

**Sinyi Realty Inc. and Subsidiaries**

**Consolidated Financial Statements for the  
Six Months Ended June 30, 2016 and 2015**

## INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders  
Sinyi Realty Inc.

We have reviewed the accompanying consolidated balance sheets of Sinyi Realty Inc. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of June 30, 2016 and 2015 and the related consolidated statements of comprehensive income for the three months ended June 30, 2016 and 2015, six months ended June 30, 2016 and 2015, and changes in equity and cash flows for the six months ended June 30, 2016 and 2015. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our reviews.

We conducted our reviews in accordance with Statement of Auditing Standards No. 36 "Review of Financial Statements" issued by the Auditing Standards Committee of the Accounting Research and Development Foundation of the Republic of China. A review consists principally of applying analytical procedures to financial data and of making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

As stated in Note 13 to the consolidated financial statements, some non-significant subsidiaries' financial statements and related information mentioned in Note 38 were unreviewed. As of June 30, 2016 and 2015, such subsidiaries' total assets were \$5,124,811 thousand and \$3,197,969 thousand, respectively, representing 23% and 17%, respectively, of the consolidated assets, and their total liabilities were \$979,894 thousand and \$863,675 thousand, respectively, representing 7% and 9%, respectively, of the consolidated liabilities; for the three months ended June 30, 2016 and 2015, the total comprehensive income of these subsidiaries were (\$47,673) thousand and 65,667 thousand, respectively, representing (69%) and 30%, respectively, of consolidated comprehensive income and for the six months ended June 30, 2016 and 2015, the total comprehensive income of these subsidiaries were (\$40,474) thousand and 45,871 thousand, respectively, representing (87%) and 22%, respectively, of consolidated comprehensive income.

Based on our reviews, except for the effects of adjustments, if any, as might have been required had the financial statements of these non-significant subsidiaries and related information mentioned in Note 38 as described in the preceding paragraph been reviewed, we are not aware of any material modifications that should be made to the consolidated financial statements referred to in the first paragraph for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

July 28, 2016

Notice to Readers

*The accompanying consolidated financial statements and independent auditors' review report above 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 review such consolidated financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, 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 consolidated financial statements shall prevail.*

# SINYI REALTY INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	June 30, 2016 (Reviewed)		December 31, 2015 (Audited)		June 30, 2015 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 4,069,696	18	\$ 3,437,772	17	\$ 2,851,770	16
Financial assets at fair value through profit or loss - current (Note 7)	473,612	2	317,657	1	8,530	-
Available-for-sale financial assets - current (Note 8)	681,165	3	749,911	4	829,028	4
Notes receivable (Note 10)	42,845	-	76,783	-	29,995	-
Trade receivables (Note 10)	881,943	4	684,557	3	792,324	4
Other receivables (Notes 10 and 33)	64,739	-	90,302	-	285,054	2
Current tax assets	42,744	-	20,920	-	4,769	-
Inventories (Notes 11 and 34)	7,109,793	32	6,317,412	30	5,953,197	32
Other financial assets - current (Notes 12 and 34)	1,634,440	7	1,781,519	9	471,927	3
Other current assets (Note 18)	577,503	3	332,768	2	111,897	1
Total current assets	15,578,480	69	13,809,601	66	11,338,491	62
<b>NON-CURRENT ASSETS</b>						
Financial assets measured at cost - non-current (Note 9)	247,402	1	252,322	1	289,713	2
Investment accounted for using equity method (Note 14)	9,682	-	9,649	-	9,180	-
Property, plant and equipment (Notes 15 and 34)	3,510,651	16	3,561,920	17	3,570,897	19
Investment properties (Notes 16 and 34)	2,768,744	12	2,816,292	14	2,817,899	15
Intangible assets (Notes 17 and 36)	145,218	1	144,763	1	151,009	1
Deferred tax assets	70,285	-	43,384	-	31,167	-
Refundable deposits (Note 30)	136,679	1	127,539	1	124,814	1
Prepaid pension cost - non-current	1,009	-	-	-	12,348	-
Other non-current assets (Note 18)	6,683	-	6,534	-	5,324	-
Total non-current assets	6,896,353	31	6,962,403	34	7,012,351	38
<b>TOTAL</b>	<b>\$ 22,474,833</b>	<b>100</b>	<b>\$ 20,772,004</b>	<b>100</b>	<b>\$ 18,350,842</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Notes 19 and 34)	\$ 18,649	-	\$ 237,463	1	\$ 24,865	-
Notes payable	1,416	-	4,746	-	5,620	-
Trade payables (Note 21)	58,046	-	86,330	-	71,540	-
Other payables (Note 23)	1,531,590	7	1,493,621	7	1,129,775	6
Other payables to related parties (Notes 23 and 33)	98,576	1	115,727	1	110,705	1
Current tax liabilities	85,435	-	70,697	-	134,135	1
Provisions - current (Note 24)	46,558	-	34,456	-	41,161	-
Other current financial liabilities (Note 23)	717,611	3	321,467	2	873,652	5
Unearned revenue (Note 22)	5,601,336	25	2,666,503	13	263,422	1
Current portion of long-term borrowings (Notes 19 and 34)	636,920	3	190,000	1	283,912	2
Other current liabilities (Note 23)	128,545	1	297,159	2	123,666	1
Total current liabilities	8,924,682	40	5,518,169	27	3,062,453	17
<b>NON-CURRENT LIABILITIES</b>						
Bonds payable (Note 20)	3,000,000	13	3,000,000	14	3,000,000	16
Long-term borrowings (Notes 19 and 34)	1,231,430	6	2,109,289	10	2,064,761	11
Provisions - non-current (Note 24)	4,793	-	4,644	-	3,434	-
Net defined benefit liabilities - non-current	-	-	4,225	-	-	-
Guarantee deposits received (Note 30)	61,745	-	60,208	-	84,344	1
Other non-current liabilities (Note 23)	412,208	2	722,466	4	1,031,267	6
Deferred tax liabilities	26,948	-	30,625	-	28,349	-
Total non-current liabilities	4,737,124	21	5,931,457	28	6,212,155	34
Total liabilities	13,661,806	61	11,449,626	55	9,274,608	51
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 26)</b>						
Share capital						
Ordinary shares	6,318,398	28	6,318,398	30	6,318,398	35
Capital surplus	63,896	1	63,896	-	63,896	-
Retained earnings						
Legal reserve	1,701,396	7	1,645,009	8	1,645,009	9
Unappropriated earnings	382,656	2	734,737	4	513,062	3
Total retained earnings	2,084,052	9	2,379,746	12	2,158,071	12
Other equity						
Exchange differences on translating foreign operations	46,441	-	189,816	1	118,271	1
Unrealized gain or loss on available-for-sale financial assets	183,077	1	244,878	1	300,186	1
Total other equity	229,518	1	434,694	2	418,457	2
Total equity attributable to owners of the Company	8,695,864	39	9,196,734	44	8,958,822	49
<b>NON-CONTROLLING INTERESTS</b>	<b>117,163</b>	<b>-</b>	<b>125,644</b>	<b>1</b>	<b>117,412</b>	<b>-</b>
Total equity	8,813,027	39	9,322,378	45	9,076,234	49
<b>TOTAL</b>	<b>\$ 22,474,833</b>	<b>100</b>	<b>\$ 20,772,004</b>	<b>100</b>	<b>\$ 18,350,842</b>	<b>100</b>

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche review report dated July 28, 2016)

## SINYI REALTY INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	Three Months Ended June 30				Six Months Ended June 30			
	2016		2015		2016		2015	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE								
Service revenue	\$2,091,912	100	\$2,151,887	100	\$3,640,977	100	\$3,961,518	100
OPERATING COSTS (Notes 27 and 33)	<u>1,563,294</u>	<u>75</u>	<u>1,564,584</u>	<u>73</u>	<u>2,861,398</u>	<u>79</u>	<u>2,989,200</u>	<u>76</u>
GROSS PROFIT	528,618	25	587,303	27	779,579	21	972,318	24
OPERATING EXPENSES (Notes 27 and 33)	<u>304,636</u>	<u>14</u>	<u>299,839</u>	<u>14</u>	<u>653,223</u>	<u>18</u>	<u>598,017</u>	<u>15</u>
OPERATING INCOME	<u>223,982</u>	<u>11</u>	<u>287,464</u>	<u>13</u>	<u>126,356</u>	<u>3</u>	<u>374,301</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES								
Rental income (Note 33)	32,365	2	32,179	2	65,599	2	65,302	2
Dividend income	8,527	-	14,625	1	8,696	-	14,778	-
Interest income (Note 27)	12,836	1	14,558	1	23,290	1	26,769	1
Other gains and losses (Notes 27 and 33)	9,392	-	8,396	-	22,827	1	26,286	1
Finance costs (Notes 27 and 33)	( <u>14,428</u> )	( <u>1</u> )	( <u>17,320</u> )	( <u>1</u> )	( <u>28,929</u> )	( <u>1</u> )	( <u>35,611</u> )	( <u>1</u> )
Total non-operating income and expenses	<u>48,692</u>	<u>2</u>	<u>52,438</u>	<u>3</u>	<u>91,483</u>	<u>3</u>	<u>97,524</u>	<u>3</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	272,674	13	339,902	16	217,839	6	471,825	12
INCOME TAX EXPENSE (Notes 4 and 28)	( <u>53,469</u> )	( <u>3</u> )	( <u>87,670</u> )	( <u>4</u> )	( <u>59,202</u> )	( <u>2</u> )	( <u>134,325</u> )	( <u>4</u> )
NET PROFIT FOR THE PERIOD	<u>219,205</u>	<u>10</u>	<u>252,232</u>	<u>12</u>	<u>158,637</u>	<u>4</u>	<u>337,500</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME								
Exchange differences on translating foreign operations	( <u>101,818</u> )	( <u>5</u> )	( <u>87,137</u> )	( <u>4</u> )	( <u>143,341</u> )	( <u>4</u> )	( <u>146,425</u> )	( <u>4</u> )
Unrealized gain (loss) on available-for-sale financial assets	( <u>48,419</u> )	( <u>2</u> )	57,856	2	( <u>62,057</u> )	( <u>1</u> )	20,188	1
Share of other comprehensive income (loss) of associates and joint ventures	<u>519</u>	<u>-</u>	( <u>920</u> )	<u>-</u>	<u>256</u>	<u>-</u>	( <u>1,406</u> )	<u>-</u>
Other comprehensive income for the period, net of income tax	( <u>149,718</u> )	( <u>7</u> )	( <u>30,201</u> )	( <u>2</u> )	( <u>205,142</u> )	( <u>5</u> )	( <u>127,643</u> )	( <u>3</u> )
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 69,487</u>	<u>3</u>	<u>\$ 222,031</u>	<u>10</u>	( <u>\$ 46,505</u> )	( <u>1</u> )	<u>\$ 209,857</u>	<u>5</u>

(Continued)

## SINYI REALTY INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	Three Months Ended June 30				Six Months Ended June 30			
	2016		2015		2016		2015	
	Amount	%	Amount	%	Amount	%	Amount	%
NET PROFIT								
ATTRIBUTABLE TO:								
Owner of the Company	\$ 212,002	10	\$ 242,311	11	\$ 146,594	4	\$ 323,334	8
Non-controlling interests	<u>7,203</u>	<u>-</u>	<u>9,921</u>	<u>1</u>	<u>12,043</u>	<u>-</u>	<u>14,166</u>	<u>1</u>
	<u>\$ 219,205</u>	<u>10</u>	<u>\$ 252,232</u>	<u>12</u>	<u>\$ 158,637</u>	<u>4</u>	<u>\$ 337,500</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME								
ATTRIBUTABLE TO:								
Owner of the Company	\$ 62,293	3	\$ 212,117	10	( \$ 58,582 )	( 1 )	\$ 195,646	5
Non-controlling interests	<u>7,194</u>	<u>-</u>	<u>9,914</u>	<u>-</u>	<u>12,077</u>	<u>-</u>	<u>14,211</u>	<u>-</u>
	<u>\$ 69,487</u>	<u>3</u>	<u>\$ 222,031</u>	<u>10</u>	<u>( \$ 46,505 )</u>	<u>( 1 )</u>	<u>\$ 209,857</u>	<u>5</u>
EARNINGS PER SHARE (Note 29)								
From continuing operations								
Basic	<u>\$ 0.34</u>		<u>\$ 0.38</u>		<u>\$ 0.23</u>		<u>\$ 0.51</u>	
Diluted	<u>\$ 0.34</u>		<u>\$ 0.38</u>		<u>\$ 0.23</u>		<u>\$ 0.51</u>	

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche review report dated July 28, 2016)

(Concluded)

