

Sinyi Realty Inc.  
Regulations on Governing the Company's Subsidiaries

Formulated on March 19, 2003

Amended on October 27, 2016 for the 6th time

Article 1: Purposes

1. To ensure that the subsidiaries of Sinyi Realty Inc. ("the Company") have clear strategies and specific specifications in their operations and finances, the regulations on governing the subsidiaries for the supervision and management measures are specially formulated.
2. The definition of subsidiaries referred to in the preceding paragraph is in accordance with Financial Accounting Standards No. 5 and No. 7 issued by the Accounting Research and Development Foundation of the Republic of China.

Article 2: Organizational Management of Subsidiaries

The Company implements the following procedures for the organizational management of subsidiaries:

1. Board of Directors: The number of directors of the subsidiaries is set in accordance with local laws and regulations; the Company obtains the directors of the subsidiaries according to the proportion of shares that directly and indirectly hold voting rights. The directors of the subsidiaries appointed by the Company are designated or elected by the Company's chairperson of the board of directors who is authorized by the Company's the board of directors, which shall be subsequently submitted to and ratified by the Company's next board of directors meeting. The same procedure shall apply to the re-designation of the directors of the subsidiaries.
2. General Manager : the appointment of the general manager of the Company's subsidiary is designated by the subsidiary's board of directors.
3. Departmental organization: The general manager of a subsidiary should set up an operating department and appoint department heads according to actual needs, but the financial director must be appointed by the subsidiary's board of directors and be responsible for and report to the Company's financial director. The detailed organization of the operation department is designed by the department head in accordance with the operation requirements, and is set up after being approved by the general manager of the subsidiary; the subsidiary should prepare an "organizational chart" and submit it to the head office for approval.

The directors, general managers, and supervisors of the subsidiary who are assigned by the Company to perform their duties shall be assessed by the Company on a regular basis. If the Company deems it necessary, it may notify the subsidiary to report the salary and remuneration of its directors, general managers and supervisors, and submit it to the Company's board of directors for review.

#### Article 3: Supervision and Management of Subsidiaries

The Company implements the following procedures for the Supervision and Management of Subsidiaries.

1. Supervisors: The number of supervisors of subsidiaries is set in accordance with local laws and regulations; the Company obtains the seats of supervisors of subsidiaries according to the proportion of shares directly and indirectly holding voting rights. The supervisors assigned by the Company to the subsidiaries shall be designated or selected by the chairman of the board of directors authorized by the Company, which shall be subsequently submitted to and ratified by the Company's next board of directors meeting. The same procedure shall apply to the re-designation of the supervisors of the subsidiaries.
2. The Company's appointment  
The supervisor of the subsidiary shall supervise the execution of the subsidiary's business, and may investigate the subsidiary's business and financial status, check the financial documents, and may request the subsidiary's board of directors to submit a report, and shall find out the reasons for abnormal matters and keep records.
3. If the subsidiary is a public company, the Company shall appoint the supervisor of the subsidiary to check the "audit report" and the "recommended improvement notice" of the subsidiary, to find out the reason for the abnormality, and to keep records.
4. In addition to handling in accordance with the regulations of the subsidiary, the supervisors designated by the Company to the subsidiary shall make investigation records of abnormal matters in accordance with the preceding two paragraphs and report to the Company immediately.

#### Article 4: Supervising the subsidiary's material business and marketing matters

The following procedures should be adopted for the business and marketing of the Company's subsidiaries:

1. Subsidiaries should fully take the Company's advantages of the real estate expertise, service quality and market branding to help identify potential markets, and strive to win over target customers.

2. When there is significant information in the market, the subsidiaries shall report to the Company immediately, so that the Company can fully grasp the market situation and current situation, promptly and properly respond, and plan for the best interests of the Group as a whole.
3. The payment method for transactions between the Company and its subsidiaries is determined according to the characteristics of the subsidiaries, and should be consistent with the payment methods of general customers. When the Company and its subsidiaries have current accounts such as accounts receivable and accounts payable, the principle is to offset each other on a regular basis.
4. The subsidiaries should submit their quarterly business reports to the Company in January, April, July and October each year.

#### Article 5: Inventory Management

The subsidiaries should adopt the following principles in inventory management:

1. Strive to reduce the quantity and maintain a good inventory turnover rate.
2. Submit the inventory report before the 15th of each month to the financial department of the Company.
3. In response to the needs of the Company's certified accountant to audit the financial statements, we will conduct the physical inventory taking every year and submit inventory taking reports. As to abnormal inventory shortage or overage and slow-moving inventory, explanations and countermeasures should be provided.

#### Article 6: Financial Management

The principles of financial management of subsidiaries are as follows:

1. Cooperate with the Company's financial policies, perform various financial management, and comply with generally accepted accounting standards and local tax regulations.
2. The annual financial report should be submitted to the financial department of the Company after CPA-audited or the self-assessed report is completed.
3. Submit the self-assessed financial statements of the previous month before the 10th of each month and submit them to the financial unit of the Company. If there are any abnormalities, an analysis report will be submitted.
4. According to the "financial report format" and deadline set by the Company, complete the financial report with the accountant's visa or complete the self-settled financial statement, and provide the Company to complete the consolidated statement.

