



**Sinyi Realty Inc.**

**2019 Annual General Shareholders' Meeting**

**Meeting Handbook  
(Translation)**

**May 24, 2019**

**Note to Readers :**

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 version shall prevail.

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# **I. Agenda of Annual General Shareholders' Meeting**

## **1. Chairperson to announce the commencement of meeting**

## **2. Chairperson's address**

## **3. Report Items**

- (1) Report on the 1<sup>st</sup> and 2<sup>nd</sup> issuance of unsecured straight bonds in 2018
- (2) Report on the Business of 2018.
- (3) Report on Profit Sharing to the Company's Employees and Directors' Compensation of 2018.
- (4) Report on Audit Committee's Review of the Business Report, Financial Statements and Earnings Distribution Proposal of 2018.

## **4. Ratification Items**

- (1) Ratification of 2018 Business Report and Financial Statements.
- (2) Ratification of Earning Distribution Proposal of 2018.

## **5. Discussion Items**

- (1) Discussion and approval on the Amendments to the Company's Articles of Incorporation.
- (2) Discussion and approval on the Amendments to the Company's Procedures for Lending Funds to Other Parties.
- (3) Discussion and approval on the Amendments to the Company's Rules for Endorsements and Guarantees.
- (4) Discussion and approval on the Amendments to the Company's Procedures for Acquisition or Disposal of Assets.
- (5) Discussion and approval on the Amendments to the Company's Procedures for Derivate Transactions.

## **6. Election Item**

- (1) Election of the Company's Directors.

## **7. Other Item**

- (1) Proposal of Releasing the Restriction on Directors of the 13<sup>th</sup> Term Board of Directors (Including Its Representatives) from Participating in Competitive Business.

## **8. Extempore Motions**

## **9. Adjournment**

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## II. Report items

### Item 1:

Subject: Report on the 1<sup>st</sup> and 2<sup>nd</sup> issuance of unsecured straight bonds in 2018.

Descriptions:

1. The Company issued the first and the second domestic unsecured straight bonds in the amount of NT\$ 2.6 billion (Tranche A NT\$0.7 billion and Tranche B NT\$1.9 billion) and NT\$ 1.8 billion in 2018. Approval was granted by the 20<sup>th</sup> meeting of the 12<sup>th</sup> term of board of directors on March 29, 2018 and 22<sup>th</sup> meeting of the 12<sup>th</sup> term of board of directors on May 31, 2018, respectively. The chairperson was authorized to issue domestic unsecured straight bonds in the amount up to NT\$ 2.6 billion and NT\$1.8 billion in the domestic market based on market situation for the purpose of raising long-term capital and improving the financial structure.
2. The first and second issuance of domestic unsecured straight bonds of NT\$2.6 billion and NT\$1.8 billion were approved by the Financial Supervisory Commission (approval letter No. 10700103431 dated on April 30, 2018 and approval letter No. 10700193531 dated on July 18, 2018, respectively). The placements were completed on May 8, 2018 and July 27, 2018, respectively.
3. Please review.

### Item 2:

Subject: Report on the Business of 2018.

Descriptions:

1. Business report of the Company is in attachment 1 on Page 10 of this meeting handbook.
2. Please review.

### Item 3:

Subject: Report on Profit Sharing to the Company's Employees and Directors' Compensation of 2018.

Descriptions:

1. It is in accordance with Article 20 of the Articles of Incorporation of the Company.
2. The amount of income before tax before deducting profit sharing to the employees and directors' compensation for the year 2018 is NT\$2,047,623,388, which is multiplied by 1% and 0.19% are NT\$20,476,234 and NT\$3,908,500 in cash for the employees and directors, respectively.
3. Please review.

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**Item 4:**

Subject: Report on Audit Committee's Review of the Business Report, Financial Statements and Earnings Distribution Proposal of 2018.

Descriptions:

1. The board of directors has, in accordance with Article 18 of the Articles of Incorporation and Article 228 of the Company Act, prepared business report, financial statements and earning distribution proposal for the year of 2018 which have been audited by the audit committee, and are deemed no inappropriateness. Therefore, ratification report from Audit Committee for financial statements is attached in accordance with Article 14-4 of the Securities & Exchange Act and Article 219 of the Company Act, as detailed in Attachment 2 on page 15 of this meeting handbook.
2. Please review.

Audit Committee's Review Report

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### III. Ratification Items

#### Item 1

Proposed by the board of directors

Subject: Ratification of 2018 Business Report and Financial Statements.

Descriptions:

1. It is in accordance with Article 18 of Articles of Incorporation of the Company, Article 228 of the Company Act, and Article 36 of the Securities & Exchange Act.
2. Financial statements of the Company for the year of 2018 have been audited by CPAs Hsu Wen-Ya and Lai Kuan-Chung of Deloitte & Touche, and the independent auditors' report thereof has been issued.
3. Business report, independent auditors' report and financial statements of the Company for the year of 2018 are submitted, as detailed in Attachment 1 on page 10 and Attachment 3 on page 16 of this meeting handbook.
4. Submitted for acceptance.

Resolution:

**Item 2**

Proposed by the board of directors

Subject: Ratification of Earning Distribution Proposal of 2018.

Descriptions:

1. It is in accordance with Article 18 and Article 20-1 of the Articles of Incorporation of the Company and Article 228 of the Company Act.
2. The beginning undistributed earnings of the Company for the year of 2018 is NT\$ 163,881,334. After adding NT\$ 13,949,293 retrospective application of IFRS9, and deducting NT\$ 24,068,835 for the re-measurement of defined benefit obligation and NT\$ 318,971 due to long-term investment in shares of the Company, respectively, the adjusted beginning undistributed earnings is NT\$153,442,821. Additionally adding 2018 earnings after tax of NT\$ 1,504,587,408, and deducting appropriated legal reserve of NT\$ 150,458,741 and special reserve of NT\$ 199,605,562, the 2018 distributable earnings is NT\$ 1,307,965,926. It is proposed to distribute cash dividends to shareholders in the amount of NT\$957,900,450. As calculated by actual outstanding share number of 736,846,500 shares of the Company as of February 25, 2019, each share will be distributed for a cash dividend of NT\$1.3 (the amount which each shareholder receive will be rounded to dollar; remaining amount for fractional shares is recorded as other income of the Company).
3. 2018 earning distribution table is proposed as follows:

Items	Amount (NT dollars)
Beginning undistributed earnings (a)	\$ 163,881,334
Add: Retrospective application of IFRS9(b)	<u>13,949,293</u>
Less: Re-measurement of defined benefit obligation (c)	( 24,068,835 )
Less: Adjustment to undistributed earnings due to long-term investment in shares defined benefit obligation(d)	( <u>318,971</u> )
Adjusted undistributed earnings (e=a+b-c-d)	153,442,821
Add: Net income of 2018(f)	1,504,587,408
Less: Appropriation of legal reserve (g) =(f)×10%	( 150,458,741 )
Less: Special reserve(h)	( <u>199,605,562</u> )
Current distributable earnings (i) =(e+f-g-h)	1,307,965,926
Propose to distribute items:	
Less: Bonuses to shareholders (j)	( <u>957,900,450</u> )
Ending undistributed earnings (k)=(i-j)	<u>\$ 350,065,476</u>
Notes: Amount of current earnings distribution will be paid from net income for 2018 first.	

Chairman: Chou Chun-Chi    Manager: Liu Yuan-Chih    Chief Accountant: Lin Chiu-Chin

4. Upon ratification of this proposal at the annual meeting of shareholders, it is proposed to authorize the board of directors to determine ex-dividend date, distribution date and other relevant affairs. If subsequently the number of outstanding shares is affected by buyback of shares of the Company or transfer, conversion or cancellation of treasury shares, resulting in change in the ratio of distribution of cash dividend to shareholders from earnings, it is proposed to authorize the board of directors to adjust the ratio of distribution of dividend.
5. Submitted for acceptance.

Resolution:



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## IV. Discussion Items

### Item 1

Proposed by the board of directors

Subject: Discussion and approval on the Amendments to the Company's Article of Incorporation.

Descriptions:

1. According to the Company's future growth and strategy of business expansion, the Company proposes an amendments to the Company's Article of Incorporation, changing the Chinese name of the Company to “信義房屋股份有限公司”. Comparison table of amendments for “Article of Incorporation” of the Company are detailed in Attachment 4 on page 39 of this meeting handbook.
2. Please discuss.

Resolution:

### Item 2

Proposed by the board of directors

Subject: Discussion and approval on the Amendments to the Company's “Procedures for Lending Funds to Other Parties”.

Descriptions:

1. To comply with the revised laws, the Company proposed to amend its “Procedures for Lending Funds to Other Parties”.
2. Comparison table of amendments for “Procedures for Loaning Funds to Other Parties” of the Company are detailed in Attachment 5 on page 40 of this meeting handbook.
3. Please discuss.

Resolution:

### Item 3

Proposed by the board of directors

Subject: Discussion and approval on the Amendments to the Company's Rules for Endorsements and Guarantees.

Descriptions:

1. To comply with the revised laws, the Company proposed to amend its “Rules for Endorsements and Guarantees”.
2. Comparison table of amendments for “Rules for Endorsements and Guarantees” of the Company are detailed in Attachment 6 on page 43 of this meeting handbook.
3. Please discuss.

Resolution:

### Item 4

Proposed by the board of directors

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Subject: Discussion and approval on the Amendments to the Company's Procedures for Acquisition or Disposal of Assets.

Descriptions:

1. To adapt to needs of commercial practice and to comply with the revised laws, the Company proposed to amend its "Procedures for Acquisition or Disposal of Assets".
2. Comparison table of amendments for "Procedures for Acquisition or Disposal of Assets" of the Company are detailed in Attachment 7 on page 46 of this meeting handbook.
3. Please discuss.

Resolution:

## **Item 5**

Proposed by the board of directors

Subject: Discussion and approval on the Amendments to the Company's Procedures for Derivate Transactions.

Descriptions:

1. To comply with the revised laws, the Company proposed to amend its "Procedures for Derivate Transactions".
2. Comparison table of amendments for "Procedures for Derivate Transactions" of the Company are detailed in Attachment 8 on page 74 of this meeting handbook.
3. Please discuss.

Resolution:

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## V. Election Item

### Item 1

Proposed by the board of directors

Subject: Election of the Company's Directors.

Descriptions:

1. The tenure of the 12<sup>th</sup> term board of directors expires on May 19, 2018. In accordance with Article 13 and 13-1 of the Articles of Incorporation of the Company, Article 14-2 of the Securities & Exchange Act and Article 192 of the Company Act and the resolution of the 12<sup>th</sup> term board of directors on the 29<sup>th</sup> meeting, the Company proposes to elect the 7 new directors of the 13<sup>th</sup> term board of directors, including 4 independent directors.
2. The tenure of the directors of the 13<sup>th</sup> term board of directors shall be 3 years, from May 24, 2019 to May 23, 2022.
3. The election of directors shall adopt candidate nomination system. The details of the nominated candidates accompanied with their education and working experience are detailed in Attachment 9 on page 76 of this meeting handbook.
4. The Company's Rules of Election of Directors are detailed in Appendix 7 on page 119 of this meeting handbook.

Resolution:

## VI. Other Item

### Item 1

Proposed by the board of directors

Subject: Proposal of Releasing the Restriction on Directors of the 13<sup>th</sup> Term Board of Directors (Including Its Representatives) from Participating in Competitive Business.

Descriptions:

1. In accordance with Article 209 of the Company Act, A director who does anything for himself or on behalf of another person within the scope of the Company's business shall explain on the general shareholders' meeting the contents of such business and obtain the approval from the general shareholders' meeting.
2. To propose to release the restriction on the newly elected directors of the 13<sup>th</sup> term board of directors (including its representatives) from participating in competitive business.
3. The details of the competitive business of the new directors (including representatives) of the 13<sup>th</sup> term board of directors are detailed in Attachment 10 on page 79 of this meeting handbook.
4. Please discuss.

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VII. Extempore Motion

VIII. Adjournment

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## IX. Attachments

### Attachment 1

#### Sinyi Realty Inc.

#### Business Report of 2018

In 2018 Taiwan housing market is still dominated by real demand from the resident need. In line with the gradually increasing sales, we utilized in-house developed digital tools to significantly improve the efficiency of clients' sale and purchase transactions of houses.

Holding to the faith of "trustfulness and righteousness", the integrity and the integration of on-line to off-line IT service, we provided customers enthusiastic and friendly living-related services through our platform. Our Taiwan brokerage (including 1<sup>st</sup> hand new house selling agent) performances lead to a 14% and 22% growth in revenue and operating income, respectively. Our real estate development business, following good selling in 2017 in Sinyi Jiating Project, Shanghai, we sold most of the remaining units of Sinyi Jiating Project in 2018, and thus this success provides a solid foundation for Sinyi Group's future expansion.

#### 【The industrial environment and business performance】

#### Taiwan realty business and related services sector —

The Taiwan housing market in 2018 showed a sign of recovery, witnessed by the growth of housing transactions to 278 thousand units, which increased 4.5% by comparison with the number of 2017. We won our business with our "best corporate governance practices in Taiwan", "all directly-operated store system with complete training program" and "online to off-line digital tool" which lead the increase in revenue performance of Taiwan brokerage business and the employee's productivity over the past year.

To evolve a new service model for our Taiwan realty business, we integrated our own professional database, and mobile management solutions with various technology tools to create a digital environment that completed our online platform and offline service processes. Our strategies to develop innovative services model successfully improved our quality and efficiency and accelerated the efficiency of both our internal operation and customer service.

In terms of Sinyi people, we believe in that "only clean cups contain clean water" and hence we recruit freshmen only without realty working experience. We provide our all employees with full coverage training program, career planning and broad space to demonstrate their strengths. Also, we provide different career paths that make all our employees be able to either choose to manage our directly-operated stores or to focus on brokerage services.

Owing to Sinyi brand name and successful "Sinyi comprehensive real estate platform", our revenue from first-hand new house selling has grown rapidly in the past year. "Sinyi comprehensive real estate platform" provides a special channel to integrate Sinyi's client database to facilitate and accelerate transactions. As a result, this strategy brought up more than half of the customers and better selling rate outperformed the market average. In 2018, this part of revenue grew 1.2 times than in 2017.

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## **China Realty Business —**

Sinyi China was still facing a relatively difficult realty market condition in 2018, as China government still had strict control over price and transaction volume by implementing the policy “No speculating on houses”. Though the 2018 transaction volume in second-hand house market was as low as expected, the performance of each house market varied from city to city:

The Shanghai market was under correction which showed a small amount of price movement, and resulted in the same performance as the previous year; the Suzhou market benefited from active buyers and sellers, the trading volume and housing price increased. Although the market cooled down in the second half of 2018, it still grew steadily and performed better than in 2017.

## **Other Overseas Realty Business —**

Sinyi Japan has been in Japanese realty market for nine years. In addition to the branch stores in Tokyo and Osaka, Sinyi Japan started its new footprint in Hong Kong. We also created a brand-new realty business “SJ Home” for serving Japan local clients and opened a new store in Roppongi, Tokyo. As an experienced realtor in Japan, Sinyi Japan is continuing in providing excellent services to our clients in investing Japanese property for many years. Looking back on the performance of 2018, based on years of development in the secondary house market and accumulated experience in serving clients for cross-border transactions, Sinyi Japan continuously launched introduction seminars in Taiwan to approach new clients and to maintain relationship with our existing clients. With these efforts, Sinyi Japan closed 350 deals and the transaction value reached 30 billion yen in 2018.

In spite of the fact that Malaysian property market in 2018 suffered the impact of the election of the government, the uncertainty of government housing policy augmented, Sinyi Malaysia continued its activities in localization. We recruited Malaysian professionals, and also established property management department in May 2018, which completed the one-stop shopping service for Taiwanese clients. Furthermore, in August, we expanded a branch in Manjale district, Kuala Lumpur, specializing in the local market. For the purpose of managing the local market, we hired local freshmen and cultivated them with Sinyi culture. We have won our position as the key channel for Taiwanese clients to invest property in Malaysia.

## **Real Estate Development —**

For China, we commenced the construction of a new residential project “ShanShuei Jiating” in Wuxi city in October 2018. Thanks to the good reputation and local construction experience from project “Sinyi Jiating”, we will continue Sinyi’s persistence in quality and uniqueness into the project “ShanShuei Jiating”, and earn to become the best developer in the region. By the end of 2018, the project “Sinyi Jiating” is almost sold out, and we recognized NT\$ 3,443 million revenue in 2018.

For Taiwan, the real estate development business still focused on area in Taipei City and New Taipei City. In addition to the project “Sinyi Qian-Shi, we acquired land in Banqiao, New Taipei City, next to 435 Art & Culture Special Zone surrounded by a strong artistic atmosphere in 2017. We will develop it by two phases. Among that, the design of phase I project “No. 4+6” is already approved by the committee of the Urban Planning Division.

The operating performance in Year 2018 and 2017 is as follows:

**【Analyses on the financial revenues and expenditures and profitability】**

Expressed in Million New Taiwan Dollars

Items \ Year		Year 2018	Year 2017
Financial income / expenditure	Operating revenue	12,903	17,806
	Operating income	2,645	4,464
	Non-operating income (expense)	175	166
	Consolidated income before tax	2,820	4,630
	Income tax	1,329	1,802
	Net income (attributable to owner of the Company)	1,505	2,803
Profitability	Return on total assets (%)	6%	11%
	Return on equity (%)	13%	27%
	Net income margin (%)	11%	16%
	Earnings per share (\$)	2.04	3.80

Notes:

1. The above table is prepared according to data in the consolidated financial statements.
2. The EPS for Year 2017 has been adjusted in according with the stock dividend distributed in prior year.

**【Recognition of remarkable performance of Sinyi with award honors】**

It is our mission and accountability to take our social responsibility. We believe our profit comes after we follow the good practice in giving back to the community.

Core value on Integrity, Ethics, Actively Taking Social Responsibility, we take care the interests of clients, employees, shareholders, community, environment, etc.

In the aspects of quality and innovation of services:

- ※ For 25 years in a row, we 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 first place of “Trust Worthy brand” in realty agency industry from Readers Digest for 11 times in a row.
- ※ First place of “Golden Review: Five-star Service Award” in realty agency industry from Global Views Monthly Magazine.
- ※ The first place of “Service Prize” in realty agency industry from Next magazine for 14 times in a row.
- ※ For 11 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”.

In the aspects of corporate social responsibility:

- 
- ※ Sinyi Realty has been awarded one of the world's most ethical companies by the Ethisphere Institute, making it the first Taiwanese company to receive the honor.
  - ※ Two years in a row, we obtain Asia Sustainability Reporting Award, ASRA from CSR Works International Pte. Ltd.
  - ※ Sinyi was ranked in the top 5% of the listed companies in Taiwan for 4 years.
  - ※ Sinyi was honored by the Global Views Monthly Magazine for the first prize of “the CSR Grand Survey- Service Industry Group” and the Model of “Eco-Friendly Group”.
  - ※ Sinyi was awarded for the 12th time by 《Commonwealth Magazine》 “The Grand Award as the Commonwealth Model Citizen.
  - ※ Sinyi was honored by TAISE for “2018 Global Corporate Sustainability Awards” and 4 times in row obtain recognition for “Best Taiwan company Sustainability Awards”.

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

**Taiwan realty business and related services sector —**

Looking forward to 2019, Taiwan domestic house market is slowly recovering at this stage. The scale of the family is shrinking, while the number of households is increasing, which drives the growth of potential housing demand. With the rising concern regarding the dangerous aging house, Taiwan authority comes out favorable policy for the urban renewal projects and the rebuilding business opportunities for the old community. It leads to arising supply from development opportunity and the increasing demand for replacement of houses.

Also, the demand side for houses is expected to slightly increase, mainly due to the government’s low probability of interfering on the house market and the positive factors of local public construction to improve the quality of life and increase on employment. However, given that the overall market trend is still dominated by resident demand, the transaction volume would still be constrained to the relatively high house price, and grows slowly. Considering potential adverse impacts may be incurred, there might be the changes in political and economic situation and financial market which could affect domestic economic growth and house demand. Furthermore, Taiwan presidential election in the early 2020 might bring some effect on the house market in the 2nd half of 2019.

In order to keep up with the trend of digital technologies, we integrate our online platform with our offline services and enhance the efficiency of our original services process. Therefore, we established a new department, the “Digital Intelligence Center”, optimizing the customer digital experience and improving interface of our internal digital system. Also, the Digital Intelligence Center conducted big data analysis to make our marketing action more precise.

Besides, in 2019 Sinyi people will deepen our service in the community through “To know, To be known and, To be trusted” so as to broaden our services by providing various activities to the community and collaboration with people in the community. We also provide diverse services to meet any housing needs. Being a participant of each



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community's activity, we will live with the residents in communities, and assist them with any matters in their daily life. We serve beyond the expectation of our clients by providing Sinyi's touching services and heart-warming activities before the clients expect us to do so. We provide our realty services more than just closing the deals. We believe that the property services involving many details such as the upstream/downstream services and after-sale services. It is the key to win the trust from the clients in advance that we are always thinking about doing more to help all the residents' daily life.

#### **China Realty Business—**

In the future, we expect China will maintain consistent house policies which will be based on the principle of "Different policies for Different Town, Different Guidelines for Different Categories" to achieve the goal of "stable land price, stable house price, stable expectation". It is expected that the days of deal closing cycle will be significantly longer and but the price will become more stable. Therefore, we will secure our foothold in the existing communities and actively introduce digital management tools to effectively improve the quality of service and the productivity of each branch. With the above strategy, we aim to meet the expectation of clients with better efficiency.

#### **Other Overseas Realty Business—**

Sinyi Japan will celebrate its tenth anniversary in 2019. We will not only provide high-quality services to non-Japanese clients to find their desired property in Japan, but also will grow our local customers base with the whole new realty brand "SJ Home" mainly focusing on second-hand house market.

At the initial stage of entering into Malaysia market, Sinyi Malaysia now has two branches in Kuala Lumpur and will continuously deliver our high-quality services to impress local customers. Also, we will keep on communicating Sinyi's culture to build up a local professional service team by hiring local talents. Also we will deeply cultivate in the local market by utilizing the local professionals.

#### **Real Estate Development—**

Soon after the success in project "Sinyi Jiating", we are developing two projects. Project "ShanShuei Jiating" in Wuxi commenced the construction in October, 2018 and we plan to start the pre-selling in the 2nd half of 2019. The building of a warm community is one of our top goal which brought out success in selling of project "Sinyi Jiating". The clients live in with a good community.

Our Banqiao projects, the phase I will obtain the construction license in 2019. We hope to begin the pre-selling in the 2nd quarter. This project is in the nearby of the 435 Art & Culture Special Zone, we plan to leverage the uniqueness for the clients.