**SINYI REALTY INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company							Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Retained Earnings		Other Equity		Total		
			Legal Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Exchange Differences on Available-for-sale Financial Assets			
BALANCE AT JANUARY 1, 2015	\$ 6,134,367	\$ 63,896	\$ 1,537,793	\$ 1,094,412	\$ 264,741	\$ 281,404	\$ 9,376,613	\$ 139,495	\$ 9,516,108
Appropriation of 2014 earnings									
Legal reserve	-	-	107,216	( 107,216)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	( 613,437)	-	-	( 613,437)	-	( 613,437)
Stock dividends distributed by the Company	184,031	-	-	( 184,031)	-	-	-	-	-
Net profit for the six months ended June 30, 2015	-	-	-	323,334	-	-	323,334	14,166	337,500
Other comprehensive income (loss) for the six months ended June 30, 2015, net of income tax	-	-	-	-	( 146,470)	18,782	( 127,688)	45	( 127,643)
Total comprehensive income (loss) for the six months ended June 30, 2015	-	-	-	323,334	( 146,470)	18,782	195,646	14,211	209,857
Change in non-controlling interest	-	-	-	-	-	-	-	( 39,294)	( 36,294)
BALANCE AT JUNE 30, 2015	\$ 6,318,398	\$ 63,896	\$ 1,645,009	\$ 513,062	\$ 118,271	\$ 300,186	\$ 8,958,822	\$ 117,412	\$ 9,076,234
BALANCE AT JANUARY 1, 2016	\$ 6,318,398	\$ 63,896	\$ 1,645,009	\$ 734,737	\$ 189,816	\$ 244,878	\$ 9,196,734	\$ 125,644	\$ 9,322,378
Appropriation of 2015 earnings									
Legal reserve	-	-	56,387	( 56,387 )	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	( 442,288 )	-	-	( 442,288 )	-	( 442,288 )
Net profit for the six months ended June 30, 2016	-	-	-	146,594	-	-	146,594	12,043	158,637
Other comprehensive income (loss) for the six months ended June 30, 2016, net of income tax	-	-	-	-	( 143,375 )	( 61,801 )	( 205,176 )	34	( 205,142 )
Total comprehensive income (loss) for the six months ended June 30, 2016	-	-	-	146,594	( 146,375 )	( 61,801 )	( 58,582 )	12,077	( 46,505 )
Change in non-controlling interest	-	-	-	-	-	-	-	( 20,558 )	( 20,558 )
BALANCE AT JUNE 30, 2016	\$ 6,318,398	\$ 63,896	\$ 1,701,396	\$ 382,656	\$ 46,441	\$ 183,077	\$ 8,695,864	\$ 117,163	\$ 8,813,027

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

(With Deloitte & Touche review report dated July 28, 2016)

# SINYI REALTY INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	<b>Six Months Ended June 30</b>	
	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 217,839	\$ 471,825
Adjustments for:		
Depreciation expenses	75,114	74,521
Amortization expenses	23,872	19,926
Net gain on fair value change of financial assets held for trading	( 2,575 )	9,934
Finance costs	70,146	91,105
Interest income	( 23,290 )	( 26,769 )
Dividend income	( 8,696 )	( 14,778 )
Share of loss of associates and joint venture	5	4
Loss on disposal of property, plant and equipment	241	265
(Gain) loss on disposal of investment properties	( 527 )	-
Gain on disposal of investments	( 94 )	( 26,288 )
Recognized (reversal of) impairment loss on non-financial assets	( 3,425 )	-
Changes in operating assets and liabilities		
Financial assets held for trading	( 153,286 )	11,904
Notes receivable	33,938	( 3,233 )
Trade receivables	( 197,386 )	( 29,054 )
Other receivables	25,563	37,841
Inventories	( 792,381 )	( 565,723 )
Other current assets	( 244,735 )	( 35,083 )
Other operating assets	( 5,234 )	( 3,344 )
Notes payable	( 3,330 )	( 1,566 )
Trade payables	( 28,284 )	( 94,227 )
Other payables	62,732	( 539,341 )
Other payables to related parties	( 12,118 )	( 15,534 )
Provisions	12,251	( 2,893 )
Unearned revenue	2,934,833	263,422
Other financial liabilities	( 46,144 )	( 13,902 )
Other current liabilities	( 168,614 )	1,596
Other operating liabilities	( 310,258 )	89,541
Cash used in operations	1,456,157	( 299,851 )
Interest received	23,290	63,415
Interest paid	( 94,995 )	( 104,213 )
Income taxes paid	( 96,866 )	( 104,198 )
Net cash generated from (used in) operating activities	<u>1,287,586</u>	<u>( 444,847 )</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of available-for-sale financial assets	-	37,215

(Continued)



# SINYI REALTY INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	<b>Six Months Ended June 30</b>	
	<b>2016</b>	<b>2015</b>
Payments for property, plant and equipment	(\$ 31,045 )	(\$ 40,388 )
Proceeds from disposal of property, plant and equipment	18	12
Decrease in prepayments for equipment	9,048	1,448
Increase in refundable deposits	( 9,140 )	-
Decrease in refundable deposits	-	3,622
Payment for intangible assets	( 25,097 )	( 29,257 )
Payment for investment properties	( 1,200 )	-
Proceeds from disposal of investment properties	26,896	-
Increase in other financial assets	-	( 83,575 )
Decrease in other financial assets	147,079	-
Increase in other non-current financial assets	( 149 )	( 245 )
Dividends received	<u>8,915</u>	<u>15,139</u>
Net cash generated from (used in) investing activities	<u>125,325</u>	<u>( 96,029 )</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of short-term borrowings	( 218,814 )	( 20,963 )
Proceeds from long-term borrowings	1,994,085	1,431,031
Repayments of long-term borrowings	( 2,416,506 )	( 700,000 )
Proceeds from guarantee deposits received	1,537	1,664
Decrease in other payables to related parties	( 4,947 )	( 7,036 )
Change in non-controlling interests	<u>( 20,558 )</u>	<u>( 36,294 )</u>
Net cash generated from (used in) financing activities	<u>( 665,203 )</u>	<u>668,402</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>( 115,784 )</u>	<u>( 141,522 )</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	631,924	( 13,996 )
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<u>3,437,772</u>	<u>2,865,766</u>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<u>\$ 4,069,696</u>	<u>\$ 2,851,770</u>

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche review report dated July 28, 2016)

(Concluded)

# SINYI REALTY INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SIX MONTHS ENDED JUNE 30, 2016 AND 2015 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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### 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 New Taiwan dollars, the functional currency of the Company.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements had been approved by the board of directors and authorized for issue on July 28, 2016.

### 3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

**The International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC and to be applied in 2017**

Rule No. 1050026834 issued by the Financial Supervisory Commission (FSC) stipulated the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRSs”) endorsed by the FSC and to be applied in 2017 as follows:

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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 4)
Amendments to IFRS 10, IFRS 12 and IAS 28 “Investment Entities: Applying the Consolidation Exception”	January 1, 2016
Amendment to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”	January 1, 2016
IFRS 14 “Regulatory Deferral Accounts”	January 1, 2016
Amendment to IAS 1 “Disclosure Initiative”	January 1, 2016

(Continued)

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

(Concluded)

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

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant 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 retrospectively for annual periods beginning on or after January 1, 2016.

The initial application of the above New IFRSs to be effective in 2017, whenever applied, would not have any material impact on the Group’s accounting policies.

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.

**The IFRSs in issue by the International Accounting Standards Board (IASB) but not yet endorsed by the FSC**

The Group has not applied the following the IFRSs issued by the IASB but not yet endorsed by the FSC. As of the date the consolidated financial statements were authorized for issue, except the announcement from the FSC which the Group should apply IFRS 15 starting January 1, 2018, the FSC has not announced the effective dates of other standards,

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
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)

(Continued)

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 2 “Classification and measurement of Share-Based Payment”	January 1, 2018
IFRS 9 “Financial Instruments”	January 1, 2018
Amendments to IFRS 9 and IFRS 7 “Mandatory Effective Date of IFRS 9 and Transition Disclosures”	January 1, 2018
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2018
Amendment to IFRS 15 “Clarification to IFRS 15”	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

(Concluded)

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

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 supersede 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.

The incremental cost incurred from acquiring a contract will be recognized as an asset within the predictable and recoverable amount and then will be amortized under the same method of recognition of revenue. The regulation above will result in the deferral of cost of acquiring customers into expense.

When IFRS 15 and related revision are effective, the Group 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.

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.

#### 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 POLICY**

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 IAS 34 "Interim Financial Reporting" as endorsed by the FSC. Disclosure information included in the consolidated financial statements is less than those required in a complete set of annual financial statements.

b. Basis of consolidation

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

c. Other significant accounting policies

The accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2015, except for those described below.

1) Retirement benefit costs

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-time events.

2) Income taxes

Income tax expense is the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income and the tax rate that would be applicable to expected total annual earnings.

## 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation and uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2015.

## 6. CASH AND CASH EQUIVALENTS

	June 30, 2016	December 31, 2015	June 30, 2015
Cash on hand	\$ 16,071	\$ 16,670	\$ 18,726
Checking accounts and demand deposits	3,203,398	1,989,990	1,367,887
Cash equivalents			
Time deposits with original maturities less than three months	<u>850,227</u>	<u>1,431,112</u>	<u>1,465,157</u>
	<u>\$ 4,069,696</u>	<u>\$ 3,437,772</u>	<u>\$ 2,851,770</u>

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

	June 30, 2016	December 31, 2015	June 30, 2015
Interest rates range	0.001%-1.598%	0.01%-4.10%	0.02%-3.70%

As of June 30, 2016, December 31, 2015 and June 30, 2015, the carrying amounts of time deposits with original maturities more than three months were \$181,270 thousand, \$401,695 thousand and \$391,692 thousand, respectively, which were classified as other financial assets - current (Note 12).

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

	June 30, 2016	December 31, 2015	June 30, 2015
<u>Financial assets held for trading</u>			
Non-derivative financial assets			
Domestic quoted shares	\$ 8,034	\$ 6,128	\$ 8,530
Mutual funds	<u>465,578</u>	<u>311,529</u>	<u>-</u>
	<u>\$ 473,612</u>	<u>\$ 317,657</u>	<u>\$ 8,530</u>

## 8. AVAILABLE-FOR-SALE FINANCIAL ASSETS - CURRENT

	June 30, 2016	December 31, 2015	June 30, 2015
<u>Domestic investments</u>			
Quoted shares	<u>\$ 194,242</u>	<u>\$ 195,775</u>	<u>\$ 275,269</u>

(Continued)

	June 30, 2016	December 31, 2015	June 30, 2015
<u>Foreign investments</u>			
Quoted shares	\$ 485,526	\$ 552,714	\$ 552,423
Mutual funds	<u>1,397</u>	<u>1,422</u>	<u>1,336</u>
	<u>486,923</u>	<u>554,136</u>	<u>553,759</u>
Available-for-sale financial assets	<u>\$ 681,165</u>	<u>\$ 749,911</u>	<u>\$ 829,028</u> (Concluded)

#### 9. FINANCIAL ASSETS MEASURED AT COST - NON-CURRENT

	June 30, 2016	December 31, 2015	June 30, 2015
Domestic unlisted common shares	\$ 83,629	\$ 83,629	\$ 121,742
Overseas unlisted common shares	<u>163,773</u>	<u>168,693</u>	<u>167,971</u>
	<u>\$ 247,402</u>	<u>\$ 252,322</u>	<u>\$ 289,713</u>

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

#### 10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	June 30, 2016	December 31, 2015	June 30, 2015
<u>Notes receivable and trade receivables</u>			
Notes receivable - operating	\$ 42,845	\$ 46,783	\$ 29,995
Notes receivable - non-operating	<u>-</u>	<u>30,000</u>	<u>-</u>
	<u>42,845</u>	<u>76,783</u>	<u>29,995</u>
Trade receivables	892,352	697,401	821,004
Less: Allowance for doubtful accounts	( <u>10,409</u> )	( <u>12,844</u> )	( <u>28,680</u> )
	<u>881,943</u>	<u>684,557</u>	<u>792,324</u>
	<u>\$ 924,788</u>	<u>\$ 761,340</u>	<u>\$ 822,319</u>
<u>Other receivables</u>			
Receivables - fixed rate	\$ -	\$ -	\$ 179,000
Interest receivables	-	-	11,877
Others	67,990	93,150	97,448
Less: Allowance for doubtful accounts	( <u>3,251</u> )	( <u>2,848</u> )	( <u>3,271</u> )
	<u>\$ 64,739</u>	<u>\$ 90,302</u>	<u>\$ 285,054</u>



a. Trade receivables

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

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:

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

- b) For customers with assessed high credit risk:

<b>Number of Days from the Original Sales Date to the End of the Reporting Period</b>	<b>Recovery Rate</b>
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:

	June 30, 2016	December 31, 2015	June 30, 2015
0-60 days	\$ 743,575	\$ 592,384	\$ 642,109
61-90 days	61,329	32,641	57,738
91-180 days	40,503	21,589	47,491
181-360 days	23,586	25,142	28,592
Over 360 days	<u>23,359</u>	<u>25,645</u>	<u>45,074</u>
	<u>\$ 892,352</u>	<u>\$ 697,401</u>	<u>\$ 821,004</u>

The above analysis was based on the billing date.

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

	June 30, 2016	December 31, 2015	June 30, 2015
61-90 days	\$ 7,291	\$ 13,455	\$ 13,105
91-180 days	6,421	3,491	17,862
181-360 days	3,677	7,830	13,856
Over 360 days	<u>8,930</u>	<u>15,025</u>	<u>498</u>
	<u>\$ 26,319</u>	<u>\$ 39,801</u>	<u>\$ 45,321</u>

The above analysis was based on the billing date.

