or balance, such transactions should be separately disclosed by the name of each related party.

The amendments also require additional disclosure if there is a significant difference between the actual operation after a business combination and the expected benefit on the acquisition date.

The disclosures of related party transactions and impairment of goodwill will be enhanced when the above amendments are retrospectively applied in 2017.

Except for the above impacts, as of the date the consolidated financial statements were authorized for issue, the Group continues assessing other possible impacts that application of the aforementioned amendments and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers will have on the Group's financial position and financial performance and will disclose these other impacts when the assessment is completed.

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

The Group has not applied the following IFRSs issued by the IASB but not yet endorsed by the FSC.

The FSC announced that IFRS 9 and IFRS 15 will take effect starting January 1, 2018. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced the effective dates of other new IFRSs.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2014-2016 Cycle	Note 2
Amendment to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
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 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendments to IFRS 15 "Clarifications to IFRS 15 Revenue from Contracts with Customers"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of investment property"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

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 amendment to IFRS 12 is retrospectively applied for annual periods beginning on or after January 1, 2017; the amendment to IAS 28 is retrospectively applied for annual periods beginning on or after January 1, 2018.

The initial application of the above New IFRSs, whenever applied, would not have any material impact on the Group's accounting policies, except for the following:

1) IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Group's debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

- a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;
- b) For debt instruments, if they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gains or losses shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for the above, all other financial assets are measured at fair value through profit or loss. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

Impairment of financial assets

IFRS 9 requires impairment loss on financial assets to be recognized by using the expected credit loss model. The credit loss allowance is required for financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 "Revenue from Contracts with Customers", certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Group takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

Transition

Financial instruments that have been derecognized prior to the effective date of IFRS 9 cannot be reversed to apply IFRS 9 when it becomes effective. Under IFRS 9, the requirements for classification, measurement and impairment of financial assets are applied retrospectively with the difference between the previous carrying amount and the carrying amount at the date of initial application recognized in the current period, and restatement of prior periods is not required. The requirements for general hedge accounting shall be applied prospectively, and the accounting for hedging options shall be applied retrospectively.

2) IFRS 15 “Revenue from Contracts with Customers” and the related amendment

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations from January 1, 2018.

When applying IFRS 15, an entity shall recognize revenue by applying the following steps:

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

Incremental costs of obtaining a contract will be recognized as an asset to the extent the Group expects to recover those costs. Such asset will be amortized on a basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. This will lead to the later recognition of charges for certain customer-obtaining costs.

When IFRS 15 and the related amendment are effective, an entity may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

3) IFRS 16 “Leases”

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

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

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

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

4) Amendments to IAS 40 “Transfers of Investment Property”

The amendments clarify that the Group should transfer to, or from, investment property when, and only when, the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management’s intentions for the use of a property does not provide evidence of a change in use. The amendments also clarify that the evidence of the change in use is not limited to those illustrated in IAS 40.

The Group may elect to apply the amendments prospectively and reclassify the property as required to reflect the conditions that exist at the date of initial application. The Group is also required to disclose the reclassified amounts and such amounts should be included in the reconciliation of the carrying amount of investment property. Alternatively, the Group may elect to apply the amendments retrospectively if, and only if, that is possible without the use of hindsight.

5) IFRIC 22 “Foreign Currency Transactions and Advance Consideration”

IAS 21 stipulated that a foreign currency transaction shall be recorded on initial recognition in the functional currency by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. IFRIC 22 further explains that the date of the transaction is the date on which an entity recognizes a non-monetary asset or non-monetary liability from payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine the date of the transaction for each payment or receipt of advance consideration.

The Group shall apply IFRIC 22 either retrospectively or prospectively to all assets, expenses and income in the scope of the Interpretation initially recognized on or after (a) the beginning of the reporting period in which the entity first applies IFRIC 22, or (b) the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies IFRIC 22.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

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.

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. Classification of current and non-current assets and liabilities

Current assets include:

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

Current liabilities include:

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

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

The Group engages in the construction business, which has an operating cycle of over one year; the normal operating cycle of over one year is observed when considering the classification of the Group's construction-related assets and liabilities.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 13, Tables 7 and 8 following the Notes to Consolidated Financial Statements for the detailed information of subsidiaries (including the percentage of ownership and main business).

e. Business combinations

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

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

f. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

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

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

For the purpose of presenting consolidated financial statements, the functional currencies of the Company and the group entities (including subsidiaries and associates) are translated into the presentation currency – the New Taiwan dollars as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

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

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

g. Inventories

Inventories consist of properties under development, undeveloped properties and merchandise. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

The properties to be developed refer to the land use rights which will be reclassified as construction in process at the start of the construction of the properties.

Before acquiring land use right and before completing the construction, the interest incurred on land payment and the actual construction cost are capitalized as cost of land use right and as development costs, respectively.

h. Investments in associates

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

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

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

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

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

i. Property, plant and equipment

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

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

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

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

j. Investment properties

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

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

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

k. Goodwill

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

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

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

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

l. Intangible assets

1) Intangible assets acquired separately

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

2) Intangible assets acquired in a business combination

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

3) Derecognition of intangible assets

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

m. Impairment of tangible and intangible assets other than goodwill

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

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

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

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

n. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at fair value through profit or loss

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

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

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

ii. Available-for-sale financial assets

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

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

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

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

iii. Loans and receivables

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

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

b) Impairment of financial assets

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

For financial assets carried at amortized cost, such as trade receivables and other receivables are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

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

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

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt securities, the impairment loss is subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

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

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

c) Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

o. Provisions

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

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

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

Provisions for service revenue discount are measured and recognized at the end of the reporting period based on the actual experience and possibility of discount occurrence.

p. Revenue recognition

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

1) Rendering of services

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

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

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

2) Sale of goods

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

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

Revenue from the sale of properties is recognized when construction is complete, rewards of ownership of the properties are transferred to buyers, and collectability of the related receivables is reasonably assured. Deposits in and installment payments from sales of properties are recorded in the consolidated balance sheets under current liabilities.

3) Dividend and interest income

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

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

q. Leasing

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.

r. Borrowing costs

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

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

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

s. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Other long-term employee benefits

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

t. Taxation

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

1) Current tax

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

3) Current and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

b. Impairment of tangible and intangible assets other than goodwill

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

c. Provisions

Provisions for service revenue discount are measured and recognized at the end of reporting period based on actual experience and possibility of discount occurrence. Provisions for operating loss are measured and recognized on the basis of evaluation of the escrow service and brokerage service provided, historical experience and pertinent factors.

d. Evaluation of performance bonus payables

Revenue from the rendering of services is recognized when all the conditions (see Note 4) are satisfied. Performance bonus payables are recognized considering whether the criteria of sales performance reached and the performance standards under the bonus rules met. The Group will regularly review the rationality of the evaluation of performance bonus payables.

e. Recognition and measurement of defined benefit plan

Net defined benefit liabilities (assets) and the resulting defined benefit costs under defined benefit pension plan are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, rate of employee turnover, and future salary increase, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

f. Write-down of inventory

Inventories are stated at the lower of cost or net realizable value. Net realizable value of inventory is the estimated selling price made by the Group taking into consideration market value less the estimated costs of completion and the estimated costs necessary to make the sale. In the valuation process, the Group also makes reference to an independent valuation based on a market value assessment. If market condition changes, the Group will change the estimate of net realizable value of inventory accordingly, that may result in an increase or decrease in value of inventories.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2016	2015
Cash on hand	\$ 17,924	\$ 16,670
Checking accounts and demand deposits	2,006,462	1,989,990
Cash equivalents		
Time deposits with original maturities less than three months	<u>1,488,071</u>	<u>1,431,112</u>
	<u>\$ 3,512,457</u>	<u>\$ 3,437,772</u>

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

	December 31	
	2016	2015
Interest rates range	0%-3.80%	0%-4.10%

As of December 31, 2016 and 2015, the carrying amounts of time deposits with original maturities more than three months were \$108,470 thousand and \$401,695 thousand, respectively, which were classified as other financial assets - current (Note 12).

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

	<u>December 31</u>	
	2016	2015
<u>Financial assets held for trading</u>		
Non-derivative financial assets		
Domestic quoted shares	\$ 8,325	\$ 6,128
Mutual funds	<u>471,278</u>	<u>311,529</u>
	<u>\$ 479,603</u>	<u>\$ 317,657</u>

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS - CURRENT

	<u>December 31</u>	
	2016	2015
<u>Domestic investments</u>		
Quoted shares	<u>\$ 206,356</u>	<u>\$ 195,775</u>
<u>Foreign investments</u>		
Quoted shares	593,680	552,714
Mutual funds	<u>1,396</u>	<u>1,422</u>
	<u>595,076</u>	<u>554,136</u>
Available-for-sale financial assets	<u>\$ 801,432</u>	<u>\$ 749,911</u>

9. FINANCIAL ASSETS MEASURED AT COST - NON-CURRENT

	<u>December 31</u>	
	2016	2015
Domestic unlisted ordinary shares	\$ 51,039	\$ 83,629
Overseas unlisted ordinary shares	<u>156,296</u>	<u>168,693</u>
	<u>\$ 207,335</u>	<u>\$ 252,322</u>

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

During the years ended December 31, 2016 and 2015, impairment losses that resulted from the permanent decline in the carrying value of investments were \$0 thousand and \$3,662 thousand, respectively.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
<u>Notes receivable and trade receivables</u>		
Notes receivable - operating	\$ 16,001	\$ 46,783
Notes receivable - non-operating	-	30,000
	<u>16,001</u>	<u>76,783</u>
Trade receivables	816,174	697,401
Less: Allowance for doubtful accounts	<u>(9,081)</u>	<u>(12,844)</u>
	<u>807,093</u>	<u>684,557</u>
	<u>\$ 823,094</u>	<u>\$ 761,340</u>
 <u>Other receivables</u>		
Receivables from disposal of investment properties	\$ 244,701	\$ -
Receivables from disposal of investment	17,000	-
Interest receivables	11,346	1,862
Others	66,682	91,288
Less: Allowance for doubtful accounts	<u>(2,848)</u>	<u>(2,848)</u>
	<u>\$ 336,881</u>	<u>\$ 90,302</u>

a. Trade receivables

The average credit period for rendering of services was 30 to 60 days. No interest was charged on trade receivables. The provision of allowance for trade receivables from real estate brokerage service revenue was estimated based on historical experience. Allowance for impairment loss was recognized against trade receivables based on aging analysis, historical experience and an analysis of clients' current financial position. In determining the recoverability of a trade receivable, the Group considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period.

The concentration risk of credit was limited due to the fact that the customer base was large and customers were unrelated.

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

Aging analysis of receivables was as follows:

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
0-60 days	\$ 662,460	\$ 592,384
61-90 days	52,589	32,641
91-180 days	64,687	21,589
181-360 days	16,063	25,142
Over 360 days	<u>20,375</u>	<u>25,645</u>
	<u>\$ 816,174</u>	<u>\$ 697,401</u>

The above analysis was based on the billing date.

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

	December 31	
	2016	2015
61-90 days	\$ 11,261	\$ 13,455
91-180 days	11,924	3,491
181-360 days	1,914	7,830
Over 360 days	<u>2,126</u>	<u>15,025</u>
	<u>\$ 27,225</u>	<u>\$ 39,801</u>

The above analysis was based on the billing date.

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

	2016		2015	
	Trade Receivables	Other Receivables	Trade Receivables	Other Receivables
Balance at January 1	\$ 12,844	\$ 2,848	\$ 28,262	\$ 3,271
Add (less): Impairment losses recognized (reversed) on receivables	(2,570)	253	(15,289)	(99)
Less: Amounts written off	(519)	(253)	(7)	(324)
Foreign exchange translation differences	<u>(674)</u>	<u>-</u>	<u>(122)</u>	<u>-</u>
Balance at December 31	<u>\$ 9,081</u>	<u>\$ 2,848</u>	<u>\$ 12,844</u>	<u>\$ 2,848</u>

b. Other receivables

- 1) Receivables from disposal of investment properties were proceeds from sale of properties located in Dongcheng district, Beijing. Refer to Note 16 for the details.
- 2) Receivables from disposal of investment and interest receivable as of December 31, 2016 were due to the Group's disposal of financial assets measured at cost from the Group's exercising the option to sell back the shares under the agreement of the share transaction.
- 3) Other receivables were the payment on behalf of others and rental receivable.

11. INVENTORIES

	<u>December 31</u>	
	2016	2015
Properties under development		
Malu Town, Jiading District, Shanghai	\$ 7,343,643	\$ 5,972,207
Tianmu, Shihlin District, Taipei City	407,659	343,092
Others		
Sanyu, Shihlin District, Taipei City	<u>2,113</u>	<u>2,113</u>
	<u>\$ 7,753,415</u>	<u>\$ 6,317,412</u>

To ensure the smooth completion of the real estate project, the Group entered into a trust contract with E.Sun Bank on the real estate project of Tianmu, Shihlin District, Taipei City. The information of the real estate trust was as follows:

<u>Project Name</u>	<u>Trustee</u>	<u>Trust Period</u>
Sinyi Chien-Shih	E.Sun Bank	From April 16, 2014 to the completion of the project

In accordance with the trust contract, E.Sun Bank has been authorized to take fund control function, including making progress payments, the payment of taxes, and so on.

Refer to Note 34 for the carrying amount of inventories pledged as security for bank borrowings by the Group.

12. OTHER FINANCIAL ASSETS - CURRENT

	<u>December 31</u>	
	2016	2015
Time deposits with original maturity more than three months	\$ 108,470	\$ 401,695
Restricted assets - current	7,308	47,857
Financial assets at amortized cost	<u>2,850,536</u>	<u>1,331,967</u>
	<u>\$ 2,966,314</u>	<u>\$ 1,781,519</u>

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

	<u>December 31</u>	
	2016	2015
Time deposits with original maturity more than three months	0.09%-1.20%	0.025%-3.00%

- b. Restricted assets - current consisted of time deposits provided as guarantee for the loan of Shanghai Sinyi Real Estate and as operating guarantee for real-estate brokerage. Refer to Note 34.
- c. Financial assets at amortized cost were bank financial products. The expected yield rates for the years ended December 31, 2016 and 2015 were 0%-4.35% and 1.80%-3.75%, respectively.

13. SUBSIDIARIES

a. Subsidiaries included in consolidated financial statements

The subsidiaries included in the consolidated entities as of December 31, 2016 and 2015 were as follows:

Investor	Investee	Main Businesses	% of Ownership		Remark	
			2016	2015		
Sinyi Realty Inc.	Sinyi International Limited (Sinyi International)	Investment holding	100	100		
	Sinyi Development Inc. (Taiwan Sinyi Development)	Construction	100	100		
	Sinyi Limited	Investment holding	100	100		
	Sinyi Global Asset Management Co., Ltd. (Global)	Real estate brokerage	100	100		
	Heng-Yi Real Estate Consulting Inc. (Heng-Yi)	Development, construction, rental and sale of residential building and factories	100	100		
	Jui-Inn Consultants Co., Ltd. (Jui-Inn)	Management consulting	100	100		
	Sinyi Culture Publishing Inc. (Sinyi Culture)	Publication	99	99		
	An-Sin Real Estate Management Ltd. (An-Sin)	Real estate management	51	51		
	Yowoo Technology Inc. (Yowoo Technology)	Information software, data processing and electronic information providing services	100	100		
	Sinyi Limited	Sin Chiun Holding SDN. BHD.	Investment holding	100	-	Note 5
Ke Wei HK Realty Limited (Ke Wei HK)		Investment holding	99	99		
Inane	Inane International Limited (Inane)	Investment holding	100	100		
	Shanghai Sinyi Real Estate Inc. (Shanghai Sinyi Real Estate)	Real estate brokerage	100	100		
	Beijing Sinyi Real Estate Ltd. (Beijing Sinyi)	Real estate brokerage	100	100		
	Shanghai Sinyi Limited Corporation of Land Administration and Real Estate Counseling (Shanghai Sinyi of Land Administration and Real Estate Counseling)	Management consulting	100	100		
	Chengdu Sinyi Real Estate Co., Ltd. (Chengdu Sinyi)	Real estate brokerage and management consulting	100	100		
	Qingdao Chengjian & Sinyi Real Estate Co., Ltd. (Qingdao Sinyi)	Real estate brokerage and management consulting	100	100		
	Max Success International Limited (Max Success)	Investment holding	100	100		
	Shanghai Sinyi Real Estate	Zhejiang Sinyi Real Estate Co., Ltd. (Zhejiang Sinyi)	Real estate brokerage and management consulting	38	38	
		Suzhou Sinyi Real Estate Inc. (Suzhou Sinyi)	Real estate brokerage and management consulting	2	2	
	Max Success	Zhejiang Sinyi	Real estate brokerage and management consulting	62	62	
Suzhou Sinyi		Real estate brokerage and management consulting	98	98		
Ke Wei HK	Ke Wei Shanghai Real Estate Management Consulting Inc. (Ke Wei Shanghai)	Real estate brokerage and management consulting	100	100		
Sinyi International	Forever Success International Limited (Forever Success)	Investment holding	100	100		
	Sinyi Realty Inc. Japan (Japan Sinyi)	Real estate brokerage, management and identification	100	100		
	Sinyi Development Limited (Sinyi Development)	Investment holding	100	100		
Forever Success	Sinyi Estate Ltd. (Sinyi Estate)	Investment holding	100	100	Note 1	
	Shanghai Shang Tuo Investment Management Consulting Inc. (Shanghai Shang Tuo)	Real estate brokerage and management consulting	100	100		
	Hua Yun Renovation (Shanghai) Co., Ltd. (Hua Yun)	Professional construction, building decoration construction, interior decoration, hardware, general merchandise, building materials wholesale	100	100		

(Continued)

Investor	Investee	Main Businesses	% of Ownership		Remark
			2016	2015	
An-Sin	An-Shin Real Estate Management Ltd. (An-Shin)	Real estate management	100	100	
Japan Sinyi	Sinyi Management Co., Ltd. (Sinyi Management)	Real estate brokerage	100	100	
Sinyi Development	Tokyo Sinyi Real Estate Co., Ltd.	Real estate brokerage	100	100	Note 2
	Sinyi Real Estate (Hong Kong) Limited (Hong Kong Real Estate)	Investment holding	100	100	
	Kunshan Dingxian Trading Co., Ltd. (Kunshan Dingxian Trading)	Construction materials furniture, sanitary ware and ceramic products	100	100	Note 4
Sinyi Estate	Sinyi Estate (Hong Kong) Limited (Hong Kong Sinyi Estate)	Investment holding	100	100	Note 3
Hong Kong Real Estate	Sinyi Real Estate (Shanghai) Limited (Shanghai Real Estate)	Development of commercial and residential building and auxiliary facilities; and construction, rental, sale and property management	100	100	
Taiwan Sinyi Development	Da-Chia Construction Co., Ltd. (Da-Chia Construction)	Development, construction, rental and sales of residential building and factories	100	100	
	Sinyi Real Estate Co., Ltd. (Sinyi Real Estate)	Development, construction, rental and sales of residential building and factories	100	100	

(Concluded)

Remark:

Note 1: Sinyi Estate was incorporated in April 2015, with a capital collected in advance of US\$17 thousand as of December 31, 2016.

Note 2: Tokyo Sinyi Real Estate Co., Ltd. was incorporated in May 2015, with a capital of \$5,000 thousand.

Note 3: Hong Kong Sinyi Estate was incorporated in April 2015, with a capital collected in advance of US\$17 thousand as of December 31, 2016.

Note 4: Kunshang Dingxian Trading was incorporated in January 2015, with a capital of RMB 6,000 thousand.

Note 5: Sin Chiun Holding SDN. BHD. was incorporated in October 2016, with a capital of MYR 2.

Note 6: The investments accounted for by the equity method and the share of profit or loss and other comprehensive income of those subsidiaries for the years ended December 31, 2016 and 2015 were based on audited financial statements.

b. Subsidiaries excluded from consolidated financial statements: None.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2016	2015
Investments in associates	<u>\$ 10,723</u>	<u>\$ 9,649</u>

Investments in Associates

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Unlisted company		
Sinyi Interior Design Co., Ltd.	\$ <u>10,723</u>	\$ <u>9,649</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	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Sinyi Interior Design Co., Ltd.	19%	19%

The summarized financial information in respect of the Group's associates is set out below:

	<u>Years Ended December 31</u>	
	<u>2016</u>	<u>2015</u>
Group's share		
Net profit for continuing operations	\$ 208	\$ 243
Other comprehensive income (loss)	<u>1,084</u>	<u>(1,184)</u>
Total comprehensive income (loss) for the year	<u>\$ 1,292</u>	<u>\$ (941)</u>

The investments accounted for by the equity method and the share of profit or loss and other comprehensive income (loss) of the investment for the years ended December 31, 2016 and 2015 were based on unaudited financial statements. The Group's management believes the unaudited financial statements of Sinyi Interior Design Co., Ltd. do not have material impact on the equity method accounting or the calculation of the share of profit or loss and other comprehensive income (loss).

15. PROPERTY, PLANT AND EQUIPMENT

	<u>Year Ended December 31, 2016</u>								Total
	Freehold Land	Buildings	Transportation Equipment	Office Equipment	Leased Assets	Leasehold Improvements	Other Equipment	Construction in Progress and Prepayments for Equipment	
<u>Cost</u>									
Balance, at January 1, 2016	\$ 2,665,208	\$ 415,360	\$ 6,874	\$ 371,882	\$ 4,671	\$ 501,124	\$ 79,979	\$ 258,785	\$ 4,303,883
Additions	-	-	1,137	21,054	-	49,539	687	750	73,167
Disposals (Note 2)	-	-	(1,794)	(21,337)	-	(22,746)	-	(8,771)	(54,648)
Reclassifications	-	-	750	-	-	126	(126)	(750)	-
Effect of foreign currency exchange differences	-	-	(396)	(4,478)	-	(6,749)	-	(19,164)	(30,787)
Balance at December 31, 2016	<u>\$ 2,665,208</u>	<u>\$ 415,360</u>	<u>\$ 6,571</u>	<u>\$ 367,121</u>	<u>\$ 4,671</u>	<u>\$ 521,294</u>	<u>\$ 80,540</u>	<u>\$ 230,850</u>	<u>\$ 4,291,615</u>
<u>Accumulated depreciation</u>									
Balance, at January 1, 2016	\$ -	\$ 96,564	\$ 4,330	\$ 240,142	\$ 4,671	\$ 341,765	\$ 54,491	\$ -	\$ 741,963
Depreciation expense	-	10,538	1,100	47,489	-	58,446	8,705	-	126,278
Disposals	-	-	(1,614)	(20,908)	-	(22,174)	-	-	(44,696)
Effect of foreign currency exchange differences	-	-	(256)	(2,570)	-	(3,341)	-	-	(6,167)
Balance at December 31, 2016	<u>\$ -</u>	<u>\$ 107,102</u>	<u>\$ 3,560</u>	<u>\$ 264,153</u>	<u>\$ 4,671</u>	<u>\$ 374,696</u>	<u>\$ 63,196</u>	<u>\$ -</u>	<u>\$ 817,378</u>
Net book value, January 1, 2016	<u>\$ 2,665,208</u>	<u>\$ 318,796</u>	<u>\$ 2,544</u>	<u>\$ 131,740</u>	<u>\$ -</u>	<u>\$ 159,359</u>	<u>\$ 25,488</u>	<u>\$ 258,785</u>	<u>\$ 3,561,920</u>
Net book value, December 31, 2016	<u>\$ 2,665,208</u>	<u>\$ 308,258</u>	<u>\$ 3,011</u>	<u>\$ 102,968</u>	<u>\$ -</u>	<u>\$ 146,598</u>	<u>\$ 17,344</u>	<u>\$ 230,850</u>	<u>\$ 3,474,237</u>

Year Ended December 31, 2015

	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, 2015	\$ 2,670,039	\$ 418,777	\$ 6,984	\$ 354,744	\$ 4,671	\$ 454,972	\$ 79,501	\$ 272,743	\$ 4,262,431
Additions	-	-	-	39,882	-	74,226	478	82	114,668
Disposals (Notes 1 and 2)	-	(1,448)	-	(22,146)	-	(26,935)	-	(8,240)	(58,769)
Reclassifications	(4,831)	(1,969)	-	176	-	-	-	(621)	(7,245)
Effect of foreign currency exchange differences	-	-	(110)	(774)	-	(1,139)	-	(5,179)	(7,202)
Balance at December 31, 2015	<u>\$ 2,665,208</u>	<u>\$ 415,360</u>	<u>\$ 6,874</u>	<u>\$ 371,882</u>	<u>\$ 4,671</u>	<u>\$ 501,124</u>	<u>\$ 79,979</u>	<u>\$ 258,785</u>	<u>\$ 4,303,883</u>
Accumulated depreciation									
Balance, at January 1, 2015	\$ -	\$ 86,407	\$ 3,084	\$ 211,880	\$ 4,671	\$ 309,207	\$ 42,594	\$ -	\$ 657,843
Depreciation expense	-	10,157	1,308	49,490	-	59,253	11,897	-	132,105
Disposals	-	-	-	(20,708)	-	(25,875)	-	-	(46,583)
Effect of foreign currency exchange differences	-	-	(62)	(520)	-	(820)	-	-	(1,402)
Balance at December 31, 2015	<u>\$ -</u>	<u>\$ 96,564</u>	<u>\$ 4,330</u>	<u>\$ 240,142</u>	<u>\$ 4,671</u>	<u>\$ 341,765</u>	<u>\$ 54,491</u>	<u>\$ -</u>	<u>\$ 741,963</u>
Net book value, January 1, 2015	<u>\$ 2,670,039</u>	<u>\$ 332,370</u>	<u>\$ 3,900</u>	<u>\$ 142,864</u>	<u>\$ -</u>	<u>\$ 145,765</u>	<u>\$ 36,907</u>	<u>\$ 272,743</u>	<u>\$ 3,604,588</u>
Net book value, December 31, 2015	<u>\$ 2,665,208</u>	<u>\$ 318,796</u>	<u>\$ 2,544</u>	<u>\$ 131,740</u>	<u>\$ -</u>	<u>\$ 159,359</u>	<u>\$ 25,488</u>	<u>\$ 258,785</u>	<u>\$ 3,561,920</u>

Note 1: The proceeds of disposal of building were collected based on the portfolio of the value of right and investment amount after the urban renewal plan was completed; the Group participated in the plan.

Note 2: Refund of prepayments from the construction company when it failed to meet the terms of the contract for Suzhou Sinyi.

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

Buildings - main buildings	21-55 years
Transportation equipment	4-5 years
Office equipment	3-5 years
Leased assets	3 years
Leasehold improvements	1-5 years
Other equipment	3-15 years

- a. Construction in progress and prepayments for equipment were mainly the Group's purchase of the pre-sold property which was still in construction located in Suzhou City. The transaction price had been paid fully according to the real estate transaction contract.
- b. There was no interest capitalized during the years ended December 31, 2016 and 2015.
- c. Refer to Note 34 for the details of properties, plant and equipment pledged as collaterals.

16. INVESTMENT PROPERTIES

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2016	\$ 2,037,918	\$ 943,625	\$ 2,981,543
Additions	18,901	1,299	20,200
Disposals	(34,439)	(581,871)	(616,310)
Effect of foreign currency exchange differences	<u>-</u>	<u>(17,314)</u>	<u>(17,314)</u>
Balance at December 31, 2016	<u>\$ 2,022,380</u>	<u>\$ 345,739</u>	<u>\$ 2,368,119</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2016	\$ 7,396	\$ 157,855	\$ 165,251
Impairment losses reversed	(1,838)	(739)	(2,577)
Depreciation expense	-	19,362	19,362
Disposals	-	(81,108)	(81,108)
Effect of foreign currency exchange differences	<u>-</u>	<u>(2,095)</u>	<u>(2,095)</u>
Balance at December 31, 2016	<u>\$ 5,558</u>	<u>\$ 93,275</u>	<u>\$ 98,833</u>
Net book value, January 1, 2016	<u>\$ 2,030,522</u>	<u>\$ 785,770</u>	<u>\$ 2,816,292</u>
Net book value, December 31, 2016	<u>\$ 2,016,822</u>	<u>\$ 252,464</u>	<u>\$ 2,269,286</u>
<u>Cost</u>			
Balance at January 1, 2015	\$ 2,033,087	\$ 953,151	\$ 2,986,238
Reclassifications	4,831	1,969	6,800
Effect of foreign currency exchange differences	<u>-</u>	<u>(11,495)</u>	<u>(11,495)</u>
Balance at December 31, 2015	<u>\$ 2,037,918</u>	<u>\$ 943,625</u>	<u>\$ 2,981,543</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2015	\$ 7,396	\$ 137,927	\$ 145,323
Depreciation expense	-	21,176	21,176
Effect of foreign currency exchange differences	<u>-</u>	<u>(1,248)</u>	<u>(1,248)</u>
Balance at December 31, 2015	<u>\$ 7,396</u>	<u>\$ 157,855</u>	<u>\$ 165,251</u>
Net book value, January 1, 2015	<u>\$ 2,025,691</u>	<u>\$ 815,224</u>	<u>\$ 2,840,915</u>
Net book value, December 31, 2015	<u>\$ 2,030,522</u>	<u>\$ 785,770</u>	<u>\$ 2,816,292</u>

(Concluded)

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

Buildings - main buildings 30-60 years

The Group disposed of investment properties in Beijing City for \$846,380 thousand in 2016. The carrying amount of investment properties was \$494,313 thousand, and the disposal gain of \$352,067 thousand was recognized in other gains and losses, which is disclosed in Note 27. As of December 31, 2016, the remaining receivable from disposal of investment properties \$244,701 thousand had not been collected.

The total fair value of the Group's investment properties and property, plant and equipment as of December 31, 2016 and 2015 was \$9,145,666 thousand and \$10,259,399 thousand, respectively. The fair value determination was not performed by independent qualified professional appraisers, but by the management of the Group who used the valuation model that market participants generally use in determining fair value, and the fair value was measured by using Level 3 inputs. The fair value was arrived at by reference to market evidence of transaction prices for similar properties.

All of the Group's investment properties were held under freehold interests. The carrying amount of the investment properties that had been pledged by the Group to secure borrowings is disclosed in Note 34.

17. INTANGIBLE ASSETS

	December 31			
			2016	2015
Franchises (Note 37)			\$ 56,112	\$ 59,619
Goodwill			9,621	9,621
System software costs			<u>71,245</u>	<u>75,523</u>
			<u>\$ 136,978</u>	<u>\$ 144,763</u>
			System	
	Franchises	Goodwill	Software Costs	Total
<u>Cost</u>				
Balance at January 1, 2016	\$ 100,299	\$ 9,621	\$ 167,849	\$ 277,769
Additions	-	-	44,147	44,147
Disposals	-	-	(3,683)	(3,683)
Effect of foreign currency exchange differences	<u>(1,757)</u>	<u>-</u>	<u>(866)</u>	<u>(2,623)</u>
Balance at December 31, 2016	<u>\$ 98,542</u>	<u>\$ 9,621</u>	<u>\$ 207,447</u>	<u>\$ 315,610</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2016	\$ 40,680	\$ -	\$ 92,326	\$ 133,006
Amortization expense	2,464	-	47,957	50,421
Disposals	-	-	(3,683)	(3,683)
Effect of foreign currency exchange differences	<u>(714)</u>	<u>-</u>	<u>(398)</u>	<u>(1,112)</u>
Balance at December 31, 2016	<u>\$ 42,430</u>	<u>\$ -</u>	<u>\$ 136,202</u>	<u>\$ 178,632</u>
Net book value, January 1, 2016	<u>\$ 59,619</u>	<u>\$ 9,621</u>	<u>\$ 75,523</u>	<u>\$ 144,763</u>
Net book value, December 31, 2016	<u>\$ 56,112</u>	<u>\$ 9,621</u>	<u>\$ 71,245</u>	<u>\$ 136,978</u>
<u>Cost</u>				
Balance at January 1, 2015	\$ 96,709	\$ 9,621	\$ 127,062	\$ 233,392
Additions	-	-	42,522	42,522
Disposals	-	-	(2,167)	(2,167)

(Continued)

	Franchises	Goodwill	System Software Costs	Total
Reclassification	\$ -	\$ -	\$ 445	\$ 445
Effect of foreign currency exchange differences	<u>3,590</u>	<u>-</u>	<u>(13)</u>	<u>3,577</u>
Balance at December 31, 2015	<u>\$ 100,299</u>	<u>\$ 9,621</u>	<u>\$ 167,849</u>	<u>\$ 277,769</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2015	\$ 36,806	\$ -	\$ 53,868	\$ 90,674
Amortization expense	2,424	-	40,644	43,068
Disposals	-	-	(2,167)	(2,167)
Effect of foreign currency exchange differences	<u>1,450</u>	<u>-</u>	<u>(19)</u>	<u>1,431</u>
Balance at December 31, 2015	<u>\$ 40,680</u>	<u>\$ -</u>	<u>\$ 92,326</u>	<u>\$ 133,006</u>
Net book value, January 1, 2015	<u>\$ 59,903</u>	<u>\$ 9,621</u>	<u>\$ 73,194</u>	<u>\$ 142,718</u>
Net book value, December 31, 2015	<u>\$ 59,619</u>	<u>\$ 9,621</u>	<u>\$ 75,523</u>	<u>\$ 144,763</u> (Concluded)

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

Franchises	40 years
System software costs	2-5 years

The recoverable amount of the Group's goodwill had been tested for impairment using the forecast carrying amount at the end of the annual reporting period. For the year ended December 31, 2016, the Group did not recognize any impairment loss on goodwill.