Chairman: Chou Chun-Chi    Manager: Liu Yuan-Chih    Chief Accountant: Lin Chiu-Chin

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**Attachment 2**

**Sinyi Realty Inc.**

**Audit Committee's Review Report**

We have agreed and submitted the Company's 2018 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.

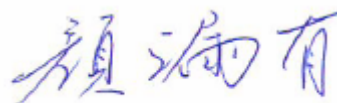
We audited the Company's 2018 business report and earning distribution proposal which have been resolved by the board of directors and has concluded that both of them are in accordance with the related regulations.

In Summary, the Company's 2018 financial statements, 2018 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  
2019 Annual General Shareholders' Meeting

Sinyi Realty Inc.

Convener of Audit Committee:



Yen, Lou-Yu

February 25, 2019

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## Attachment 3

### 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, 2018 and 2017, 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, 2018 and 2017, 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.

#### Emphasis of Matter

As stated in Note 3 to the consolidated financial statements, starting from 2018, the Group adopted and retroactively applied the amended Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed and issued by the Financial Supervisory Commission (FSC) applicable starting from 2018. The Group choose not to restate the comparative information of consolidated financial statements. Even so, our review result does not need to be modified in respect of this matter.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2018. 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, 2018 are stated as follows:

#### Revenue Earned from Sales of Real Estate

For the year ended December 31, 2018, the Group's revenue from the sales of real estate was NT\$3,644,688

thousand. Refer to Note 4 to the accompanying consolidated financial statements for the accounting policies of the Group. When real estate has reached the expected state of use, its acceptance has been qualified by relevant departments and the filing procedures are completed, the Group issues a notice for the transfer of real estate according to the provisions of the contract and recognizes sales revenue on the transfer date. Since revenue from sales of real estate must be recognized after the real estate in question meets the above conditions, the recognition of revenue earned from the sale of real estate is regarded as a key audit matter.

We conducted tests of controls in order to understand the timing of the recognition of the sales of real estate and the design and implementation of the relevant control systems of the Group. We selected samples of sales transactions for the current year to review the sales contracts signed by both parties in order to understand the terms and conditions of the contracts and verify whether the collection records of the sales match the sales contract prices. Also, we checked the transfer notices and relevant transfer records to confirm that the income from sales of real estate listed in the account was recognized after the completion of the transfer procedures in order to ensure that the income was earned and properly recorded in the correct accounting period.

#### Valuation of Inventory

As of December 31, 2018, the carrying amount of inventory was NT\$11,054,987 thousand. In order to evaluate the net realizable value of its inventory, the Group has to take into consideration the rationality of estimated selling price and additional costs, changes in the overall economic environment, and effects of changes in related business regulations. Since the carrying amount of inventory was considered significant to the consolidated financial statements and the evaluation of inventory's net realizable value is subject to management's significant judgment, 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 inventory valuation made by management, we selected samples from the inventory balance, assessed and tested the rationality of the net realizable value estimated by the management as well as its key parameters, including but not limited to inspecting the latest actual transaction price or market transaction price of similar real estate, and recalculated if the net realizable value is not lower than the carrying amount of inventory. We inspected the latest selling price and performed recalculations to verify the accuracy of the valuation of inventory.

Refer to Notes 4, 5 and 12 to the consolidated financial statements for details on 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, 2018 and 2017 on which we have issued an unmodified opinion with emphasis of matter and an unmodified opinion, respectively.

#### **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

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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, 2018 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 25, 2019

Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to 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, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

ASSETS	2018		2017	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 3, 4 and 6)	\$ 4,551,253	16	\$ 3,899,831	15
Financial assets at fair value through profit or loss - current (Notes 3, 4 and 7)	4,702,735	16	201,778	1
Financial assets at fair value through other comprehensive income - current (Notes 3, 4 and 8)	785,371	3	-	-
Available-for-sale financial assets - current (Notes 3, 4 and 9)	-	-	823,821	3
Notes receivable (Notes 3, 4 and 11)	52,755	-	28,157	-
Trade receivables (Notes 3, 4 and 11)	925,560	3	842,270	3
Other receivables (Notes 3, 4, 11 and 37)	47,569	-	47,784	-
Current tax assets (Notes 4, 5 and 30)	64,742	-	2,829	-
Inventories (Notes 4, 5, 12 and 38)	11,054,987	38	11,697,449	43
Other financial assets - current (Notes 3, 13 and 38)	155,706	1	3,079,908	11
Other current assets (Note 19)	102,142	1	166,113	1
Total current assets	22,442,820	78	20,789,940	77
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 3, 4 and 8)	393,127	1	-	-
Financial assets measured at cost - non-current (Notes 3, 4 and 10)	-	-	204,976	1
Investments accounted for using equity method (Notes 4 and 15)	27,554	-	29,120	-
Property, plant and equipment (Notes 4, 16 and 38)	3,553,206	12	3,392,572	13
Investment properties (Notes 4, 17 and 38)	2,083,520	7	2,265,661	8
Intangible assets (Notes 4, 18 and 40)	115,329	1	103,988	-
Deferred tax assets (Notes 4 and 30)	82,663	-	35,476	-
Refundable deposits (Notes 3 and 34)	143,620	1	130,799	1
Other non-current assets (Note 19)	2,225	-	3,584	-
Total non-current assets	6,401,244	22	6,166,176	23
<b>TOTAL</b>	<u>\$ 28,844,064</u>	<u>100</u>	<u>\$ 26,956,116</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 20 and 38)	\$ 748,000	3	\$ 1,608,000	6
Notes payable	643	-	1,566	-
Contract liabilities - current (Notes 23 and 28)	694,468	2	-	-
Trade payables (Note 22)	766,021	3	81,429	-
Other payables (Notes 5 and 24)	1,816,073	6	1,648,489	6
Other payables to related parties (Notes 24 and 37)	45,930	-	71,653	-
Current tax liabilities (Notes 4 and 30)	1,153,996	4	975,199	4
Provisions - current (Notes 4 and 25)	6,322	-	97,909	-
Other current financial liabilities (Note 24)	357,126	1	300,131	1
Unearned revenue (Note 23)	3,277	-	179,057	1
Current portion of long-term borrowings and bonds payable (Notes 20, 21 and 38)	1,507,682	5	1,513,210	6
Other current liabilities (Note 24)	202,879	1	152,958	1
Total current liabilities	7,302,417	25	6,629,601	25
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Note 21)	4,400,000	15	1,500,000	6
Long-term borrowings (Notes 20 and 38)	5,371,478	19	6,887,406	26
Provisions - non-current (Notes 4 and 25)	-	-	1,694	-
Net defined benefit liabilities - non-current (Notes 4 and 26)	114,862	1	72,820	-
Guarantee deposits received (Note 34)	43,028	-	42,615	-
Other non-current liabilities (Notes 5 and 24)	514,141	2	378,615	1
Deferred tax liabilities (Notes 4 and 30)	33,905	-	13,377	-

Total non-current liabilities	<u>10,477,414</u>	<u>37</u>	<u>8,896,527</u>	<u>33</u>
Total liabilities	<u>17,779,831</u>	<u>62</u>	<u>15,526,128</u>	<u>58</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 27)				
Ordinary shares	<u>7,368,465</u>	<u>26</u>	<u>6,515,000</u>	<u>24</u>
Capital surplus	<u>64,528</u>	<u>-</u>	<u>63,896</u>	<u>-</u>
Retained earnings				
Legal reserve	2,073,664	7	1,793,382	7
Special reserve	40,830	-	-	-
Unappropriated earnings	<u>1,658,029</u>	<u>6</u>	<u>2,967,208</u>	<u>11</u>
Total retained earnings	<u>3,772,523</u>	<u>13</u>	<u>4,760,590</u>	<u>18</u>
Other equity (Notes 4 and 27)				
Exchange differences on translating foreign operations	(681,439)	(2)	(396,805)	(1)
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	441,003	1	-	-
Unrealized gain on available-for-sale financial assets	<u>-</u>	<u>-</u>	<u>355,975</u>	<u>1</u>
Total other equity	<u>(240,436)</u>	<u>(1)</u>	<u>(40,830)</u>	<u>-</u>
Total equity attributable to owners of the Company	10,965,080	38	11,298,656	42
NON-CONTROLLING INTERESTS (Note 27)	<u>99,153</u>	<u>-</u>	<u>131,332</u>	<u>-</u>
Total equity	<u>11,064,233</u>	<u>38</u>	<u>11,429,988</u>	<u>42</u>
TOTAL	<u>\$ 28,844,064</u>	<u>100</u>	<u>\$ 26,956,116</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated February 25, 2019)



# SINYI REALTY INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 28)				
Sales revenue	\$ 3,644,688	28	\$ 9,779,892	55
Service revenue	<u>9,258,270</u>	<u>72</u>	<u>8,026,889</u>	<u>45</u>
Total operating revenue	<u>12,902,958</u>	<u>100</u>	<u>17,806,781</u>	<u>100</u>
OPERATING COSTS (Notes 12, 29 and 37)				
Cost of sales	1,867,712	14	6,062,907	34
Service cost	<u>6,812,680</u>	<u>53</u>	<u>5,974,258</u>	<u>34</u>
Total operating costs	<u>8,680,392</u>	<u>67</u>	<u>12,037,165</u>	<u>68</u>
GROSS PROFIT	4,222,566	33	5,769,616	32
OPERATING EXPENSES (Notes 29 and 37)	<u>1,577,664</u>	<u>12</u>	<u>1,305,756</u>	<u>7</u>
OPERATING INCOME	<u>2,644,902</u>	<u>21</u>	<u>4,463,860</u>	<u>25</u>
NON-OPERATING INCOME AND EXPENSES				
Rental income (Note 37)	85,069	1	84,477	-
Dividend income	41,198	-	34,556	-
Interest income (Note 29)	150,452	1	133,401	1
Other gains and losses (Notes 29 and 37)	10,154	-	(7,427)	-
Finance costs (Notes 29 and 37)	<u>(112,223)</u>	<u>(1)</u>	<u>(79,315)</u>	<u>-</u>
Total non-operating income and expenses	<u>174,650</u>	<u>1</u>	<u>165,692</u>	<u>1</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	2,819,552	22	4,629,552	26
INCOME TAX EXPENSE (Notes 4 and 30)	<u>(1,328,629)</u>	<u>(11)</u>	<u>(1,802,437)</u>	<u>(10)</u>
NET PROFIT FOR THE YEAR	<u>1,490,923</u>	<u>11</u>	<u>2,827,115</u>	<u>16</u>
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 26)	(36,773)	-	(37,555)	-

(Continued)

# SINYI REALTY INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME YEARS ENDED DECEMBER 31, 2018 AND 2017

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

	2018		2017	
	Amount	%	Amount	%
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	35,301	-	-	-
Share of the other comprehensive loss of associates accounted for using the equity method	(309)	-	-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 30)	12,078	-	6,384	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(284,719)	(2)	(171,101)	(1)
Unrealized gain on available-for-sale financial assets	-	-	49,503	-
Share of the other comprehensive income of associates accounted for using the equity method	<u>-</u>	<u>-</u>	<u>1,996</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(274,422)</u>	<u>(2)</u>	<u>(150,773)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,216,501</u>	<u>9</u>	<u>\$ 2,676,342</u>	<u>15</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,504,587	12	\$ 2,802,827	16
Non-controlling interests	<u>(13,664)</u>	<u>-</u>	<u>24,288</u>	<u>-</u>
	<u>\$ 1,490,923</u>	<u>12</u>	<u>\$ 2,827,115</u>	<u>16</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,230,557	9	\$ 2,651,919	15
Non-controlling interests	<u>(14,056)</u>	<u>-</u>	<u>24,423</u>	<u>-</u>
	<u>\$ 1,216,501</u>	<u>9</u>	<u>\$ 2,676,342</u>	<u>15</u>
EARNINGS PER SHARE (Note 31)				
Basic	<u>\$2.04</u>		<u>\$3.80</u>	
Diluted	<u>\$2.04</u>		<u>\$3.80</u>	

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

(With Deloitte & Touche auditors' report dated February 25, 2019)

(Concluded)

# SINYI REALTY INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company										
	Ordinary Share	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Other Equity		Total	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain on Investments in Equity Instruments at Fair Value through Other Comprehensive Income	Unrealized Gain on Available-for-sale Financial Assets			
BALANCE AT JANUARY 1, 2017	\$ 6,318,398	\$ 63,896	\$ 1,701,396	\$ -	\$ 1,116,118	\$ (225,707)	\$ -	\$ 304,476	\$ 9,278,577	\$ 109,812	\$ 9,388,389
Appropriation of 2016 earnings											
Legal reserve	-	-	91,986	-	(91,986)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(631,840)	-	-	-	(631,840)	-	(631,840)
Share dividends	196,602	-	-	-	(196,602)	-	-	-	-	-	-
Net profit for the year ended December 31, 2017	-	-	-	-	2,802,827	-	-	-	2,802,827	24,288	2,827,115
Other comprehensive (loss) income for the year ended December 31, 2017, net of income tax	-	-	-	-	(31,309)	(171,098)	-	51,499	(150,908)	135	(150,773)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	2,771,518	(171,098)	-	51,499	2,651,919	24,423	2,676,342
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	(2,903)	(2,903)
BALANCE AT DECEMBER 31, 2017	6,515,000	63,896	1,793,382	-	2,967,208	(396,805)	-	355,975	11,298,656	131,332	11,429,988
Effect of retrospective application and retrospective restatement	-	-	-	-	13,949	-	406,011	(355,975)	63,985	-	63,985
BALANCE AT JANUARY 1, 2018 AS RESTATED	6,515,000	63,896	1,793,382	-	2,981,157	(396,805)	406,011	-	11,362,641	131,332	11,493,973
Appropriation of 2017 earnings											
Legal reserve	-	-	280,282	-	(280,282)	-	-	-	-	-	-
Special reserve	-	-	-	40,830	(40,830)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,628,750)	-	-	-	(1,628,750)	-	(1,628,750)
Share dividends	853,465	-	-	-	(853,465)	-	-	-	-	-	-
Actual disposals of interests in subsidiaries	-	632	-	-	-	-	-	-	632	4,368	5,000
Net profit (loss) for the year ended December 31, 2018	-	-	-	-	1,504,587	-	-	-	1,504,587	(13,664)	1,490,923
Other comprehensive (loss) income for the year ended December 31, 2018, net of income tax	-	-	-	-	(24,388)	(284,634)	34,992	-	(274,030)	(392)	(274,422)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	1,480,199	(284,634)	34,992	-	1,230,557	(14,056)	1,216,501
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	(22,491)	(22,491)
BALANCE AT DECEMBER 31, 2018	\$ 7,368,465	\$ 64,528	\$ 2,073,664	\$ 40,830	\$ 1,658,029	\$ (681,439)	\$ 441,003	\$ -	\$ 10,965,080	\$ 99,153	\$ 11,064,233

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

(With Deloitte & Touche auditors' report dated February 25, 2019)

# SINYI REALTY INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,819,552	\$ 4,629,552
Adjustments for:		
Depreciation expenses	124,538	125,214
Amortization expenses	32,632	44,057
Net loss on financial assets at fair value through profit or loss	593	1,119
Interest expenses	175,087	88,669
Interest income	(150,452)	(133,401)
Dividend income	(41,198)	(34,556)
Share of loss of associates and joint ventures	992	2,488
Loss on disposal of property, plant and equipment	3,540	5,075
Loss on disposal of investment properties	3,901	1,440
Gain on disposal of investments	(1,321)	(6,910)
Impairment loss recognized on non-financial assets	3,103	10,800
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(1,682,543)	278,157
Notes receivable	(24,598)	(12,156)
Trade receivables	(72,560)	(35,177)
Other receivables	1,132	38,098
Inventories	472,570	(4,011,320)
Other current assets	63,988	634,510
Operating assets	-	(1,953)
Contract liabilities	535,703	-
Notes payable	(923)	1,461
Trade payables	684,592	(93,956)
Other payables	140,799	44,365
Other payables to related parties	(24,781)	14,306
Unearned revenue	513	(6,931,127)
Provisions	(50,354)	11,551
Other financial liabilities	56,502	(106,837)
Other current liabilities	8,040	(67,317)
Other operating liabilities	138,602	(36,264)
Cash generated from operations	3,217,649	(5,540,112)
Interest received	149,658	144,266
Interest paid	(164,039)	(90,922)
Income taxes paid	(1,238,005)	(827,598)
Net cash generated from (used in) operating activities	1,965,263	(6,314,366)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets through other comprehensive income	(48,774)	-
Purchase of available-for-sale financial assets	-	(10,103)
Proceeds from disposal of available-for-sale financial assets	-	12,403
Purchase of financial assets measured at cost	-	(5,000)
Purchase of investment accounted for using equity method	-	(17,989)

(Continued)

# SINYI REALTY INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
Net cash inflow on acquisition of subsidiaries	4,740	-
Net cash inflow on disposal of subsidiaries	5,000	-
Payments for property, plant and equipment	(97,580)	(55,814)
Proceeds from disposal on property, plant and equipment	190	123
Decrease in prepayment for equipment	-	11,504
Increase in refundable deposits	(12,818)	-
Decrease in refundable deposits	-	3,653
Payment for intangible assets	(30,587)	(25,139)
Payment for investment properties	(28,215)	(26,531)
Proceeds from disposal of investment properties	8,792	263,758
Decrease (increase) in other financial assets	21,547	(144,650)
Decrease in other non-current assets	1,359	3,163
Dividends received	<u>41,463</u>	<u>34,743</u>
Net cash (used in) generated from investing activities	<u>(134,883)</u>	<u>44,121</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	1,449,942
Repayment of short-term borrowings	(860,000)	-
Proceeds from bond payables	4,400,000	-
Repayments of bond payables	(1,500,000)	-
Proceeds from long-term borrowings	15,253,920	17,701,680
Repayments of long-term borrowings	(16,805,570)	(11,560,820)
Proceeds from guarantee deposits received	413	-
Refund of guarantee deposits received	-	(17,397)
Decrease in other payables to related parties	(800)	(18,454)
Dividends paid to owners of the Company	(1,628,750)	(631,840)
Changes in non-controlling interests	<u>(22,491)</u>	<u>(2,903)</u>
Net cash (used in) generated from financing activities	<u>(1,163,278)</u>	<u>6,920,208</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(15,680)</u>	<u>(262,589)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	651,422	387,374
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,899,831</u>	<u>3,512,457</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,551,253</u>	<u>\$ 3,899,831</u>

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

(With Deloitte & Touche auditors' report dated February 25, 2019)

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## 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, 2018 and 2017, 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 (collectively referred to as the "financial statements").

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, 2018 and 2017, 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 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.

### Emphasis of Matter

As stated in Note 3 to the accompanying financial statements, starting from 2018, the Company adopted and retroactively applied the amended Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed and issued by the Financial Supervisory Commission (FSC) applicable starting from 2018. The Company choose not to restate the comparative information of the parent company only statements of financial statements. Even so, our review result does not need to be modified in respect of this matter.

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## 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, 2018. 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, 2018 are stated as follows:

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

As stated in Note 12 to the accompanying financial statements, on December 31, 2018, the carrying amount of the investment in Sinyi International Limited (Sinyi International) and Sinyi Development Inc. (Sinyi Development) accounted for using the equity method is NT\$11,603,112 thousand and NT\$1,953,973 thousand, representing 48% and 8% of the Company's assets, respectively. From January 1, 2018 to December 31, 2018, the amount of profit and loss accounted for using the equity method is NT\$842,730 thousand and NT\$(19,995) thousand, representing 68% and (2)% of the Company's total comprehensive income(loss), respectively. The financial condition and performance of Sinyi International and Sinyi Development will have material impact on the Company's financial statements. Thus, we include Sinyi International and Sinyi Development's recognition of real estate revenue and valuation of inventories in key audit matters.

For the year ended December 31, 2018, the revenue from the sales of real estate of Sinyi International and its subsidiaries, and Sinyi Development was NT\$3,644,688 thousand. Refer to Note 4 to the accompanying consolidated financial statements for the 2018 accounting policies of real estate sales revenue of Sinyi International and its subsidiaries and Sinyi Development. When real estate has reached the expected state of use, its acceptance has been qualified by relevant departments and the filing procedures are completed, the Company issues a notice for the transfer of real estate according to the provisions of the contract and recognizes sales revenue on the transfer date. Since revenue from sales of real estate must be recognized after the real estate in question meets the above conditions, the recognition of revenue earned from the sale of real estate is regarded as a key audit matter.

We conducted tests of controls in order to understand the timing of the recognition of the sales of real estate and the design and implementation of the relevant control systems of the Company. We selected samples of sales transactions for the current year to review the sales contracts signed by both parties in order to understand the terms and conditions of the contracts and verify whether the collection records of the sales match the sales contract prices. Also, we checked the transfer notices and relevant transfer records to confirm that the income from sales of real estate listed in the account was recognized after the completion of the transfer procedures in order to ensure that the income was earned and properly recorded in the correct accounting period.

### Valuation of Inventory Using the Equity Method

As stated in the key audit matter of the preceding paragraph, as of and for the year ended December 31, 2018, the financial position and performance of Sinyi International and Sinyi Development will have material impact on the Company's financial statements. Thus, we include Sinyi International and Sinyi Development's valuation of inventories in key audit matters.

As of December 31, 2018, the total amount of inventory of Sinyi International and its subsidiaries and Sinyi Development accounted for was NT\$11,054,987 thousand. In order to evaluate the net realizable value of its inventory, the Company has to take into consideration the rationality of estimated selling price and additional costs, changes in the overall economic environment, and effects of changes in related business regulations. Since the carrying amount of inventory was considered significant to the consolidated financial statements and the evaluation of inventory's net realizable value is subject to management's significant judgment, 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 inventory valuation made by management, we selected samples from the inventory balance, assessed and tested the rationality of the net realizable value estimated by the management as well as its key parameters, including but not limited to inspecting the latest actual transaction price or market transaction price of similar real estate, and recalculated if the net realizable value is not lower than the carrying amount of inventory. We inspected the latest selling price and performed recalculations to verify the accuracy of the valuation of inventory.

Refer to Notes 4, 5 and 12 to the consolidated financial statements for details on the valuation of inventory of Sinyi International and its subsidiaries and Sinyi Development.

### **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.



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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, 2018 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.

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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 25, 2019

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.