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

	2016		2015	
	Trade Receivables	Other Receivables	Trade Receivables	Other Receivables
Balance at January 1	\$ 12,844	\$ 2,848	\$ 28,262	\$ 3,271
Add: Impairment losses recognized on receivables	( 1,642 )	403	556	-
Less: Amounts written off	( 504 )	-	( 7 )	-
Foreign exchange translation gains and losses	( <u>289</u> )	<u>-</u>	( <u>131</u> )	<u>-</u>
Balance at June 30	<u>\$ 10,409</u>	<u>\$ 3,251</u>	<u>\$ 28,680</u>	<u>\$ 3,271</u>

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 three months ended March 31, 2015 was as follows:

	<b>Three Months Ended March 31, 2015</b>				
	<b>Highest Balance During the Year</b>	<b>Amount</b>	<b>Interest Rate %</b>	<b>Interest Income</b>	<b>Interest Receivable</b>
Shin Hau Real Estate Co., Ltd.	<u>\$ 179,000</u>	<u>\$ 179,000</u>	10	<u>\$ 4,414</u>	<u>\$ 52,937</u>

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

## 11. INVENTORIES

	<b>June 30, 2016</b>	<b>December 31, 2015</b>	<b>June 30, 2015</b>
Properties under development			
Malu Town, Jiading District, Shanghai	\$ 6,725,654	\$ 5,972,207	\$ 5,614,457
Tianmu, Shilin District, Taipei City	357,535	343,092	336,627
Other			
Tianmu, Shilin District, Taipei City	2,113	2,113	2,113
Inventory-merchandise	<u>24,491</u>	<u>-</u>	<u>-</u>
	<u>\$ 7,109,793</u>	<u>\$ 6,317,412</u>	<u>\$ 5,953,197</u>

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:

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

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

Refer to Note 34 for the carrying amount of inventories pledged as security for bank borrowings by the Group.

## 12. OTHER FINANCIAL ASSETS - CURRENT

	<b>June 30, 2016</b>	<b>December 31, 2015</b>	<b>June 30, 2015</b>
Time deposits with original maturity more than three months	\$ 181,270	\$ 401,695	\$ 391,692
Restricted assets - current	7,422	47,857	57,608
Financial assets at amortized cost	<u>1,445,748</u>	<u>1,331,967</u>	<u>22,627</u>
	<u>\$ 1,634,440</u>	<u>\$ 1,781,519</u>	<u>\$ 471,927</u>

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

	<b>June 30, 2016</b>	<b>December 31, 2015</b>	<b>June 30, 2015</b>
Time deposits with original maturity more than three months	0.025%-3.35%	0.025%-3.00%	1.00%-3.60%

- b. Restricted assets - current were operating guarantee for real-estate brokerage. Please refer to Note 34.
- c. Financial assets at amortized cost were bank financial products, the expected yield rates as of June 30, 2016, December 31, 2015 and June 30, 2015 were 1.05%-3.70%, 1.80%-3.75% and 3.90%, respectively.

### 13. SUBSIDIARIES

- a. Subsidiaries included in consolidated financial statements

Those subsidiaries included in the consolidated entities as of June 30, 2016, December 31, 2015 and June 30, 2015 were as follows:

Investor	Investee	Main Businesses	% of Ownership			Remark
			June 30, 2016	December 31, 2015	June 30, 2015	
Sinyi Realty Inc.	Sinyi International Limited (Sinyi International)	Investment holding	100	100	100	
	Sinyi Development Inc. (Taiwan Sinyi Development) (original name: Da-Chia Construction)	Construction	100	100	100	
	Sinyi Limited	Investment holding	100	100	100	
	Sinyi Global Asset Management Co., Ltd. (Global)	Real estate brokerage	100	100	100	
	Heng-Yi Real Estate Consulting Inc. (Heng-Yi)	Development, construction, rental and sale of residential building and factories	100	100	100	
	Jui-Inn Consultants Co., Ltd. (Jui-Inn)	Management consulting	100	100	100	
	Sinyi Culture Publishing Inc. (Sinyi Culture)	Publication	99	99	99	
	An-Sin Real Estate Management Ltd. (An-Sin)	Real estate management	51	51	51	
	Yowoo Technology Inc. (Yowoo Technology)	Information software, data processing and electronic information providing services	100	100	100	
	Sinyi Limited	Ke Wei HK Realty Limited (Ke Wei HK)	Investment holding	99	99	99
Inane	Inane International Limited (Inane)	Investment holding	100	100	100	
	Shanghai Sinyi Real Estate Inc. (Shanghai Sinyi Real Estate)	Real estate brokerage	100	100	100	
	Beijing Sinyi Real Estate Ltd. (Beijing Sinyi)	Real estate brokerage	100	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	100	
	Chengdu Sinyi Real Estate Co., Ltd. (Chengdu Sinyi)	Real estate brokerage and management consulting	100	100	100	
	Qingdao Chengjian & Sinyi Real Estate Co., Ltd. (Qingdao Sinyi)	Real estate brokerage and management consulting	100	100	100	
	Max Success International Limited (Max Success)	Investment holding	100	100	100	
	Zhejiang Sinyi Real Estate Co.,	Real estate brokerage and	38	38	38	

(Continued)

Investor	Investee	Main Businesses	% of Ownership			Remark
			June 30, 2016	December 31, 2015	June 30, 2015	
Shanghai Sinyi Real Estate	Ltd. (Zhejiang Sinyi)	management consulting				
	Suzhou Sinyi Real Estate Inc. (Suzhou Sinyi)	Real estate brokerage and management consulting	2	2	2	
Max Success	Zhejiang Sinyi	Real estate brokerage and management consulting	62	62	62	
	Suzhou Sinyi	Real estate brokerage and management consulting	98	98	98	
Ke Wei HK	Ke Wei Shanghai Real Estate Management Consulting Inc. (Ke Wei Shanghai)	Real estate brokerage and management consulting	100	100	100	
Sinyi International	Forever Success International Limited (Forever Success)	Investment holding	100	100	100	
	Sinyi Realty Inc. Japan (Japan Sinyi)	Real estate brokerage, management and identification	100	100	100	
	Sinyi Development Limited (Sinyi Development)	Investment holding	100	100	100	
	Sinyi Estate Ltd.(Sinyi Estate)	Investment holding	100	100	100	Note 1
Forever Success	Shanghai Shang Tuo Investment Management Consulting Inc. (Shanghai Shang Tuo)	Real estate brokerage and management consulting	100	100	100	
	Hua Yun Renovation (Shanghai) Co., Ltd. (Hua Yun)	Professional construction, buildings, decoration construction, hardware, general merchandise, building materials wholesale	100	100	100	
An-Sin	An-Shin Real Estate Management Ltd. (An-Shin)	Real estate management	100	100	100	
Japan Sinyi	Sinyi Asset Management Co., Ltd. (Japan Management)	Real estate brokerage and rental management	100	100	100	
	Tokyo Sinyi Real Estate Co., Ltd.	Real estate brokerage	100	100	100	Note 2
Sinyi Development	Sinyi Real Estate (Hong Kong) Limited (Hong Kong Real Estate)	Investment holding	100	100	100	
	Kunshan Dingxian Trading Co., Ltd. (Kunshan Digxian Trading)	Construction materials furniture, sanitary ware and ceramic products wholesale	100	100	100	
Sinyi Estate Hong Kong Real Estate	Sinyi Estate (Hong Kong) Limited Sinyi Real Estate (Shanghai) Limited (Shanghai Real Estate)	Investment holding Development of commercial and residential building and auxiliary facilities; and construction, rental, sale and property management	100 100	100 100	100 100	Note 3
Taiwan Sinyi Development	Da-Chia Construction Co., Ltd. (Da-Chia Construction)	Development, construction, rental and sale of residential building and factories	100	100	100	
	Sinyi Real Estate Co., Ltd. (Sinyi Real Estate)	Development, construction, rental and sale of residential building and factories	100	100	100	

(Concluded)

**Remark:**

Note 1: Sinyi Estate was incorporated in April 2015, with a capital collected in advance of US\$22,447 thousand as of June 30, 2016.

Note 2: Tokyo Sinyi Real Estate Co., Ltd. was incorporated in May 2015, with a capital of \$5,000 thousand.

Note 3: Hong Kong Sinyi Estate was incorporated in April 2015, with a capital collected in advance of US\$22,465 thousand as of June 30, 2016.

Note 4: Subsidiaries included in consolidated financial statement: The financial statements of the consolidated entities had not been reviewed by the independent accountants, except for those of Sinyi International, Sinyi Development, Hong Kong Real Estate and Shanghai Real Estate as of and for the six months ended June 30, 2016 and those of Sinyi International, Sinyi Limited, Sinyi Development, Hong Kong Real Estate and Shanghai Real Estate as of and for the six months ended June 30, 2015.

b. Subsidiaries excluded from consolidated financial statement: None.

#### 14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<b>June 30, 2016</b>	<b>December 31, 2015</b>	<b>June 30, 2015</b>
Investments in associates	<u>\$ 9,682</u>	<u>\$ 9,649</u>	<u>\$ 9,180</u>

a. Investments in associates

	<b>June 30, 2016</b>	<b>December 31, 2015</b>	<b>June 30, 2015</b>
Unlisted company			
Sinyi Interior Design Co., Ltd.	<u>\$ 9,682</u>	<u>\$ 9,649</u>	<u>\$ 9,180</u>

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

<b>Name of Associate</b>	<b>June 30, 2016</b>	<b>December 31, 2015</b>	<b>June 30, 2015</b>
Sinyi Interior Design Co., Ltd.	19%	19%	19%

The Group's management considered investments in associates are not individually material. Aggregate information of associates is summarized as follows:

	<b>Six Months Ended June 30</b>	
	<b>2016</b>	<b>2015</b>
The Group's share of:		
Loss from continuing operations	(\$ 5)	(\$ 4)
Other comprehensive income	<u>256</u>	<u>(1,406)</u>
Total comprehensive income for the period	<u>\$ 251</u>	<u>(\$ 1,410)</u>

The investments accounted for using the equity method and the share of net income from investments are accounted for based on unreviewed financial statements. The Group's management considered the use of unreviewed financial statements of Sinyi Interior Design Co., Ltd. did not have material impact on its consolidated financial statements.

## 15. PROPERTY, PLANT AND EQUIPMENT

Six Months Ended June 30, 2016									
	Freehold Land	Buildings	Transportation Equipment	Office Equipment	Leased Assets	Leasehold Improvements	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
<b>Cost</b>									
Balance at January 1, 2016	\$2,665,208	\$ 415,360	\$ 6,874	\$ 371,882	\$ 4,671	\$ 501,124	\$ 79,979	\$ 258,785	\$4,303,883
Additions	-	-	-	9,605	-	21,216	95	129	31,045
Disposals (Note 1)	-	-	-	( 10,812)	-	( 3,610)	-	( 9,048)	( 23,470)
Reclassifications	-	-	-	-	-	126	( 126)	-	-
Effect of foreign currency exchange differences	-	-	( 170)	( 1,137)	-	( 1,635)	-	( 7,487)	( 10,429)
Balance at June 30, 2016	<u>\$2,665,208</u>	<u>\$ 415,360</u>	<u>\$ 6,704</u>	<u>\$ 369,538</u>	<u>\$ 4,671</u>	<u>\$ 517,221</u>	<u>\$ 79,948</u>	<u>\$ 242,379</u>	<u>\$4,301,029</u>
<b>Accumulated depreciation</b>									
Balance at January 1, 2016	\$ -	\$ 96,564	\$ 4,330	\$ 240,142	\$ 4,671	\$ 341,765	\$ 54,491	\$ -	\$ 741,963
Depreciation expense	-	5,268	529	24,578	-	29,608	4,762	-	64,745
Disposals	-	-	-	( 10,728)	-	( 3,435)	-	-	( 14,163)
Effect of foreign currency exchange differences	-	-	( 128)	( 751)	-	( 1,288)	-	-	( 2,167)
Balance at June 30, 2016	<u>\$ -</u>	<u>\$ 101,832</u>	<u>\$ 4,731</u>	<u>\$ 253,241</u>	<u>\$ 4,671</u>	<u>\$ 366,650</u>	<u>\$ 59,253</u>	<u>\$ -</u>	<u>\$ 790,378</u>
Carrying amounts at January 1, 2016	<u>\$2,665,208</u>	<u>\$ 318,796</u>	<u>\$ 2,544</u>	<u>\$ 131,740</u>	<u>\$ -</u>	<u>\$ 159,359</u>	<u>\$ 25,488</u>	<u>\$ 258,785</u>	<u>\$3,561,920</u>
Carrying amounts at June 30, 2016	<u>\$2,665,208</u>	<u>\$ 313,528</u>	<u>\$ 1,973</u>	<u>\$ 116,297</u>	<u>\$ -</u>	<u>\$ 150,571</u>	<u>\$ 20,695</u>	<u>\$ 242,379</u>	<u>\$3,510,651</u>
Six Months Ended June 30, 2015									
	Freehold Land	Buildings	Transportation Equipment	Office Equipment	Leased Assets	Leasehold Improvements	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
<b>Cost</b>									
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	-	-	-	16,396	-	23,503	448	41	40,388
Disposals (Note 2)	-	( 1,448)	-	( 7,019)	-	( 15,466)	-	-	( 23,933)
Effect of foreign currency exchange differences	-	-	-	163	-	-	-	( 608)	( 445)
Balance at June 30, 2015	<u>\$2,670,039</u>	<u>\$ 417,329</u>	<u>\$ 6,849</u>	<u>\$ 363,029</u>	<u>\$ 4,671</u>	<u>\$ 461,001</u>	<u>\$ 79,949</u>	<u>\$ 265,809</u>	<u>\$4,268,676</u>
<b>Accumulated depreciation</b>									
Balance at January 1, 2015	\$ -	\$ 86,407	\$ 3,084	\$ 211,880	\$ 4,671	\$ 309,207	\$ 42,594	\$ -	\$ 657,843
Depreciation expense	-	5,337	555	24,095	-	28,220	5,939	-	64,146
Disposals	-	-	-	( 6,742)	-	( 15,466)	-	-	( 22,208)
Effect of foreign currency exchange differences	-	-	( 69)	( 772)	-	( 1,161)	-	-	( 2,002)
Balance at June 30, 2015	<u>\$ -</u>	<u>\$ 91,744</u>	<u>\$ 3,570</u>	<u>\$ 228,461</u>	<u>\$ 4,671</u>	<u>\$ 320,800</u>	<u>\$ 48,533</u>	<u>\$ -</u>	<u>\$ 697,779</u>
Carrying amounts at January 1, 2015	<u>\$2,670,039</u>	<u>\$ 332,370</u>	<u>\$ 3,900</u>	<u>\$ 142,864</u>	<u>\$ -</u>	<u>\$ 145,765</u>	<u>\$ 36,907</u>	<u>\$ 272,743</u>	<u>\$3,604,588</u>
Carrying amounts at June 30, 2015	<u>\$2,670,039</u>	<u>\$ 325,585</u>	<u>\$ 3,279</u>	<u>\$ 134,568</u>	<u>\$ -</u>	<u>\$ 140,201</u>	<u>\$ 31,416</u>	<u>\$ 265,809</u>	<u>\$3,570,897</u>

Note 1: Refund of prepayments to construction company when it failed to meet the terms of the contract for Suzhou Sinyi.