18. OTHER ASSETS

	December 31	
	2016	2015
Prepaid expenses	\$ 92,805	\$ 87,772
Tax prepayment	654,411	238,729
Temporary payments	45,006	1,877
Overpaid VAT	8,401	4,390
Overdue receivables	4,857	4,644
Others	<u>1,890</u>	<u>1,890</u>
	<u>\$ 807,370</u>	<u>\$ 339,302</u>
Current	\$ 800,623	\$ 332,768
Non-current	<u>6,747</u>	<u>6,534</u>
	<u>\$ 807,370</u>	<u>\$ 339,302</u>

Tax prepayment is land value increment tax and sales tax imposed by China local tax bureau for presold real estate made by Shanghai Real Estate, one of the Group's subsidiaries in mainland China.

19. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	2016	2015
<u>Unsecured borrowings</u>		
Unsecured loans	\$ 158,058	\$ 200,000
<u>Secured borrowings</u>		
Bank loans	-	37,463
	<u>\$ 158,058</u>	<u>\$ 237,463</u>

1) The interest rates of the bank loans for the years ended December 31, 2016 and 2015 were 1.03%-1.42% and 1.4%-5.1%, respectively.

2) Refer to Note 34 for the details of assets pledged as collaterals for short-term borrowings.

b. Long-term borrowings

	<u>December 31</u>	
	2016	2015
<u>Secured borrowings</u>		
Bank loans	\$ 632,340	\$ 2,299,289
<u>Unsecured borrowings</u>		
Unsecured loans	184,450	-
	816,790	2,299,289
Less: Current portion	<u>(296,120)</u>	<u>(190,000)</u>
Long-term borrowings	<u>\$ 520,670</u>	<u>\$ 2,109,289</u>

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

Content of Borrowings		<u>December 31</u>	
		2016	2015
E.SUN Bank	Loan limit: \$190,000 thousand; period: September 10, 2013 to March 31, 2017; floating interest rate as of December 31, 2016 and 2015 is 2.1% and 2.5%; interest is paid monthly and principal is repaid at maturity.	\$ 190,000	\$ 190,000

(Continued)

		December 31	
		2016	2015
E.SUN Bank	Loan limit: \$800,000 thousand; period: March 13, 2015 to December 30, 2017; fixed interest rate of 1.55% with negotiating rate per 90 days; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in January 2016.	\$ -	\$ 100,000
E.SUN Bank	Loan limit: \$2,450,000 thousand; period: October 25, 2016 to October 20, 2018; floating interest rate of 1.35% with negotiating rate per 30 days; interest is paid monthly and principal is repaid at maturity.	200,000	-
East Asia Bank	Loan limit: \$1,600,000 thousand; period: September 25, 2015 to December 31, 2018; floating interest rate of 1.718%; total 7 quarterly installment to begin from 18 months after December 31, 2015, 5% of principal for each of the first six installments, while the rest will be paid at maturity. The Group repaid all the debts in October and November in 2016.	-	200,000
China Construction Bank	Loan limit: RMB 800,000 thousand; period: May 20, 2014 to June 19, 2017; floating interest rate as of December 31, 2016 and 2015 is 4.75% and 5.25%; interest is paid quarterly and principal is repaid at maturity. The Group repaid partial principal of RMB 322,200 thousand in May, June and December in 2016	92,340	1,709,289
Taipei Fubon Bank	Loan limit: \$385,000 thousand; period: December 30, 2016 to December 30, 2019; floating interest rate of 1.65%; interest is paid monthly and principal is repaid at maturity.	50,000	-
Yuanta Bank	Loan limit: \$300,000 thousand; period: December 30, 2016 to December 30, 2018; floating interest rate of 1.75% with negotiating rate per 180 days; interest is paid monthly and principal is repaid at maturity.	100,000	-
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.	34,450	-
Sinopac Bank	Loan limit: \$200,000 thousand; period: December 30, 2016 to December 30, 2018; floating interest rate of 1.5%; interest is paid monthly and principal is repaid at maturity.	50,000	-
Bank of Taiwan	Loan limit: \$1,000,000 thousand; period: September 22, 2015 to September 22, 2018; fixed interest rate as of December 31, 2016 and 2015 is 1.46% and 1.8% with negotiating rate per 180 days; interest is paid monthly and principal is repaid at maturity.	100,000	100,000
Total long-term borrowings		<u>\$ 816,790</u>	<u>\$ 2,299,289</u>

(Concluded)

Refer to Note 34 for the details of assets pledged as collaterals for long-term borrowings.

20. BONDS PAYABLE

	December 31	
	2016	2015
Domestic unsecured bonds	\$ 3,000,000	\$ 3,000,000
Less: Current portion	<u>-</u>	<u>-</u>
	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>

The major term of domestic unsecured bonds was as follows:

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

21. TRADE PAYABLES

	December 31	
	2016	2015
Construction payables	<u>\$ 175,385</u>	<u>\$ 86,330</u>

22. UNEARNED REVENUE

	December 31	
	2016	2015
Advance receipts from real estate transactions	\$ 7,280,944	\$ 2,665,026
Others	<u>2,508</u>	<u>1,477</u>
	<u>\$ 7,283,452</u>	<u>\$ 2,666,503</u>

Advance receipts from real estate transactions are the amounts collected by Sinyi Development and Shanghai Real Estate 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.

23. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
<u>Current</u>		
Other payables	\$ 1,599,087	\$ 1,493,621
Other payables to related parties	83,091	115,727
Other financial liabilities	406,968	321,467
Other liabilities	<u>220,275</u>	<u>297,159</u>
	<u>\$ 2,309,421</u>	<u>\$ 2,227,974</u>
<u>Non-current</u>		
Other liabilities	<u>\$ 414,879</u>	<u>\$ 722,466</u>

a. Other payables were as follows:

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Performance bonus and salaries	\$ 1,259,150	\$ 1,118,097
Advertisement	53,675	101,204
Labor and health insurance	65,797	62,216
Payable for annual leave	65,625	60,081
Professional fees	15,343	16,773
Interest payables	23,291	25,968
Compensation to employees and directors	17,365	17,414
Others	<u>98,841</u>	<u>91,868</u>
	<u>\$ 1,599,087</u>	<u>\$ 1,493,621</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. The performance bonuses payable under other liabilities amounted to \$414,879 thousand and \$722,466 thousand as of December 31, 2016 and 2015, respectively.

b. Other payables to related parties were as follows:

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Financing from related parties		
Loan from related parties	\$ 57,713	\$ 67,932
Interest payable	14,260	14,735
Others	<u>11,118</u>	<u>33,060</u>
	<u>\$ 83,091</u>	<u>\$ 115,727</u>

Loans from related parties were accounted for as other payables to related parties with interest rates of 0%-3% for the years ended December 31, 2016 and 2015.

c. Other financial liabilities were as follows:

	December 31	
	2016	2015
Receipts under custody from real estate transactions	\$ 291,110	\$ 221,384
Other receipts under custody	67,079	68,283
Payables on equipment	10,335	5,709
Receipts under custody - escrow service	11	150
Others	<u>38,433</u>	<u>25,941</u>
	<u>\$ 406,968</u>	<u>\$ 321,467</u>

- 1) Receipts under custody from real estate transactions were the money received by real estate brokers - Shanghai Sinyi Real Estate, Zhejiang Sinyi, Suzhou Sinyi, Beijing Sinyi, Chengdo Sinyi and Qingdao 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:

	December 31	
	2016	2015
Receipts under custody - escrow service	\$ 9,868,003	\$ 10,612,418
Interest payables	3,291	4,479
Deposit accounts	(9,871,283)	(10,616,258)
Interest receivables	<u>-</u>	<u>(489)</u>
	<u>\$ 11</u>	<u>\$ 150</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% and 0.15%-0.24% for the years ended December 31, 2016 and 2015, respectively.
- b) Deposit accounts were receipts which had been paid by buyers of real estate transactions but not delivered to the sellers yet. The Group deposited these receipts in bank accounts according to the escrow contracts.

d. Other current liabilities were as follows:

	December 31	
	2016	2015
VAT payable and other tax payable	\$ 206,735	\$ 280,730
Others	<u>13,540</u>	<u>16,429</u>
	<u>\$ 220,275</u>	<u>\$ 297,159</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

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Service revenue allowances	\$ 45,204	\$ 39,100
Operating loss provisions	<u>42,848</u>	<u>-</u>
	<u>\$ 88,052</u>	<u>\$ 39,100</u>
Current	\$ 83,195	\$ 34,456
Non-current	<u>4,857</u>	<u>4,644</u>
	<u>\$ 88,052</u>	<u>\$ 39,100</u>

	Service Allowances	Operating Loss Provisions	Total
Balance, January 1, 2016	\$ 39,100	\$ -	\$ 39,100
Additional provisions recognized	6,420	42,848	49,268
Effect of foreign currency exchange differences	<u>(316)</u>	<u>-</u>	<u>(316)</u>
Balance, December 31, 2016	<u>\$ 45,204</u>	<u>\$ 42,848</u>	<u>\$ 88,052</u>

	Service Allowances	Operating Loss Provisions	Total
Balance, January 1, 2015	\$ 47,488	\$ -	\$ 47,488
Reversing un-usage balances	(8,391)	-	(8,391)
Effect of foreign currency exchange differences	<u>3</u>	<u>-</u>	<u>3</u>
Balance, December 31, 2015	<u>\$ 39,100</u>	<u>\$ -</u>	<u>\$ 39,100</u>

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

25. RETIREMENT BENEFIT PLANS

- a. Defined contribution plans

The pension plan under the Labor Pension Act (the "LPA") is a defined contribution plan. Based on the LPA, the Company, An-Sin, An-Shin, Global, Sinyi Development, Jui-Inn, Heng-Yi, Yowoo Technology and Tokyo Sinyi make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries in other countries are members of a state-managed retirement benefit plan operated by local government. The subsidiary is required to contribute amounts calculated at a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions to the fund.

Sinyi Limited, Sinyi International, Forever Success, Inane, Ke Wei HK, Max Success, Sinyi Development, Sinyi Estate, Sin Chiun, Hong Kong Real Estate, Hong Kong Sinyi Estate, Sinyi Culture, Da-Chia Construction and Sinyi Real Estate have no full-time employees. Thus, there are no related pension obligations or pension costs.

b. Defined benefit plans

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

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2016	2015
Present value of defined benefit obligation	\$ 580,132	\$ 529,845
Fair value of plan assets	<u>(536,530)</u>	<u>(525,620)</u>
Deficit	<u>43,602</u>	<u>4,225</u>
Net defined benefit liability	<u>\$ 43,602</u>	<u>\$ 4,225</u>

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2015	<u>\$ 497,221</u>	<u>\$ (506,225)</u>	<u>\$ (9,004)</u>
Service cost			
Current service cost	3,575	-	3,575
Net interest expense (income)	<u>9,336</u>	<u>(9,602)</u>	<u>(266)</u>
Recognized in profit or loss	<u>12,911</u>	<u>(9,602)</u>	<u>3,309</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,869)	(3,869)
Actuarial loss - changes in demographic assumptions	24,396	-	24,396
Actuarial loss - changes in financial assumptions	16,664	-	16,664
Actuarial gain - experience adjustments	<u>(14,416)</u>	<u>-</u>	<u>(14,416)</u>
Recognized in other comprehensive income	<u>26,644</u>	<u>(3,869)</u>	<u>22,775</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Contributions from the employer	\$ <u> -</u>	\$ (12,855)	\$ (12,855)
Benefits paid	<u>(6,931)</u>	<u>6,931</u>	<u> -</u>
Balance at December 31, 2015	<u>529,845</u>	<u>(525,620)</u>	<u>4,225</u>
Service cost			
Current service cost	3,718	-	3,718
Net interest expense (income)	<u>8,610</u>	<u>(8,615)</u>	<u>(5)</u>
Recognized in profit or loss	<u>12,328</u>	<u>(8,615)</u>	<u>3,713</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	4,845	4,845
Actuarial loss - changes in demographic assumptions	17,655	-	17,655
Actuarial loss - changes in financial assumptions	18,741	-	18,741
Actuarial loss - experience adjustments	<u>6,741</u>	<u> -</u>	<u>6,741</u>
Recognized in other comprehensive income	<u>43,137</u>	<u>4,845</u>	<u>47,982</u>
Contributions from the employer	<u> -</u>	<u>(12,318)</u>	<u>(12,318)</u>
Benefits paid	<u>(5,178)</u>	<u>5,178</u>	<u> -</u>
Balance at December 31, 2016	<u>\$ 580,132</u>	<u>\$ (536,530)</u>	<u>\$ 43,602</u> (Concluded)

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

	Years Ended December 31	
	2016	2015
Operating costs	\$ 3,329	\$ 2,905
Operating expenses	<u>384</u>	<u>404</u>
	<u>\$ 3,713</u>	<u>\$ 3,309</u>

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government or corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2016	2015
Discount rates	1.125%-1.375%	1.625%
Expected rates of salary increase	2.00%-3.00%	2.00%-3.00%

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

	December 31	
	2016	2015
Discount rates		
0.25% increase	<u>\$ (18,950)</u>	<u>\$ (17,679)</u>
0.25% decrease	<u>\$ 19,794</u>	<u>\$ 18,483</u>
Expected rates of salary increase		
0.25% increase	<u>\$ 19,126</u>	<u>\$ 17,893</u>
0.25% decrease	<u>\$ (18,412)</u>	<u>\$ (17,209)</u>

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

	December 31	
	2016	2015
The expected contributions to the plan for the next year	<u>\$ 9,252</u>	<u>\$ 9,102</u>
The average duration of the defined benefit obligation	13.3 years	13.7 years - 14.1 years

26. EQUITY

Share Capital

	December 31	
	2016	2015
Numbers of shares authorized (in thousands)	<u>1,000,000</u>	<u>1,000,000</u>
Share capital authorized	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>631,840</u>	<u>631,840</u>
Share capital issued	<u>\$ 6,318,398</u>	<u>\$ 6,318,398</u>

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

Capital Surplus

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
<u>May not be used for any purpose</u>		
Employee stock options	<u>\$ 63,896</u>	<u>\$ 63,896</u>

The capital surplus from shares issued in excess of par (additional paid-in capital from issuance of ordinary 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. In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The Company has resolved retained earnings distribution policy and stipulated the employees' compensation policy in the amended Article of Incorporation in the general shareholders' meeting on May 20, 2016.
- b. 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, refer to f Employee benefits expense in Note 27.
- c. 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.
- d. 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.
- e. Except for non-ROC resident shareholders, all shareholders receiving dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

- f. The appropriations of earnings for 2015 and 2014 approved in the shareholders' meeting held on May 20, 2016 and May 15, 2015, respectively, were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>Years Ended December 31</u>		<u>Years Ended December 31</u>	
	2015	2014	2015	2014
Legal reserve	\$ 56,387	\$ 107,216	\$ -	\$ -
Cash dividends	442,288	613,437	0.7	1.0
Stock dividends	-	184,031	-	0.3

- g. The appropriations of earnings for 2016 had been proposed by the Company's board of directors on February 24, 2017. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 91,986	\$ -
Cash dividends	631,840	1.0
Stock dividends	196,602	0.3

The appropriations of earnings for 2016 are subject to the resolution of the shareholders' meeting to be held on May 26, 2017.

Others Equity Items

	<u>December 31</u>	
	2016	2015
Exchange differences on translating foreign operations	\$ (225,707)	\$ 189,816
Unrealized gains from available-for-sale financial assets	<u>304,476</u>	<u>244,878</u>
	<u>\$ 78,769</u>	<u>\$ 434,694</u>

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

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

- b. Unrealized gains or losses from available-for-sale financial assets

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

Non-controlling Interests

	Years Ended December 31	
	2016	2015
Balance, beginning of year	\$ 125,644	\$ 139,495
Attributed to non-controlling interests:		
Net income	4,723	22,496
Exchange differences on translating foreign operations	19	(6)
Remeasurement on defined benefit plans	(19)	(56)
Related income tax	3	9
Payment of cash dividends to non-controlling interests	<u>(20,558)</u>	<u>(36,294)</u>
Balance, end of year	<u>\$ 109,812</u>	<u>\$ 125,644</u>

27. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations consisted of the followings:

Interest Income

	Years Ended December 31	
	2016	2015
Interest income		
Cash in bank	\$ 50,849	\$ 34,696
Other accounts receivable	10,734	10,506
Others	<u>16</u>	<u>60</u>
	<u>\$ 61,599</u>	<u>\$ 45,262</u>

Other Gains and Losses

	Years Ended December 31	
	2016	2015
Reversal of impairment loss of investment properties	\$ 2,577	\$ -
Impairment loss of financial assets measured at cost	-	(3,662)
(Losses) gains on disposal of investments	(40)	67,906
(Gains) losses on fair value change of financial assets held for trading	3,325	(11,813)
Losses on disposal of property, plant and equipment	(925)	(2,463)
Gains on disposal of investment properties (Note 16)	350,929	-
Net foreign exchange (loss) gain	(9,647)	20,054
Share of gains on associates and joint ventures	208	243
Gain on reversal of bad debts	2,317	15,388
Others	<u>30,219</u>	<u>46,405</u>
	<u>\$ 378,963</u>	<u>\$ 132,058</u>

Finance Costs

	Years Ended December 31	
	2016	2015
Interest on bank loans	\$ 64,007	\$ 125,231
Interest on unsecured bonds payable	44,400	44,278
Interest on loans from related parties	671	832
Interest on loans from others	-	10,243
Others	<u>88</u>	<u>623</u>
	109,166	181,207
Deduct: Amounts included in the cost of qualifying assets (inventory - properties under development)	<u>(51,454)</u>	<u>(114,521)</u>
	<u>\$ 57,712</u>	<u>\$ 66,686</u>
Interest capitalization rate	2.1%-5.25%	2.5%-6.15%

Depreciation and Amortization

	Years Ended December 31	
	2016	2015
Property, plant and equipment	\$ 126,278	\$ 132,105
Investment property	19,362	21,176
Intangible assets	<u>50,421</u>	<u>43,068</u>
	<u>\$ 196,061</u>	<u>\$ 196,349</u>
An analysis of depreciation by function		
Inventory	\$ 1,799	\$ 913
Operating costs	90,397	91,272
Operating expenses	34,082	39,920
Other losses	<u>19,362</u>	<u>21,176</u>
	<u>\$ 145,640</u>	<u>\$ 153,281</u>
An analysis of amortization by function		
Inventory	\$ 3,049	\$ 1,243
Operating costs	1,331	17,826
Operating expenses	<u>46,041</u>	<u>23,999</u>
	<u>\$ 50,421</u>	<u>\$ 43,068</u>

Operating Expenses Directly Related to Investment Properties

	Years Ended December 31	
	2016	2015
Direct operating expenses from investment property		
That generated rental income	\$ 40,445	\$ 40,640
That did not generate rental income	<u>23</u>	<u>83</u>
	<u>\$ 40,468</u>	<u>\$ 40,723</u>

Employee Benefits Expense

	Years Ended December 31	
	2016	2015
Salary expense	\$ 4,158,907	\$ 4,019,314
Labor and health insurance expense	<u>281,000</u>	<u>287,349</u>
	<u>4,439,907</u>	<u>4,306,663</u>
Post-employment benefits		
Defined contribution plans	171,541	149,429
Defined benefit plans (Note 25)	<u>3,713</u>	<u>3,309</u>
	<u>175,254</u>	<u>152,738</u>
Other employee benefits	<u>167,751</u>	<u>180,432</u>
Total employee benefits expense	<u>\$ 4,782,912</u>	<u>\$ 4,639,833</u>
An analysis of employee benefits expense by function		
Inventory	\$ 41,079	\$ 36,114
Operating costs	4,191,026	3,993,030
Operating expenses	<u>550,807</u>	<u>610,689</u>
	<u>\$ 4,782,912</u>	<u>\$ 4,639,833</u>

a. Employees' compensation and remuneration of directors for 2016 and 2015

In compliance with the Company Act as amended in May 2015 and the amended Articles of incorporation of the Company approved by the shareholders in their meeting in May 2016, the Company accrued employees' compensation and remuneration of directors at the rates no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2016 and 2015 which have been approved by the Company's board of directors on February 24, 2017 and February 25, 2016, respectively, were as follows:

Accrual rate

	Years Ended December 31	
	2016	2015
Employees' compensation	1%	1%
Remuneration of directors	0.55%	0.65%

Amount

	Years Ended December 31	
	2016	2015
	Cash	Cash
Employees' compensation	\$ 10,958	\$ 7,383
Remuneration of directors	6,027	4,799

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

The actual amounts of the employees' compensation and remuneration of directors paid for 2015 were different from the amounts recognized in the consolidated financial statements for the year ended December 31, 2015. The differences were adjusted to profit and loss for the year ended December 31, 2016.

	Year Ended December 31, 2015	
	Employees' Compensation	Remuneration of Directors
Amounts approved in the board of directors' meeting	\$ 7,383	\$ 4,799
Amounts recognized in the annual financial statements	<u>(7,393)</u>	<u>(7,000)</u>
	<u>\$ (10)</u>	<u>\$ (2,201)</u>

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2017 and 2016 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

b. Bonuses to employees and remuneration of directors for 2014

The bonus to employees and remuneration of directors for 2014 which have been approved in the shareholders' meeting on May 15, 2015 were as follows:

	Year Ended December 31, 2014
	Cash
Bonuses to employees	\$ 9,872
Remuneration of directors	6,417

The bonus to employees and the remuneration of directors for 2014 approved in the shareholders' meeting on May 15, 2015 and the amounts recognized in the financial statements were as follows:

	Year Ended December 31, 2014	
	Bonuses to Employees	Remuneration of Directors
Amounts approved in shareholders' meeting	\$ 9,872	\$ 6,417
Amounts recognized in annual financial statements	<u>(9,701)</u>	<u>(7,000)</u>
	<u>\$ 171</u>	<u>\$ (583)</u>

The differences were adjusted to profit and loss for the year ended December 31, 2015.

Information on the bonuses to employees and remuneration of directors resolved by the shareholders in their meeting in 2015 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

28. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	Years Ended December 31	
	2016	2015
Current tax		
In respect of the current year	\$ 183,768	\$ 184,415
Income tax expense of unappropriated earnings	4,633	16,161
Land value increment tax	23,491	-
In respect of the prior years	711	8,186
Deferred tax		
In respect of the current period	<u>(48,765)</u>	<u>(11,097)</u>
Income tax expense recognized in profit or loss	<u>\$ 163,838</u>	<u>\$ 197,665</u>

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

	Years Ended December 31	
	2016	2015
Profit before tax from continuing operations	<u>\$ 1,088,426</u>	<u>\$ 784,026</u>
Income tax expense calculated at the statutory rate (17%)	\$ 185,032	\$ 133,284
Nondeductible expenses in determining taxable income	944	8,257
Tax-exempt income	(4,627)	(19,720)
Additional income tax on unappropriated earnings	4,633	16,161
Land value increment tax	23,491	-
Unrecognized deductible temporary differences	9,299	25,537
(Used) unrecognized loss carryforward in current period	(68,666)	13,706
Effect of different tax rate of group entities operating in other jurisdictions	13,021	12,254
Adjustments for prior years' tax	<u>711</u>	<u>8,186</u>
Income tax expense recognized in profit or loss	<u>\$ 163,838</u>	<u>\$ 197,665</u>

The income tax rate used above is 17% for the companies located in the ROC, while the income tax rate used by subsidiaries in China is 25%. Tax rates used by the group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

As the status of 2017 appropriations of earnings is uncertain, the potential income tax consequences of 2016 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	Years Ended December 31	
	2016	2015
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement on defined benefit plan	<u>\$ 8,157</u>	<u>\$ 3,872</u>

c. Current tax assets and liabilities

	December 31	
	2016	2015
Current tax assets		
Tax refund receivables	<u>\$ 114,516</u>	<u>\$ 20,920</u>
Current tax liabilities		
Income tax payables	<u>\$ 111,715</u>	<u>\$ 70,697</u>

d. Deferred tax assets and liabilities

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

Year ended December 31, 2016

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Translation Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Allowance for doubtful accounts	\$ 407	\$ (364)	\$ -	\$ -	\$ 43
Provisions	5,924	7,975	-	-	13,899
Loss carryforwards	32,576	36,079	-	(3,405)	65,250
Defined benefit obligation	380	(7)	7	-	380
Others	<u>4,097</u>	<u>2,011</u>	<u>-</u>	<u>-</u>	<u>6,108</u>
	<u>\$ 43,384</u>	<u>\$ 45,694</u>	<u>\$ 7</u>	<u>\$ (3,405)</u>	<u>\$ 85,680</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Defined benefit obligation	\$ 25,106	\$ 1,456	\$ (8,150)	\$ -	\$ 18,412
Others	<u>5,519</u>	<u>(4,527)</u>	<u>-</u>	<u>-</u>	<u>992</u>
	<u>\$ 30,625</u>	<u>\$ (3,071)</u>	<u>\$ (8,150)</u>	<u>\$ -</u>	<u>\$ 19,404</u>

Year ended December 31, 2015

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Translation Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Allowance for doubtful accounts	\$ 499	\$ (92)	\$ -	\$ -	\$ 407
Provisions	10,773	(4,849)	-	-	5,924
Loss carryforwards	13,012	19,910	-	(346)	32,576
Defined benefit obligation	355	5	20	-	380
Others	<u>838</u>	<u>3,259</u>	<u>-</u>	<u>-</u>	<u>4,097</u>
	<u>\$ 25,477</u>	<u>\$ 18,233</u>	<u>\$ 20</u>	<u>\$ (346)</u>	<u>\$ 43,384</u>

Deferred tax liabilities

Temporary differences					
Defined benefit obligation	\$ 27,341	\$ 1,617	\$ (3,852)	\$ -	\$ 25,106
Others	<u>-</u>	<u>5,519</u>	<u>-</u>	<u>-</u>	<u>5,519</u>
	<u>\$ 27,341</u>	<u>\$ 7,136</u>	<u>\$ (3,852)</u>	<u>\$ -</u>	<u>\$ 30,625</u>

- e. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Loss carryforwards		
Expire in 2015	\$ -	\$ 35,998
Expire in 2016	25,681	67,310
Expire in 2017	23,917	49,941
Expire in 2018	14,544	24,042
Expire in 2019	19,892	31,498
Expire in 2020	14,928	19,375
Expire in 2021	7,747	-
Expire in 2024	945	945
Expire in 2025	1,103	1,191
Expire in 2026	<u>3,026</u>	<u>-</u>
	<u>\$ 111,783</u>	<u>\$ 230,300</u>

f. Information about unused loss carryforward

Loss carryforwards as of December 31, 2016 comprised of:

Unused Amount	Expiry Year
\$ 95,670	2017
67,378	2018
103,804	2019
175,663	2020
117,206	2021
12,143	2024
31,020	2025
<u>24,024</u>	2026
<u>\$ 626,908</u>	

g. Integrated income tax

	<u>December 31</u>	
	2016	2015
<u>Unappropriated earnings</u>		
Unappropriated earnings generated on and after January 1, 1998	<u>\$ 1,116,118</u>	<u>\$ 734,737</u>
Imputation credits accounts	<u>\$ 258,809</u>	<u>\$ 280,066</u>

The creditable ratios for distribution of earnings of 2016 and 2015 were 23.47% (estimated ratio) and 23.97%, respectively.

Under the Income Tax Law amended and promulgated by Presidential Decree Hua-tzung Yi No. 10300085101, for distribution of earning generated after January 1, 1998, the imputation credits allocated to ROC resident shareholders of the Company will be reduced by 50% in comparison with that described in the previous paragraph, effective January 1, 2015.

Under the Income Tax Law, for distribution of earnings generated after January 1, 1998, the imputation credits allocated to ROC resident shareholders of the Company was calculated based on the creditable ratio as of the date of dividend distribution. The actual imputation credits allocated to shareholders of the Company was based on the balance of the Imputation Credit Accounts (ICA) as of the date of dividend distribution. Therefore, the expected creditable ratio for the 2016 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the shareholders.

h. Income tax assessments

The Company's tax returns through 2014 have been assessed by the tax authorities. However, the Company disagreed with the tax authorities' assessment of its 2011 to 2014 tax return. The Company had applied to Ministry of Finance for administrative remedies procedures as for 2011 and 2012 tax returns and prepaid half of its 2011 and 2012 assessed additional taxes. The Company applied for a re-examination of its 2013 and 2014 tax returns with the tax collection authorities. Global, Sinyi Culture, Jui-Inn, An-Sin, An-Shin, Taiwan Sinyi Development and Yowoo's tax returns through 2014 had been assessed by the tax authorities.

29. EARNINGS PER SHARE

Unit: NT\$ Per Share

	Years Ended December 31	
	2016	2015
Basic EPS	<u>\$ 1.46</u>	<u>\$ 0.89</u>
Diluted EPS	<u>\$ 1.46</u>	<u>\$ 0.89</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 Period

	Years Ended December 31	
	2016	2015
Profit for the period attributable to owners of the Company	<u>\$ 919,865</u>	<u>\$ 563,865</u>

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

	Years Ended December 31	
	2016	2015
Weighted average number of ordinary shares in computation of basic earnings per share	631,840	631,840
Effect of dilutive potential ordinary shares		
Employees' compensation	<u>321</u>	<u>270</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>632,161</u>	<u>632,110</u>

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

30. OPERATING LEASE ARRANGEMENTS

The Group as Lessee

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

As of December 31, 2016 and 2015, refundable deposits paid under operating lease amounted to \$115,741 thousand and \$112,858 thousand, respectively.

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

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Within 1 year	\$ 524,377	\$ 510,215
1 to 5 years	910,824	952,915
After 5 years	<u>90,582</u>	<u>80,876</u>
	<u>\$ 1,525,783</u>	<u>\$ 1,544,006</u>

The Group as Lessor

Operating leases relate to the investment property owned by the Group with lease terms between 1 to 5 years.

As of December 31, 2016 and 2015, deposits received under operating leases amounted to \$20,968 thousand and \$33,297 thousand, respectively.

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

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Within 1 year	\$ 55,011	\$ 135,449
1 to 5 years	<u>2,222</u>	<u>113,716</u>
	<u>\$ 57,233</u>	<u>\$ 249,165</u>

31. 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 stakeholders 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.

32. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

a. Fair value of financial instruments not carried at fair value

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

December 31, 2016

	Carrying Amount	Fair Value Hierarchy			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost - bonds payable	<u>\$ 3,000,000</u>	<u>\$ -</u>	<u>\$ 3,045,423</u>	<u>\$ -</u>	<u>\$ 3,045,423</u>

December 31, 2015

	Carrying Amount	Fair Value Hierarchy			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost - bonds payable	<u>\$ 3,000,000</u>	<u>\$ -</u>	<u>\$ 3,021,693</u>	<u>\$ -</u>	<u>\$ 3,021,693</u>

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 measurements recognized in the consolidated balance sheet

December 31, 2016

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Non-derivative financial assets held for trading				
Domestic listed stocks - equity investments	\$ 8,325	\$ -	\$ -	\$ 8,325
Mutual funds	<u>471,278</u>	<u>-</u>	<u>-</u>	<u>471,278</u>
	<u>\$ 479,603</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 479,603</u>
<u>Available-for-sale financial assets</u>				
Domestic listed stocks - equity investments	\$ 206,356	\$ -	\$ -	\$ 206,356
Foreign listed stocks - equity investments	593,680	-	-	593,680
Mutual funds	<u>1,396</u>	<u>-</u>	<u>-</u>	<u>1,396</u>
	<u>\$ 801,432</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 801,432</u>

December 31, 2015

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets				
held for trading				
Domestic listed stocks - equity				
investments	\$ 6,128	\$ -	\$ -	\$ 6,128
Mutual funds	<u>311,529</u>	<u>-</u>	<u>-</u>	<u>311,529</u>
	<u>\$ 317,657</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 317,657</u>
Available-for-sale financial assets				
Domestic listed stocks - equity				
investments	\$ 195,775	\$ -	\$ -	\$ 195,775
Foreign listed stocks - equity				
investments	552,714	-	-	552,714
Mutual funds	<u>1,422</u>	<u>-</u>	<u>-</u>	<u>1,422</u>
	<u>\$ 749,911</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 749,911</u>

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

Categories of Financial Instruments

	<u>December 31</u>	
	2016	2015
<u>Financial assets</u>		
FVTPL		
Held for trading	\$ 479,603	\$ 317,657
Loans and receivables (Note 1)	7,773,198	6,198,472
Available-for-sale financial assets (Note 2)	1,008,767	1,002,233
<u>Financial liabilities</u>		
Amortized cost (Note 3)	6,714,375	8,341,317

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

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

Note 3: The balance included financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable, trade payables, other payables, other payables to related parties, other financial liabilities, bonds payable, long-term borrowings (including current portion of long-term borrowings), guarantee deposits received and other non-current liabilities.

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, which is 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.

For the carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period, refer to Note 38.

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 positive number below indicates an increase in profit before income tax or equity where the NTD strengthens 1% against the relevant currency. For a 1% weakening of the NTD against the relevant currency, the balances below would be negative if the other factors remain unchanged.

	Years Ended December 31					
	2016			2015		
	RMB	JPY	USD	RMB	JPY	USD
Equity	\$ 36,168	\$ 2,060	\$ 572	\$ 6,266	\$ 2,463	\$ 3,847
Profit or loss	4	-	14,679	2,109	121	8,176

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:

	<u>December 31</u>	
	2016	2015
Fair value interest rate risk		
Financial assets	\$ 1,558,049	\$ 2,464,504
Financial liabilities	3,384,450	3,437,463
Cash flow interest rate risk		
Financial assets	2,896,336	748,127
Financial liabilities	648,110	2,167,221

Interest rate sensitivity analysis

The Group was exposed to cash flow interest rate risk in relation to floating rate liabilities, and the short-term and long-term borrowings will be affected by the changes in market interest rate accordingly. If the market interest rate increased by 1%, the Group's cash outflow will increase by \$6,481 thousand.

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 December 31, 2016 and 2015, the Group had available unutilized bank loan facilities as follows:

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Unsecured bank overdraft facility, reviewed annually and payable on call:		
Amount used	\$ 342,508	\$ 200,000
Amount unused	<u>2,923,003</u>	<u>3,750,000</u>
	<u>\$ 3,265,511</u>	<u>\$ 3,950,000</u>
Secured bank overdraft facility:		
Amount used	\$ 632,340	\$ 2,336,752
Amount unused	<u>9,261,260</u>	<u>7,861,461</u>
	<u>\$ 9,893,600</u>	<u>\$ 10,198,213</u>

33. 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:

Other Payables to Related Parties

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Other related parties - related parties in substance	\$ 49,326	\$ 75,510
Other related parties - the person in charge of other related parties is the president of the Company	8,608	8,088
Other - vice president of the Company	<u>25,157</u>	<u>32,129</u>
	<u>\$ 83,091</u>	<u>\$ 115,727</u>

Parts of other payables to related parties were financing. Information on the financing for the years ended December 31, 2016 and 2015 were as follows:

	<u>Year Ended December 31, 2016</u>				
	<u>Highest Balance During the Period</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Interest Expense</u>	<u>Interest Payable</u>
Other related parties - related parties in substance	\$ 42,957	\$ 39,707	-	\$ -	\$ 7,109
Other - vice president of the Company	<u>24,975</u>	<u>18,006</u>	3.00%	<u>671</u>	<u>7,151</u>
	<u>\$ 67,932</u>	<u>\$ 57,713</u>		<u>\$ 671</u>	<u>\$ 14,260</u>

	Year Ended December 31, 2015				
	Highest Balance During the Period	Amount	Interest Rate	Interest Expense	Interest Payable
Other related parties - related parties in substance	\$ 46,592	\$ 42,957	-	\$ -	\$ 7,690
Other - vice president of the Company	<u>31,061</u>	<u>24,975</u>	3.00%	<u>832</u>	<u>7,045</u>
	<u>\$ 77,653</u>	<u>\$ 67,932</u>		<u>\$ 832</u>	<u>\$ 14,735</u>

The financing above were unsecured.

Compensation of Key Management Personnel

The remuneration to directors and other members of key management personnel for the years ended December 31, 2016 and 2015 included the following:

	Years Ended December 31	
	2016	2015
Short-term benefits	\$ 109,078	\$ 121,784
Other long-term benefits	<u>8,486</u>	<u>1,146</u>
	<u>\$ 117,564</u>	<u>\$ 122,930</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 from the following year after obtaining the qualification and the bonus is calculated on the basis of the Company's operating performance or individual performance.

Other Transactions with Related Parties

a. Rental income

	Years Ended December 31	
	2016	2015
Other related parties		
The person in charge of other related parties is the president of the Company	\$ 4,299	\$ 4,867
Related parties in substance	7,678	8,401
Associates	<u>34</u>	<u>34</u>
	<u>\$ 12,011</u>	<u>\$ 13,302</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

	Years Ended December 31	
	2016	2015
Other related parties		
The person in charge of other related parties is the president of the Company	\$ 3,123	\$ 3,273
Related parties in substance	<u>7,590</u>	<u>6,515</u>
	<u>\$ 10,713</u>	<u>\$ 9,788</u>

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

c. Professional fee

	Years Ended December 31	
	2016	2015
Other related parties		
The person in charge of other related parties is the president of the Company	\$ 90,811	\$ 105,803
Related parties in substance	<u>30,756</u>	<u>34,160</u>
	<u>\$ 121,567</u>	<u>\$ 139,963</u>

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

d. Rental expense

	Years Ended December 31	
	2016	2015
Related parties in substance	<u>\$ 10,219</u>	<u>\$ 9,206</u>

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

e. Other receivables

	December 31	
	2016	2015
Other related parties		
The person in charge of other related parties is the president of the Company	\$ 1,304	\$ 1,422
Related parties in substance	<u>8,222</u>	<u>6,741</u>
	<u>\$ 9,526</u>	<u>\$ 8,163</u>

34. 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:

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Property, plant and equipment (including investment properties)		
Land	\$ 4,450,966	\$ 4,022,638
Building	513,629	459,448
Other financial assets - current		
Pledged time deposits and demand deposits	7,308	47,857
Inventories	<u>3,898,119</u>	<u>4,192,990</u>
	<u>\$ 8,870,022</u>	<u>\$ 8,722,933</u>

35. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED COMMITMENTS

- a. The Group is involved in claims that arise in the ordinary course of brokerage and escrow business; the other party may claim against the Group through legal proceedings. On the basis of past experience and consultations with legal counsel, management of the Group has measured the possible effects of the contingent lawsuits on its financial condition in brokerage and escrow business.
- b. Guarantee notes submitted as guarantees for real-estate brokerage business amounted to \$5,000 thousand.
- c. The Group has endorsed Shanghai Sinyi Real Estate and Sinyi Estate in obtaining financing limit of \$4,765,850 thousand. Refer to Note 39, Table 2 for the details.
- d. As of December 31, 2016, the Group had signed construction contracts but not yet paid for \$2,377,055 thousand.
- e. Shanghai Real Estate, property developer in mainland China, sold real estate and guaranteed the mortgage bank loans of some of its customers (including natural persons and juridical persons); the guarantee amounted to \$2,586,494 thousand as of December 31, 2016. 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.

36. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

- a. For the Group's future real estate business development, the Group's board of directors approved cash injection of \$1,500,000 thousand into a subsidiary, Taiwan Sinyi Development, on February 16, 2017 for the purposes of acquiring and developing a parcel of land located in Yong Chui segment, Banqiao District, New Taipei City. Taiwan Sinyi Development acquired parts of the land for \$1,066,086 thousand on February 24, 2017.

- b. The Company's board of directors approved an organizational restructuring plan on February 24, 2017 for a subsidiary Shanghai Sinyi Real Estate to buy 98% ownership of Suzhou Sinyi from another subsidiary Max Success.

37. SIGNIFICANT FRANCHISE CONTRACTS

Sinyi Limited entered into a sub-franchise agreement with Cendant 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 sub-sublicense other franchisees and territorial sub-franchisors 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 contract parties 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 sub-franchise agreement for reflecting the necessary amendments in 2008.

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

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

December 31, 2016

	Foreign Currencies (In Thousands)	Exchange Rate	New Taiwan Dollars (In Thousands)
<u>Financial assets</u>			
Monetary items			
RMB	\$ 943,560	4.617	\$ 4,356,416
JPY	1,681,365	0.2756	463,384
USD	47,288	32.25	1,525,048
Non-monetary items			
RMB	32,797	4.617	151,422
JPY	2,154,135	0.2756	593,680
USD	43	32.25	1,396
<u>Financial liabilities</u>			
Monetary items			
RMB	160,122	4.617	739,283
JPY	933,813	0.2756	257,359

December 31, 2015

	Foreign Currencies (In Thousands)	Exchange Rate	New Taiwan Dollars (In Thousands)
<u>Financial assets</u>			
Monetary items			
RMB	\$ 637,544	4.995	\$ 3,184,530
JPY	1,443,034	0.2727	393,515
USD	36,628	32.825	1,202,314
Non-monetary items			
RMB	32,797	4.995	163,818
JPY	2,026,821	0.2727	552,714
USD	43	32.825	1,422

Financial liabilities

Monetary items			
RMB	469,892	4.995	2,347,012
JPY	495,380	0.2727	135,090

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:

	Years Ended December 31			
	2016		2015	
	Exchange Rate	Net Foreign Exchange (Loss) Gain	Exchange Rate	Net Foreign Exchange (Loss) Gain
NTD	1 (NTD:NTD)	\$ (13,072)	1 (NTD:NTD)	\$ 23,870
USD	32.2627 (USD:NTD)	3,852	31.739 (USD:NTD)	(10,118)
RMB	4.8489 (RMB:NTD)	(454)	5.033 (RMB:NTD)	6,152
JPY	0.2972 (JPY:NTD)	<u>27</u>	0.2624 (JPY:NTD)	<u>150</u>
		<u>\$ (9,647)</u>		<u>\$ 20,054</u>

39. 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: Table 5 (see the attached)
- g. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: None
- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None
- i. Information about derivative: None
- j. Others: The business relationship between the parent and the subsidiaries and between each subsidiary, and significant transactions between them: Table 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

40. 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 mainland China and other foreign companies.

The following table was an analysis of the Group's revenue, result of operations and assets of segments for the years ended December 31, 2016 and 2015:

	Real Estate Brokerage			Real Estate Lease Construction and Development			Elimination	Consolidated
	Taiwan	Mainland China and Others	Total	Taiwan	Mainland China and Others	Total		
Year ended December 31, 2016								
Revenues from external customers	\$ 6,351,506	\$ 1,237,314	\$ 7,588,820	\$ 78,356	\$ 50,099	\$ 128,455	\$ -	\$ 7,717,275
Inter-segment revenues	89,669	-	89,669	15,854	-	15,854	(105,523)	-
Segment revenues	<u>\$ 6,441,175</u>	<u>\$ 1,237,314</u>	<u>\$ 7,678,489</u>	<u>\$ 94,210</u>	<u>\$ 50,099</u>	<u>\$ 144,309</u>	<u>\$ (105,523)</u>	<u>7,717,275</u>
Rental income from investment property								(128,455)
Consolidated revenues								<u>\$ 7,588,820</u>
Operating profit (loss)	<u>\$ 835,037</u>	<u>\$ (192,812)</u>	<u>\$ 642,218</u>	<u>\$ 38,350</u>	<u>\$ (120,198)</u>	<u>\$ (81,848)</u>	<u>\$ 65,959</u>	\$ 626,329
Operating income from investment property								(87,987)
Operating income								<u>\$ 538,342</u>
Segment assets	<u>\$ 6,746,602</u>	<u>\$ 3,155,775</u>	<u>\$ 9,902,377</u>	<u>\$ 3,006,152</u>	<u>\$ 11,813,385</u>	<u>\$ 14,819,537</u>	<u>\$ (872,994)</u>	\$ 23,848,920
Investments accounted for by the equity method and goodwill								20,344
Total assets								<u>\$ 23,869,264</u>
Year ended December 31, 2015								
Revenues from external customers	\$ 6,400,890	\$ 1,122,253	\$ 7,523,143	\$ 79,644	\$ 50,733	\$ 130,377	\$ -	\$ 7,653,520
Inter-segment revenues	77,359	-	77,359	14,292	-	14,292	(91,651)	-
Segment revenues	<u>\$ 6,478,249</u>	<u>\$ 1,122,253</u>	<u>\$ 7,600,502</u>	<u>\$ 93,936</u>	<u>\$ 50,733</u>	<u>\$ 144,669</u>	<u>\$ (91,651)</u>	<u>7,653,520</u>
Rental income from investment property								(130,377)
Consolidated revenues								<u>\$ 7,523,143</u>
Operating profit (loss)	<u>\$ 683,928</u>	<u>\$ (57,860)</u>	<u>\$ 626,068</u>	<u>\$ 30,139</u>	<u>\$ (116,804)</u>	<u>\$ (86,665)</u>	<u>\$ 56,783</u>	\$ 596,186
Operating income from investment property								(89,654)
Operating income								<u>\$ 506,532</u>
Segment assets	<u>\$ 5,972,375</u>	<u>\$ 2,455,725</u>	<u>\$ 8,428,100</u>	<u>\$ 3,062,161</u>	<u>\$ 9,393,554</u>	<u>\$ 12,455,715</u>	<u>\$ (131,081)</u>	\$ 20,752,734
Investments accounted for by the equity method and goodwill								19,270
Total assets								<u>\$ 20,772,004</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.

b. Industry and service information

The Group operates mainly in real-estate brokerage business. As of December 31, 2016, there is no revenue generated from residences and buildings development business.

c. Geographic information

Reportable segments of the Group are based on geography. The Group has no additional information to be disclosed.

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
YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars)

No.	Financing Company	Borrower	Financial Statement Account	Related Parties	Maximum Balance for the Period	Ending Balance	Actual Appropriation	Interest Rate	Type of Financing	Transaction Amounts	Reasons for Short-term Financing	Allowance for Doubtful Accounts	Ending Balance		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limits
													Item	Value		
0	Sinyi Realty Inc.	Hua Yun Renovation (Shanghai) Co., Ltd.	Other receivables	Yes	\$ 5,084 (RMB 1,000 thousand)	\$ 4,617 (RMB 1,000 thousand)	\$ -	3.686%	Short-term financing	\$ -	Needs for operation	\$ -	-	\$ -	\$ 927,858 (Note 1)	\$ 1,855,715 (Note 1)
		Kunshan Dingxian Trading Co., Ltd.	"	Yes	397,760 (RMB 80,000 thousand)	369,360 (RMB 80,000 thousand)	4,617 (RMB 1,000 thousand)	3.8%	"	-	"	-	-	-	927,858 (Note 1)	1,855,715 (Note 1)
1	Sinyi Real Estate (Shanghai) Limited	Shanghai Sinyi Real Estate Inc.	"	Yes	203,360 (RMB 40,000 thousand)	184,680 (RMB 40,000 thousand)	184,680 (RMB 40,000 thousand)	4.75%	"	-	"	-	-	-	697,909 (Note 2)	1,395,818 (Note 2)
		Sinyi Realty Inc.	"	Yes	145,436 (RMB 31,500 thousand)	145,436 (RMB 31,500 thousand)	-	-	"	-	Repayment of borrowings	-	-	-	697,909 (Note 2)	1,395,818 (Note 2)

Note 1: Total financing provided by Sinyi Realty Inc. for short-term financing requirements for each borrowing company which was owned over 50% directly or indirectly by the same parent company should not exceed 10% of Sinyi Realty Inc.'s net worth. Total financing provided should not exceed 20% of Sinyi Realty Inc.'s net worth.

Note 2: The maximum total financing provided should not exceed 40% of Sinyi Real Estate (Shanghai) Limited's net worth. The individual lending amount should not exceed 20% of Sinyi Real Estate (Shanghai) Limited's net worth.

SINYI REALTY INC. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED TO OTHERS

YEAR ENDED DECEMBER 31, 2016

(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 (Note 2)	Guarantee Given by Parent on Behalf of Subsidiaries	Guarantee Given by Subsidiaries on Behalf of the Company	Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Nature of Relationship											
0	Sinyi Realty Inc.	Shanghai Sinyi Real Estate Inc.	Indirect subsidiary	\$ 7,422,862 (Note 1)	\$ 355,880 (RMB 70,000 thousand)	\$ 230,850 (RMB 50,000 thousand)	\$ -	\$ -	2.49	\$ 9,278,577	Y	N	Y	
		Sinyi Estate Ltd.	"	7,422,862 (Note 1)	4,535,000	4,535,000	-	-	48.88	9,278,577	"	"	"	

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

Note 2: The maximum total endorsement/guarantee should not exceed 100% of the Company's net worth.

SINYI REALTY INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT CONTROLLED ENTITIES)

DECEMBER 31, 2016

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

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2016				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sinyi Realty Inc.	<u>Listed stock</u> E.SUN Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	11,245,582	\$ 206,356	-	\$ 206,356	
	<u>Stock</u> Rakuya International Info. Co., Ltd.	-	Financial assets measured at cost - non-current	994,190	1,086	18	1,086	
	Han Yu Venture Capital Co., Ltd.	-	"	5,000,000	49,063	11	49,063	
	PChome Investment Co., Ltd.	-	"	196,350	-	8	-	
	Kun Gee Venture Capital Co., Ltd.	-	"	160,650	-	3	-	
	Cite' Publishing Holding Ltd.	-	"	7,637	4,874	1	4,874	
	Cite' Information Services Co., Ltd.	-	"	106,392	890	1	890	
Sinyi Limited	<u>Stock</u> Orix Corp.	-	Available-for-sale financial assets - current	1,180,800	593,680	-	593,680	
	<u>Monetary market fund</u> SBGH U.S. Dollar Reserve Fund CL A Dist Units	-	"	43,297	1,396	-	1,396	
Shanghai Sinyi Real Estate Inc.	<u>Stock</u> Cura Investment Management (Shanghai) Co., Ltd.	-	Financial assets measured at cost - non-current	30,000,000	146,802	2	146,802	
	Cura Commercial Management Co., Ltd.	-	"	-	4,620	9	4,620	
Sinyi Development Inc.	<u>Stock</u> CTCI Corporation	-	Financial assets at fair value through profit or loss - current	170,940	8,325	-	8,325	
	<u>Monetary market fund</u> Taishin 1699 Money Market Fund	-	"	18,864,150	252,757	-	252,757	
Sinyi Global Asset Management Co., Ltd.	<u>Monetary market fund</u> Taishin 1699 Money Market Fund	-	"	2,468,838	33,079	-	33,079	

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2016				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
An-Sin Real Estate Management Ltd.	Monetary market fund Taishin 1699 Money Market Fund	-	"	3,952,257	52,956	-	52,956	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2016				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
An-Shin Real Estate Management Ltd.	<u>Monetary market fund</u> Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	9,887,882	\$ 132,486	-	\$ 132,486	
Ke Wei Shanghai Real Estate Management Consulting Inc.	<u>Financial product</u> Bubu Shengking No. 8688	-	Other financial assets - current	6,350,000	29,318	-	29,318	
Suzhou Sinyi Real Estate Inc.	Bubu Shengking No. 8688	-	"	6,000,000	27,702	-	27,702	
	Yunton Tsaifu-Daily Incremental Interest-S Type	-	"	5,000,000	23,085	-	23,085	
Sinyi Real Estate (Shanghai) Limited	Li Duo Cash Management No. 1 (product ID: 2101123504)	-	"	45,000,000	207,765	-	207,765	
	Yehdeyin No. 16071101	-	"	80,000,000	369,360	-	369,360	
	Structured Financial Product (Product ID: 2016072810017)	-	"	75,000,000	346,275	-	346,275	
	Xin Yi Hengtong (No. M16049)	-	"	40,000,000	184,680	-	184,680	
	Suiyue Liuking No. 55962	-	"	100,000,000	461,700	-	461,700	
	Li Duo Duo Structured Deposits of Enterprises (No. JG901)	-	"	60,000,000	277,020	-	277,020	
	Li Duo Duo Structured Deposits of Enterprises (No. JG902)	-	"	30,000,000	138,510	-	138,510	
	Structured Financial Product (Product ID: 2016122810030)	-	"	60,000,000	277,020	-	277,020	
Shanghai Sinyi Real Estate Inc.	Bubu Shengking No. 8688	-	"	3,000,000	13,851	-	13,851	
	Qianyuan Woen-Ying - 2016 No. 251 principal guaranteed financial product denominated in RMB	-	"	7,000,000	32,319	-	32,319	
	Qianyuan Riri-Ying - Open-end portfolio type financial product denominated in RMB	-	"	100,000,000	461,700	-	461,700	
Shanghai Shang Tuo Investment Management Consulting Inc.	Bubu Shengking No. 8688	-	"	50,000	231	-	231	

(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
 YEAR ENDED DECEMBER 31, 2016
 (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 Realty Inc.	<u>Stock</u> Sinyi International Limited	Investments accounted for using equity method and prepayments for long-term investments	-	Subsidiary	148,395,838	\$ 4,429,876	31,359,000	\$ 1,008,320	43,640,000	\$ 1,410,298	\$ 1,410,298 (Note 2)	\$ -	136,114,838	\$ 4,027,898 (Notes 1 and 4)
Sinyi International Limited	Sinyi Estate Ltd.	"	"	"	12,297,800	402,507	31,359,000	1,008,320	43,639,900	1,410,292	1,410,292 (Note 2)	-	16,900	535 (Notes 1 and 4)
Sinyi Development Inc.	<u>Monetary market funds</u> Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss	-	-	15,004,692	200,000	9,198,014	123,000	5,338,556	71,501	71,242	259	18,864,150	252,757 (Note 3)
Sinyi Real Estate (Shanghai) Limited	<u>Financial product</u> Yehdeyin No. 16071101 Structured Financial Product (Product ID: 2016072810017) Suiyue Liuking No. 55962	Other financial assets - current	"	"	-	-	80,000,000	369,360	-	-	-	-	80,000,000	369,360
		"	"	"	-	-	75,000,000	346,275	-	-	-	-	75,000,000	346,275
		"	"	"	-	-	100,000,000	461,700	-	-	-	-	100,000,000	461,700
Shanghai Sinyi Real Estate Inc.	Qianyuan Riri-Ying - Open-end portfolio type financial product denominated in RMB	"	"	"	-	-	100,000,000	461,700	-	-	-	-	100,000,000	461,700

Note 1: The ending balance presents historical cost.

Note 2: The cost of disposal is returned by the subsidiary for the unsuccessful tender of land.

Note 3: The ending balance includes cost of \$251,758 thousand and valuation gain on financial assets of \$999 thousand.

Note 4: Those subsidiaries included in the consolidated entities have been eliminated.

SINYI REALTY INC. AND SUBSIDIARIES

DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL

YEAR ENDED DECEMBER 31, 2016

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

Seller	Property	Event Date (Note 1)	Original Acquisition Date	Carrying Amount	Transaction Amount (Note 2)	Collection	Gain (Loss) on Disposal (Note 2)	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
Shanghai Sinyi Real Estate Inc.	7A/7B/7C Building 7F, Xinbaoli Building, No. 1, Chaoyangmen North Street, Dongcheng District, Beijing	October 27, 2016	January 31, 2010	\$ 494,313	\$ 846,380 (RMB 174,551 thousand)	The contract stipulates that the buyer pays in installments, and the remaining RMB53,000 thousand had not been collected as of December 31, 2016.	\$ 352,067	Natural person	Non-related party	Effective use of assets, as the working capital for the real estate brokerage segment in mainland China	The real estate appraisers' report	-

Note 1: Board of directors approved the sale of real estate located in Beijing city on October 27, 2016.

Note 2: Excluded-tax transaction price.

TABLE 6

SINYI REALTY INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS

YEAR ENDED DECEMBER 31, 2016

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

No.	Company Name	Counterparty	Flow of Transactions	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	Percentage to Consolidated Total Assets/Revenue (%)
0	Sinyi Realty Inc.	An-Sin Real Estate Management Ltd.	a	Professional fees	\$ 17,276	Fixed charges by guarantee piece work	-
		Jui-Inn Consultants Co., Ltd.	a	Professional fees	3,114	By the piece work	-
		An-Sin Real Estate Management Ltd.	a	Other income	5,740	30 days after regular settlement	-
		An-Shin Real Estate Management Ltd.	a	Other income	4,150	30 days after regular settlement	-
		Sinyi Realty Inc. Japan	a	Other income	7,687	Quarterly	-
		Sinyi Realty Inc. Japan	a	Other receivables	1,968	Quarterly	-
		Kunshan Dingxian Trading Co., Ltd.	a	Other receivables	4,617	Financing for operation, interest rate 3.8%	-
1	Shanghai Sinyi Real Estate Inc.	Inane International Limited	c	Other payables	9,226	-	-
		Sinyi Real Estate (Shanghai) Limited	c	Service income	6,920	By percentage of turnover	-
		Sinyi Real Estate (Shanghai) Limited	c	Trade receivables	3,447	Monthly	-
2	Sinyi Realty Inc. Japan	Sinyi Management Co., Ltd.	c	Professional fees	24,077	By the piece work	-
3	Sinyi Real Estate (Shanghai) Limited	Shanghai Sinyi Real Estate Inc.	c	Other receivables	184,680	Financing for operation, interest rate 4.75%	1
		Kunshan Dingxian Trading Co., Ltd.	c	Prepayments	48,070	-	-
		Kunshan Dingxian Trading Co., Ltd.	c	Advance real estate receipts	209,476	-	1
		Kunshan Dingxian Trading Co., Ltd.	c	Inventory under development	154,429	On the usual terms	1
		Shanghai Shang Tuo Investment Management Consulting Inc.	c	Inventory under development	24,012	On the usual terms	-
		Shanghai Shang Tuo Investment Management Consulting Inc.	c	Prepayments	12,056	-	-
4	Tokyo Sinyi Real Estate Co., Ltd.	Sinyi Realty Inc. Japan	c	Service income	33,906	By the piece work	-
		Sinyi Realty Inc. Japan	c	Other income	9,459	Quarterly	-
		Sinyi Realty Inc. Japan	c	Trade receivables	12,405	Quarterly	-
5	Zhejiang Sinyi Real Estate Co., Ltd.	Beijing Sinyi Real Estate Ltd.	c	Other income	8,474	Regular	-
		Chengdu Sinyi Real Estate Co., Ltd.	c	Other income	17,202	Regular	-
6	Sinyi Development Inc.	Sinyi Real Estate (Shanghai) Limited	c	Other receivables	11,227	Monthly	-
		Sinyi Real Estate (Shanghai) Limited	c	Service income	11,227	Monthly	-

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".

(Continued)

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 December 31, 2016.

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 year ended December 31, 2016.

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

(Concluded)

SINYI REALTY INC. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2016			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	Equity Trust Chamber, P.O. Box 3269, Apia, Samoa	Investment holding	\$ 4,027,898	\$ 4,429,876	136,114,838	100	\$ 3,784,983 (Note 1)	\$ (51,582)	\$ (51,582) (Note 1)	Note 2
	Sinyi Limited	Citco Building P.O. Box 662, Road Town, Torola, B.V.I.	Investment holding	2,448,306	2,448,306	76,001,135	100	1,990,730 (Note 1)	235,185	235,185 (Note 1)	Note 2
	Sinyi Development Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Development, construction, rental and sale of residential building and factories	535,005	535,005	53,500,000	100	471,982 (Note 1)	(23,694)	(23,964) (Note 1)	
	Sinyi Global Asset Management Co., Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Real estate brokerage	50,000	10,000	5,000,000	100	69,287 (Note 1)	6,696	6,696 (Note 1)	Note 2
	Heng-Yi Real Estate Consulting	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Development, construction, rental and sale of residential building and factories	20,000	20,000	2,000,000	100	16,978 (Note 1)	116	116 (Note 1)	
	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	5,026 (Note 1)	122	122 (Note 1)	
	Sinyi Culture Publishing Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Publication	4,960	4,960	-	99	1,860 (Note 1)	75	75 (Note 1)	
	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	113,936 (Note 1)	9,536	4,864 (Note 1)	
	Sinyi Interior Design Co., Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Interior design	950	950	95,000	19	10,723	1,094	208	
	Yowoo Technology Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Information software, data processing and electronic information providing service	30,000	30,000	3,000,000	100	(13,034) (Note 1)	(25,307)	(25,307) (Note 1)	
	Sin Chiun Holding SDN. BHD.	Level 11, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, 50470 Kuala Lumpur, W.P. Kuala Lumpur.	Investment holding	-	-	2	100	- (Note 1)	-	-	
Sinyi Limited	Inane International Limited	Citco Building P.O. Box 662, Road Town, Torola, B.V.I.	Investment holding	1,790,590	1,790,590	56,629,268	100	1,256,983 (Note 1)	235,153	235,153 (Note 1)	Note 2
	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	2,700,000	99	35,294 (Note 1)	5,351	5,301 (Note 1)	
Sinyi International Limited	Forever Success International Limited	2nd Floor, Felix House, 24 Dr. Joseph Riviere Street, Port Louis, Mauritius	Investment holding	68,741	68,741	2,216,239	100	37,440 (Note 1)	(1,745)	(1,745) (Note 1)	
	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	237,116 (Note 1)	22,921	22,921 (Note 1)	
	Sinyi Development Ltd.	TMF Chambers, P.O. Box 3269, Apia Samoa	Investment holding	3,899,767	3,899,767	131,966,210	100	3,508,612 (Note 1)	(73,614)	(73,614) (Note 1)	Note 2
	Sinyi Estate Ltd.	TMF Chambers, P.O. Box 3269, Apia Samoa	Investment holding	535	402,507	16,900	100	1,382 (Note 1)	842	842 (Note 1)	Note 2
Inane International Limited	Max Success International Limited	Palm Grove House, P.O. Box 438, Road Town, Torola, British Virgin Islands	Investment holding	399,792	399,792	12,454,780	100	340,074 (Note 1)	(39,771)	(39,771) (Note 1)	
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	102,476 (Note 1)	(709)	(709) (Note 1)	
Sinyi Realty Inc. Japan	Sinyi Management Co., Ltd. (original name: Richesse Management Co., Ltd.)	2nd Floor, Shoritsu Building 2-7-1 Yoyogi Shibuya-ku, Tokyo, Japan	Real estate brokerage, management and identification	10,746	10,746	600	100	19,855 (Note 1)	1,925	1,925 (Note 1)	
	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	10,089 (Note 1)	5,233	5,233 (Note 1)	
Sinyi Development Ltd.	Sinyi Real Estate (Hong Kong) Limited	Suites 2302-6, 23/F Great Eagle Ctr 23 Harbour Rd. Wanchai HK	Investment holding	3,868,747	3,868,747	131,000,200	100	3,490,104 (Note 1)	(62,172)	(62,172) (Note 1)	
Sinyi Estate Ltd.	Sinyi Estate (Hong Kong) Limited	Suites 2302-6, 23/F Great Eagle Ctr 23 Harbour Rd. Wanchai HK	Investment holding	578	26	17,497	100	505 (Note 1)	(56)	(56) (Note 1)	Note 2
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	319 (Note 1)	(58)	(58) (Note 1)	
	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	317 (Note 1)	(58)	(58) (Note 1)	

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

Note 2: As of December 31, 2016, the process of the share capital increase was not complete; therefore, it was recorded under "prepayment for long-term investment".