## BALANCE SHEETS

DECEMBER 31, 2018 AND 2017

(In Thousands of New Taiwan Dollars)

ASSETS	2018		2017	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 3, 4 and 6)	\$ 2,423,870	10	\$ 1,554,557	7
Financial assets at fair value through other comprehensive income - current (Notes 3, 5, and 7)	257,668	1	-	-
Available-for-sale financial assets - current (Notes 3, 4 and 8)	-	-	228,299	1
Notes receivable (Notes 3, 4 and 10)	30,601	-	4,333	-
Trade receivables (Notes 3, 4 and 10)	597,529	3	523,886	3
Trade receivables from related parties (Notes 3, 4 and 30)	132,482	1	127,691	1
Other receivables (Notes 4 and 10)	15,658	-	8,926	-
Other receivable from related parties (Notes 4 and 30)	13,913	-	16,576	-
Current tax assets (Notes 4 and 24)	38,028	-	44,509	-
Other financial assets - current (Notes 3, 11 and 31)	5,000	-	5,000	-
Other current assets (Note 16)	26,368	-	18,467	-
Total current assets	3,541,117	15	2,532,244	12
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 3, 4, and 7)	88,583	-	-	-
Financial assets measured at cost - non-current (Notes 3, 4 and 9)	-	-	54,827	-
Investments accounted for using equity method (Notes 3, 4 and 12)	15,227,595	63	13,351,473	62
Property, plant and equipment (Notes 4, 13 and 31)	2,764,481	11	2,647,588	12
Investment properties (Notes 4, 14 and 31)	2,590,762	11	2,726,105	13
Intangible assets (Notes 4 and 15)	42,188	-	50,503	-
Deferred tax assets (Notes 4 and 24)	29,954	-	15,393	-
Refundable deposits (Notes 3 and 27)	88,926	-	86,714	1
Other non-current assets (Note 16)	2,225	-	3,584	-
Total non-current assets	20,834,714	85	18,936,187	88
TOTAL	\$ 24,375,831	100	\$ 21,468,431	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 17)	\$ -	-	\$ 800,000	4
Notes payable	266	-	66	-
Other payables (Notes 5 and 19)	1,419,849	6	1,346,447	6
Other payables to related parties (Notes 19 and 30)	26,778	-	41,317	-
Current tax liabilities (Notes 4 and 24)	263,063	1	115,400	1
Provisions - current (Notes 4, 5 and 20)	-	-	34,696	-
Other current financial liabilities (Note 19)	44,619	-	43,037	-
Current portion of bonds payable (Note 18)	1,500,000	6	1,500,000	7
Other current liabilities (Note 19)	134,344	1	90,644	-
Total current liabilities	3,388,919	14	3,971,607	18
NON-CURRENT LIABILITIES				
Bonds payable (Note 18)	4,400,000	18	1,500,000	7
Long-term borrowings (Notes 17 and 31)	5,000,000	21	4,250,000	20
Provisions - non-current (Notes 4, 5 and 20)	-	-	1,694	-
Net defined benefit liabilities - non-current (Notes 4 and 21)	98,111	-	69,406	-
Guarantee deposits received (Note 27)	37,261	-	38,260	-
Other non-current liabilities (Notes 5 and 19)	452,555	2	325,431	2
Deferred tax liabilities (Notes 4 and 24)	33,905	-	13,377	-

Total non-current liabilities	<u>10,021,832</u>	<u>41</u>	<u>6,198,168</u>	<u>29</u>
Total liabilities	<u>13,410,751</u>	<u>55</u>	<u>10,169,775</u>	<u>47</u>
EQUITY (Note 22)				
Ordinary shares	<u>7,368,465</u>	<u>30</u>	<u>6,515,000</u>	<u>31</u>
Capital surplus	<u>64,528</u>	<u>-</u>	<u>63,896</u>	<u>-</u>
Retained earnings				
Legal reserve	2,073,664	9	1,793,382	8
Special reserve	40,830	-	-	-
Unappropriated earnings	<u>1,658,029</u>	<u>7</u>	<u>2,967,208</u>	<u>14</u>
Total retained earnings	<u>3,772,523</u>	<u>16</u>	<u>4,760,590</u>	<u>22</u>
Other equity (Note 4)				
Exchange differences on translating foreign operations	(681,439)	(3)	(396,805)	(2)
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	441,003	2	-	-
Unrealized gain on available-for-sale financial assets	<u>-</u>	<u>-</u>	<u>355,975</u>	<u>2</u>
Total other equity	<u>(240,436)</u>	<u>(1)</u>	<u>(40,830)</u>	<u>-</u>
Total equity	<u>10,965,080</u>	<u>45</u>	<u>11,298,656</u>	<u>53</u>
TOTAL	<u>\$ 24,375,831</u>	<u>100</u>	<u>\$ 21,468,431</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated February 25, 2019)

# SINYI REALTY INC.

## STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED DECEMBER 31, 2018 AND 2017

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

	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUE				
Service revenue (Note 4)	\$ 7,881,107	100	\$ 6,886,597	100
OPERATING COSTS (Notes 23 and 30)	<u>5,639,878</u>	<u>71</u>	<u>4,957,229</u>	<u>72</u>
GROSS PROFIT	2,241,229	29	1,929,368	28
OPERATING EXPENSES (Notes 23 and 30)	<u>917,697</u>	<u>12</u>	<u>846,648</u>	<u>12</u>
PROFIT FROM OPERATIONS	<u>1,323,532</u>	<u>17</u>	<u>1,082,720</u>	<u>16</u>
NON-OPERATING INCOME AND EXPENSES				
Rental income (Note 30)	102,253	1	98,818	2
Dividend income	8,377	-	7,925	-
Interest income (Notes 23 and 30)	5,231	-	9,709	-
Other gains and losses (Notes 23 and 30)	40,201	1	3,017	-
Finance costs (Notes 23 and 30)	(112,072)	(1)	(71,489)	(1)
Share of profit or loss of subsidiaries, associates and joint ventures (Note 4)	<u>655,197</u>	<u>8</u>	<u>1,865,432</u>	<u>27</u>
Total non-operating income and expenses	<u>699,187</u>	<u>9</u>	<u>1,913,412</u>	<u>28</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	2,022,719	26	2,996,132	44
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(518,132)</u>	<u>(7)</u>	<u>(193,305)</u>	<u>(3)</u>
NET PROFIT FOR THE YEAR	<u>1,504,587</u>	<u>19</u>	<u>2,802,827</u>	<u>41</u>
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 21)	(35,957)	-	(37,896)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	29,850	-	-	-
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method	4,823	-	145	-

(Continued)

# SINYI REALTY INC.

## STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED DECEMBER 31, 2018 AND 2017

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

	2018		2017	
	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 24)	11,888	-	6,442	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statement of foreign operations	(284,634)	(3)	(171,098)	(2)
Unrealized gain on available-for-sale financial assets	-	-	18,782	-
Shares of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	-	-	32,717	-
Other comprehensive loss for the year, net of income tax	(274,030)	(3)	(150,908)	(2)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,230,557</u>	<u>16</u>	<u>\$ 2,651,919</u>	<u>39</u>
EARNINGS PER SHARE (Note 25)				
From continuing operations				
Basic	<u>\$ 2.04</u>		<u>\$ 3.80</u>	
Diluted	<u>\$ 2.04</u>		<u>\$ 3.80</u>	

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

(With Deloitte & Touche auditors' report dated February 25, 2019)

(Concluded)

# SINYI REALTY INC.

## STATEMENTS OF CHANGES IN EQUITY YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	Retained Earnings					Exchange Differences on Translating	Other Equity Unrealized Gain (Loss) on Investments in - Equity Instruments at Fair Value through Other Comprehensive Income	Unrealized Gain (Loss) on Available-for- sale Financial Assets	Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Earnings	Foreign Operations			
BALANCE AT JANUARY 1, 2017	\$ 6,318,398	\$ 63,896	\$ 1,701,396	\$ -	\$ 1,116,118	\$ (225,707)	\$ -	\$ 304,476	\$ 9,278,577
Appropriation of 2016 earnings									
Legal reserve	-	-	91,986	-	(91,986)	-	-	-	-
Cash dividends	-	-	-	-	(631,840)	-	-	-	(631,840)
Share dividends	196,602	-	-	-	(196,602)	-	-	-	-
Net profit for the year ended December 31, 2017	-	-	-	-	2,802,827	-	-	-	2,802,827
Other comprehensive (loss) income for the year ended December 31, 2017, net of income tax	-	-	-	-	(31,309)	(171,098)	-	51,499	(150,908)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	2,771,518	(171,098)	-	51,499	2,651,919
BALANCE AT DECEMBER 31, 2017	6,515,000	63,896	1,793,382	-	2,967,208	(396,805)	-	355,975	11,298,656
Effect of retrospective application and retrospective restatement	-	-	-	-	13,949	-	406,011	(355,975)	63,985
BALANCE AT JANUARY 1, 2018 AS RESTATE	6,515,000	63,896	1,793,382	-	2,981,157	(396,805)	406,011	-	11,362,641
Appropriation of 2017 earnings									
Legal reserve	-	-	280,282	-	(280,282)	-	-	-	-
Special reserve	-	-	-	40,830	(40,830)	-	-	-	-
Cash dividends	-	-	-	-	(1,628,750)	-	-	-	(1,628,750)
Share dividends	853,465	-	-	-	(853,465)	-	-	-	-
Actual disposals of interests in subsidiaries	-	632	-	-	-	-	-	-	632
Net profit for the year ended December 31, 2018	-	-	-	-	1,504,587	-	-	-	1,504,587
Other comprehensive (loss) income for the year ended December 31, 2018, net of income tax	-	-	-	-	(24,388)	(284,634)	34,992	-	(274,030)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	1,480,199	(284,634)	34,992	-	1,230,557
BALANCE AT DECEMBER 31, 2018	<u>\$ 7,368,465</u>	<u>\$ 64,528</u>	<u>\$ 2,073,664</u>	<u>\$ 40,830</u>	<u>\$ 1,658,029</u>	<u>\$ (681,439)</u>	<u>\$ 441,003</u>	<u>\$ -</u>	<u>\$ 10,965,080</u>

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

(With Deloitte & Touche auditor s' report dated February 25, 2019)

# SINYI REALTY INC.

## STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,022,719	\$ 2,996,132
Adjustments for:		
Depreciation expenses	89,112	95,301
Amortization expenses	26,842	38,516
Interest expenses	112,072	71,489
Interest income	(5,231)	(9,709)
Dividend income	(8,377)	(7,925)
Share of profit of subsidiaries, associates and joint ventures	(655,197)	(1,865,432)
Loss on disposal of property, plant and equipment	1,471	1,528
Loss on disposal of investment properties	3,901	1,440
Gain on disposal of investments	-	(5,460)
Impairment loss recognized on non-financial assets	3,103	10,800
Changes in operating assets and liabilities		
Notes receivable	(26,268)	2,877
Trade receivables	(73,643)	(102,134)
Trade receivables from related parties	(4,791)	(42,478)
Other receivables	(6,223)	21,788
Other receivables from related parties	2,664	5,215
Other current assets	(7,901)	2,464
Other operating assets	-	(8,279)
Notes payable	200	(39)
Other payables	58,451	54,583
Other payables to related parties	(14,539)	23,604
Provisions	1,118	(3,269)
Other financial liabilities	1,582	(20,814)
Other current liabilities	6,527	10,836
Other operating liabilities	131,425	(25,775)
Cash generated from operations	1,659,017	1,245,259
Interest received	4,722	21,053
Interest paid	(97,122)	(70,460)
Income taxes paid	(358,021)	(180,872)
Net cash generated from operating activities	1,208,596	1,014,980
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets through other comprehensive income	(48,774)	-
Purchase of available-for-sale financial assets	-	(10,103)
Proceeds from disposal of available-for-sale financial assets	-	12,402
Acquisition of investment accounted for using equity method	(2,543,431)	(5,614,856)
Capital refund of equity method investees	-	440,927
Net cash inflow on disposal of subsidiaries	5,000	-
Payments for property, plant and equipment	(59,720)	(38,069)
Proceeds from disposal of property, plant and equipment	6	99
Increase in refundable deposits	(2,212)	-

(Continued)



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**SINYI REALTY INC.****STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(In Thousands of New Taiwan Dollars)**

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	2018	2017
Decrease in refundable deposits	-	5,316
Payment for intangible assets	(18,527)	(22,235)
Payment for investment properties	(28,215)	(26,531)
Proceeds from disposal of investment properties	8,792	19,057
Decrease in other non-current assets	1,359	3,163
Dividends received	<u>1,126,188</u>	<u>11,134</u>
Net cash used in investing activities	<u>(1,559,534)</u>	<u>(5,219,696)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	650,000
Repayments of short-term borrowings	(800,000)	-
Proceeds from bonds payable	4,400,000	-
Repayments of bonds payable	(1,500,000)	-
Proceeds from long-term borrowings	15,130,000	12,193,987
Repayments of long-term borrowings	(14,380,000)	(8,443,987)
Refund of guarantee deposits received	(999)	(7,149)
Dividends paid to owners of the Company	<u>(1,628,750)</u>	<u>(631,840)</u>
Net cash generated from financing activities	<u>1,220,251</u>	<u>3,761,011</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	869,313	(443,705)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,554,557</u>	<u>1,998,262</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,423,870</u>	<u>\$ 1,554,557</u>

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

(With Deloitte & Touche auditors' report dated February 25, 2019)

(Concluded)

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**Attachment 4**

**Sinyi Realty Inc.**  
**Articles of Incorporation**  
**Comparison Table of Amendments**

Clause	Amended articles	Original Articles	Description of amendment
Article 1	The Corporation shall be incorporated, as a company limited by shares, under the Company Act of the Republic of China, and its name shall be 信義房屋股份有限公司 in the Chinese language, and Sinyi Realty Inc. (hereinafter, the "Company") in the English language.	The Corporation shall be incorporated, as a company limited by shares, under the Company Act of the Republic of China, and its name shall be 信義房屋仲介股份有限公司 in the Chinese language, and Sinyi Realty Inc. (hereinafter, the "Company") in the English language.	According to the Company's future vision, the Company proposes the change of its Chinese name as "信義房屋股份有限公司" to meet the Company's business scope.
Article 22	This Articles of Incorporation was established on December 23, 1986. (.....) The thirty-fourth amendment was made on May 20, 2016. <u>The thirty-fifth amendment was made on May 24, 2019.</u>	This Articles of Incorporation was established on December 23, 1986. (.....) The thirty-fourth amendment was made on May 20, 2016.	The amendment date shall be listed.

## Attachment 5

### Sinyi Realty Inc. Procedures for Lending Funds to Other Parties

#### Comparison Table of Amendments

Clause	Amended articles	Original Articles	Description of amendment
Article 1	To secure the safety of lending funds to others and to strengthen financial stability and business development, Sinyi Realty Inc. (hereinafter, the "Company")	To secure the safety of lending funds to others and to strengthen financial stability and business development, Sinyi Realty Inc. (hereinafter, the "Company")	Change of the Company's Chinese name.
Article 2	<p><u>In accordance with the Article 15 of the Company Act</u>, the Company shall not loan funds to any of its shareholders or any other person except under the following circumstances:</p> <ol style="list-style-type: none"> <li>Where an inter-company or inter-firm business transaction calls for a loan arrangement; or</li> <li>Where an inter-company or inter-firm short-term financing facility is necessary.</li> </ol> <p>The term "short-term" as used in the preceding paragraph means one year. However, if the Company's business cycle is more than one year, such business cycle shall prevail. The term "financing amount" as used in paragraph 1, sub-paragraph 2 of this Article means the cumulative balance of the Company's short-term financing.</p> <p><u>The responsible person of the Company who has violated the provisions of the first paragraph shall be liable, jointly and severally with the borrower, for the repayment of the loan at issue and for the damages, if any, to the Company resulted there-from.</u></p>	<p>The Company shall not loan funds to any of its shareholders or any other person except under the following circumstances:</p> <ol style="list-style-type: none"> <li>Where an inter-company or inter-firm business transaction calls for a loan arrangement; or</li> <li>Where an inter-company or inter-firm short-term financing facility is necessary.</li> </ol> <p>The term "short-term" as used in the preceding paragraph means one year. However, if the Company's business cycle is more than one year, such business cycle shall prevail. The term "financing amount" as used in paragraph 1, sub-paragraph 2 of this Article means the cumulative balance of the Company's short-term financing.</p>	<ol style="list-style-type: none"> <li>Revise the wordings in accordance with the amendment to the guideline of "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" issued by the government.</li> <li>Stipulate paragraph 4 according to the Article 15 of Company Act.</li> </ol>
Article 3	<p>(.....)</p> <p>The restriction in paragraph 1, subparagraph 2 of the preceding article shall not apply to inter-company loans of funds between foreign companies in which the Company holds, directly or indirectly, 100% of</p>	<p>(.....)</p> <p>The restriction in paragraph 1, subparagraph 2 of the preceding article shall not apply to inter-company loans of funds between foreign companies in which the Company holds, directly or indirectly, 100% of the</p>	Revise the wordings in accordance with the amendment to the guideline of "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies"

	the voting shares, <u>or</u> foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares loaning to the Company. The limits and duration of inter-company loans of funds between the foreign companies above shall be in compliance with their individual regulations. (.....)	voting shares. The limits and duration of inter-company loans of funds between the foreign companies above shall be in compliance with their individual regulations. (.....)	which states when the loan is from foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares loaning to the Company, the loan shall not apply to the limit of 40% of the Company net value and the duration with one year..
Article 6	The Company's procedures of lending of funds were as follows, <u>and shall be in accordance with the relevant internal process</u> : 1. Application: Any borrower, applying for a loan from the Company, shall submit application or a letter, stating in detail the loan amount requested, term and purpose. (.....)	The Company's procedures of lending of funds were as follows:  1. Application: Any borrower, applying for a loan from the Company, shall submit application or a letter, stating in detail the loan amount requested, term and purpose. (.....)	Partial wordings are revised.
Article 10	(.....) If the Company's loans of funds reach one of the following levels, the Company shall announce and report such fact within two days of the Date of Occurrence. "Date of Occurrence" means the earliest of the date of contract signing, date of payment, date of board of directors' resolution, or the date that the <u>borrower</u> and monetary amount of can be confirmed. (.....)	(.....) If the Company's loans of funds reach one of the following levels, the Company shall announce and report such fact within two days of the Date of Occurrence. "Date of Occurrence" means the earliest of the date of contract signing, date of payment, date of board of directors' resolution, or the date that the <del>counterparty</del> and monetary amount can be confirmed. (.....)	Revise the wordings in accordance with the amendment to the guideline of "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" which states the lending funds to others should not be a transaction. .
Article 11	(.....) The Company's internal auditor shall at least audit quarterly the status of lending funds to others and document the performance. He/she shall notice <u>the Audit Committee along with the improvement report</u> immediately once the material violation was found. (.....)	(.....) The Company's internal auditor shall at least audit quarterly the status of lending funds to others and document the performance. He/she shall notice the <del>independent directors</del> immediately once the material violation was found. (.....)	Revise the wordings in accordance with the amendment to the guideline of "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" which states that the written improvement report should be delivered to the Audit Committee one the material violation was found...
Article 12	The Procedures shall be approved by <u>more than half of the Audit Committee members</u> , and then passed by the Board of Directors	The Procedures shall be approved by the Audit Committee, the Board of Directors and the Shareholders' Meeting. Any	1. Revise the wordings in accordance with the amendment to the guideline of "Regulations



## Attachment 6

### Sinyi Realty Inc. Rules for Endorsements and Guarantees

#### Comparison Table of Amendments

Clause	Amended articles	Original Articles	Description of amendment
Article 1	To secure the safety of lending funds to others and to strengthen financial stability and business development, Sinyi Realty Inc. (hereinafter, the "Company")	To secure the safety of lending funds to others and to strengthen financial stability and business development, Sinyi Realty Inc. (hereinafter, the "Company")	Change of the Company's Chinese name.
Article 6	<p>When the balance of endorsements/guarantees reaches one of the following levels, the Company shall announce and report such event within two days commencing immediately from the date of occurrence. The date of occurrence refers to the date of contract signing, date of payment, dates of the Board of Directors resolutions, or other date that can confirm the counterparty and monetary amount, whichever date is earlier.</p> <ol style="list-style-type: none"> <li>1. The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement.</li> <li>2. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.</li> <li>3. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 millions or more and the aggregate amount of all endorsements/guarantees for, the book value of investment <u>adopted equity method</u>, and balance of loans to, such enterprise reaches 30 percent or more of the Company's net worth as stated in its latest financial statement</li> <li>4. The amount of new endorsements/guarantees made by the Company or its</li> </ol>	<p>When the balance of endorsements/guarantees reaches one of the following levels, the Company shall announce and report such event within two days commencing immediately from the date of occurrence. The date of occurrence refers to the date of contract signing, date of payment, dates of the Board of Directors resolutions, or other date that can confirm the counterpart and monetary <del>amount of the transaction</del>, whichever date is earlier.</p> <ol style="list-style-type: none"> <li>1. The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement.</li> <li>2. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.</li> <li>3. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 millions or more and the aggregate amount of all endorsements/guarantees for, investment <del>of a long-term nature in</del>, and balance of loans to, such enterprise reaches 30 percent or more of the Company's net worth as stated in its latest financial statement.</li> <li>4. The amount of new endorsements/guarantees made</li> </ol>	<ol style="list-style-type: none"> <li>1. Revise the wording in accordance with the amendment to the guideline of "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" issued by the government.</li> <li>2. Partial wordings are revised since endorsements/guarantees should not be a transaction.</li> <li>3. In order to define the meaning of the long-term investment, the Company proposes to revise the subparagraph 3 of paragraph 2 in this article based on the subparagraph 1 of paragraph 4 in Article 9 of the "Regulations Governing the Preparation of</li> </ol>

Clause	Amended articles	Original Articles	Description of amendment
	subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement (.....)	by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement. (.....)	Financial Reports by Securities Issuers” .
Article 7	(.....) The Company’s internal auditor shall at least audit quarterly the status of lending funds to others and document the performance. He/she shall notice the <u>Audit Committee along with the improvement report</u> immediately once the material violation was found. (.....)	(.....) The Company’s internal auditor shall at least audit quarterly the status of lending funds to others and document the performance. He/she shall notice the <del>independent directors</del> immediately once the material violation was found. (.....)	Revise the wordings in accordance with the amendment to the guideline of “Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies” which states that the written improvement report should be delivered to the Audit Committee one the material violation was found.
Article 13	The Procedures shall be approved by <u>more than half of the Audit Committee members, and then passed by the Board of Directors and the Shareholders Meeting.</u> Any amendment is subject to the same procedure. <u>If the proposals would not be obtained approval of more than half of all Audit Committee members as required, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board of directors meeting.</u> <u>The terms "all Audit Committee members" in the first paragraph and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</u> When a revision of the Procedure matter is submitted for discussion by the board under the preceding rule, the opinion of each independent	The Procedures shall be approved by the Audit Committee, the Board of Directors and the Shareholders Meeting. Any amendment is subject to the same procedure. When a revision of the Procedure matter is submitted for discussion by the board under the preceding rule, the opinion of each independent director shall be given a full consideration, and each independent director's explicit assenting or dissenting opinions and reasons for dissent shall be recorded in the Board of Directors meeting minutes. The written dissenting opinions	1. Revise the wordings in accordance with the amendment to the guideline of “Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies”. 2. Revise the paragraph 1 and stipulate paragraph 2 and 3 according to the article 14-5 of the Securities & Exchange Act. 3. The original paragraph 2 is

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Clause	Amended articles	Original Articles	Description of amendment
	director shall be given a full consideration, and each independent director's explicit assenting or dissenting opinions and reasons for dissent shall be recorded in the Board of Directors meeting minutes. The written dissenting opinions shall be submitted to the shareholders' meeting for discussion.	shall be submitted to the shareholders' meeting for discussion.	moved to paragraph 4.



