

# **Sinyi Realty Inc. and Subsidiaries**

**Consolidated Financial Statements for the  
Nine Months Ended September 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 September 30, 2016 and 2015 and the related consolidated statements of comprehensive income for the three months ended September 30, 2016 and 2015, nine months ended September 30, 2016 and 2015, and changes in equity and cash flows for the nine months ended September 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 39 were unreviewed. As of September 30, 2016 and 2015, such subsidiaries' total assets were \$5,260,522 thousand and \$3,304,087 thousand, respectively, representing 24% and 17%, respectively, of the consolidated assets, and their total liabilities were \$1,040,863 thousand and \$914,081 thousand, respectively, representing 8% and 9%, respectively, of the consolidated liabilities; for the three months ended September 30, 2016 and 2015, the total comprehensive income of these subsidiaries were (\$8,734) thousand and 7,095 thousand, respectively, representing (10%) and 3%, respectively, of consolidated comprehensive income and for the nine months ended September 30, 2016 and 2015, the total comprehensive income of these subsidiaries were (\$49,208) thousand and 52,966 thousand, respectively, representing (116%) and 11%, 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 39 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.

October 27, 2016

Notice to Readers

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

	September 30, 2016 (Reviewed)		December 31, 2015 (Audited)		September 30, 2015 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 2,755,308	13	\$ 3,437,772	17	\$ 2,518,167	13
Financial assets at fair value through profit or loss - current (Note 7)	516,779	2	317,657	1	248,931	1
Available-for-sale financial assets - current (Note 8)	744,579	4	749,911	4	704,559	4
Notes receivable (Note 10)	27,450	-	76,783	-	30,283	-
Trade receivables (Note 10)	898,853	4	684,557	3	718,422	4
Other receivables (Notes 10 and 33)	95,009	1	90,302	-	164,288	1
Current tax assets	77,565	-	20,920	-	31,954	-
Inventories (Notes 11 and 34)	7,253,135	33	6,317,412	30	6,350,932	33
Other financial assets - current (Notes 12 and 34)	2,044,211	9	1,781,519	9	1,137,481	6
Other current assets (Note 18)	644,658	3	332,768	2	200,282	1
Total current assets	15,057,547	69	13,809,601	66	12,105,299	63
<b>NON-CURRENT ASSETS</b>						
Financial assets measured at cost - non-current (Note 9)	210,915	1	252,322	1	291,919	1
Investment accounted for using equity method (Note 14)	9,950	-	9,649	-	9,787	-
Property, plant and equipment (Notes 15 and 34)	3,492,891	16	3,561,920	17	3,575,062	19
Investment properties (Notes 16, 34 and 36)	2,753,147	12	2,816,292	14	2,834,002	15
Intangible assets (Notes 17 and 37)	137,314	1	144,763	1	151,087	1
Deferred tax assets	72,063	-	43,384	-	33,809	-
Refundable deposits (Note 30)	136,294	1	127,539	1	127,718	1
Prepaid pension cost - non-current	2,844	-	-	-	13,912	-
Other non-current assets (Note 18)	6,365	-	6,534	-	5,702	-
Total non-current assets	6,821,783	31	6,962,403	34	7,042,998	37
<b>TOTAL</b>	<b>\$ 21,879,330</b>	<b>100</b>	<b>\$ 20,772,004</b>	<b>100</b>	<b>\$ 19,148,297</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Notes 19 and 34)	\$ 22,722	-	\$ 237,463	1	\$ 41,408	-
Notes payable	51	-	4,746	-	3,573	-
Trade payables (Note 21)	46,702	-	86,330	-	59,262	-
Other payables (Note 23)	1,588,349	7	1,493,621	7	1,061,020	6
Other payables to related parties (Notes 23 and 33)	100,793	1	115,727	1	116,392	1
Current tax liabilities	55,143	-	70,697	-	29,057	-
Provisions - current (Note 24)	38,933	-	34,456	-	33,719	-
Other current financial liabilities (Note 23)	291,340	1	321,467	2	210,299	1
Unearned revenue (Notes 19 and 34)	5,860,144	27	2,666,503	13	1,288,504	7
Current portion of long-term borrowings (Notes 19 and 35)	623,222	3	190,000	1	190,000	1
Other current liabilities (Note 23)	91,349	1	297,159	2	149,208	1
Total current liabilities	8,718,748	40	5,518,169	27	3,182,442	17
<b>NON-CURRENT LIABILITIES</b>						
Bonds payable (Note 20)	3,000,000	14	3,000,000	14	3,000,000	16
Long-term borrowings (Notes 19 and 34)	727,204	3	2,109,289	10	2,471,227	13
Provisions - non-current (Note 24)	4,475	-	4,644	-	3,812	-
Net defined benefit liabilities - non-current	-	-	4,225	-	-	-
Guarantee deposits received (Note 30)	59,996	-	60,208	-	55,728	-
Other non-current liabilities (Note 23)	443,307	2	722,466	4	1,056,875	5
Deferred tax liabilities	23,760	-	30,625	-	37,191	-
Total non-current liabilities	4,258,742	19	5,931,457	28	6,624,833	34
Total liabilities	12,977,490	59	11,449,626	55	9,807,275	51
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 26)</b>						
Share capital						
Ordinary shares	6,318,398	29	6,318,398	30	6,318,398	33
Capital surplus	63,896	-	63,896	-	63,896	-
Retained earnings						
Legal reserve	1,701,396	8	1,645,009	8	1,645,009	9
Unappropriated earnings	583,124	2	734,737	4	623,013	3
Total retained earnings	2,284,520	10	2,379,746	12	2,268,022	12
Other equity						
Exchange differences on translating foreign operations	( 144,051 )	-	189,816	1	374,827	2
Unrealized gain or loss on available-for-sale financial assets	257,662	1	244,878	1	193,586	1
Total other equity	113,611	1	434,694	2	568,413	3
Total equity attributable to owners of the Company	8,780,425	40	9,196,734	44	9,218,729	48
<b>NON-CONTROLLING INTERESTS</b>	<b>121,415</b>	<b>1</b>	<b>125,644</b>	<b>1</b>	<b>122,293</b>	<b>1</b>
Total equity	8,901,840	41	9,322,378	45	9,341,022	49
<b>TOTAL</b>	<b>\$ 21,879,330</b>	<b>100</b>	<b>\$ 20,772,004</b>	<b>100</b>	<b>\$ 19,148,297</b>	<b>100</b>