Note 2: Disposal of construction in progress and prepayments for equipment was the amount refunded for the delay of construction progress of the Group's purchase of the pre-sold property.

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	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 six months ended June 30, 2016 and 2015.
- c. Refer to Note 34 for the details of properties, plant and equipment pledged as collaterals.

## 16. INVESTMENT PROPERTIES

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2016	\$ 2,037,918	\$ 943,625	\$ 2,981,543
Additions	1,037	163	1,200
Disposals	( 23,952)	( 2,967)	( 26,919)
Effect of foreign currency exchange differences	-	( 17,776)	( 17,776)
Balance at June 30, 2016	<u>\$ 2,015,003</u>	<u>\$ 923,045</u>	<u>\$ 2,938,048</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2016	\$ 7,396	\$ 157,855	\$ 165,251
Income from reversal of impairment	( 3,313)	( 112)	( 3,425)
Depreciation expense	-	10,369	10,369
Disposals	-	( 550)	( 550)
Effect of foreign currency exchange differences	-	( 2,341)	( 2,341)
Balance at June 30, 2016	<u>\$ 4,083</u>	<u>\$ 165,221</u>	<u>\$ 169,304</u>
Carrying amounts at January 1, 2016	<u>\$ 2,030,522</u>	<u>\$ 785,770</u>	<u>\$ 2,816,292</u>
Carrying amounts at June 30, 2016	<u>\$ 2,010,920</u>	<u>\$ 757,824</u>	<u>\$ 2,768,744</u>
<u>Cost</u>			
Balance at January 1, 2015	\$ 2,033,087	\$ 953,151	\$ 2,986,238
Effect of foreign currency exchange differences	-	( 14,102)	( 14,102)
Balance at June 30, 2015	<u>\$ 2,033,087</u>	<u>\$ 939,049</u>	<u>\$ 2,972,136</u>

(Continued)



	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2015	\$ 7,396	\$ 137,927	\$ 145,323
Depreciation expense	-	10,375	10,375
Effect of foreign currency exchange differences	<u>-</u>	<u>( 1,461 )</u>	<u>( 1,461 )</u>
Balance at June 30, 2015	<u>\$ 7,396</u>	<u>\$ 146,841</u>	<u>\$ 154,237</u>
Carrying amounts at January 1, 2015	<u>\$ 2,025,691</u>	<u>\$ 815,224</u>	<u>\$ 2,840,915</u>
Carrying amounts at June 30, 2015	<u>\$ 2,025,691</u>	<u>\$ 792,208</u>	<u>\$ 2,817,899</u>

(Concluded)

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

Buildings - main buildings 30-60 years

The total fair value of the Group's investment properties and property, plant and equipment as of June 30, 2016, December 31, 2015 and June 30, 2015 was \$10,306,667 thousand, \$10,259,399 thousand and \$9,943,214 thousand, respectively. The fair value valuation had not been performed by independent qualified professional valuers and the fair value was measured by using Level 3 inputs; however, the management of the Group used the valuation model that market participants generally use in determining the fair value. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

All of the Group's investment property was 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 34.

## 17. INTANGIBLE ASSETS

	<b>June 30, 2016</b>	<b>December 31, 2015</b>	<b>June 30, 2015</b>
Franchise (Note 36)	\$ 57,387	\$ 59,619	\$ 57,229
Goodwill	9,621	9,621	9,621
System software costs	<u>78,210</u>	<u>75,523</u>	<u>84,159</u>
	<u>\$ 145,218</u>	<u>\$ 144,763</u>	<u>\$ 151,009</u>

### Six Months Ended June 30, 2016

	<b>Franchise</b>	<b>Goodwill</b>	<b>System Software Costs</b>	<b>Total</b>
<u>Cost</u>				
Balance at January 1, 2016	\$ 100,299	\$ 9,621	\$ 167,849	\$ 277,769
Additions	-	-	25,097	25,097
Disposals	-	-	( 467 )	( 467 )
Effect of foreign currency exchange differences	<u>( 1,681 )</u>	<u>-</u>	<u>117</u>	<u>( 1,564 )</u>
Balance at June 30, 2016	<u>\$ 98,618</u>	<u>\$ 9,621</u>	<u>\$ 192,596</u>	<u>\$ 300,835</u>

(Continued)

Accumulated amortization

Balance at January 1, 2016	\$ 40,680	\$ -	\$ 92,326	\$ 133,006
Amortization expense	1,252	-	22,620	23,872
Disposals	-	-	( 467 )	( 467 )
Effect of foreign currency exchange differences	( 701 )	-	( 93 )	( 794 )
Balance at June 30, 2016	<u>\$ 41,231</u>	<u>\$ -</u>	<u>\$ 114,386</u>	<u>\$ 155,617</u>
Carrying amounts at January 1, 2016	<u>\$ 59,619</u>	<u>\$ 9,621</u>	<u>\$ 75,523</u>	<u>\$ 144,763</u>
Carrying amounts at June 30, 2016	<u>\$ 57,387</u>	<u>\$ 9,621</u>	<u>\$ 78,210</u>	<u>\$ 145,218</u>

**Six Months Ended June 30, 2015**

<u>Cost</u>	<b>System</b>			
	<b>Franchise</b>	<b>Goodwill</b>	<b>Software Costs</b>	<b>Total</b>
Balance at January 1, 2015	\$ 96,709	\$ 9,621	\$ 127,062	\$ 233,392
Additions	-	-	29,257	29,257
Disposals	-	-	( 2,167 )	( 2,167 )
Reclassifications	-	-	445	445
Effect of foreign currency exchange differences	( 2,414 )	-	( 16 )	( 2,430 )
Balance at June 30, 2015	<u>\$ 94,295</u>	<u>\$ 9,621</u>	<u>\$ 154,581</u>	<u>\$ 258,497</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2015	\$ 36,806	\$ -	\$ 53,868	\$ 90,674
Amortization expense	1,191	-	18,735	19,926
Disposals	-	-	( 2,167 )	( 2,167 )
Effect of foreign currency exchange differences	( 931 )	-	( 14 )	( 945 )
Balance at June 30, 2015	<u>\$ 37,066</u>	<u>\$ -</u>	<u>\$ 70,422</u>	<u>\$ 107,488</u>
Carrying amounts at January 1, 2015	<u>\$ 59,903</u>	<u>\$ 9,621</u>	<u>\$ 73,194</u>	<u>\$ 142,718</u>
Carrying amounts at June 30, 2015	<u>\$ 57,229</u>	<u>\$ 9,621</u>	<u>\$ 84,159</u>	<u>\$ 151,009</u>

(Concluded)

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

Franchise	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 six months ended June 30, 2016, the Group did not recognize any impairment loss on goodwill.

## 18. OTHER ASSETS

	June 30, 2016	December 31, 2015	June 30, 2015
<u>Current</u>			
Prepaid expenses	\$ 76,669	\$ 87,772	\$ 85,221
Tax prepayment	494,373	238,729	21,925
Temporary payments	1,481	1,877	801
Overpaid VAT	4,980	4,390	3,950
Overdue receivables	4,793	4,644	3,434
Others	<u>1,890</u>	<u>1,890</u>	<u>1,890</u>
	<u>\$ 584,186</u>	<u>\$ 339,302</u>	<u>\$ 117,221</u>
<u>Non-current</u>			
Overdue receivables	\$ 577,503	\$ 332,768	\$ 111,897
Other	<u>6,683</u>	<u>6,534</u>	<u>5,324</u>
	<u>\$ 584,186</u>	<u>\$ 339,302</u>	<u>\$ 117,221</u>

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

	June 30, 2016	December 31, 2015	June 30, 2015
<u>Unsecured borrowings</u>			
Unsecured loans	\$ 18,649	\$ 200,000	\$ -
<u>Secured borrowings</u>			
Bank loans	<u>-</u>	<u>37,463</u>	<u>24,865</u>
	<u>\$ 18,649</u>	<u>\$ 237,463</u>	<u>\$ 24,865</u>

1) The interest rates on the bank loans as of June 30, 2016, December 31, 2015 and June 30, 2015 were 0.88%, 1.4%-5.1% and 4.0% per annum, respectively.

2) Refer to Note 34 for the details of assets pledged as collaterals for short-term borrowings.

### b. Long-term borrowings

	June 30, 2016	December 31, 2015	June 30, 2015
<u>Secured borrowings</u>			
Bank loans	\$ 1,768,350	\$ 2,299,289	\$ 2,064,761

(Continued)

	<b>June 30, 2016</b>	<b>December 31, 2015</b>	<b>June 30, 2015</b>
<u>Unsecured borrowings</u>			
Loans unsecured	\$ 100,000	\$ -	\$ 283,912
	1,868,350	2,299,289	2,348,673
Less: Current portion	( 636,920)	( 190,000)	( 283,912)
Long-term borrowings	<u>\$ 1,231,430</u>	<u>\$ 2,109,289</u>	<u>\$ 2,064,761</u>

(Concluded)

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

	<b>Content of Borrowings</b>	<b>June 30, 2016</b>	<b>December 31, 2015</b>	<b>June 30, 2015</b>
E.Sun Bank	\$190,000 thousand; period: September 10, 2013 to September 10, 2016; floating interest rate of 2.43% on June 30, 2016, 2.5% on December 31 and June 30, 2015; interest is paid monthly and principal is repaid at maturity.	\$ 190,000	\$ 190,000	\$ 163,000
E.Sun Bank	\$800,000 thousand; period: March 13, 2015 to December 30, 2017; fixed interest rate of 1.55% on Dec. 31, 2015 and 1.6% on June 30, 2015, negotiating rate per 90 days; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in April, June 2015 and January 2016.	-	100,000	100,000
E.Sun Bank	\$800,000 thousand; period: March 1, 2016 to March 31, 2018; fixed interest rate of 1.45%, negotiating rate per 90 days; interest is paid monthly and principal is repaid at maturity.	500,000	-	-
East Asia Bank	\$1,300,000 thousand; period: December 31, 2013 to December 18, 2016; floating interest rate of 1.718%; Interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in July 2015.	-	-	100,000
East Asia Bank	\$1,600,000 thousand; period: December 31, 2015 to December 31, 2018; floating interest rate of 1.498% on June 30, 2016 and 1.718% on December 31, 2015; total 7 quarterly installment to start 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.	500,000	200,000	-
China Construction Bank	RMB\$800,000 thousand; period: May 20, 2014 to June 19, 2017; floating interest rate of 5.25% on June 30, 2016 and December 31, 2015, 6.15% on June 30, 2015; interest is paid quarterly and principal is repaid at maturity. The Group repaid partial principal of RMB\$253,200 thousand in May and June in 2016.	431,205	1,709,289	1,701,761
Mizuho Bank	JPY\$15,000 thousand; period: June 30, 2016 to June 30, 2019; floating interest rate of 1.108%; interest and principal are paid monthly with JPY\$4,167 thousand.	47,145	-	-
Bank of SinoPac	\$200,000 thousand; period: June 30, 2016 to June 30, 2018; floating interest rate of 1.3717%; interest is paid monthly and principal is repaid at maturity.	100,000	-	-
Ultra Success Offshore Ltd.	US\$9,200 thousand; period: September 12, 2013 to September 11, 2015; fixed interest rate of 5.0%; interest and principle will be paid at maturity.	-	-	283,912
Bank of Taiwan	\$1,000,000 thousand; period: September 22, 2015 to September 22, 2018; fixed interest rate of 1.42% on June 30, 2016, 1.8% on December 31, 2015, negotiating rate per 180 days; interest is paid monthly and principal is repaid at maturity.	100,000	100,000	-
Total long-term borrowings		<u>\$ 1,868,350</u>	<u>\$ 2,299,289</u>	<u>\$ 2,348,673</u>

Refer to Note 34 for the details of assets pledged as collaterals for long-term borrowings.