## Attachment 7

# Sinyi Realty Inc. Procedures for Acquisition or Disposal of Assets

## Comparison Table of Amendments

Amended articles	Original articles	Description of amendment
<b>Article 1</b> In order to strengthen assets management and implement information disclosure, Sinyi Realty Inc.(hereinafter, "the Company") set forth the procedures for acquisition or disposal of assets (hereinafter, "the Procedures") in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies announced by the securities regulatory authority.	<b>Article 1</b> In order to strengthen assets management and implement information disclosure, Sinyi Realty Inc.(hereinafter, "the Company") set forth the procedures for acquisition or disposal of assets (hereinafter, "the Procedures") in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies announced by the securities regulatory authority.	Change of the Company's Chinese name.
<b>Article 2</b> The term "assets" as used in the Procedures includes the following: <ol style="list-style-type: none"> <li>Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</li> <li>Real property (including inventories of construction enterprises) and other fixed assets.</li> <li>Memberships.</li> <li>Patents, copyrights, trademarks, franchise rights, and other intangible assets.</li> <li><u>Right-of-use assets.</u></li> <li>Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</li> <li>Derivatives.</li> <li>Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</li> <li>Other major assets.</li> </ol>	<b>Article 2</b> The term "assets" as used in the Procedures includes the following: <ol style="list-style-type: none"> <li>Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</li> <li>Real property (including inventories of construction enterprises) and other fixed assets.</li> <li>Memberships.</li> <li>Patents, copyrights, trademarks, franchise rights, and other intangible assets.</li> <li>Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</li> <li>Derivatives.</li> <li>Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</li> <li>Other major assets.</li> </ol>	The articles are revised based on the new IFRS16 "Leases" for the broader range of right-of-use assets and adjusted the word "the land usage right" from subparagraph 2 to subparagraph 5 ; Move subparagraph 5 through 8 to subparagraph 6 through 9.
<b>Article 3</b> Terms used in these Regulations are defined as follows: <ol style="list-style-type: none"> <li>Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, <u>whose value is derived from a</u></li> </ol>	<b>Article 2-1</b> Terms used in these Regulations are defined as follows: <ol style="list-style-type: none"> <li>Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, <del>and compound contracts</del></li> </ol>	<ol style="list-style-type: none"> <li>Adjust the sequence of the clause.</li> <li>Subparagraph 1 of paragraph 1 in the article is revised in accordance with the</li> </ol>

<p><u>specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.</u> The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) <u>contracts.</u></p> <p>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.</p> <p>3. Related party: As defined in International Financial Reporting Standards.</p> <p>4. Subsidiary: As defined in International Financial Reporting Standards.</p> <p>5. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or other fixed assets.</p> <p>6. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>7. Mainland China area investment: Refers to investments in the mainland China area approved by</p>	<p><del>combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests.</del> The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) <del>agreements.</del></p> <p>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, <del>paragraph 6</del> of the Company Act.</p> <p>3. Related party: As defined in International Financial Reporting Standards.</p> <p>4. Subsidiary: As defined in International Financial Reporting Standards.</p> <p>5. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or other fixed assets.</p> <p>6. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>7. Mainland China area investment: Refers to investments in the mainland China area approved by</p>	<p>definition of relevant terms in IFRS 9, for the amendment of the range of derivatives.</p> <p>3. Subparagraph 2 of paragraph 1 in the article is updated based on the amendment to the Company Act.</p> <p>4. Add the last part of subparagraph 11 of paragraph 1 in the article to stipulate the calculation of the Company whose shares have no par value or a par value other than NT\$10, and the calculation of under the provisions of these Regulations regarding transaction amounts relative to paid-in capital of NT\$10 billion.</p> <p>4. To specify the definition of domestic and foreign Over-the-counter venue in sub paragraph 12 and 13 of paragraph 1 in this article to be followed by the Company.</p> <p>5. Partial wordings are amended.</p>
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<p>the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p>8. Within one year: Refers to the year preceding the date of the current transaction of the subject acquisition or disposal of assets.</p> <p>9. The latest financial statements: Refers to the latest financial statements audited (reviewed) by certified public accountants before acquisition or disposal of assets.</p> <p>10. The total assets: Refers to state in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.</p> <p>11. Paid-in capital: the product of the number of the Company's outstanding shares multiplied by the par value of NT\$10. In the case of a company whose shares have no par value or a par value other than NT\$10, for the calculation of transaction amounts of 20% of paid-in capital under these Regulations, 10% of equity attributable to owners of the parent shall be substituted. <u>In terms of the calculations under the provisions of these Regulations regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.</u></p> <p>12. <u>Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.</u></p>	<p>the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p>8. Within one year: Refers to the year preceding the date of the current transaction of the subject acquisition or disposal of assets.</p> <p>9. The latest financial statements: Refers to the latest financial statements audited (reviewed) by certified public accountants before acquisition or disposal of assets.</p> <p>10. The total assets: Refers to state in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.</p> <p>11. Paid-in capital: the product of the number of the Company's outstanding shares multiplied by the par value of NT\$10. In the case of a company whose shares have no par value or a par value other than NT\$10, for the calculation of transaction amounts of 20% of paid-in capital under these Regulations, 10% of equity attributable to owners of the parent shall be substituted.</p>	
<p><b>Article 4</b> Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the</p>	<p><b>Article 3–</b> Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide</p>	<p>1. Adjust the sequence of the clause. 2. Revise the wordings in accordance with</p>

<p>Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall <u>meet the following requirements</u>:</p> <ol style="list-style-type: none"> <li>1. <u>May not have previously received a final and unappeasable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u></li> <li>2. <u>May not be a related party or de facto related party of any party to the transaction.</u></li> <li>3. <u>If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</u></li> </ol> <p><u>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</u></p> <ol style="list-style-type: none"> <li>1. <u>Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u></li> <li>2. <u>When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</u></li> <li>3. <u>They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u></li> <li>4. <u>They shall issue a statement attesting</u></li> </ol>	<p><del>public companies with appraisal reports, certified public accountants' opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction.</del></p> <p><del>Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA's opinion.</del></p>	<p>the amendment to the guideline of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" issued by the competent authority which stipulates to assure the negative qualification of related experts, and add subparagraph 2, to assure the evaluation, check and declaration items provided by related experts.</p> <ol style="list-style-type: none"> <li>3. Move paragraph 2 of Article 3 to Article 9 of this article.</li> </ol>
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<p><u>to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</u></p>		
<p><b>Article 5</b> In acquiring or disposing of real property, other fixed assets, <u>or right-of-use assets thereof</u>, the Company shall follow its internal control procedures regarding fixed assets cycle. The procedures for acquisition or disposal of fixed assets by this Company and the limitation of amounts thereof should be as follows:</p> <ol style="list-style-type: none"> <li>1. In acquiring or disposing of real property <u>or right-of-use assets thereof</u>, the Company shall refer to publicly announced current value, evaluated value, transaction price of nearby real properties, etc., to decide the transaction conditions and price and produce an analysis report. Transactions with price of NT\$50 million or less shall be approved by the Chairman and reported to the most upcoming Board of Directors' Meeting for ratification. Transactions with price over NT\$50 million shall be approved by the Audit Committee and submitted to the Board of Directors for resolution.</li> <li>2. In acquiring or disposing of other fixed assets <u>or right-of-use assets thereof</u>, the transaction price shall be determined by any one method of inquiry, comparison, negotiation or bid. Transactions with price of NT\$30 million or less shall be approved by the Company's authorization procedures. Transactions with price over NT\$30 million shall be approved by the Audit Committee and submitted to the Board of Directors for resolution.</li> </ol> <p>The end-user and managing departments are responsible for implementation of transactions after acquirement or disposal of real property, other fixed assets, <u>or right-of-use assets thereof</u> being approved by the preceding process. In acquiring or disposing of real property, other fixed assets, <u>or</u></p>	<p><b>Article 4</b> In acquiring or disposing of real property or other fixed assets, the Company shall follow its internal control procedures regarding fixed assets cycle.</p> <p>The procedures for acquisition or disposal of fixed assets by this Company and the limitation of amounts thereof should be as follows:</p> <ol style="list-style-type: none"> <li>1. In acquiring or disposing of real property, the Company shall refer to publicly announced current value, evaluated value, transaction price of nearby real properties, etc., to decide the transaction conditions and price and produce an analysis report. Transactions with price of NT\$50 million or less shall be approved by the Chairman and reported to the most upcoming Board of Directors' Meeting for ratification. Transactions with price over NT\$50 million shall be approved by the Audit Committee and submitted to the Board of Directors for resolution.</li> <li>2. In acquiring or disposing of other fixed assets, the transaction price shall be determined by any one method of inquiry, comparison, negotiation or bid. Transactions with price of NT\$30 million or less shall be approved by the Company's authorization procedures. Transactions with price over NT\$30 million shall be approved by the Audit Committee and submitted to the Board of Directors for resolution.</li> </ol> <p>The end-user and managing departments are responsible for implementation of transactions after acquirement or disposal of real property or other fixed assets being approved by the preceding process. In acquiring or disposing of real property or other fixed assets where the</p>	<ol style="list-style-type: none"> <li>1. Adjust the sequence of the clause with partial wordings revised.</li> <li>2. Stipulate the right-of-use assets in accordance with IFRS16 "Leases".</li> <li>3. To be in line with the amendments to the relevant regulations, the paragraph 4 specified that the expertise report is not required if the deal is concluded with a domestic government.</li> </ol>

<p><u>right-of-use assets thereof</u> where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a <u>domestic</u> government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of machinery and equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</p> <p>(.....)</p>	<p>transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of machinery and equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</p> <p>(.....)</p>	
<p><b>Article 6</b> In acquiring or disposing of securities, the Company shall follow its internal control procedures regarding investment cycle. The procedures for acquisition or disposal of securities by this Company and the limitation of amounts thereof should be as follows:</p> <p>(.....)</p>	<p><b>Article 5</b> In acquiring or disposing of securities, the Company shall follow its internal control procedures regarding investment cycle. The procedures for acquisition or disposal of securities by this Company and the limitation of amounts thereof should be as follows:</p> <p>(.....)</p>	Adjusted the sequence of the clause.
<p>(none)</p>	<p><b>Article 6</b> When the Company engages in any acquisition or disposal of assets from or to a related party and the transaction price reaches 10% or more of the Company's total assets, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised in accordance with the provisions of <del>Article 4, Article 5, Article 6-1 and the following procedures,</del> the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section.</p>	<p>In order to meet the practical needs and compliance, the Company proposes to move paragraph 1 and 2 of Article 6 to article 10, and paragraph 3 and 4 of Article 6 to Article 11.</p>

	<p>When judging whether a trading counterparty is a related party referred to in the preceding paragraph, in addition to legal formalities, the substance of the relationship shall also be considered. <del>The calculation of the transaction amount shall be made in accordance with Article 6-1 herein.</del></p> <p>When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and submitted to the Board of Directors for resolution:</p> <ol style="list-style-type: none"> <li>1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</li> <li>2. The reason for choosing the related party as a trading counterparty.</li> <li>3. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with <del>Article 6-1 item 1 and Article 4.</del></li> <li>4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.</li> <li>5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</li> <li>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the item 1 of this article.</li> </ol>	
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	<p>7. Restricted terms and other important commitment items of transactions.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 12-paragraph 1 section1-5. Items that have been approved by the Audit Committee and submitted to the Board of Directors for resolution need not be counted toward the transaction amount.</p> <p><del>With respect to the acquisition or disposal of business-use machinery and equipment between the Company and its subsidiaries,</del> the Company's board of directors can delegate the board chairman to decide such matters when the transaction is within NT\$50 million and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</p>	
(none)	<p><b>Article-6-1</b></p> <p>The Company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <ol style="list-style-type: none"> <li>1. Based upon the related party's transaction price plus necessary interest on funding and the <del>tax</del> costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum nonfinancial industry lending rate announced by the Ministry of Finance.</li> <li>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties</li> </ol> <p>Where land and structures are combined as a single property purchased in one</p>	<p>In order to meet the practical needs and compliance, the Company proposes to move paragraph 1 through paragraph 3 and paragraph 6 of Article 6-1 to Article 12, move paragraph 4 and 5 to Article 14 and Article 13 with partial wordings revised.</p>



	<p>transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p><del>The Company that acquires real property from a related party and appraises the cost of the real property in accordance with paragraph 1 and paragraph 2 shall also engage a CPA to check the appraisal and render a specific opinion.</del></p> <ol style="list-style-type: none"> <li>1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares.</li> <li>2. Where a public company uses the equity method to account for its investment in the Company, then the special reserve called for under article 41, paragraph 1 of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the Company.</li> <li>3. <del>The Company and the public companies using the equity method to account for its investment in the Company</del> that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</li> <li>4. The Audit Committee shall comply with Article 218 of the Company Act to take necessary supervision and investigation.</li> <li>5. Actions taken pursuant to <del>subparagraph 1, subparagraph 2 and subparagraph 4</del> shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment</li> </ol>	
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	<p>prospectus.</p> <p><del>Where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, the restrictions of preceding paragraph shall not apply:</del></p> <ol style="list-style-type: none"> <li>1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions: <ol style="list-style-type: none"> <li>A. Where undeveloped land is appraised in accordance with the means in the preceding <del>Article</del>, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the <del>related party's construction division over the most recent 3 years or</del> the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</li> <li>B. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.</li> <li><del>C. Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.</del></li> </ol> </li> <li>2. Where the Company acquiring real property from a related party</li> </ol>	
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	<p>provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>Completed transactions for neighboring or closely valued parcels of land in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.</p> <p><del>Where the Company acquires real property from a related party and one of the following circumstances exists, the evaluation and acquisition process shall be conducted in accordance with preceding article and evaluating the reasonableness of the transaction costs in this article do not apply.</del></p> <ol style="list-style-type: none"> <li>1. The related party acquired the real property through inheritance or as a gift.</li> <li>2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.</li> <li>3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.</li> </ol>	
<p><b>Article 7</b></p> <p>In acquiring or disposing of <u>intangible assets, right-of-use assets thereof, or memberships</u>, the Company shall follow its internal control procedures regarding fixed assets cycle.</p> <ol style="list-style-type: none"> <li>1. In acquiring or disposing of memberships, the Company shall refer to fair market value to decide the transaction conditions and price</li> </ol>	<p><b>Article 7</b></p> <p>In acquiring or disposing of <del>memberships</del> or intangible assets, the Company shall follow its internal control procedures regarding fixed assets cycle.</p> <ol style="list-style-type: none"> <li>1. In acquiring or disposing of memberships, the Company shall refer to fair market value to decide the transaction conditions and price</li> </ol>	<p>Partial wordings are revised to comply with the updated regulations issued by the competent authority and stipulate the regulations of "right-of-use assets".</p>

<p>and produce an analysis report. Transactions with price of 1 percent or less of paid-in capital or NT\$10 million or less shall be approved by the Chairman and reported to the most upcoming Board of Directors' Meeting for ratification. Transactions with price over NT\$10 million or 1 percent of paid-in capital shall be approved by the Audit Committee and submitted to the Board of Directors for resolution.</p> <p>2. In acquiring or disposing of intangible assets <u>or right-of-use assets thereof</u>, the Company shall refer to expert evaluation reports or fair market value to decide the transaction conditions and price and produce an analysis report. Transactions with price of 10 percent or less of paid-in capital or NT\$50 million or less shall be approved by the Chairman and reported to the most upcoming Board of Directors' Meeting for ratification. Transactions with price over NT\$50 million or 10 percent of paid-in capital shall be approved by the Audit Committee and submitted to the Board of Directors for resolution.</p> <p>The end-user and financial departments or administrative departments are responsible for implementation of transactions after acquirement or disposal of intangible assets, <u>right-of-use assets thereof or memberships</u>, being approved by the preceding process. Where a public company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	<p>and produce an analysis report. Transactions with price of 1 percent or less of paid-in capital or NT\$10 million or less shall be approved by the Chairman and reported to the most upcoming Board of Directors' Meeting for ratification. Transactions with price over NT\$10 million or 1 percent of paid-in capital shall be approved by the Audit Committee and submitted to the Board of Directors for resolution.</p> <p>2. In acquiring or disposing of intangible assets, the Company shall refer to expert evaluation reports or fair market value to decide the transaction conditions and price and produce an analysis report. Transactions with price of 10 percent or less of paid-in capital or NT\$50 million or less shall be approved by the Chairman and reported to the most upcoming Board of Directors' Meeting for ratification. Transactions with price over NT\$50 million or 10 percent of paid-in capital shall be approved by the Audit Committee and submitted to the Board of Directors for resolution.</p> <p>The end-user and financial departments or administrative departments are responsible for implementation of transactions after acquirement or disposal of <u>memberships or</u> intangible assets being approved by the preceding process. Where a public company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	
<p><b>Article 8</b>  <u>The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 18, paragraph 1, section 1-8 herein, and "within the preceding year"</u></p>	<p>(None)</p>	<p>Stipulate that the conditions when the transaction amount of "acquiring or disposing of real property, other fixed assets, or</p>

<p><u>as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</u></p>		<p>right-of-use assets thereof, securities, intangible assets, right-of-use assets thereof, or memberships" would be excluded</p>
<p><b>Article 9</b>  <u>Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</u></p>	(None)	<ol style="list-style-type: none"> <li>1. Adjust the sequence of the clause.</li> <li>2. This article is moved from paragraph 2 of Article 3.</li> </ol>
<p><b>Article 10</b>  When the Company engages in any acquisition or disposal of assets from or to a related party and the transaction price reaches 10% or more of the Company's total assets, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised in accordance with the provisions of <u>Article 5 through Article 14</u>, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the <u>Article 5 through Article 9</u>.  <u>The calculation of the transaction amount shall be made in accordance with Article 8 herein.</u>  <u>When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</u></p>	(None)	<ol style="list-style-type: none"> <li>1. Adjust the sequence of the clause.</li> <li>2. This article is moved from paragraph 1 and 2 of Article 6 with partial wordings revised.</li> <li>3. Adjust the last part of paragraph 2 of Article 6 to paragraph 2 of this article.</li> <li>4. Revise the clause number in line with the amendment to these rules.</li> </ol>
<p><b>Article 11</b>  When the Company intends to acquire or dispose of real property or <u>right-of-use assets thereof</u> from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee</p>	(None)	<ol style="list-style-type: none"> <li>1. Adjust the sequence of the clause.</li> <li>2. Move the paragraph 3 through 5 of Article 6 to this article with partial wordings revised.</li> <li>3. Specify that terms of "government bonds" stated in paragraph 1 refer to domestic government bonds, and stipulate right-of-use assets.</li> <li>4. In compliance with the updated regulations issued by the competent</li> </ol>

<p>and submitted to the Board of Directors for resolution:</p> <ol style="list-style-type: none"> <li>1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</li> <li>2. The reason for choosing the related party as a trading counterparty.</li> <li>3. With respect to the acquisition of real property or <u>right-of-use assets thereof</u> from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with <u>Article 12 and Article 13</u>.</li> <li>4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.</li> <li>5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</li> <li>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the item 1 of this article.</li> <li>7. Restricted terms and other important commitment items of transactions.</li> </ol> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with <u>Article 18 paragraph 1 section 1-8, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction</u>. Items that have been approved by the Audit Committee and submitted to the Board of Directors for resolution need not be counted toward the transaction amount.</p> <p><u>With respect to the types of transactions listed below, when to be conducted between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital</u>, the Company's board of directors can delegate the board chairman to decide such matters when</p>		<p>authority, the paragraph 3 of this article is extended in consideration that <u>the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital practically have the demands of equipment of centralized procurement, lease and transfer (including sale and purchase and sublease) or the demand of lease and sublease</u>. The risk is relatively lower derived from the transactions above for business use conducted between <u>the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital</u>. Therefore the article is revised to authorize the <u>Chairperson the deal with the transactions in advance with the Ratification of the Board of Directors thereafter...</u></p>
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<p>the transaction is within NT\$50 million and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <ol style="list-style-type: none"> <li>1. <u>Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</u></li> <li>2. <u>Acquisition or disposal of real property right-of-use assets held for business use.</u></li> </ol> <p><u>When a matter is submitted for discussion by the Board of Directors pursuant to paragraph 1, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</u></p> <p><u>The matters for which paragraph 1 requires recognition by the supervisors shall first be approved by more than half of all Audit Committee members and then submitted to the Board of Directors for a resolution, and shall be subject to mutatis mutandis application of paragraphs 2 and 3 of Article 23.</u></p>		
<p><b>Article 12</b></p> <p>The Company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <ol style="list-style-type: none"> <li>1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</li> <li>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more.</li> </ol>		<ol style="list-style-type: none"> <li>1. Paragraph 1 through 3 of this article is moved from paragraph 1 to 3 of Article 6-1 with partial wordings revised and right-of-use assets are stipulated.</li> <li>2. Revised the terms of "right-of-use assets" and the regulation with respect to acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party.</li> <li>3. Paragraph 4 of this article is moved from paragraph 6 of Article 6-1.</li> <li>3. Stipulate the real property right-of-use assets for business use acquired by the Company with its</li> </ol>

<p>However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.</p> <p>Where land and structures thereupon are combined as a single property purchased <u>or leased</u> in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding two paragraphs. The Company that acquires real property <u>or right-of-use assets thereof</u> from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p><u>The Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the preceding article, and the preceding three paragraphs do not apply:</u></p> <ol style="list-style-type: none"> <li>1. The related party acquired the real property <u>or right-of-use assets thereof</u> through inheritance or as a gift.</li> <li>2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property <u>or right-of-use assets thereof</u> to the signing date for the current transaction.</li> <li>3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.</li> <li>4. <u>The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</u></li> </ol>		<p>parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital shall not apply to the paragraph 1 through 3 of this article, nor Article 13 and Article 14.</p>
<p><b>Article 13</b>  <u>When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with</u></p>	<p>(None)</p>	<p>1. Paragraph 1 and 2 of this article is moved from paragraph 5 of Article 6-1 with partial wordings revised.</p>