SINYI REALTY INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
 YEAR ENDED DECEMBER 31, 2016
 (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, 2016	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2016	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss) Recognized (Note 1)	Carrying Value as of December 31, 2016 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2016
					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	\$ 5,351	100	\$ 5,351 (Note 6)	\$ 35,652 (Note 6)	\$ -
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	296,225	100	296,225 (Note 6)	910,831 (Note 6)	-
Beijing Sinyi Real Estate Ltd. (Note 3)	Real estate brokerage	RMB 34,747	"	149,955	-	-	149,955	(11,575)	100	(11,575) (Note 6)	(19,484) (Note 6)	-
Shanghai Sinyi Limited Corporation of Land Administration and Real Estate Counseling (Note 4)	Management consulting	RMB 4,138	"	17,095	-	-	17,095	444	100	444 (Note 6)	(2,526) (Note 6)	-
Suzhou Sinyi Real Estate Inc. (Note 3)	Real estate brokerage and management consulting	RMB 68,000	"	355,249	-	-	355,249	(49,005)	100	(49,005) (Note 6)	347,170 (Note 6)	-
Cura Investment Management (Shanghai) Co., Ltd. (Note 4)	Real estate fund investment management	RMB 1,636,300	"	-	-	-	-	-	2	-	146,802	-
Cura Commercial Management Co., Ltd. (Note 4)	Business service, exhibition service, urban planning and design, marketing strategy planning, business consulting and real estate advisory	RMB 10,998	"	-	-	-	-	-	9	-	4,620	-
Zhejiang Sinyi Real Estate Co., Ltd. (Note 3)	Real estate brokerage and management consulting	RMB 20,200	"	44,543	-	-	44,543	13,084	100	13,084 (Note 6)	1,053 (Note 6)	-
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	(1,958)	100	(1,958) (Note 6)	(704) (Note 6)	-
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	(10,164)	100	(10,164) (Note 6)	11,993 (Note 6)	-
Qingdao Chengjian & Sinyi Real Estate Co., Ltd.	Real estate brokerage and management consulting	RMB 8,000	"	37,295	-	-	37,295	(6)	100	(6) (Note 6)	(262) (Note 6)	-
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	(62,172)	100	(62,172) (Note 6)	3,489,544 (Note 6)	-
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	212	100	212 (Note 6)	37,481 (Note 6)	-

(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, 2016	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2016	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss) Recognized (Note 1)	Carrying Value as of December 31, 2016 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2016
					Outflow	Inflow						
Kunshan Dingxian Trading Co., Ltd.	Construction materials, furniture, sanitary ware and ceramic products wholesale	RMB 6,000	Investment in company located in mainland China indirectly through Sinyi Development Ltd.	\$ 31,020	\$ -	\$ -	\$ 31,020	\$ (10,550)	100	\$ (10,550) (Note 6)	\$ 17,823 (Note 6)	\$ -

Accumulated Outflow for Investment in Mainland China as of December 31, 2016	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 5)
\$5,855,683	\$13,728,725	\$ -

Note 1: Amounts were based on audited financial statements.

Note 2: Carrying value was converted into New Taiwan dollars at the exchange rates of US\$1=NT\$32.25 and US\$1=RMB6.985 on December 31, 2016

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

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

Note 5: The Company has acquired the certification of operation headquarters issued by the Ministry of Economic Affairs, ROC.

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

(Concluded)

V. The individual financial statements of the companies duly audited by the Certified Public Accountants in the latest fiscal year

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sinyi Realty Inc.

Opinion

We have audited the accompanying parent company only financial statements of Sinyi Realty Inc. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2016 and 2015, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to parent company only the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2016 and 2015, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2016. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2016 are stated as follows:

Service income earned from real-estate brokering

The Company's revenue mainly comes from service income. Refer to Note 4 to the accompanying parent company only financial statements for the details of the accounting policies of revenue recognition. Revenue from the rendering of services is recognized when all the conditions stipulated in the accounting policies are satisfied. When all the conditions are satisfied, the Company's accounting system will calculate service income automatically. Since the service income was computed by the system and the amount is significant to the parent company only financial statement, service income is identified as a key audit matter.

The Company's personnel will fill in the transaction form when real estate contracts or lease contracts have been signed by both counterparties. After being reviewed by the competent supervisor, the transaction form will be delivered to the Company's personnel to create an item file in the system. The system will calculate the service income by item files on a daily basis and generate an entry by batch.

We understood and tested the internal control for recognition of service income. We selected service income samples, which were computed by the system, and cross-checked whether the samples and contracts are the same. In order to verify accuracy of service income in the system, we recomputed service income and verified whether there was any significant difference in the amount. We also confirmed the dates on the contracts to make sure whether the recognition timing of service income is reasonable.

Accrual of performance bonus payables

The Company is mainly engaged in the operation of a real-estate brokerage business. The Company designed a bonus scheme in order to stimulate employee retention. As of December 31, 2016, the carrying amounts of performance bonus payables (including non-current liabilities) were NT\$832,115 thousand, accounting for nearly 15% of the total liability. Because the amounts of performance bonus payables and non-current liabilities were considered significant to the parent company only financial statements, it has been identified as a key audit matter.

We focused on the adequacy of performance bonus payables at the balance sheet date. As stated in the preceding paragraph, we understood and tested the internal control for the performance bonus recognition. As for the evaluation of the accrual of performance bonus payables by management, we sampled from the major bonus records and understood the calculation criteria for the relevant bonuses awarded. We confirmed the basis of the calculation for each sample to verify whether they followed the Company's bonus scheme. We performed recalculations to test the accuracy of the performance bonus payables, and we assessed the reasonableness by reviewing the payments in the subsequent period.

Refer to Notes 5 and 18 to the parent company only financial statements for the details of the accrual of performance bonus payables.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2016 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 2017

Notice to Readers

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

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

SINYI REALTY INC.
**PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)**

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

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

SINYI REALTY INC.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME YEARS ENDED DECEMBER 31, 2016 AND 2015

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

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

(Continued)

SINYI REALTY INC.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME YEARS ENDED DECEMBER 31, 2016 AND 2015

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

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

The accompanying notes are an integral part of the parent company only financial statements.(Concluded)

SINYI REALTY INC.

**STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)**

	Share Capital	Capital Surplus	Retained Earnings		Other Equity		Total Equity
			Legal Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	
BALANCE AT JANUARY 1, 2015	\$ 6,134,367	\$ 63,896	\$ 1,537,793	\$ 1,094,412	\$ 264,741	\$ 281,404	\$ 9,376,613
Appropriation of 2014 earnings							
Legal reserve	-	-	107,216	(107,216)	-	-	-
Cash dividends	-	-	-	(613,437)	-	-	(613,437)
Stock dividends	184,031	-	-	(184,031)	-	-	-
Net profit for the year ended December 31, 2015	-	-	-	563,865	-	-	563,865
Other comprehensive loss for the year ended December 31, 2015, net of income tax	-	-	-	(18,856)	(74,925)	(36,526)	(130,307)
Total comprehensive income (loss) for the year ended December 31, 2015	-	-	-	545,009	(74,925)	(36,526)	433,558
BALANCE AT DECEMBER 31, 2015	6,318,398	63,896	1,645,009	734,737	189,816	244,878	9,196,734
Appropriation of 2015 earnings							
Legal reserve	-	-	56,387	(56,387)	-	-	-
Cash dividends	-	-	-	(442,288)	-	-	(442,288)
Net profit for the year ended December 31, 2016	-	-	-	919,865	-	-	919,865
Other comprehensive (loss) income for the year ended December 31, 2016, net of income tax	-	-	-	(39,809)	(415,523)	59,598	(395,734)
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	880,056	(415,523)	59,598	524,131
BALANCE AT DECEMBER 31, 2016	<u>\$ 6,318,398</u>	<u>\$ 63,896</u>	<u>\$ 1,701,396</u>	<u>\$ 1,116,118</u>	<u>\$ (225,707)</u>	<u>\$ 304,476</u>	<u>\$ 9,278,577</u>

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

SINYI REALTY INC.

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

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

(Continued)

SINYI REALTY INC.

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

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

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

SINYI REALTY INC.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company’s board of directors and authorized for issue on February 24, 2017.

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

- a. 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) endorsed by the FSC for application starting from 2017

Rule No. 1050050021 and Rule No. 1050026834 issued by the FSC stipulated that starting January 1, 2017, the Company should apply the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC and SIC (collectively, the “IFRSs”) issued by the IASB and endorsed by the FSC for application starting from 2017.

New, Amended or Revised Standards and Interpretations (the “New IFRSs”)	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
Amendments to IFRS 10, IFRS 12 and IAS 28 “Investment Entities: Applying the Consolidation Exception”	January 1, 2016
Amendment to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”	January 1, 2016
IFRS 14 “Regulatory Deferral Accounts”	January 1, 2016
Amendment to IAS 1 “Disclosure Initiative”	January 1, 2016

(Continued)

New, Amended or Revised Standards and Interpretations (the “New IFRSs”)	Effective Date Announced by IASB (Note 1)
Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments to IAS 16 and IAS 41 “Agriculture: Bearer Plants”	January 1, 2016
Amendment to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendment to IAS 27 “Equity Method in Separate Financial Statements”	January 1, 2016
Amendment to IAS 36 “Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets”	January 1, 2014
Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014

(Concluded)

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 amendment to IFRS 2 applies to share-based payment transactions with grant dates on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition dates on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occurs in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

The initial application in 2017 of the above IFRSs and related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers would not have any material impact on the Company’s accounting policies, except for the following:

Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers

The amendments include additions of several accounting items and requirements for disclosures of impairment of non-financial assets as a consequence of the IFRSs endorsed by the FSC for application starting from 2017. In addition, as a result of the post implementation review of IFRSs in Taiwan, the amendments also include emphasis on certain recognition and measurement considerations and add requirements for disclosures of related party transactions and goodwill.

The amendments stipulate that other companies or institutions, of which the chairman of the board of directors or president serves as the chairman of the board of directors or the president of the Company or is the spouse or second immediate family of the chairman of the board of directors or president of the Company, are deemed to have a substantive related party relationship, unless it can be demonstrated that no control, joint control, or significant influence exists. Furthermore, the amendments require the disclosure of the names of the related parties and the relationships with whom the Company has significant transactions. If the transactions or balance with a specific related party is 10% or more of the Company’s respective total transactions or balance, such transactions should be separately disclosed

by the name of each related party.

The amendments also require additional disclosure if there is a significant difference between the actual operation after a business combination and the expected benefit on the acquisition date.

The disclosures of related party transactions and impairment of goodwill will be enhanced when the above amendments are retrospectively applied in 2017.

Except for the above impacts, as of the date the parent company only financial statements were authorized for issue, the Company continues assessing other possible impacts that application of the aforementioned amendments and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers will have on the Company's financial position and financial performance, and will disclose these other impacts when the assessment is completed.

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

The Company has not applied the following IFRSs issued by the IASB but not yet endorsed by the FSC.

The FSC announced that IFRS 9 and IFRS 15 will take effect starting January 1, 2018. As of the date the parent company only financial statements were authorized for issue, the FSC has not announced the effective dates of other new IFRSs.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2014-2016 Cycle	Note 2
Amendment to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
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 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendments to IFRS 15 "Clarifications to IFRS 15 Revenue from Contracts with Customers"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of investment property"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

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 amendment to IFRS 12 is retrospectively applied for annual periods beginning on or after January 1, 2017; the amendment to IAS 28 is retrospectively applied for annual periods beginning on or after January 1, 2018.

The initial application of the above New IFRSs, whenever applied, would not have any material impact on the Company's accounting policies, except for the following:

1) IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Company's debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

- a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;
- b) For debt instruments, if they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gains or losses shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for the above, all other financial assets are measured at fair value through profit or loss. However, the Company may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

Impairment of financial assets

IFRS 9 requires impairment loss on financial assets to be recognized by using the expected credit loss model. The credit loss allowance is required for financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 "Revenue from Contracts with Customers", certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Company takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

Transition

Financial instruments that have been derecognized prior to the effective date of IFRS 9 cannot be reversed to apply IFRS 9 when it becomes effective. Under IFRS 9, the requirements for classification, measurement and impairment of financial assets are applied retrospectively with the difference between the previous carrying amount and the carrying amount at the date of initial application recognized in the current period, and restatement of prior periods is not required. The requirements for general hedge accounting shall be applied prospectively, and the accounting for hedging options shall be applied retrospectively.

2) IFRS 15 “Revenue from Contracts with Customers” and the related amendment

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations from January 1, 2018.

When applying IFRS 15, an entity shall recognize revenue by applying the following steps:

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

Incremental costs of obtaining a contract will be recognized as an asset to the extent the Company expects to recover those costs. Such asset will be amortized on a basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. This will lead to the later recognition of charges for certain customer-obtaining costs.

When IFRS 15 and the related amendment are effective, an entity may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

3) IFRS 16 “Leases”

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

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

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

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

4) Amendments to IAS 40 “Transfers of Investment Property”

The amendments clarify that the Company should transfer to, or from, investment property when, and only when, the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management’s intentions for the use of a property does not provide evidence of a change in use. The amendments also clarify that the evidence of the change in use is not limited to those illustrated in IAS 40.

The Company may elect to apply the amendments prospectively and reclassify the property as required to reflect the conditions that exist at the date of initial application. The Company is also required to disclose the reclassified amounts and such amounts should be included in the reconciliation of the carrying amount of investment property. Alternatively, the Company may elect to apply the amendments retrospectively if, and only if, that is possible without the use of hindsight.

5) IFRIC 22 “Foreign Currency Transactions and Advance Consideration”

IAS 21 stipulated that a foreign currency transaction shall be recorded on initial recognition in the functional currency by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. IFRIC 22 further explains that the date of the transaction is the date on which an entity recognizes a non-monetary asset or non-monetary liability from payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine the date of the transaction for each payment or receipt of advance consideration.

The Company shall apply IFRIC 22 either retrospectively or prospectively to all assets, expenses and income in the scope of the Interpretation initially recognized on or after (a) the beginning of the reporting period in which the entity first applies IFRIC 22, or (b) the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies IFRIC 22.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value.

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.

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

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

Current assets include:

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

Current liabilities include:

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

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

d. Business combination

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

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

e. Foreign currencies

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

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

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

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

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

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

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

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

f. Investments accounted for using equity method

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

1) Investment in subsidiaries

Subsidiaries are the entities controlled by the Company.

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

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

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

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

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

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

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

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

2) Investment in associates

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

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate.

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

g. Property, plant and equipment

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

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

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

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

h. Investment properties

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

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

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

i. Goodwill

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

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Intangible assets acquired in a business combination

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

3) Derecognition of intangible assets

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

k. Impairment of tangible and intangible assets other than goodwill

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

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

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

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at fair value through profit or loss

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

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

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

ii. Available-for-sale financial assets

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

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

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

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

iii. Loans and receivables

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

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

b) Impairment of financial assets

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

For financial assets carried at amortized cost, such as trade receivables and other receivables assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, as well as observable changes in national or local economic conditions that correlate with default on receivables, and other situation.

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

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

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

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

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

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt securities, the impairment loss is subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

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

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

c) Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

m. Provisions

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

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

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

Provisions for service revenue discount are measured and recognized at the end of the reporting period based on the actual experience and possibility of discount occurrence.

n. Revenue recognition

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

1) Rendering of services

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

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

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

2) Dividend and interest income

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

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

o. Leasing

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.

p. Borrowing costs

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

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

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

q. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Other long-term employee benefits

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

r. Taxation

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

1) Current tax

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

3) Current and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Company takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

b. Impairment of tangible and intangible assets other than goodwill

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

c. Provisions

Provisions for service revenue discount are measured and recognized at the end of reporting period based on actual experience and possibility of discount occurrence.

d. Evaluation of performance bonus payables

Revenue from the rendering of services is recognized when all the conditions (see Note 4) are satisfied. Performance bonus payables are recognized considering whether the criteria of sales performance reached and the performance standards under the bonus rules met. The Company will regularly review the rationality of the evaluation of performance bonus payables.

e. Recognition and measurement of defined benefit plan

Net defined benefit liabilities (assets) and the resulting defined benefit costs under defined benefit pension plan are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, rate of employee turnover, and future salary increase, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2016	2015
Cash on hand	\$ 15,764	\$ 12,690
Checking accounts and demand deposits	573,495	327,720
Cash equivalents		
Time deposits with original maturities less than three months	<u>1,409,003</u>	<u>695,304</u>
	<u>\$ 1,998,262</u>	<u>\$ 1,035,714</u>

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

	December 31	
	2016	2015
Interest rates range	0%-3.8%	0%-4.1%

As of December 31, 2016 and 2015, the carrying amounts of time deposits with original maturities more than three months were \$0 thousand and \$229,775 thousand, respectively, which were classified as other financial assets - current (Note 10).

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS - CURRENT

	<u>December 31</u>	
	2016	2015
<u>Domestic investments</u>		
Quoted shares	<u>\$ 206,356</u>	<u>\$ 195,775</u>

8. FINANCIAL ASSETS MEASURED AT COST - NON-CURRENT

	<u>December 31</u>	
	2016	2015
Domestic unlisted ordinary shares	\$ 51,039	\$ 83,629
Foreign unlisted ordinary shares	<u>4,874</u>	<u>4,874</u>
	<u>\$ 55,913</u>	<u>\$ 88,503</u>

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

During the years ended December 31, 2016 and 2015, impairment losses that resulted from the decline in the carrying value of investments were \$0 thousand and \$3,662 thousand, respectively.

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31</u>	
	2016	2015
<u>Notes receivable and trade receivables</u>		
Notes receivable - operating	\$ 7,210	\$ 39,216
Notes receivable - non-operating	<u>-</u>	<u>30,000</u>
	<u>7,210</u>	<u>69,216</u>
Trade receivables	421,752	292,711
Less: Allowance for doubtful accounts	<u>-</u>	<u>(4,835)</u>
	<u>421,752</u>	<u>287,876</u>
	<u>\$ 428,962</u>	<u>\$ 357,092</u>
<u>Other receivables</u>		
Receivables from disposal of investment	\$ 17,000	\$ -
Interest receivables	11,346	1,862
Others	16,560	51,684
Less: Allowance for doubtful accounts	<u>(2,848)</u>	<u>(2,848)</u>
	<u>\$ 42,058</u>	<u>\$ 50,698</u>

a. Trade receivables

The average credit period for rendering of services was 30 to 60 days. No interest was charged on trade receivables. The provision of allowance for trade receivables from real estate brokerage service revenue was estimated based on historical experience. Allowance for impairment loss was recognized against trade receivables based on aging analysis, historical experience and an analysis of clients' current financial position. In determining the recoverability of a trade receivable, the Company considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period.

The concentration risk of credit was limited due to the fact that the customer base was large and customers were unrelated.

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

Aging analysis of receivables was as follows:

	December 31	
	2016	2015
0-60 days	\$ 344,234	\$ 223,935
61-90 days	32,928	22,940
91-180 days	28,122	12,425
181-360 days	8,985	11,463
Over 360 days	<u>7,483</u>	<u>21,948</u>
	<u>\$ 421,752</u>	<u>\$ 292,711</u>

The above aging schedule was based on the billing date.

The aging of receivables that were past due but not impaired was as follows:

	December 31	
	2016	2015
61-90 days	\$ 11,261	\$ 13,415
91-180 days	11,713	2,517
181-360 days	1,880	7,830
Over 360 days	<u>2,055</u>	<u>14,620</u>
	<u>\$ 26,909</u>	<u>\$ 38,382</u>

The above aging schedule was based on the billing date.

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

	2016		2015	
	Trade Receivables	Other Receivables	Trade Receivables	Other Receivables
Balance at January 1	\$ 4,835	\$ 2,848	\$ 22,677	\$ 3,271
Add (less): (Reversal of) impairment losses	(4,835)	253	(17,842)	(99)
Less: Amounts written off	<u>-</u>	<u>(253)</u>	<u>-</u>	<u>(324)</u>
Balance at December 31	<u>\$ -</u>	<u>\$ 2,848</u>	<u>\$ 4,835</u>	<u>\$ 2,848</u>

b. Other receivables

- 1) Receivables from disposal of investment and interest receivable as of December 31, 2016 were due to the Company's disposal of financial assets measured at cost from the Company's exercising the option to sell back the shares under the agreement of the share transaction.
- 2) Other receivables were the payment on behalf of others and rental receivable.

10. OTHER FINANCIAL ASSETS - CURRENT

	December 31	
	2016	2015
Time deposits with original maturity more than three months	\$ -	\$ 229,775
Restricted assets - current	<u>5,000</u>	<u>45,360</u>
	<u>\$ 5,000</u>	<u>\$ 275,135</u>

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

	December 31	
	2016	2015
Time deposits with original maturity more than three months	-	1.02%-1.14%

- b. Restricted assets - current consisted of time deposits provided as guarantee for the loan of Shanghai Sinyi Real Estate and as operating guarantee for real-estate brokerage. Refer to Note 29.

11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2016	2015
Investments in subsidiaries	\$ 6,454,782	\$ 7,050,699
Investments in associates	<u>10,723</u>	<u>9,649</u>
	<u>\$ 6,465,505</u>	<u>\$ 7,060,348</u>

a. Investments in subsidiaries

	December 31	
	2016	2015
Sinyi Limited	\$ 1,990,730	\$ 1,814,050
Sinyi International Limited	3,784,983	4,531,251
Sinyi Development Inc.	471,982	495,676
Sinyi Global Asset Management Co., Ltd.	69,287	43,411
Heng-Yi Real Estate Consulting Inc.	16,978	16,862
Jui-Inn Consultants Co., Ltd.	5,026	4,904
Sinyi Culture Publishing Inc.	1,860	1,785
An-Sin Real Estate Management Ltd.	113,936	130,487
Yowoo Technology Inc.	(13,034)	12,273
Sin Chiun Holding SDN. BHD.	-	-
	<u>6,441,748</u>	<u>7,050,699</u>
Investments accounted for using equity method recognized as other non-current liabilities	<u>13,034</u>	<u>-</u>
	<u>\$ 6,454,782</u>	<u>\$ 7,050,699</u>

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

Company Name	December 31	
	2016	2015
Sinyi Limited	100%	100%
Sinyi International Limited	100%	100%
Sinyi Development Inc.	100%	100%
Sinyi Global Asset Management Co., Ltd.	100%	100%
Heng-Yi Real Estate Consulting Inc.	100%	100%
Jui-Inn Consultants Co., Ltd.	100%	100%
Sinyi Culture Publishing Inc.	99%	99%
An-Sin Real Estate Management Ltd.	51%	51%
Yowoo Technology Inc.	100%	100%
Sin Chiun Holding SDN. BHD.	100%	-

Refer to Note 33 for the details of subsidiaries indirectly held by the Company.

The investments in subsidiaries accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2016 and 2015 were based on the subsidiaries' financial statements audited by auditors for the same years.

b. Investments in associates

	December 31	
	2016	2015
Associates that are not individually material		
Sinyi Interior Design Co., Ltd.	<u>\$ 10,723</u>	<u>\$ 9,649</u>

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

Name of Associate	December 31	
	2016	2015
Sinyi Interior Design Co., Ltd.	19%	19%

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

	Years Ended December 31	
	2016	2015
The Company's share of		
Profit from continuing operations	\$ 208	\$ 243
Other comprehensive income (loss)	<u>1,084</u>	<u>(1,184)</u>
Total comprehensive income (loss) for the year	<u>\$ 1,292</u>	<u>\$ (941)</u>

The investments accounted for by the equity method and the share of profit or loss and other comprehensive income (loss) of the investment for the years ended December 31, 2016 and 2015 were based on unaudited financial statements. The Company's management believes the unaudited financial statements of Sinyi Interior Design Co., Ltd. do not have material impact on the equity method accounting or the calculation of the share of profit or loss and other comprehensive income (loss).

12. PROPERTY, PLANT AND EQUIPMENT

	Year Ended December 31, 2016								Total
	Freehold land	Buildings	Transportation Equipment	Office Equipment	Leased Assets	Leasehold Improvements	Other Equipment	Construction in Progress and Prepayments for Equipment	
<u>Cost</u>									
Balance at January 1, 2016	\$ 2,249,789	\$ 353,606	\$ 1,208	\$ 304,791	\$ 4,671	\$ 408,720	\$ 79,979	\$ -	\$ 3,402,764
Additions	-	-	-	9,958	-	23,166	687	750	34,561
Disposals	-	-	-	(15,810)	-	(8,448)	(154)	-	(24,412)
Reclassifications	-	-	750	-	-	-	-	(750)	-
Balance at December 31, 2016	<u>\$ 2,249,789</u>	<u>\$ 353,606</u>	<u>\$ 1,958</u>	<u>\$ 298,939</u>	<u>\$ 4,671</u>	<u>\$ 423,438</u>	<u>\$ 80,512</u>	<u>\$ -</u>	<u>\$ 3,412,913</u>
<u>Accumulated depreciation</u>									
Balance at January 1, 2016	\$ -	\$ 82,847	\$ 486	\$ 203,214	\$ 4,671	\$ 297,211	\$ 54,492	\$ -	\$ 642,921
Depreciation expense	-	9,031	201	37,785	-	40,354	8,705	-	96,076
Disposals	-	-	-	(14,642)	-	(7,875)	(28)	-	(22,545)
Reclassifications	-	-	-	-	-	-	-	-	-
Balance at December 31, 2016	<u>\$ -</u>	<u>\$ 91,878</u>	<u>\$ 687</u>	<u>\$ 226,357</u>	<u>\$ 4,671</u>	<u>\$ 329,690</u>	<u>\$ 63,169</u>	<u>\$ -</u>	<u>\$ 716,452</u>
Net book value, January 1, 2016	<u>\$ 2,249,789</u>	<u>\$ 270,759</u>	<u>\$ 722</u>	<u>\$ 101,577</u>	<u>\$ -</u>	<u>\$ 111,509</u>	<u>\$ 25,487</u>	<u>\$ -</u>	<u>\$ 2,759,843</u>
Net book value, December 31, 2016	<u>\$ 2,249,789</u>	<u>\$ 261,728</u>	<u>\$ 1,271</u>	<u>\$ 72,582</u>	<u>\$ -</u>	<u>\$ 93,748</u>	<u>\$ 17,343</u>	<u>\$ -</u>	<u>\$ 2,696,461</u>

Year Ended December 31, 2015

	Freehold land	Buildings	Transportation Equipment	Office Equipment	Leased Assets	Leasehold Improvements	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
<u>Cost</u>									
Balance at January 1, 2015	\$ 2,573,292	\$ 404,395	\$ 1,208	\$ 300,836	\$ 4,671	\$ 371,128	\$ 79,501	\$ 445	\$ 3,735,476
Additions	-	-	-	23,209	-	45,837	478	-	69,524
Disposals (Note)	-	(1,448)	-	(19,254)	-	(8,245)	-	-	(28,947)
Reclassifications	(323,503)	(49,341)	-	-	-	-	-	(445)	(373,289)
Balance at December 31, 2015	<u>\$ 2,249,789</u>	<u>\$ 353,606</u>	<u>\$ 1,208</u>	<u>\$ 304,791</u>	<u>\$ 4,671</u>	<u>\$ 408,720</u>	<u>\$ 79,979</u>	<u>\$ -</u>	<u>\$ 3,402,764</u>
<u>Accumulated depreciation</u>									
Balance at January 1, 2015	\$ -	\$ 83,579	\$ 285	\$ 180,314	\$ 4,671	\$ 260,413	\$ 42,595	\$ -	\$ 571,857
Depreciation expense	-	10,058	201	41,378	-	44,334	11,897	-	107,868
Disposals	-	-	-	(18,478)	-	(7,536)	-	-	(26,014)
Reclassifications	-	(10,790)	-	-	-	-	-	-	(10,790)
Balance at December 31, 2015	<u>\$ -</u>	<u>\$ 82,847</u>	<u>\$ 486</u>	<u>\$ 203,214</u>	<u>\$ 4,671</u>	<u>\$ 297,211</u>	<u>\$ 54,492</u>	<u>\$ -</u>	<u>\$ 642,921</u>
Net book value, January 1, 2015	<u>\$ 2,573,292</u>	<u>\$ 320,816</u>	<u>\$ 923</u>	<u>\$ 120,522</u>	<u>\$ -</u>	<u>\$ 110,715</u>	<u>\$ 36,906</u>	<u>\$ 445</u>	<u>\$ 3,163,619</u>
Net book value, December 31, 2015	<u>\$ 2,249,789</u>	<u>\$ 270,759</u>	<u>\$ 722</u>	<u>\$ 101,577</u>	<u>\$ -</u>	<u>\$ 111,509</u>	<u>\$ 25,487</u>	<u>\$ -</u>	<u>\$ 2,759,843</u>

Note: The proceeds of disposal of building were collected based on the portfolio of the value of right and investment amount after the urban renewal plan was completed; the Company participated in the plan.

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

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

- a. There was no interest capitalized during the years ended December 31, 2016 and 2015.
- b. Refer to Note 29 for the details of properties, plant and equipment pledged as collaterals.

13. INVESTMENT PROPERTIES

	Year Ended December 31, 2016		
	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2016	\$ 2,453,337	\$ 413,435	\$ 2,866,772
Additions	18,901	1,299	20,200
Disposals	(34,439)	(7,240)	(41,679)
Balance at December 31, 2016	<u>\$ 2,437,799</u>	<u>\$ 407,494</u>	<u>\$ 2,845,293</u>

(Continued)

	Year Ended December 31, 2016		
	Land	Buildings	Total
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2016	\$ 7,396	\$ 99,934	\$ 107,330
Impairment losses reversed	(1,838)	(739)	(2,577)
Depreciation expense	-	10,095	10,095
Disposals	-	(791)	(791)
Balance at December 31, 2016	<u>\$ 5,558</u>	<u>\$ 108,499</u>	<u>\$ 114,057</u>
Net book value, January 1, 2016	<u>\$ 2,445,941</u>	<u>\$ 313,501</u>	<u>\$ 2,759,442</u>
Net book value, December 31, 2016	<u>\$ 2,432,241</u>	<u>\$ 298,995</u>	<u>\$ 2,731,236</u>

(Concluded)

	Year Ended December 31, 2015		
	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2015	\$ 2,129,834	\$ 364,094	\$ 2,493,928
Reclassifications	<u>323,503</u>	<u>49,341</u>	<u>372,844</u>
Balance at December 31, 2015	<u>\$ 2,453,337</u>	<u>\$ 413,435</u>	<u>\$ 2,866,772</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2015	\$ 7,396	\$ 80,068	\$ 87,464
Depreciation expense	-	9,076	9,076
Reclassifications	-	<u>10,790</u>	<u>10,790</u>
Balance at December 31, 2015	<u>\$ 7,396</u>	<u>\$ 99,934</u>	<u>\$ 107,330</u>
Net book value, January 1, 2015	<u>\$ 2,122,438</u>	<u>\$ 284,026</u>	<u>\$ 2,406,464</u>
Net book value, December 31, 2015	<u>\$ 2,445,941</u>	<u>\$ 313,501</u>	<u>\$ 2,759,442</u>

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

Buildings - main buildings 30-60 years

The total fair value of the Company's investment properties and property, plant and equipment as of December 31, 2016 and 2015 was \$9,145,666 thousand and \$9,403,909 thousand, respectively. The fair value determination was not performed by independent qualified professional appraisers, but by the management of the Company who used the valuation model that market participants generally use in determining fair value, and the fair value was measured by using Level 3 inputs. The fair value was arrived at by reference to market evidence of transaction prices for similar properties.