## 20. BONDS PAYABLE

	June 30, 2016	December 31, 2015	June 30, 2015
Domestic unsecured bonds	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Less: Current portion	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>

The major term of domestic unsecured bonds was as follow:

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

## 21. TRADE PAYABLES

	June 30, 2016	December 31, 2015	June 30, 2015
Construction payables	<u>\$ 58,046</u>	<u>\$ 86,330</u>	<u>\$ 71,540</u>

## 22. UNEARNED REVENUE

	June 30, 2016	December 31, 2015	June 30, 2015
Advance receipts from real estate transactions	\$ 5,599,117	\$ 2,665,026	\$ 262,813
Others	<u>2,219</u>	<u>1,477</u>	<u>609</u>
	<u>\$ 5,601,336</u>	<u>\$ 2,666,503</u>	<u>\$ 263,422</u>

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

## 23. OTHER LIABILITIES

	June 30, 2016	December 31, 2015	June 30, 2015
<u>Current</u>			
Other payables	\$ 1,531,590	\$ 1,493,621	\$ 1,129,775
Other payables to related parties	98,576	115,727	110,705
Other financial liabilities	717,611	321,467	873,652
Other liabilities	<u>128,545</u>	<u>297,159</u>	<u>123,666</u>
	<u>\$ 2,476,322</u>	<u>\$ 2,227,974</u>	<u>\$ 2,237,798</u>

(Continued)

Non-current

Other liabilities	<u>\$ 412,208</u>	<u>\$ 722,466</u>	<u>\$ 1,031,267</u> (Concluded)
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a. Other payables were as follows:

	<b>June 30, 2016</b>	<b>December 31, 2015</b>	<b>June 30, 2015</b>
Performance bonus and salaries	\$ 1,191,284	\$ 1,118,097	\$ 756,522
Advertisement	90,191	101,204	96,155
Labor and health insurance	52,140	62,216	56,168
Payable for annual leave	75,329	60,081	70,938
Professional fees	9,408	16,773	13,934
Interest payables	1,205	25,968	29,328
Employees bonuses and compensation to directors	16,754	17,414	24,522
Others	<u>95,279</u>	<u>91,868</u>	<u>82,208</u>
	<u>\$ 1,531,590</u>	<u>\$ 1,493,621</u>	<u>\$ 1,129,775</u>

Employees and senior management who meet the performance standards under the bonus rules are eligible for performance bonuses. Performance bonuses to be paid one year later are recorded as other liabilities - others. The performance bonuses payable under other liabilities - others amounted to \$412,208 thousand, \$722,466 thousand and \$1,031,267 thousand as of June 30, 2016, December 31, 2015 and June 30, 2015, respectively.

b. Other payable to related parties were as follows:

	<b>June 30, 2016</b>	<b>December 31, 2015</b>	<b>June 30, 2015</b>
Financing to related parties			
Loan from related parties	\$ 62,985	\$ 67,932	\$ 70,617
Interest payable	14,649	14,735	14,201
Others	<u>20,942</u>	<u>33,060</u>	<u>25,887</u>
	<u>\$ 98,576</u>	<u>\$ 115,727</u>	<u>\$ 110,705</u>

Loans from related parties were accounted for other payables to related parties with interest rates of 0-3% for the six months ended June 30, 2016 and 2015.

c. Other financial liabilities were as follows:

	<b>June 30, 2016</b>	<b>December 31, 2015</b>	<b>June 30, 2015</b>
Dividend payable	\$ 442,288	\$ -	\$ 613,437
Receipts under custody from real estate transactions	169,492	221,384	190,254
Other receipts under custody	71,015	68,283	32,201
Payable on equipment	5,265	5,709	10,215
Receipts under custody - escrow service	194	150	471
Others	<u>29,357</u>	<u>25,941</u>	<u>27,074</u>
	<u>\$ 717,611</u>	<u>\$ 321,467</u>	<u>\$ 873,652</u>

- 1) On May 20, 2016 and May 15, 2015, the stockholders approved the appropriation of cash dividends \$442,288 thousand and \$613,437 thousand, respectively. The amounts to be distributed were temporarily accounted for dividends payable as of June 30, 2016 and 2015. Refer to Note 26 for the details on appropriation of earnings and dividends.
- 2) Receipts under custody from real estate transactions were the money received by real estate brokers - Shanghai Sinyi Real Estate, Zhejiang Sinyi, Suzhou Sinyi, Beijing Sinyi, Chengdo Sinyi and Qingdao Sinyi from buyers that had concluded transactions, but not yet transferred to the sellers.
- 3) 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:

	<b>June 30, 2016</b>	<b>December 31, 2015</b>	<b>June 30, 2015</b>
Receipts under custody - escrow service	\$ 12,406,080	\$ 10,612,418	\$ 13,551,953
Interest payable	1,912	4,479	15,767
Deposit accounts	( 12,407,230 )	( 10,616,258 )	( 13,566,503 )
Interest receivable	( <u>568</u> )	( <u>489</u> )	( <u>746</u> )
	<u>\$ 194</u>	<u>\$ 150</u>	<u>\$ 471</u>

- a) Receipts under custody - performance guarantee were receipts under custody from sellers of real estate transactions with interest rate of 0.07%-0.16%, 0.15-0.24% and 0.17-0.26% as of June 30, 2016, December 31, 2015 and June 30, 2015, respectively.
  - b) Deposit accounts were receipts which had been paid by buyers of real estate transactions but not delivered to the sellers yet. The Group deposited these receipts in bank accounts according to the escrow contracts.
- d. Other current liabilities were as follows:

	<b>June 30, 2016</b>	<b>December 31, 2015</b>	<b>June 30, 2015</b>
VAT payable	\$ 110,304	\$ 280,730	\$ 108,847
Others	<u>18,241</u>	<u>16,429</u>	<u>14,819</u>
	<u>\$ 128,545</u>	<u>\$ 297,159</u>	<u>\$ 123,666</u>

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

## 24. PROVISIONS

	<b>June 30, 2016</b>	<b>December 31, 2015</b>	<b>June 30, 2015</b>
Service revenue allowances	<u>\$ 51,351</u>	<u>\$ 39,100</u>	<u>\$ 44,595</u>
Current	\$ 46,558	\$ 34,456	\$ 41,161
Non-current	<u>4,793</u>	<u>4,644</u>	<u>3,434</u>
	<u>\$ 51,351</u>	<u>\$ 39,100</u>	<u>\$ 44,595</u>

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

## 25. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Group's defined benefit retirement plans were calculated using the actuarially determined pension cost discount rate as of December 31, 2014 and 2013, and recognized in profit or loss in respect of the defined benefit plans for the three months ended June 30, 2016 and 2015 and for the six months ended June 30, 2016 and 2015 were \$928 thousand, 826 thousand, 1,856 thousand and \$1,654 thousand, respectively.

## 26. EQUITY

### Share Capital

	June 30, 2016	December 31, 2015	June 30, 2015
Numbers of shares authorized (in thousands)	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Shares authorized	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>631,840</u>	<u>631,840</u>	<u>631,840</u>
Share capital issued	<u>\$ 6,318,398</u>	<u>\$ 6,318,398</u>	<u>\$ 6,318,398</u>

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

### Capital Surplus

	June 30, 2016	December 31, 2015	June 30, 2015
Employee stock options	<u>\$ 63,896</u>	<u>\$ 63,896</u>	<u>\$ 63,896</u>

The capital surplus from shares issued in excess of par (additional paid-in capital from issuance of 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. In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The Company has resolved retained earnings distribution policy and stipulated the employees' compensation policy in the amended Article of Incorporation in the general stockholders' meeting on May 20, 2016.
- b. According to the new retained earnings distribution policy in the revised Article of Incorporation of the Company, if the Company has earning upon settlement for a fiscal year, after taxes are paid by law and accumulated deficits are set off, ten percent shall be appropriated as legal earning reserves; however, if the amount of the legal earning reserves has attained the amount of paid-in capital of the Company, no further appropriation shall be made. The remainder shall be appropriated or reversed as special



earning reserves. If there still has balance, considering together with accumulated undistributed earnings, the board of directors shall prepare the proposal for earning distribution, which shall be submitted to the shareholders' meeting for a resolution of distribution of dividends and bonuses to shareholders. For the revised policy of employees' compensation and remuneration to directors, please refer to Note 27 f. Employee Benefits Expense.

- c. In addition, according the revised Article of Incorporation of the Company, the dividend policy of the Company is to deliberately distribute dividends, in the light of present and future development plan, taking into consideration the investment environments, fund demands, and domestic competition status, as well as factors of interests of shareholders; provided. However, the amount of proposed earning distribution of current year may not be less than 20% of accumulated distributable earnings. In distributing dividends and bonuses to shareholders, the distribution may be made by stocks or cash, of which cash dividends may not be less than 10% of total amount of dividends.
- d. Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.
- e. Except for non-ROC resident shareholders, all shareholders receiving dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.
- f. The appropriations of earnings including bonus to employees, and the remuneration to directors for 2015 and 2014 had been approved in the shareholders' meeting held on May 20, 2016 and May 15, 2015, respectively. The appropriations and dividends per share were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>For Year 2015</u>	<u>For Year 2014</u>	<u>For Year 2015</u>	<u>For Year 2014</u>
Legal reserve	\$ 56,387	\$ 107,216	\$ -	\$ -
Cash dividends	442,288	613,437	0.7	1.0
Stock dividends	-	184,031	-	0.3

### Others Equity Items

	<u>June 30, 2016</u>	<u>December 31, 2015</u>	<u>June 30, 2015</u>
Exchange differences on translating foreign operations	\$ 46,441	\$ 189,816	\$ 118,271
Unrealized gains or losses from available-for-sale financial assets	<u>183,077</u>	<u>244,878</u>	<u>300,186</u>
	<u>\$ 229,518</u>	<u>\$ 434,694</u>	<u>\$ 418,457</u>

- a. Exchange differences on translating 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**

	<b>Six Months Ended June 30</b>	
	<b>2016</b>	<b>2015</b>
Balance, beginning of period	\$ 125,644	\$ 139,495
Attributed to non-controlling interests:		
Net income	12,043	14,166
Exchange differences on translating foreign operations	34	45
Payment of cash dividends to non-controlling interests	( 20,558 )	( 36,294 )
Balance, end of period	<u>\$ 117,163</u>	<u>\$ 117,412</u>

**27 NET PROFIT FROM CONTINUING OPERATIONS**

Net profit from continuing operations had been arrived at after charging or crediting:

**a. Interest Income**

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Interest income				
Cash in bank	\$ 12,835	\$ 10,079	\$ 23,289	\$ 17,819
Other receivables	-	4,472	-	8,886
Other	<u>1</u>	<u>7</u>	<u>1</u>	<u>64</u>
	<u>\$ 12,836</u>	<u>\$ 14,558</u>	<u>\$ 23,290</u>	<u>\$ 26,769</u>

**b. Other Gains and Losses**

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Impairment loss of investment properties	\$ 3,425	\$ -	\$ 3,425	\$ -
Gain on disposal of investments	76	40	94	26,288
Net gain (loss) on fair value change of financial assets held for trading	1,101	( 290 )	2,575	( 9,934 )
Losses on disposal of property, plant and equipment	( 202 )	( 118 )	( 241 )	( 265 )

(Continued)

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Gains (losses) on disposal of investment properties	(\$ 4,688)	\$ -	\$ 527	\$ -
Net foreign exchange gains (losses)	5,365	( 10,322)	( 3,513)	( 17,522)
(Reversal) Provision of bad debt	( 1,115)	-	1,239	-
Share of loss of associates and joint ventures	( 3)	( 4)	( 5)	( 4)
Others	<u>5,433</u>	<u>19,090</u>	<u>18,726</u>	<u>27,723</u>
	<u>\$ 9,392</u>	<u>\$ 8,396</u>	<u>\$ 22,827</u>	<u>\$ 26,286</u>
				(Concluded)

**c. Finance Costs**

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Interest on bank loans	\$ 20,636	\$ 30,413	\$ 47,639	\$ 60,800
Interest on unsecured bonds payable	10,948	11,070	22,018	22,018
Interest on loans from related parties	177	213	368	356
Interest on loans from others	-	3,768	-	7,393
Others	<u>55</u>	<u>190</u>	<u>121</u>	<u>538</u>
	31,816	45,654	70,146	91,105
Deduct: Amounts included in the cost of qualifying assets	( <u>17,388</u> )	( <u>28,334</u> )	( <u>41,217</u> )	( <u>55,494</u> )
	<u>\$ 14,428</u>	<u>\$ 17,320</u>	<u>\$ 28,929</u>	<u>\$ 35,611</u>

Information about capitalized interest was as follows:

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Interest capitalization rate	2.43%-5.25%	2.5%-6.15%	2.43%-5.25%	2.5%-6.15%

**d. Depreciation and Amortization**

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Property, plant and equipment	\$ 32,005	\$ 32,227	\$ 64,745	\$ 64,146
Investment property	5,149	5,163	10,369	10,375
Intangible assets	<u>12,054</u>	<u>10,607</u>	<u>23,872</u>	<u>19,926</u>
	<u>\$ 49,208</u>	<u>\$ 47,997</u>	<u>\$ 98,986</u>	<u>\$ 94,447</u>

An analysis of depreciation by function

Inventories	\$ 616	\$ 444	\$ 1,077	\$ 884
Operating costs	22,759	22,151	46,217	43,737

(Continued)

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Operating expenses	\$ 8,630	\$ 9,632	\$ 17,451	\$ 19,525
Other losses	<u>5,149</u>	<u>5,163</u>	<u>10,369</u>	<u>10,375</u>
	<u>\$ 37,154</u>	<u>\$ 37,390</u>	<u>\$ 75,114</u>	<u>\$ 74,521</u>
An analysis of amortization by function				
Inventories	\$ 713	\$ 480	\$ 1,430	\$ 732
Operating costs	69	17	140	56
Operating expenses	<u>11,272</u>	<u>10,110</u>	<u>22,302</u>	<u>19,138</u>
	<u>\$ 12,054</u>	<u>\$ 10,607</u>	<u>\$ 23,872</u>	<u>\$ 19,926</u>