<p><u>Article 14. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</u></p> <ol style="list-style-type: none"> <li>1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions: <ol style="list-style-type: none"> <li>A. Where undeveloped land is appraised in accordance with the means in the preceding <u>Article</u>, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</li> <li>B. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market <u>sale or leasing</u> practices.</li> </ol> </li> <li>2. Where the company acquiring real property, or obtaining real property_ <u>right-of-use assets</u> through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</li> </ol> <p>Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or</p>		<ol style="list-style-type: none"> <li>2. To comply with the practical operation of obtaining real property <u>right-of-use assets</u> through leasing, extend the regulation that the Company shall provide evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. In addition, move the item 3 of subparagraph 1 of paragraph 5 in Article 6-1 to item 2 of subparagraph 1 of paragraph 1 in this article. Partial wordings are revised.</li> </ol>
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<p>an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property <u>or</u> <u>obtainment of the right-of-use assets thereof.</u></p>		
<p><b>Article 14</b>  <u>The company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding two articles are uniformly lower than the transaction price, the following steps shall be taken:</u></p> <ol style="list-style-type: none"> <li>1. A special reserve shall be set aside in accordance with Article 41 paragraph 1 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. <u>The Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of the company's equity stake in the other company.</u></li> <li>2. The Audit Committee shall comply with Article 218 of the Company Act to take necessary supervision and investigation.</li> <li>3. Actions taken pursuant to the preceding <u>two subparagraphs</u> shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</li> </ol> <p>The company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in</p>	<p>(None)</p>	<ol style="list-style-type: none"> <li>1. The Paragraph 1 through 3 of this article is moved from paragraph 4 of Article 6-1 with partial wordings revised.</li> <li>2. Subparagraph 2 of paragraph 4 of Article 6-1 is moved to the last part of subparagraph 1 of the same paragraph, subparagraph 3 is moved to paragraph 2 of this article, subparagraph 4 and 5 are adjusted to subparagraph 2 and 3 of this article. The first part of paragraph 4 of Article 6-1 is adjusted to paragraph 3 of this article. Partial wordings are revised.</li> </ol>

<p>market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p><u>When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.</u></p>		
<p><b>Article 15</b></p> <p>The evaluation and procedures for conducting a merger, demerger, acquisition, or transfer of shares by this Company should be as follows:</p> <ol style="list-style-type: none"> <li>1. When the Company that conducts a merger, demerger, acquisition, or transfer of shares, <u>prior to convening the board of directors to resolve on the matter, it shall</u> engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage. However, if the Company merges it's 100% directly or indirectly owned subsidiary or the merger arises between the Company's 100% directly or indirectly owned subsidiaries, the above opinion obtained from a CPA, attorney, or securities underwriter shall not apply.</li> <li>2. The company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and <u>matters relevant to the merger, demerger, or acquisition</u> prior to the shareholders meeting and include it along with the expert</li> </ol>	<p><b>Article 8</b></p> <p>The evaluation and procedures for conducting a merger, demerger, acquisition, or transfer of shares by this Company should be as follows:</p> <ol style="list-style-type: none"> <li>1. When the Company conducts a merger, demerger, acquisition, or transfer of shares, it <del>shall engage an attorney, CPA and securities underwriter to compose an ad hoc committee to evaluate the reasonableness and the feasibility and plan the statutory procedures and projected schedule. The</del> Company shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage. However, if the Company merges it's 100% directly or indirectly owned subsidiary or the merger arises between the Company's 100% directly or indirectly owned subsidiaries, the above opinion obtained from a CPA, attorney, or securities underwriter shall not apply.</li> <li>2. The Company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and <del>expert opinion referred to in the preceding paragraph</del> prior to the shareholders meeting when sending shareholders notification of</li> </ol>	<ol style="list-style-type: none"> <li>1. Adjust the sequence of the clause.</li> <li>2. Partial wordings are revised in line with this amendment to the guideline of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" issued by the competent authority.</li> </ol>

<p><u>opinion referred to in the preceding paragraph</u> when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.</p> <p>3. Where the shareholders' meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to the proposal being rejected by the shareholders meeting, lack of a quorum, insufficient votes, or other legal restriction, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders' meeting.</p> <p>The Company shall consider the follow items when conducting the evaluation and procedures in the preceding paragraph:</p> <ol style="list-style-type: none"> <li>1. (.....)</li> <li>2. Undertaking of confidentiality prior to transactions: Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a <u>written</u> undertaking of confidentiality and may not disclose the content of the plan prior to public information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.</li> <li>3. Alteration principle of share exchange ratio or acquisition price: the Companies participating in a merger, demerger, acquisition, or transfer of shares may not <u>arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract</u></li> </ol>	<p>the shareholders' meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.</p> <p>3. Where the shareholders' meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to the proposal being rejected by the shareholders meeting, lack of a quorum, or insufficient votes, the companies participating in the merger, demerger or acquisition shall immediately explain <del>in written to the counterparty</del> the reason, the follow-up measures, and the preliminary date of the next shareholders' meeting.</p> <p>The Company shall consider the follow items when conducting the evaluation and procedures in the preceding paragraph:</p> <ol style="list-style-type: none"> <li>1. (.....)</li> <li>2. Undertaking of confidentiality prior to transactions: Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a undertaking of confidentiality and may not disclose the content of the plan prior to public <del>disclosure of the information</del> and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.</li> <li>3. Alteration principle of share exchange ratio or acquisition price: the Company participating in a merger, demerger, acquisition, or transfer of shares shall <del>engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other</del></li> </ol>	
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<p><u>for the merger, demerger, acquisition, or transfer of shares:</u></p> <p>4. Content shall be recorded: The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations <u>of the companies participating in the merger, demerger, acquisition, or transfer of shares</u>, and shall also record the following:</p> <p>5. (.....)</p> <p>6. When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:</p> <p>A. (.....)</p> <p>B. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meetings.</p> <p>C. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.</p> <p>7. (.....)</p> <p>8. <u>Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the preceding articles.</u></p> <p>9. Where any of the companies</p>	<p><del>property before each counterparty's Board of Directors meeting and submit to the shareholders' meeting. Share exchange ratio or acquisition price may not be arbitrarily altered unless under the below listed circumstances:</del></p> <p>(...)</p> <p>4. Content shall be recorded: The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations <del>in accordance with Article 317 of the Company Act and Article 22 of Business Mergers And Acquisitions Act</del> and shall also record the following:</p> <p>5. (.....)</p> <p>6. When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:</p> <p>A. (.....)</p> <p>B. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting <del>and shareholders' meetings.</del></p> <p>C. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings <del>and shareholders' meetings.</del></p> <p>7. (.....)</p> <p>8. Where any of the companies</p>	
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<p>participating in a merger, demerger, acquisition, or transfer of another company's shares is <u>not a public company</u>, the Company shall sign an agreement with such company whereby the latter is required to abide by the provisions of paragraphs 1, 2, 5 <u>through 8</u>.</p>	<p>participating in a merger, demerger, acquisition, or transfer of another company's shares is <del>neither listed on an exchange nor has its shares traded on an OTC market</del>, the Company shall sign an agreement with such company whereby the latter is required to abide by the provisions of paragraphs 1, 2, 5 <del>and 6</del>.</p>	
<p><b>Article 16</b> The Company basically doesn't engage in the acquisition or disposal of loans from financial institutions unless the object of the loan is real property where the Company shall conduct transactions in accordance with Article 5 regarding the procedures of acquiring or disposing of real property. The acquisition or disposal of financial derivative shall be conducted in accordance with Policies and Procedures for Financial Derivative Transactions of the Company.</p>	<p><b>Article 9</b> The Company basically doesn't engage in the acquisition or disposal of loans from financial institutions unless the object of the loan is real property where the Company shall conduct transactions in accordance with Article 4 regarding the procedures of acquiring or disposing of real property. The acquisition or disposal of financial derivative shall be conducted in accordance with Policies and Procedures for Financial Derivative Transactions of the Company.</p>	<p>Adjust the sequence of the clause with minor wordings revised.</p>
<p><b>Article 17</b> For the acquisition or disposal of assets that shall be effective upon approval by the Audit Committee and then submitted to the Board of Directors for resolution in accordance with this Procedures and other statutory regulations, when submitted for discussion by the board, the opinion of each independent director shall be given a full consideration, and each independent director's explicit assenting or dissenting opinions and reasons for dissent shall be recorded in the board of directors meeting minutes. <u>Any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of paragraphs 2 and 3 of Article 23.</u></p>	<p><b>Article 10</b> For the acquisition or disposal of assets that shall be effective upon approval by the Audit Committee and then submitted to the Board of Directors for resolution in accordance with this Procedures and other statutory regulations, when submitted for discussion by the board, the opinion of each independent director shall be given a full consideration, and each independent director's explicit assenting or dissenting opinions and reasons for dissent shall be recorded in the board of directors meeting minutes.</p>	<ol style="list-style-type: none"> <li>1. Adjust the sequence of the clause.</li> <li>2. Add the regulations regarding to the approval process of material asset deal.</li> </ol>
<p>(none)</p>	<p><b>Article 11 (Cancelled)</b></p>	<p>Adjust the sequence of the clause.</p>
<p><b>Article 18</b> The information disclosure procedures for acquisition or disposal of assets by the Company should be as follows: 1. Items to be publicly announced and the relevant disclosure standards</p>	<p><b>Article 12</b> The information disclosure procedures for acquisition or disposal of assets by the Company should be as follows: 1. Items to be publicly announced and the relevant disclosure standards</p>	<ol style="list-style-type: none"> <li>1. Adjust the sequence of the clause.</li> <li>2. The article are revised in accordance with the practice of IFRS16 Leases,</li> </ol>

- A. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- B. Merger, demerger, acquisition, or transfer of shares.
- C. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
- D. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
- The transaction amount is NT\$500 million or more, if the Company's paid-in capital is below NT10 billion dollars.
  - The transaction amount is NT\$1 billion or more, if the Company's paid-in capital is NT10 billion dollars or more.
- E. Acquisition or disposal by the Company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million or more; among such cases, if the Company has paid-in capital of NT\$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold

- A. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements of money market funds issued by domestic securities investing trusts.
- B. Merger, demerger, acquisition, or transfer of shares.
- C. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
- D. ~~Where the type of asset acquired or disposed is equipment/machinery for business use, the trading~~ counterparty is not a related party, and the transaction amount meets the following criteria:
- The transaction amount is NT\$500 million or more, if the Company's paid-in capital is below NT10 billion dollars.
  - The transaction amount is NT\$1 billion or more, if the Company's paid-in capital is NT10 billion dollars or more.
- E. Acquisition or disposal by the Company in the construction business of real property for construction use, ~~where the trading~~ counterparty is not a related party, and the transaction amount NT\$500 million or more.

- right-of-use assets thereof is included.
- Specify that the terms of "government bond" refers to domestic government bond issued by Taiwan government, in accordance with the amendment to the relevant regulations.
  - Specified the standard of announcement about relaxing the construction industry with the capital NTD 10 billion or more.
  - Defined the relevant disclosure standards of the transaction by unrelated parties in subparagraph 6 of paragraph 1.
  - Partial wordings are revised.

shall be a transaction amount reaching NT\$1 billion or more.

F. Where land is acquired from a third party, under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction is NT\$500 million or more.

G. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:

- i. Trading of domestic government bonds.
- ii. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

H. The amount of transactions in the preceding seven subparagraphs shall be calculated as follows.  
"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with relevant regulations need not be counted toward the transaction amount.

- i. The amount of any individual transaction.
- ii. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
- iii. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real

F. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction is NT\$500 million or more.

G. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:

- i. Trading of government bonds.
- ii. Trading of bonds under repurchase/~~resale~~ agreements of ~~domestic~~ money market funds

H. The amount of transactions in the preceding seven subparagraphs shall be calculated as follows.  
"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with relevant regulations need not be counted toward the transaction amount.

- i. The amount of any individual transaction.
- ii. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
- iii. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project



<p><u>property or right-of-use assets thereof</u> within the same development project within the preceding year.</p> <p>iv. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year</p> <p>Time limitation of information disclosure If the acquisition or disposal of assets by the Company reaches the standards of information disclosure specified in this Article, the Company shall publicly announce and report the relevant information on the FSC's designated website within 2 days commencing immediately from the date of occurrence of the event</p> <p>Public announcement and regulatory filing procedures</p> <p>A. The Company shall publicly announce and report the relevant information on the FSC's designated website.</p> <p>B. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>C. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within 2 days commencing immediately from the date of discovery.</p> <p>D. A public company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.</p>	<p>within the preceding year.</p> <p>iv. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>Time limitation of information disclosure If the acquisition or disposal of assets by the Company reaches the standards of information disclosure specified in this Article, the Company shall publicly announce and report the relevant information on the FSC's designated website within 2 days commencing immediately from the date of occurrence of the event</p> <p>Public announcement and regulatory filing procedures</p> <p>A. The Company shall publicly announce and report the relevant information on the FSC's designated website.</p> <p>B. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public-companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>C. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within 2 days commencing immediately from the date of discovery.</p> <p>D. A public company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.</p>	
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<p>E. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days commencing immediately from the date of occurrence of the event:</p> <ol style="list-style-type: none"> <li>I. Change, termination, or rescission of a contract signed in regard to the original transaction.</li> <li>ii. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</li> <li>iii. Change to the originally publicly announced and reported information.</li> </ol>	<p>E. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days commencing immediately from the date of occurrence of the event:</p> <ol style="list-style-type: none"> <li>I. Change, termination, or rescission of a contract signed in regard to the original transaction.</li> <li>ii. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</li> <li>iii. Change to the originally publicly announced and reported information.</li> </ol>	
<p><b>Article 19</b> The limits of total amounts in acquisition real property for non-business use and securities should be as follows:</p> <ol style="list-style-type: none"> <li>1. The acquisition of real property by the Company for non-business use should not exceed 80% of this Company's total assets in the latest financial statements; the acquisition of real property for non-business use by each Subsidiary of this Company should not exceed 30% of the subsidiary's total assets in the latest financial statements.</li> <li>2. The total amount of all long/short term security investments by the Company should not exceed 80% of this Company's total assets in the latest financial statements; the total amount of all long/short term security investments by each subsidiary of the Company should not exceed 50% of the subsidiary's total assets in the latest financial statements, however, this limitation does not apply for subsidiaries which engage in investment activities as its main business.</li> <li>3. The amount of investment by the Company in each respective long-term security should not exceed 30% of this Company's total assets in the latest financial statements while</li> </ol>	<p><b>Article 14</b> The limits of total amounts in acquisition real property for non-business use and securities should be as follows:</p> <ol style="list-style-type: none"> <li>1. The acquisition of real property by the Company for non-business use should not exceed 80% of this Company's total assets in the latest financial statements; the acquisition of real property for non-business use by each Subsidiary of this Company should not exceed 30% of the subsidiary's total assets in the latest financial statements.</li> <li>2. The total amount of all long/short term security investments by the Company should not exceed 80% of this Company's total assets in the latest financial statements; the total amount of all long/short term security investments by each subsidiary of the Company should not exceed 50% of the subsidiary's total assets in the latest financial statements, however, this limitation does not apply for subsidiaries which engage in investment activities as <u>an investment professional</u>.</li> <li>3. The amount of investment by the Company in each respective long-term security should not exceed 30% of this Company's total assets in the latest financial statements while</li> </ol>	<ol style="list-style-type: none"> <li>1. Adjust the sequence of the clause</li> <li>2. Revise the wording to distinguish from the terms of "investment professional" specified in the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" issued by the competent authority which only applies to financial industry.</li> </ol>

<p>the amount of investment in each respective short-term security should not exceed 10% of this Company's total assets in the latest financial statements; the amount of investment by each Subsidiary of this Company in each respective security should not exceed 15% of the subsidiary's total assets in the latest financial statements, however, this limitation does not apply for subsidiaries which engage in investment activities as its main business.</p>	<p>the amount of investment in each respective short-term security should not exceed 10% of this Company's total assets in the latest financial statements; the amount of investment by each Subsidiary of this Company in each respective security should not exceed 15% of the subsidiary's total assets in the latest financial statements, however, this limitation does not apply for subsidiaries which engage in investment activities as <u>an investment professional</u>.</p>	
<p><b>Article 20</b> Acquisition or disposal of assets by the Company's Subsidiary should follow the procedures below:</p> <ol style="list-style-type: none"> <li>1. The Company shall supervise its Subsidiaries to establish relevant procedures for acquisition or disposal of assets in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies". Such procedures shall be approved by the subsidiary's Board of Directors and the Company, and become effective upon the approval of Shareholders' Meeting of the subsidiary. Any amendment is subject to the same procedures. Approval by the Company mentioned above means the approval process from the Company's financial department to the chairman.</li> <li>2. Acquisition or disposal of assets by the Company's Subsidiary should follow the relevant procedures of the Company.</li> <li>3. If the acquisition or disposal of assets by this Company's Subsidiary which is not a <u>domestic</u> public company reaches the reporting standard specified in Article 31 of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", the Company shall announce and report on behalf of such Subsidiary.</li> <li>4. <u>The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary referred to in the preceding paragraph in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing</u></li> </ol>	<p><b>Article 15</b> Acquisition or disposal of assets by the Company's Subsidiary should follow the procedures below:</p> <ol style="list-style-type: none"> <li>1. The Company shall supervise its Subsidiaries to establish relevant procedures for acquisition or disposal of assets in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies". Such procedures shall be approved by the subsidiary's Board of Directors and the Company, and become effective upon the approval of Shareholders' Meeting of the subsidiary. Any amendment is subject to the same procedures. Approval by the Company mentioned above means the approval process from the Company's financial department to the chairman.</li> <li>2. Acquisition or disposal of assets by the Company's Subsidiary should follow the relevant procedures of the Company.</li> <li>3. If the acquisition or disposal of assets by this Company's Subsidiary which is not a public company reaches the reporting standard specified in Article 30 of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", the Company shall announce and report on behalf of such Subsidiary.</li> <li>4. <del>When referring "reaching 20 percent or more of paid-in capital, or 10 percent or more of the total assets" of the reporting standard of the Company's subsidiaries, paid-in capital and total assets are referred to the Company's amount.</del></li> </ol>	<ol style="list-style-type: none"> <li>1. Adjust the sequence of the clause.</li> <li>2. Revised the wordings in accordance with the amendment to the guideline of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" issued by the competent authority.</li> </ol>

<u>under Article 18.</u>		
<p><b>Article 21</b> The Procedures shall be complied strictly. The Company's persons-in-charge shall follow the Procedures in order to prevent this Company from incurring any losses. Should there be any violation of related regulations or the Procedures when persons-in-charge conducting any acquisition or disposal of assets, subsequent castigation is subject to the related Personnel Articles of this Company. Violations shall be proposed and handled as a special case under significant circumstances.</p>	<p><b>Article 16</b> The Procedures shall be complied strictly. The Company's persons-in-charge shall follow the Procedures in order to prevent this Company from incurring any losses. Should there be any violation of related regulations or the Procedures when persons-in-charge conducting any acquisition or disposal of assets, subsequent castigation is subject to the related Personnel Articles of this Company. Violations shall be proposed and handled as a special case under significant circumstances.</p>	Adjust the sequence of the clause.
<p><b>Article 22</b> Any matter not provided in these Procedures shall be conducted in accordance with relevant laws and regulations.</p>	<p><b>Article 17</b> Any matter not provided in these Procedures shall be conducted in accordance with relevant laws and regulations.</p>	Adjust the sequence of the clause.
<p><b>Article 23</b> The Procedures shall <u>be approved by more than half of all</u> audit committee members and then passed by the Board of Directors and the Shareholders' Meeting. <u>If approval of more than half of all Audit Committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.</u> <u>The terms "all Audit Committee members" in paragraph 1, 2 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</u> When a revision of the Procedure matter is submitted for discussion by the board under the preceding rule, the opinion of each independent director shall be given a full consideration, and each independent director's explicit assenting or dissenting opinions and reasons for dissent shall be recorded in the board of directors meeting minutes.</p>	<p><b>Article 18</b> The Procedures shall be approved by the Audit Committee, the Board of Directors and the Shareholders' Meeting. Any amendment is subject to the same procedure.  When a revision of the Procedure matter is submitted for discussion by the board under the preceding rule, the opinion of each independent director shall be given a full consideration, and each independent director's explicit assenting or dissenting opinions and reasons for dissent shall be recorded in the board of directors meeting minutes.</p>	<ol style="list-style-type: none"> <li>1. Adjust the sequence of the clause.</li> <li>2. Revised the wordings in accordance with the amendment to the guideline of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" issued by the competent authority.</li> </ol>

## Attachment 8

### Sinyi Realty Inc. Policies and Procedures for Financial Derivative Transactions Comparison Table of Amendments

Clause	Amended articles	Original Articles	Description of amendment
Article 2	<p>(Principles and Guidelines)</p> <p>1. Instruments</p> <p>Financial derivatives referred herein are broadly defined as instruments that derive their value from the performance of underlying <u>Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.</u> The Company engaging in deposit trading of bonds shall comply with the Policies but engaging in transactions in bonds with repurchase agreements may not apply to the Policies.</p> <p>(.....)</p> <p>3. Authorization and delegation</p> <p>(.....)</p> <p>(3) Level of approval</p> <p>a. The daily amount of derivative transaction below USD 500 thousand shall be approved by the chief financial officer and the amount more than USD 500 thousand shall be approved by the president.</p> <p>b. The net accumulative contract amount below USD 1,500 thousand shall be approved by the chief financial officer and the amount more than USD 1,500</p>	<p>(Principles and Guidelines)</p> <p>1. Instruments</p> <p>Financial derivatives referred herein are broadly defined as instruments that derive their value from the performance of underlying <del>assets, interest or currency exchange rates, or other. Such instruments include swaps, options, futures, forwards, and various combinations thereof.</del> The Company engaging in deposit trading of bonds shall comply with the Policies but engaging in transactions in bonds with repurchase agreements may not apply to the Policies.</p> <p>(.....)</p> <p>3. Authorization and delegation</p> <p>(.....)</p> <p>(3) Level of approval</p> <p>a. The daily amount of derivative transaction below USD 500 thousand shall be approved by the chief financial officer and the amount more than USD 500 thousand shall be approved by the president.</p> <p>b. The net accumulative contract amount below USD 1,500 thousand shall be approved by the chief financial officer and the amount more than USD 1,500</p>	<p>1. Revise partial wordings to conform to the amendments to "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" announced by the competent authority.</p>

