Sinyi Realty Inc. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2015 and 2014 and Independent Auditors' Report

DECLARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2015 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards No. 10, "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

SINYI REALTY INC.

By

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February 25, 2016

Deloitte
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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sinyi Realty Inc.

We have audited the accompanying consolidated balance sheets of Sinyi Realty Inc. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2015 and 2014, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2015 and 2014, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, and Interpretations endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the parent company only financial statements of Sinyi Realty Inc. as of and for the years ended December 31, 2015 and 2014 on which we have issued an unqualified report.

Deloitte & Touche

February 25, 2016

<u>*Notice to Readers*</u>

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, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015		2014	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 3,437,772	17	$ 2,865,766	16
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	317,657	1	19,180	-
Available-for-sale financial assets - current (Notes 4 and 8)	749,911	4	840,562	5
Notes receivable (Notes 4 and 10)	76,783	-	26,762	-
Trade receivables (Notes 4, 5 and 10)	684,557	3	763,270	4
Other receivables (Notes 4, 5, 10 and 34)	90,302	-	359,541	2
Current tax assets (Notes 4 and 28)	20,920	-	17,399	-
Inventories (Notes 4, 5, 11 and 35)	6,317,412	30	5,387,474	30
Other financial assets - current (Notes 12 and 35)	1,781,519	9	388,352	2
Other current assets (Note 18)	332,768	2	76,814	1
Total current assets	13,809,601	66	10,745,120	60
NON-CURRENT ASSETS				
Financial assets measured at cost - non-current (Notes 4 and 9)	252,322	1	293,616	2
Investment accounted for using equity method (Notes 4 and 14)	9,649	-	10,951	-
Property, plant and equipment (Notes 4, 15 and 35)	3,561,920	17	3,604,588	20
Investment properties (Notes 4, 16 and 35)	2,816,292	14	2,840,915	16
Intangible assets (Notes 4, 17 and 37)	144,763	1	142,718	1
Deferred tax assets (Notes 4, 5 and 28)	43,384	-	25,477	-
Refundable deposits (Note 31)	127,539	1	128,436	1
Prepaid pension cost - non-current (Notes 4, 5 and 25)	-	-	9,004	-
Other non-current assets (Note 18)	6,534	-	5,079	-
Total non-current assets	6,962,403	34	7,060,784	40
TOTAL	$ 20,772,004	100	$ 17,805,904	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 19 and 35)	$ 237,463	1	$ 45,828	-
Notes payable	4,746	-	7,186	-
Trade payables (Note 21)	86,330	-	165,767	1
Other payables (Note 23)	1,493,621	7	1,683,773	9
Other payables to related parties (Notes 23 and 34)	115,727	1	131,726	1
Current tax liabilities (Notes 4 and 28)	70,697	-	111,956	1
Provisions - current (Notes 4, 5 and 24)	34,456	-	44,299	-
Other current financial liabilities (Note 23)	321,467	2	274,117	1
Unearned revenue (Note 22)	2,666,503	13	19,100	-
Current portion of long-term borrowings (Notes 19 and 35)	190,000	1	291,180	2
Other current liabilities (Note 23)	297,159	2	102,970	1
Total current liabilities	5,518,169	27	2,877,902	16
NON-CURRENT LIABILITIES				
Bonds payable (Note 20)	3,000,000	14	3,000,000	17
Long-term borrowings (Notes 19 and 35)	2,109,289	10	1,356,958	8
Provisions - non-current (Notes 4, 5 and 24)	4,644	-	3,189	-
Net defined benefit liabilities - non-current (Notes 4, 5 and 25)	4,225	-	-	-
Guarantee deposits received (Note 31)	60,208	-	82,680	1
Other non-current liabilities (Note 23)	722,466	4	941,726	5
Deferred tax liabilities (Notes 4 and 28)	30,625	-	27,341	-
Total non-current liabilities	5,931,457	28	5,411,894	31
Total liabilities	11,449,626	55	8,289,796	47
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 26)				
Share capital				
Ordinary shares	6,318,398	30	6,134,367	34
Capital surplus	63,896	-	63,896	-
Retained earnings				
Legal reserve	1,645,009	8	1,537,793	9
Unappropriated earnings	734,737	4	1,094,412	6
Total retained earnings	2,379,746	12	2,632,205	15
Other equity (Note 4)				
Exchange differences on translating foreign operations	189,816	1	264,741	1
Unrealized gain from available-for-sale financial assets	244,878	1	281,404	2
Total other equity	434,694	2	546,145	3
Total equity attributable to owners of the Company	9,196,734	44	9,376,613	52
NON-CONTROLLING INTERESTS	125,644	1	139,495	1
Total equity	9,322,378	45	9,516,108	53
TOTAL	$ 20,772,004	100	$ 17,805,904	100

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

SINYI REALTY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE				
Service revenue (Note 4)	$ 7,523,143	100	$ 8,899,215	100
OPERATING COSTS (Notes 27 and 34)	5,723,628	76	6,447,786	73
GROSS PROFIT	1,799,515	24	2,451,429	27
OPERATING EXPENSES (Notes 27 and 34)	1,292,983	17	1,281,946	14
OPERATING INCOME	506,532	7	1,169,483	13
NON-OPERATING INCOME AND EXPENSES				
Rental income (Note 34)	130,377	2	126,594	1
Dividend income	36,483	-	21,603	-
Interest income (Notes 17 and 27)	45,262	1	60,338	1
Other gains and losses (Notes 27 and 34)	132,058	2	76,505	1
Finance costs (Notes 27 and 34)	(66,686)	(1)	(71,847)	(1)
Total non-operating income and expenses	277,494	4	213,193	2
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	784,026	11	1,382,676	15
INCOME TAX EXPENSE (Notes 4 and 28)	(197,665)	(3)	(273,266)	(3)
NET PROFIT FOR THE YEAR	586,361	8	1,109,410	12
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 25)	(22,775)	-	(7,527)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 28)	3,872	-	1,280	-

(Continued)

SINYI REALTY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	$ (74,931)	(1)	$ 226,158	3
Unrealized (loss) gain on available-for-sale financial assets	(35,342)	(1)	(82,135)	(1)
Share of the other comprehensive income of associates accounted for using the equity method	(1,184)	-	(858)	-
Other comprehensive (loss) income for the year, net of income tax	(130,360)	(2)	136,918	2
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 456,001	6	$ 1,246,328	14
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 563,865	8	$ 1,072,157	12
Non-controlling interests	22,496	-	37,253	-
	$ 586,361	8	$ 1,109,410	12
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 433,558	6	$ 1,208,802	14
Non-controlling interests	22,443	-	37,526	-
	$ 456,001	6	$ 1,246,328	14
EARNINGS PER SHARE (Note 29)				
Basic	$0.89		$1.70	
Diluted	$0.89		$1.70	

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

SINYI REALTY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company									
			Retained Earnings			Other Equity				
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2014	$ 5,028,170	$ 68,597	$ 1,290,290	$ 120,693	$ 2,579,654	$ 39,243	$ 364,397	$ 9,491,044	$ 130,704	$ 9,621,748
Appropriation of 2013 earnings										
Reversal of special reserve	-	-	-	(120,693)	120,693	-	-	-	-	-
Legal reserve	-	-	247,503	-	(247,503)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,307,324)	-	-	(1,307,324)	-	(1,307,324)
Stock dividends distributed by the Company	1,106,197	-	-	-	(1,106,197)	-	-	-	-	-
Changes in capital surplus										
Adjustments arising from changes in the interest in subsidiaries	-	(4,701)	-	-	(11,208)	-	-	(15,909)	376	(15,533)
Net profit for the year ended December 31, 2014	-	-	-	-	1,072,157	-	-	1,072,157	37,253	1,109,410
Other comprehensive income (loss) for the year ended December 31, 2014, net of income tax	-	-	-	-	(5,860)	225,498	(82,993)	136,645	273	136,918
Total comprehensive income (loss) for the year ended December 31, 2014	-	-	-	-	1,066,297	225,498	(82,993)	1,208,802	37,526	1,246,328
Change in non-controlling interest	-	-	-	-	-	-	-	-	(29,111)	(29,111)
BALANCE AT DECEMBER 31, 2014	6,134,367	63,896	1,537,793	-	1,094,412	264,741	281,404	9,376,613	139,495	9,516,108
Appropriation of 2014 earnings										
Legal reserve	-	-	107,216	-	(107,216)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(613,437)	-	-	(613,437)	-	(613,437)
Stock dividends distributed by the Company	184,031	-	-	-	(184,031)	-	-	-	-	-
Net profit for the year ended December 31, 2015	-	-	-	-	563,865	-	-	563,865	22,496	586,361
Other comprehensive loss for the year ended December 31, 2015, net of income tax	-	-	-	-	(18,856)	(74,925)	(36,526)	(130,307)	(53)	(130,360)
Total comprehensive income for the year ended December 31, 2015	-	-	-	-	545,009	(74,925)	(36,526)	433,558	22,443	456,001
Change in non-controlling interest	-	-	-	-	-	-	-	-	(36,294)	(36,294)
BALANCE AT DECEMBER 31, 2015	$ 6,318,398	$ 63,896	$ 1,645,009	$ -	$ 734,737	$ 189,816	$ 244,878	$ 9,196,734	$ 125,644	$ 9,322,378

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

SINYI REALTY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 784,026	$ 1,382,676
Adjustments for:		
Depreciation expenses	153,281	129,586
Amortization expenses	43,068	26,396
Impairment loss recognized on financial assets	3,662	1,104
Net loss on fair value change of financial assets held for trading	11,813	11,302
Finance costs	181,207	135,051
Interest income	(45,262)	(60,338)
Dividend income	(36,483)	(21,603)
Share of profit of associates and joint ventures	(243)	(405)
Loss on disposal of property, plant and equipment	2,463	4,154
Gain on disposal of investment properties	-	(2,053)
Gain on disposal of investments	(67,906)	(33,676)
Impairment recognized loss on non-financial assets	-	2,954
Changes in operating assets and liabilities		
Financial assets held for trading	(299,001)	215,180
Notes receivable	(50,021)	37,179
Trade receivables	78,713	383,214
Other receivables	41,716	(21,407)
Inventories	(929,938)	(1,213,210)
Other current assets	(255,954)	(8,766)
Operating assets	(9,546)	(10,464)
Notes payable	(2,440)	(2,445)
Unearned revenue	2,647,403	14,954
Trade payables	(79,437)	165,361
Other payables	(172,135)	(1,085,319)
Other payables to related parties	(8,361)	23,766
Provisions	(8,388)	(21,513)
Other financial liabilities	47,350	79,361
Other current liabilities	194,189	(42,850)
Other operating liabilities	(219,260)	(47,880)
Cash generated from operations	2,004,516	40,309
Interest received	93,785	46,052
Interest paid	(197,141)	(132,328)
Income taxes paid	(253,196)	(609,524)
Net cash generated from (used in) operating activities	1,647,964	(655,491)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale financial assets	-	(19,145)
Proceeds from disposal of available-for-sale financial assets	122,267	23,617
Purchase of financial assets measured at cost	-	(5,095)
Capital refund of financial assets measured at cost	38,400	2,333
Net cash outflow on acquisition of subsidiaries	-	(15,533)

(Continued)

SINYI REALTY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015	2014
Payments for property, plant and equipment	$ (114,668)	$ (180,013)
Proceeds on disposal on property, plant and equipment	35	396
Decrease in prepayment for equipment	9,688	13,025
Decrease in refundable deposits	897	709
Payment for intangible assets	(42,522)	(53,925)
Payment for investment properties	-	(37,761)
Proceeds on disposal of investment properties	-	24,926
Increase in other financial assets	(1,393,167)	-
Decrease in other financial assets	-	749,048
Increase in other non-current assets	(1,455)	(456)
Decrease in other receivables	179,000	21,000
Dividends received	36,844	21,822
Net cash (used in) generated from investing activities	(1,164,681)	544,948
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of bonds	-	3,000,000
Proceeds from short-term borrowings	191,635	-
Repayment of short-term borrowings	-	(540,799)
Proceeds from long-term borrowings	2,361,265	4,608,958
Repayment of long-term borrowings	(1,691,180)	(4,550,000)
Proceeds from guarantee deposits received	-	3,894
Refund of guarantee deposits received	(22,472)	-
Increase in other payables to related parties	-	8,236
Decrease in other payables to related parties	(9,721)	-
Dividends paid to owners of the Company	(613,437)	(1,307,324)
Change in non-controlling interest	(36,294)	(29,111)
Net cash generated from financing activities	179,796	1,193,854
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(91,073)	176,481
INCREASE IN CASH AND CASH EQUIVALENTS	572,006	1,259,792
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,865,766	1,605,974
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 3,437,772	$ 2,865,766

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

1. GENERAL INFORMATION

Sinyi Realty Inc. (the "Company") was incorporated in January 1987 and engaged in the operation of a full-service real-estate brokerage business. The head office is situated in Taipei City, Taiwan, Republic of China (ROC). The Company continues to expand by establishing branches in Taiwan and highly focuses on promoting its brand value.

In August 1999, the Securities and Futures Bureau ("SFB") approved the trading of the Company's common shares on the over-the-counter ("OTC") securities exchange in the ROC. In September 2001, the SFB approved the listing of the Company's shares on Taiwan Stock Exchange ("TSE").

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements had been approved by the Company's board of directors and authorized for issue on February 25, 2016.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC

   Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC on April 3, 2014, stipulated that the Group should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") endorsed by the FSC and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers starting January 1, 2015.

   Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 IFRSs version did not have any material impact on the Group's accounting policies:

   1) IFRS 12 "Disclosure of Interests in Other Entities"

      IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries and associates. In general, the disclosure requirements in IFRS 12 are more extensive than in the previous standards.

2) IFRS 13 "Fair Value Measurement"

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those in previous standards; for example, quantitative and qualitative disclosures based on the three-level fair value hierarchy previously required only for financial instruments will be extended by IFRS 13 to cover all assets and liabilities within its scope.

The fair value measurements under IFRS 13 are applied prospectively from January 1, 2015. Refer to Note 33 for related disclosures.

3) Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income"

The amendments to IAS 1 requires items of other comprehensive income to be grouped into those items that (1) will not be reclassified subsequently to profit or loss; and (2) may be reclassified subsequently to profit or loss. Income taxes on related items of other comprehensive income are grouped on the same basis. Under previous IAS 1, there were no such requirements.

The Group retrospectively applied the above amendments starting in 2015. Items not expected to be reclassified to profit or loss are remeasurements of the defined benefit plans and shares of the other comprehensive income of associates accounted for using the equity method. Items expected to be reclassified to profit or loss are the exchange differences on translating foreign operations and unrealized gain (loss) on available-for-sale financial assets. The application of the above amendments did not have any impact on the net profit for the year, other comprehensive income for the year (net of income tax), and total comprehensive income for the year.

4) Revision to IAS 19 "Employee Benefits"

The interest cost and expected return on plan assets used in previous IAS 19 are replaced with a "net interest" amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, the revised IAS 19 introduces certain changes in the presentation of the defined benefit cost, and also includes more extensive disclosures. Refer to Note 25 for related disclosures.

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

The Group has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced their effective dates.

New IFRSs	**Effective Date Announced by IASB (Note 1)**
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

(Concluded)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

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

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

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

1) IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

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

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

a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;

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

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

The impairment of financial assets

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

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

2) IFRS 15 “Revenue from Contracts with Customers”

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersedes IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations from January 1, 2017.

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

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

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

3) IFRS 16 “Leases”

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within twelve months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within twelve months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

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

d. Basis of consolidation

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

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

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

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

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

See Note 13, Tables 6 and 7 for the detailed information of subsidiaries (including the percentage of ownership and main business).

e. Business combinations

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

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

f. Foreign currencies

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

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

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

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

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

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

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

g. Inventories

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

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

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

h. Investments in associates

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

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

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

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

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

i. Property, plant and equipment

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

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

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

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

j. Investment properties

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

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

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

k. Goodwill

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

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

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

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

l. Intangible assets

1) Intangible assets acquired separately

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

2) Intangible assets acquired in a business combination

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

3) Derecognition of intangible assets

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

m. Impairment of tangible and intangible assets other than goodwill

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

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

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

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

n. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at fair value through profit or loss

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

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

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

ii. Available-for-sale financial assets

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

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

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

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

iii. Loans and receivables

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

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

b) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

o. Provisions

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

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

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

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

p. Revenue recognition

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

1) Rendering of services

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

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

a) The amount of revenue can be measured reliably;

b) It is probable that the economic benefits associated with the transaction will flow to the Company;

c) The degree of completion of transaction can be measured reliably at the end of the reporting period; and

d) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

2) Sale of goods

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

a) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

b) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

c) The amount of revenue can be measured reliably;

d) It is probable that the economic benefits associated with the transaction will flow to the Group; and

e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

3) Dividend and interest income

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

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

q. Leasing

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

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

r. Borrowing costs

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

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

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

s. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Other long-term employee benefits

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

t. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

3) Current and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Estimated impairment of trade receivables

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

b. Impairment of tangible and intangible assets other than goodwill

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

c. Provisions

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

d. Income taxes

Due to the unpredictability of future profit streams, the realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such reversal takes place.

e. Recognition and measurement of defined benefit plan

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

f. Write-down of inventory

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2015	**2014**
Cash on hand	$ 16,670	$ 18,526
Checking accounts and demand deposits	1,989,990	1,256,266
Cash equivalents		
Time deposits with original maturities less than three months	1,431,112	1,590,974
	$ 3,437,772	$ 2,865,766

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

	December 31	
	2015	**2014**
Interest rates range	0.01%-4.10%	0.02%-4.10%

As of December 31, 2015 and 2014, the carrying amounts of time deposits with original maturities more than three months were $401,695 thousand and $319,723 thousand, respectively, which were classified as other financial assets - current (Note 12).

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

	December 31	
	2015	**2014**
Financial assets held for trading		
Non-derivative financial assets		
Domestic quoted shares	$ 6,128	$ 19,180
Mutual funds	311,529	-
	$ 317,657	$ 19,180

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS - CURRENT

	December 31	
	2015	**2014**
Domestic investments		
Quoted shares	$ 195,775	$ 299,910
Foreign investments		
Quoted shares	552,714	539,282
Mutual funds	1,422	1,370
	554,136	540,652
Available-for-sale financial assets	$ 749,911	$ 840,562

9. FINANCIAL ASSETS MEASURED AT COST - NON-CURRENT

	December 31	
	2015	**2014**
Domestic unlisted common shares	$ 83,629	$ 121,742
Overseas unlisted common shares	168,693	171,874
	$ 252,322	$ 293,616

Management believed that the fair value of the above unlisted equity investments held by the Group cannot be reliably measured due to the wide range of reasonable fair value estimates; therefore, they were measured at cost less impairment at the end of reporting period.

During the years ended December 31, 2015 and 2014, valuation losses that resulted from the permanent decline in the carrying value of investments were $3,662 thousand and $1,104 thousand, respectively.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2015	2014
Notes receivable and trade receivables		
Notes receivable - operating	$ 46,783	$ 26,762
Notes receivable - non-operating	30,000	-
	76,783	26,762
Trade receivables	697,401	791,532
Less: Allowance for doubtful accounts	(12,844)	(28,262)
	684,557	763,270
	$ 761,340	$ 790,032
Other receivables		
Loan receivable - fixed interest rate	$ -	$ 179,000
Interest receivables	-	48,523
Others	93,150	135,289
Less: Allowance for doubtful accounts	(2,848)	(3,271)
	$ 90,302	$ 359,541

a. Trade receivables

The average credit period for rendering of services was 30 to 60 days. No interest was charged on trade receivables. The provision of allowance for trade receivables from real estate brokerage service revenue was estimated based on historical experience. Allowance for impairment loss was recognized against trade receivables based on aging analysis, historical experience and an analysis of clients' current financial position. In determining the recoverability of a trade receivable, the Group considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period.

Other than some specific contracts, the Group divided counterparties into several groups to evaluate the recovery rate by aging analysis and based on historical recovery rate of trade receivables; the groups were determined by reference to past default experience, an analysis of their current financial position and considered credit risk of trade receivables. Decisions on the recognition of allowance for impairment loss were as follows:

1) The Group did not recognize an allowance for impairment loss against all receivables aged less than 90 days because historical experience had shown they were recoverable.

2) Receivables aged over 91 days:

   According to the historical recovery experience, the Group classified customers into risk groups and calculated the recovery rate for every customer with assessed credit risk based on the number of days from the original sales date to the end of the reporting period and the recoverable amount was calculated by applying the recovery rate to the outstanding receivable amount. Finally, the amount of impairment loss is measured as the difference between the sum of the recoverable amounts and the sum of the carrying amounts of the groupings of trade receivables.

a) For customers with assessed low credit risk:

Number of Days from the Original Sales Date to the End of the Reporting Period	Recovery Rate
91-180 days	40%-100%
181-360 days	10%-40%
Over 360 days	0% -10%

b) For customers with assessed high credit risk:

Number of Days from the Original Sales Date to the End of the Reporting Period	Recovery Rate
91-180 days	20%-100%
181-360 days	0%-20%
Over 360 days	0%

The concentration risk of credit was limited due to the fact that the customer base was large and customers were unrelated.

Aging analysis of receivables was as follows:

	December 31	
	2015	2014
0-60 days	$ 592,384	$ 598,586
61-90 days	32,641	54,441
91-180 days	21,589	45,580
181-360 days	25,142	22,291
Over 360 days	25,645	70,634
	$ 697,401	$ 791,532

The above analysis was based on the billing date.

For some trade receivables (see below for aging analysis) that were past due at the end of the reporting period, the Group did not recognize an allowance for impairment loss because there was no significant change in credit quality and the amounts were considered recoverable.

Aging analysis of receivables that were past due but not impaired was as follows:

	December 31	
	2015	2014
61-90 days	$ 13,455	$ 29,839
91-180 days	3,491	22,471
181-360 days	7,830	14,325
Over 360 days	15,025	2,896
	$ 39,801	$ 69,531

The above analysis was based on the billing date.

Movements of the allowance for impairment loss recognized on trade receivables and other receivables were as follows:

	2015		2014	
	Trade Receivables	**Other Receivables**	**Trade Receivables**	**Other Receivables**
Balance at January 1	$ 28,262	$ 3,271	$ 28,216	$ 4,224
Add (less): Impairment losses recognized (reversed) on receivables	(15,289)	(99)	2,781	(932)
Less: Amounts written off	(7)	(324)	(2,950)	(21)
Foreign exchange translation (losses) gains	(122)	-	215	-
Balance at December 31	$ 12,844	$ 2,848	$ 28,262	$ 3,271

b. Other receivables

1) Loan receivable and interest receivable are financing to Shin Hau Real Estate Co., Ltd. (Shin Hau Real Estate) for business purpose. Under the loan agreement, Shin Hau Real Estate provided land located in Da-an District, Taipei City as collateral; the loan principal and interests should be fully paid before April 30, 2015. In April 2014, Shin Hau Real Estate partially repaid the loan principal and interest; land located in Da-an District and Beitou District were pledged as collateral. On April 28, 2015, the Company’s board of directors passed a resolution to extend the repayment date of the loans receivable from Shin Hau Real Estate from April 30, 2015 to July 31, 2015. Under the supplementary agreement, before April 30, 2015, Shin Hau Real Estate should issue a cheque dated due on May 10, 2015 to repay parts of loans, interests and extension period interests and another cheque dated due on July 31, 2015 to repay the remaining loan, interests and extension period interests. As of July 31, 2015, the loan and interests and extension period interests had been collected. Information on the financing for the years ended December 31, 2015 and 2014 was as follows:

	Year Ended December 31, 2015				
	Highest Balance During the Year	**Amount**	**Interest Rate %**	**Interest Income**	**Interest Receivable**
Shin Hau Real Estate Co., Ltd.	$ 179,000	$ -	10	$ 10,506	$ -

	Year Ended December 31, 2014				
	Highest Balance During the Year	**Amount**	**Interest Rate %**	**Interest Income**	**Interest Receivable**
Shin Hau Real Estate Co., Ltd.	$ 200,000	$ 179,000	10	$ 18,590	$ 48,523

2) Other receivables were the payment on behalf of others and rental receivable.

11. INVENTORIES

	December 31 2015	December 31 2014
Properties under development		
Malu Town, Jiading District, Shanghai	$ 5,972,207	$ 5,071,957
Tianmu, Shihlin District, Taipei City	343,092	313,404
Others		
Sanyu, Shihlin District, Taipei City	2,113	2,113
	$ 6,317,412	$ 5,387,474

To ensure the smooth completion of the real estate project, Taiwan Sinyi Development entered into a trust contract with E.Sun Bank on the real estate project of Tianmu, Shihlin District, Taipei City. The information of the real estate trust was as follows:

Project Name	Trustee	Trust Period
Sinyi Chien-Shih	E.Sun Bank	From April 16, 2014 to the completion of the project

In accordance with the trust contract, E.Sun Bank has been authorized to take fund control function, including making progress payments, the payment of taxes, and so on.

Refer to Note 35 for the carrying amount of inventories pledged as security for bank borrowings by the Group.

12. OTHER FINANCIAL ASSETS - CURRENT

	December 31 2015	December 31 2014
Time deposits with original maturity more than three months	$ 401,695	$ 319,723
Restricted assets - current	47,857	25,602
Financial assets at amortized cost	1,331,967	43,027
	$ 1,781,519	$ 388,352

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

	December 31 2015	December 31 2014
Time deposits with original maturity more than three months	0.025%-3.00%	1.08%-2.60%

b. Restricted assets - current were time deposits provided as guarantee for the loan of Shanghai Sinyi Real Estate and Suzhou Sinyi Real Estate and as operating guarantee for real-estate brokerage. Please refer to Note 35.

c. Financial assets at amortized cost were bank financial products, the expected yield rates for the years ended December 31, 2015 and 2014 were 1.80%-3.75% and 4.35%-4.66%.

13. SUBSIDIARIES

a. Subsidiaries included in consolidated financial statements

The subsidiaries included in the consolidated entities as of December 31, 2015 and 2014 were as follows:

			% of Ownership December 31		
Investor	**Investee**	**Main Businesses**	**2015**	**2014**	**Remark**
Sinyi Realty Inc.	Sinyi International Limited (Sinyi International)	Investment holding	100	100	
	Sinyi Development Inc. (Taiwan Sinyi Development)	Construction	100	100	
	Sinyi Limited	Investment holding	100	100	
	Sinyi Global Asset Management Co., Ltd. (Global)	Real estate brokerage	100	100	
	Heng-Yi Real Estate Consulting Inc. (Heng-Yi)	Development, construction, rental and sale of residential building and factories	100	100	
	Jui-Inn Consultants Co., Ltd. (Jui-Inn)	Management consulting	100	100	
	Sinyi Culture Publishing Inc. (Sinyi Culture)	Publication	99	99	
	An-Sin Real Estate Management Ltd. (An-Sin)	Real estate management	51	51	
	Yowoo Technology Inc. (Yowoo Technology)	Information software, data processing and electronic information providing services	100	100	
Sinyi Limited	Ke Wei HK Realty Limited (Ke Wei HK)	Investment holding	99	99	
	Inane International Limited (Inane)	Investment holding	100	100	
Inane	Shanghai Sinyi Real Estate Inc. (Shanghai Sinyi Real Estate)	Real estate brokerage	100	100	
	Beijing Sinyi Real Estate Ltd. (Beijing Sinyi)	Real estate brokerage	100	100	
	Shanghai Sinyi Limited Corporation of Land Administration and Real Estate Counseling (Shanghai Sinyi of Land Administration and Real Estate Counseling)	Management consulting	100	100	
	Chengdu Sinyi Real Estate Co., Ltd. (Chengdu Sinyi)	Real estate brokerage and management consulting	100	100	
	Qingdao Chengjian & Sinyi Real Estate Co., Ltd. (Qingdao Sinyi)	Real estate brokerage and management consulting	100	100	
	Max Success International Limited (Max Success)	Investment holding	100	100	
Shanghai Sinyi Real Estate	Zhejiang Sinyi Real Estate Co., Ltd. (Zhejiang Sinyi)	Real estate brokerage and management consulting	38	38	
	Suzhou Sinyi Real Estate Inc. (Suzhou Sinyi)	Real estate brokerage and management consulting	2	2	
Max Success	Zhejiang Sinyi	Real estate brokerage and management consulting	62	62	
	Suzhou Sinyi	Real estate brokerage and management consulting	98	98	
Ke Wei HK	Ke Wei Shanghai Real Estate Management Consulting Inc. (Ke Wei Shanghai)	Real estate brokerage and management consulting	100	100	
Sinyi International	Forever Success International Limited (Forever Success)	Investment holding	100	100	
	Sinyi Realty Inc. Japan (Japan Sinyi)	Real estate brokerage, management and identification	100	100	
	Sinyi Development Limited (Sinyi Development)	Investment holding	100	100	
	Sinyi Estate Ltd. (Sinyi Estate)	Investment holding	100	-	Note 1
Forever Success	Shanghai Shang Tuo Investment Management Consulting Inc. (Shanghai Shang Tuo)	Real estate brokerage and management consulting	100	100	
	Hua Yun Renovation (Shanghai) Co., Ltd. (Hua Yun)	Professional construction, building decoration construction, interior decoration, hardware, general merchandise, building materials wholesale	100	100	
An-Sin	An-Shin Real Estate Management Ltd. (An-Shin)	Real estate management	100	100	