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

14. INTANGIBLE ASSETS

	December 31		
	2016	2015	
Goodwill	\$ 9,621	\$ 9,621	
System software costs	<u>66,784</u>	<u>69,180</u>	
	<u>\$ 76,405</u>	<u>\$ 78,801</u>	
	Year Ended December 31, 2016		
	Goodwill	System Software Costs	Total
<u>Cost</u>			
Balance at January 1, 2016	\$ 9,621	\$ 152,057	\$ 161,678
Additions	-	40,215	40,215
Disposals	<u>-</u>	<u>(758)</u>	<u>(758)</u>
Balance at December 31, 2016	<u>\$ 9,621</u>	<u>\$ 191,514</u>	<u>\$ 201,135</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2016	\$ -	\$ 82,877	\$ 82,877
Amortization expense	-	42,433	42,433
Disposals	<u>-</u>	<u>(580)</u>	<u>(580)</u>
Balance at December 31, 2016	<u>\$ -</u>	<u>\$ 124,730</u>	<u>\$ 124,730</u>
Net book value, January 1, 2016	<u>\$ 9,621</u>	<u>\$ 69,180</u>	<u>\$ 78,801</u>
Net book value, December 31, 2016	<u>\$ 9,621</u>	<u>\$ 66,784</u>	<u>\$ 76,405</u>
	Year Ended December 31, 2015		
	Goodwill	System Software Costs	Total
<u>Cost</u>			
Balance at January 1, 2015	\$ 9,621	\$ 115,672	\$ 125,293
Additions	-	35,940	35,940
Reclassifications	<u>-</u>	<u>445</u>	<u>445</u>
Balance at December 31, 2015	<u>\$ 9,621</u>	<u>\$ 152,057</u>	<u>\$ 161,678</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2015	\$ -	\$ 47,647	\$ 47,647
Amortization expense	<u>-</u>	<u>35,230</u>	<u>35,230</u>
Balance at December 31, 2015	<u>\$ -</u>	<u>\$ 82,877</u>	<u>\$ 82,877</u>
Net book value, January 1, 2015	<u>\$ 9,621</u>	<u>\$ 68,025</u>	<u>\$ 77,646</u>
Net book value, December 31, 2015	<u>\$ 9,621</u>	<u>\$ 69,180</u>	<u>\$ 78,801</u>

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

System software costs 2-5 years

The recoverable amount of the Company's goodwill had been tested for impairment using the forecast carrying amount at the end of the annual reporting period. For the year ended December 31, 2016, the Company did not recognize any impairment loss on goodwill.

15. OTHER ASSETS

	<u>December 31</u>	
	2016	2015
Prepaid expenses	\$ 20,777	\$ 26,324
Temporary payments	44,663	280
Overdue receivables	4,857	4,644
Others	<u>1,890</u>	<u>1,890</u>
	<u>\$ 72,187</u>	<u>\$ 33,138</u>
Current	\$ 65,440	\$ 26,604
Non-current	<u>6,747</u>	<u>6,534</u>
	<u>\$ 72,187</u>	<u>\$ 33,138</u>

16. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	2016	2015
<u>Unsecured borrowings</u>		
Unsecured loan	<u>\$ 150,000</u>	<u>\$ 200,000</u>

The interest rates of the bank loans for the years ended December 31, 2016 and 2015 were 1.30%-1.42% and 1.40%-1.63%, respectively.

b. Long-term borrowings

	<u>December 31</u>	
	2016	2015
<u>Secured borrowings</u>		
Bank loans	\$ 350,000	\$ 400,000
<u>Unsecured borrowings</u>		
Unsecured loans	<u>150,000</u>	<u>-</u>
Long-term borrowings	<u>\$ 500,000</u>	<u>\$ 400,000</u>

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

		December 31	
		2016	2015
E.SUN Bank	Loan limit: \$800,000 thousand; period: March 13, 2015 to December 30, 2017; fixed interest rate of 1.55% with negotiating rate per 90 days; interest is paid monthly and principal is repaid at maturity. The Company repaid all the debts in January 2016.	\$ -	\$ 100,000
E.SUN Bank	Loan limit: \$2,450,000 thousand; period: October 25, 2016 to October 20, 2018; floating interest rate of 1.35% with negotiating rate per 30 days; interest is paid monthly and principal is repaid at maturity.	200,000	-
East Asia Bank	Loan limit: \$1,600,000 thousand; period: September 25, 2015 to December 31, 2018; floating interest rate of 1.718%; total 7 quarterly installment to begin from 18 months after December 31, 2015, 5% of principal for each of the first six installments, while the rest will be paid at maturity. The Company repaid all the debts in October and November in 2016.	-	200,000
Taipei Fubon Bank	Loan limit: \$385,000 thousand; period: December 30, 2016 to December 30, 2019; floating interest rate of 1.65%; interest is paid monthly and principal is repaid at maturity.	50,000	-
Yuanta Bank	Loan limit: \$300,000 thousand; period: December 30, 2016 to December 30, 2018; floating interest rate of 1.75% with negotiating rate per 180 days; interest is paid monthly and principal is repaid at maturity.	100,000	-
SinoPac Bank	Loan limit: \$200,000 thousand; period: December 30, 2016 to December 30, 2018; floating interest rate of 1.5%; interest is paid monthly and principal is repaid at maturity.	50,000	-
Bank of Taiwan	Loan limit: \$1,000,000 thousand; period: September 22, 2015 to September 22, 2018; fixed interest rate as of December 31, 2016 and 2015 is 1.46% and 1.8% with negotiating rate per 180 days; interest is paid monthly and principal is repaid at maturity.	100,000	100,000
Total long-term borrowings		<u>\$ 500,000</u>	<u>\$ 400,000</u>

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

17. BONDS PAYABLE

	<u>December 31</u>	
	2016	2015
Domestic unsecured bonds	\$ 3,000,000	\$ 3,000,000
Less: Current portion	<u>-</u>	<u>-</u>
	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>

The major terms of domestic unsecured bonds were as follows:

Issuance Period	Total Amount (In Thousand)	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 Company will repay half of the principle respectively; interest paid annually.

18. OTHER LIABILITIES

	<u>December 31</u>	
	2016	2015
<u>Current</u>		
Other payables	\$ 1,290,835	\$ 1,175,677
Other payables to related parties (Note 28)	17,713	37,823
Other financial liabilities	63,851	48,590
Other liabilities	<u>79,808</u>	<u>72,771</u>
	<u>\$ 1,452,207</u>	<u>\$ 1,334,861</u>
<u>Non-current</u>		
Other liabilities	<u>\$ 351,206</u>	<u>\$ 644,281</u>

a. Other payables were as follows:

	<u>December 31</u>	
	2016	2015
Salaries and bonus	\$ 993,882	\$ 844,445
Advertisement	52,762	101,112
Labor and health insurance	60,012	56,798
Annual leave	52,158	49,973
Professional fees	8,295	12,566
Interest payables	22,953	22,990
Compensation to employees and directors	17,020	14,393
Others	<u>83,753</u>	<u>73,400</u>
	<u>\$ 1,290,835</u>	<u>\$ 1,175,677</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. The performance bonuses payable under other liabilities amounted to \$351,206 thousand and \$644,281 thousand as of December 31, 2016 and 2015, respectively.

b. Other financial liabilities were as follows:

	December 31	
	2016	2015
Other receipts under custody	\$ 53,516	\$ 42,881
Payables on equipment	<u>10,335</u>	<u>5,709</u>
	<u>\$ 63,851</u>	<u>\$ 48,590</u>

c. Other current liabilities were as follows:

	December 31	
	2016	2015
VAT payable	\$ 67,669	\$ 58,398
Other	<u>12,139</u>	<u>14,373</u>
	<u>\$ 79,808</u>	<u>\$ 72,771</u>

19. PROVISIONS

	December 31	
	2016	2015
Service revenue allowances	<u>\$ 39,659</u>	<u>\$ 34,149</u>
Current	\$ 34,802	\$ 29,505
Non-current	<u>4,857</u>	<u>4,644</u>
	<u>\$ 39,659</u>	<u>\$ 34,149</u>
		Service Allowances
Balance, January 1, 2015		\$ 44,406
Reversing un-usage balances		<u>(10,257)</u>
Balance, December 31, 2015		<u>\$ 34,149</u>
Balance, January 1, 2016		\$ 34,149
Additional provisions recognized		<u>5,510</u>
Balance, December 31, 2016		<u>\$ 39,659</u>

The provision for service revenue allowances was estimated based on historical experience. The provision was recognized as a reduction of operating revenue in the period the related services were provided.

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plan

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

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

	December 31	
	2016	2015
Present value of defined benefit obligation	\$ 569,479	\$ 519,355
Fair value of plan assets	<u>(529,690)</u>	<u>(518,942)</u>
Deficit	<u>39,789</u>	<u>413</u>
Net defined benefit liability	<u>\$ 39,789</u>	<u>\$ 413</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit (Asset) Liability
Balance at January 1, 2015	<u>\$ 487,089</u>	<u>\$ (499,821)</u>	<u>\$ (12,732)</u>
Service cost			
Current service cost	3,575	-	3,575
Net interest expense (income)	<u>9,133</u>	<u>(9,473)</u>	<u>(340)</u>
Recognized in profit or loss	<u>12,708</u>	<u>(9,473)</u>	<u>3,235</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,828)	(3,828)
Actuarial loss - changes in demographic assumptions	23,232	-	23,232
Actuarial loss - change in financial assumption	16,479	-	16,479
Actuarial gain - experience adjustments	<u>(13,222)</u>	<u>-</u>	<u>(13,222)</u>
Recognized in other comprehensive income	<u>26,489</u>	<u>(3,828)</u>	<u>22,661</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit (Asset) Liability
Contributions from the employer	\$ <u>-</u>	\$ (12,751)	\$ (12,751)
Benefits paid	<u>(6,931)</u>	<u>6,931</u>	<u>-</u>
Balance at December 31, 2015	<u>519,355</u>	<u>(518,942)</u>	<u>413</u>
Service cost			
Current service cost	3,718	-	3,718
Net interest expense (income)	<u>8,440</u>	<u>(8,506)</u>	<u>(66)</u>
Recognized in profit or loss	<u>12,158</u>	<u>(8,506)</u>	<u>3,652</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	4,798	4,798
Actuarial loss - changes in demographic assumptions	17,442	-	17,442
Actuarial loss - changes in financial assumptions	<u>18,065</u>	<u>-</u>	<u>18,065</u>
Actuarial loss - experience adjustments	<u>7,637</u>	<u>-</u>	<u>7,637</u>
Recognized in other comprehensive income	<u>43,144</u>	<u>4,798</u>	<u>47,942</u>
Contributions from the employer	<u>-</u>	<u>(12,218)</u>	<u>(12,218)</u>
Benefits paid	<u>(5,178)</u>	<u>5,178</u>	<u>-</u>
Balance at December 31, 2016	<u>\$ 569,479</u>	<u>\$ (529,690)</u>	<u>\$ 39,789</u> (Concluded)

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

	Years Ended December 31	
	2016	2015
Operating costs	\$ 3,329	\$ 2,833
Operating expenses	<u>323</u>	<u>402</u>
	<u>\$ 3,652</u>	<u>\$ 3,235</u>

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government or corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2016	2015
Discount rates	1.375%	1.625%
Expected rates of salary increase	3.000%	3.000%

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

	December 31	
	2016	2015
Discount rates		
0.25% increase	<u>\$(18,602)</u>	<u>\$(17,318)</u>
0.25% decrease	<u>\$ 19,431</u>	<u>\$ 18,106</u>
Expected rates of salary increase		
0.25% increase	<u>\$ 18,773</u>	<u>\$ 17,524</u>
0.25% decrease	<u>\$(18,072)</u>	<u>\$(16,853)</u>

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

	December 31	
	2016	2015
The expected contributions to the plan for the next year	<u>\$ 9,152</u>	<u>\$ 8,999</u>
The average duration of the defined benefit obligation	13.3 years	13.7 years

21. EQUITY

Share Capital

	December 31	
	2016	2015
Numbers of shares authorized (in thousands)	<u>1,000,000</u>	<u>1,000,000</u>
Share capital authorized	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>631,840</u>	<u>631,840</u>
Share capital issued	<u>\$ 6,318,398</u>	<u>\$ 6,318,398</u>

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

Capital Surplus

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
<u>May not be used for any purpose</u>		
Employee stock options	<u>\$ 63,896</u>	<u>\$ 63,896</u>

The capital surplus from shares issued in excess of par (additional paid-in capital from issuance of ordinary 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).

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. In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The Company has resolved retained earnings distribution policy and stipulated the employees' compensation policy in the amended Article of Incorporation in the general shareholders' meeting on May 20, 2016.
- b. 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 Employee benefits expense in Note 22.
- c. 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.
- d. 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.
- e. Except for non-ROC resident shareholders, all shareholders receiving dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

- f. The appropriations of earnings for 2015 and 2014 approved in the shareholders' meeting held on May 20, 2016 and May 15, 2015, respectively, were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>Years Ended December 31</u>		<u>Years Ended December 31</u>	
	2015	2014	2015	2014
Legal reserve	\$ 56,387	\$ 107,216	\$ -	\$ -
Cash dividends	442,288	613,437	0.7	1.0
Stock dividends	-	184,031	-	0.3

- g. The appropriations of earnings for 2016 had been proposed by the Company's board of directors on February 24, 2017. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 91,986	\$ -
Cash dividends	631,840	1.0
Stock dividends	196,602	0.3

The appropriations of earnings for 2016 are subject to the resolution of the shareholders' meeting to be held on May 26, 2017.

Others Equity Items

	<u>December 31</u>	
	2016	2015
Exchange differences on translating foreign operations	\$(225,707)	\$ 189,816
Unrealized gains from available-for-sale financial assets	<u>304,476</u>	<u>244,878</u>
	<u>\$ 78,769</u>	<u>\$ 434,694</u>

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

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

- b. Unrealized gains or losses on available-for-sale financial assets

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

22. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations consisted of the following:

Interest Income

	<u>Years Ended December 31</u>	
	<u>2016</u>	<u>2015</u>
Interest income		
Cash in bank	\$ 5,725	\$ 15,404
Other accounts receivable	10,734	-
Others	<u>94</u>	<u>67</u>
	<u>\$ 16,553</u>	<u>\$ 15,471</u>

Other Gains and Losses

	<u>Years Ended December 31</u>	
	<u>2016</u>	<u>2015</u>
Reversal of impairment loss of investment properties	\$ 2,577	\$ -
Impairment loss of financial assets measured at cost	-	(3,662)
(Losses) gain on disposal of investments	(361)	67,862
Net loss on fair value change of financial assets held for trading	-	(9,849)
Losses on disposal of property, plant and equipment	(662)	(1,485)
Losses on disposal of investment properties	(1,137)	-
Net foreign exchange (loss) gain	(11,740)	23,854
Gain on reversal of bad debts	4,582	17,941
Administration service revenue	36,839	59,400
Others	<u>4,501</u>	<u>23,777</u>
	<u>\$ 34,599</u>	<u>\$ 177,838</u>

Finance Costs

	<u>Years Ended December 31</u>	
	<u>2016</u>	<u>2015</u>
Interest on bank loans	\$ 10,806	\$ 8,459
Interest on bonds payable	44,400	44,278
Others	<u>88</u>	<u>434</u>
	<u>\$ 55,294</u>	<u>\$ 53,171</u>

Depreciation and Amortization

	<u>Years Ended December 31</u>	
	<u>2016</u>	<u>2015</u>
Property, plant and equipment	\$ 96,076	\$ 107,868
Investment property	10,095	9,076
Intangible assets	<u>42,433</u>	<u>35,230</u>
	<u>\$ 148,604</u>	<u>\$ 152,174</u>

(Continued)

	Years Ended December 31	
	2016	2015
An analysis of depreciation by function		
Operating costs	\$ 71,749	\$ 79,163
Operating expenses	24,327	28,705
Other losses	<u>10,095</u>	<u>9,076</u>
	<u>\$ 106,171</u>	<u>\$ 116,944</u>
An analysis of amortization by function		
Operating costs	\$ 66	\$ 16,351
Operating expenses	<u>42,367</u>	<u>18,879</u>
	<u>\$ 42,433</u>	<u>\$ 35,230</u>
		(Concluded)

Operating Expenses Directly Related to Investment Properties

	Years Ended December 31	
	2016	2015
Direct operating expenses from investment property that generated rental income	\$ 24,020	\$ 22,547
Direct operating expenses from investment property that did not generate rental income	<u>23</u>	<u>83</u>
	<u>\$ 24,043</u>	<u>\$ 22,630</u>

Employee Benefits Expense

Year ended December 31, 2016

	Operating Costs	Operating Expenses	Total
Salary expense	\$ 2,911,434	\$ 275,500	\$ 3,186,934
Labor and health insurance expense	<u>217,829</u>	<u>23,588</u>	<u>241,417</u>
	<u>3,129,263</u>	<u>299,088</u>	<u>3,428,351</u>
Post-employment benefits			
Defined contribution plan	118,211	11,493	129,704
Defined benefit plan (Note 20)	<u>3,329</u>	<u>323</u>	<u>3,652</u>
	<u>121,540</u>	<u>11,816</u>	<u>133,356</u>
Other employee benefits	<u>84,611</u>	<u>56,911</u>	<u>141,522</u>
Total employee benefits expense	<u>\$ 3,335,414</u>	<u>\$ 367,815</u>	<u>\$ 3,703,229</u>

Year ended December 31, 2015

	Operating Costs	Operating Expenses	Total
Salary expense	\$ 2,838,679	\$ 284,374	\$ 3,123,053
Labor and health insurance expense	<u>227,460</u>	<u>24,227</u>	<u>251,687</u>
	<u>3,066,139</u>	<u>308,601</u>	<u>3,374,740</u>
Post-employment benefits			
Defined contribution plan	123,362	12,974	136,336
Defined benefit plan (Note 20)	<u>2,833</u>	<u>402</u>	<u>3,235</u>
	<u>126,195</u>	<u>13,376</u>	<u>139,571</u>
Other employee benefits	<u>87,380</u>	<u>75,744</u>	<u>163,124</u>
Total employee benefits expense	<u>\$ 3,279,714</u>	<u>\$ 397,721</u>	<u>\$ 3,677,435</u>

As of December 31, 2016 and 2015, the Company had 3,949 and 4,085 employees, respectively.

a. Employee's compensation and remuneration of directors for 2016 and 2015

In compliance with the Company Act as amended in May 2015 and the amended Articles of Incorporation of the Company approved by the shareholders in their meeting on in May 2016, the Company accrued employees' compensation and remuneration of directors at the rates no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2016 and 2015 which have been approved by the Company's board of directors on February 24, 2017 and February 25, 2016, respectively, were as follows:

Accrual rate

	Years Ended December 31	
	2016	2015
Employees' compensation	1%	1%
Remuneration of directors	0.55%	0.65%

Amount

	Years Ended December 31	
	2016	2015
	Cash	Cash
Employees' compensation	\$ 10,958	\$ 7,383
Remuneration of directors	6,027	4,799

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

The actual amounts of the employees' compensation and remuneration of directors paid for 2015 were different from the amounts recognized in the financial statements for the year ended December 31, 2015. The differences were adjusted to profit and loss for the year ended December 31, 2016.

	Year Ended December 31, 2015	
	Employees' Compensation	Remuneration of Directors
Amounts approved in the board of directors' meeting	\$ 7,383	\$ 4,799
Amounts recognized in the annual financial statements	<u>(7,393)</u>	<u>(7,000)</u>
	<u>\$ (10)</u>	<u>\$ (2,201)</u>

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2017 and 2016 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

b. Bonuses to employees and remuneration of directors for 2014

The bonus to employees and remuneration of directors for 2014 which have been approved in the shareholders' meeting on May 15, 2015 were as follows:

	Year Ended December 31, 2014
	Cash
Bonuses to employees	\$ 9,872
Remuneration of directors	6,417

The bonus to employees and the remuneration of directors for 2014 approved in the shareholders' meeting on May 15, 2015 and the amounts recognized in the financial statements were as follows:

	Year Ended December 31, 2014	
	Bonuses to Employees	Remuneration of Directors
Amounts approved in shareholders' meeting	\$ 9,872	\$ 6,417
Amounts recognized in annual financial statements	<u>(9,701)</u>	<u>(7,000)</u>
	<u>\$ 171</u>	<u>\$ (583)</u>

The differences were adjusted to profit and loss for the year ended December 31, 2015.

Information on the bonuses to employees and remuneration of directors resolved by the shareholders in their meeting in 2015 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

23. INCOME TAXES RELATING TO CONTINUING OPERATIONS

Income Tax Recognized in Profit or Loss

The major components of tax expense were as follows:

	Years Ended December 31	
	2016	2015
Current tax		
In respect of the current year	\$ 160,306	\$ 127,636
Income tax expense of unappropriated earnings	4,633	16,161
Land value increment tax	433	-
In respect of the prior years	711	8,186
Deferred tax		
In respect of the current year	<u>(4,961)</u>	<u>8,498</u>
Income tax expense recognized in profit or loss	<u>\$ 161,122</u>	<u>\$ 160,481</u>

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

	Years Ended December 31	
	2016	2015
Profit before tax from continuing operations	<u>\$ 1,080,987</u>	<u>\$ 724,346</u>
Income tax expense calculated at the statutory rate (17%)	\$ 183,768	\$ 123,139
Nondeductible expenses in determining taxable income	848	57
Tax-exempt income	(4,602)	(10,513)
Additional income tax on unappropriated earnings	4,633	16,161
Land value increment tax	433	-
Adjustments for prior years' tax	711	8,186
Unrecognized deductible temporary differences	<u>(30,945)</u>	<u>23,451</u>
Income tax expense recognized in profit or loss	<u>\$ 161,122</u>	<u>\$ 160,481</u>

The applicable tax rate used above is the corporate tax rate of 17% for the Company in ROC.

As the status of 2017 appropriations of earnings is uncertain, the potential income tax consequences of 2016 unappropriated earnings are not reliably determinable.

Income Tax Recognized in Other Comprehensive Income

	Years Ended December 31	
	2016	2015
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement on defined benefit plan	<u>\$ 8,150</u>	<u>\$ 3,852</u>

Current Tax Liabilities

	<u>December 31</u>	
	2016	2015
Current tax liabilities		
Income tax payable	<u>\$ 99,640</u>	<u>\$ 24,047</u>

Deferred Tax Assets and Liabilities

The Company has offset certain deferred tax assets and deferred tax liabilities which met the offset criteria. The movements of deferred tax assets and deferred tax liabilities were as follows:

Year ended December 31, 2016

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Provisions	\$ 5,797	\$ 944	\$ -	\$ 6,741
Allowance for doubtful accounts	499	(456)	-	43
Others	<u>3,465</u>	<u>1,402</u>	<u>-</u>	<u>4,867</u>
	<u>\$ 9,761</u>	<u>\$ 1,890</u>	<u>\$ -</u>	<u>\$ 11,651</u>

Deferred tax liabilities

Temporary differences				
Defined benefit obligation	\$ 25,106	\$ 1,456	\$ (8,150)	\$ 18,412
Others	<u>5,519</u>	<u>(4,527)</u>	<u>-</u>	<u>992</u>
	<u>\$ 30,625</u>	<u>\$ (3,071)</u>	<u>\$ (8,150)</u>	<u>\$ 19,404</u>

Year ended December 31, 2015

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Provisions	\$ 7,549	\$ (1,752)	\$ -	\$ 5,797
Allowance for doubtful accounts	3,294	(2,795)	-	499
Others	<u>280</u>	<u>3,185</u>	<u>-</u>	<u>3,465</u>
	<u>\$ 11,123</u>	<u>\$ (1,362)</u>	<u>\$ -</u>	<u>\$ 9,761</u>

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax liabilities</u>				
Temporary differences				
Defined benefit obligation	\$ 27,341	\$ 1,617	\$ (3,852)	\$ 25,106
Others	<u>-</u>	<u>5,519</u>	<u>-</u>	<u>5,519</u>
	<u>\$ 27,341</u>	<u>\$ 7,136</u>	<u>\$ (3,852)</u>	<u>\$ 30,625</u> (Concluded)

Integrated Income Tax

	<u>December 31</u>	
	2016	2015
<u>Unappropriated earnings</u>		
Unappropriated earnings generated on and after January 1, 1998	<u>\$ 1,116,118</u>	<u>\$ 734,737</u>
Imputation credits accounts	<u>\$ 258,809</u>	<u>\$ 280,066</u>

The creditable ratios for distribution of earnings of 2016 and 2015 were 23.47% (estimated ratio) and 23.97%, respectively.

Under the Income Tax Law amended and promulgated by Presidential Decree Hua-tzung Yi No. 10300085101, for distribution of earning generated after January 1, 1998, the imputation credits allocated to ROC resident shareholders of the Company will be reduced by 50% in comparison with that described in the previous paragraph, effective January 1, 2015.

Under the Income Tax Law, for distribution of earnings generated after January 1, 1998, the imputation credits allocated to ROC resident shareholders of the Company was calculated based on the creditable ratio as of the date of dividend distribution. The actual imputation credits allocated to shareholders of the Company was based on the balance of the Imputation Credit Accounts (ICA) as of the date of dividend distribution. Therefore, the expected creditable ratio for the 2016 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the shareholders.

Income Tax Assessments

The Company's tax returns through 2014 have been assessed by the tax authorities. However, the Company disagreed with the tax authorities' assessment of its 2011 to 2014 tax return. The Company had applied to Ministry of Finance for administrative remedies procedures as for 2011 and 2012 tax returns and prepaid half of its 2011 and 2012 assessed additional taxes. The Company applied for a re-examination of its 2013 and 2014 tax returns with the tax collection authorities.

24. EARNINGS PER SHARE

Unit: NT\$ Per Share

	Years Ended December 31	
	2016	2015
Basic EPS	<u>\$ 1.46</u>	<u>\$ 0.89</u>
Diluted EPS	<u>\$ 1.46</u>	<u>\$ 0.89</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

	Years Ended December 31	
	2016	2015
Profit for the period	<u>\$ 919,865</u>	<u>\$ 563,865</u>

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

	Years Ended December 31	
	2016	2015
Weighted average number of ordinary shares in computation of basic earnings per share	631,840	631,840
Effect of dilutive potential ordinary shares:		
Employees' compensation	<u>321</u>	<u>270</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>632,161</u>	<u>632,110</u>

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

25. OPERATING LEASE ARRANGEMENTS

The Company as Lessee

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

As of December 31, 2016 and 2015, refundable deposits paid under operating lease amounted to \$75,956 thousand and \$76,807 thousand, respectively.

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

	December 31	
	2016	2015
Within 1 year	\$ 357,316	\$ 369,612
1 to 5 years	551,839	640,754
After 5 years	<u>3,156</u>	<u>20,884</u>
	<u>\$ 912,311</u>	<u>\$ 1,031,250</u>

The Company as Lessor

Operating leases relate to the investment property owned by the Company with lease terms between 1 to 5 years.

As of December 31, 2016 and 2015, deposits received under operating leases amounted to \$20,968 thousand and \$21,309 thousand, respectively.

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

	December 31	
	2016	2015
Within 1 year	\$ 55,011	\$ 96,429
1 to 5 years	<u>2,222</u>	<u>77,491</u>
	<u>\$ 57,233</u>	<u>\$ 173,920</u>

26. CAPITAL RISK MANAGEMENT

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

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

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

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

December 31, 2016

	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	\$ _____ -	\$ 3,045,423	\$ _____ -	\$ 3,045,423

December 31, 2015

	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	\$ _____ -	\$ 3,021,693	\$ _____ -	\$ 3,021,693

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

b. Fair value of financial instruments that are measured at fair value

December 31, 2016

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets Domestic listed stocks - equity investments	\$ 206,356	\$ _____ -	\$ _____ -	\$ 206,356

December 31, 2015

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets Domestic listed stocks - equity investments	\$ 195,775	\$ _____ -	\$ _____ -	\$ 195,775

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

Categories of Financial Instruments

	December 31	
	2016	2015
<u>Financial assets</u>		
Loans and receivables (Note 1)	\$ 2,673,316	\$ 1,924,852
Available-for-sale financial assets (Note 2)	262,269	284,278
<u>Financial liabilities</u>		
Amortized cost (Note 3)	5,419,119	5,551,724

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

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

Note 3: The balance included financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable, other payables, other payables to related parties, other financial liabilities, bonds payable, long-term borrowings, guarantee deposits received and other non-current liabilities.

Financial Risk Management Objectives and Policies

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

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

a. Market risk

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

1) Foreign currency exchange

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

For the carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period, refer to Note 32.

Foreign currency sensitivity analysis

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

	Years Ended December 31			
	2016		2015	
	RMB	USD	RMB	USD
Equity	\$ -	\$ 57,757	\$ -	\$ 63,453
Profit or loss	4	14,112	2,109	7,589

2) Interest rate risk

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

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

	December 31	
	2016	2015
Fair value interest rate risk		
Financial assets	\$ 1,409,003	\$ 925,079
Financial liabilities	3,350,000	3,400,000
Cash flow interest rate risk		
Financial assets	5,000	45,360
Financial liabilities	300,000	200,000

Interest rate sensitivity analysis

The Company was exposed to cash flow interest rate risk in relation to floating rate liabilities, and the short-term and long-term borrowings will be affected by the changes in market interest rate accordingly. If the market interest rate increased by 1%, the Company's cash outflow will increase by \$3,000 thousand.

b. Credit risk

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

Business related credit risk

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

Financial credit risk

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

c. Liquidity risk

The Company manages liquidity risk by monitoring and maintaining certain level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants. The Company has sufficient working capital to pay all debts; thus, there is no liquidity risk.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2016 and 2015, the Company had available unutilized bank loan facilities as follows:

	December 31	
	2016	2015
Unsecured bank overdraft facility, reviewed annually and payable on call:		
Amount used	\$ 300,000	\$ 200,000
Amount unused	<u>2,900,000</u>	<u>3,750,000</u>
	<u>\$ 3,200,000</u>	<u>\$ 3,950,000</u>
Secured bank overdraft facility:		
Amount used	\$ 350,000	\$ 400,000
Amount unused	<u>5,585,000</u>	<u>5,250,000</u>
	<u>\$ 5,935,000</u>	<u>\$ 5,650,000</u>

28. TRANSACTIONS WITH RELATED PARTIES

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

a. Trade receivables from related parties, net

	December 31	
	2016	2015
Subsidiaries	<u>\$ 85,213</u>	<u>\$ 96,671</u>

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

b. Other payables to related parties

	December 31	
	2016	2015
Other related parties		
The person in charge of other related parties is the president of the Company	\$ 8,608	\$ 8,028
Related parties in substance	1,792	24,080
Subsidiaries	7,313	5,606
Other - vice president of the Company	<u>-</u>	<u>109</u>
	<u>\$ 17,713</u>	<u>\$ 37,823</u>

c. Other transactions with related parties

1) Rental income

	Years Ended December 31	
	2016	2015
Other related parties		
The person in charge of other related parties is the president of the Company	\$ 4,299	\$ 4,867
Related parties in substance	7,678	8,401
Subsidiaries	15,861	14,292
Associates	<u>34</u>	<u>34</u>
	<u>\$ 27,872</u>	<u>\$ 27,594</u>

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

2) Other benefit

	Years Ended December 31	
	2016	2015
Other related parties		
The person in charge of other related parties is the president of the Company	\$ 3,123	\$ 3,273
Related parties in substance	7,590	6,515
Subsidiaries	<u>28,061</u>	<u>53,342</u>
	<u>\$ 38,774</u>	<u>\$ 63,130</u>

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

3) Professional fee

	Years Ended December 31	
	2016	2015
Other related parties		
The person in charge of other related parties is the president of the Company	\$ 90,234	\$ 105,258
Related parties in substance	22,346	26,740
Subsidiaries	<u>17,724</u>	<u>25,152</u>
	<u>\$ 130,304</u>	<u>\$ 157,150</u>

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

4) Rental expense

	Years Ended December 31	
	2016	2015
Related parties in substance	<u>\$ 10,219</u>	<u>\$ 9,206</u>

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

5) Other receivables from related parties

	December 31	
	2016	2015
Other related parties		
The person in charge of other related parties is the president of the Company	\$ 1,305	\$ 1,422
Related parties in substance	8,222	6,741
Subsidiaries	<u>12,264</u>	<u>13,387</u>
	<u>\$ 21,791</u>	<u>\$ 21,550</u>

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

6) Endorsement and guarantee

As of December 31, 2016, the Company endorsed and guaranteed Shanghai Sinyi Real Estate Inc. and Sinyi Estate Ltd.'s bank loan for \$4,765,850 thousand. As of December 31, 2015, the Company endorsed and guaranteed Shanghai Sinyi Real Estate Inc.'s bank loan for \$349,650 thousand.