(Concluded)

**e. Operating Expenses Directly Related to Investment Properties**

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Direct operating expenses from investment property				
That generated rental income	\$ 10,345	\$ 10,071	\$ 20,946	\$ 20,258
That did not generate rental income	<u>7</u>	<u>22</u>	<u>15</u>	<u>44</u>
	<u>\$ 10,352</u>	<u>\$ 10,093</u>	<u>\$ 20,961</u>	<u>\$ 20,302</u>

**f. Employee Benefits Expense**

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Salary expense	\$ 1,148,110	\$ 1,107,158	\$ 2,084,003	\$ 2,122,830
Labor and health insurance expenses	<u>68,833</u>	<u>72,549</u>	<u>134,775</u>	<u>143,835</u>
	<u>1,216,943</u>	<u>1,179,707</u>	<u>2,218,778</u>	<u>2,266,665</u>
Post-employment benefits				
Defined contribution plans	39,683	42,248	77,339	83,530
Defined benefit plans (Note 25)	<u>928</u>	<u>826</u>	<u>1,856</u>	<u>1,654</u>
	<u>40,611</u>	<u>43,074</u>	<u>79,195</u>	<u>85,184</u>
Other employee benefits	<u>41,145</u>	<u>54,268</u>	<u>77,253</u>	<u>109,644</u>
Total employee benefits expense	<u>\$ 1,298,699</u>	<u>\$ 1,277,049</u>	<u>\$ 2,375,226</u>	<u>\$ 2,461,493</u>
An analysis of employee benefits expense by function				
Inventories	\$ 10,013	\$ 13,019	\$ 23,054	\$ 19,151
Operating costs	1,151,490	1,105,300	2,071,362	2,122,509
Operating expenses	<u>137,196</u>	<u>158,730</u>	<u>280,810</u>	<u>319,833</u>
	<u>\$ 1,298,699</u>	<u>\$ 1,277,049</u>	<u>\$ 2,375,226</u>	<u>\$ 2,461,493</u>

In accordance with the Company in May, 2015 and amendments to the Company's Articles of Incorporation which have been proposed by the Company's board of directors at the meeting on

December 29, 2015, the Company shall accrue the employees' compensation and remuneration to directors based on at least 1% and not more than 1%, respectively, of the profit before employees' compensation and remuneration to directors. The employees' compensation and remuneration to directors for the three months and six months ended June 30, 2016 were accrued based on the 1% and 0.65% of the profit before employees' compensation and remuneration to directors.

According to the previous Articles of Incorporation of the Company, for the three months ended June 30, 2015 and six months ended June 30, 2016, the bonus to employees represented 1% of distributable retained earnings (net of the bonus and remuneration) and the remuneration to directors was estimated based on the actual amounts in the past.

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Compensation/ Bonus to employees	\$ 1,859	\$ 2,275	\$ 1,859	\$ 3,043
Remuneration to directors	1,209	1,750	1,209	3,500

If there is a change in the proposed amounts after the date of annual consolidated financial statements had been authorized for issue, the differences are accounted for as a change in accounting estimate in the following year.

The appropriations of bonus/compensation to employees and the remuneration to directors for 2015 and 2014 had been approved, respectively, by the board of directors on February 25, 2015 and the shareholders' meeting held on May 20, 2015. The appropriations were as below. The appropriations of compensation to employees and the remuneration to directors for 2015 were represented in the shareholders' meeting held on May 20, 2016.

	<u>Cash Bonus</u>	
	<u>Six Months Ended June 30</u>	
	<u>2015</u>	<u>2014</u>
Bonus to employees	\$ 9,872	\$ 24,528
Remuneration to directors	6,417	6,623

The bonus/compensation to employees and the remuneration to directors for 2015 and 2014 had been approved, respectively by board of directors on February 25, 2016 and the general shareholders' meeting on May 20, 2015. The amounts were as below:

	<u>Year Ended 2015</u>		<u>Year Ended 2014</u>	
	<u>Bonus to Employees</u>	<u>Remuneration to Directors</u>	<u>Bonus to Employees</u>	<u>Remuneration of Directors</u>
Amounts approved in board of directors meeting /shareholders' meeting	\$ 7,383	\$ 4,799	\$ 9,872	\$ 6,417
Deduct: Amounts recognized in respective financial statements	( <u>7,393</u> )	( <u>7,000</u> )	( <u>9,701</u> )	( <u>7,000</u> )
Difference	( <u>\$ 10</u> )	( <u>\$ 2,201</u> )	<u>\$ 171</u>	( <u>\$ 583</u> )

The differences above were recognized in profit and loss for the six months ended June 30, 2016 and 2015.

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 is available on the Market Observation Post System website of the Taiwan Stock Exchange.

## 28. INCOME TAXES RELATING TO CONTINUING OPERATIONS

### Income Tax Recognized in Profit or Loss

The major components of tax expense were as follows:

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current tax				
In respect of the current period	\$ 69,845	\$ 67,175	\$ 85,777	\$ 114,956
Income tax expense of				
unappropriated earnings	4,633	16,161	4,633	16,161
In respect of the prior periods	1,050	8,186	1,052	8,186
Deferred tax				
In respect of the current periods	( 22,059 )	( 3,852 )	( 32,260 )	( 4,978 )
Income tax expense recognized in profit or loss	<u>\$ 53,469</u>	<u>\$ 87,670</u>	<u>\$ 59,202</u>	<u>\$ 134,325</u>

### Integrated Income Tax

	<u>June 30,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>	<u>June 30,</u> <u>2015</u>
Unappropriated earnings generated on and after January 1, 1998	<u>\$ 382,656</u>	<u>\$ 734,737</u>	<u>\$ 513,062</u>
Imputation credits accounts	<u>\$ 189,880</u>	<u>\$ 280,066</u>	<u>\$ 142,676</u>

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

Under the amended article 66-6 of Income Tax Law, for distribution of earning generated after January 1, 1998, the imputation credits allocated to ROC resident shareholders of the Company will be reduced by 50% in comparison with that described in the previous paragraph, effective January 1, 2015.

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

### Income Tax Assessments

The Company's tax returns through 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.

## 28. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Basic EPS	\$ <u>0.34</u>	\$ <u>0.38</u>	\$ <u>0.23</u>	\$ <u>0.51</u>
Diluted EPS	\$ <u>0.34</u>	\$ <u>0.38</u>	\$ <u>0.23</u>	\$ <u>0.51</u>

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

### Net Profit for the Period

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Profit for the period attributable to owners of the Company	\$ <u>212,002</u>	\$ <u>242,311</u>	\$ <u>146,594</u>	\$ <u>323,334</u>

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

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Weighted average number of ordinary shares in computation of basic earnings per share	631,840	631,840	631,840	631,840
Effect of dilutive potential ordinary shares:				
Bonus issue to employee	<u>191</u>	<u>229</u>	<u>277</u>	<u>348</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>632,031</u>	<u>632,069</u>	<u>632,117</u>	<u>632,188</u>

If the Group may settle the bonus to employees by cash or shares, the Group should presume that the entire amount of the bonus will be settled in shares and the resulting potential shares should be included in the weighted average number of outstanding shares used in the calculation of diluted earnings per share, if 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 should be 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. 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 June 30, 2016, December 31, 2015 and June 30, 2015, refundable deposits paid under operating lease amounted to \$113,900 thousand, \$112,858 thousand and \$110,700 thousand, respectively.

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

	<b>June 30, 2016</b>	<b>December 31, 2015</b>	<b>June 30, 2015</b>
Within 1 year	\$ 528,789	\$ 510,215	\$ 467,989
1 to 5 years	971,469	952,915	829,376
After 5 years	<u>84,910</u>	<u>80,876</u>	<u>122,063</u>
	<u>\$ 1,585,168</u>	<u>\$ 1,544,006</u>	<u>\$ 1,419,428</u>

### **The Group as Lessor**

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

As of June 30, 2016, December 31, 2015 and June 30, 2015, deposits received under operating leases amounted to \$32,956 thousand, \$33,297 thousand and \$32,959 thousand, respectively.

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

	<b>June 30, 2016</b>	<b>December 31, 2015</b>	<b>June 30, 2015</b>
Within 1 year	\$ 135,492	\$ 135,449	\$ 132,733
1 to 5 years	<u>41,841</u>	<u>113,716</u>	<u>175,684</u>
	<u>\$ 177,333</u>	<u>\$ 249,165</u>	<u>\$ 308,417</u>

## **31. CAPITAL RISK MANAGEMENT**

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

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

## **32. FINANCIAL INSTRUMENTS**

### **Fair Value of Financial Instruments**

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

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



June 30, 2016

	Carrying Amount	Fair Value Hierarchy			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost - bonds payable	\$ 3,000,000	\$ _____	\$ 3,042,360	\$ _____	\$ 3,042,360

December 31, 2015

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

June 30, 2015

	Carrying Amount	Fair Value Hierarchy			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost - bonds payable	\$ 3,000,000	\$ _____	\$ 3,004,959	\$ _____	\$ 3,004,959

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

June 30, 2016

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Non-derivative financial assets held for trading				
Domestic listed stocks - equity investments	\$ 8,034	\$ -	\$ -	\$ 8,034
Mutual funds	<u>465,578</u>	<u>-</u>	<u>-</u>	<u>465,578</u>
	<u>\$ 473,612</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 473,612</u>
<u>Available-for-sale financial assets</u>				
Domestic listed stocks - equity investments	\$ 194,242	\$ -	\$ -	\$ 194,242
Foreign listed stocks - equity investments	485,526	-	-	485,526
Mutual funds	<u>1,397</u>	<u>-</u>	<u>-</u>	<u>1,397</u>
	<u>\$ 681,165</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 681,165</u>

(Continued)

December 31, 2015

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

June 30, 2015

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Non-derivative financial assets held for trading				
Domestic listed stocks - equity investments	<u>\$ 8,530</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,530</u>
Available-for-sale financial assets				
Domestic listed stocks - equity investments				
	\$ 275,269	\$ -	\$ -	\$ 275,269
Foreign listed stocks - equity investments	552,423	-	-	552,423
Mutual funds	<u>1,336</u>	<u>-</u>	<u>-</u>	<u>1,336</u>
	<u>\$ 829,028</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 829,028</u>

(Concluded)

There were no transfers between Level 1 and Level 2 for the six months ended June 30, 2016 and 2015.

**Categories of Financial Instruments**

	<b>June 30, 2016</b>	<b>December 31, 2015</b>	<b>June 30, 2015</b>
<u>Financial assets</u>			
FVTPL			
Held for trading	\$ 473,612	\$ 317,657	\$ 8,530
Loans and receivables (Note 1)	6,830,342	6,198,472	4,555,884
Available-for-sale financial assets (Note 2)	928,567	1,002,233	1,118,741

(Continued)

## Financial liabilities

Amortized cost (Note 3)	\$ 7,768,191	\$ 8,341,317	\$ 8,680,441 (Concluded)
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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, refundable deposits and long-term accounts receivable.

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 payables, other payables, other payables to related parties, other financial liabilities, bonds payable, long-term borrowings, guarantee deposits received and other non-current liabilities.

## **Financial Risk Management Objectives and Policies**

The 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 37.

### 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.

	<b>Six Months Ended June 30</b>					
	<b>2016</b>			<b>2015</b>		
	<b>RMB</b>	<b>JPY</b>	<b>USD</b>	<b>RMB</b>	<b>JPY</b>	<b>USD</b>
Equity	\$20,343	\$ 2,227	\$ 7,751	(\$13,357)	\$ 2,319	\$ 838
Profit or loss	445	-	6,953	3,076	-	5,409

## 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:

	<b>June 30, 2016</b>	<b>December 31, 2015</b>	<b>June 30, 2015</b>
Fair value interest rate risk			
Financial assets	\$ 976,119	\$ 2,464,504	\$ 1,839,457
Financial liabilities	3,665,794	3,437,463	3,408,777
Cash flow interest rate risk			
Financial assets	1,508,548	748,127	276,627
Financial liabilities	1,284,190	2,167,221	2,035,378

### 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 \$12,842 thousand for the six months ended June 30, 2016.

## 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 June 30, 2016, December 31, 2015 and June 30, 2015, the Group had available unutilized bank loan facilities were follows:

	<b>June 30, 2016</b>	<b>December 31, 2015</b>	<b>June 30, 2015</b>
Unsecured bank overdraft facility, reviewed annually and payable at call:			
Amount used	\$ 165,794	\$ 200,000	\$ -
Amount unused	<u>3,087,296</u>	<u>3,750,000</u>	<u>4,250,000</u>
	<u>\$ 3,253,090</u>	<u>\$ 3,950,000</u>	<u>\$ 4,250,000</u>
Secured bank overdraft facility:			
Amount used	\$ 1,721,205	\$ 2,336,752	\$ 2,089,626
Amount unused	<u>8,069,795</u>	<u>7,861,461</u>	<u>7,898,374</u>
	<u>\$ 9,791,000</u>	<u>\$ 10,198,213</u>	<u>\$ 9,988,000</u>

### 33. TRANSACTIONS WITH RELATED PARTIES

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

#### Other Payables to Related Parties

	<b>June 30, 2016</b>	<b>December 31, 2015</b>	<b>June 30, 2015</b>
Other related parties - related parties in substance	\$ 61,247	\$ 75,510	\$ 66,608
Other related parties - the person in charge of other related parties is the president of the Company			
Other - vice president of the Company	8,821	8,088	9,693
	<u>28,508</u>	<u>32,129</u>	<u>34,404</u>
	<u>\$ 98,576</u>	<u>\$ 115,727</u>	<u>\$ 110,705</u>

Other payables to related parties were financing. Information on the financing for the six months ended June 30, 2016 and 2015 were as follows:

**Six Months Ended June 30, 2016**

	<b>Highest Balance During the Period</b>	<b>Amount</b>	<b>Interest Rate %</b>	<b>Interest Expense</b>	<b>Interest Payable</b>
Other related parties - related parties in substance	\$ 42,957	\$ 41,667	-	\$ -	\$ 7,459
Other - vice president of the Company	<u>24,975</u>	<u>21,318</u>	3%	<u>368</u>	<u>7,190</u>
	<u>\$ 67,932</u>	<u>\$ 62,985</u>		<u>\$ 368</u>	<u>\$ 14,649</u>

**Six Months Ended June 30, 2015**

	<b>Highest Balance During the Period</b>	<b>Amount</b>	<b>Interest Rate %</b>	<b>Interest Expense</b>	<b>Interest Payable</b>
Other related parties - related parties in substance	\$ 46,592	\$ 42,768	-	\$ -	\$ 7,656
Other - vice president of the Company	<u>31,061</u>	<u>27,849</u>	2% ~ 3%	<u>356</u>	<u>6,545</u>
	<u>\$ 77,653</u>	<u>\$ 70,617</u>		<u>\$ 356</u>	<u>\$ 14,201</u>

The financing above were unsecured.