(Continued)

Investor	Investee	Main Businesses	% of Ownership December 31 2015	2014	Remark
Japan Sinyi	Sinyi Management Co., Ltd. (Sinyi Management) (original name: Richesse Management Co., Ltd.)	Real estate brokerage	100	100	
	Tokyo Sinyi Real Estate Co., Ltd.	Real estate brokerage	100	-	Note 3
Sinyi Development	Sinyi Real Estate (Hong Kong) Limited (Hong Kong Real Estate)	Investment holding	100	100	
	Kunshan Dingxian Trading Co., Ltd. (Kunshan Dingxian Trading)	Construction materials furniture, sanitary ware and ceramic products	100	-	Note 4
Sinyi Estate	Sinyi Estate (Hong Kong) Limited (Hong Kong Sinyi Estate)	Investment holding	100	-	Note 2
Hong Kong Real Estate	Sinyi Real Estate (Shanghai) Limited (Shanghai Real Estate)	Development of commercial and residential building and auxiliary facilities; and construction, rental, sale and property management	100	100	
Taiwan Sinyi Development	Da-Chia Construction Co., Ltd. (Da-Chia Construction)	Development, construction, rental and sales of residential building and factories	100	100	
	Sinyi Real Estate Co., Ltd. (Sinyi Real Estate)	Development, construction, rental and sales of residential building and factories	100	100	

(Concluded)

Remark:

Note 1: Sinyi Estate was incorporated in April 2015, with a capital collected in advance of US$12,298 thousand as of December 31, 2015.

Note 2: Hong Kong Sinyi Estate was incorporated in April 2015, with a capital collected in advance of US$1 thousand as of December 31, 2015.

Note 3: Tokyo Sinyi Real Estate Co., Ltd. was incorporated in May 2015, with a capital of $5,000 thousand.

Note 4: Kunshang Dingxian Trading was incorporated in January 2015, with a capital of RMB6,000 thousand.

Note 5: The investments accounted for by the equity method and the share of profit or loss and other comprehensive income of those subsidiaries for the years ended December 31, 2015 and 2014 were based on audited financial statements.

b. Subsidiaries excluded from consolidated financial statements: None.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31 2015	2014
Investments in associates	$ 9,649	$ 10,951

Investments in Associates

	December 31 2015	2014
Unlisted company		
Sinyi Interior Design Co., Ltd.	$ 9,649	$ 10,951

As of the end of the reporting period, the proportion of ownership and voting rights in associates held by the Group were as follows:

Name of Associate	December 31 2015	December 31 2014
Sinyi Interior Design Co., Ltd.	19%	19%

The summarized financial information in respect of the Group’s associates is set out below:

	Years Ended December 31 2015	Years Ended December 31 2014
Group’s share		
Net profit for continuing operations	$ 243	$ 405
Other comprehensive loss	(1,184)	(858)
Total comprehensive loss for the year	$ (941)	$ (453)

The investments accounted for by the equity method and the share of profit or loss and other comprehensive loss of the investment for the year ended December 31, 2015 were based on unaudited financial statements. The Company’s management believes the unaudited financial statements of Sinyi Interior Design Co., Ltd. do not have material impact on the equity method accounting or the calculation of the share of profit or loss and other comprehensive loss. The investments accounted for by the equity method and the share of profit or loss and other comprehensive loss of the investment for the year ended December 31, 2014 were based on audited financial statements.

15. PROPERTY, PLANT AND EQUIPMENT

Year Ended December 31, 2015	Freehold land	Buildings	Transportation Equipment	Office Equipment	Leased Assets	Leasehold Improvements	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
Cost									
Balance, at January 1, 2015	$ 2,670,039	$ 418,777	$ 6,984	$ 354,744	$ 4,671	$ 454,972	$ 79,501	$ 272,743	$ 4,262,431
Additions	-	-	-	39,882	-	74,226	478	82	114,668
Disposals (Notes 1 and 2)	-	(1,448)	-	(22,146)	-	(26,935)	-	(8,240)	(58,769)
Reclassifications	(4,831)	(1,969)	-	176	-	-	-	(621)	(7,245)
Effect of foreign currency exchange differences	-	-	(110)	(774)	-	(1,139)	-	(5,179)	(7,202)
Balance at December 31, 2015	$ 2,665,208	$ 415,360	$ 6,874	$ 371,882	$ 4,671	$ 501,124	$ 79,979	$ 258,785	$ 4,303,883
Accumulated depreciation									
Balance, at January 1, 2015	$ -	$ 86,407	$ 3,084	$ 211,880	$ 4,671	$ 309,207	$ 42,594	$ -	$ 657,843
Depreciation expense	-	10,157	1,308	49,490	-	59,253	11,897	-	132,105
Disposals	-	-	-	(20,708)	-	(25,875)	-	-	(46,583)
Effect of foreign currency exchange differences	-	-	(62)	(520)	-	(820)	-	-	(1,402)
Balance at December 31, 2015	$ -	$ 96,564	$ 4,330	$ 240,142	$ 4,671	$ 341,765	$ 54,491	$ -	$ 741,963
Net book value, January 1, 2015	$ 2,670,039	$ 332,370	$ 3,900	$ 142,864	$ -	$ 145,765	$ 36,907	$ 272,743	$ 3,604,588
Net book value, December 31, 2015	$ 2,665,208	$ 318,796	$ 2,544	$ 131,740	$ -	$ 159,359	$ 25,488	$ 258,785	$ 3,561,920

	Year Ended December 31, 2014								
	Freehold land	Buildings	Transportation Equipment	Office Equipment	Leased Assets	Leasehold Improvements	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
Cost									
Balance, at January 1, 2014	$ 2,670,039	$ 418,777	$ 8,151	$ 285,841	$ 4,671	$ 418,163	$ 62,026	$ 295,536	$ 4,163,204
Additions	-	-	-	99,487	-	62,435	17,475	616	180,013
Disposals (Note 2)	-	-	(1,398)	(32,243)	-	(28,830)	-	(13,025)	(75,496)
Reclassifications	-	-	-	-	-	-	-	(21,777)	(21,777)
Effect of foreign currency exchange differences	-	-	231	1,659	-	3,204	-	11,393	16,487
Balance at December 31, 2014	$ 2,670,039	$ 418,777	$ 6,984	$ 354,744	$ 4,671	$ 454,972	$ 79,501	$ 272,743	$ 4,262,431
Accumulated depreciation									
Balance, at January 1, 2014	$ -	$ 75,733	$ 2,777	$ 199,323	$ 4,671	$ 286,556	$ 33,576	$ -	$ 602,636
Depreciation expense	-	10,674	1,308	40,400	-	47,691	9,018	-	109,091
Disposals	-	-	(1,106)	(29,026)	-	(27,789)	-	-	(57,921)
Effect of foreign currency exchange differences	-	-	105	1,183	-	2,749	-	-	4,037
Balance at December 31, 2014	$ -	$ 86,407	$ 3,084	$ 211,880	$ 4,671	$ 309,207	$ 42,594	$ -	$ 657,843
Net book value, January 1, 2014	$ 2,670,039	$ 343,044	$ 5,374	$ 86,518	$ -	$ 131,607	$ 28,450	$ 295,536	$ 3,560,568
Net book value, December 31, 2014	$ 2,670,039	$ 332,370	$ 3,900	$ 142,864	$ -	$ 145,765	$ 36,907	$ 272,743	$ 3,604,588

Note 1: The proceeds of disposal of building were collected based on the portfolio of the value of right and investment amount after the urban renewal plan was completed; the Group participated in the plan.

Note 2: Refund of prepayments to construction company when it failed to meet the terms of the contract for Suzhou Sinyi.

The above items of property, plant and equipment were depreciated on a straight-line basis over the following estimated useful lives:

Buildings - main buildings	21-55 years
Transportation equipment	4-5 years
Office equipment	3-5 years
Leased assets	3 years
Leasehold improvements	3-5 years
Other equipment	3-15 years

a. Construction in progress and prepayments for equipment were mainly the Group’s purchase of the pre-sold property which was still in construction located in Suzhou City. The transaction price had been paid fully according to the real estate transaction contract.

b. There was no interest capitalized during the years ended December 31, 2015 and 2014.

c. Refer to Note 35 for the details of properties, plant and equipment pledged as collaterals.

16. INVESTMENT PROPERTIES

	Land	Buildings	Total
Cost			
Balance at January 1, 2015	$ 2,033,087	$ 953,151	$ 2,986,238
Reclassifications	4,831	1,969	6,800
Effect of foreign currency exchange differences	-	(11,495)	(11,495)
Balance at December 31, 2015	$ 2,037,918	$ 943,625	$ 2,981,543
Accumulated depreciation and impairment			
Balance at January 1, 2015	$ 7,396	$ 137,927	$ 145,323
Depreciation expense	-	21,176	21,176
Effect of foreign currency exchange differences	-	(1,248)	(1,248)
Balance at December 31, 2015	$ 7,396	$ 157,855	$ 165,251
Net book value, January 1, 2015	$ 2,025,691	$ 815,224	$ 2,840,915
Net book value, December 31, 2015	$ 2,030,522	$ 785,770	$ 2,816,292
Cost			
Balance at January 1, 2014	$ 2,024,834	$ 922,522	$ 2,947,356
Additions	30,056	7,705	37,761
Disposals	(21,803)	(1,186)	(22,989)
Effect of foreign currency exchange differences	-	24,110	24,110
Balance at December 31, 2014	$ 2,033,087	$ 953,151	$ 2,986,238
Accumulated depreciation and impairment			
Balance at January 1, 2014	$ 5,745	$ 113,897	$ 119,642
Recognized impairment losses	1,651	1,303	2,954
Depreciation expense	-	20,495	20,495
Disposals	-	(116)	(116)
Effect of foreign currency exchange differences	-	2,348	2,348
Balance at December 31, 2014	$ 7,396	$ 137,927	$ 145,323
Net book value, January 1, 2014	$ 2,019,089	$ 808,625	$ 2,827,714
Net book value, December 31, 2014	$ 2,025,691	$ 815,224	$ 2,840,915

The above investment properties were depreciated on a straight-line basis over the following estimated useful lives:

Buildings - main buildings	22-60 years

The total fair value of the Group's investment properties and property, plant and equipment as of December 31, 2015 and 2014 was $10,259,399 thousand and $9,918,150 thousand, respectively. The fair value determination was not performed by independent qualified professional valuers, but by the management of the Company who used the valuation model that market participants generally use in determining fair value, and the fair value was measured by using Level 3 inputs. The fair value was arrived at by reference to market evidence of transaction prices for similar properties.

All of the Group's investment properties were held under freehold interests. The carrying amount of the investment properties that had been pledged by the Group to secure borrowings was disclosed in Note 35.

17. INTANGIBLE ASSETS

	December 31	
	2015	2014
Franchises (Note 37)	$ 59,619	$ 59,903
Goodwill	9,621	9,621
System software costs	75,523	73,194
	$ 144,763	$ 142,718

	Franchises	Goodwill	System Software Costs	Total
Cost				
Balance at January 1, 2015	$ 96,709	$ 9,621	$ 127,062	$ 233,392
Additions	-	-	42,522	42,522
Disposals	-	-	(2,167)	(2,167)
Reclassification	-	-	445	445
Effect of foreign currency exchange differences	3,590	-	(13)	3,577
Balance at December 31, 2015	$ 100,299	$ 9,621	$ 167,849	$ 277,769
Accumulated amortization				
Balance at January 1, 2015	$ 36,806	$ -	$ 53,868	$ 90,674
Amortization expense	2,424	-	40,644	43,068
Disposals	-	-	(2,167)	(2,167)
Effect of foreign currency exchange differences	1,450	-	(19)	1,431
Balance at December 31, 2015	$ 40,680	$ -	$ 92,326	$ 133,006
Net book value, January 1, 2015	$ 59,903	$ 9,621	$ 73,194	$ 142,718
Net book value, December 31, 2015	$ 59,619	$ 9,621	$ 75,523	$ 144,763
Cost				
Balance at January 1, 2014	$ 91,071	$ 9,621	$ 51,966	$ 152,658
Additions	-	-	53,925	53,925
Disposals	-	-	(620)	(620)
Reclassification	-	-	21,777	21,777
Effect of foreign currency exchange differences	5,638	-	14	5,652
Balance at December 31, 2014	$ 96,709	$ 9,621	$ 127,062	$ 233,392

(Continued)

	Franchises	Goodwill	System Software Costs	Total
Accumulated amortization				
Balance at January 1, 2014	$ 32,384	$ -	$ 30,396	$ 62,780
Amortization expense	2,315	-	24,081	26,396
Disposals	-	-	(620)	(620)
Effect of foreign currency exchange differences	2,107	-	11	2,118
Balance at December 31, 2014	$ 36,806	$ -	$ 53,868	$ 90,674
Net book value, January 1, 2014	$ 58,687	$ 9,621	$ 21,570	$ 89,878
Net book value, December 31, 2014	$ 59,903	$ 9,621	$ 73,194	$ 142,718

(Concluded)

The above intangible assets with finite useful lives were amortized on a straight-line basis over the following estimated useful lives:

Franchises	40 years
System software costs	2-5 years

The recoverable amount of the Group's goodwill had been tested for impairment using the forecast carrying amount at the end of the annual reporting period. For the year ended December 31, 2015, the Group did not recognize any impairment loss on goodwill.