Clause	Amended articles	Original Articles	Description of amendment
	<p>thousand shall be approved by the president. The amount more than USD 10 million shall be approved by more than half of <u>the Audit Committee members</u> and then passed by the Board of Directors. <u>If the proposals would not be obtained approval of more than half of all Audit Committee members as required, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting. The terms "all Audit Committee members" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</u></p> <p>(.....)</p>	<p>thousand shall be approved by the president. The amount more than USD 10 million shall be approved by the Audit Committee and then the board of directors.</p> <p>(.....)</p>	
Article 7	<p>1. Penalty Where the employees of the Company violate the Policies set forth, appropriate penalties shall be carried out in accordance with the relevant human resource management procedures and employees handbook of the Company.</p> <p>2. Implementation and amendments The Policies, and any amendments to it, shall be implemented after the consent of the audit committee and be submitted to the board of directors for a resolution. When the Company submits the <u>The same of "Level of approval" applied to regulation listed in the Article 2 item 3(3) (b).</u> Policies for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions; the independent directors' specific opinions of assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting.</p> <p>Matters on which the Policies are silent shall be governed by the relevant law.</p>	<p>1. Penalty Where the employees of the Company violate the Policies set forth, appropriate penalties shall be carried out in accordance with the relevant human resource management procedures and employees handbook of the Company.</p> <p>2. Implementation and amendments The Policies, and any amendments to it, shall be implemented after the consent of the audit committee and be submitted to the board of directors for a resolution. When the Company submits the</p> <p>Policies for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions; the independent directors' specific opinions of assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting.</p> <p>Matters on which the Policies are silent shall be governed by the relevant law.</p>	<p>Revise to conform to the amendments to "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" announced by the competent authority.</p>

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Attachment 9

## Sinyi Realty Inc.

### Details of the Background of the Nominated Candidates of Directors

Title	Name	Education	Main Working Experience	Positions at present	Shareholding
Director	Chou Chun-Chi	Bachelor, Dept. of Law, Chinese Culture University	General Manager of the Company	Chairperson of the Company Chairperson of Ke Wei Shanghai Real Estate Management Consulting Inc. Chairperson of An-Sin Real Estate Management Ltd. Director of An-Shin Real Estate Management Ltd. Supervisor of Kun Gee Venture Capital Co., Ltd. Director of Prospect Hospitality Co., Ltd. Executive Director of Commerce Development Research Institute Chairperson of Sinyi Culture Foundation	9,378,622
Director	Sinyi Co., Ltd. Representative: Chueh Chien-Ping	EMBA, Commerce Group, College of Management, National Taiwan University Bachelor, Dept. of Business Administration, National Cheng Kung University	General Manager of the Company	Vice Chairperson the Company CEO of Platform Business of the Company General Manager of the Company Chairperson of Shanghai Zhi Xin allograph Ltd.	210,238,285
Director	Sinyi Co., Ltd. Representative: Chou Wang Mei-Wen	EMBA, National Taiwan University of Science and Technology	Chairperson of the Company	Director of the Company Director of Ke Wei Shanghai Real Estate Management Consulting Inc. Director of An-Sin Real Estate Management Ltd. Director of An-Shin Real Estate Management Ltd. Chairperson of Sinyi Interior Design Co., Ltd. Director of Sinyi Culture Foundation Director of Sinyi Charity Foundation	210,238,285



Title	Name	Education	Main Working Experience	Positions at present	Shareholding
Independent Director	Hong San-Xiong	Bachelor, Dept. of Law, National Taiwan University	Independent Director of Aurora Corporation Independent Director of China Steel Corporation Director of China Airlines Co., LTD. Chairperson of Waterland Financial Holdings Co., Ltd. Chairperson of International Bills Finance Corp. Chairperson of Taiwan Asset Management Corporation Chairperson of Taiwan Financial Asset Service Corporation	Director of Waterland Financial Holdings Co., Ltd. Chairperson of Waterland Securities Co., Ltd. Chairperson of Waterland Futures Co., Ltd.	-
Independent Director	Jan Hong-Tze	Bachelor, Dept. of Economic, National Taiwan University	General Manager and Editor in chief of Yuan-Liou Publishing Co., Ltd. Publisher of Business Weekly Publisher of Cite' Publishing Holding Ltd. PC Home Publisher of PC Home Publications Group. Lecturer, Dept. of Advertising, Chinese Culture University	Chairperson of PChome Online Inc. Chairperson of Eastern Online Co., Ltd Chairperson of Business Next Publishing Corp. Chairperson of iT Home Publications Inc. Chairperson of Site Inc. Chairperson of Linktel Inc. Chairperson of PChome eBay Co., Ltd. Director of Rakuya International Info. Co. Ltd. Chairperson of PChome Store Inc. Chairperson of PChomePay Inc. Chairperson of Pay and Link Inc. Chairperson of Yiabi Inc. Chairperson of Pi Mobile Technology Inc. Chairperson of PChome Japan KK Chairperson of Meet Digital Innovation Co., Ltd. Director of CDIB Innovation Advisors Corporation Limited Chairperson of Yin Te Lian International Info. Co. Ltd." Chairperson of Yun Tong Bao International Info. Co. Ltd." Chairperson of Jhen Jin Lian International Info. Co. Ltd."	-

Title	Name	Education	Main Working Experience	Positions at present	Shareholding
				Chairperson of Ruten Japan KK Chairperson of PChome Travel Inc. Chairperson of PayEasy Ltd. Chairperson of PChome Financial Technology Inc. Director of Neo In Style Corp. Chairperson of PU MA CO, Ltd. Chairperson of PChome Express Co., Ltd. Chairperson of Cornerstone Ventures Co., Ltd. Chairperson of Chunghwa PChome Fund 1 Co., Ltd. Chairperson of EOL social Co., Ltd.	
Independent Director	Yen Lou-Yu	Master, Dept. of Accounting, National Cheng Chi University Bachelor, Dept. of Accounting, National Cheng Kung University	Vice Chairperson and General Manager of Vincera Capital Chief Strategy Officer, Partnership of Customers and Market of Deloitte & Touche (China) Partnership of Deloitte & Touche (Taiwan) General Manager of Deloitte & Touche Management Consulting Accountant of Deloitte & Touche Independent Director of Crown Bioscience Inc.	Independent Director of Chunghwa Telecom Co. Ltd. Independent Director of Eslite Spectrum Corp. Ltd. Independent Director of ANZ (Taiwan) Bank Director of Social Enterprise Insights Corp. Legal Representative Director of Chinese Television Service Corp. Director of Alibaba Entrepreneurs Fund (Taiwan)	-
Independent Director	Lee Yi-Li	Master of Business Administration, Rutgers University BBA in Finance, National Taiwan University Graduated from Taipei Municipal First Girls' Senior High School	Senior Vice President of Standard Chartered Bank (Taiwan) Limited, Global Enterprise Division Vice President, Credit Agricole Corporate and Investment Bank Manager of Citibank Taiwan LTD.	Vice Chairperson, Maywufa Co, Ltd. Director, PhytoHealth Corp. Director and CEO, AmCad BioMed Corp. Director, Broadsound Corp. Director of Maywufa Cosmetics (Shanghai) Ltd. Director, Taiwan Incubator SME Development Corporation Director of Lutna Corporation Supervisor, The Taiwan Bio Industry Organization	-

## Sinyi Realty Inc.

### List of the Companies Released from the Restriction of the Competitive Business

Name of director	Company and title when participating in competitive business	
Chou Chun-Chi	Ke Wei Shanghai Real Estate Management Consulting Inc.	Chairperson
	An-Sin Real Estate Management Ltd.	Chairperson
	An-Shin Real Estate Management Ltd.	Director
	H&B Realty Company	Shareholder
	Prospect Hospitality Co., Ltd.	Director
Sinyi Co., Ltd. Representative: Chou Wang Mei-Wen	Ke Wei Shanghai Real Estate Management Consulting Inc.	Director
	An-Sin Real Estate Management Ltd.	Director
	An-Shin Real Estate Management Ltd.	Director
	Sinyi Interior Design Co., Ltd.	Chairperson
Jan Hong-Tze	PChome Online Inc.	Chairperson
	PChome Japan KK	Chairperson
	PChome eBay Co., Ltd.	Chairperson
	PChome Store Inc.	Chairperson
	Rakuya International Info. Co. Ltd.	Director
	Business Next Publishing Corp.	Chairperson
	iT Home Publications Inc.	Chairperson
	Site Inc.	Chairperson
	Linktel Inc.	Chairperson
	PChomePay Inc.	Chairperson
	Eastern Online Co., Ltd	Chairperson
	Pay and Link Inc.	Chairperson
	EOL social Co., Ltd.	Chairperson
	Yiabi Inc.	Chairperson
	Pi Mobile Technology Inc.	Chairperson
	Meet Digital Innovation Co., Ltd.	Chairperson
	CDIB Innovation Advisors Corporation Limited	Director
	Yin Te Lian International Info. Co. Ltd.” ”	Chairperson
	Yun Tong Bao International Info. Co. Ltd.	Chairperson
	Jhen Jin Lian International Info. Co. Ltd.” ”	Chairperson
	Ruten Japan KK	Chairperson
	PChome Financial Technology Inc.	Chairperson
	PayEasy Ltd.	Chairperson
	Neo In Style Corp.	Director
	PChome Travel Inc.	Chairperson
	PU MA CO, Ltd.	Chairperson
	PChome Express Co., Ltd	Chairperson
	Cornerstone Ventures Co., Ltd	Chairperson
	Chunghwa PChome Fund 1 Co.,Ltd	Chairperson
Lee Yi-Li	Maywufa Company Ltd.	Vice Chairman
	PhytoHealth Corp.	Director
	AmCad BioMed Corp..	Director and CEO

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## X. Appendix

### Appendix 1

#### **Sinyi Realty Inc. Articles of Incorporation Section I - General Provisions**

- Article 1 The Corporation shall be incorporated, as a company limited by shares, under the Company Act of the Republic of China, and its name shall be 信義房屋仲介股份有限公司 in the Chinese language, and Sinyi Realty Inc. (hereinafter, the “Company”) in the English language.
- Article 2 The scope of business of the Company shall be as follows:
1. H701010 Residence and Buildings Lease Construction and Development
  2. H701020 Industrial Factory Buildings Lease Construction and Development
  3. H704031 Real Estate Agencies
  4. H704041 Real Estate Agency Operation
  5. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 2-1 The Company may provide endorsement and guarantee and act as a guarantor. The Company also may invest in other companies. The total amount of the Company’s investment in other companies may be more than forty percent of the Company’s paid-up capital.
- Article 3 The Company is headquartered in Taipei and if necessary, may set up branch offices at home and abroad as resolved by the Company’s board of directors.
- Article 4 (Deleted)

#### **Section II - Capital Stock**

- Article 5 The total capital stock of the Company shall be in the amount of 10,000,000,000 New Taiwan Dollars, divided into 100,000,000 shares, at ten New Taiwan Dollars each, and may be paid-up in installments conducted by the Company’s board of directors.
- A total amount of 150,000,000 New Taiwan Dollars, divided into 15,000,000 shares at ten New Taiwan Dollars each, among the total capital stock in the preceding paragraph should be reserved for issuing of employee stock options in installment pursuant to the resolution of board of directors.
- In the event that the Company becomes duly entitled to purchase back its own shares, the board of directors is authorized to do so in accordance with laws and regulations.
- Article 6 (Deleted)
- Article 7 The share certificates of the Company shall in principle without exception be

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in registered form, attached with serial numbers, signed by, or affixed with the seals of, at least three directors, and authenticated by the competent governmental authority or a registration institution authorized thereby before issuance. Shares issued by the Company need not be in certificate form, but shall be registered with a securities depository enterprise.

- Article 8 The shareholders' register shall be suspended for 60 days prior to an ordinary shareholders meeting, or for 30 days prior to an extraordinary shareholders meeting, or for 5 days prior to the record date fixed for distributing dividends, bonus, or any other benefit.

### **Section III SHAREHOLDERS' MEETING**

- Article 9 The Company's shareholders' meeting shall be of two types, ordinary shareholders' meeting and extraordinary shareholders' meeting. Ordinary shareholders' meeting shall be convened at least once a year, and shall be convened within six months after close of each fiscal year. Extraordinary shareholders' meeting shall be convened when necessary in accordance with the relevant laws and regulations.
- Article 10 When a shareholder for any reasons cannot attend the shareholders' meeting in person, he/she/it may attend the meeting by appoint one proxy by executing a power of attorney printed by the Company stating therein the scope of power authorized to the proxy and sealed.
- Article 11 Except in the circumstances set forth in the relevant laws and regulations where there is no voting right for a share, each shareholder of the Company shall have one vote for each share held.
- Article 12 Unless otherwise provided by the Company Act, a resolution of the shareholders meeting shall be adopted by consent of a majority of the votes represented by those in attendance at a meeting attended, in person or by proxy, by shareholders who represent a majority of the total issued shares.

### **Section IV -Board of Directors**

- Article 13 The Company shall have seven to eleven directors to be elected by the shareholders meeting from among candidates with legal capacity. The term of office is three years, and they may continue in office if re-elected.
- The election of directors shall adopt candidate nomination system. The shareholders shall elect the directors from the list of the nominated candidates
- Article 13-1 The Company shall have three to four independent directors within the number of directors. The professional qualifications, shareholdings, restrictions on concurrent position, nomination, and other compliance matters shall be handled in accordance with relevant regulations of the securities authorities.
- Article 14 The board of directors is composed of the directors of the Company and the chairperson of the board of directors shall be elected from among the directors

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by a majority of directors in attendance at a meeting attended by at least two-thirds of the directors. The chairperson of the board of directors shall represent the Company in external matters.

Directors shall attend meetings of the board of directors in person. In the event that a board meeting is held through video conference, a director who participates in the meeting by means of video system shall be deemed to have attended in person. If a director is unavailable to attend a meeting in person, the director may issue a power of attorney for the given meeting specifying the scope of the authorized powers to authorize another director to attend the meeting on the director's behalf, provided that a director may represent only one other director at a meeting.

Article 14-1 The Company may establish functional committees of board of directors such as Audit Committee and Compensation Committee. The Audit Committee shall consist of all independent directors.

The Audit Committee or the members of Audit Committee in the preceding paragraph shall be responsible for those responsibilities of Supervisors specified under the ROC Company Law, Securities and Exchange Law and other relevant regulations.

Article 14-2 Each director shall be given at least 7 days advance notice of the convening of a board of directors meeting of the Company. In emergency circumstances, however, a meeting may be called on shorter notice.

The meeting notice shall specify the reasons for convening the meeting, and shall be made in writing, by e-mail, or by facsimile.

In addition to the relevant laws and the Company's Articles of Incorporation, the Company shall establish the rules and procedures of the board of directors' meeting.

Article 15 If the chairperson of the board of directors is on leave or cannot exercise powers or perform duties for any reason, an acting chairperson shall be designated in accordance with Article 208 of the Company Act.

Article 16 The Board of Directors is authorized to determine the compensation for the independent directors, taking into account the extent and value of the services provided for the management of the Company and the standards of other listed companies.

## **Section V -Managers**

Article 17 The Company may have various managers. The appointment, discharge and the remuneration of the managers shall be handled in accordance with Article 29 of the Company Act.

The titles and scope of responsibility of managers in the preceding paragraph is resolved by the Company's board of directors.

## **Section VI -Accounting**

Article 18 At the end of each fiscal year, the board of directors shall prepare the following documents and submitted to the shareholders' meeting for approval:

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1. Business report;
  2. Financial report;
  3. Proposal for allocating profit or covering loss.

Article 19 (Deleted)

Article 20 When it is determined that the Company has profit for a fiscal year, At least 1% of the profit exclusive of employees' and directors' remunerations shall be employees' remunerations which shall be resolved by the Company's board of the directors for the amount by means of new share issuance or cash. in of amount shall be allocated as employee bonus. The employees to receive the remuneration may include employees serving with affiliates who meet specific requirements. Such specific requirements shall be prescribed by the board of directors. Not more than 1% of the profit exclusive of employees' and directors' remunerations shall be directors' remunerations.

A report of such distribution of employees' and directors' remuneration shall be submitted to the shareholders' meeting. However, the Company may provide the employees' and directors' remuneration according to the ratios in the preceding paragraph after the accumulated losses have been covered.

Article 20-1 When it is determined that the Company has earnings for a fiscal year, the earnings shall firstly be appropriated to profit-seeking enterprise tax payable, and make up the losses of previous years. Then, the Company shall provide 10% of the remaining earnings as the legal reserve if there is any remaining amount, unless such legal reserve has amounted to the total capital, and then set aside or reverse the special reserve in accordance with the requirements under the Securities and Exchange Act. The board of directors shall propose the earnings distribution proposal of the remaining and the accumulated undistributed earnings of previous years at the shareholders' meeting.

The Company takes a dividend policy which distributes the dividends after considering the present and future development plan, the investment environment, capital requirement and the domestic and foreign competitive status in addition to the interest of the Company's shareholders. However, the amount of the distributed earnings of that year shall not be less than 20% of the total accumulated undistributed earnings. The dividends and bonuses may be distributed by means of cash or stock, provided that the ratio of cash dividends may not be less than 10% of the total dividends.

## **Section VII -SUPPLEMENTARY PROVISIONS**

Article 21 If there is any matter not covered herein, the Company Act shall govern.

Article 22 This Articles of Incorporation was established on December 23, 1986.

The first amendment was made on June 25, 1988.

The second amendment was made on December 7, 1988.

The third amendment was made on February 3, 1989.

The fourth amendment was made on March 16, 1990.

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The fifth amendment was made on April 12, 1990.

The sixth amendment was made on February 28, 1991.

The seventh amendment was made on June 30, 1991.

The eighth amendment was made on March 7, 1992.

The ninth amendment was made on April 2, 1992.

The tenth amendment was made on June 15, 1992.

The eleventh amendment was made on January 15, 1993.

The twelfth amendment was made on May 14, 1993.

The thirteenth amendment was made on June 30, 1993.

The fourteenth amendment was made on October 6, 1993.

The fifteenth amendment was made on October 26, 1993.

The sixteenth amendment was made on June 17, 1994.

The seventeenth amendment was made on June 30, 1995.

The eighteenth amendment was made on December 22, 1995.

The nineteenth amendment was made on June 3, 1996.

The twentieth amendment was made on May 2, 1997.

The twenty-first amendment was made on April 3, 1998.

The twenty-second amendment was made on May 18, 2000.

The twenty-third amendment was made on May 23, 2001.

The twenty-fourth amendment was made on May 21, 2002.

The twenty-fifth amendment was made on May 28, 2003.

The twenty-sixth amendment was made on June 14, 2006, but the Article 13-1 was effective from the date which the 2007 ordinary shareholders meeting was convened.

The twenty-seventh amendment was made on June 15, 2007.

The twenty- eighth amendment was made on June 13, 2008.

The twenty-ninth amendment was made on June 23, 2009.

The thirtieth amendment was made on June 11, 2010.

The thirty-first amendment was made on May 27, 2011.

The thirty-second amendment was made on June 15, 2012.

The thirty-third amendment was made on June 14, 2013.

The thirty-fourth amendment was made on May 20, 2016.



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## Appendix 2

### Sinyi Realty Inc.

#### Rules and Procedures of Shareholders' Meeting

Formulated on May 2, 1997  
The 3<sup>rd</sup> amendment on June 14, 2013

Article 1 To comply with the laws and to enhance the efficiency of the Company's shareholders meeting, these Rules and Procedures are adopted pursuant to Article 182-1, paragraph 2 of the Company Act.

Article 2 The Company shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The number of shares represented by shareholders attending the shareholders meeting shall be calculated in accordance with the shares indicated by the attendance book or the sign-in cards submitted by the shareholders. The shareholders whose voting rights are exercised by correspondence or electronically are deemed as attending the shareholders meeting in person and their shares should be calculated as well.

Article 3 Attendance at shareholders meetings shall be calculated based on numbers of shares.

Article 4 The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

Article 5 If a shareholders' meeting is convened by the board of directors, the determination of the meeting's chairperson shall be in accordance with Article 208, the paragraph 3 of the Company Act.

When a managing director or a director serves as the chairperson, as referred

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to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as the chairperson.

If a shareholders' meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

Article 6 The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity. Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

Article 7 The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 8 The chairperson shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairperson may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be passed by a majority of those present and adopted pursuant to Article 175, paragraph 1 of the Company Act.

Article 9 The meeting agenda shall be set by the board of directors or the chairperson and shall be delivered to all of the shareholders and their proxies before the meeting is convened. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

A shareholders meeting shall be conducted in accordance with the Rules and Procedures. If the chairperson declares the meeting adjourned in violation of the Rules of procedure, attending shareholders may elect a new chairperson by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

Article 10 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chairperson.

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Article 11 Except with the consent of the chairperson, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chairperson may terminate the speech.

Article 12 When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

Article 13 After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 14 When the chairperson is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairperson may announce the discussion closed and call for a vote.

Article 15 Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chairperson, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 16 When a meeting is in progress, the chairperson may announce a break based on time considerations.

Article 17 When the Company holds a shareholders' meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the

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shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised shall be made known to the Company, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail.

A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore the Company shall avoid the submission of extraordinary motions and amendments to original proposals.

Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chairperson or a person designated by the chairperson shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

- Article 18 When there is an amendment or an alternative to a proposal, the chairperson shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
- Article 19 The chairperson may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."
- Article 20 These Rules and Procedures shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision.

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## Appendix 3

### **Sinyi Realty Inc.**

#### **Procedures for Loaning Funds to Other Parties**

Date: 2003.05.28 (Announced)

2017.05.26(6<sup>th</sup> amendment)

#### **Article 1**

To secure the safety of lending funds to others and to strengthen financial stability and business development, Sinyi Realty Inc. (hereinafter, the "Company") establishes the procedures for loaning funds to other parties (the "Procedures") pursuant to the Securities and Exchange Act and the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies announced by the competent authority.

#### **Article 2**

The Company shall not loan funds to any of its shareholders or any other person except under the following circumstances:

3. Where an inter-company or inter-firm business transaction calls for a loan arrangement; or
4. Where an inter-company or inter-firm short-term financing facility is necessary.

The term "short-term" as used in the preceding paragraph means one year. However, if the Company's business cycle is more than one year, such business cycle shall prevail.

The term "financing amount" as used in paragraph 1, sub-paragraph 2 of this Article means the cumulative balance of the Company's short-term financing.

#### **Article 3**

Before making a loan of funds to others, the Company shall carefully evaluate whether the loan is in compliance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies and the Procedures, and shall submit, together with the evaluation result to the Audit Committee for approval and then resolved by the board of directors. The board of directors shall not empower any other person to make such decision.

Loans of funds between the Company and its subsidiaries, or between its subsidiaries, shall be submitted for approval of Audit Committee and then for a resolution by the board of directors pursuant to the paragraph 1 of the Article and the chairman may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the board of directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down. The "certain monetary limit" mentioned above shall be in compliance with the preceding paragraph. In addition, the authorized limit on loans extended by the Company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth on the most current financial statements of the Company.

The restriction in paragraph 1, subparagraph 2 of the preceding article shall not apply to inter-company loans of funds between foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares. The limits and duration of

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inter-company loans of funds between the foreign companies above shall be in compliance with their individual regulations.