**Compensation of Key Management Personnel**

The remuneration of directors and other members of key management personnel for the six months ended June 30, 2016 and 2015 included the following:

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Short-term benefits	\$ 28,278	\$ 33,702	\$ 54,039	\$ 65,633
Other long-term benefits	<u>2,392</u>	<u>2,517</u>	<u>4,278</u>	<u>3,911</u>
	<u>\$ 30,670</u>	<u>\$ 36,219</u>	<u>\$ 58,317</u>	<u>\$ 69,544</u>

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

## Other Transactions with Related Parties

### a. Rental income

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Other related parties				
The person in charge of other related parties is the president of the Company	\$ 964	\$ 1,198	\$ 2,223	\$ 2,416
Related parties in substance	1,906	2,037	3,791	4,569
Associates	<u>9</u>	<u>9</u>	<u>17</u>	<u>17</u>
	<u>\$ 2,879</u>	<u>\$ 3,244</u>	<u>\$ 6,031</u>	<u>\$ 7,002</u>

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

### b. Other benefit

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Other related parties				
The person in charge of other related parties is the president of the Company	\$ 888	\$ 622	\$ 1,617	\$ 1,244
Related parties in substance	<u>1,554</u>	<u>1,799</u>	<u>3,538</u>	<u>3,518</u>
	<u>\$ 2,442</u>	<u>\$ 2,421</u>	<u>\$ 5,155</u>	<u>\$ 4,762</u>

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

### c. Professional fee

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Other related parties				
The person in charge of other related parties is the president of the Company	\$ 22,147	\$ 27,988	\$ 44,487	\$ 55,594
Related parties in substance	<u>9,019</u>	<u>13,403</u>	<u>15,449</u>	<u>16,945</u>
	<u>\$ 31,166</u>	<u>\$ 41,391</u>	<u>\$ 59,936</u>	<u>\$ 72,539</u>

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

d. Rental expense

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Related parties in substance	\$ <u>2,554</u>	\$ <u>2,287</u>	\$ <u>5,103</u>	\$ <u>4,305</u>

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

e. Other receivables

	<u>June 30,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>	<u>June 30,</u> <u>2015</u>
Other related parties			
The person in charge of other related parties is the president of the Company	\$ 1,234	\$ 1,422	\$ 1,167
Related parties in substance	<u>4,505</u>	<u>6,741</u>	<u>3,594</u>
	<u>\$ 5,739</u>	<u>\$ 8,163</u>	<u>\$ 4,761</u>

### 34. MORTGAGED OR PLEDGED ASSETS

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

	<u>June 30,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>	<u>June 30,</u> <u>2015</u>
Property, plant and equipment (including investment properties)			
Land	\$ 4,022,638	\$ 4,022,638	\$ 3,290,251
Building	473,649	459,448	403,427
Other financial assets - current			
Pledged time deposits	7,422	47,857	57,608
Inventories	<u>4,075,978</u>	<u>4,192,990</u>	<u>4,175,828</u>
	<u>\$ 8,579,687</u>	<u>\$ 8,722,933</u>	<u>\$ 7,927,114</u>

### 35. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED COMMITMENTS

- 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.
- Guarantee notes submitted as guarantees for real-estate brokerage business amounted to \$5,000 thousand.
- The Group has endorsed Shanghai Sinyi Real Estate in obtaining financing limit for \$242,250 thousand (RMB50,000 thousand). Refer to Note 38 Table 2 for the details.



- d. As of June 30, 2016, the Group had signed construction contracts but not yet paid for \$2,769,787 thousands.
- e. Shanghai Real Estate, property developer in mainland China, sold real estate and guaranteed the mortgage bank loans of some of its customers (including natural persons and juridical persons); the guarantee amounted to \$2,258,938 thousand as of June 30, 2016. The amount of mortgage loan was remitted to Shanghai Real Estate for payment of the property sold. If a customer breached a mortgage contract, Shanghai Real Estate will return to the banks only the amount of mortgage received. Therefore, Shanghai Real Estate is not exposed to risk of material loss from the guarantee. The guarantee is just a selling feature in the real estate development industry in China and it does not bear the economic substance and risk of ordinary endorsement. In addition, according to the Q&A No. 35 of the “Regulations Governing Lending of Funds and Making of Endorsements/Guarantees by Public Companies” (the Regulations) announced on December 26, 2012 by the SFB, the above guarantee provided by Shanghai Real Estate to its customers is similar to an escrow, instead of endorsement as defined in the Regulations.

### 36. SIGNIFICANT 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 sublicense other franchisees and territorial subfranchisors in China, Hong Kong and Macau. The term of this contract is for forty years from October 12, 1999 and is automatically renewed for another period of forty years to October 11, 2079 unless the 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, 2000 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.

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

The significant assets and liabilities, denominated in foreign currencies as of June 30, 2016, December 31, 2015 and June 30, 2015 were as follows:

June 30, 2016

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
RMB	\$ 619,213	4.845	\$ 3,000,088
JPY	1,424,726	0.314	447,791
USD	45,560	32.275	1,470,434
Non-monetary items			
RMB			
JPY	32,797	4.845	158,899
USD	1,544,784	0.314	485,526
	43	32.275	1,397
			(Continued)

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars (In Thousands)</b>
<u>Financial liabilities</u>			
Monetary items			
RMB	\$ 190,153	4.845	\$ 921,290
JPY	716,049	0.314	225,054
USD	2	32.275	50

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars (In Thousands)</b>
<u>December 31, 2015</u>			

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

June 30, 2015

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
RMB	\$ 238,427	4.973	\$ 1,185,699
JPY	1,206,098	0.2524	304,419
USD	30,270	30.86	934,133
Non-monetary items			
RMB			
JPY	32,797	4.973	163,097
USD	2,188,679	0.2524	552,423
	43	30.86	1,336

Financial liabilities

Monetary items			
RMB	445,162	4.973	2,213,790
JPY	287,343	0.2524	72,525

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars (In Thousands)</b>
USD	\$ 10,028	30.86	\$ 309,454 (Concluded)

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:

<b>Six Months Ended June 30</b>				
<b>2016</b>			<b>2015</b>	
<b>Functional Currencies</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gain (Loss)</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange Loss</b>
NTD	1 (NTD:NTD)	(\$ 6,445)	1 (NTD:NTD)	(\$ 18,238)
USD	32.784 (RMB:NTD)	4,002	31.179 (USD:NTD)	50
RMB	5.002 (RMB:NTD)	( 1,068)	5.008 (RMB:NTD)	588
JPY	0.29 (JPY:NTD)	( _____ 2)	0.26 (JPY:NTD)	_____ 78
		( \$ <u>3,513</u> )		( \$ <u>17,522</u> )

### 38. 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

### 39. 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 China

The following table was an analysis of the Group's revenue, result of operations and assets of segments for the six months ended June 30, 2016 and 2015:

	Real Estate Brokerage			Real Estate Development			Elimination	Consolidated
	Taiwan	Mainland China and Others	Total	Taiwan	China	Total		
For the six months ended <u>June 30, 2016</u>								
Revenues from external customers	\$ 3,068,594	\$ 581,999	\$ 3,650,593	\$ 39,128	\$ 26,471	\$ 65,599	\$ -	\$ 3,716,192
Inter-segment revenues	40,015	-	40,015	7,798	-	7,798	(47,813)	-
Segment revenues	<u>\$ 3,108,609</u>	<u>\$ 581,999</u>	<u>\$ 3,690,608</u>	<u>\$ 46,926</u>	<u>\$ 26,471</u>	<u>\$ 73,397</u>	<u>(\$ 47,813)</u>	3,716,192
Rental income from investment property								(65,599)
Consolidated revenues								<u>\$ 3,650,593</u>
Operating profit	<u>\$ 369,331</u>	<u>(\$ 176,139)</u>	<u>\$ 193,192</u>	<u>\$ 17,550</u>	<u>(\$ 71,184)</u>	<u>(\$ 53,634)</u>	<u>\$ 31,436</u>	\$ 170,994
Operating income from investment property								(44,638)
Operating income								<u>\$ 126,356</u>
Segment assets	<u>\$ 6,419,995</u>	<u>\$ 2,391,580</u>	<u>\$ 8,811,575</u>	<u>\$ 2,984,999</u>	<u>\$10,949,341</u>	<u>\$13,934,340</u>	<u>(\$ 290,385)</u>	\$22,455,530
Investments accounted for by the equity method and goodwill								19,303
Total assets								<u>\$22,474,833</u>
For the six months ended <u>June 30, 2015</u>								
Revenues from external customers	\$ 3,453,937	\$ 507,581	\$ 3,961,518	\$ 40,060	\$ 25,242	\$ 65,302	\$ -	\$ 4,026,820
Inter-segment revenues	34,613	-	34,613	7,155	-	7,155	(41,768)	-
Segment revenues	<u>\$ 3,488,550</u>	<u>\$ 507,581</u>	<u>\$ 3,996,131</u>	<u>\$ 47,215</u>	<u>\$ 25,242</u>	<u>\$ 72,457</u>	<u>(\$ 41,768)</u>	4,026,820
Rental income from investment property								(65,302)
Consolidated revenues								<u>\$ 3,961,518</u>
Operating profit (loss)	<u>\$ 420,147</u>	<u>\$ 5,706</u>	<u>\$ 425,853</u>	<u>\$ 16,362</u>	<u>(\$ 41,875)</u>	<u>(\$ 25,513)</u>	<u>\$ 18,961</u>	\$ 419,301
Operating income from investment property								(45,000)
Operating income								<u>\$ 374,301</u>
Segment assets	<u>\$ 7,078,422</u>	<u>\$ 1,531,874</u>	<u>\$ 8,610,296</u>	<u>\$ 3,049,362</u>	<u>\$ 6,776,622</u>	<u>\$ 9,825,984</u>	<u>(\$ 104,239)</u>	\$18,332,041
Investments accounted for by the equity method and goodwill								18,801
Total assets								<u>\$18,350,842</u>

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

b. Industry and service information

The Group operates mainly in real-estate brokerage business. As of June 30, 2016, there is no revenue generated from residences and buildings development business.

c. Geographic information

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

d. Major customers

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

## SINYI REALTY INC. AND SUBSIDIARIES

FINANCING PROVIDED  
SIX MONTHS ENDED JUNE 30, 2016  
(In Thousands of New Taiwan Dollars)

No.	Financing Company	Borrower	Financial Statement Account	Related Parties	Maximum Balance for the Period	Ending Balance	Actual Appropriation	Interest Rate	Type of Financing	Transaction Amounts	Reasons for Short-term Financing	Allowance for Doubtful Accounts	Ending Balance of collateral		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limits
													Item	Value		
0	Sinyi Realty Inc.	Hua Yun Renovation (Shanghai) Co., Ltd.	Other receivables	Yes	\$ 5,084 (RMB 1,000 thousand)	\$ 4,845 (RMB 1,000 thousand)	\$ -	3.686%	Short-term financing	\$ -	Needs for operation	\$ -	-	\$ -	\$ 869,586 (Note 1)	\$ 1,739,173 (Note 1)
		Kunshan Dingxian Trading Co., Ltd.	"	"	397,760 (RMB 80,000 thousand)	387,600 (RMB 80,000 thousand)	-	3.8%	"	-	"	-	-	-	869,586 (Note 1)	1,739,173 (Note 1)
1	Sinyi Real Estate (Shanghai) Limited	Shanghai Sinyi Real Estate Inc.	Other receivables	Yes	203,360 (RMB 40,000 thousand)	193,800 (RMB 40,000 thousand)	193,800 (RMB 40,000 thousand)	4.75%	"	-	"	-	-	-	737,365 (Note 2)	1,474,730 (Note2)

Note 1: Total financing provided by Sinyi Realty Inc. for short-term financing requirements for each borrowing company should not exceed 10% of the Sinyi Realty Inc.'s net worth. The maximum total financing provided should not exceed 20% of the Sinyi Realty Inc.'s net worth.