18. OTHER ASSETS

	December 31	
	2015	2014
Prepaid expenses	$ 87,772	$ 71,428
Tax prepayment	238,729	-
Temporary payments	1,877	3,404
Overpaid VAT	4,390	1,982
Overdue receivables	4,644	3,189
Others	1,890	1,890
	$ 339,302	$ 81,893
Current	$ 332,768	$ 76,814
Non-current	6,534	5,079
	$ 339,302	$ 81,893

Tax prepayment is land value increment tax and sales tax imposed by China local tax bureau for presold real estate of subsidiary Shanghai Real Estate in mainland China.

19. BORROWINGS

a. Short-term borrowings

	December 31	
	2015	2014
Unsecured borrowings		
Unsecured loans	$ 200,000	$ -
Secured borrowings		
Bank loans	37,463	45,828
	$ 237,463	$ 45,828

1) The interest rates of the bank loans for the years ended December 31, 2015 and 2014 were 1.4%-5.1% and 6.0%, respectively.

2) Refer to Note 35 for the details of assets pledged as collaterals for short-term borrowings.

b. Long-term borrowings

	December 31	
	2015	2014
Secured borrowings		
Bank loans	$ 2,299,289	$ 1,256,958
Unsecured borrowings		
Unsecured loans	-	291,180
Bank loans	-	100,000
	2,299,289	1,648,138
Less: Current portion	(190,000)	(291,180)
Long-term borrowings	$ 2,109,289	$ 1,356,958

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

		December 31	
	Content of Borrowings	2015	2014
E.SUN Bank	Loan limit: $190,000 thousand; period: September 10, 2013 to September 10, 2016; floating interest rate of 2.5%; interest is paid monthly and principal is repaid at maturity.	$ 190,000	$ 163,000
E.SUN Bank	Loan limit: $800,000 thousand; period: December 30, 2015 to December 30, 2017; fixed interest rate of 1.55% with negotiating rate per 90 days; interest is paid monthly and principal is repaid at maturity.	100,000	-

(Continued)

	Content of Borrowings	December 31 2015	December 31 2014
East Asia Bank	Loan limit: $1,600,000 thousand; period: December 31, 2015 to December 31, 2018; floating interest rate of 1.718%; total 7 quarterly installment to begin from 18 months after December 31, 2015, 5% of principal for each of the first six installments, while the rest will be paid at maturity.	$ 200,000	$ -
East Asia Bank	Loan limit: $1,300,000 thousand; period: December 31, 2013 to December 18, 2016; floating interest rate of 1.89%; Interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in July 2015.	-	100,000
China Construction Bank	Loan limit: RMB800,000 thousand; period: May 20, 2014 to June 19, 2017; floating interest rate as of December 31, 2015 and 2014 is 5.25% and 6.15%; interest is paid quarterly and principal is repaid at maturity.	1,709,289	993,958
Far Eastern International Bank	Loan limit: $800,000 thousand; period: December 31, 2014 to December 31, 2016; floating interest rate of 1.865%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in June 2015.	-	100,000
Ultra Success Offshore Ltd.	Loan limit: US$9,200 thousand; period: September 12, 2013 to September 11, 2015; fixed interest rate of 5.0%; interest and principal will be paid at maturity.	-	291,180
Bank of Taiwan	Loan limit: $1,000,000 thousand; period: September 22, 2015 to September 22, 2018; fixed interest rate negotiated every 180 days, 1.8% for first 180 days; interest is paid monthly and principal is repaid at maturity.	100,000	-
Total long-term borrowings		$ 2,299,289	$ 1,648,138

(Concluded)

Refer to Note 35 for the details of assets pledged as collaterals for long-term borrowings.

20. BONDS PAYABLE

	December 31 2015	December 31 2014
Domestic unsecured bonds	$ 3,000,000	$ 3,000,000
Less: Current portion	-	-
	$ 3,000,000	$ 3,000,000

The major term of domestic unsecured bonds was as follows:

Issuance Period	Total Amount (In Thousands)	Coupon Rate	Repayment and Interest Payment
June 2014 to June 2019	$ 3,000,000	1.48%	At the end of the 4th and 5th year from the issuance date, the Group will repay half of the principle, respectively. Interest is paid annually.

21. TRADE PAYABLES

	December 31	
	2015	2014
Construction payables	$ 86,330	$ 165,767

22. UNEARNED REVENUE

	December 31	
	2015	2014
Advance receipts from real estate transactions	$ 2,665,026	$ 18,953
Others	1,477	147
	$ 2,666,503	$ 19,100

Advance receipts from real estate transactions are the amounts collected by Sinyi Development and Shanghai Real Estate from customers for pre-sold real estate.

23. OTHER LIABILITIES

	December 31	
	2015	2014
Current		
Other payables	$ 1,493,621	$ 1,683,773
Other payables to related parties	115,727	131,726
Other financial liabilities	321,467	274,117
Other liabilities	297,159	102,970
	$ 2,227,974	$ 2,192,586
Non-current		
Other liabilities	$ 722,466	$ 941,726

a. Other payables were as follows:

	December 31	
	2015	2014
Performance bonus and salaries	$ 1,118,097	$ 1,257,908
Advertisement	101,204	96,838
Labor and health insurance	62,216	69,028
Payable for annual leave	60,081	58,292
Professional fees	16,773	17,556
Interest payables	25,968	43,985
Employee bonuses/compensation and compensation to directors	17,414	19,100
Others	91,868	121,066
	$ 1,493,621	$ 1,683,773

Employees and senior management who meet the performance standards under the bonus rules are eligible for performance bonuses. Performance bonuses to be paid one year later are recorded as other liabilities. The performance bonuses payable under other liabilities amounted to $722,466 thousand and $941,726 thousand as of December 31, 2015 and 2014, respectively.

b. Other payables to related parties were as follows:

	December 31	
	2015	2014
Financing from related parties		
Loan from related parties	$ 67,932	$ 77,653
Interest payable	14,735	12,652
Others	33,060	41,421
	$ 115,727	$ 131,726

Loans from related parties were accounted for as other payables to related parties with interest rates of 0%-3.00% and 3.00% for the years ended December 31, 2015 and 2014, respectively.

c. Other financial liabilities were as follows:

	December 31	
	2015	2014
Receipts under custody from real estate transactions	$ 221,384	$ 174,242
Other receipts under custody	68,283	68,058
Payables on equipment	5,709	9,554
Payable for investment	-	8,214
Receipts under custody - escrow service	150	107
Others	25,941	13,942
	$ 321,467	$ 274,117

1) Receipts under custody from real estate transactions were the money received by real estate brokers - Shanghai Sinyi Real Estate, Zhejing Sinyi, Suzhou Sinyi, Beijing Sinyi, Chengdo Sinyi and Qingdao Sinyi from buyers that had concluded transactions, but not yet transferred to the sellers.

2) Receipts under custody from escrow service were the money received by An-Sin and An-Shin from buyers of real estate transactions but not yet transferred to the sellers. Composition was as follows:

	December 31	
	2015	2014
Receipts under custody - escrow service	$ 10,612,418	$ 11,515,917
Interest payables	4,479	16,005
Deposit accounts	(10,616,258)	(11,531,200)
Interest receivables	(489)	(615)
	$ 150	$ 107

a) Receipts under custody - performance guarantee were receipts under custody from sellers of real estate transactions with interest rate of 0.17%-0.26% for the years ended December 31, 2015 and 2014.

b) Deposit accounts were receipts which had been paid by buyers of real estate transactions but not delivered to the sellers yet. The Group deposited these receipts in bank accounts according to the escrow contracts.

3) In October 2014, the Group entered a transaction with Qingdao City Construction Group Co., Ltd. to buy back 35% interest in Qingdao Sinyi for $8,214 thousand (RMB1,600 thousand). As of December 31, 2015, the amount has been fully paid.

d. Other current liabilities were as follows:

	December 31	
	2015	2014
VAT payable and other tax payable	$ 280,730	$ 90,392
Others	16,429	12,578
	$ 297,159	$ 102,970

The VAT payable and other tax payable were the VAT of the Group and other tax payable of Shanghai Real Estate on the pre-sold real estate in mainland China.

24. PROVISIONS

	December 31	
	2015	2014
Service revenue allowances	$ 39,100	$ 47,488
Current	$ 34,456	$ 44,299
Non-current	4,644	3,189
	$ 39,100	$ 47,488

	Service Allowances
Balance, January 1, 2015	$ 47,488
Deductions	(8,391)
Effect of foreign currency exchange differences	3
Balance, December 31, 2015	$ 39,100
Balance, January 1, 2014	$ 69,001
Deductions	(21,472)
Effect of foreign currency exchange differences	(41)
Balance, December 31, 2014	$ 47,488

The provision for service revenue allowances was estimated based on historical experience. The provision was recognized as a reduction of operating revenue in the period the related services were provided.

25. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The pension plan under the Labor Pension Act (the "LPA") is a defined contribution plan. Based on the LPA, the Company, An-Sin, An-Shin, Global, Sinyi Development, Jui-Inn, Heng-Yi and Yowoo Technology make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries in other countries are members of a state-managed retirement benefit plan operated by local government. The subsidiary is required to contribute amounts calculated at a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions to the fund.

Sinyi Limited, Sinyi International, Forever Success, Inane, Ke Wei HK, Max Success, Sinyi Development, Sinyi Estate, Hong Kong Real Estate, Hong Kong Sinyi Estate, Sinyi Culture, Da-Chia Construction and Sinyi Real Estate have no full-time employees. Thus, there are no related pension obligations or pension costs.

b. Defined benefit plans

The defined benefit plans adopted by the Company and An-Sin in accordance with the Labor Standards Law are operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company and An-Sin contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31 2015	December 31 2014
Present value of defined benefit obligation	$ 529,845	$ 497,221
Fair value of plan assets	(525,620)	(506,225)
Deficit (surplus)	4,225	(9,004)
Net defined benefit liability (asset)	$ 4,225	$ (9,004)

Movements in net defined benefit liability (asset) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2014	$ 475,758	$ (481,825)	$ (6,067)
Service cost			
Current service cost	3,308	-	3,308
Past service cost	401	-	401
Net interest expense (income)	8,920	(9,762)	(842)
Recognized in profit or loss	12,629	(9,762)	2,867
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,708)	(1,708)
Actuarial loss - changes in demographic assumptions	24,196	-	24,196
Actuarial gain - changes in financial assumptions	(178)	-	(178)
Actuarial gain - experience adjustments	(14,783)	-	(14,783)
Recognized in other comprehensive income	9,235	(1,708)	7,527
Contributions from the employer	-	(13,331)	(13,331)
Benefits paid	(401)	401	-
Balance at December 31, 2014	497,221	(506,225)	(9,004)
Service cost			
Current service cost	3,575	-	3,575
Net interest expense (income)	9,336	(9,602)	(266)
Recognized in profit or loss	12,911	(9,602)	3,309
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,869)	(3,869)
Actuarial loss - changes in demographic assumptions	24,396	-	24,396
Actuarial loss - changes in financial assumptions	16,664	-	16,664
Actuarial gain - experience adjustments	(14,416)	-	(14,416)
Recognized in other comprehensive income	26,644	(3,869)	22,775
Contributions from the employer	-	(12,855)	(12,855)
Benefits paid	(6,931)	6,931	-
Balance at December 31, 2015	$ 529,845	$ (525,620)	$ 4,225

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	Years Ended December 31	
	2015	2014
Operating costs	$ 2,905	$ 2,256
Operating expenses	404	611
	$ 3,309	$ 2,867

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government or corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2015	2014
Discount rate(s)	1.625%	1.875%-2.000%
Expected rate(s) of salary increase	2.00%-3.00%	2.25%-3.00%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2015	2014
Discount rate(s)		
0.25% increase	$ (17,679)	$ (16,954)
0.25% decrease	$ 18,483	$ 17,741
Expected rate(s) of salary increase		
0.25% increase	$ 17,893	$ 17,204
0.25% decrease	$ (17,209)	$ (16,529)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2015	2014
The expected contributions to the plan for the next year	$ 9,102	$ 10,898
The average duration of the defined benefit obligation	13.7 years - 14.1 years	14.0 years - 14.8 years

26. EQUITY

Share Capital

	December 31	
	2015	2014
Numbers of shares authorized (in thousands)	1,000,000	1,000,000
Share capital authorized	$ 10,000,000	$ 10,000,000
Number of shares issued and fully paid (in thousands)	631,840	613,437
Share capital issued	$ 6,318,398	$ 6,134,367

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

Capital Surplus

	December 31	
	2015	2014
Employee stock options	$ 63,896	$ 63,896

The capital surplus from shares issued in excess of par (additional paid-in capital from issuance of common shares, conversion of bonds, treasury stock transactions and arising from the excess of the consideration received over the carrying amount of the subsidiaries' net assets during disposal or acquisition) and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Company's paid-in capital and once a year).

The capital surplus from long-term investments, employee stock options and conversion options may not be used for any purpose.

Retained Earnings and Dividend Policy

a. Under the Company's Articles of Incorporation, 10% of the Company's annual earnings, after paying tax and offsetting deficit, if any, should first be appropriated to legal reserve and to special reserve in accordance with Securities and Exchange Act. Then, the appropriation of remaining amount is proposed by the Board of Directors and approved by the shareholders in their annual meeting.