As of December 31, 2016 and 2015, the Company provided \$0 thousand and \$40,360 thousand of guarantee deposits, respectively, which were recorded as other current financial assets.

d. Compensation of key management personnel

	2016	2015
Short-term employee benefits	\$ 58,388	\$ 63,806
Other long-term employee benefits	<u>8,486</u>	<u>1,146</u>
	<u>\$ 66,874</u>	<u>\$ 64,952</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 from the following year after obtaining the qualification and the bonus is calculated on the basis of the Company's operating performance or individual performance.

29. MORTGAGED OR PLEDGED ASSETS

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

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Property, plant and equipment (including investment properties)		
Land	\$ 4,450,966	\$ 4,022,638
Building	513,629	459,448
Other financial assets - current		
Pledged time deposits	<u>5,000</u>	<u>45,360</u>
	<u>\$ 4,969,595</u>	<u>\$ 4,527,446</u>

30. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED COMMITMENTS

- a. The Company is involved in claims that arise in the ordinary course of business; the other party may claim against the Company through legal proceedings. Management of the Company believe, based on legal advice, that the Company has strong and likely successful defense and the ultimate outcome of these unresolved matters will not have a material adverse impact on the Company's financial results.
- b. Guarantee notes submitted as guarantees for real-estate brokerage business amounted to \$5,000 thousand.
- c. The Company has endorsed Shanghai Sinyi Real Estate and Sinyi Estate in obtaining financing limit of \$4,765,850 thousand. Refer to Note 33, Table 2 for the details.

31. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

- a. For the Company's future real estate business development, the Company's board of directors approved cash injection of \$1,500,000 thousand into a subsidiary, Taiwan Sinyi Development, on February 16, 2017 for the purposes of acquiring and developing a parcel of land located in Yong Chui segment, Banqiao District, New Taipei City. Taiwan Sinyi Development acquired parts of the land for \$1,066,086 thousand on February 24, 2017.
- b. The Company's board of directors approved an organizational restructuring plan on February 24, 2017 for a subsidiary Shanghai Sinyi Real Estate to buy 98% ownership of Suzhou Sinyi from another subsidiary Max Success.

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

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

	December 31, 2016		
	Foreign Currencies (In Thousands)	Exchange Rate	New Taiwan Dollars (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 43,757	32.25	\$ 1,411,151
RMB	79	4.617	362
Non-monetary items			
USD	179,092	32.25	5,775,713

	December 31, 2015		
	Foreign Currencies (In Thousands)	Exchange Rate	New Taiwan Dollars (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 23,121	32.825	\$ 758,935
RMB	42,223	4.995	210,903
Non-monetary items			
USD	193,307	32.825	6,345,301

The Company is mainly exposed to foreign currency risk from USD, RMB and JPY. The following information was aggregated by the functional currencies of the Company 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:

	Years Ended December 31			
	2016		2015	
Functional Currencies	Exchange Rate	Net Foreign Exchange Loss	Exchange Rate	Net Foreign Exchange Gain
NTD	1 (NTD:NTD)	<u>\$(11,740)</u>	1 (NTD:NTD)	<u>\$ 23,854</u>

33. 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\$100 million or 20% of the paid-in capital: Table 5 (see the attached)
- g. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: None
- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None
- i. Trading in derivative instruments: None
- j. Information on investees: Table 6 (see the attached)

Information on investments in mainland China:

- a. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the mainland China area: Table 7 (see the attached)
- b. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - 1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None
 - 2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None
 - 3) The amount of property transactions and the amount of the resultant gains or losses: None
 - 4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2 (see the attached)
 - 5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1 (see the attached)
 - 6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None

34. SEGMENT INFORMATION

The Company had disclosures of segment information in accordance with Regulations in the consolidated financial statements as of and for the years ended December 31, 2016 and 2015. The disclosure of segment information is not required for the parent company only financial statements.

SINYI REALTY INC.

FINANCING PROVIDED
YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars)

No.	Financing Company	Borrower	Financial Statement Account	Related Parties	Maximum Balance for the Period	Ending Balance	Actual Appropriation	Interest Rate	Type of Financing	Transaction Amounts	Reasons for Short-term Financing	Allowance for Doubtful Accounts	Ending Balance		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limits
													Item	Value		
0	Sinyi Realty Inc.	Hua Yun Renovation (Shanghai) Co., Ltd.	Other receivables	Yes	\$ 5,084 (RMB 1,000 thousand)	\$ 4,617 (RMB 1,000 thousand)	\$ -	3.686%	Short-term financing	\$ -	Needs for operation	\$ -	-	\$ -	\$ 927,858 (Note 1)	\$ 1,855,715 (Note 1)
		Kunshan Dingxian Trading Co., Ltd.	"	Yes	397,760 (RMB 80,000 thousand)	369,360 (RMB 80,000 thousand)	4,617 (RMB 1,000 thousand)	3.8%	"	-	"	-	-	-	927,858 (Note 1)	1,855,715 (Note 1)
1	Sinyi Real Estate (Shanghai) Limited	Shanghai Sinyi Real Estate Inc.	"	Yes	203,360 (RMB 40,000 thousand)	184,680 (RMB 40,000 thousand)	184,680 (RMB 40,000 thousand)	4.75%	"	-	"	-	-	-	697,909 (Note 2)	1,395,818 (Note 2)
		Sinyi Realty Inc.	"	Yes	145,436 (RMB 31,500 thousand)	145,436 (RMB 31,500 thousand)	-	-	"	-	Repayment of borrowings	-	-	-	697,909 (Note 2)	1,395,818 (Note 2)

Note 1: Total financing provided by Sinyi Realty Inc. for short-term financing requirements for each borrowing company which was owned over 50% directly or indirectly by the same parent company should not exceed 10% of Sinyi Realty Inc.'s net worth. Total financing provided should not exceed 20% of Sinyi Realty Inc.'s net worth.

Note 2: The maximum total financing provided should not exceed 40% of Sinyi Real Estate (Shanghai) Limited's net worth. The individual lending amount should not exceed 20% of Sinyi Real Estate (Shanghai) Limited's net worth.

SINYI REALTY INC.

ENDORSEMENT/GUARANTEE PROVIDED TO OTHERS
 YEAR ENDED DECEMBER 31, 2016
 (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 (Note 2)	Guarantee Given by Parent on Behalf of Subsidiaries	Guarantee Given by Subsidiaries on Behalf of the Company	Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Nature of Relationship											
0	Sinyi Realty Inc.	Shanghai Sinyi Real Estate Inc.	Indirect subsidiary	\$ 7,422,862 (Note 1)	\$ 355,880 (RMB 70,000 thousand)	\$ 230,850 (RMB 50,000 thousand)	\$ -	\$ -	2.49	\$ 9,278,577	Y	N	Y	
		Sinyi Estate Ltd.	"	7,422,862 (Note 1)	4,535,000	4,535,000	-	-	48.88	9,278,577	"	"	"	

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

Note 2: The maximum total endorsement/guarantee should not exceed 100% of the Company's net worth.

SINYI REALTY INC.

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT CONTROLLED ENTITIES)

DECEMBER 31, 2016

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

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2016				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sinyi Realty Inc.	<u>Listed stock</u> E.SUN Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	11,245,582	\$ 206,356	-	\$ 206,356	
	<u>Stock</u> Rakuya International Info. Co., Ltd.	-	Financial assets measured at cost - non-current	994,190	1,086	18	1,086	
	Han Yu Venture Capital Co., Ltd.	-	"	5,000,000	49,063	11	49,063	
	PChome Investment Co., Ltd.	-	"	196,350	-	8	-	
	Kun Gee Venture Capital Co., Ltd.	-	"	160,650	-	3	-	
	Cite' Publishing Holding Ltd.	-	"	7,637	4,874	1	4,874	
	Cite' Information Services Co., Ltd.	-	"	106,392	890	1	890	
Sinyi Limited	<u>Stock</u> Orix Corp.	-	Available-for-sale financial assets - current	1,180,800	593,680	-	593,680	
	<u>Monetary market fund</u> SBGH U.S. Dollar Reserve Fund CL A Dist Units	-	"	43,297	1,396	-	1,396	
Shanghai Sinyi Real Estate Inc.	<u>Stock</u> Cura Investment Management (Shanghai) Co., Ltd.	-	Financial assets measured at cost - non-current	30,000,000	146,802	2	146,802	
	Cura Commercial Management Co., Ltd.	-	"	-	4,620	9	4,620	
Sinyi Development Inc.	<u>Stock</u> CTCI Corporation	-	Financial assets at fair value through profit or loss - current	170,940	8,325	-	8,325	
	<u>Monetary market fund</u> Taishin 1699 Money Market Fund	-	"	18,864,150	252,757	-	252,757	
Sinyi Global Asset Management Co., Ltd.	<u>Monetary market fund</u> Taishin 1699 Money Market Fund	-	"	2,468,838	33,079	-	33,079	

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2016				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
An-Sin Real Estate Management Ltd.	<u>Monetary market fund</u> Taishin 1699 Money Market Fund	-	"	3,952,257	52,956	-	52,956	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2016				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
An-Shin Real Estate Management Ltd.	<u>Monetary market fund</u> Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	9,887,882	\$ 132,486	-	\$ 132,486	
Ke Wei Shanghai Real Estate Management Consulting Inc.	<u>Financial product</u> Bubu Shengking No. 8688	-	Other financial assets - current	6,350,000	29,318	-	29,318	
Suzhou Sinyi Real Estate Inc.	Bubu Shengking No. 8688	-	"	6,000,000	27,702	-	27,702	
	Yunton Tsaifu-Daily Incremental Interest-S Type	-	"	5,000,000	23,085	-	23,085	
Sinyi Real Estate (Shanghai) Limited	Li Duo Duo Cash Management No. 1 (product ID: 2101123504)	-	"	45,000,000	207,765	-	207,765	
	Yehdeyin No. 16071101	-	"	80,000,000	369,360	-	369,360	
	Structured Financial Product (Product ID: 2016072810017)	-	"	75,000,000	346,275	-	346,275	
	Xin Yi Hengtong (No. M16049)	-	"	40,000,000	184,680	-	184,680	
	Suiyue Liuking No. 55962	-	"	100,000,000	461,700	-	461,700	
	Li Duo Duo Structured Deposits of Enterprises (No. JG901)	-	"	60,000,000	277,020	-	277,020	
	Li Duo Duo Structured Deposits of Enterprises (No. JG902)	-	"	30,000,000	138,510	-	138,510	
	Structured Financial Product (Product ID: 2016122810030)	-	"	60,000,000	277,020	-	277,020	
Shanghai Sinyi Real Estate Inc.	Bubu Shengking No. 8688	-	"	3,000,000	13,851	-	13,851	
	Qianyuan Woen-Ying - 2016 No. 251 principal guaranteed financial product denominated in RMB	-	"	7,000,000	32,319	-	32,319	
	Qianyuan Riri-Ying - Open-end portfolio type financial product denominated in RMB	-	"	100,000,000	461,700	-	461,700	
Shanghai Shang Tuo Investment Management Consulting Inc.	Bubu Shengking No. 8688	-	"	50,000	231	-	231	

(Concluded)

SINYI REALTY INC.

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2016
(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 Realty Inc.	Stock Sinyi International Limited	Investments accounted for using equity method and prepayments for long-term investments	-	Subsidiary	148,395,838	\$ 4,429,876	31,359,000	\$ 1,008,320	43,640,000	\$ 1,410,298	\$ 1,410,298 (Note 2)	\$ -	136,114,838	\$ 4,027,898 (Note 1)
Sinyi International Limited	Sinyi Estate Ltd.	"	"	"	12,297,800	402,507	31,359,000	1,008,320	43,639,900	1,410,292	1,410,292 (Note 2)	-	16,900	535 (Note 1)
Sinyi Development Inc.	Monetary market funds													
	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss	-	-	15,004,692	200,000	9,198,014	123,000	5,338,556	71,501	71,242	259	18,864,150	252,757 (Note 3)
Sinyi Real Estate (Shanghai) Limited	Financial product Yehdeyin No. 16071101 Structured Financial Product (Product ID: 2016072810017)	Other financial assets - current	"	"	-	-	80,000,000	369,360	-	-	-	-	80,000,000	369,360
	Suiyue Liuking No. 55962	"	"	"	-	-	75,000,000	346,275	-	-	-	-	75,000,000	346,275
	Suiyue Liuking No. 55962	"	"	"	-	-	100,000,000	461,700	-	-	-	-	100,000,000	461,700
Shanghai Sinyi Real Estate Inc.	Qianyuan Riri-Ying - Open-end portfolio type financial product denominated in RMB	"	"	"	-	-	100,000,000	461,700	-	-	-	-	100,000,000	461,700

Note 1: The ending balance presents historical cost.

Note 2: The cost of disposal is returned by the subsidiary for the unsuccessful tender of land.

Note 3: The ending balance includes cost of \$251,758 thousand and valuation gain on financial assets of \$999 thousand.

SINYI REALTY INC.

**DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Seller	Property	Event Date (Note 1)	Original Acquisition Date	Carrying Amount	Transaction Amount (Note 2)	Collection	Gain (Loss) on Disposal (Note 2)	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
Shanghai Sinyi Real Estate Inc.	7A/7B/7C Building 7F, Xinbaoli Building, No. 1, Chaoyangmen North Street, Dongcheng District, Beijing	October 27, 2016	January 31, 2010	\$ 494,313	\$ 846,380 (RMB174,551 thousand)	The contract stipulates that the buyer pays in installments, and the remaining RMB53,000 thousand had not been collected as of December 31, 2016.	\$ 352,067	Natural person	Non-related party	Effective use of assets, as the working capital for the real estate brokerage segment in mainland China	The real estate appraisers' report	-

Note 1: Board of directors approved the sale of real estate located in Beijing city on October 27, 2016.

Note 2: Excluded-tax transaction price.

SINYI REALTY INC.

INFORMATION ON INVESTEEES
 YEAR ENDED DECEMBER 31, 2016
 (In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2016			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	Equity Trust Chamber, P.O. Box 3269, Apia, Samoa	Investment holding	\$ 4,027,898	\$ 4,429,876	136,114,838	100	\$ 3,784,983	\$ (51,582)	\$ (51,582)	Note 1
	Sinyi Limited	Citco Building P.O. Box 662, Road Town, Torola, B.V.I.	Investment holding	2,448,306	2,448,306	76,001,135	100	1,990,730	235,185	235,185	Note 1
	Sinyi Development Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Development, construction, rental and sale of residential building and factories	535,005	535,005	53,500,000	100	471,982	(23,694)	(23,964)	
	Sinyi Global Asset Management Co., Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Real estate brokerage	50,000	10,000	5,000,000	100	69,287	6,696	6,696	Note 1
	Heng-Yi Real Estate Consulting	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Development, construction, rental and sale of residential building and factories	20,000	20,000	2,000,000	100	16,978	116	116	
	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	5,026	122	122	
	Sinyi Culture Publishing Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Publication	4,960	4,960	-	99	1,860	75	75	
	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	113,936	9,536	4,864	
	Sinyi Interior Design Co., Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Interior design	950	950	95,000	19	10,723	1,094	208	
	Yowoo Technology Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Information software, data processing and electronic information providing service	30,000	30,000	3,000,000	100	(13,034)	(25,307)	(25,307)	
	Sin Chiun Holding SDN. BHD.	Level 11, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, 50470 Kuala Lumpur, W.P. Kuala Lumpur.	Investment holding	-	-	2	100	-	-	-	
Sinyi Limited	Inane International Limited	Citco Building P.O. Box 662, Road Town, Torola, B.V.I.	Investment holding	1,790,590	1,790,590	56,629,268	100	1,256,983	235,153	235,153	Note 1
	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	2,700,000	99	35,294	5,351	5,301	
Sinyi International Limited	Forever Success International Limited	2nd Floor, Felix House, 24 Dr. Joseph Riviere Street, Port Louis, Mauritius	Investment holding	68,741	68,741	2,216,239	100	37,440	(1,745)	(1,745)	
	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	237,116	22,921	22,921	
	Sinyi Development Ltd.	TMF Chambers, P.O. Box 3269, Apia Samoa	Investment holding	3,899,767	3,899,767	131,966,210	100	3,508,612	(73,614)	(73,614)	Note 1
	Sinyi Estate Ltd.	TMF Chambers, P.O. Box 3269, Apia Samoa	Investment holding	535	402,507	16,900	100	1,382	842	842	Note 1
Inane International Limited	Max Success International Limited	Palm Grove House, P.O. Box 438, Road Town, Torola, British Virgin Islands	Investment holding	399,792	399,792	12,454,780	100	340,074	(39,771)	(39,771)	
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	102,476	(709)	(709)	
Sinyi Realty Inc. Japan	Sinyi Management Co., Ltd. (original name: RICHESSE Management Co., Ltd.) Tokyo Sinyi Real Estate Co., Ltd.	2nd Floor, Shoritsu Building 2-7-1 Yoyogi Shibuya-ku, Tokyo, Japan	Real estate brokerage, management and identification	10,746	10,746	600	100	19,855	1,925	1,925	
		3rd Floor, No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Real estate brokerage	5,000	5,000	500,000	100	10,089	5,233	5,233	
Sinyi Development Ltd.	Sinyi Real Estate (Hong Kong) Limited	Suites 2302-6, 23/F Great Eagle Ctr 23 Harbour Rd. Wanchai HK	Investment holding	3,868,747	3,868,747	131,000,200	100	3,490,104	(62,172)	(62,172)	
Sinyi Estate Ltd.	Sinyi Estate (Hong Kong) Limited	Suites 2302-6, 23/F Great Eagle Ctr 23 Harbour Rd. Wanchai HK	Investment holding	578	26	17,497	100	505	(56)	(56)	Note 2
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	319	(58)	(58)	
	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	317	(58)	(58)	

Note 1: As of December 31, 2016, the process of the share capital increase was not complete; therefore, it was recorded under "prepayment for long-term investment".

SINYI REALTY INC.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
 YEAR ENDED DECEMBER 31, 2016
 (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, 2016	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2016	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss) Recognized (Note 1)	Carrying Value as of December 31, 2016 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2016
					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	\$ 5,351	100	\$ 5,351	\$ 35,652	\$ -
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	296,225	100	296,225	910,831	-
Beijing Sinyi Real Estate Ltd. (Note 3)	Real estate brokerage	RMB 34,747	"	149,955	-	-	149,955	(11,575)	100	(11,575)	(19,484)	-
Shanghai Sinyi Limited Corporation of Land Administration and Real Estate Counseling (Note 4)	Management consulting	RMB 4,138	"	17,095	-	-	17,095	444	100	444	(2,526)	-
Suzhou Sinyi Real Estate Inc. (Note 3)	Real estate brokerage and management consulting	RMB 68,000	"	355,249	-	-	355,249	(49,005)	100	(49,005)	347,170	-
Cura Investment Management (Shanghai) Co., Ltd. (Note 4)	Real estate fund investment management	RMB 1,636,300	"	-	-	-	-	-	2	-	146,802	-
Cura Commercial Management Co., Ltd. (Note 4)	Business service, exhibition service, urban planning and design, marketing strategy planning, business consulting and real estate advisory	RMB 10,998	"	-	-	-	-	-	9	-	4,620	-
Zhejiang Sinyi Real Estate Co., Ltd. (Note 3)	Real estate brokerage and management consulting	RMB 20,200	"	44,543	-	-	44,543	13,084	100	13,084	1,053	-
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	(1,958)	100	(1,958)	(704)	-
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	(10,164)	100	(10,164)	11,993	-
Qingdao Chengjian & Sinyi Real Estate Co., Ltd.	Real estate brokerage and management consulting	RMB 8,000	"	37,295	-	-	37,295	(6)	100	(6)	(262)	-
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	(62,172)	100	(62,172)	3,489,544	-
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	212	100	212	37,481	-
Kunshan Dingxian Trading Co., Ltd.	Construction materials, furniture, sanitary ware and ceramic products wholesale	RMB 6,000	Investment in company located in mainland China indirectly through Sinyi Development Ltd.	31,020	-	-	31,020	(10,550)	100	(10,550)	17,823	-

(Continued)

Accumulated Outflow for Investment in Mainland China as of December 31, 2016	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 5)
\$5,855,683	\$13,728,725	\$ -

Note 1: Amounts were based on audited financial statements.

Note 2: Carrying value was converted into New Taiwan dollars at the exchange rates of US\$1=NT\$32.25 and US\$1=RMB6.985 on December 31, 2016

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

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

Note 5: The Company has acquired the certification of operation headquarters issued by the Ministry of Economic Affairs, ROC.

VI. The financial problems of the Company and its affiliated enterprises found as of the printing date of this Annual Report issuance and the impact of such problems upon the Company's financial standing: Nil.

Eight. Review of Financial Conditions, Operating Results, and Risk Management

I. Analyses on Consolidated Financial Reports

Expressed in Thousands of New Taiwan Dollars

Item \ Year	Dec. 31, 2016	Dec. 31, 2015	Discrepancy		Description
			Amount	%	
Current assets	17,543,826	13,809,601	3,734,225	27.0%	Description 1
Investment of equity method adopted	207,335	252,322	(44,987)	(17.8)%	
Property, plant and equipment	3,474,237	3,561,920	(87,683)	(2.5)%	
Intangible assets	2,269,286	2,816,292	(547,006)	(19.4)%	
Other assets	136,978	144,763	(7,785)	(5.4)%	Description 2
Total assets	237,602	187,106	50,496	27.0%	
Current liabilities	23,869,264	20,772,004	3,097,260	14.9%	Description 3
Non-current liabilities	10,417,451	5,518,169	4,899,282	88.8%	Description 4
Total liabilities	4,063,424	5,931,457	(1,868,033)	(31.5)%	Descriptions 3 & 4
Capital stock	14,480,875	11,449,626	3,031,249	26.5%	
Capital surplus	6,318,398	6,318,398	0	0.0%	
Retained earnings	63,896	63,896	0	0.0%	
Other equity	2,817,514	2,379,746	437,768	18.4%	Description 5
The equity contributed to the parent company	78,769	434,694	(355,925)	(81.9)%	
Non-controlled equity	9,278,577	9,196,734	81,843	0.9%	
Total equity	109,812	125,644	(15,832)	(12.6)%	
<p>Analyses on change with increase/decrease up to 20% with amount up to NT\$10 million in the past two years:</p> <p>Description 1. Current assets increased by NT\$ 3,734 million, mainly because of the increase in the current financial assets with change in fair value recognized as profits and losses, other receivables, other current assets, inventory and other current financial assets by NT\$ 162 million, NT\$ 247 million, NT\$ 468 million, NT\$ 1,436 million and NT\$ 1,185 million, respectively. The increase of NT\$ 162 million in the current financial assets with change in fair value recognized as profits and losses mainly because of the purchase of money market funds by subsidiaries Sinyi Development Inc., An-Sin Real Estate Management Ltd. and An-Shin Real Estate Management Ltd.. Other receivables increased by NT\$ 247 million, mainly as a result of the sale of office buildings in Beijing by our subsidiary Shanghai Sinyi Real Estate Inc. Other current assets increased by NT\$ 468 million, mainly because of the prepaid taxes made by our subsidiary Sinyi Real Estate (Shanghai) Limited for sale of off-plan project. The inventory increased by NT\$ 1,436 million, mainly because of the continued investment by our subsidiary Sinyi Real Estate (Shanghai) in project development. Other current financial assets increased by NT\$ 1,185 million, mainly because of the purpose of capital guarantee financial products with the prepayments received by Sinyi Real Estate (Shanghai) for the sale of properties.</p> <p>Description 2. Other assets increased by NT\$ 50 million, mainly due to an increase of deferred income tax assets and refundable deposits by NT\$ 42 million and by NT\$ 7 million, respectively.</p> <p>Description 3. The current liabilities increased by NT\$ 4,899 million, mainly because of the increase by NT\$ 4,825 million for the deposits collected for the pre-sale projects by Sinyi Real Estate (Shanghai).</p> <p>Description 4. The non-current liabilities dropped by NT\$ 1,868 million, mainly as a result of the repayment of long-term bank borrowings by NT\$ 1,709 million with the deposits received by Sinyi Real Estate (Shanghai) Limited for the sale of off-plan project.</p> <p>Description 5. Other equity was reduced by NT\$ 356 million, largely because of foreign exchange rate fluctuations and hence the translation loss of NT\$ 416 million for overseas operations. The book loss was partially offset by NT\$ 60 million of the book gain due to the increase in the market value of financial assets held for sale.</p>					

II. Analyses on financial performance

(I) Comparative analyses on the operating revenue and net gains before tax over the past two years

Expressed in Thousands of New Taiwan Dollars

Item \ Year	2016	2015	Amount in increase/decrease	Ratio of change %	Description
Net operating revenue	7,588,820	7,523,143	65,677	0.9%	
Operating cost	5,900,494	5,723,628	176,866	3.1%	
Gross profit	1,688,326	1,799,515	(111,189)	(6.2)%	
Operating expenses	1,149,984	1,292,983	(142,999)	(11.1)%	
Operating profit	538,342	506,532	31,810	6.3%	
Non-Operating revenues and expenditures	550,084	277,494	272,590	98.2%	Description 1
Net profit before tax from continuing operations	1,088,426	784,026	304,400	38.8%	Description 1
Fees of income tax	163,838	197,665	(33,827)	(17.1)%	
Net profit for the year	924,588	586,361	338,227	57.7%	Description 2
Analyses on change with increase/decrease up to 20% with amount up to NT\$10 million in the past two years:					
1. Increasing in non-operating revenue and in income before income tax from continuing operations is because the subsidiary, Shanghai Sinyi Real Estate Inc., disposed its real estate in Beijing, with the gain on disposal increasing by NT\$352 million.					
2. Net income increases NT\$338 million is because of the reason mentioned above and the decrease of income tax by NT\$34 million.					

(II) Anticipated sales volumes and the grounds thereof:

The Company is served as the agency and selling of real estates and mainly provide the rental and sales service of real estate. Therefore there is no estimated volumn of the selling product.

The main business of the subsidiaries, Sinyi Development Inc. (hereinafter referred to as Sinyi Development) and Sinyi Real Estate (Shanghai) Limited, is to develop the renting and the selling of houses and buildings. Current estimated volumn of the developing project is as below:

Expressed in Thousands of New Taiwan Dollars

Subsidiary	Project	Address	Estimation of number of houses sold	Estimated to deliver house	Sales rate (%) till the publication of Annual Report(note1)	Note
Sinyi Development Inc.	Sinyi Qian-Shi	Tianmu N. Rd., Shilin Dist., Taipei	21	2017	19%	Applying for the building occupation permit
Sinyi Development Inc	Jiangcui of Banqiao District	Jiangcui Sec., Banqiao Dist., New Taipei City	160	2021	-(Note 2)	Under planning
Sinyi Real Estate (Shanghai) Limited	Sinyi Jiating (1st phase)	Wongjiazhai Rd., Jiading Dist., Shanghai	566	2017	99% (Note 3)	Applying for the Permit of House Delivery for Use
Sinyi Real Estate (Shanghai) Limited	Sinyi Jiating (2nd phase)	Wongjiazhai Rd., Jiading Dist., Shanghai	545	2017~2018	33%	Under construction

Note 1: Sales rate means the number of house sold/total estimated number of house to be sold.

Note 2: The land of the project was acquired from the end of December, 2016 to February, 2107. The project was under planning and still did not plan the time to sell.

Note 3: The number of house sold included those selling to the Company's subsidiary, Kunshan Dingxian Trading Co., Ltd.; some model houses were still not sold.

(III) Potential impact upon the future financial standing and the countermeasures

Both the years 2015 and 2016 saw the number of property transfers (excluding first-time registrations) below the 200,000 marks in Taiwan due to the government's control and unfavourable external factors over recent years. The number of registration declined by 19% and 25.8%, respectively, year-over-year in 2015 and 2016, and the trading volume shrank dramatically. Whilst our competitors are downsizing or exiting the market, we have been effectively integrating our sales offices with an innovative and flexible approach in marketing for all the properties, and developing a new channel for customers to choose brand new or pre-owned properties. We are also committed to service quality improvement and cost control and management. In 2016, our revenue only dropped slightly by 0.27% from 2015 but our operating net profit increased by as much as 34.1%. In 2017, as the government is no longer regulating the housing market and the adverse and uncertain factors are expected to disappear, the property market should return to its fundamental level with a limited increase in trading volumes. Our company will leverage the aforesaid advantages and boost our competitiveness. We will continue to attract and retain talents with good benefits and healthy systems, in order to constantly innovate and improve our services, increase the revenue contribution per employee and expand our market share.

In China, the government has been seeking to cool down the real estate market and curb the rapid increase of housing prices over recent years. The local governments have been imposing limits on purchases in both the land market and the market for new developments and second-hand properties. There is strict control and audit on the legitimacy of the capital sources for the bidding of development sites. The government also regulates the mortgage market by making borrowing more difficult. In sum, both the supply side and the demand side are monitored. The inventory of land has been under controlled and no land has been released recently. The trading volumes declined massively as a result. Our team in Shanghai focuses on project developments. We believe that policy control is a short-term suppressant of market activities and the prices are expected to grow steadily due to pent-up demand. Our development team is constantly monitoring the delivery of "Sinyi Jiating" and watching closely market changes and policy adjustments going forward. We wish to stay on top of potential sites for project developments so that we can acquire the land in a favourable price when the opportunity arises. In 2017, we will slow down our expansion for the brokerage business, as a response to the shrinking trading volume of pre-owned properties. We will focus on converting new recruits into permanent employees, reduce the turnover of our personal and increase the revenue contribution per employee or per business office, in order to counterbalance the market uncertainties.

III. Analyses on cash flow

(I) Analysis on currency in cash flow in most recent years

In Thousands of New Taiwan Dollars			
Year	2016	2015	Increase/decrease ratio%
Cash flow ratio%	28.7%	29.9%	(4.0)
Cash Flow Adequacy Ratio%	45.3%	34.7%	30.5
Cash reinvestment ratio%	18.1%	6.5%	178.5
Remarks on the increase/decrease ratio :			
Cash flow ratio decreased compared with previous year. The main reason is that unearned revenue of the subsidiary, Sinyi Real Estate (Shanghai) Ltd., increases about NT\$4,825 millions for the project "Sinyi Jiating" in 2016, resulting in the increase of current liabilities by NT\$4,899 millions. Cash flow adequacy ratio and cash reinvestment ratio raised because the increase of 2016 profit and unearned revenue from subsidiary, resulting in the increase of operating cashflow.			