Note 2: The financing amount limit should not exceed 40% of net worth of Sinyi Real Estate (Shanghai) Limited. 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  
SIX MONTHS ENDED JUNE 30, 2016  
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorser/Guarantor	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 1)	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.	Shanghai Sinyi Real Estate Inc.	"	\$ 6,956,691 (Note 1)	355,880 (RMB 70,000 thousand)	242,250 (RMB 50,000 thousand)	\$ -	-	2.79	8,695,864	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

JUNE 30, 2016

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2016				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sinyi Realty Inc.	<u>Listed stock</u> E.SUN Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	10,223,257	\$ 194,242	-	\$ 194,242	
	<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 Security 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	485,526	-	485,526	
	<u>Monetary market fund</u> SBGH U.S. Dollar Reserve Fund CL A Dist Units	-	"	43,296	1,397	-	1,397	
Shanghai Sinyi Real Estate Inc.	<u>Stock</u> Cura Investment Management (Shanghai) Co., Ltd.	-	Financial assets measured at cost - non-current	30,000,000	154,052	2	154,052	
	Cura Commercial Management Co., Ltd.	-	"	-	4,847	9	4,847	
Sinyi Development Inc.	<u>Stock</u> CTCI Corporation	-	Financial assets at fair value through profit or loss - current	170,940	8,034	-	8,034	
	<u>Monetary market fund</u> Taishin 1699 Money Market Fund	-	"	19,458,127	260,356	-	260,356	
Sinyi Global Asset Management Co., Ltd.	<u>Monetary market fund</u> Taishin 1699 Money Market Fund	-	"	1,721,688	23,037	-	23,037	
An-Sin Real Estate Management Ltd.	<u>Monetary market fund</u> Taishin 1699 Money Market Fund	-	"	3,952,257	52,882	-	52,882	
An-Shin Real Estate Management Ltd.	<u>Monetary market fund</u> Taishin 1699 Money Market Fund	-	"	9,663,699	129,303	-	129,303	

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2016				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Ke Wei Shanghai Real Estate Management Consulting Inc.	<u>Financial product</u> Bubu Shengking No. 8688	-	Other financial assets - current	6,650,000	\$ 32,219	-	\$ 32,219	
Suzhou Sinyi Real Estate Inc.	Bubu Shengking No. 8688	-	"	9,000,000	43,605	-	43,605	
	Yunton Tsaiifu-Daily Incremental Interest-S Type			5,000,000	24,225	-	24,225	
Sinyi Real Estate (Shanghai) Limited	Li Duo Duo Cash Management No. 1 (2101123504)	-	"	45,000,000	218,025	-	218,025	
	Li Duo Duo Structured Deposits of Enterprises (No. 2016JG288)		"	30,000,000	145,350	-	145,350	
	Yehdeyin No. 2(RMB) No. 16040239	-	"	50,000,000	242,250	-	242,250	
	Structured Financial Product (Product ID: 201604141001)	-	"	25,000,000	121,125	-	121,125	
	Structured Financial Product (Product ID: 2016006080620)		"	60,000,000	290,700	-	290,700	
	Yehdeyin (RMB) No. 16060100		"	60,000,000	290,700	-	290,700	
Shanghai Sinyi Real Estate Inc.	Bubu Shengking No. 8688	-	"	7,700,000	37,307	-	37,307	
Shanghai Shang Tuo Investment Management Consulting Inc.	Bubu Shengking No. 8688	-	"	50,000	242	-	242	

## 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 June 30, 2016  
 (In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Costs	Gain or Loss	Shares/Units	Amount
Sinyi Realty Inc.	Stock Sinyi International Limited	Investments accounted for using equity method	-	Subsidiary	148,395,838	\$ 4,429,876	10,149,000	\$ 339,430	-	-	-	-	158,544,838	\$ 4,769,306 (Notes 1 and 3)
Sinyi International Limited	Sinyi Estate Ltd.	"	-	"	12,297,800	402,507	10,149,000	339,430	-	-	-	-	22,446,800	741,937 (Notes 1 and 3)
Sinyi Estate Ltd.	Sinyi Estate (Hong Kong) Limited	"	-	"	80	26	-	742,511 (Note2)	-	-	-	-	800	742,537 (Notes 1 and 3)

Note 1: The ending balance presents historical cost.

Note 2: The amount of acquisition is prepaid for the tender of land through Sinyi Estate (Hong Kong) Limited which will complete the procedure of capital increase after it wins the bid. The amount for the current period represents the difference between the accumulated prepayment of NT\$2,154,337 thousand for the tender of land and the returned amount of NT\$1,411,826 thousand for 2 times of failing to win the bid.

Note 3: Those subsidiaries included in the consolidated entities have been eliminated.

## SINYI REALTY INC. AND SUBSIDIARIES

## INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTION

SIX MONTHS ENDED JUNE 30, 2016

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Company Name	Counterparty	Flow of Transactions	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	Percentage to Consolidated Total Assets/Revenue (%)
0	Sinyi Realty Inc.	An-Sin Real Estate Management Ltd.	a	Professional fees	\$ 8,606	Fixed charges by guarantee piece work	-
		Jui-Inn Consultants Co., Ltd.	a	Professional fees	892	By the piece work	-
		An-Sin Real Estate Management Ltd.	a	Other income	2,906	30 days after regular settlement	-
		An-Shin Real Estate Management Ltd.	a	Other income	2,041	30 days after regular settlement	-
		Sinyi Realty Inc. Japan	a	Other income	4,674	Quarterly	-
		Sinyi Realty Inc. Japan	a	Other receivables	2,031	Quarterly	-
1	Shanghai Sinyi Real Estate Inc.	Inane International Limited	c	Other payables	9,682	-	-
		Sinyi Real Estate (Shanghai) Limited	c	Service income	5,192	By percentage of turnover	-
		Sinyi Real Estate (Shanghai) Limited	c	Trade receivables	5,297	Monthly	-
2	Sinyi Realty Inc. Japan	Sinyi Management Co., Ltd.	c	Professional fees	12,882	By the piece work	-
3	Sinyi Real Estate (Shanghai) Limited	Shanghai Sinyi Real Estate Inc.	c	Other receivables	193,800	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 June 30, 2016 and 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 six months ended June 30, 2016 and 2015.

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

## SINYI REALTY INC. AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
SIX MONTHS ENDED JUNE 30, 2016  
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2016			Net Income (Loss) of the Investee	Investment Income (Loss) Recognized	Note
				Ending Balance	Beginning Balance	Shares	Percentage of Ownership (%)	Carrying Value			
Sinyi Realty Inc.	Sinyi International Limited	Equity Trust Chamber, P.O. Box 3269, Apia, Samoa	Investment holding	\$4,769,306	\$4,429,876	158,544,838	100	\$ 4,713,147 (Note1)	( \$ 53,810 )	( \$ 53,810 )	Note 2
	Sinyi Limited	Citco Building P.O. Box 662, Road Town, Torola, B.V.I.	Investment holding	2,448,306	2,448,306	76,001,135	100	1,606,932 (Note1)	( 106,943 )	( 106,943 )	Note 2
	Sinyi Development Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Construction	535,005	535,005	53,500,000	100	480,702 (Note1)	( 14,973 )	( 14,973 )	
	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	48,019 (Note1)	4,608	4,608	
	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; Real estate brokerage	20,000	20,000	2,000,000	100	16,927 (Note1)	64	64	
	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	4,922 (Note1)	18	18	
	Sinyi Culture Publishing Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Publication	4,960	4,960	-	99	1,801 (Note1)	16	16	
	An-Sin Real Management Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Real estate management	25,500	25,500	7,650,000	51	121,486 (Note1)	24,306	12,396	
	Sinyi Interior Design Co., Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Interior design	950	950	95,000	19	9,682	( 25 )	( 5 )	
	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	1,728 (Note1)	( 8,714 )	( 10,545 )	
Sinyi Limited	Inane International Limited	Citco Building P.O. Box 662, Road Town, Torola, B.V.I.	Investment holding	1,790,590	1,790,590	56,629,268	100	976,373 (Note1)	( 110,387 )	( 110,387 )	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	45,448 (Note1)	14,283	14,151	
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	40,364 (Note1)	( 657 )	( 657 )	
	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	234,518 (Note1)	( 9,799 )	( 9,799 )	
	Sinyi Development Ltd.	TMF Chambers, P.O. Box 3269, Asia Samoa	Investment holding	3,899,767	3,899,767	131,966,210	100	3,712,556 (Note1)	( 44,188 )	( 44,188 )	Note 2
	Sinyi Estate Ltd.	TMF Chambers, P.O. Box 3269, Asia Samoa	Investment holding	741,937	402,507	22,446,800	100	725,272 (Note1)	818	818	Note 2
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	118,203 (Note1)	15,019	15,019	
Sinyi Realty Inc. Japan	Sinyi Management Co., Ltd.	2nd Floor, Shoritsu Building 2-7-1 Yoyogi Shibuya-ku, Tokyo, Japan	Real estate brokerage and rental management	10,746	10,746	600	100	23,623 (Note1)	2,820	2,820	
	Tokyo Sinyi Real Estate Co., Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Real estate brokerage	5,000	5,000	500,000	100	5,723 (Note1)	867	867	
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	3,687,386 (Note1)	( 38,368 )	( 38,368 )	
Sinyi Estate Ltd.	Sinyi Estate (Hong Kong) Limited	Suites 2302-6, 23/F Great Eagle Ctr 23 Harbour Rd. Wanchai HK	Investment holding	26	26	800	100	725,066 (Note1)	( 1 )	( 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	320 (Note1)	( 57 )	( 57 )	
	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	318 (Note1)	( 57 )	( 57 )	

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

Note 1: As of June 30, 2016, it has not been registered as a capital stock; therefore, it is recorded under "prepayment for long-term investment".

## SINYI REALTY INC. AND SUBSIDIARIES

## INFORMATION ON INVESTMENTS IN MAINLAND CHINA

SIX MONTHS ENDED JUNE 30, 2016

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2016	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2016	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss) Recognized (Note 1)	Carrying Value as of June 30, 2016 (Note 2)	Accumulated Inward Remittance of Earnings as of June 30, 2016
					Outflow	Inflow						
Ke Wei Shanghai Real Estate Management Consulting Inc.	Real estate brokerage and management consulting	RMB 19,638	Investment in company located in Mainland China indirectly through Ke Wei HK Realty Limited	\$ 81,859	\$ -	\$ -	\$ 81,859	\$ 14,283	100	\$ 14,283	\$ 45,901	\$ -
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	( 48,197 )	100	( 48,197 ) (Note6)	613,139 (Note6)	-
Beijing Sinyi Real Estate Ltd. (Note 3)	Real estate brokerage and management consulting	RMB 34,747	"	149,955	-	-	149,955	( 6,288 )	100	( 6,288 ) (Note6)	( 14,971 ) (Note6)	-
Shanghai Sinyi Limited Corporation of Land Administration and Real Estate Counseling (Note 4)	Real estate brokerage	RMB 4,138	"	17,095	-	-	17,095	325	100	325 (Note6)	( 2,779 ) (Note6)	-
Suzhou Sinyi Real Estate Inc. (Note 3)	Real estate brokerage and management consulting	RMB 68,000	"	355,249	-	-	355,249	( 54,326 )	100	( 54,326 ) (Note6)	360,659 (Note6)	-
Cura Investment Management (Shanghai) Co., Ltd. (Note 4)	Real estate fund investment management	RMB1,636,300	"	-	-	-	-	-	2	-	154,052	-
Cura Commercial Management Co., Ltd. (Note 4)	Real estate fund investment management	RMB 10,998	"	-	-	-	-	-	9	-	4,847	-
Zhejiang Sinyi Real Estate Co., Ltd. (Note 3)	Real estate brokerage and management consulting	RMB 20,200	"	44,543	-	-	44,543	4,589	100	4,589 (Note6)	( 7,524 ) (Note6)	-
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	( 927 )	100	( 927 ) (Note6)	320 (Note6)	-
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	( 5,970 )	100	( 5,970 ) (Note6)	16,958 (Note6)	-
Qingdao Chengjian & Sinyi Real Estate Co., Ltd.	Real estate brokerage and management consulting	RMB 8,000	"	37,295	-	-	37,295	( 1 )	100	( 1 ) (Note6)	( 270 ) (Note6)	-
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	( 38,368 )	100	( 38,368 ) (Note6)	3,686,826 (Note6)	-
Hua Yun Renovation (Shanghai) Co., Ltd.	Professional construction, building decoration construction, hard ware, general merchandise, building materials wholesale	RMB 8,000	Investment in company located in Mainland China indirectly through Forever Success International Ltd.	40,465	-	-	40,465	270	100	270 (Note6)	39,382 (Note6)	-

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	(\$ 4,914 )	100	(\$ 4,914 ) (Note6)	\$ 24,485 (Note6)	-
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Accumulated Outflow for Investment in Mainland China as of June 30, 2016	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 6)
\$5,855,683	\$10,306,125	\$ -

(Continued)

Note 1: Amount was based on the unreviewed financial statements, except for the amount of Sinyi Real Estate (Shanghai) Limited.

Note 2: Carrying value was converted into New Taiwan dollars based on the exchange rate of US\$1=NT\$32.275 and US\$1=RMB6.6615 at June 30, 2016.

Note 3: Some of 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.