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

## 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 September 30				Nine Months Ended September 30			
	2016		2015		2016		2015	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE								
Service revenue	\$2,008,689	100	\$1,685,123	100	\$5,649,666	100	\$5,646,641	100
OPERATING COSTS (Notes 27 and 33)	<u>1,524,836</u>	<u>76</u>	<u>1,367,917</u>	<u>81</u>	<u>4,385,280</u>	<u>78</u>	<u>4,357,117</u>	<u>77</u>
GROSS PROFIT	483,853	24	317,206	19	1,264,386	22	1,289,524	23
OPERATING EXPENSES (Notes 27 and 33)	<u>274,099</u>	<u>13</u>	<u>290,131</u>	<u>17</u>	<u>928,276</u>	<u>16</u>	<u>888,148</u>	<u>16</u>
OPERATING INCOME	<u>209,754</u>	<u>11</u>	<u>27,075</u>	<u>2</u>	<u>336,110</u>	<u>6</u>	<u>401,376</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES								
Rental income (Note 33)	31,395	2	32,577	2	96,994	2	97,879	2
Dividend income	5,441	-	15,522	1	14,137	-	30,300	1
Interest income (Note 27)	24,688	1	10,824	1	47,978	1	37,593	1
Gains on disposal of investments	55	-	37,178	2	149	-	63,466	1
Foreign exchange (losses) and gains	( 20,607 )	( 1 )	43,136	2	( 24,120 )	-	25,614	-
Other gains and losses (Notes 27 and 33)	1,070	-	( 4,682 )	-	27,316	-	12,838	-
Finance costs (Notes 27 and 33)	( <u>14,223</u> )	( <u>1</u> )	( <u>16,429</u> )	( <u>1</u> )	( <u>43,152</u> )	( <u>1</u> )	( <u>52,040</u> )	( <u>1</u> )
Total non-operating income and expenses	<u>27,819</u>	<u>1</u>	<u>118,126</u>	<u>7</u>	<u>119,302</u>	<u>2</u>	<u>215,650</u>	<u>4</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	237,573	12	145,201	9	455,412	8	617,026	11
INCOME TAX EXPENSE (Notes 4 and 28)	( <u>32,844</u> )	( <u>2</u> )	( <u>30,376</u> )	( <u>2</u> )	( <u>92,046</u> )	( <u>1</u> )	( <u>164,701</u> )	( <u>3</u> )
NET PROFIT FOR THE PERIOD	<u>204,729</u>	<u>10</u>	<u>114,825</u>	<u>7</u>	<u>363,366</u>	<u>7</u>	<u>452,325</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME								
Exchange differences on translating foreign operations	( 190,501 )	( 10 )	256,563	15	( 333,842 )	( 6 )	110,138	2
Unrealized gain (loss) on available-for-sale financial assets	74,541	4	( 106,949 )	( 6 )	12,484	-	( 86,761 )	( 2 )
Share of other comprehensive income (loss) of associates and joint ventures	<u>44</u>	<u>-</u>	<u>349</u>	<u>-</u>	<u>300</u>	<u>-</u>	( <u>1,057</u> )	<u>-</u>
Other comprehensive income for the period, net of income tax	( <u>115,916</u> )	( <u>6</u> )	<u>149,963</u>	<u>9</u>	( <u>321,058</u> )	( <u>6</u> )	<u>22,320</u>	<u>-</u>