   In accordance with the amendments to the Company Act in May 2015 and Rule No. 10402413890 on legal interpretations issued by the MOEA, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The consequential amendments to the Company's Articles of Incorporation had been proposed by the Company's board of directors on December 29, 2015 and are subject to the resolution of the shareholders in their meeting to be held on May 20, 2016. For information about the accrual basis of the employees' compensation and remuneration to directors and supervisors and the actual appropriations, please refer to employee benefits expense in Note 27.

b. Under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate earnings to special reserve and reverse special reserve to earnings. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

c. Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

d. Except for non-ROC resident shareholders, all shareholders receiving dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

e. The appropriations of earnings for 2014 and 2013 had been approved in the shareholders' meeting held on May 15, 2015 and May 30, 2014, respectively were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	Years Ended December 31		Years Ended December 31	
	2014	2013	2014	2013
Reversal of special reserve	$ -	$ (120,693)	$ -	$ -
Legal reserve	107,216	247,503	-	-
Cash dividends	613,437	1,307,324	1.0	2.6
Stock dividends	184,031	1,106,197	0.3	2.2

f. The appropriations of earnings for 2015 had been proposed by the Company's board of directors on February 25, 2016. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 56,387	$ -
Cash dividends	442,288	0.7

The appropriations of earnings for 2015 are subject to the resolution of the shareholders' meeting to be held on May 20, 2016.

Special Reserves Appropriated Following First-time Adoption of IFRSs under FSC Issued Rule No. 1010012865

The Company had a decrease in retained earnings due to the first adoption of IFRSs; therefore, no special reserve was appropriated.

Others Equity Items

	December 31	
	2015	2014
Exchange differences on translating foreign operations	$ 189,816	$ 264,741
Unrealized gains from available-for-sale financial assets	244,878	281,404
	$ 434,694	$ 546,145

a. Exchange differences on translating the financial statements of foreign operations

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. New Taiwan dollars) were recognized directly in other comprehensive income and accumulated in the exchange differences on translation of foreign operations. Gains and losses on hedging instruments that were designated as hedging instruments for hedges of net investments in foreign operations were included in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve were reclassified to profit or loss on the disposal of the foreign operation.

b. Unrealized gains or losses from available-for-sale financial assets

Unrealized gains or losses from available-for-sale financial assets represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets, that have been recognized in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

Non-controlling Interests

	Years Ended December 31	
	2015	**2014**
Balance, beginning of year	$ 139,495	$ 130,704
Attributed to non-controlling interests:		
Net income	22,496	37,253
Exchange differences on translating foreign operations	(6)	660
Remeasurement on defined benefit plans	(56)	(466)
Related income tax	9	79
Acquisition of non-controlling interests in subsidiaries	-	376
Payment of cash dividends to non-controlling interests	(36,294)	(29,111)
Balance, end of year	$ 125,644	$ 139,495

27. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations consisted of the followings:

Interest Income

	Years Ended December 31	
	2015	**2014**
Interest income		
Cash in bank	$ 34,696	$ 41,729
Other accounts receivable	10,506	18,590
Others	60	19
	$ 45,262	$ 60,338

Other Gains and Losses

	Years Ended December 31	
	2015	2014
Recognized impairment loss of investment properties	$ -	$ (2,954)
Impairment loss of financial assets measured at cost	(3,662)	(1,104)
Gains on disposal of investments	67,906	33,676
Loss on fair value change of financial assets held for trading	(11,813)	(11,302)
Losses on disposal of property, plant and equipment	(2,463)	(4,154)
Gains on disposal of investment properties	-	2,053
Net foreign exchange gain	20,054	14,366
Share of gains on associates and joint ventures	243	405
Gain on reversal of bad debts	15,388	-
Others	46,405	45,519
	$ 132,058	$ 76,505

Finance Costs

	Years Ended December 31	
	2015	2014
Interest on bank loans	$ 125,231	$ 91,917
Interest on unsecured bonds payable	44,278	22,991
Interest on loans from related parties	832	2,726
Interest on loans from others	10,243	17,375
Others	623	42
	181,207	135,051
Deduct: Amounts included in the cost of qualifying assets	(114,521)	(63,204)
	$ 66,686	$ 71,847
Interest capitalization rate	2.5%-6.15%	2.5%-7.4%

Depreciation and Amortization

	Years Ended December 31	
	2015	2014
Property, plant and equipment	$ 132,105	$ 109,091
Investment property	21,176	20,495
Intangible assets	43,068	26,396
	$ 196,349	$ 155,982
An analysis of depreciation by function		
Inventory	$ 913	$ 1,409
Operating costs	91,272	73,307
Operating expenses	39,920	34,375
Other losses	21,176	20,495
	$ 153,281	$ 129,586

(Continued)

	Years Ended December 31	
	2015	2014
An analysis of amortization by function		
Inventory	$ 1,243	$ 278
Operating costs	17,826	1,815
Operating expenses	23,999	24,303
	$ 43,068	$ 26,396

(Concluded)

Operating Expenses Directly Related to Investment Properties

	Years Ended December 31	
	2015	2014
Direct operating expenses from investment property		
That generated rental income	$ 40,640	$ 40,282
That did not generate rental income	83	220
	$ 40,723	$ 40,502

Employee Benefits Expense

	Years Ended December 31	
	2015	2014
Salary expense	$ 4,019,314	$ 4,400,548
Labor and health insurance expense	287,349	296,275
	4,306,663	4,696,823
Post-employment benefits		
Defined contribution plans	149,429	177,391
Defined benefit plans (see Note 25)	3,309	2,867
	152,738	180,258
Other employee benefits	180,432	223,035
Total employee benefits expense	$ 4,639,833	$ 5,100,116
An analysis of employee benefits expense by function		
Inventory	$ 36,114	$ 25,498
Operating costs	3,993,030	4,511,623
Operating expenses	610,689	562,995
	$ 4,639,833	$ 5,100,116

To be in compliance with the Company Act as amended in May 2015, the proposed amended Articles of Incorporation of the Company stipulate to distribute employees' compensation at specified rates of net profit. In accordance with the Company Act, amendments to the Company's Articles of Incorporation had been proposed by the Company's board of directors on December 29, 2015. For the year ended December 31, 2015, the accrued employees' compensation and remuneration to directors amounted to $7,393 thousand and $7,000 thousand, respectively, based on the net profit before employees' compensation and remuneration to directors. The employees' compensation was estimated based on rates stipulated in the Company's Articles of Incorporation, while the accrued remuneration to directors was based on fixed amounts. The employees' compensation and remuneration to directors for the year ended December 31, 2015 have been approved by the Company's board of directors on February 25, 2016 and are subject to the resolution and adoption of the amendments to the Company's Articles of Incorporation by the shareholders in their meeting to be held on May 20, 2016, and in addition thereto, a report of such distribution shall be submitted to the shareholders' meeting.

For the year ended December 31, 2014, the bonus to employees and the remuneration to directors were \$9,701 thousand and \$7,000 thousand, respectively. The above bonus to employees represented 1% of distributable retained earnings (net of the bonus and remuneration). The remuneration to directors was estimated based on the actual amounts in the past.

Material differences between the estimated amounts and the amounts proposed by the board of directors on or before the date the Group's annual consolidated financial statements are authorized for issue are adjusted in the year the bonus and the remuneration were recognized. If there is a change in the proposed amounts after the date the Group's annual consolidated financial statements were authorized for issue, the differences are accounted for as a change in accounting estimate in the following year. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the closing price (after considering the effect of cash and stock dividends) of the shares on the day immediately preceding the shareholders' meeting.

The bonus to employees and remuneration to directors for 2014 and 2013 which have been approved in the shareholders' meetings on May 15, 2015 and May 30, 2014, respectively, were as follows:

	Years Ended December 31	
	2014	**2013**
	Cash	**Cash**
Bonus to employees	\$ 9,872	\$ 24,528
Remuneration to directors	6,417	6,623

The bonus to employees and the remuneration to directors for the years ended December 31, 2014 and 2013 approved in the shareholders' meetings on May 15, 2015 and May 30, 2014 and the amounts recognized in the financial statements for the years ended December 31, 2014 and 2013, respectively, were as follows:

	Years Ended December 31			
	2014		**2013**	
	Bonus to Employees	**Remuneration to Directors**	**Bonus to Employees**	**Remuneration to Directors**
Amounts approved in shareholders' meetings	\$ 9,872	\$ 6,417	\$ 24,528	\$ 6,623
Amounts recognized in respective financial statements	(9,701)	(7,000)	(23,266)	(11,633)
	\$ 171	\$ (583)	\$ 1,262	\$ (5,010)

The differences in 2014 and 2013 were adjusted to profit and loss for the years ended December 31, 2015 and 2014, respectively.

Information on the employees' compensation and remuneration to directors approved by the Company's board of directors in 2016 and by the Company's shareholders in their meetings in 2015 and 2014 is available on the Market Observation Post System website of the Taiwan Stock Exchange.

28. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	Years Ended December 31	
	2015	2014
Current tax		
In respect of the current period	$ 184,415	$ 278,681
Income tax expense of unappropriated earnings	16,161	-
In respect of the prior periods	8,186	865
Deferred tax		
In respect of the current period	(11,097)	(6,280)
Income tax expense recognized in profit or loss	$ 197,665	$ 273,266

A reconciliation of accounting profit and income tax expenses is as follows:

	Years Ended December 31	
	2015	2014
Profit before tax from continuing operations	$ 784,026	$ 1,382,676
Income tax expense calculated at the statutory rate (17%)	$ 133,284	$ 235,055
Nondeductible expenses in determining taxable income	8,257	548
Tax-exempt income	(19,720)	(12,194)
Additional income tax on unappropriated earnings	16,161	-
Unrecognized deductible temporary differences	25,537	24,345
Unrecognized loss carryforward in current period	13,706	26,071
Effect of different tax rate of group entities operating in other jurisdictions	12,254	(1,424)
Adjustments for prior years' tax	8,186	865
Income tax expense recognized in profit or loss	$ 197,665	$ 273,266

The income tax rate used above is 17% for the companies located in the ROC, while the income tax rate used by subsidiaries in China is 25%. Tax rates used by the group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

As the status of 2016 appropriations of earnings is uncertain, the potential income tax consequences of 2015 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	Years Ended December 31	
	2015	2014
Deferred tax		
In respect of the current year		
Remeasurement on defined benefit plan	$ 3,872	$ 1,280

c. Current tax assets and liabilities

	December 31	
	2015	2014
Current tax assets		
Tax refund receivables	$ 20,920	$ 17,399
Current tax liabilities		
Income tax payables	$ 70,697	$ 111,956

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

Year ended December 31, 2015

Deferred tax assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Translation Differences	Closing Balance
Temporary differences					
Allowance for doubtful accounts	$ 11,272	$ (4,941)	$ -	$ -	$ 6,331
Loss carryforwards	13,012	19,910	-	(346)	32,576
Defined benefit obligation	355	5	20	-	380
Others	838	3,259	-	-	4,097
	$ 25,477	$ 18,233	$ 20	$ (346)	$ 43,384
Deferred tax liabilities					
Temporary differences					
Defined benefit obligation	$ 27,341	$ 1,617	$ (3,852)	$ -	$ 25,106
Others	-	5,519	-	-	5,519
	$ 27,341	$ 7,136	$ (3,852)	$ -	$ 30,625

Year ended December 31, 2014

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Translation Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Allowance for doubtful accounts	$ 14,501	$ (3,229)	$ -	$ -	$ 11,272
Incentive compensation	43	(43)	-	-	-
Defined benefit obligation	518	(325)	162	-	355
Loss carryforwards	-	12,612	-	400	13,012
Others	2,061	(1,223)	-	-	838
	$ 17,123	$ 7,792	$ 162	$ 400	$ 25,477
Deferred tax liabilities					
Temporary differences					
Defined benefit obligation	$ 26,696	$ 1,763	$ (1,118)	$ -	$ 27,341
Others	251	(251)	-	-	-
	$ 26,947	$ 1,512	$ (1,118)	$ -	$ 27,341

e. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2015	2014
Loss carryforwards		
Expire in 2014	$ -	$ 12,446
Expire in 2015	35,998	37,902
Expire in 2016	67,310	65,801
Expire in 2017	49,941	48,822
Expire in 2018	24,042	23,503
Expire in 2019	31,498	30,598
Expire in 2020	19,375	-
Expire in 2024	945	945
Expire in 2025	1,191	-
	$ 230,300	$ 220,017

f. Information about unused loss carryforward

Loss carryforwards as of December 31, 2015 comprised of:

Unused Amount	Expiry Year
$ 269,241	2016
199,765	2017
106,168	2018
152,413	2019
151,002	2020
12,143	2024
31,568	2025
$ 922,300	

g. Integrated income tax

	December 31	
	2015	2014
Unappropriated earnings		
Unappropriated earnings generated on and after January 1, 1998	$ 734,737	$ 1,094,412
Imputation credits accounts	$ 280,066	$ 222,352

The creditable ratio for distribution of earnings of 2015 and 2014 was 23.97% (expected ratio) and 20.85%, respectively.

Under the Income Tax Law, for distribution of earnings generated after January 1, 1998, the imputation credits allocated to ROC resident shareholders of the Company was calculated based on the creditable ratio as of the date of dividend distribution. The actual imputation credits allocated to shareholders of the Company was based on the balance of the Imputation Credit Accounts (ICA) as of the date of dividend distribution. Therefore, the expected creditable ratio for the 2015 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the shareholders.

h. Income tax assessments

The Company's tax returns through 2012 have been assessed by the tax authorities. The Company disagreed with the tax authorities' assessment of its 2012 and 2011 tax return and applied for a re-examination. Global, Sinyi Culture, Jui-Inn, An-Sin, An-Shin and Taiwan Sinyi Development's tax returns through 2013 had been assessed by the tax authorities.

29. EARNINGS PER SHARE

Unit: NT$ Per Share

	Years Ended December 31	
	2015	2014
Basic EPS	$ 0.89	$ 1.70
Diluted EPS	$ 0.89	$ 1.70

The earnings per share computation for the year ended December 31, 2014 was retrospectively adjusted for the effects of adjustments resulting from bonus stock issued on June 27, 2015. The basic and diluted after-tax earnings per share were adjusted retrospectively as followings:

Unit: NT$ Per Share

	Year Ended December 31, 2014	
	Before Adjusted Retrospectively	**After Adjusted Retrospectively**
Basic earnings per share	$ 1.75	$ 1.70
Diluted earnings per share	$ 1.75	$ 1.70

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

Net Profit for the Period

	Years Ended December 31	
	2015	**2014**
Profit for the period attributable to owners of the Company	$ 563,865	$ 1,072,157

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

	Years Ended December 31	
	2015	**2014**
Weighted average number of ordinary shares in computation of basic earnings per share	631,840	631,840
Effect of dilutive potential ordinary shares		
Bonus issue to employee	270	265
Weighted average number of ordinary shares used in the computation of diluted earnings per share	632,110	632,105

Since the Group is allowed to settle the bonus to employees by cash or shares, the Group presumed that the entire amount of the bonus will be settled in shares and the resulting potential shares are included in the weighted average number of outstanding shares used in the calculation of diluted earnings per share, as the shares have a dilutive effect. The number of shares is estimated by dividing the entire amount of the bonus by the closing price of the shares at the balance sheet date. The dilutive effect of the potential shares is included in the calculation of diluted earnings per share until the stockholders resolve the number of shares to be distributed to employees at their meeting in the following year.

30. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In April 2014, the Group acquired the remaining 20% of the equity of Chengdu Sinyi, increasing the Group’s continuing interest from 80% to 100%.

In August 2014, the Group acquired 100% of Ke Wei HK’s newly increased capital, increasing the Group’s continuing interest from 95% to 99%.

In October 2014, the Group acquired the remaining 35% of the equity of Qingdao Sinyi, increasing the Group’s continuing interest from 65% to 100%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

	Year Ended December 31, 2014			
	Chengdu Sinyi	Ke Wei HK	Qingdao Sinyi	Total
Cash consideration paid	$ (7,668)	$ -	$ (7,865)	$ (15,533)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to (from) non-controlling interests	1,422	(1,438)	(360)	(376)
Differences arising from equity transaction	$ (6,246)	$ (1,438)	$ (8,225)	$ (15,909)

	Year Ended December 31, 2014
Line items adjusted for equity transaction	
Capital surplus - difference between consideration and carrying amounts adjusted arising from changes in percentage of ownership in subsidiaries	$ (4,701)
Unappropriated earnings	(11,208)
	$ (15,909)

31. OPERATING LEASE ARRANGEMENTS

The Group as Lessee

Operating leases relate to leases of office with lease terms between 5 and 10 years. All operating lease contracts over 5 years contain clauses for 5-yearly market rental reviews. The Group does not have a bargain purchase option to acquire the leased office at the expiry of the lease periods.

As of December 31, 2015 and 2014, refundable deposits paid under operating lease amounted to $112,858 thousand and $105,404 thousand, respectively.

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

	December 31	
	2015	2014
Within 1 year	$ 510,215	$ 456,592
1 to 5 years	952,915	746,634
After 5 years	80,876	106,258
	$ 1,544,006	$ 1,309,484

The Group as Lessor

Operating leases relate to the investment property owned by the Group with lease terms between 1 to 5 years.

As of December 31, 2015 and 2014, deposits received under operating leases amounted to $33,297 thousand and $32,761 thousand, respectively.

The future minimum lease payments receivable on non-cancellable operating leases were as follows:

	December 31	
	2015	2014
Within 1 year	$ 135,449	$ 128,240
1 to 5 years	113,716	238,606
	$ 249,165	$ 366,846

32. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

Key management personnel of the Group review the capital structure on a quarterly basis. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

33. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

a. Fair value of financial instruments not carried at fair value

Except as detailed in the following table, management believes the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values or their fair values cannot be reliably measured.

December 31, 2015

	Carrying Amount	Fair Value Hierarchy			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities measured at amortized cost - bonds payable	$ 3,000,000	$ -	$ 3,021,693	$ -	$ 3,021,693

December 31, 2014

	Carrying Amount	Fair Value Hierarchy			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities measured at amortized cost - bonds payable	$ 3,000,000	$ -	$ 2,998,521	$ -	$ 2,998,521

The fair values of the financial liabilities included in the Level 2 category above have been determined in accordance with market price based on discounted cash flow analysis, with the most significant observable inputs being the bond duration, interest rates and credit ratings, etc.

b. Fair value measurements recognized in the consolidated balance sheet

December 31, 2015

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets held for trading				
Domestic listed stocks - equity investments	$ 6,128	$ -	$ -	$ 6,128
Mutual funds	311,529	-	-	311,529
	$ 317,657	$ -	$ -	$ 317,657
Available-for-sale financial assets				
Domestic listed stocks - equity investments	$ 195,775	$ -	$ -	$ 195,775
Foreign listed stocks - equity investments	552,714	-	-	552,714
Mutual funds	1,422	-	-	1,422
	$ 749,911	$ -	$ -	$ 749,911

December 31, 2014

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets held for trading				
Domestic listed stocks - equity investments	$ 19,180	$ -	$ -	$ 19,180
Available-for-sale financial assets				
Domestic listed stocks - equity investments	$ 299,910	$ -	$ -	$ 299,910
Foreign listed stocks - equity investments	539,282	-	-	539,282
Mutual funds	1,370	-	-	1,370
	$ 840,562	$ -	$ -	$ 840,562

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

Categories of Financial Instruments

	December 31	
	2015	**2014**
Financial assets		
FVTPL		
Held for trading	$ 317,657	$ 19,180
Loans and receivables (Note 1)	6,198,472	4,532,127
Available-for-sale financial assets (Note 2)	1,002,233	1,134,178
Financial liabilities		
Amortized cost (Note 3)	8,341,317	7,980,941

Note 1: The balance included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes receivable and trade receivables, other receivables, other current financial assets and refundable deposits.

Note 2: The balance included the carrying amount of available-for-sale financial assets and financial assets measured at cost.

Note 3: The balance included financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable, trade payables, other payables, other payables to related parties, other financial liabilities, bonds payable, long-term borrowings (including current portion of long-term borrowings), guarantee deposits received and other non-current liabilities.

Financial Risk Management Objectives and Policies

The Group's major financial instruments included equity, mutual funds, trade receivables, other payables, bonds payable and borrowings. The Group's Corporate Treasury function provides services to the business and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group seeks to ensure sufficient funding readily available when needed with the objective to reduce the potentially adverse effects the market uncertainties may have on its financial performance.

The plans for material treasury activities are reviewed by Audit Committees and/or Board of Directors in accordance with procedures required by relevant regulations or internal controls. During the implementation of such plans, Corporate Treasury function must comply with certain treasury procedures that provide guiding principles for overall financial risk management and segregation of duties. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis.

a. Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (1) below) and interest rates (see (2) below).

1) Foreign currency risk

Most of the Group's operating activities are in Taiwan, denominated in New Taiwan dollars. Therefore, the operating activities in Taiwan are not exposed to foreign currency risk. The Group took foreign operations as strategic investments, and did not hedge the risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period please refer to Note 38.

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollars ("NTD", the functional currency) against the relevant foreign currencies. A negative number below indicates an increase in profit before income tax or equity where the NTD strengthens 1% against the relevant currency. For a 1% weakening of the NTD against the relevant currency, the balances below would be positive as the other factors remain unchanged.

	Years Ended December 31					
	2015			2014		
	RMB	JPY	USD	RMB	JPY	USD
Equity	$ 6,266	$ 2,463	$ 3,847	$ (9,128)	$ 1,582	$ 806
Profit or loss	2,109	121	8,176	2,974	-	2,687

2) Interest rate risk

The Group is exposed to interest rate risk on investments and borrowings; interest rates could be fixed or floating. The investments and part of borrowings are fixed-interest rates and measured at amortized cost, and changes in interest will not affect future cash flows. Another part of borrowings are floating-interest rates, and changes in interest will affect future cash flows, but will not affect fair value.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of reporting period were as follows:

	December 31	
	2015	2014
Fair value interest rate risk		
Financial assets	$ 2,464,504	$ 1,563,667
Financial liabilities	3,437,463	3,454,180
Cash flow interest rate risk		
Financial assets	748,127	594,659
Financial liabilities	2,167,221	1,317,439

Interest rate sensitivity analysis

The Group was exposed to cash flow interest rate risk in relation to floating rate liabilities, and the short-term and long-term borrowings will be affected by the changes in market interest rate accordingly. If the market interest rate increased by 1%, the Group's cash outflow will increase by $21,672 thousand.

b. Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from operating activities, primarily trade receivables, and from investing activities, primarily the fixed-income investments and other financial instruments.

Business related credit risk

The Group is mainly engaged in the operation of real-estate brokerage business and the customers of the Group are the people who buy house and people who sell house. The revenue of agency service is also received through the housing performance guarantee, so the concentration credit risk of trade receivable is not material.

Financial credit risk

The credit risk of bank deposits, fixed-income investments and other financial instruments are regularly controlled and monitored by the Group's Corporate Treasury function. The counterparties to the foregoing financial instruments are reputable financial institutions and business organizations. Management does not expect the Group's exposure to default by those parties to be material.

c. Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants. The Group has sufficient working capital to pay all debts; thus, there is no liquidity risk.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2015 and 2014, the Group had available unutilized bank loan facilities as follows:

	December 31	
	2015	2014
Unsecured bank overdraft facility, reviewed annually and payable on call:		
Amount used	$ 200,000	$ 100,000
Amount unused	3,750,000	1,300,000
	$ 3,950,000	$ 1,400,000
Secured bank overdraft facility:		
Amount used	$ 2,336,752	$ 1,302,786
Amount unused	7,861,461	11,329,414
	$ 10,198,213	$ 12,632,200

34. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries had been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties were disclosed below:

Other Payables to Related Parties

	December 31	
	2015	2014
Other related parties - related parties in substance	$ 75,510	$ 84,760
Other related parties - the person in charge of other related parties is the president of the Company	8,088	11,092
Other - vice president of the Company	32,129	35,874
	$ 115,727	$ 131,726

Parts of other payables to related parties were financing. Information on the financing for the years ended December 31, 2015 and 2014 were as follows:

	Year Ended December 31, 2015				
	Highest Balance During the Period	**Amount**	**Interest Rate**	**Interest Expense**	**Interest Payable**
Other related parties - related parties in substance	$ 46,592	$ 42,957	-	$ -	$ 7,690
Other - vice president of the Company	31,061	24,975	3.00%	832	7,045
	$ 77,653	$ 67,932		$ 832	$ 14,735

	Year Ended December 31, 2014				
	Highest Balance During the Period	**Amount**	**Interest Rate**	**Interest Expense**	**Interest Payable**
Other related parties - related parties in substance	$ 46,592	$ 46,592	3.00%	$ 1,931	$ 7,839
Other - vice president of the Company	31,061	31,061	3.00%	795	4,813
	$ 77,653	$ 77,653		$ 2,726	$ 12,652

The financing above were unsecured.

Compensation of Key Management Personnel

The remuneration to directors and other members of key management personnel for the years ended December 31, 2015 and 2014 included the following:

	Years Ended December 31	
	2015	**2014**
Short-term benefits	$ 121,784	$ 108,950
Other long-term benefits	1,146	3,640
	$ 122,930	$ 112,590

Other long-term benefits included a long-term incentive plan approved by the Company's board of directors to encourage senior management to contribute further to the sustainable growth of the Company. Senior managers will be entitled to such incentive when they continue to serve for three years starting from the following year after obtaining the qualification and the bonus is calculated on the basis of the Company's operating performance or individual performance.

Other Transactions with Related Parties

a. Rental income

	Years Ended December 31	
	2015	2014
Other related parties		
The person in charge of other related parties is the president of the Company	$ 4,867	$ 4,938
Related parties in substance	8,401	9,645
Associates	34	34
	$ 13,302	$ 14,617

The rental rates are based on the prevailing rates in the surrounding area. The Group collects rentals from related parties on a monthly basis.

b. Other benefit

	Years Ended December 31	
	2015	2014
Other related parties		
The person in charge of other related parties is the president of the Company	$ 3,273	$ 2,878
Related parties in substance	6,515	7,478
	$ 9,788	$ 10,356

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

c. Professional fee

	Years Ended December 31	
	2015	2014
Other related parties		
The person in charge of other related parties is the president of the Company	$ 105,803	$ 123,156
Related parties in substance	34,160	36,816
	$ 139,963	$ 159,972

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

d. Rental expense

	Years Ended December 31	
	2015	2014
Related parties in substance	$ 9,206	$ 8,610

The rental rates are based on the prevailing rates in the surrounding area. The related parties pay rentals to the Group on a monthly basis.

e. Other receivables

	December 31	
	2015	2014
Other related parties		
The person in charge of other related parties is the president of the Company	$ 1,422	$ 1,149
Related parties in substance	6,741	7,660
	$ 8,163	$ 8,809

35. MORTGAGED OR PLEDGED ASSETS

The Group's assets mortgaged or pledged as collateral for bank loans, other financial institutions or other contracts were as follows:

	December 31	
	2015	2014
Property, plant and equipment (including investment properties)		
Land	$ 4,022,638	$ 3,290,251
Building	459,448	409,981
Other financial assets - current		
Pledged time deposits and demand deposits	47,857	25,602
Inventories	4,192,990	4,268,657
	$ 8,722,933	$ 7,994,491

36 SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED COMMITMENTS

a. The Group is involved in claims that arise in the ordinary course of business; the other party may claim against the Group through legal proceedings. Management of the Group believe, based on legal advice, that the Group has strong and likely successful defense and the ultimate outcome of these unresolved matters will not have a material adverse impact on the Group's financial results.

b. Guarantee notes submitted as guarantees for real-estate brokerage business amounted to $5,000 thousand.

c. The Group has endorsed Shanghai Sinyi Real Estate in obtaining financing limit of $349,650 thousand (RMB70,000 thousand). Refer to Note 39, Table 2 for the details.

d. As of December 31, 2015, the Group had signed construction contracts but not yet paid for $2,515,544 thousand.

e. Shanghai Real Estate, property developer in mainland China, sold real estate and guaranteed the mortgage bank loans of some of its customers (including natural persons and juridical persons); the guarantee amounted to $849,719 thousand as of December 31, 2015. The amount of mortgage loan was remitted to Shanghai Real Estate for payment of the property sold. If a customer breached a mortgage contract, Shanghai Real Estate will return to the banks only the amount of mortgage received. Therefore, Shanghai Real Estate is not exposed to risk of material loss from the guarantee. The guarantee is just a selling feature in the real estate development industry in China and it does not bear the economic substance and risk of ordinary endorsement. In addition, according to the Q&A No. 35 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" (the Regulations) announced on December 26, 2012 by the SFB, the above guarantee provided by Shanghai Real Estate to its customers is similar to an escrow, instead of endorsement as defined in the Regulations.