When the board of directors discusses the matter of loaning funds to others, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.

"Subsidiary" and "parent company" as referred to in these Regulations shall be as determined under the International Financial Reporting Standards. "Net worth" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the International Financial Reporting Standards.

#### **Article 4**

The aggregate amount of loans of funds shall not exceed 50% of the net worth of the Company, of which includes that such necessary short-term financing facility shall not exceed 40% of the amount of the net worth of the Company.

Lending of funds for a need of short-term financing may be only done under the following circumstances and the total amount for lending to a single company for funding for a short-term period shall not exceed 5 percent of the net worth of the Company while the aggregate amount of loans of funds for short-term financing shall not exceed 10% of the net worth of the Company.

The Company's key customer or supplier, the borrower, is in need of short-term financing for materials purchasing or operational needs.

Whenever there is a need of short-term financing for the purpose of strategic consideration.

The maximum of lending of funds for a need of short-term financing to any individual entity of which the Company directly or indirectly owns 50% or more of its voting shares shall not exceed 30% of the net worth of the Company and the aggregate amount of loans of funds for short-term financing to all entities of which the Company directly or indirectly owns 50% or more of its voting shares shall not exceed 40% of the net worth of the Company.

The maximum amount permitted to a single borrower for business transactions shall not exceed the total transaction amount between the parties during the period of one year prior to the time of loaning, while the aggregate amount of loaning funds to borrowers for business transactions shall not exceed 10% of the net worth of the Company. The "total transaction amount" mentioned above means the operating revenue and service revenue for goods sold or services provided (including the amount of signed contracts), or the amount spent on purchases of goods and expenditures for services (including the amount of signed contracts), whichever is higher, in the course of regular business activities between the two companies.

#### **Article 5**

In principle, the term of each loan extended by the Company shall not exceed one year. However, term of loan may be extended subject to the approval of the Audit Committee and the resolution of the board of directors under specific circumstances. But the term of short-term financing shall not exceed one year.

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The interest of lending of funds shall be calculated and collected on monthly basis. The interest rate is negotiated between the counterparties but shall not below the basic interest rate of Taiwan Bank plus 1%, except the interest rate of lending to the Company's subsidiary shall not be lower than the borrowing average interest rate of the Company at the disbursement date.

## **Article 6**

The Company's procedures of lending of funds were as follows:

**Application:** Any borrower, applying for a loan from the Company, shall submit application or a letter, stating in detail the loan amount requested, term and purpose.

### **Credit checking:**

The first-time borrower shall provide certain basic information and financial data to the Company's financial division to pass the data on to the legal department or internal auditor to facilitate the evaluation and credit checking.

The Company shall do the credit checking once a year and, if the case is material, may adjust once a half year depending on the conditions.

If the borrower is under a good financial condition with the attested annual financial report of financing purpose, the Company shall refer to the financial report when evaluating the loan case.

#### **1. Decision making of Loan:**

After the credit checking and evaluation, if the borrower's credibility is poor or there exists any inappropriate purpose of loan or other doubts, the Company's legal department or internal auditor shall inform the financial division the reason of refusing to grant the loan. The financial division shall reply to the borrower at the immediate time when decision of loans has been made.

After the credit checking and evaluation, if the Company's legal department or internal auditor find the borrower has good credit, the purpose of loan is appropriate, and there are no other doubts of loan, the financial division shall submit the application to the president, the Audit Committee and the board of directors for approval, together with the credit evaluation report and opinion prepared by the legal department or the internal auditor.

Upon approval of a loan case, the financial division shall promptly inform the borrower of the term of loan such as the amount, duration, interest rate, collaterals and guarantor requirements.

#### **2. Verification of the parties and signing of the agreement:**

The personnel in charge of the loan shall prepare and fill out the loan contract in accordance with the approved term of loan.

After the borrower and the association guarantor have signed the agreement, the personnel in charge shall cautiously deal with the procedure of verification of the parties. If the borrower or the association guarantor is a juridical person, the personnel responsible for handling for the loan shall pay attention to their articles of incorporation to see if the guarantee is permitted.

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3. Collaterals provision:

To secure the creditor's right, except for the subsidiary whose 80% of ownership is owned directly or indirectly by the Company, the borrower shall draw a promissory note with the same amount of the loan to the Company. The borrower shall provide the personal property or real estate as collaterals when the amount of loan is more than 10 million New Taiwan Dollars.

4. Insurance:

Except for land and securities, the collaterals shall be covered with fire insurance. If the collaterals are vehicles, they shall be covered with full coverage of auto insurance. In principle, the insurance coverage shall not less than the hypothecary value of the collaterals. The Company shall be the beneficiary stated in the insurance policy.

5. Appropriation:

The Company shall appropriate the loan only when the borrower completes the procedure of signing the loan of contract, handing in the promissory note or IOU, registering mortgage over the collaterals and having the collaterals insured.

6. Bookkeeping:

When the Company completes the procedure of loaning funds to other parties, the financial division shall in sequence make journal entries related to the acquisition of collaterals and warranties and have the records in the account book.

## **Article 7**

After a loan has been disbursed, the financial, business, and credit condition of the borrower shall be monitored on a regular ongoing basis. If collateral has been provided, it shall be monitored for any changes in the collateral value. Before the loan is due, the Company shall inform the borrower of paying off the loan and interest or applying for the borrowing extension. The personnel in charge shall prepare every month the previous month's details of loaning funds to other parties.

Should a borrower no longer satisfy the criteria set forth in the relevant regulations and/or these Procedures or there be any excess over the lending limit due to unexpected changes, the Company shall have the personnel responsible for handling the loan case make a corrective plan with the financial division to provide to the Audit Committee and the proposed correction actions should be implemented within the period specified in such plan.

## **Article 8**

If the borrower repays the loan when or before it becomes due, the interest payable shall first be calculated, and shall be paid together with the principal, before the promissory note may be cancelled and returned to the borrower or the mortgage cancelled.

When a loan becomes due and the borrower does not repay the loan or apply for the borrowing extension, the Company shall perform necessary procedures by law to protect the debt right.

## **Article 9**

If a subsidiary of the Company intends to lend funds to others in need of business, the



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Company shall order the subsidiary to adopt operational procedures of lending funds to other parties pursuant to the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies submitted to the subsidiary's shareholders meeting for approval after the resolution of its board of directors and the Company's approval. Any amendment is subject to the same procedures. "The Company's approval" mentioned above means the approval process from the Company's financial department to the chairman.

When proposing to lend funds to another, the subsidiary shall assess in detail the reasonableness and necessity of the loan to others, and its impact on the Company's operational risk, financial condition, and shareholders equity, as well as whether collateral shall be obtained and the assessed value of the collateral. The assessment results shall be formed as credit checking and risk evaluation report submitted to the subsidiary's board of directors for approval and then the Company's approval. "The Company's approval" means submission to the Company's Audit Committee for approval and then to the Company's board of directors for a resolution.

#### **Article 10**

The Company shall announce and report the previous month's balance of loans of funds made by itself and its subsidiaries by the 10th day of each month.

If the Company's loans of funds reach one of the following levels, the Company shall announce and report such fact within two days of the Date of Occurrence. "Date of Occurrence" means the earliest of the date of contract signing, date of payment, date of board of directors' resolution, or the date that the counterparty and monetary amount of the transaction can be confirmed.

1. The balance of loans of funds by the Company and the Company's subsidiaries to others reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.
2. The balance of loans of funds by the Company and the Company's subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as stated in its latest financial statement.
3. The amount of new loans of funds by the Company or any of the Company's subsidiaries reaches NT\$10 million or more and also reaches 2 percent or more of the Company's net worth as stated in its latest financial statement.

The Company shall announce and report on behalf of any of its subsidiaries that are not a domestic public company any matters that such subsidiary is required to announce and report pursuant to subparagraph 3 of the preceding paragraph.

#### **Article 11**

The Company shall evaluate the status of lending funds to others and provide appropriate allowance for bad debt and shall properly disclose the related information in its financial statements and provide the data to the certified public accountants for the purpose of performing necessary audit procedures.

The Company's internal auditor shall at least audit quarterly the status of lending funds to others and document the performance. He/she shall notice the independent directors immediately once the material violation was found.

When a managerial officer or in-charge personnel of the Company violates the

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Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies announced by the competent authority or the Rules, subsequent castigation is subject to the related Personnel Articles of the Company.

## **Article 12**

The Procedures shall be approved by the Audit Committee, the Board of Directors and the Shareholders Meeting. Any amendment is subject to the same procedure.

When a revision of the Procedure matter is submitted for discussion by the board under the preceding rule, the opinion of each independent director shall be given a full consideration, and each independent director's explicit assenting or dissenting opinions and reasons for dissent shall be recorded in the board of directors meeting minutes. The written dissenting opinions shall be submitted to the shareholders' meeting for discussion.

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## Appendix 4

### **Sinyi Realty Inc.**

#### **Procedures for Endorsements and Guarantees**

Date: 2003.05.28 (Announced)

2017.05.26(8<sup>th</sup> amendment)

#### **Article 1**

In order to ensure financial stability and business development, Sinyi Realty Inc.(the “Company”) set forth the procedures for endorsements and guarantees(the “Procedures”) below in accordance with the “Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies” announced by the securities regulatory authority.

#### **Article 2**

Endorsements and guarantees referred in these rules include:

1. Financial endorsements and guarantees.
2. Bill discount financing
3. Any endorsement or guarantee made to meet the financing need of other companies.
4. Issuance of a separate note to a non-financial enterprise as security to meet financing need of the Company.
5. Tariff endorsements and guarantees: Endorsements and guarantees for the Company or other companies in relation to tariff matters.
6. Other endorsements and guarantees: Any endorsement or guarantee beyond the scope of the above two subparagraphs.
7. Any creation by the Company of a pledge or mortgage on its chattel or real estate as security for loans of another company shall also be handled in accordance with these rules.

#### **Article 3**

The Company makes endorsements and guarantees only for the following companies:

1. Any company with which the Company has business relations.
2. Any subsidiaries in which the Company directly and indirectly owns more than 50 percent of the voting shares.
3. Any parent company which directly and indirectly owns more than 50 percent of the voting shares of the Company

Subsidiaries whose voting shares are at least 90% owned, directly and indirectly, by the Company may provide endorsements and/or guarantees to each other, and the accumulated total amount of such endorsement/ guarantee shall not exceed 10% of the Company’s net worth. The limitation above shall not apply to endorsement/ guarantee made between subsidiaries whose voting shares are 100% owned directly and indirectly

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by the Company.

“Subsidiary” and “parent company” as referred to in the Procedures are determined according to the International Financial Reporting Standards, and “net worth” in the Procedures means the equity attributable to owners of the parent in the balance sheet.

#### **Article 4**

The endorsements and guarantees provided by the Company shall be effective upon approval by the Audit Committee and then the board.

The total amount of endorsement/guarantee and the amount for any individual entity provided by the Company or by the Company and its subsidiaries are subject to the following limits:

1. The total amount of endorsements and guarantees shall not exceed 150% of the Company’s net worth.
2. The limits of total amount of endorsement/guarantee provided to any individual entity are set forth below:
  - a. For any individual entity of which the Company directly or indirectly owns 50% or more of its voting shares, the total amount of endorsement/guarantee shall not exceed 80% of the Company’s net worth.
  - b. For the parent company of the Company, the total amount of endorsement/guarantee shall not exceed 50% of the Company’s net worth.
  - c. For any company with which the Company has business relations, the total amount of endorsement/guarantee shall not exceed 2% of the Company’s net worth, or the total business amount between such party and the Company in the near twelve months, whichever is higher.

The total business amount mentioned above refers to the total sales amount and service revenue or the total purchase amount and service expenditure (including signed contracts for sales/purchase and service) derived from the parties’ regular business activities, whichever is higher.

When the total amount of endorsement/guarantee made by the Company and its subsidiaries reaches 50% or more of the Company’s net worth, the Company shall explain the necessity and rationality in the Shareholders’ Meeting.

#### **Article 5**

Any endorsement and/or guarantee to be provided by the Company shall be evaluated with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” and the Procedures. The department in charge shall then provide a proposal stating the company providing endorsement and/or guarantee, the recipient, the type, reasons, the amount, results of risk assessment, the content to acquire collateral, and the condition and the date of endorsement and/or guarantee dissolution; such a proposal shall report to the board and take effect after the approval by the board.

A pre-determined limit of NT\$30,000,000 may be delegated to the Chairman by the Board of Directors to facilitate execution and such endorsement and/or guarantee shall be reported to the most upcoming Board of Directors' Meeting for ratification. When a guarantee is made for a foreign company, the letter of guarantee issued by the Company

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shall be signed by the authorized person designated by the board.

The opinion of each independent director shall be given a full consideration in a resolution of the endorsement or guarantee by the Company, and each independent director's explicit assenting or dissenting opinion and reasons for dissent shall be recorded in the Board of Directors meeting minutes.

If the party to whom the Company provided endorsement and/or guarantee no longer satisfies the criteria of the Procedures, or the amount of endorsement and/or guarantee exceeded the limits due to changes of basis on which the amounts of limits are calculated, the department in charge and the Finance department shall set an improvement plan and submit it to the Audit Committee for approval and the proposed correction actions should be implemented within the period specified in the plan.

In case the Company desires to provide endorsement/guarantee for the benefit of a subsidiary whose net worth is lower than half of its paid-in capital, Finance Department shall exercise the following control. The Company shall implement adequate risk control measures if there is any hesitation of expired debt or contingent losses exists to protect the Company's right. Related risk control measures shall be reported to the most upcoming Audit Committee. For purposes of determining the paid-in capital of the above-mentioned subsidiary receiving endorsement/guarantee who has no par value or has a par value other than NT\$10, the sum of the share capital plus "capital surplus - additional paid-in capital" shall be deemed as its paid-in capital.

The Finance department shall list all occurrences and dissolutions of endorsement and/or guarantee by month and establish a reference book to control each item. In addition, endorsements and guarantees shall be announced and declared in accordance with the relevant regulations.

## **Article 6**

The Company shall announce and report the previous month's balance of endorsements/guarantees of itself and its subsidiaries by the 10th day of each month.

When the balance of endorsements/guarantees reaches one of the following levels, the Company shall announce and report such event within two days commencing immediately from the date of occurrence. The date of occurrence refers to the date of contract signing, date of payment, dates of the Board of Directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier.

1. The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement.
2. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.
3. The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 millions or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of loans to, such enterprise reaches 30 percent or more of the Company's net worth as stated in its latest financial statement.

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4. The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement.

The percentage of the balance of endorsements and guarantees made by a subsidiary mentioned above to the net worth is calculated as the percentage of balance of endorsements and guarantees of such a subsidiary to the net worth of the Company. The Company shall announce and report on behalf of any subsidiary thereof that is not a domestic public company any matters that such subsidiary is required to announce and report pursuant to subparagraph 4 of the preceding paragraph.

#### **Article 7**

The Company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.

Internal auditors shall perform auditing on the Procedures and the executions at least every quarter and produce written auditing reports. Should there be any violation found, a written report is needed to notify the Audit Committee.

When a managerial officer or in-charge personnel of the Company violate the "Regulations Governing Lending of Funds and Making of Endorsements and Guarantees by Public Companies" issued by the Securities Regulatory Authority or the Procedures, violators shall be punished in accordance with the rewards and punishments procedures of the Company.

#### **Article 8**

When canceling an endorsement and/or guarantee, the Company shall get back the issued note or the contract from the endorsee/guarantee company; the Finance department shall fill out the proposal, stating the actual cancellation date of the endorsement and/or guarantee, the reason, the issued note or the contract gotten back, and then send the proposal to the Chairman for approval.

#### **Article 9**

When providing endorsements and guarantees, the Company shall require the endorsee/guarantee company to provide the same amount of promissory notes as guaranties.

#### **Article 10**

The Company shall register Company seals in the Ministry of Economic Affairs as dedicated seals for purposes of endorsements and guarantees; such seals shall be agreed by the board and kept by a specific in-charge person who is appointed by the Chairman; relevant notes and Company seals shall be separately kept by authorized persons; the Company shall seal or issue notes in accordance with the Procedures.

#### **Article 11**

(Cancelled)

#### **Article 12**

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When endorsement/ guarantee extended to other parties is contemplated by the Company's subsidiary, the Company shall mandate the subsidiary to establish relevant procedures for endorsement/ guarantee in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies". Such procedures shall be approved by the subsidiary's Board of Directors and the Company, and become effective upon the approval of Shareholders' Meeting of the subsidiary. Any amendment is subject to the same procedures. Approval by the Company mentioned above means the approval process from the Company's financial department to the Chairman.

Any endorsement and/or guarantee to be provided by the Company's subsidiaries shall be evaluated the necessity and rationality of the endorsement/ guarantee, the impact towards the Company's operating risk, financial position and shareholders' equity, and then a credit and risk evaluation report shall be produced and submitted to the subsidiary's Board of Directors and the Company's for approval. Approval by the Company mentioned above means being approved by the Audit Committee and submitted to the Board of Directors for a resolution.

The endorsement/ guarantee made between the subsidiaries, whose voting shares are at least 90% owned, directly or indirectly, by the Company, shall be approved by the Audit Committee and submitted to the Board of Directors for a resolution.

### **Article 13**

The Procedures shall be approved by the Audit Committee, the Board of Directors and the Shareholders Meeting. Any amendment is subject to the same procedure.

When a revision of the Procedure matter is submitted for discussion by the board under the preceding rule, the opinion of each independent director shall be given a full consideration, and each independent director's explicit assenting or dissenting opinions and reasons for dissent shall be recorded in the board of directors meeting minutes. The written dissenting opinions shall be submitted to the shareholders' meeting for discussion.

### Sinyi Realty Inc.

#### Procedures for Acquisition or Disposal of Assets

Date: 2003.05.28 (Announced)

2017.05.26(7<sup>th</sup> amendment)

##### Article 1

In order to strengthen assets management and implement information disclosure, Sinyi Realty Inc.(hereinafter, "the Company") set forth the procedures for acquisition or disposal of assets (hereinafter, "the Procedures") in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies announced by the securities regulatory authority.

##### Article 2

The term "assets" as used in the Procedures includes the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
6. Derivatives.
7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
8. Other major assets.

##### Article 2-1

Terms used in these Regulations are defined as follows:

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 6 of the Company Act.
3. Related party: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Subsidiary: As defined in the Regulations Governing the Preparation of Financial



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Reports by Securities Issuers.

5. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
6. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
7. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
8. Within one year: Refers to the year preceding the date of the current transaction of the subject acquisition or disposal of assets.
9. The latest financial statements: Refers to the latest financial statements audited (reviewed) by certified public accountants before acquisition or disposal of assets.
10. The total assets: states in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.
11. The paid-in capital: the product of the number of the Company's outstanding shares multiplied by the par value of NT\$10. In the case of a company whose shares have no par value or a par value other than NT\$10, for the calculation of transaction amounts of 20% of paid-in capital under these Regulations, 10% of equity attributable to owners of the parent shall be substituted.

### **Article 3**

Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountants' opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction.

Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA's opinion.

### **Article 4**

In acquiring or disposing of real property or equipment, the Company shall follow its internal control procedures regarding fixed assets cycle.

The procedures for acquisition or disposal of fixed assets by this Company and the limitation of amounts thereof should be as follows:

1. In acquiring or disposing of real property, the Company shall refer to publicly announced current value, evaluated value, transaction price of nearby real properties, etc., to decide the transaction conditions and price and produce an analysis report. Transactions with price of NT\$50 million or less shall be approved by the Chairman and reported to the most upcoming Board of Directors' Meeting for ratification. Transactions with price over NT\$50 million shall be approved by the Audit Committee and submitted to the Board of Directors for resolution.
2. In acquiring or disposing of equipment, the transaction price shall be determined by any one method of inquiry, comparison, negotiation or bid. Transactions with price

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of NT\$30 million or less shall be approved by the Company's authorization procedures. Transactions with price over NT\$30 million shall be approved by the Audit Committee and submitted to the Board of Directors for resolution.

The end-user and managing departments are responsible for implementation of transactions after acquirement or disposal of real property or equipment being approved by the preceding process.

In acquiring or disposing of real property or equipment where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of machinery and equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.
2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
  - A. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.
  - B. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.
4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.
5. Except where a limited price, specified price, or special price is employed when the Company engages in the construction business, as the reference basis for the transaction price, if an appraisal report cannot be obtained in time and there is a legitimate reason for the delay, the report, and the certified public accountants' opinion under subparagraph 3 of the preceding paragraph, shall be obtained within 2 weeks commencing immediately from the date of occurrence.

#### **Article 5**

In acquiring or disposing of securities, the Company shall follow its internal control procedures regarding investment cycle.

The procedures for acquisition or disposal of securities by this Company and the limitation of amounts thereof should be as follows:

1. In acquiring or disposing of securities traded in active markets with quoted market

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price, the Financial Department shall refer to the market quotation to decide the transaction. Transactions with price of NT\$10 million or less shall be approved by the Chairman. Transactions with price over NT\$10 million shall be approved by the Chairman and reported to the most upcoming Board of Directors' Meeting for ratification. Transactions with price over NT\$30 million shall be approved by the Audit Committee and submitted to the Board of Directors for resolution.

2. In acquiring or disposing of securities not traded in active markets with quoted market price, the Company shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, to evaluate key factors such as its net value per share, profitability and the potential for future growth, for reference in appraising the transaction price. Transactions with price of NT\$30 million or less shall be approved by the Chairman. Transactions with price over NT\$30 million shall be approved by the Chairman and reported to the most upcoming Board of Directors' Meeting for ratification. Transactions with price over NT\$50 million shall be approved by the Audit Committee and submitted to the Board of Directors for resolution.
3. In acquiring or disposing of securities not traded in active markets with quoted market price, but with lower risk (such as commercial bonds guaranteed by financial institutions or non-guarantee with credit rating, domestic money market funds, and central government bond), a transaction with price of NT\$50 million or less shall be implemented by the Financial Department upon the approval of the General Manager, while a transaction with price over NT\$50 million shall be implemented upon the approval of the Chairman.

The Financial Department is responsible for the implementation of acquiring or disposing of securities after transactions being approved by the preceding process. If the transaction price of acquiring or disposing of securities is 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC), Executive Yuan.

#### **Article 6**

When the Company engages in any acquisition or disposal of assets from or to a related party and the transaction price reaches 10% or more of the Company's total assets, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised in accordance with the provisions of Article 4, Article 5, Article 6-1 and the following procedures, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section.

When judging whether a trading counterparty is a related party referred to in the preceding paragraph, in addition to legal formalities, the substance of the relationship shall also be considered. The calculation of the transaction amount shall be made in accordance with Article 6-1 herein.