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## 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 September 30				Nine Months Ended September 30			
	2016		2015		2016		2015	
	Amount	%	Amount	%	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ 88,813	4	\$ 264,788	16	\$ 42,308	1	\$ 474,645	8
NET PROFIT ATTRIBUTABLE TO:								
Owner of the Company	\$ 200,468	10	\$ 109,951	7	\$ 347,062	6	\$ 433,285	8
Non-controlling interests	4,261	-	4,874	-	16,304	-	19,040	-
	<u>\$ 204,729</u>	<u>10</u>	<u>\$ 114,825</u>	<u>7</u>	<u>\$ 363,366</u>	<u>6</u>	<u>\$ 452,325</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owner of the Company	\$ 84,561	4	\$ 259,907	16	\$ 25,979	1	\$ 455,553	8
Non-controlling interests	4,252	-	4,881	-	16,329	-	19,092	-
	<u>\$ 88,813</u>	<u>4</u>	<u>\$ 264,788</u>	<u>16</u>	<u>\$ 42,308</u>	<u>1</u>	<u>\$ 474,645</u>	<u>8</u>
EARNINGS PER SHARE (Note 29)								
From continuing operations								
Basic	\$ 0.32		\$ 0.17		\$ 0.55		\$ 0.69	
Diluted	\$ 0.32		\$ 0.17		\$ 0.55		\$ 0.69	

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

(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 nine months ended September 30, 2015	-	-	-	433,285	-	-	433,285	19,040	452,325
Other comprehensive income (loss) for the nine months ended September 30, 2015, net of income tax	-	-	-	-	110,086	( 87,818)	22,268	52	22,320
Total comprehensive income (loss) for the nine months ended September 30, 2015	-	-	-	433,285	110,086	( 87,818)	455,553	19,092	474,645
Change in non-controlling interest	-	-	-	-	-	-	-	( 36,294 )	( 36,294 )
BALANCE AT SEPTEMBER 30, 2015	\$ 6,318,398	\$ 63,896	\$ 1,645,009	\$ 623,013	\$ 374,827	\$ 193,586	\$ 9,218,729	\$ 123,293	\$ 9,341,022
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 nine months ended September 30, 2016	-	-	-	347,062	-	-	347,062	16,304	363,366
Other comprehensive income (loss) for the nine months ended September 30, 2016, net of income tax	-	-	-	-	( 333,867 )	12,784	( 321,083 )	25	( 321,058 )
Total comprehensive income (loss) for the nine months ended September 30, 2016	-	-	-	347,062	( 333,867 )	12,784	25,979	16,329	42,308
Change in non-controlling interest	-	-	-	-	-	-	-	( 20,558 )	( 20,558 )
BALANCE AT SEPTEMBER 30, 2016	\$ 6,318,398	\$ 63,896	\$ 1,701,396	\$ 583,124	( \$ 144,051 )	\$ 257,662	\$ 8,780,425	\$ 121,415	\$ 8,901,840

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

(With Deloitte & Touche review report dated October 27, 2016)