37. SIGNIFICANT FRANCHISE CONTRACTS

Sinyi Limited entered into a subfranchise agreement with Cendent Global Services B.V. ("GLOBAL") and Coldwell Banker Real Estate Corporation ("Coldwell"). Sinyi Limited obtained from the counterparty a license granting the right to use the plans, manuals, system and forms developed by Coldwell and the exclusive right to itself sublicense and/or to subsublicense other franchisees and territorial subfranchisors in China, Hong Kong and Macau. The term of this contract is for forty years from Octobor 12, 1999 and is automatically renewed for another period of forty years to October 11, 2079 unless the two sides agree to terminate the contract in three months prior to the expiration of the contract. Thereafter, because Sinyi Limited transferred this agreement right to Ke Wei Shanghai on August 1, 1990 and GLOBAL was renamed to Realogy Corporation ("Realogy") due to its organizational adjustment, Ke Wei Shanghai and Realogy entered into a supplemental subfranchise agreement in 2008.

38. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2015

	Foreign Currencies (In Thousands)	Exchange Rate	New Taiwan Dollars (In Thousands)
Financial assets			
Monetary items			
RMB	$ 637,544	4.995	$ 3,184,530
JPY	1,443,034	0.2727	393,515
USD	36,628	32.825	1,202,314
Non-monetary items			
RMB	32,797	4.995	163,818
JPY	2,026,821	0.2727	552,714
USD	43	32.825	1,422
Financial liabilities			
Monetary items			
RMB	469,892	4.995	2,347,012
JPY	495,380	0.2727	135,090
USD	-	32.825	-

December 31, 2014

	Foreign Currencies (In Thousands)	Exchange Rate	New Taiwan Dollars (In Thousands)
Financial assets			
Monetary items			
RMB	$ 194,537	5.092	$ 990,581
JPY	907,930	0.26	240,238
USD	21,093	31.65	667,600
Non-monetary items			
RMB	32,797	5.092	167,000
JPY	2,038,151	0.26	539,282
USD	43	31.65	1,370
Financial liabilities			
Monetary items			
RMB	315,394	5.092	1,605,988
JPY	310,114	0.26	82,056
USD	10,057	31.65	318,297

The Group is mainly exposed to foreign currency risk from USD, RMB and JPY. The following information was aggregated by the functional currencies of the Group entities and the exchange rates between respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

	Years Ended December 31			
	2015		2014	
Functional Currencies	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Loss
NTD	1 (NTD:NTD)	$ 23,870	1 (NTD:NTD)	$ 20,320
USD	31.739 (USD:NTD)	(10,118)	30.306 (USD:NTD)	(6,537)
RMB	5.033 (RMB:NTD)	6,152	4.920 (RMB:NTD)	585
JPY	0.2624 (JPY:NTD)	150	0.2870 (JPY:NTD)	(2)
		$ 20,054		$ 14,366

39. SEPARATELY DISCLOSED ITEMS

Information on significant transactions and information on investees:

a. Financing provided: Table 1 (attached)

b. Endorsements/guarantees provided to others: Table 2 (attached)

c. Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities): Table 3 (attached)

d. Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: Table 4 (attached)

e. Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None

f. Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None

g. Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: None

h. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

i. Information about derivative: None

j. Others: The business relationship between the parent and the subsidiaries and between each subsidiary, and significant transactions between them: Table 5 (attached)

k. Information on investees: Table 6 (attached)

Information on investments in mainland China:

a. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the mainland China area: Table 7 (attached)

b. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:

   1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None

   2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None

   3) The amount of property transactions and the amount of the resultant gains or losses: None

   4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2 (attached)

   5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1 (attached)

   6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None

40. SEGMENT INFORMATION

a. Operating segments information

The Group is in the operation of local and international real-estate brokerage business and real-estate developing business. The Group provides information to the chief operating decision maker for the purpose of resources allocation and assessment of segment performance. The information gives emphasis on related laws on real-estate transactions in different countries that may affect the adoption of different marketing strategies.

Management has determined reportable segments as follows:

Real estate brokerage segment

1) Companies in Taiwan.

2) Companies in mainland China and other foreign companies.

Real estate development segment

1) Companies in Taiwan.

2) Companies in mainland China and other foreign companies.

The following table was an analysis of the Group's revenue, result of operations and assets of segments for the years ended December 31, 2015 and 2014:

	Real Estate Brokerage			Real Estate Lease Construction and Development				
	Taiwan	Mainland China and Others	Total	Taiwan	Mainland China and Others	Total	Elimination	Consolidated
Year ended December 31, 2015								
Revenues from external customers	$ 6,400,890	$ 1,122,253	$ 7,523,143	$ 79,644	$ 50,733	$ 130,377	$ -	$ 7,653,520
Inter-segment revenues	77,359	-	77,359	14,292	-	14,292	(91,651)	-
Segment revenues	$ 6,478,249	$ 1,122,253	$ 7,600,502	$ 93,936	$ 50,733	$ 144,669	$ (91,651)	7,653,520
Rental income from investment property								(130,377)
Consolidated revenues								$ 7,523,143
Operating profit (loss)	$ 683,928	$ (57,860)	$ 626,068	$ 30,139	$ (116,804)	$ (86,665)	$ 56,783	$ 596,186
Operating income from investment property								(89,654)
Operating income								$ 506,532
Segment assets	$ 5,972,375	$ 2,455,725	$ 8,428,100	$ 3,062,161	$ 9,393,554	$ 12,455,715	$ (131,081)	$ 20,752,734
Investments accounted for by the equity method and goodwill								19,270
Total assets								$ 20,772,004
Year ended December 31, 2014								
Revenues from external customers	$ 8,203,060	$ 696,155	$ 8,899,215	$ 79,361	$ 47,233	$ 126,594	$ -	$ 9,025,809
Inter-segment revenues	67,733	-	67,733	13,522	-	13,522	(81,255)	-
Segment revenues	$ 8,270,793	$ 696,155	$ 8,966,948	$ 92,883	$ 47,233	$ 140,116	$ (81,255)	9,025,809
Rental income from investment property								(126,594)
Consolidated revenues								$ 8,899,215
Operating profit (loss)	$ 1,354,690	$ (165,530)	$ 1,189,160	$ 34,092	$ (13,777)	$ 20,315	$ 46,100	$ 1,255,575
Operating income from investment property								(86,092)
Operating income								$ 1,169,483
Segment assets	$ 6,624,122	$ 2,162,202	$ 8,786,324	$ 3,025,781	$ 6,094,171	$ 9,119,952	$ (120,944)	$ 17,785,332
Investments accounted for by the equity method and goodwill								20,572
Total assets								$ 17,805,904

The Group uses the operating profit (loss) as the measurement for segment profit. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

b. Industry and service information

The Group operates mainly in real-estate brokerage business. As of December 31, 2015, there is no revenue generated from residences and buildings development business.

c. Geographic information

Reportable segments of the Group are based on geography. The Group has no additional information to be disclosed.

d. Major customers

No single customer accounts for at least 10% of the Group's service revenue; therefore, no customer information is required to be disclosed.

TABLE 1

SINYI REALTY INC. AND SUBSIDIARIES

FINANCING PROVIDED
YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

No.	Financing Company	Borrower	Financial Statement Account	Related Parties	Maximum Balance for the Period	Ending Balance	Actual Appropriation	Interest Rate	Type of Financing	Transaction Amounts	Reasons for Short-term Financing	Allowance for Doubtful Accounts	Ending Balance		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limits
													Item	Value		
0	Sinyi Realty Inc.	Hua Yun Renovation (Shanghai) Co., Ltd.	Other receivables	Yes	$ 5,176 (RMB 1,000 thousand)	$ 4,995 (RMB 1,000 thousand)	$ -	3.826%	Short-term financing	$ -	Needs for operation	$ -	-	$ -	$ 459,837 (Note 1)	$ 919,673 (Note 1)
1	Sinyi Development Inc.	Shin Hau Real Estate Co., Ltd.	〃	No	179,000	-	-	10.00%	Business activity	201,000	-	-	Land	290,235	201,000 (Note 2)	247,837 (Note 3)
2	Suzhou Sinyi Real Estate Inc.	Shanghai Sinyi Real Estate Inc.	〃	Yes	37,830 (RMB 7,500 thousand)	-	-	4.00%	Short-term financing	-	Participation in the capital increase of strategic investment plan	-	-	-	640,929 (Note 4)	1,281,858 (Note 4)
		Sinyi Real Estate (Shanghai) Limited	〃	Yes	50,440 (RMB 10,000 thousand)	-	-	5.00%	〃	-	Needs for operation	-	-	-	640,929 (Note 4)	1,281,858 (Note 4)
3	Sinyi Real Estate (Shanghai) Limited	Shanghai Sinyi Real Estate Inc.	〃	Yes	99,900 (RMB 20,000 thousand)	99,900 (RMB 20,000 thousand)	49,950 (RMB 10,000 thousand)	4.75%	〃	-	Needs for operation	-	-	-	767,857 (Note 5)	1,535,713 (Note 5)

Note 1: Total financing provided by Sinyi Realty Inc. for short-term financing requirements for each borrowing company should not exceed 5% of the Sinyi Realty Inc.'s net worth. The maximum total financing provided should not exceed 10% of the Sinyi Realty Inc.'s net worth.

Note 2: The individual lending amount of Sinyi Development Inc. should not exceed the transaction amount between two parties during the latest year.

Note 3: The maximum total financing provided should not exceed 50% of Sinyi Development Inc.'s net worth.

Note 4: Total financing provided by the Suzhou Sinyi Real Estate Inc. for a company which was owned 100% directly or indirectly by the same parent company should not exceed 150% of Suzhou Sinyi Real Estate Inc.'s net worth. Total financing provided should not exceed 300% of the Suzhou Sinyi Real Estate Inc.'s net worth.

Note 5: The maximum total financing provided should not exceed 40% of Sinyi Real Estate (Shanghai) Limited's net worth. The individual lending amount should not exceed 20% of Sinyi Real Estate (Shanghai) Limited's net worth.

SINYI REALTY INC. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED TO OTHER
YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorser/Guarantor	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Actual Appropriation	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Financial Statement (%)	Maximum Total Endorsement/ Guarantee Allowed to Be Provided by the Endorser/ Guarantor (Note 2)	Guarantee Given by Parent on Behalf of Subsidiaries	Guarantee Given by Subsidiaries on Behalf of Parent	Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Nature of Relationship											
0	Sinyi Realty Inc.	Suzhou Sinyi Real Estate Inc.	Indirect subsidiary	$ 7,357,387 (Note 1)	$ 45,396 (RMB 9,000 thousand)	$ -	$ -	$ -	-	$ 9,196,734	Y	N	Y	
		Shanghai Sinyi Real Estate Inc.	〃	7,357,387 (Note 1)	362,320 (RMB 70,000 thousand)	349,650 (RMB 70,000 thousand)	37,463 (RMB 7,500 thousand)	40,360	3.80	9,196,734	Y	N	Y	

Note 1: For those subsidiaries the Company has over 80% ownership directly or indirectly, the limit of endorsement/guarantee amount for each guaranteed party should not exceed 80% of the Company's net worth.

Note 2: The maximum total endorsement/guarantee should not exceed 100% of the Company's net worth.

SINYI REALTY INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2015				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sinyi Realty Inc.	<u>Listed stock</u>							
	E.SUN Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	10,223,257	$ 195,775	-	$ 195,775	
	<u>Stock</u>							
	Rakuya International Info. Co., Ltd.	-	Financial assets measured at cost - non-current	1,900,000	1,676	12	1,676	
	Han Yu Venture Capital Co., Ltd.	-	〃	5,000,000	49,063	11	49,063	
	PChome Investment Co., Ltd.	-	〃	196,350	-	8	-	
	Kun Gee Venture Capital Co., Ltd.	-	〃	1,260,000	-	3	-	
	Cite’ Publishing Holding Ltd.	-	〃	7,637	4,874	1	4,874	
	Cite’ Information Services Co., Ltd.	-	〃	106,392	890	1	890	
	Chien Hsiang Securities Service Co., Ltd.	-	〃	3,100,000	32,000	10	32,000	
Sinyi Limited	<u>Stock</u>							
	Orix Corp.	-	Available-for-sale financial assets - current	1,180,800	552,714	-	552,714	
	<u>Monetary market fund</u>							
	SBGH U.S. Dollar Reserve Fund CL A Dist Units	-	〃	43,294	1,422	-	1,422	
Shanghai Sinyi Real Estate Inc.	<u>Stock</u>							
	Cura Investment Management (Shanghai) Co., Ltd.	-	Financial assets measured at cost - non-current	30,000,000	158,821	2	158,821	
	Cura Commercial Management Co., Ltd.	-	〃	-	4,998	9	4,998	
Sinyi Development Inc.	<u>Stock</u>							
	CTCI Corporation	-	Financial assets at fair value through profit or loss - current	170,940	6,128	-	6,128	
	<u>Monetary market fund</u>							
	Taishin 1699 Money Market Fund	-	〃	15,004,692	200,412	-	200,412	
Sinyi Global Asset Management Co., Ltd.	<u>Monetary market fund</u>							
	Taishin 1699 Money Market Fund	-	〃	600,553	8,021	-	8,021	
An-Sin Real Estate Management Ltd.	<u>Monetary market fund</u>							
	Taishin 1699 Money Market Fund	-	〃	1,198,541	16,008	-	16,008	
An-Shin Real Estate Management Ltd.	<u>Monetary market fund</u>							
	Taishin 1699 Money Market Fund	-	〃	6,520,186	87,088	-	87,088	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2015				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	<u>Financial product</u>							
Ke Wei Shanghai Real Estate Management Consulting Inc.	Bubu Shengking No. 8688	-	Other financial assets - current	4,800,000	$ 23,976	-	$ 23,976	
Shanghai Shang Tuo Investment Management Consulting Inc.	Bubu Shengking No. 8688	-	〃	60,000	300	-	300	
Suzhou Sinyi Real Estate Inc.	Bubu Shengking No. 8688	-	〃	12,000,000	59,940	-	59,940	
	Yunton Tsaifu-Daily Incremental Interest-S Type	-	〃	5,000,000	24,975	-	24,975	
Shanghai Sinyi Real Estate Inc.	Bubu Shengking No. 8688	-	〃	7,800,000	38,961	-	38,961	
Sinyi Real Estate (Shanghai) Limited	Li Duo Duo Cash Management No. 1	-	〃	45,000,000	224,775	-	224,775	
	Li Duo Duo Structured Deposits of Enterprises (No. 15JG900)	-	〃	40,000,000	199,800	-	199,800	
	Structured Financial Product (Product ID: 201511069390)	-	〃	20,000,000	99,900	-	99,900	
	Structured Financial Product (Product ID: 201512249684)	-	〃	25,000,000	124,875	-	124,875	
	Yehdeyin (RMB) No. 15120149	-	〃	17,000,000	84,915	-	84,915	
	Yehdeyin (RMB) No. 15120481	-	〃	40,000,000	199,800	-	199,800	
	Fortune Bus S21	-	〃	50,000,000	249,750	-	249,750	

(Concluded)

TABLE 4

SINYI REALTY INC. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Costs	Gain or Loss	Shares/Units	Amount
Sinyi Realty Inc.	Mutual funds Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	$ -	40,294,502	$ 537,000	40,294,502	$ 537,106	$ 537,106	$ 106	-	$ -
Sinyi Realty Inc.	Stock Sinyi International Limited	Investments accounted for using equity method	-	Subsidiary	135,132,134	3,996,349	13,263,704	433,527	-	-	-	-	148,395,838	4,429,876 (Notes 1 and 2)
Sinyi International Limited	Sinyi Estate Ltd.	Investments accounted for using equity method	-	Subsidiary	-	-	12,297,800	402,507	-	-	-	-	12,297,800	402,507 (Notes 1 and 2)

Note 1: The ending balance presents historical cost.