(II) Plan to improve inadequate current flow: N/A ◦

(III) Analyses on the cash flow performance in one year ahead:

Expressed in Thousands of New Taiwan Dollars

Consolidated cash balance at beginning of the term (1)	Anticipated net cash flow from the operating activities (2)	Anticipated net cash flow from the investment activities (3)	Anticipated net cash flow from the financing activities (4)	Anticipated surplus (shortfall) amount in consolidation (1)+(2)+(3)+(4)	Anticipated countermeasures against shortage in cash	
					Investment plans	Financing plans
3,512,457	5,995,123	(14,400)	(423,237)	9,069,943	—	—

IV. Major capital expenditures in recent years and the impact upon financial and business concerns

- (I) Facts and sources of major capital expenditures and capital sources: Over the recent year, the Company has had no significant capital expenditure
- (II) Potential benefit anticipated to yield: Nil.

V. The policies in outward investment, causes leading to profits or loss, countermeasures and investment plans anticipated in one year ahead

Our additional investments in 2016 were all for the expansion in real estate brokerage and developments, as we remain committed to our core businesses. Below is a detailed breakdown of our equity investments. We will make investments over the next twelve months depending on company operations, and evaluate the feasibility of land acquisitions on the basis of potential returns.

Items	Descriptions	Amount of capital increase (Expressed in Thousand New Taiwan Dollars)	Policies	Major causes leading to profits or loss	Countermeasures	The investment plans anticipated in one year ahead
SINYI INTERNATIONAL LIMITED (Samoa)		1,008,320	100% owned subsidiary	Description 1	Description 1	Depends on its operation
Sinyi Global Asset Management Co., Ltd. (Original name: Global Asset Management Co., Ltd.)		30,000	100% owned subsidiary	Description 2	Nil.	Nil.

Descriptions 1: In 2016, the Company increased the investment in Sinyi International Limited mainly for the new land proposed to acquire for the Development Business in the Mainland China. Then Company recognized loss on investment in Sinyi International Limited by NT\$51,582 thousand mainly due to the following reasons:

- (1) The unearned revenue would be recognized as revenue only when the houses of the construction project owned by Sinyi Real Estate (Shanghai) Limited, the investee indirectly owned by Sinyi International Limited, were delivered. However, the administrative and selling expenses were recognized during the construction period, resulting in net loss of 62,172 thousand of Sinyi Real Estate (Shanghai) Limited. The amount of loss would be expected to reduce and Sinyi Real Estate (Shanghai) Limited would show a turn from loss to profit after the houses were delivered from March in 2017.
- (2) Sinyi International Limited recognized gain on its investment in Sinyi Realty Inc. Japan by NT\$22,921 thousand and loss on its investment in Kunshan Dingxian

Trading Co., Ltd. by NT\$10,550 thousand, respectively.

Descriptions 2: The Company increased its investment in Sinyi Global Asset Management Co., Ltd. by NT\$30,000 thousand, including capital increase of NT\$10,820 thousand by cash and NT\$19,180 by capitalization of earnings of Sinyi Global Asset Management Co., Ltd. The total paid-in capital would from NT\$20,000 thousand to NT\$50,000 thousand. The capital increase was mainly due to enrich the capital and expand the scope of operation to meet the specific term of tender of the government or organization. Sinyi Global Asset Management Co., Ltd. always operated stably with profit and was expected to raise its revenue and profit in the future through the capital increase.

VI. The analyses and evaluation on the risk control policies, organizational frameworks and potential risks in the latest year and as of the printing date of this Annual Report

(I) Risk control policies, organizational frameworks:

To put the potential risks into effective control, the Company has set up relevant risk managerial policies to boost the Company's external values and increase forward-looking quality of policymaking process. Here at Sinyi Conglomerate, the entire staff members have participated in the implementation and valuation of the risk management policies.

Here at Sinyi Conglomerate, the units enumerated below are in charge of operation of the risk management organization:

1. Board of Directors: The Board of Directors of Sinyi should approve of the risk management policies, procedures and risk tolerance, review the risk management policies implementation reports and audit reports to assure that the risk management policies system would be put into effective implementation.
2. Internal audit unit: Pursuant to the Company's risk management policies and various risk management systems, the internal audit unit works out annual audit plans and implements various audit systems and report the results to the board of directors on a regular basis.
3. Departments responsible for risk management: The Chairman's Office of the Company takes overall charge of the operation of the risk management systems, including checking and verification consistent risk management evaluation criteria and risk analysis targets so as to set up a sound risk management climate. All other departments concerned assume the respective responsibilities based on the responsibilities and powers as set forth under "Organizational Framework Regulations", including identification, evaluation, handling, planning and implementation, and work out countermeasures or restoration plans to come to the policies to evade, minimize, transfer, shoulder risks. Besides, they report to the board of directors about the implementation of the risk management on a regular basis.

List of a variety of risk management units:

Attributes of risks	Contents of risks	Departments responsible
Strategic risks	New region market development, innovative services, organizational reform and risks likely to occur	Strategic Director's Office
Operating risks	Sales standstill or recession, potential legal disputes during the process of transaction, changes in laws, policies, marketing advertisements	Real Estate Agent & United Selling Agency Division, Customer Service Department, Marketing Department
Financial risks	Potential risks in major investment, capital dispatch, cost control, exchange rates, interest rate, inflation and such potential risks.	Department of Finance
Personnel risks	Potential risks in hiring of human resources, unsound management of labor-management relationship and the like.	Human Resources Department
Information risks	Potential risks in interruption or damage in information, divulgence in information, misuse of pirate software	Management Information System (MIS) Department
Hazard risks	Potential risks in a variety of calamities or events that would mar goodwill	Human Resources Department, Public Affairs Department, Corporate Ethics Office

4. The business and staff units: The management level of the Company's business and staff units shall put forth maximum possible efforts to make the importance of risk management known to each and every staff member and shall, during the process of business promotion, prudentially evaluate and discover potential risks, faithfully comply with a variety of risk management systems, coordinate with other units in implementation of a variety of risk control measures to make sure that all risks on implementation falling within the authorized scope.

(II) Analyses on the evaluation of risk issues:

1. The impact incurred by change in interest rate, exchange rate, inflation upon the Company's profit and/or loss and the future countermeasures:

Descriptions	2016 (Expressed in Thousands of New Taiwan Dollars, %)
Interest income/expenditure, net	3,887
Gain in foreign exchange, net	9,647
Ratio of net interest income/expenditure to operating	0.05%
Ratio of net interest expenditure to net profit before tax	0.36%
Ratio of gain in foreign exchange to operating revenue	0.13%
Ratio of gain in foreign exchange to net profit before tax	0.89%

(1) Interest rate risks:

The term "interest rate risks" as set forth herein denotes the potential risks to be incurred by a change in the fair value of the financial instruments and in cash flow

in the interest rate in the market. Here at Sinyi and its subsidiaries, the major interest related risks come primarily in the investment and loans with fixed and floating interest rates.

A. The impact upon Sinyi and its subsidiaries in the profit and/or loss:

Our exposure to the financial assets and the financial liabilities with fair value associated with interest rate risks at the end of 2016 was NT\$ 1,588,049 thousand and NT\$ 3,384,450 thousand, respectively, in terms of book value. The financial assets and the financial liabilities whose cash flows are subject to interest rate risks stood at NT\$ 2,896,336 thousand and NT\$ 648,110 thousand, respectively. Our investment gains and certain borrowings are at fixed interest rates and measured with amortization so the change in interest rate does not affect future cash flows. However, some of our borrowings are at floating rates so the change in interest rates affects the future cash flows and the effective rates for both short-term and long-term loans. We estimate an increase of the market interest rate by 1% will increase our cash outflow by NT\$ 6,481 thousand in 2016. The Federal Reserve System (the Fed) in the U.S. raised the key interest rates by 0.25 percentage point on March 15, 2017 as anticipated. The market observers expect the Fed to increase the interest rates by another 0.5% percentage point by the end of 2017. However, whether Taiwan will follow suit will depend on the fluctuation in the consumer price index. It is believed that any interest rate hike, if at all, by the Central Bank of the Republic of China (Taiwan) will not be as significant as in the U.S. In sum, the interest rates in Taiwan are likely to stay at a relatively low level and unlikely to materially affect the real estate transactions. Hence, the fluctuation in interest rates should not significantly influence the profit and loss of our company.

B. Future countermeasures:

Currently, the prime rates in major financial institutions in Taiwan are still low. That said, we require significant capital to fund our developments. To ensure the safety and the liquidity of our funds, we maintain a portion of our capital for day-to-day operations and prioritize the repayment of our bank loans. Any idle capital at the subsidiaries will be invested in short-term deposits and capital guarantee financial products with higher interest rates. We shall closely watch the interest rate trends and flexibly adjust the deposit and loan durations in real time. Besides, where Sinyi remains at secured and stable business and financial standing and maintains very sound interest rate with banks, we shall evaluate the rationality of interest rates in the markets in an attempt to win the optimal possible level of interest rates in the markets.

- (2) Exchange rates: Our company and subsidiaries are engaged in the development and brokerage of real estates in the domestic market. There are no needs to export products or import raw materials. Whilst the development business run by our subsidiaries import certain building and decorative materials, the import value is a

small portion of the total costs. Hence, exchange rates do not have a major impact on the profit and loss of our company or our subsidiaries. In the end of 2016, the net exchange loss of foreign currency of the consolidated account of the Company is NT\$9,647 thousand, accounting 0.89% of pre-tax net income. When the exchange rate fluctuates 1%, it has the impact of 2016 equity or 2016 profit as below lists:

Expressed in thousand dollars	Renminbi (RMB)	Japanese yen	U. S. Dollars
Impact of equity	\$36,168	\$2,060	\$572
Impact of profit	4	-	14,679

- (3) Inflation: The Company primarily engages in brokerage sales of real estate. Some of our subsidiaries engage in construction & development business. In case of a raise in commodity prices or inflation, the prices of real estate would relatively secure in preserving the values and appreciation. To put it in more understandable terms, a raise in commodity prices or inflation would stimulate a demand for real estate purchase and would function as a positive stimulus to Sinyi business.
2. Major causes leading to profit and/or loss in high risk, high leverage investment, loaning capitals to others, endorsements/guarantees and the policies in derivative financial instruments and the countermeasures thereof:
- (1) High risk, high leverage investment: Sinyi does not engage in derivative financial instruments or high risk, high leverage investment.
- (2) Loans granted to others:
- A. As the Shanghai Pilot Free Trade Zone has opened the capital pool for two-directional conversion of Renminbi, our company intends to lend to our 100% owned subsidiary Hua Yun Renovation (Shanghai) Co., Ltd. a total of RMB 1 million as the working capital for all our subsidiaries in China. By the end of 2016, this credit facility has not been drawn down at all. As this is a small amount and it is the lending/borrowing between the parent and the subsidiary, it has very limited impact on our financials.
- B. To flexibly utilize the funding between the parent and the subsidiaries and reduce the total cost of capital, our company lent our 100% subsidiary Kunshan Ding Xian Trading Co., Ltd. By RMB 80 million for working capital. By the end of 2016, the subsidiary has drawn down RMB 1 million of this credit facility. As this is a small amount and it is the lending/borrowing between the parent and the subsidiary, it has very limited impact on our financials.
- C. To flexibly utilize the funding between the parent and the subsidiaries, to enhance the efficiency of capital utilization for the group and to hedge currency risks in a timely basis, our company borrowed RMB 31.5 million from our 100% subsidiary Sinyi Real Estate (Shanghai) Limited (hereinafter referred to as Sinyi Real Estate (Shanghai)) in order to activate the financing channel with our companies outside China. By the end of 2016, this credit facility has not been drawn down at all. As this is the lending/borrowing between the parent and the subsidiary, it has very limited impact on our financials.
- D. To fund the working capital of our 100% owned subsidiary, Shanghai Sinyi Real Estate Inc. (hereinafter referred to as Shanghai Sinyi), Sinyi Real Estate (Shanghai) offered a credit facility of RMB 40 million. By the end of 2016, this

credit facility had been completely drawn down. In January 2017, Shanghai Sinyi has repaid the amount in full. This lending/borrowing was between two 100% owned subsidiaries. As it reduced the interest burden of Shanghai Sinyi, it reduced the cost of capital and created value to shareholder's equity.

(3) Endorsements/guarantees rendered to others:

- A. To fund the real estate development in China, our company previously had a credit facility extended by financial institutions for NT\$ 4,535 million. This credit facility was then shared with our 100% subsidiary Sinyi Estate Ltd. (Samoa) (hereinafter referred to as Sinyi Estate) and we provide guarantee and endorsement for Sinyi Estate at the same amount. By the end of 2016, the balance for the used endorsement and guarantee was NT\$ 0. The endorsement and guarantee can effectively reduce the borrowing cost for our subsidiary and create value for our shareholders.
 - B. To fund the working capital of Shanghai Sinyi, our company issued a letter of guarantee for RMB 50 million to the lending financial institution with our Renminbi deposits of the same amount. By the end of 2016, the balance for the used endorsement and guarantee was RMB 0. The total amount of the endorsement and guarantee made in 2016 was within the limit. Meanwhile, the endorsement and guarantee from the parent company to our subsidiary have a limited impact on our financials.
3. The research & development programs and the research & development costs to be budgeted: In all years in the past, Sinyi has invested huge amounts of human resource and costs for research & development. Thanks to such research & development efforts, we have launched updated and upgraded services and systems to satisfy the public consumer needs. With the particular attributes in business undertaking, the real estate brokerage services and development rendered by Sinyi have been intangible services, not in the attribute like investment in general research & development in general manufacturing and production industries.
4. The impact from a potential change in major policies and laws at home and abroad upon the financial standing and the countermeasures: The entire Sinyi teammates are closely watchful of the changes or updates in policies and laws that are relevant to the Company's business and financial standing. Over recent years, the Taiwanese government has been controlling and regulating the real estate market. These measures such as the levy of special cargo and the service taxes (a.k.a. luxury taxes), the mark-up of residence taxes for high-end properties (a.k.a. luxury housing taxes) and the adjustment to property taxes (for those with an inventory of properties) have material and adverse effects on the housing market. As a result of the joint taxation of housing and land effectively on January 1, 2016, the number of property ownership transfers (excluding the first-time registrations) was only 123,000, the record low over the past decade. However, with all the negative factors running their course and the uncertainties gradually disappearing, the buyers and the general public are becoming rational, and the trading volume has been picking up steadily. To respond to market changes, we will take a cautious attitude in the establishment of new offices and continue to consolidate the existing offices by integration or relocation. The purpose is to seek steady growth by increasing the service capacity per employee and per office. We also tighten our control over service quality and cost, in order to grow our market share and enhance operating performances. In China, all the Tier 1 cities (i.e. Beijing, Shanghai, Guangdong and Shenzhen) witnessed rapid rises of property prices over recent years. Therefore, the impact of the government's efforts in China to curb the overheating of the market is a lot more significant than that in Taiwan. The controlling measures include but not limited to restrictions on purchases,

loan-to-value ratios of mortgages, and caps on housing prices. In Shanghai, the monthly transaction of second-hand housing properties per month dropped from 56,000 in August to 13,000 in December, 2016, as a result of policy effects and market anticipations. Given the greater impact of purchase restrictions and caps on loan-to-value ratios on the demand for upsizing and upgrades, the market in 2017 is expected to be dominated by first-time buyers. This means the trading volumes will be hampered in the near term. Therefore, we will slow down the pace of expansions in 2017, and strive to improve productivity per office and recruit and retain talents, in order to enhance the operational efficiency and reduce losses. Meanwhile, our development business in China has been affected by the policy control over the supply of land (as far as our second project is concerned) and the strict (as never seen before) review of development funding. This is why we have not secured any appropriate site so far. Our subsidiary Sinyi Real Estate (Shanghai) will continue to watch closely the market changes and land policies, in order to respond accordingly.

5. The impact from a change in technology and businesses upon the financial standing and the countermeasures: The growing penetration of mobile devices and the increasing application of Big Data have profound influence on the real estate brokerage industry. The marketing channel has been shifting from bricks and mortars and traditional media such as newspapers, TV and radio programs to social media and online marketing. We constantly invest in manpower and resources in the research and analysis of marketing with technology and the betterment viewing experiences for customers. We hope to control costs and offer better services to make life easier for consumers. In addition to the continued improvement of engineering and construction knowhow, our development business seeks to create a warm and comfortable living environment with apps and applications for homes and IoTs connecting community residents throughout different blocks.
6. The impact from the change in corporate image upon the management over business risks and the countermeasures: We have received many awards over the years, for our long-standing efforts in corporate social responsibility and support to pro bono activities. In 2016, we were listed by the Taiwan Institute for Sustainable Energy as one of the “top ten role models for corporate sustainability”. We won one of the “Top 50 Most Sustainable Corporate Awards”, “Annual Best CSR Report Award”, “Talent Development Award” and “Social Inclusion Award”. We also received from Enterprise Asia the “Asia Corporate Social Responsibility Award 2016”. We were awarded for “Excellence in Corporate Social Responsibility 2016” by the Common Wealth Magazine for ten years running. For the second consecutive year, we were rated by the Taiwan Stock Exchange as the top 5% of the listed companies for best corporate governance. Our subsidiary Sinyi Real Estate (Shanghai) received from Jiading District, Shanghai City Government “2016 Excellence for Participation in Social Developments”. Shanghai Sinyi was rated as the “top 30 best employers in Shanghai in 2016”, and won “China Best Employer Award” for four years running. Suzhou Sinyi received a number of awards such as the “top 10 best employers in Suzhou in 2016”. We have made every endeavor to dedicate ourselves to the social responsibility. In the aspect of management over crisis, we have set up the Anti-Crisis Task Force with flexible organization to promptly deal with a crisis, if any, from continuity and worsening.
7. The benefits anticipated from merger/acquisition (M&A), potential risks and countermeasures: We currently have not launched any plan in merger/acquisition (M&A).
8. The impact from plant expansion, potential risks and countermeasures: In the service

business, we don't operate with a plant and plant expansion is not applicable to us. In the development of branch shops, we have upheld a prudential and secured policy, by leasing shops to expand our branches.

The impact from centralized input or output business performance, potential risks and countermeasures: We are completely free of such risks as our customers are just general public in the society. Our development team selects quality local constructors as subcontractors via a bidding process, in order to ensure the quality of engineering and construction. We maintain a relative list of preferred constructors and our own personnel onsite is responsible for the monitoring and supervision of the quality and progress of construction works.

9. The impact from huge transfer or conversion by directors and key shareholders holding over 10% of the total shares, potential risks and countermeasures: Our board members and major shareholders with over 10% holdings are all long term shareholders. In fact, our major shareholders are directly involved in our operations. By the end of 2016 and by the time the 2016 annual report is printed in 2017, there has been no transfer of any major stake or change of major shareholders. Therefore, there should not be any significant influence or risk associated with the transfer of major stakes or change of large shareholders. All our major subsidiaries are 100% owned by us and hence there is no transfer of significant shareholdings.
10. The impact from the change in managerial power, potential risks and countermeasures: In the long-run, our managerial power has been secured and stable in structure, and the risk from a change is minor.
11. For all litigious and non-litigious events, please expressly enumerate the involved facts, target amounts, starting dates of the litigation, major parties involved and the progress as of the printing date of this Annual Report for the cases where the Company, the Company's directors and supervisors, general manager, substantial responsible persons, key shareholders holding over 10% of the total outstanding shares and the auxiliary firms in the major litigious, non-litigious or administrative events the outcome of which might have a significant impact upon the shareholders' equity or stock prices: All major litigious, non-litigious or administrative events of the Company have been disclosed in the remarks or notes of financial statements, 2016.
12. Other major risks and countermeasures: Nil.

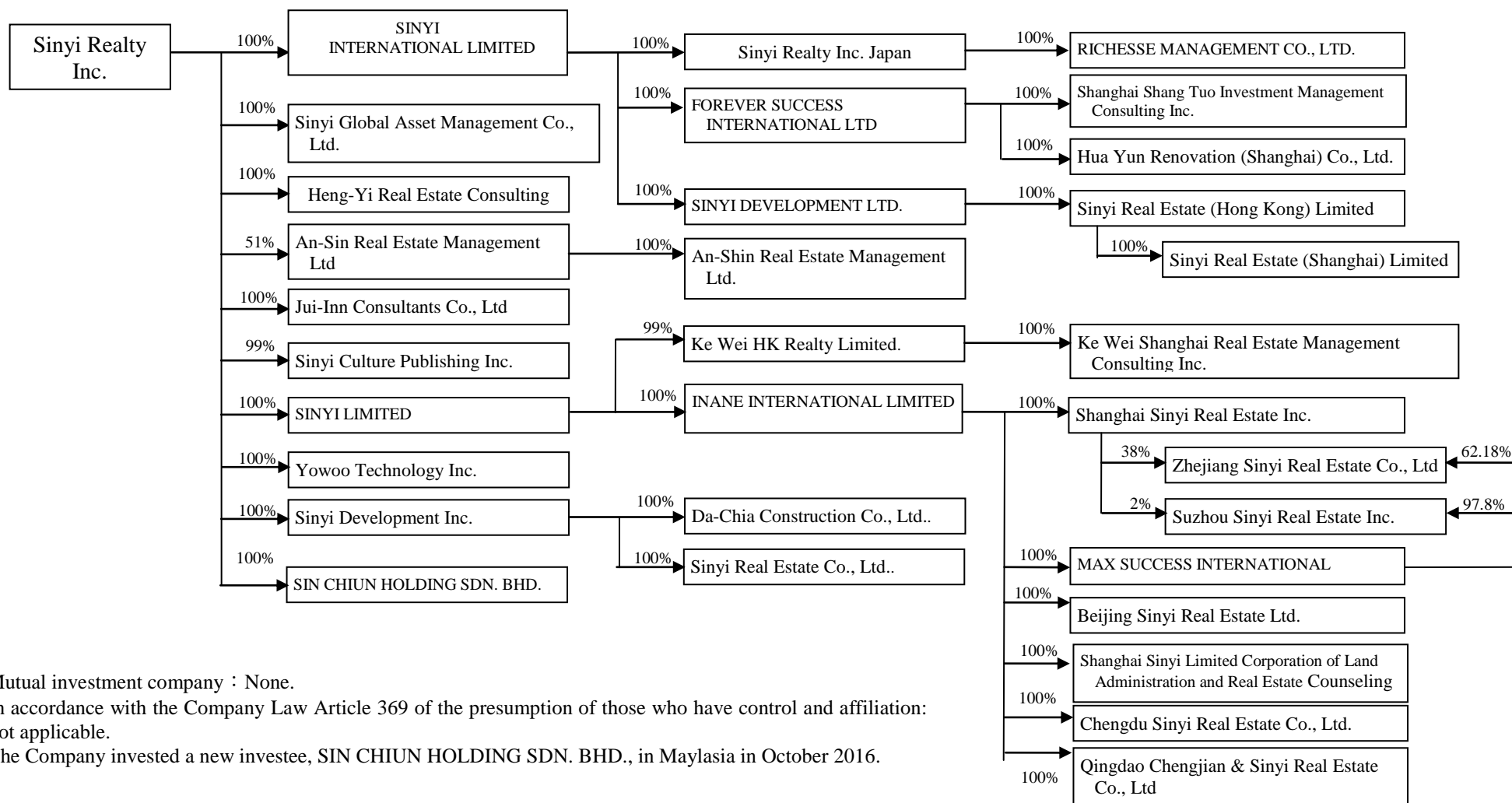
VII. Other significant events: Nil.

Nine. Special Disclosure

I. Affiliates' Profile

1. Consolidated Business Report

(1) Investment Holding Structure(As of December 31, 2016):



(1) Mutual investment company : None.

(2) In accordance with the Company Law Article 369 of the presumption of those who have control and affiliation: not applicable.

(3)The Company invested a new investee, SIN CHIUN HOLDING SDN. BHD., in Maylasia in October 2016.

(2)Affiliates' Profile

Unit: thousand

Name	Date of incorporation	Address	Paid-in capital	Main business
<u>Control Company</u>				
Sinyi Realty Inc.	01/12/1987	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	NT\$ 6,318,398	Real estate brokerage
<u>Affiliated Company</u>				
SINYI INTERNATIONAL LIMITED	11/18/2005	Equity Trust Chambers, P.O. BOX 3269, Apia, Samoa.	NT\$ 4,889,703 (US\$ 136,115)	Investment holding
FOREVER SUCCESS INTERNATIONAL LTD.	11/18/2005	2nd Floor, Felix House, 24 Dr. Joseph Riviere Street, Port Louis, Mauritius.	NT\$ 71,474 (US\$ 2,216)	Investment holding
Shanghai Shang Tuo Investment Management Consulting Inc.	04/11/2007	Rooms 3-103, No. 574, Qingxi Road, Pudong New District, Shanghai, China	NT\$ 27,522 (RMB 5,961)	Real estate brokerage and management consulting
SINYI LIMITED	11/19/1996	Citco Building P.O. BOX 662 Road Town, Torola, B.V.I.	NT\$ 2,451,037 (US\$ 76,001)	Investment holding
Ke Wei HK Realty Limited	04/11/2008	Rooms 3703-437/F West Tower Shun Tak Centre 168-200 Connaught Road, Central HK.	NT\$ 87,075 (US\$ 2,700)	Investment holding

(Continued)

Name	Date of incorporation	Address	Paid-in capital	Main business
Ke Wei Shanghai Real Estate Management Consulting Inc.	03/13/2000	Rooms 302, No. 627, Weifang ninth Village, Pudong New District, Shanghai, China	NT\$ 90,669 (RMB 19,638)	Real estate brokerage and management consulting
INANE INTERNATIONAL LIMITED	10/05/1992	Citco Building P.O. BOX 662 Road Town, Torola, B.V.I.	NT\$ 1,826,285 (US\$ 56,629)	Investment holding
Shanghai Sinyi Real Estate Inc	04/22/1993	Ground Floor, No. 520, Dongchang Road, Pudong New District, Shanghai, China	NT\$ 1,200,799 (RMB 260,082)	Real estate brokerage
Beijing Sinyi Real Estate Ltd.	01/06/2004	S-239, II seat, Blue Castle International, No.3, Xidawang Road, Chaoyang District,	NT\$ 160,427 (RMB 34,747)	Real estate brokerage
Shanghai Sinyi Limited Corporation of Land Administration and Real Estate Counseling	02/07/2005	Room 101, Building 39, No. 227, Rushan Road, Pudong new district, Shanghai, China.	NT\$ 19,105 (RMB 4,138)	Management consulting
Chengdu Sinyi Real Estate Co., Ltd.	10/09/2010	No. 233, Northbound section Second Ring Road, Jinniu District, Chengdu, Sichuan, China	NT\$ 60,021 (RMB 13,000)	Real estate brokerage and management consulting
Qingdao Chengjian & Sinyi Real Estate Co., Ltd.	2010.09.29	Room 329, No. 135-3, Fuzhou North Road, Shibe District, Qingdao, China.	NT\$ 36,936 (RMB 8,000)	Real estate brokerage and management consulting

(Continued)

Name	Date of incorporation	Address	Paid-in capital	Main business
MAX SUCCESS INTERNATIONAL LIMITED	01/02/2004	Palm Grove House, P.O. Box 438, Road Town, Torola, British Virgin Islands	NT\$ 401,674 (US\$ 12,455)	Investment holding
SINYI DEVELOPMENT LTD.	07/04/2012	TMF Chambers, P.O. Box 3269, Apia, Samoa.	NT\$ 4,255,910 (US\$ 131,966)	Investment holding
Sinyi Real Estate (Hong Kong) Limited	08/14/2012	Suites 2302-6, 23/F Great Eagle CTR23, Harbour RD. Wanchai HK.	NT\$ 4,224,756 (US\$ 131,000)	Investment holding
Sinyi Real Estate (Shanghai) Limited	02/07/2013	Room1708, No.1218, Yung-Sheng street, Jiading District, Shanghai	NT\$ 3,705,203 (RMB 802,513)	Development of commercial and residential building and auxiliary facilities; and construction, rental, sale and property management
Hua Yun Renovation (Shanghai) Co., Ltd.	07/07/2014	Room H06, 1F, No.225, Fute NorthRoad,Liberty Trade Testing Zone(Shanghai), China	NT\$ 36,936 (RMB 8,000)	Professional construction, building decoration construction, interior decoration, hard ware, general merchandise, building materials wholesale
Kunshan Dingxian Trading Co., Ltd.	10/31/2014	No. 5, Hai-Xing Rd., Huaqiao Economic Development Zone, Kunshan City, Jiangsu Province, China	NT\$ 27,702 (RMB 6,000)	Trading, wholesale of construction material, furnitures and toiletries
Sinyi Development Inc.	03/051998	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	NT\$ 535,000	Construction

(Continued)

Name	Date of incorporation	Address	Paid-in capital	Main business
Da-Chia Construction Co., Ltd.	02/10/2014	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	NT\$ 500	Development, construction, rental and sale of residential building and factories
Sinyi Real Estate Co., Ltd.	02/10/2014	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	NT\$ 500	Development, construction, rental and sale of residential building and factories
Sinyi Culture Publishing Inc.	08/22/1995	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	NT\$ 5,000	Publication
Jui-Inn Consultants Co., Ltd.	07/08/20005	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	NT\$ 5,000	Management consulting
An-Sin Real Estate Management Ltd.	05/09/1995	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	NT\$ 150,000	Real estate management
An-Shin Real Estate Management Ltd.	09/14/2009	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	NT\$ 100,000	Real estate management
Sinyi Global Asset Management Co., Ltd.	01/19/2010	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	NT\$ 50,000	Real estate brokerage
Heng-Yi Real Estate Consulting	09/05/2013	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	NT\$ 20,000	Development, construction, rental and sale of residential building and factories
Yowoo Technology Inc.	04/03/2014	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	NT\$ 30,000	Information software, data processing and electronic information providing service

(Continued)

Name	Date of incorporation	Address	Paid-in capital	Main business
Zhejiang Sinyi Real Estate Co., Ltd.	05/25/2005	No. 118, Wenhui Road, Hanzhou	NT\$ 93,263 (RMB 20,200)	Real estate brokerage and management consulting
Suzhou Sinyi Real Estate Inc.	03/18/2005	International Building 1606-1608. Suhua Road 2#. Industrial park Suzhou	NT\$ 313,956 (RMB 68,000)	Real estate brokerage and management consulting
Tokyo Sinyi Real Estate Co., Ltd.	07/31/2015	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	NT\$ 5,000	Real estate brokerage
Sinyi Realty Inc. Japan	12/01/2009	2nd Floor, Shoritsu Building 2-7-1 Yoyogi Shibuya-ku, Tokyo, Japan	NT\$ 33,072 (JPY 120,000)	Real estate brokerage, management and identification
RICHESS MANAGEMENT CO., LTD.	12/24/2010	2nd Floor, Shoritsu Building 2-7-1 Yoyogi Shibuya-ku, Tokyo, Japan	NT\$ 8,268 (JPY 30,000)	Real estate brokerage
SINYI ESTATE LTD.	04/01/2015	TMF Chambers, P.O. Box 3269, Apia, Samoa.	NT\$ 545 (USD 17)	
SINYI ESTATE(HK) LTD.	04/01/2015	Suites 2302-6, 23/F Great Eagle CTR23, Harbour RD. Wanchai HK.	NT\$ 564 (USD 17)	Real estate brokerage
SIN CHIUN HOLDING SDN. BHD.	10/26/2016	Level 11, 1 Sentral, JALAN RAKYAT, KUALA LUMPUR SENTRAL, KUALA LUMPUR, W.P. KUALA LUMPUR, MALAYSIA	NT\$ - (MYR -)	Investment holding

Exchange rate : NTD/USD = 1/32.25 ; NTD/RMB = 1/4.617 ; NTD/JPY = 1/0.2756 ; NTD/MYR = 1/6.905

(3) The same shareholder information of companies presumed to have control and affiliation relationship: none.