When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10%

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or more of the Company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investing trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and submitted to the Board of Directors for resolution:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a trading counterparty.
3. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 6-1 item 1 and Article 4.
4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the item 1 of this article.
7. Restricted terms and other important commitment items of transactions.
8. The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 12 paragraph 1 section 1-5. Items that have been approved by the Audit Committee and submitted to the Board of Directors for resolution need not be counted toward the transaction amount.

With respect to the acquisition or disposal of business-use machinery and equipment between the Company and its subsidiaries, the Company's board of directors can delegate the board chairman to decide such matters when the transaction is within NT\$50 million and have the decisions subsequently submitted to and ratified by the next board of directors meeting.

#### **Article 6-1**

The Company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means:

1. Based upon the related party's transaction price plus necessary interest on funding and the tax costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum nonfinancial industry lending rate announced by the Ministry of Finance.
2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties

Where land and structures are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

The Company that acquires real property from a related party and appraises the cost of the real property in accordance with paragraph 1 and paragraph 2 shall also engage a

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CPA to check the appraisal and render a specific opinion.

Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with paragraph 1 and 2 herein are uniformly lower than the transaction price, or if there is other evidence indicating that the acquisition was not an arm's length transaction, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares.
2. Where a public company uses the equity method to account for its investment in the Company, then the special reserve called for under article 41, paragraph 1 of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the Company.
3. The Company and the public companies using the equity method to account for its investment in the Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.
4. The Audit Committee shall comply with Article 218 of the Company Act to take necessary supervision and investigation.
5. Actions taken pursuant to subparagraph 1, subparagraph 2 and subparagraph 4 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

Where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, the restrictions of preceding paragraph shall not apply :

3. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
  - A. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
  - B. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.
  - C. Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.
4. Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for

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the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions for neighboring or closely valued parcels of land in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.

Where the Company acquires real property from a related party and one of the following circumstances exists, the evaluation and acquisition process shall be conducted in accordance with preceding article and evaluating the reasonableness of the transaction costs in this article do not apply.

4. The related party acquired the real property through inheritance or as a gift.
5. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.
6. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.

#### **Article 7**

In acquiring or disposing of memberships or intangible assets, the Company shall follow its internal control procedures regarding fixed assets cycle.

1. In acquiring or disposing of memberships, the Company shall refer to fair market value to decide the transaction conditions and price and produce an analysis report. Transactions with price of 1% or less of paid-in capital or NT\$10 million or less shall be approved by the Chairman and reported to the most upcoming Board of Directors' Meeting for ratification. Transactions with price over NT\$10 million or 1% of paid-in capital shall be approved by the Audit Committee and submitted to the Board of Directors for resolution.
2. In acquiring or disposing of intangible assets, the Company shall refer to expert evaluation reports or fair market value to decide the transaction conditions and price and produce an analysis report. Transactions with price of 10% or less of paid-in capital or NT\$50 million or less shall be approved by the Chairman and reported to the most upcoming Board of Directors' Meeting for ratification. Transactions with price over NT\$50 million or 10% of paid-in capital shall be approved by the Audit Committee and submitted to the Board of Directors for resolution.

The end-user and financial departments or administrative departments are responsible for implementation of transactions after acquirement or disposal of memberships or intangible assets being approved by the preceding process.

Where a public company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, except in transactions with a government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

#### **Article 8**

The evaluation and procedures for conducting a merger, demerger, acquisition, or transfer of shares by this Company should be as follows:

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1. When the Company conducts a merger, demerger, acquisition, or transfer of shares, it shall engage an attorney, CPA and securities underwriter to compose an ad hoc committee to evaluate the reasonableness and the feasibility and plan the statutory procedures and projected schedule. The Company shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage. However, if the Company merges its 100% directly or indirectly owned subsidiary or the merger arises between the Company's 100% directly or indirectly owned subsidiaries, the above opinion obtained from a CPA, attorney, or securities underwriter shall not apply.
  2. The Company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and expert opinion referred to in the preceding paragraph prior to the shareholders meeting when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.
  3. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to the proposal being rejected by the shareholders meeting, lack of a quorum, or insufficient votes, the companies participating in the merger, demerger or acquisition shall immediately explain in written to the counterparty the reason, the follow-up measures, and the preliminary date of the shareholders meeting.

The Company shall consider the follow items when conducting the evaluation and procedures in the preceding paragraph:

1. The date of the Board of Directors meeting: A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.
2. Undertaking of confidentiality prior to transactions: Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
3. Alteration principle of share exchange ratio or acquisition price: The Company participating in a merger, demerger, acquisition, or transfer of shares shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property before each counterparty's Board of Directors meeting and submit to the shareholders' meeting. Share exchange ratio or acquisition price may not be arbitrarily altered unless under the below listed circumstances:
  - A. Cash capital increase, issuance of convertible corporate bonds, or the issuance of

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- bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
- B. An action, such as a disposal of major assets, that affects the Company's financial operations.
  - C. An event, such as a major disaster or major change in technology that affects shareholder equity or share price.
  - D. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
  - E. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
  - F. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
4. Content shall be recorded: The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations in accordance with Article 317 of the Company Act and Article 22 of Business Mergers And Acquisitions Act and shall also record the following:
- A. Handling of breach of contract.
  - B. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
  - C. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
  - D. The manner of handling changes in the number of participating entities or companies.
  - E. Preliminary progress schedule for plan execution, and anticipated completion date.
  - F. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.
5. Changes in the number of participating entities or companies: After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.
6. When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:
- A. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.



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- B. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting and shareholders' meetings.
  - C. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings and shareholders' meetings.
- 7. When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days commencing immediately from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.
  - 8. Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such company whereby the latter is required to abide by the provisions of paragraphs 1, 2, 5 and 6.

#### **Article 9**

The Company basically doesn't engage in the acquisition or disposal of loans from financial institutions unless the object of the loan is real property where the Company shall conduct transactions in accordance with Article 4 regarding the procedures of acquiring or disposing of real property.

The acquisition or disposal of financial derivative shall be conducted in accordance with Policies and Procedures for Financial Derivative Transactions of the Company.

#### **Article 10**

For the acquisition or disposal of assets that shall be effective upon approval by the Audit Committee and then submitted to the Board of Directors for resolution in accordance with this Procedures and other statutory regulations, when submitted for discussion by the board, the opinion of each independent director shall be given a full consideration, and each independent director's explicit assenting or dissenting opinions and reasons for dissent shall be recorded in the board of directors meeting minutes.

#### **Article 11**

(Cancelled)

#### **Article 12**

The information disclosure procedures for acquisition or disposal of assets by the Company should be as follows:

- 1. Items to be publicly announced and the relevant disclosure standards
  - A. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements of money market funds issued by domestic securities investing trusts.
  - B. Merger, demerger, acquisition, or transfer of shares.
  - C. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.

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- D. Where the type of asset acquired or disposed is equipment/ machinery for business use, the trading counterparty is not a related party, and the transaction amount meets the following criteria:
- i. The transaction amount is NT\$500 million or more, if the Company's paid-in capital is below NT10 billion dollars.
  - ii. The transaction amount is NT\$1 billion or more, if the Company's paid-in capital is NT10 billion dollars or more.
- E. Acquisition or disposal by the Company in the construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount NT\$500 million or more.
- F. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction is NT\$500 million or more.
- G. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
- i. Trading of government bonds.
  - ii. Trading of bonds under repurchase/resale agreements of domestic money market funds.
- H. The amount of transactions in the preceding seven subparagraph shall be calculated as follows. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with relevant regulations need not be counted toward the transaction amount.
- i. The amount of any individual transaction.
  - ii. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
  - iii. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
  - iv. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.
2. Time limitation of information disclosure
- If the acquisition or disposal of assets by the Company reaches the standards of information disclosure specified in this Article, the Company shall publicly announce and report the relevant information on the FSC's designated website within 2 days commencing immediately from the date of occurrence of the event.
3. Public announcement and regulatory filing procedures
- A. The Company shall publicly announce and report the relevant information on the FSC's designated website.
  - B. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the

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prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

- C. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within 2 days commencing immediately from the date of discovery.
- D. A public company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.
- E. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days commencing immediately from the date of occurrence of the event:
  - i. Change, termination, or rescission of a contract signed in regard to the original transaction.
  - ii. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
  - iii. Change to the originally publicly announced and reported information.

#### **Article 13**

(Cancelled)

#### **Article 14**

The limits of total amounts in acquisition real property for non-business use and securities should be as follows:

1. The acquisition of real property by the Company for non-business use should not exceed 80% of this Company's total assets in the latest financial statements; the acquisition of real property for non-business use by each Subsidiary of this Company should not exceed 50% of the subsidiary's total assets in the latest financial statements.
2. The total amount of all long/short term security investments by the Company should not exceed 80% of this Company's total assets in the latest financial statements; the total amount of all long/short term security investments by each subsidiary of the Company should not exceed 50% of the subsidiary's total assets in the latest financial statements, however, this limitation does not apply for subsidiaries which engage in investment activities as an investment professional or the investment is with lower risk (such as commercial bonds guaranteed by financial institutions or non-guarantee with credit rating, domestic money market funds, the bond issued by the central government of the country where the subsidiaries is located, or the financial products guaranteed by the banks with the long-term credit rating equivalent of BBB rating defined by Standard & Poor's).
3. Except for those indirectly owned subsidiaries without operating substance, the amount of investment by the company in each respective long-term security should not exceed 50% of the company's total assets in the latest financial statements while the amount of investment in each respective short-term security should not exceed 10% of the company's total assets in the latest financial statements; the amount of investment by each subsidiary of this company in each respective security should not exceed 50% of the subsidiary's total assets in the latest financial statements, however,

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this limitation does not apply for subsidiaries which engage in investment activities as an investment professional.

#### **Article 15**

Acquisition or disposal of assets by the Company's Subsidiary should follow the procedures below:

The Company shall supervise its Subsidiaries to establish relevant procedures for acquisition or disposal of assets in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies". Such procedures shall be approved by the subsidiary's Board of Directors and the Company, and become effective upon the approval of Shareholders' Meeting of the subsidiary. Any amendment is subject to the same procedures. Approval by the Company mentioned above means the approval process from the Company's financial department to the chairman.

1. Acquisition or disposal of assets by the Company's Subsidiary should follow the relevant procedures of the Company.
2. If the acquisition or disposal of assets by this Company's Subsidiary which is not a domestic public company reaches the reporting standard specified in Article 30 of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies", the Company shall announce and report on behalf of such Subsidiary.
3. When referring "reaching 20% or more of paid-in capital, or 10% or more of the total assets" of the reporting standard of the Company's subsidiaries, paid-in capital and total assets are referred to the Company's amount.

#### **Article 16**

The Procedures shall be complied strictly. The Company's persons-in-charge shall follow the Procedures in order to prevent this Company from incurring any losses. Should there be any violation of related regulations or the Procedures when persons-in-charge conducting any acquisition or disposal of assets, subsequent castigation is subject to the related Personnel Articles of this Company. Violations shall be proposed and handled as a special case under significant circumstances.

#### **Article 17**

Any matter not provided in these Procedures shall be conducted in accordance with relevant laws and regulations.

#### **Article 18**

The Procedures shall be approved by the Audit Committee, the Board of Directors and the Shareholders Meeting. Any amendment is subject to the same procedure.

When a revision of the Procedure matter is submitted for discussion by the board under the preceding rule, the opinion of each independent director shall be given a full consideration, and each independent director's explicit assenting or dissenting opinions and reasons for dissent shall be recorded in the board of directors meeting minutes.

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## Appendix 6

### Sinyi Realty Inc.

#### Policies and Procedures for Financial Derivative Transactions

Date: 2003.05.28 (Announced)

2014.06.13 (the 2<sup>nd</sup> Amendment)

##### Article 1 (Introduction)

1. The Policies and Procedures for Financial Derivative Transactions (hereinafter, “the Policies”) outlined herein are set up for the objectives of effectively regulating the financial derivative transactions of Sinyi Realty Inc. (hereinafter, “the Company”) and reducing the risk arising from the movements of foreign exchange rates, interest rates and etc. and further increasing the competition of the Company.
2. The Policies are adopted pursuant to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies announced by the competent authority.

##### Article 2 (Principles and Guidelines)

###### 1. Instruments

Financial derivatives referred herein are broadly defined as instruments that derive their value from the performance of underlying assets, interest or currency exchange rates, or other. Such instruments include swaps, options, futures, forwards, and various combinations thereof. The Company engaging in deposit trading of bonds shall comply with the Policies but engaging in transactions in bonds with repurchase agreements may not apply to the Policies.

###### 2. Strategy

Financial derivatives are mainly used for hedging purpose and the selection of instruments shall correlate or associate with the business operation. In order to reduce the overall currency exposures and hedging cost, the currency of the position held shall be the same as the one used for business activities, and the position of the currency (account receivable and payable in foreign currency) shall be balanced.

###### 3. Authorization and delegation

###### (1) Finance division:

When engaging in the hedging transactions, the finance division shall catch at all times the financial market information, judge the trends and risks, get familiar with the regulations and law of derivatives and provide enough and instant information.

###### (2) Internal audit office:

Internal audit office shall be responsible for understanding the adequacy of the derivative transaction and issue an audit report based on the compliance of the derivative transactions and analysis of the transaction cycles. Shall there be any material violation; a written notice shall be sent to the Board of Directors.

###### (3) Level of approval

- c. The daily amount of derivative transaction below USD 500 thousand shall be approved by the chief financial officer and the amount more than USD 500

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thousand shall be approved by the Chairperson.

- d. The net accumulative contract amount below USD 1,500 thousand shall be approved by the chief financial officer and the amount more than USD 1,500 thousand shall be approved by the president. The amount more than USD 10 million shall be approved by the Audit Committee and then the Board of Directors.

(4) Performance evaluation

- a. The evaluation basis is the profit/loss between cost of the currency on the book and derivative transaction.
- b. To fully comprehend the risks of evaluation, the Company shall conduct evaluation based on the monthly closing.
- c. The Finance division shall provide evaluation of the foreign currency based position, the market trend and analysis of foreign currency to the general manager for his/her review.

(5) Total transaction amount

The total position of derivative transactions shall not exceed 20% of the Company's net worth and the transaction amount of individual contract shall not exceed 5% of the net worth of the Company.

The "net worth" referred to in the preceding subparagraph shall be determined with reference to the financial report for the most recent period that has been audited or reviewed by a certified public accountant.

(6) The maximum limit of loss

- a. The maximum limit of loss of the annual aggregated contract:

When the annual cumulative loss reaches USD 500 thousand, the Company shall close out the all of the open position and shall not engage in derivative transactions that year.

- b. The maximum limit of loss of individual contract:

The amount of loss of an individual transaction the Company suffers shall not exceed USD100 thousand, which shall be set as the stop loss limit.

### **Article3 (Measures of Risk management)**

#### **1. Credit Risk Management**

The risk of engaging in the derivative transactions tends to arise due to many kinds of changes of factors in the financial market. Thus, measures of risk management shall be guided by the following principles:

- (1) Counterparty: Mainly the Well-known domestic and overseas financial institutions.
- (2) Trading Instruments: Financial instruments offered by the above mentioned financial institutions.
- (3) Transaction Amount:

Except for the general manager's approval, the amount of open position with the same counterparty shall not exceed 50% of the total position of derivative

2. Market Risk Control:

The transaction market is primarily the open currency market provided by the banks, excluding the option market.

3. Liquidity Risk Control

To ensure liquidity, financial instruments with high liquidity shall be chosen, and financial institutions responsible for trading shall provide sufficient information and have the capability to trade in any markets over any time zone.

4. Cash-Flow Risk Control

To maintain stable turnover of the working capital of the Company, the source of the capital for derivative transaction shall be self-funded, and the transaction shall take the capital needs for the coming three months into consideration.

5. Operating Risk Control

- (1) To comply with the authorized amount, procedures and internal audit processes.
- (2) Different personnel shall be assigned for trading, confirmation and settlement.
- (3) Personnel in charge of risk evaluation, monitoring and controlling shall not be in same department as those described in the preceding paragraph, and reporting shall be made to the Board of Directors or the management who is not responsible for trading or determination of position.
- (4) The open position of derivative transaction shall be evaluated at least on a weekly basis and the evaluation report shall be submitted to the president.

6. Financial Instrument Risk Control

Personnel in charge of the trading shall have sufficient knowledge and professional skills of the financial instrument and shall request the banks to fully disclose associated risks to avoid risk of misusing the financial instruments.

7. Legal Risk Control

Any documents with financial institutions can only be signed after reviewing by the legal department or legal counsels to avoid legal risk.

**Article 4 (Internal Audit)**

1. Internal auditor shall be aware of the adequacy of the derivative transaction on a periodic basis and should issue monthly audit report based on the compliance of the derivative transaction. Shall there be any material violation; a written notice shall be sent to the audit committee.
2. Internal auditor shall file the auditing report and the implementing status of annual auditing plans of internal audits to the Securities and Futures Bureau before the end of February of next year and also shall report the improvement situation for any abnormal affairs to the authority in charge of securities before the end of May of next year.

**Article 5 (Monitor and Evaluation)**

1. The Board of Directors shall authorize the management to monitor and review the compliance of the derivative transaction with internal procedures periodically. If any

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abnormality detected in the market value evaluation report, the Board of Directors shall be informed immediately and responsive actions shall also be taken accordingly.

2. The Board of Directors shall assign the management to constantly monitor and control the risks of derivative transaction with the following principles:
  - (1) To conduct periodic review and check if the risk management measures are adequate and in compliance with the internal procedures.
  - (2) To monitor the trading and its performance. Shall there be any material event, the board of directors shall be informed and necessary actions shall be taken. At least one of the independent directors shall attend the Board of Directors and express his/her opinion.
  - (3) To check if the performance meets the business strategy and to determine if the risks are within the corporate tolerance level periodically.
  - (4) Derivative transaction shall be conducted in accordance with the relevant procedures and reported to board of directors afterwards.
  - (5) To establish a reference book for derivative transaction with detailed information, including its type, amount and evaluation items.

#### **Article 6 (Procedures of Information Public disclosure)**

1. The Company and on behalf of its non-public subsidiaries shall compile monthly reports on the status of derivatives trading up to the end of the preceding month and enter the information in the prescribed format into the reporting website designated by the Securities and Futures Bureau by the tenth day of each month.
2. When losses from derivative transaction reaching the maximum limits of aggregated losses or losses on individual contracts set forth in the Policies adopted by the Company, the Company needs to file and make public announcement within two days from the date of the event.
3. Filing and disclosing procedures:

Where an error or omission occurs at the time of public announcement, it is required to correct the error, and all the items shall be publicly announced again.

#### **Article 7 (Other Matters)**

1. Penalty

Where the employees of the Company violate the Policies set forth, appropriate penalties shall be carried out in accordance with the relevant human resource management procedures and employees handbook of the Company.

2. Implementation and amendments

The Policies, and any amendments to it, shall be implemented after the consent of the Audit Committee and be submitted to the Board of Directors for a resolution and resolved by the shareholders' meeting. When the Company submits the Policies for discussion by the Board of Directors, the board of directors shall take into full consideration each independent director's opinions; the independent directors' specific opinions of assent or dissent and the reasons for dissent shall be included in the minutes of the Board of Directors' meeting.



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3. Matters on which the Policies are silent shall be governed by the relevant law.

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## **Appendix 7**

### **Sinyi Realty Inc. Rules of Election of Directors**

#### **Article 1**

The election, re-election or by-election of directors of Sinyi Realty Inc. (hereinafter, "the Company") shall be elected in accordance with the Rules of Election of Directors (hereinafter, "the Rules") specified herein.

#### **Article 2**

The election of directors shall be held at the shareholders' meeting. The open-ballot, cumulative voting method will be used for election of the directors. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

#### **Article 3**

Except where prescribed by law, each share will have voting rights in number equal to the directors or supervisors to be elected, and may be cast for a single candidate or split among multiple candidates.

#### **Article 4**

The number of directors will be as specified in the Company's articles of incorporation and proposed by the board of directors to be confirmed by the shareholders' meeting, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chairperson drawing lots on behalf of any person not in attendance.

#### **Article 4-1 (Deleted)**

#### **Article 5 (Deleted)**

#### **Article 6**

When any of the elected directors is confirmed with unqualified personal information or is invalid or certainly discharged in accordance with the law, the vacancy of the directors shall be replaced by the candidates with the secondary majority of receiving ballots.

#### **Article 7**

The Company shall prepare ballots in serial number by attendance card numbers. The number of voting rights associated with each ballot shall be specified on the ballots.

#### **Article 8**

As to the election of directors, each share will have voting rights in number equal to the directors to be elected. The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The ballots shall then be distributed to the attending shareholders at the shareholders meeting.

#### **Article 9**

When the election begins, the chairperson shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel.

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**Article 10**

The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences.

**Article 11**

If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

**Article 12**

A ballot is invalid under any of the following circumstances:

1. The ballot is not in accordance with the Rules.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and unrecognizable or has been altered.
4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's identity and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
5. The names of two or more candidates are entered in the ballot.
6. Other words or marks are entered in addition to the candidate's account name or shareholder account number or identity card number.
7. The name, account name or identity card number of the candidate entered in the ballot is not entered completely.

**Article 13**

The voting rights shall be calculated under the monitor of the monitoring personnel on site immediately after the end of the poll, and the chairperson shall announce on the site the list of persons elected as directors.

**Article 14**

The Company shall issue notifications to the persons elected as directors separately after the shareholders' meeting.

**Article 15**

Matters on which the Rules are silent shall be governed by the Company Act and applicable law or regulations.

**Article 16**

The Rules, and any amendments hereto, shall be proposed by the board of directors and shall be implemented after ratification by shareholders meetings.

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## Appendix 8

### Sinyi Realty Inc. Table of Shareholding Status of Directors

Shareholding status of directors as of the date of suspension of transfer (March 26, 2019) for shareholders' meeting.

Title	Name	Shares held
Chairperson	Chou Chun-Chi	9,378,622
Vice Chairperson	Corporate Representative of Sinyi Co., Ltd.: Hsueh Chien-Ping	210,238,285
Director	Corporate Representative of Sinyi Co., Ltd.: Chou Wang Mei-Wen	
Independent Director	Hong San-Xiong	0
Independent Director	Jhan Hong-Chih	0
Independent Director	Yen Lou-Yu	0
Total shares held by all directors		219,616,907

Remark:

The Company has established audit committee, and number of independent directors elected at the annual general shareholders' meeting in 2019 exceeds a half of number of total directors; therefore, pursuant to requirements of "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies", the requirement for a certain minimum percentage of total shares held by all directors shall not apply.

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## Appendix 9

### **Sinyi Realty Inc.**

#### **Other information**

**The impact of stock dividend to the Company's operation, EPS, and shareholders' ROI:**

Not applied to this section, since Sinyi Group did not reveal its financial forecast for 2019.