Note 2: Those subsidiaries included in the consolidated entities have been eliminated.

SINYI REALTY INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTION
YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Company Name	Counterparty	Flow of Transactions	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	Percentage to Consolidated Total Assets/Revenue (%)
0	Sinyi Realty Inc.	An-Sin Real Estate Management Ltd.	a	Professional fees	$ 17,667	Fixed charges by guarantee piece work	-
		Jui-Inn Consultants Co., Ltd.	a	Professional fees	7,466	By the piece work	-
		An-Sin Real Estate Management Ltd.	a	Other income	7,842	30 days after regular settlement	-
		Sinyi Realty Inc. Japan	a	Other income	37,448	Quarterly	-
		Sinyi Realty Inc. Japan	a	Other receivables	13,432	Quarterly	-
1	Shanghai Sinyi Real Estate Inc.	Inane International Limited	c	Other payables	10,371	-	-
		Sinyi Real Estate (Shanghai) Limited	c	Service income	14,606	By percentage of turnover	-
		Sinyi Real Estate (Shanghai) Limited	c	Trade receivables	8,229	Monthly	-
2	Sinyi Realty Inc. Japan	Sinyi Management Co., Ltd.	c	Professional fees	27,618	By the piece work	-
3	Sinyi Real Estate (Shanghai) Limited	Shanghai Sinyi Real Estate Inc.	c	Other receivables	49,950	Financing for operation, interest rate 4.75%	-

Note 1: Parties to the intercompany transactions are identified and numbered (in first column) as follows:

a. “0” for Sinyi Realty Inc.
b. Subsidiaries are numbered from “1”.

Note 2: Flows of transactions are categorized as follows:

a. From a parent company to its subsidiary.
b. From a subsidiary to its parent company.
c. Between subsidiaries.

Note 3: Percentage to consolidated total assets is calculated by dividing the amount of a particular asset or liability account by the consolidated total of assets as of December 31, 2015.
Percentage to consolidated total revenues is calculated by dividing the amount of a particular revenue or cost or expense account by the consolidated total operating revenues for the year ended December 31, 2015.

Note 4: The table is disclosed by the Company based on the principle of materiality.

SINYI REALTY INC. AND SUBSIDIARIES

INFORMATION ON INVESTEES
YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2015			Net Income (Loss) of the Investee	Investment Income (Loss) Recognized	Note
				Ending Balance	Beginning Balance	Shares	Percentage of Ownership (%)	Carrying Value			
Sinyi Realty Inc.	Sinyi International Limited	Equity Trust Chamber, P.O. Box 3269, Apia, Samoa	Investment holding	$ 4,429,876	$ 3,996,349	148,395,838	100	$ 4,531,251 (Note 1)	$ (96,271)	$ (96,271) (Note 1)	Note 2
	Sinyi Limited	Citco Building P.O. Box 662, Road Town, Torola, B.V.I.	Investment holding	2,448,306	2,440,236	76,001,135	100	1,814,050 (Note 1)	(45,599)	(45,599) (Note 1)	Note 2
	Sinyi Development Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Development, construction, rental and sale of residential building and factories	535,005	535,005	53,500,000	100	495,676 (Note 1)	(26,924)	(26,924) (Note 1)	
	Sinyi Global Asset Management Co., Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Real estate brokerage	10,000	10,000	2,000,000	100	43,411 (Note 1)	12,050	12,050 (Note 1)	
	Heng-Yi Real Estate Consulting	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Development, construction, rental and sale of residential building and factories	20,000	20,000	2,000,000	100	16,862 (Note 1)	127	127 (Note 1)	
	Jui-Inn Consultants Co., Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Management consulting	5,000	5,000	500,000	100	4,904 (Note 1)	290	290 (Note 1)	
	Sinyi Culture Publishing Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Publication	4,960	4,960	-	99	1,785 (Note 1)	123	122 (Note 1)	
	An-Sin Real Estate Management Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Real estate management	25,500	25,500	7,650,000	51	130,487 (Note 1)	46,083	23,502 (Note 1)	
	Sinyi Interior Design Co., Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Interior design	950	950	95,000	19	9,649	1,277	243	
	Yowoo Technology Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Information software, data processing and electronic information providing service	30,000	30,000	3,000,000	100	12,273 (Note 1)	(7,058)	(12,023) (Note 1)	
Sinyi Limited	Inane International Limited	Citco Building P.O. Box 662, Road Town, Torola, B.V.I.	Investment holding	1,790,590	1,782,520	56,629,268	100	1,116,609 (Note 1)	(47,863)	(47,863) (Note 1)	Note 2
	Ke Wei HK Realty Limited	Rooms 3703-4 37/F West Tower Shun Tak Centre 168-200 Connaught Road, Central HK	Investment holding	95,129	95,129	2,700,000	99	32,725 (Note 1)	(9,254)	(9,168) (Note 1)	
Sinyi International Limited	Forever Success International Limited	2nd Floor, Felix House, 24 Dr. Joseph Riviere Street, Port Louis, Mauritius	Investment holding	68,741	68,741	2,216,239	100	42,261 (Note 1)	(2,323)	(2,323) (Note 1)	
	Sinyi Realty Inc. Japan	2nd Floor, Shoritsu Building 2-7-1 Yoyogi Shibuya-ku, Tokyo, Japan	Real estate brokerage, management and identification	58,064	58,064	16,000	100	213,272 (Note 1)	47,089	47,089 (Note 1)	
	Sinyi Development Ltd.	TMF Chambers, P.O. Box 3269, Apia Samoa	Investment holding	3,899,767	3,868,747	131,966,210	100	3,871,617 (Note 1)	(139,894)	(139,894) (Note 1)	Note 2
	Sinyi Estate Ltd.	TMF Chambers, P.O. Box 3269, Apia Samoa	Investment holding	402,507	-	12,297,800	100	403,671 (Note 1)	(4)	(4) (Note 1)	Note 2
Inane International Limited	Max Success International Limited	Palm Grove House, P.O. Box 438, Road Town, Torola, British Virgin Islands	Investment holding	399,792	399,792	12,454,780	100	410,070 (Note 1)	20,825	20,825 (Note 1)	
An-Sin Real Estate Management Ltd.	An-Shin Real Estate Management Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Real estate management	100,000	100,000	10,000,000	100	137,044 (Note 1)	36,841	36,841 (Note 1)	
Sinyi Realty Inc. Japan	Sinyi Management Co., Ltd. (original name: Richesse Management Co., Ltd.)	2nd Floor, Shoritsu Building 2-7-1 Yoyogi Shibuya-ku, Tokyo, Japan	Real estate brokerage	10,746	10,746	600	100	17,881 (Note 1)	3,150	3,150 (Note 1)	
	Tokyo Sinyi Real Estate Co., Ltd.	3rd Floor, No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Real estate brokerage	5,000	-	500,000	100	17,806 (Note 1)	(144)	(144) (Note 1)	
Sinyi Development Ltd.	Sinyi Real Estate (Hong Kong) Limited	Suites 2302-6, 23/F Great Eagle Ctr 23 Harbour Rd. Wanchai HK	Investment holding	3,868,747	3,868,747	131,000,200	100	3,839,863 (Note 1)	(126,775)	(126,775) (Note 1)	
Sinyi Estate Ltd.	Sinyi Estate (Hong Kong) Limited	Suites 2302-6, 23/F Great Eagle Ctr 23 Harbour Rd. Wanchai HK	Investment holding	26	-	800	100	23 (Note 1)	(3)	(3) (Note 1)	Note 2
Sinyi Development Inc.	Da-Chia Construction Co., Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Development, construction, rental and sale of residential building and factories	500	500	50,000	100	377 (Note 1)	(58)	(58) (Note 1)	
	Sinyi Real Estate Co., Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Development, construction, rental and sale of residential building and factories	500	500	50,000	100	375 (Note 1)	(58)	(58) (Note 1)	

Note 1: Those subsidiaries included in the consolidated entities have been eliminated.

Note 2: As of December 31, 2015, the process of the share capital increase was not complete; therefore, it was recorded under "prepayment for long-term investment".

SINYI REALTY INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2015	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2015	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss) Recognized (Note 1)	Carrying Value as of December 31, 2015 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2015
					Outflow	Inflow						
Ke Wei Shanghai Real Estate Management Consulting Inc.	Real estate brokerage and management consulting	RMB 19,638	Investment in company located in mainland China indirectly through Ke Wei HK Realty Limited	$ 33,867	$ 47,992	$ -	$ 81,859	$ (9,906)	100	$ (9,906) (Note 6)	$ 33,059 (Note 6)	$ -
Shanghai Sinyi Real Estate Inc. (Note 3)	Real estate brokerage	RMB 260,082	Investment in company located in mainland China indirectly through Inane International Limited	1,140,018	-	-	1,140,018	(52,382)	100	(52,382) (Note 6)	680,280 (Note 6)	-
Beijing Sinyi Real Estate Ltd. (Note 3)	Real estate brokerage	RMB 34,747	〃	149,955	-	-	149,955	(13,213)	100	(13,213) (Note 6)	(9,156) (Note 6)	-
Shanghai Sinyi Limited Corporation of Land Administration and Real Estate Counseling (Note 4)	Management consulting	RMB 4,138	〃	17,095	-	-	17,095	(12)	100	(12) (Note 6)	(3,190) (Note 6)	-
Suzhou Sinyi Real Estate Inc. (Note 3)	Real estate brokerage and management consulting	RMB 68,000	〃	355,249	-	-	355,249	23,140	100	23,140 (Note 6)	427,287 (Note 6)	-
Cura Investment Management (Shanghai) Co., Ltd. (Note 4)	Real estate fund investment management	RMB 1,636,300	〃	-	-	-	-	-	2	-	158,821	-
Cura Commercial Management Co., Ltd. (Note 4)	Business service, exhibition service, urban planning and design, marketing strategy planning, business consulting and real estate advisory	RMB 10,998	〃	-	-	-	-	-	9	-	4,998	-
Zhejiang Sinyi Real Estate Co., Ltd. (Note 3)	Real estate brokerage and management consulting	RMB 20,200	〃	44,543	-	-	44,543	(2,890)	100	(2,890) (Note 6)	(12,339) (Note 6)	-
Shanghai Shang Tuo Investment Management Consulting Inc.	Real estate brokerage and management consulting	RMB 5,961	Investment in company located in mainland China indirectly through Forever Success International Ltd.	27,432	-	-	27,432	(2,899)	100	(2,899) (Note 6)	1,255 (Note 6)	-
Chengdu Sinyi Real Estate Co., Ltd.	Real estate brokerage and management consulting	RMB 13,000	Investment in company located in mainland China indirectly through Inane International Limited	62,005		-	62,005	(607)	100	(607) (Note 6)	23,445 (Note 6)	-
Qingdao Chengjian & Sinyi Real Estate Co., Ltd.	Real estate brokerage and management consulting	RMB 8,000	〃	29,225	8,070	-	37,295	(1,306)	100	(1,306) (Note 6)	(277) (Note 6)	-
Sinyi Real Estate (Shanghai) Limited	Development of commercial and residential building and auxiliary facilities; and construction, rental, sale and property management	RMB 802,513	Investment in company located in mainland China indirectly through Sinyi Real Estate (Hong Kong) Limited	3,868,747	-	-	3,868,747	(126,775)	100	(126,775) (Note 6)	3,839,293 (Note 6)	-
Hua Yun Renovation (Shanghai) Co., Ltd.	Professional construction, building decoration construction, hard ware, building materials wholesale	RMB 8,000	Investment in company located in mainland China indirectly through Forever Success International Ltd.	40,465		-	40,465	576	100	576 (Note 6)	40,332 (Note 6)	-

(Continued)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2015	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2015	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss) Recognized (Note 1)	Carrying Value as of December 31, 2015 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2015
					Outflow	Inflow						
Kunshan Dingxian Trading Co., Ltd.	Construction materials, furniture, sanitary ware and ceramic products wholesale	RMB 6,000	Investment in company located in mainland China indirectly through Sinyi Development Ltd.	$ -	$ 31,020	$ -	$ 31,020	$ 181	100	$ 181 (Note 6)	$ 30,150 (Note 6)	$ -

Accumulated Outflow for Investment in Mainland China as of December 31, 2015	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 5)
$5,855,683	$10,306,125	$ -

Note 1: Amounts were based on audited financial statements.

Note 2: Carrying value was converted into New Taiwan dollars at the exchange rates of US$1=NT$32.825 and US$1=RMB6.5716 on December 31, 2015

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

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

Note 5: The Company has acquired the certification of operation headquarters issued by the Ministry of Economic Affairs, ROC.

Note 6: Those subsidiaries included in the consolidated entities have been eliminated.

(Concluded)