5. In accordance with the regulations of the local government of the subsidiary, complete the financial and tax declaration before the deadline.
6. Independently deal with the dispatch and application of subsidiary funds. However, in addition to the approval of the subsidiary's board of directors, the subsidiary's borrowing from financial institutions shall report to the Company's financial department in advance if the amount exceeds 50% of the subsidiary's paid-in capital or exceeds NT\$10 million.
7. Capital expenditures such as investment or asset purchase programs of subsidiaries shall be processed in accordance with their respective "procedures for acquiring or disposing of assets", and if the amount multiplied by the proportion of the Company's direct and indirect voting shares exceeds NT\$50 million, the capital expenditures shall be approved by the subsidiary's board of directors, and then be submitted to the Company's board of directors for approval.
8. The subsidiaries should submit accounts receivable details and aging analysis report to their business executives before the 10th of each month, and provide reference for relevant personnel to collect accounts and future sales. The subsidiaries should report to the Company's legal department to assist in various preservation or litigation procedures for significant amounts of uncollected payments.
9. The subsidiaries shall formulate "procedures for acquiring or disposing of assets", "procedures for loaning funds to others" and "procedures for endorsement guarantees" in accordance with relevant standards issued by the securities authorities and relevant regulations of the Company, and follow the established procedures to handle related matters. If a subsidiary intends to lend funds to other companies, or endorse guarantees for other companies, in addition to complying with the relevant regulations of the subsidiary, it shall also submit to the Company for approval in advance.
10. If the Company provides information related to research and development and services to its subsidiaries, the subsidiaries shall keep it confidential, and pay the Company's financial department based on the actual use.
11. The total amount of funds loaned to others by the Company and its subsidiaries shall not exceed 50% of the Company's net worth. However, this does not apply to the loans between the Company and its subsidiaries or between the Company's subsidiaries.
12. The total amount of the Company's and its subsidiaries' endorsement guarantees shall not exceed 100% of the Company's net worth. However, this does not apply to the endorsement guarantee between the Company and its

subsidiaries or between the Company's subsidiaries.

13. The total positions of the Company and its subsidiaries engaged in derivative products shall not exceed 20% of the Company's net worth, and the transaction amount of individual contract shall not exceed 5% of the Company's net worth. The subsidiary shall evaluate the positions held by the derivative commodity exchange at least once a week, and the evaluation report shall be submitted to the senior executives authorized by the board of directors and the financial department of the Company. However, hedging transactions for the operational needs should be evaluated at least twice a month.
14. If a subsidiary intends to enter long term supply agreement, technical cooperation agreement and other important contracts with others that can affect the Company's operations, it should report to the Company before signing, and report the results of the contract to the Company immediately as well.
15. The subsidiaries shall apply International Financial Reporting Standards; their process management standards for professional judgments, important accounting policies and changes in estimates shall be consistent with those of the parent company, except in special circumstances.
16. The subsidiaries' important accounting policies and estimated changes should be reported to the Company's financial department if adjustments are necessary.

#### Article 7: Personnel Management

The principles of personnel management of subsidiaries are as follows:

1. The subsidiaries shall adopt the basic principle of appointing outstanding employees who are honest, responsible and enthusiastic.
2. The subsidiary shall streamline its staff in accordance with actual business needs, and appoint qualified and appropriate personnel based on the needs of the position.
3. Salaries, positions and related benefits of new employees shall be determined by the general manager of the subsidiary in accordance with his authority.
4. Before the end of each year, year-end performance evaluation shall be conducted according to the performance of employees, which shall be used as a reference for year-end bonus, performance bonus, salary adjustment and promotion.
5. All personnel management of the subsidiaries shall be handles in accordance with the relevant local labor laws and regulations of subsidiaries.

#### Article 8 Administrative management and expenditure control

The principles of the administrative management and expenditure control of subsidiaries are as follows:

1. The administrative management of the subsidiary shall be based on the principle of ensuring the efficiency and flexibility of daily operations, and the necessary operating procedures shall be established for compliance.
2. The administrative expenses of subsidiaries shall be strictly controlled with frugality.

#### Article 9 Budget and business objectives

The subsidiaries should complete the budget preparation for the next year before the end of year. The content includes business objectives, business strategies, manpower plans, equipment plans, cost estimates, etc. The format is subject to the Company's regulations.

The business goals drawn up by the subsidiaries must be based on the Company's business strategy, and various plans and specific plans are based on the highest principle of achieving the Company's business goals.

#### Article 10 Operation report and audit management

The operating report and audit management of subsidiaries are based on the following principles:

1. In order to ensure that the Company correctly grasps the operating conditions of the subsidiary, the subsidiary must submit an operating report to the Company at least once a quarter, and the type, content, format, and deadline shall be in accordance with the Company's regulations.
2. A subsidiary of a domestic public offering shall establish an internal audit system in writing and set up an internal audit unit. The internal auditors will perform the audit work to complete the audit report, and the audit report shall be reviewed by the responsible supervisor. The Company can read the audit reports of subsidiaries at any time to confirm and track its internal control deficiencies and improvement results. For non-public subsidiaries, where there is no audit unit or personnel, the Company may dispatch auditors or instruct the subsidiary to appoint external auditors to conduct special audits at any time. Subsidiary's project audit plan, annual audit plan and actual implementation status, internal control system deficiencies and abnormal issues found to be improved, etc., shall be submitted to the Company as soon as possible, in addition to the subsidiary's handling in accordance with regulations.
3. The subsidiaries should follow the local government laws and regulations and consider the nature of their business, establish an "internal control system" and formulate the "internal control system self-inspection operation method."

4. The subsidiaries shall, in accordance with the "Internal Control System Self-inspection Operation Method", annually check the effectiveness of the internal control system design and implementation, and prepare the "Internal Control System Declaration", which shall be submitted within two months after the end of the fiscal year to the Company for reference.

#### Article 11 Principles

1. This method is the Company's principled norms for the supervision and management of subsidiaries. The subsidiaries shall formulate various implementation rules and operating procedures on their own and implement them.
2. The matters stipulated in these measures that should be reported to the Company for approval or for reference shall be handled in accordance with the Company's approval authority.

#### Article 12 Effective Date

These Measures will be implemented after being approved by the Company's board of directors, and the same procedure will apply when they are amended.