Sinyi Realty Inc.
Policies and Procedures for Financial Derivative Transactions

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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.

Article2 (Principles and Guidelines)

1. Instruments
   Financial derivatives referred herein are broadly defined as instruments that derive their value from the performance of underlying 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. 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

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.

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 thousand shall be approved by the president. The amount more than USD 10 million shall be approved by more than half of the audit committee members and then the board of directors. 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.

Where any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinion for discussion by the shareholders' meeting. When the Company submits the issue 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.

(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 transactions

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 abnormity 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 then to the shareholders’ meeting for approval. The same of “Level of approval” applied to regulation listed in the Article 2 item 3(3) (b). _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.

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