# SINYI REALTY INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	<u>Nine Months Ended September 30</u>	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 455,412	\$ 617,026
Items of (income/gain) and expense/loss:		
Depreciation expenses	111,236	113,622
Amortization expenses	36,796	31,344
Net gain on fair value change of financial assets held for trading	( 2,688 )	11,534
Interest expense	90,047	132,442
Interest income	( 47,978 )	( 37,593 )
Dividend income	( 14,137 )	( 30,300 )
Share of loss of associates and joint venture	( 219 )	( 254 )
Loss on disposal of property, plant and equipment	253	1,085
Gain on disposal of investment properties	( 527 )	-
Gain on disposal of investments	( 149 )	( 63,466 )
Rreversal of impairment loss on non-financial assets	( 2,165 )	-
Changes in operating assets and liabilities		
Financial assets held for trading	( 196,285 )	( 230,001 )
Notes receivable	49,333	( 3,521 )
Trade receivables	( 214,296 )	44,848
Other receivables	4,465	( 32,270 )
Inventories	( 935,723 )	( 963,458 )
Other current assets	( 311,890 )	( 123,468 )
Other operating assets	( 7,069 )	( 4,908 )
Notes payable	( 4,695 )	( 3,613 )
Trade payables	( 39,628 )	( 106,505 )
Other payables	108,400	( 608,096 )
Other payables to related parties	( 7,624 )	( 11,447 )
Provisions	4,308	( 9,957 )
Unearned revenue	3,193,641	1,269,404
Other financial liabilities	( 30,127 )	( 63,818 )
Other current liabilities	( 205,810 )	46,238
Other operating liabilities	( 279,159 )	115,149
Cash generated from operations	1,753,722	90,017
Interest received	38,806	86,116
Interest paid	( 104,106 )	( 144,762 )
Income taxes paid	( 199,789 )	( 260,637 )
Net cash generated form (used in) operating activities	<u>1,488,633</u>	<u>( 229,266 )</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets measured at cost	( 498 )	-
Proceeds from disposal of available-for-sale financial assets	-	112,311
Proceeds from disposal of financial assets measured at cost	32,000	-

(Continued)



# SINYI REALTY INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	<b>Nine Months Ended September 30</b>	
	<b>2016</b>	<b>2015</b>
Refund on capital of financial assets measured at cost	\$ -	\$ 8,400
Payments for property, plant and equipment	( 54,776 )	( 75,063 )
Proceeds from disposal of property, plant and equipment	256	35
Decrease in prepayments for equipment	8,895	9,984
Increase in refundable deposits	( 8,755 )	-
Decrease in refundable deposits	-	718
Payment for intangible assets	( 31,961 )	( 37,084 )
Payment for investment properties	( 7,499 )	-
Proceeds from disposal of investment properties	26,896	-
Increase in other financial assets	( 262,692 )	( 749,129 )
Increase in other non-current financial assets	-	( 623 )
Decrease in other financial assets	169	-
Decrease in other receivables	-	179,000
Dividends received	<u>14,356</u>	<u>30,661</u>
Net cash used in investing activities	<u>( 283,609 )</u>	<u>( 520,790 )</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of short-term borrowings	( 214,741 )	( 4,420 )
Proceeds from long-term borrowings	2,544,865	2,187,872
Repayments of long-term borrowings	( 3,448,926 )	( 1,191,180 )
Decrease in guarantee deposits	( 212 )	( 26,952 )
Decrease in other payables to related parties	( 2,951 )	( 6,224 )
Dividends paid to owners of the Company	( 442,288 )	( 613,437 )
Change in non-controlling interests	<u>( 20,558 )</u>	<u>( 36,294 )</u>
Net cash (used in) generated from financing activities	<u>( 1,584,811 )</u>	<u>309,365</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>( 302,677 )</u>	<u>93,092</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>( 682,464 )</b>	<b>( 347,599 )</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<u><b>3,437,772</b></u>	<u><b>2,865,766</b></u>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<u><b>\$ 2,755,308</b></u>	<u><b>\$ 2,518,167</b></u>

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche review report dated October 27, 2016)

(Concluded)

# SINYI REALTY INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS NINE MONTHS ENDED SEPTEMBER 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 October 27, 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 3)
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>
Amendments to IFRS 2 “Classification and measurement of Share-Based Payment”	January 1, 2018
IFRS 9 “Financial Instruments”	January 1, 2018

(Continued)

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

The basis of preparing the interim consolidated financial statements is the same as that of the consolidated financial statements for the year ended December 31, 2015. 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