(4) The businesses operated by the affiliates:

A.The businesses operated by the Company and the Company's affiliates:

Real estate brokerage and rental, real estate market research, management consulting, development, construction, rental and sale of residential building and factories, building decoration construction, interior decoration, hard ware, general merchandise, building materials wholesale, Information software, data processing and electronic information providing service and publications.

B.When the affiliates associate with each other, their dealings described below:

An-Sin Real Estate Management Ltd. takes the escrow service and collects the agency fee charged to customers on behalf of the Company. The agency fee will be given to the Company while the transactions completed.

(5) Directors, supervisors, and general managers of affiliates

Company name	Title	Name/Representatives	Holding shares	
			Shares or investment amount	Ownership%
<u>Control Company</u>				
Sinyi Realty Inc.	Chairperson	Chou Chun-Chi	8,042,093 shares	1.27%
	Vice	Sinyi Co., Ltd.	180,277,601 shares	28.53%
	Chairperson	Representative : Chueh Chien-Ping	3,223 shares	0.00%
	Director	Sinyi Co., Ltd.	180,277,601 shares	28.53%
		Representative : Chou Wang Mei-Wen	3,098,324 shares	0.49%
	Director	Liu Shuen-Zen	-	-
	Director	Hong San-Xiong	-	-
	Director	Jhan Hong-Chih	-	-
	Director	Su Jyun-Bin	-	-
	General Manager	Liu Yuan-Chih	-	-
<u>Affiliated Company</u>				
SINYI INTERNATIONAL LIMITED	Director	Sinyi Realty Inc. Representative: Chou Chun-Chi	148,395,838 shares -	100.00% -
FOREVER SUCCESS INTERNATIONAL LTD.	Director	SINYI INTERNATIONAL LIMITED Representative: Chou Chun-Chi	2,216,239 shares -	100.00% -
Shanghai Shang Tuo Investment Management Consulting Inc.	Chairperson	FOREVER SUCCESS INTERNATIONAL LTD. Representative: Chung Chung-Hua	27,522 thousand (RMB 5,961 thousand) -	100.00% -
	Director	FOREVER SUCCESS INTERNATIONAL LTD. Representative: Su I-Chieh	27,522 thousand (RMB 5,961 thousand) -	100.00% -
	Director	FOREVER SUCCESS INTERNATIONAL LTD. Representative: Liu Yuan-Chih	27,522 thousand (RMB 5,961 thousand) -	100.00% -

(Continued)

Company name	Title	Name/Representatives	Holding shares	
			Shares or investment amount	Ownership%
SINYI LIMITED	Director	Sinyi Realty Inc. Representative: Chou Wang Mei-Wen	76,001,135 shares	100.00%
	Director	Sinyi Realty Inc. Representative: Chou Chun-Chi	-	-
Ke Wei HK Realty Limited	Director	SINYI LIMITED Representative: Liu Yuan-Chih	76,001,135 shares	100.00%
			-	-
Ke Wei Shanghai Real Estate Management Consulting Inc.	Chairperson	Ke Wei HK Realty Limited	2,675,000 shares	99.07%
			-	-
	Director	Representative: Chou Chun-Chi Ke Wei HK Realty Limited	90,669 thousand (RMB 19,638 thousand)	100.00%
	Director	Representative: Chou Wang Mei-Wen Ke Wei HK Realty Limited	-	-
	General Manager	Representative: Liu Yuan-Chih Chiu Hsiang-Kuo	90,669 thousand (RMB 19,638 thousand)	100.00%
			-	-
INANE INTERNATIONAL LIMITED	Director	SINYI LIMITED Representative: Chou Wang Mei-Wen	56,629,268 shares	100.00%
	Director	SINYI LIMITED Representative: Chou Chun-Chi	-	-
Shanghai Sinyi Real Estate Inc.	Chairperson	INANE INTERNATIONAL LIMITED	56,629,268 shares	100.00%
	Director	Representative: Chou Wang Mei-Wen INANE INTERNATIONAL LIMITED	-	-
			1,200,799 thousand (RMB 260,082thousand)	100.00%
			-	-
			1,200,799 thousand (RMB 260,082thousand)	100.00%

(Continued)

Company name	Title	Name/Representatives	Holding shares	
			Shares or investment amount	Ownership%
	Director	Representative: Hung Chien-Huan INANE INTERNATIONAL LIMITED	- 1,200,799 thousand (RMB 260,082 thousand)	- 100.00%
	General Manager	Representative: Hung Chien-Huan Chang Chien-Ping	- -	- -
Beijing Sinyi Real Estate Ltd.	Chairperson	INANE INTERNATIONAL LIMITED	160,427 thousand (RMB 34,747 thousand)	100.00%
	Director	Representative: Hung Chien-Huan INANE INTERNATIONAL LIMITED	- 160,427 thousand (RMB 34,747 thousand)	- 100.00%
	Director	Representative: Hung Chien-Huan INANE INTERNATIONAL LIMITED	- 160,427 thousand (RMB 34,747 thousand)	- 100.00%
		Representative: Chou Wang Mei-Wen	-	-
Shanghai Sinyi Limited Corporation of Land Administration and Real Estate Counseling	Chairperson	INANE INTERNATIONAL LIMITED	19,105 thousand (RMB 4,138 thousand)	100.00%
	Director	Representative: Liu Yuan-Chih INANE INTERNATIONAL LIMITED	- 19,105 thousand (RMB 4,138 thousand)	- 100.00%
	Director	Representative: Chou Chun-Chi INANE INTERNATIONAL LIMITED	- 19,105 thousand (RMB 4,138 thousand)	- 100.00%
	General Manager	Representative: Chou Wang Mei-Wen Chang Chien-Ping	- -	- -

(Continued)

Company name	Title	Name/Representatives	Holding shares	
			Shares or investment amount	Ownership%
Chengdu Sinyi Real Estate Co., Ltd.	Chairperson	INANE INTERNATIONAL LIMITED Representative: Chou Chuang-Yun	60,021 thousand (RMB 13,000 thousand)	100.00%
	Director	INANE INTERNATIONAL LIMITED Representative: Chiu Hsiang-Kuo	-	-
	Supervisor	INANE INTERNATIONAL LIMITED Representative: Su I-Chieh	60,021 thousand (RMB 13,000 thousand)	100.00%
				-
Qingdao Chengjian & Sinyi Real Estate Co., Ltd.	Chairperson	INANE INTERNATIONAL LIMITED Representative: Chou Chuang-Yun	36,936 thousand (RMB 8,000 thousand)	100.00%
	Director	INANE INTERNATIONAL LIMITED Representative: Kuo Fang-Wei	-	-
				36,936 thousand (RMB 8,000 thousand)
MAX SUCCESS INTERNATIONAL LIMITED	Director	INANE INTERNATIONAL LIMITED Representative: Chou Chun-Chi	12,454,780 shares	100.00%
Sinyi Development Inc.	Chairperson	Sinyi Realty Inc. Representative: Chou Chun-Chi	53,500,000 shares	100.00%
	Director	Sinyi Realty Inc. Representative: Chen Chin-Hung	-	-
				53,500,000 shares
	Supervisor	Sinyi Realty Inc. Representative: Chen Chih-Huan	-	-
				53,500,000 shares
	General Manager	Chen Chin-Hung	-	-

(Continued)

Company name	Title	Name/Representatives	Holding shares	
			Shares or investment amount	Ownership%
Da-Chia Construction Co., Ltd.	Chairperson	Sinyi Realty Inc. Representative: Chou Chun-Chi	50,000 shares -	100.00% -
	Director	Sinyi Realty Inc. Representative: Wu Hsiao-Jean	50,000 shares -	100.00% -
	Director	Sinyi Realty Inc. Representative: Wu Hsin-Huang	50,000 shares -	100.00% -
	Supervisor	Sinyi Realty Inc. Representative: Chen Chih-Huan	50,000 shares -	100.00% -
Sinyi Real Estate Co., Ltd.	Chairperson	Sinyi Realty Inc. Representative: Chou Chun-Chi	50,000 shares -	100.00% -
	Director	Sinyi Realty Inc. Representative: Wu Hsiao-Jean	50,000 shares -	100.00% -
	Director	Sinyi Realty Inc. Representative: Wu Hsin-Huang	50,000 shares -	100.00% -
	Supervisor	Sinyi Realty Inc. Representative: Chen Chih-Huan	50,000 shares -	100.00% -
Heng-Yi Real Estate Consulting	Chairperson	Sinyi Realty Inc. Representative: Liu Yuan-Chih	2,000,000 shares -	100.00% -
	Director	Sinyi Realty Inc. Representative: Chou Chun-Chi	2,000,000 shares -	100.00% -
	Director	Sinyi Realty Inc. Representative: Wu Hsiao-Jean	2,000,000 shares -	100.00% -
	Supervisor	Sinyi Realty Inc. Representative: Chen Chih-Huan	2,000,000 shares -	100.00% -

(Continued)

Company name	Title	Name/Representatives	Holding shares	
			Shares or investment amount	Ownership%
Sinyi Culture Publishing Inc.	Chairperson	Sinyi Realty Inc.	4,960 thousand	99.20%
		Representative: Chou Chun-Chi	30 thousand	0.60%
Jui-Inn Consultants Co., Ltd.	Chairperson	Sinyi Realty Inc.	500,000 shares	100.00%
	Director	Representative: Chou Chuang-Yun	-	-
		Sinyi Realty Inc.	500,000 shares	100.00%
	Director	Representative: Chen Chih-Huan	-	-
Supervisor	Sinyi Realty Inc.	500,000 shares	100.00%	
	Representative: Wu Shao-Chao	-	-	
An-Sin Real Estate Management Ltd.	Chairperson	Sinyi Realty Inc.	7,650,000 shares	51.00%
		Representative: Chou Chun-Chi	450,000 shares	3.00%
	Director	Sinyi Realty Inc.	7,650,000 shares	51.00%
		Representative: Chou Wang Mei-Wen	150,000 shares	1.00%
	Director	Sinyi Realty Inc.	7,650,000 shares	51.00%
		Representative: Chang Fon-Rong	-	-
	Director	Taishin International Bank	4,500,000 shares	30.00%
		Representative: Wu Tung-Liang	-	-
	Director	Fan Teng Investment Ltd.	1,500,000 shares	10.00%
		Representative: Kao Chih-Shang	-	-
Supervisor	Pei Chen-Pang	-	-	
	General Manager	Chang Fon-Rong	-	-

(Continued)

Company name	Title	Name/Representatives	Holding shares	
			Shares or investment amount	Ownership%
An-Shin Real Estate Management Ltd.	Chairperson	An-Sin Real Estate Management Ltd. Representative: Kao Chih-Shang	10,000,000 shares -	100.00% -
	Director	An-Sin Real Estate Management Ltd. Representative: Chou Wang Mei-Wen	10,000,000 shares -	100.00% -
	Director	An-Sin Real Estate Management Ltd. Representative: Chou Chun-Chi	10,000,000 shares -	100.00% -
	Director	An-Sin Real Estate Management Ltd. Representative: Li Chen-Cheng	10,000,000 shares -	100.00% -
	Director	An-Sin Real Estate Management Ltd. Representative: Wu Tung-Hsiung	10,000,000 shares -	100.00% -
	Supervisor	An-Sin Real Estate Management Ltd. Representative: Pei Chen-Pang	10,000,000 shares -	100.00% -
	General Manager	Lee Chen-Cheng	-	-
Sinyi Global Asset Management Co., Ltd.	Chairperson	Sinyi Realty Inc. Representative: Chueh Chien-Ping	5,000,000 shares -	100.00% -
	Director	Sinyi Realty Inc. Representative: Ke Hung-An	5,000,000 shares -	100.00% -
	Director	Sinyi Realty Inc. Representative: Wu Shao-Chao	5,000,000 shares -	100.00% -
	Supervisor	Sinyi Realty Inc. Representative: Lin Chiu-Chin	5,000,000 shares -	100.00% -

(Continued)

Company name	Title	Name/Representatives	Holding shares	
			Shares or investment amount	Ownership%
Yowoo Technology Inc.	Chairperson	Sinyi Realty Inc. Representative: Tsai Chi-Yen	3,000,000 shares -	100.00% -
	Director	Sinyi Realty Inc. Representative: Chou Keng-Yu	3,000,000 shares -	100.00% -
	Director	Sinyi Realty Inc. Representative: Chen Chih-Huan	3,000,000 shares -	100.00% -
	Supervisor	Sinyi Realty Inc. Representative: Wu Shao-Chao	3,000,000 shares -	100.00% -
	General Manager	Tsai Chi-Yen	-	-
	Zhejiang Sinyi Real Estate Co., Ltd.	Chairperson	Shanghai Sinyi Real Estate Inc. Representative: Su I-Chieh	35,274 thousand (RMB 7,640 thousand) -
Director		Shanghai Sinyi Real Estate Inc. Representative: Chou Chuang-Yun	35,274 thousand (RMB 7,640 thousand) -	37.82% -
Director		Shanghai Sinyi Real Estate Inc. Representative: Chung Chung-Hua	35,274 thousand (RMB 7,640 thousand) -	37.82% -
Supervisor		Shanghai Sinyi Real Estate Inc. Representative: Chen Chih-Huan	35,274 thousand (RMB 7,640 thousand) -	37.82% -
General Manager		Wang Bing-Quan	-	-

(Continued)

Company name	Title	Name/Representatives	Holding shares	
			Shares or investment amount	Ownership%
Suzhou Sinyi Real Estate Inc.	Chairperson	MAX SUCCESS INTERNATIONAL LIMITED Representative: Su I-Chieh	307,049 thousand (RMB 66,504 thousand)	97.8%
	Director	MAX SUCCESS INTERNATIONAL LIMITED Representative: Liu Yuan-Chih	307,049 thousand (RMB 66,504 thousand)	- 97.8%
	Director	Shanghai Sinyi Real Estate Inc. Representative: Chang Chien-Ping	307,049 thousand (RMB 66,504 thousand)	- 2.2%
	Supervisor	MAX SUCCESS INTERNATIONAL LIMITED Representative: Chung Chung-Hua	307,049 thousand (RMB 66,504 thousand)	97.8%
	General Manager	Qian Ming-Sheng	-	-
				-
Tokyo Sinyi Real Estate Co., Ltd.	Chairman	Sinyi Realty Inc. Japan Representative: Ho Wei-Hung	500,000 shares	100.00%
	Director	Sinyi Realty Inc. Japan Representative: Chou Keng-Yu	500,000 shares	100.00%
	Director	Sinyi Realty Inc. Japan Representative: Chen Chih-Huan	500,000 shares	100.00%
	Supervisor	Sinyi Realty Inc. Japan Representative: Lin Chiu-Chin	500,000 shares	100.00%
	General Manager	Ho Wei-Hung	-	-
			-	-
Sinyi Realty Inc. Japan	Chairperson	SINYI INTERNATIONAL LTD. Representative: Ho Wei-Hung	16,000 shares	100.00%
	Director	SINYI INTERNATIONAL LTD. Representative: Chou Chun-Chi	16,000 shares	100.00%
	Director	SINYI INTERNATIONAL LTD. Representative: Chen Chih-Huan	16,000 shares	100.00%
			-	-

(Continued)

Company name	Title	Name/Representatives	Holding shares	
			Shares or investment amount	Ownership%
	Supervisor	SINYI INTERNATIONAL LTD. Representative: Su I-Chieh	16,000 shares	100.00%
	General Manager	Ho Wei-Hung	-	-
Sinyi Management Co., Ltd. (Original name: Richesse Management Co., Ltd.)	Director	Sinyi Realty Inc. Japan Representative: Ho Wei-Hung	600 shares	100.00%
	Director	Sinyi Realty Inc. Japan Representative: Chou Chun-Chi	600 shares	100.00%
	Director	Sinyi Realty Inc. Japan Representative: Chen Chih-Huan	600 shares	100.00%
	Supervisor General Manager	Sinyi Realty Inc. Japan Representative: Su I-Chieh Ho Wei-Hung	600 shares	100.00%
SINYI DEVELOPMENT LTD.	Director	SINYI INTERNATIONAL LTD Representative: Chou Chun-Chi	131,966,209 shares	100.00%
Sinyi Real Estate (Hong Kong) Limited	Director	SINYI DEVELOPMENT LTD Representative: Chou Chun-Chi	131,000,200 shares	100.00%
	Director	SINYI DEVELOPMENT LTD Representative: Chung Chung-Hua	131,000,200 shares	100.00%
Sinyi Real Estate (Shanghai) Limited	Director	SINYI DEVELOPMENT LTD. Representative: Chen Chin-Hong	3,705,203 thousand (RMB 802,513 thousand)	100.00%
	Director	SINYI DEVELOPMENT LTD. Representative: Chou Chun-Chi	3,705,203 thousand (RMB 802,513 thousand)	100.00%
	Director	SINYI DEVELOPMENT LTD. Representative: Chung Chung-Hua	3,705,203 thousand (RMB 802,513 thousand)	100.00%
	General Manager	Chen Chin-Hong	-	-

(Continued)

Hua Yun Renovation (Shanghai) Co., Ltd.	Director	FOREVER SUCCESS INTERNATIONAL LTD. Representative: Su I-Chieh	36,936 thousand (RMB 8,000 thousand)	100.00%
	Director	FOREVER SUCCESS INTERNATIONAL LTD. Representative: Chung Chung-Hua	36,936 thousand (RMB 8,000 thousand)	100.00%
	Director	FOREVER SUCCESS INTERNATIONAL LTD. Representative: Chen Chih-Huan	36,936 thousand (RMB 8,000 thousand)	100.00%
	Supervisor	FOREVER SUCCESS INTERNATIONAL LTD. Representative: Wu Shao-Chao	36,936 thousand (RMB 8,000 thousand)	100.00%
Kunshan Dingxian Trading Co., Ltd.	Director	SINYI DEVELOPMENT LTD. Representative: Su I-Chieh	27,702 thousand (RMB 6,000 thousand)	100.00%
	Director	SINYI DEVELOPMENT LTD. Representative: Chen Chih-Huan	27,702 thousand (RMB 6,000 thousand)	100.00%
	Director	SINYI DEVELOPMENT LTD. Representative: Chung Chung-Hua	27,702 thousand (RMB 6,000 thousand)	100.00%
	Supervisor	SINYI DEVELOPMENT LTD. Representative: Wu Shao-Chao	27,702 thousand (RMB 6,000 thousand)	100.00%
SINYI ESTATE LTD.	Director	SINYI INTERNATIONAL LTD Representative: Chou Chun-Chi	12,297,800 shares	100.00%

(Continued)

SINYI ESTATE (HK) LTD.	Director	SINYI ESTATE LTD. Representative: Chou Chun-Chi	800 shares -	100.00% -
SIN CHIUN HOLDING SDN. BHD.	Director	Sinyi Realty Inc. Representative: Ho Yin-Yu	2 shares -	100.00% -
		Sinyi Realty Inc. Representative: Chang Su-Wei	2 shares -	100.00% -
		Sinyi Realty Inc. Representative: Chen Chih-Huan	2 shares -	100.00% -
		Sinyi Realty Inc. Representative: LEE SHUK YEE	2 shares -	100.00% -
		Sinyi Realty Inc. Representative: CHONG SWEE YOON	2 shares -	100.00% -

(6) Affiliates' Operating Highlights

Unit: NT\$thousand

Company name	Paid-in capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income (loss)	Net income (after tax)	EPS (NT\$, after tax)
<u>Control Company</u>								
Sinyi Realty Inc.	6,318,398	14,989,030	5,710,453	9,278,577	6,123,679	837,764	919,865	1.46
<u>Affiliated Company</u>								
SINYI INTERNATIONAL LIMITED	4,389,703	3,784,983	-	3,784,983	-	(13)	(51,582)	(0.38)
FOREVER SUCCESS INTERNATIONAL LIMITED	71,474	37,440	-	37,440	-	-	(1,745)	(0.79)
SINYI ESTATE LTD.	545	1,382	-	1,382	-	(150)	842	-
Shanghai Shang Tuo Investment Management Consulting Inc.	27,522	32,376	33,080	(704)	38	(2,023)	(1,958)	-

Company name	Paid-in capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income (loss)	Net income (after tax)	EPS (NT\$, after tax)
SINYI LIMITED	2,451,037	1,990,730	-	1,990,730	-	(2,466)	235,185	3.09
Ke Wei HK Realty Limited	87,075	36,386	761	35,625	-	-	5,351	1.98
Ke Wei Shanghai Real Estate Management Consulting Inc.	90,669	46,564	10,912	35,652	9,724	(17,061)	5,351	-
INANE INTERNATIONAL LIMITED	1,826,285	1,257,307	324	1,256,983	-	-	235,153	4.15
Shanghai Sinyi Real Estate Inc.	1,200,799	1,306,455	395,624	910,831	424,563	(107,983)	296,225	-
Beijing Sinyi Real Estate Ltd.	160,427	39,810	59,294	(19,484)	-	(11,626)	(11,575)	-
Shanghai Sinyi Limited Corporation of Land Administration and Real Estate Counseling	19,105	7,215	9,741	(2,526)	325	442	444	-
Chengdu Sinyi Real Estate Co., Ltd.	60,021	15,418	3,425	11,993	-	(8,755)	(10,164)	-
Qingdao Chengjian & Sinyi Real Estate Co., Ltd.	36,936	64	325	(262)	-	(6)	(6)	-

(Continued)

Company name	Paid-in capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income (loss)	Net income (after tax)	EPS (NT\$, after tax)
MAX SUCCESS INTERNATIONAL LIMITED	401,674	340,074	-	340,074	-	-	(39,771)	(3.19)
SINYI DEVELOPMENT LTD.	4,255,910	3,508,612	-	3,508,612	-	(145)	(73,614)	(0.56)
Sinyi Real Estate (Hong Kong) Limited	4,224,756	3,490,104	-	3,490,104	-	-	(62,172)	(0.47)
SINYI ESTATE (HK) LTD.	564	505	-	505	-	(61)	(56)	(3.2)
Sinyi Real Estate (Shanghai) Limited	3,705,203	11,443,008	7,953,464	3,489,544	-	(145,928)	(62,172)	-
Hua Yun Renovation (Shanghai) Co., Ltd.	36,936	37,828	347	37,481	-	(339)	212	-
Kunshan Dingxian Trading Co., Ltd.	27,702	297,546	279,723	17,823	-	(5,186)	(10,550)	-
Sinyi Development Inc.	535,000	736,231	264,249	471,982	-	(31,702)	(23,694)	(0.44)
Da-Chia Construction Co., Ltd.	500	319	-	319	-	(58)	(58)	(1.16)
Sinyi Real Estate Co., Ltd.	500	317	-	317	-	(58)	(58)	(1.16)
Heng-Yi Real Estate Consulting	20,000	16,978	-	16,978	-	(59)	116	0.06

(Continued)

Company name	Paid-in capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income (loss)	Net income (after tax)	EPS (NT\$, after tax)
Sinyi Culture Publishing Inc.	5,000	2,586	711	1,875	264	65	75	-
Jui-Inn Consultants Co., Ltd.	5,000	5,497	471	5,026	3,114	101	122	0.25
An-Sin Real Estate Management Ltd.	150,000	237,888	14,484	223,404	67,654	10,606	9,536	0.64
An-Shin Real Estate Management Ltd.	100,000	179,070	76,594	102,476	133,472	(1,602)	(709)	(0.07)
Sinyi Global Asset Management Co., Ltd.	50,000	115,177	45,890	69,287	70,401	7,228	6,696	1.34
Yowoo Technology Inc.	30,000	4,628	5,258	(630)	8,684	(17,171)	(17,867)	(5.96)
Zhejiang Sinyi Real Estate Co., Ltd.	93,263	85,010	83,958	1,053	38,357	(5,034)	13,084	-
Suzhou Sinyi Real Estate Inc.	313,956	458,881	111,711	347,170	465,290	(47,261)	(49,005)	-
Tokyo Sinyi Real Estate Co., Ltd.	5,000	22,498	12,409	10,089	33,906	(1,895)	5,233	10.47
Sinyi Realty Inc. Japan	33,072	439,049	201,933	237,116	229,733	8,773	22,921	1,432.56
Sinyi Management Co., Ltd.	8,268	99,212	79,356	19,855	69,283	(1,867)	1,925	3,208.33
SIN CHIUN HOLDING SDN. BHD.	-	-	-	-	-	-	-	-

Note: Exchange rate as of December 31: NTD/USD = 1/32.25; NTD/RMB = 1/4.617; NTD/JPY = 1/0.2756; NTD/MYR = 1/0.6.905

Average exchange rate: NTD/USD = 1/32.2627; NTD/RMB = 1/4.8489; NTD/JPY = 1/0.2972

2. Consolidated Financial Statements of affiliates

DECLARATION

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2016 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Accounting Standard 10 “Consolidated and Separate Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

SINYI REALTY INC.

By

February 24, 2017

3. Affiliation report

(1) DECLARATION OF THE COMPANY

DECLARATION

It is hereby declared that the affiliation report of Sinyi Realty Inc. (the “Company”) for the year ended December 31, 2016 is prepared by the Company in accordance with “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”. There are no significant inconsistencies between the information disclosed in the affiliation report and in the notes of financial statements for the above period.

Very truly yours,

SINYI REALTY INC.

By

February 24, 2017

(2)THE INDEPENDENT AUDITORS' OPINION ON AFFILIATION REPORT

AFFILIATION REPORT OF INDEPENDENT AUDITORS' REVEIEW REPORT

The Board of Directors
Sinyi Realty Inc.

We have audited the 2016 financial statements of Sinyi Realty Inc. (the "Company") in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China and issued an audit report with an unqualified opinion on February 24, 2017. The objectivity of the audit is to express opinion on the overall fairness of the financial statements. The affiliation report for 2015 attached is prepared by the Company in accordance with "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises". We have conducted the necessary review procedures including acquiring the representation letter and checking the related financial information of the affiliation report.

In our opinion, the Company's affiliation report for 2016 is prepared in accordance with "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" and the financial information of the affiliation report is consistent with those in financial statements and no significant amendments are needed.

February 24, 2017

(3) Relationship between affiliated and controlling companies:

Unit: share; %

Control Company Name	Reason for Control	Holding and pledged shares of Control Company			Directors, supervisors or managers assigned by the Control Company	
		Holding shares	Ownership%	Pledged shares	Title	Name
Yu-Heng Co., Ltd.	Indirect ownership of the Company through the following companies: Sinyi Co., Ltd.	180,277,601	28.53%	2,640,000	Vice-Chairperson	Chueh Chien-Ping
	Yu-Hao Co., Ltd.	179,161,853	28.36%	3,010,000	Director	Chou Wang Mei-Wen
					-	-

- (4) Transactions between affiliated and controlling companies: None.
- (5) Endorsements between affiliated and controlling companies: None.
- (6) Other matters between affiliated and controlling companies which have material impact on the financial and business affairs: None.

II .In latest fiscal year and as of the printing date of this Annual Report, the status of Conducting Private Placements of Securities:
None.

III.In latest fiscal year and as of the printing date of this Annual Report, the details of the Company's subsidiaries' holding or disposing the Company's shares: None.

IV. Other necessary supplementary description matters: In accordance with the regulations in Article 13 of "Code of Ethics of Directors and Managers" of the Company, the Code is disclosed as follows:

Sinyi Realty Inc.

Code of Ethics of Directors and Managers

- Article 1: In order to facilitate the ethics of the directors and managers, when engaging in operation activities for the company with basis on functions, to observe due regulations and ensure the welfare of the company and shareholders, this Code is therefore established in particular.
- Article 2: This Code shall be applicable to the directors and managers of the Company (including Vice General Manager, Vice General Managers, Assistant Vice General Managers, Finance & Accounting supervisors, and other personnel managing the corporate matters and possessing signature rights).
- Article 3: The directors and managers shall dispose the corporate matters with basis on honest, faithful and trustworthy, law-abided, fair, justified and self-disciplined attitude conforming to ethics, and follow laws, articles of incorporation of the Company, and resolutions of the shareholders' meeting.
- Article 4: The directors and managers shall avoid the interest conflicts dealing with involvement of personal interest or potential involvement in the entire corporate interest, including the occasions of being unable to dispose corporate matters in an objective and efficient manner, or facilitating oneself, his/her spouse, parents, children or relatives within third degree, etc. to gain improper interest due to his/her functions in the company, etc.
- The directors and managers shall take initiative to describe the events with potential occurrence of interest conflicts to the Board of Directors of the Company, in particular as the Company and the affiliated enterprises where the above-mentioned personnel are working with engage in capital loan or the Company provides guaranty for them, engages in major asset transactions or purchase of merchandise transaction, etc., actions shall all be taken in accordance with related laws and corporate regulations, and under consideration of the maximum interest of the Company.
- Article 5: The directors and managers shall maintain or increase justified and legal interest accessible by the Company. The directors and managers shall not solicit personal gains by means of the company property, information or convenience of work functions, and except for a permit obtained from the shareholders' assembly or Board of Directors in accordance with laws or corporate statutes and laws, shall not engage in business strife behaviors with the company.
- Article 6: The directors and managers shall keep the secrets of the Company and clients confidential and, except for being opened through authorization or legal requirements, shall bear confidentiality obligations. The confidential information required to maintain secrecy shall include all unopened information with a potential use by competitors or causing a loss to the Company or its clients if disclosed.
- Article 7: The directors and managers may not through manipulation, hiding, misuse such information accessible out of functions perform false statements for important matters or in other unfair trading manners treat the clients, employees and competitors of the Company, so as to gain improper interest.
- Article 8: The directors and managers shall all bear the responsibilities to protect the corporate assets, and ensure them to be effectively and legally applied to official business, avoid such behaviors as theft, negligence or waste, etc. so as to further influence the profitability of the Company.
- Article 9: The directors and managers shall obey the regulations of Company Act, Securities and Exchange Act and other related laws, and follow various rules specified by the Company;

the company shall also provide the messages concerning the updated revised laws and corporate statutes and laws to each director of the Board and manager for reference at all times.

Article 10: In case any employee of the Company is suspected or found to violate laws or incur any behavior in violation of this Code, sufficient information is required to submit to an Independent Director or internal audit supervisor for report. After the report of an offense is detected with confirmation, the Company shall provide due incentives in accordance with human resource management rules. The Company shall duly dispose the information of the aforementioned report of an offense in a confidential manner, and try its utmost to protect the security of the reporter under good faith, to avoid him/her from suffering any form of threat. Concerning a malicious and unfaithful reporter, persuasion shall be provided and if necessary, punishment may be provided to justify the discipline.

Article 11: In case the directors and managers incur a situation in offense of the Code of Ethics, the company shall engage in notification or impose punishment in accordance with laws or human resource management rules, and disclose such information as the title, name, date of offense, reason of offense, violating rules and disposition situation of the personnel in violation of the Code, etc. in the Market Observation Post Site at real time.

Article 12: As a director of the Board and manager should waive from obeying this Code, it is required to be approved through a board meeting, and disclose such information as the title, name, date of a board meeting approving such waive, applicable period of such waive, applicable reason of such waive, and applicable code of such waive of the person, etc. in the Market Observation Post Site at real time, to facilitate the shareholders to evaluate if the resolutions of the Board are proper, in order to maintain the corporate welfare.

Article 13: The content of this Code shall be disclosed in the annual report, prospectus, and the Market Observation Post Site.

Article 14: This Code shall be enforced through the approval of the Board of Directors, and submitted to the shareholders' meeting; the same shall govern in the case of a revision.

Ten. Matters with Major Impact

- I. The matters with a major impact on the shareholders' equity or securities price set forth in Item 2, Section 2 of Article 36 of Securities and Exchange Act of the latest year and as of the printing date of the annual report: None.



No.100, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City 110, Taiwan (R.O.C.)