	September 30, 2016	December 31, 2015	September 30, 2015
Cash on hand	\$ 16,183	\$ 16,670	\$ 21,722
Checking accounts and demand deposits	1,053,684	1,989,990	1,314,027
Cash equivalents			
Time deposits with original maturities less than three months	<u>1,685,441</u>	<u>1,431,112</u>	<u>1,182,418</u>
	<u>\$ 2,755,308</u>	<u>\$ 3,437,772</u>	<u>\$ 2,518,167</u>

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

	September 30, 2016	December 31, 2015	September 30, 2015
Interest rates range	0%-3.39%	0%-4.10%	0%-3.15%

As of September 30, 2016, December 31, 2015 and September 30, 2015, the carrying amounts of time deposits with original maturities more than three months were \$108,370 thousand, \$401,695 thousand and \$636,937 thousand, respectively, which were classified as other financial assets - current (Note 12).

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

	September 30, 2016	December 31, 2015	September 30, 2015
<u>Financial assets held for trading</u>			
Non-derivative financial assets			
Domestic quoted shares	\$ 7,846	\$ 6,128	\$ 6,735
Mutual funds	<u>508,933</u>	<u>311,529</u>	<u>242,196</u>
	<u>\$ 516,779</u>	<u>\$ 317,657</u>	<u>\$ 248,931</u>

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

	September 30, 2016	December 31, 2015	September 30, 2015
<u>Domestic investments</u>			
Quoted shares	<u>\$ 200,733</u>	<u>\$ 195,775</u>	<u>\$ 207,495</u>

(Continued)

	September 30, 2016	December 31, 2015	September 30, 2015
<u>Foreign investments</u>			
Quoted shares	542,488	\$ 552,714	\$ 495,641
Mutual funds	<u>1,358</u>	<u>1,422</u>	<u>1,423</u>
	<u>543,846</u>	<u>554,136</u>	<u>497,064</u>
Available-for-sale financial assets	<u>\$ 744,579</u>	<u>\$ 749,911</u>	<u>\$ 704,559</u> (Concluded)

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

	September 30, 2016	December 31, 2015	September 30, 2015
Domestic unlisted common shares	\$ 52,127	\$ 83,629	\$ 117,291
Overseas unlisted common shares	<u>158,788</u>	<u>168,693</u>	<u>174,628</u>
	<u>\$ 210,915</u>	<u>\$ 252,322</u>	<u>\$ 291,919</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

	September 30, 2016	December 31, 2015	September 30, 2015
<u>Notes receivable and trade receivables</u>			
Notes receivable - operating	\$ 27,450	\$ 46,783	\$ 30,283
Notes receivable - non-operating	<u>-</u>	<u>30,000</u>	<u>-</u>
	<u>27,450</u>	<u>76,783</u>	<u>30,283</u>
Trade receivables	908,475	697,401	747,683
Less: Allowance for doubtful accounts	( <u>9,622</u> )	( <u>12,844</u> )	( <u>29,261</u> )
	<u>898,853</u>	<u>684,557</u>	<u>718,422</u>
	<u>\$ 926,303</u>	<u>\$ 761,340</u>	<u>\$ 748,705</u>
<u>Other receivables</u>			
Receivables - fixed rate	\$ 17,000	\$ -	\$ 70,016
Interest receivables	11,034	-	1,708
Others	70,076	93,150	95,511
Less: Allowance for doubtful accounts	( <u>3,101</u> )	( <u>2,848</u> )	( <u>2,947</u> )
	<u>\$ 95,009</u>	<u>\$ 90,302</u>	<u>\$ 164,288</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.

Except for those notes receivable and account receivables of which provision had been provided, the aging analysis of other receivables at closing date of the reporting period was as follows. As to those overdue accounts receivable of which provision had not been provided, the Group had assessed that the material change of the accounts receivable's quality of credit had not occurred and that the related amount was still collectible. Therefore, there was no doubt of impairment.

Aging analysis of receivables was as follows:

	<b>September 30, 2016</b>	<b>December 31, 2015</b>	<b>September 30, 2015</b>
0-60 days	\$ 747,677	\$ 592,384	\$ 554,510
61-90 days	60,312	32,641	56,626
91-180 days	59,836	21,589	51,465
181-360 days	22,024	25,142	34,198
Over 360 days	<u>18,626</u>	<u>25,645</u>	<u>50,884</u>
	<u>\$ 908,475</u>	<u>\$ 697,401</u>	<u>\$ 747,683</u>

The above analysis was based on the billing date.

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

	<b>September 30, 2016</b>	<b>December 31, 2015</b>	<b>September 30, 2015</b>
61-90 days	\$ 17,439	\$ 13,455	\$ 9,276
91-180 days	13,430	3,491	13,509
181-360 days	4,806	7,830	16,855
Over 360 days	<u>4,845</u>	<u>15,025</u>	<u>2,595</u>
	<u>\$ 40,520</u>	<u>\$ 39,801</u>	<u>\$ 42,235</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:

	<b>2016</b>		<b>2015</b>	
	<b>Trade Receivables</b>	<b>Other Receivables</b>	<b>Trade Receivables</b>	<b>Other Receivables</b>
Balance at January 1	\$ 12,844	\$ 2,848	\$ 28,262	\$ 3,271
Add: Impairment losses recognized on receivables	( 2,208)	253	890	-
Less: Amounts written off	( 488)	-	( 7)	( 324)
Foreign exchange translation gains and losses	( <u>526</u> )	<u>-</u>	( <u>116</u> )	<u>-</u>
Balance at September 30	<u>\$ 9,622</u>	<u>\$ 3,101</u>	<u>\$ 29,261</u>	<u>\$ 2,947</u>

b. Other receivables

- 1) Receivables from disposal of investment and interest receivable as of September 30, 2016 were due to the Group's disposal of financial assets measured at cost from the counterparty's exercising the option to buy back the shares under the agreement of the share transaction. Receivables from disposal of investment as of September 30, 2015 were due to the Group's disposal of financial assets held for trading.
- 2) Other receivables were the payment on behalf of others and rental receivable.

## 11. INVENTORIES

	September 30, 2016	December 31, 2015	September 30, 2015
Properties under development			
Malu Town, Jiading District, Shanghai	\$ 6,827,451	\$ 5,972,207	\$ 6,008,623
Tianmu, Shilin District, Taipei City	370,703	343,092	340,196
Other			
Tianmu, Shilin District, Taipei City	2,113	2,113	2,113
Inventory-merchandise	<u>52,868</u>	<u>-</u>	<u>-</u>
	<u>\$ 7,253,135</u>	<u>\$ 6,317,412</u>	<u>\$ 6,350,932</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:

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

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

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

## 12. OTHER FINANCIAL ASSETS - CURRENT

	September 30, 2016	December 31, 2015	September 30, 2015
Time deposits with original maturity more than three months	\$ 108,370	\$ 401,695	\$ 636,937
Restricted assets - current	7,346	47,857	90,864
Financial assets at amortized cost	<u>1,928,495</u>	<u>1,331,967</u>	<u>409,680</u>
	<u>\$ 2,044,211</u>	<u>\$ 1,781,519</u>	<u>\$ 1,137,481</u>

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

	September 30, 2016	December 31, 2015	September 30, 2015
Time deposits with original maturity more than three months	0.15%-1.125%	0.025%-3.00%	0.025%-3.6%

- b. Restricted assets - current were time deposits provided as guarantee for the loan of Shanghai Sinyi Real Estate and Suzhou Sinyi Real Estate and as operating guarantee for real-estate brokerage. Please refer to Note 34.

- c. Financial assets at amortized cost were bank financial products, the expected yield rates as of September 30, 2016, December 31, 2015 and September 30, 2015 were 0% -3.7% , 1.80% -3.75% and 2% -3.7% , respectively.

### 13. SUBSIDIARIES

a. Subsidiaries included in consolidated financial statements

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

Investor	Investee	Main Businesses	% of Ownership			Remark	
			September 30, 2016	December 31, 2015	September 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., Ltd. (Zhejiang Sinyi)	Real estate brokerage and management consulting	38	38	38		
	Shanghai Sinyi Real Estate	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		

(Continued)

Investor	Investee	Main Businesses	% of Ownership			Remark
			September 30, 2016	December 31, 2015	September 30, 2015	
	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	
Forever Success	Sinyi Estate Ltd.(Sinyi Estate)	Investment holding	100	100	100	Note 1
	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	
Sinyi Development	Tokyo Sinyi Real Estate Co., Ltd. Sinyi Real Estate (Hong Kong)	Real estate brokerage	100	100	100	Note 2
	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	Investment holding	100	100	100	Note 3
	Sinyi Real Estate (Shanghai) Limited (Shanghai Real Estate)	Development of commercial and residential building and auxiliary facilities; and construction, rental, sale and property management	100	100	100	
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 September 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\$17 thousand as of September 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 nine months ended September 30, 2016 and those of Sinyi International, Sinyi Limited, Sinyi Development, Hong Kong Real Estate and Shanghai Real Estate as of and for the nine months ended September 30, 2015.

b. Subsidiaries excluded from consolidated financial statement: None.

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

	September 30, 2016	December 31, 2015	September 30, 2015
Investments in associates	\$ 9,950	\$ 9,649	\$ 9,787

##### a. Investments in associates

	September 30, 2016	December 31, 2015	September 30, 2015
Unlisted company			
Sinyi Interior Design Co., Ltd.	\$ 9,950	\$ 9,649	\$ 9,787

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

Name of Associate	September 30, 2016	December 31, 2015	September 30, 2015
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:

	<u>Nine Months Ended September 30</u>	
	2016	2015
The Group's share of:		
Gain on continuing operations	\$ 219	\$ 254
Other comprehensive income	<u>300</u>	<u>(1,057)</u>
Total comprehensive income for the period	<u>\$ 519</u>	<u>(\$ 803)</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

	<u>Nine Months Ended September 30, 2016</u>								
Cost	Freehold Land	Buildings	Transportation Equipment	Office Equipment	Leased Assets	Leasehold Improvements	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
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	-	-	1,154	13,326	-	39,011	406	879	54,776
Disposals (Note 1)	-	-	( 1,819)	( 11,973)	-	( 3,671)	-	( 8,895)	( 26,358 )
Reclassifications	-	-	-	-	-	126	( 126)	-	-
Effect of foreign currency exchange differences	-	-	( 312)	( 3,084)	-	( 4,873)	-	( 15,240)	( 23,509 )
Balance at September 30, 2016	<u>\$2,665,208</u>	<u>\$ 415,360</u>	<u>\$ 5,897</u>	<u>\$ 370,151</u>	<u>\$ 4,671</u>	<u>\$ 531,717</u>	<u>\$ 80,259</u>	<u>\$ 235,529</u>	<u>\$ 4,308,792</u> (Continued)

Nine Months Ended September 30, 2016									
	Freehold Land	Buildings	Transportation Equipment	Office Equipment	Leased Assets	Leasehold Improvements	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
<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	-	7,903	800	36,122	-	44,234	6,786	-	95,845
Disposals	-	-	( 1,637)	( 11,861)	-	( 3,456)	-	-	( 16,954 )
Effect of foreign currency exchange differences	-	-	( 187)	( 1,907)	-	( 2,859)	-	-	( 4,953 )
Balance at September 30, 2016	<u>\$ -</u>	<u>\$ 104,467</u>	<u>\$ 3,306</u>	<u>\$ 262,496</u>	<u>\$ 4,671</u>	<u>\$ 379,684</u>	<u>\$ 61,277</u>	<u>\$ -</u>	<u>\$ 815,901</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 September 30, 2016	<u>\$2,665,208</u>	<u>\$ 310,893</u>	<u>\$ 2,591</u>	<u>\$ 107,655</u>	<u>\$ -</u>	<u>\$ 152,033</u>	<u>\$ 25,488</u>	<u>\$ 235,529</u>	<u>\$ 3,492,891</u>
Nine Months Ended September 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	-	-	-	28,039	-	46,464	478	82	75,063
Disposals (Note 2)	-	( 1,448)	-	( 12,786)	-	( 17,492)	-	( 8,536)	( 40,262 )
Effect of foreign currency exchange differences	-	-	-	177	-	-	-	( 622)	( 445 )
Balance at September 30, 2015	<u>\$2,670,039</u>	<u>\$ 417,329</u>	<u>\$ 7,079</u>	<u>\$ 370,994</u>	<u>\$ 4,671</u>	<u>\$ 484,891</u>	<u>\$ 79,979</u>	<u>\$ 268,162</u>	<u>\$ 4,303,144</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	-	7,870	1,040	36,490	-	43,723	8,918	-	98,041
Disposals	-	-	-	( 12,064)	-	( 17,094)	-	-	( 29,158 )
Effect of foreign currency exchange differences	-	-	74	631	-	651	-	-	1,356
Balance at September 30, 2015	<u>\$ -</u>	<u>\$ 94,277</u>	<u>\$ 4,198</u>	<u>\$ 236,937</u>	<u>\$ 4,671</u>	<u>\$ 336,487</u>	<u>\$ 51,512</u>	<u>\$ -</u>	<u>\$ 728,082</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 September 30, 2015	<u>\$2,670,039</u>	<u>\$ 323,052</u>	<u>\$ 2,881</u>	<u>\$ 134,057</u>	<u>\$ -</u>	<u>\$ 148,404</u>	<u>\$ 28,467</u>	<u>\$ 268,162</u>	<u>\$ 3,575,062</u>

(Concluded)

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

- 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.
- There was no interest capitalized during the nine months ended September 30, 2016 and 2015.
- 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	6,439	1,060	7,499
Disposals	( 23,952)	( 2,967)	( 26,919)
Effect of foreign currency exchange differences	-	( 35,789)	( 35,789)
Balance at September 30, 2016	<u>\$ 2,020,405</u>	<u>\$ 905,929</u>	<u>\$ 2,926,334</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2016	\$ 7,396	\$ 157,855	\$ 165,251
Income from reversal of impairment	( 2,233)	68	( 2,165)
Depreciation expense	-	15,391	15,391
Disposals	-	( 550)	( 550)
Effect of foreign currency exchange differences	-	( 4,740)	( 4,740)
Balance at September 30, 2016	<u>\$ 5,163</u>	<u>\$ 168,024</u>	<u>\$ 173,187</u>
Carrying amounts at January 1, 2016	<u>\$ 2,030,522</u>	<u>\$ 785,770</u>	<u>\$ 2,816,292</u>
Carrying amounts at September 30, 2016	<u>\$ 2,015,242</u>	<u>\$ 737,905</u>	<u>\$ 2,753,147</u>
<u>Cost</u>			
Balance at January 1, 2015	\$ 2,033,087	\$ 953,151	\$ 2,986,238
Effect of foreign currency exchange differences	-	9,955	9,955
Balance at September 30, 2015	<u>\$ 2,033,087</u>	<u>\$ 963,106</u>	<u>\$ 2,996,193</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	-	15,581	15,581
Effect of foreign currency exchange differences	<u>-</u>	<u>1,287</u>	<u>1,287</u>
Balance at September 30, 2015	<u>\$ 7,396</u>	<u>\$ 154,795</u>	<u>\$ 162,191</u>
Carrying amounts at January 1, 2015	<u>\$ 2,025,691</u>	<u>\$ 815,224</u>	<u>\$ 2,840,915</u>
Carrying amounts at September 30, 2015	<u>\$ 2,025,691</u>	<u>\$ 808,311</u>	<u>\$ 2,834,002</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 September 30, 2016, December 31, 2015 and September 30, 2015 was \$10,007,646 thousand, \$10,259,399 thousand and \$9,645,007 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>September 30, 2016</b>	<b>December 31, 2015</b>	<b>September 30, 2015</b>
Franchise (Note 37)	\$ 55,162	\$ 59,619	\$ 60,329
Goodwill	9,621	9,621	9,621
System software costs	<u>72,531</u>	<u>75,523</u>	<u>81,137</u>
	<u>\$ 137,314</u>	<u>\$ 144,763</u>	<u>\$ 151,087</u>

### Nine Months Ended September 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	-	-	31,961	31,961
Disposals	-	-	( 467 )	( 467 )
Effect of foreign currency exchange differences	<u>( 4,476 )</u>	<u>-</u>	<u>( 259 )</u>	<u>( 4,735 )</u>
Balance at September 30, 2016	<u>\$ 95,823</u>	<u>\$ 9,621</u>	<u>\$ 199,084</u>	<u>\$ 304,528</u>

Accumulated amortization

Balance at January 1, 2016	\$ 40,680	\$ -	\$ 92,326	\$ 133,006
Amortization expense	1,858	-	34,938	36,796
Disposals	-	-	( 467 )	( 467 )
Effect of foreign currency exchange differences	( 1,877 )	-	( 244 )	( 2,121 )
Balance at September 30, 2016	<u>\$ 40,661</u>	<u>\$ -</u>	<u>\$ 126,553</u>	<u>\$ 167,214</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 September 30, 2016	<u>\$ 55,162</u>	<u>\$ 9,621</u>	<u>\$ 72,531</u>	<u>\$ 137,314</u>

**Nine Months Ended September 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	-	-	37,084	37,084
Disposal	-	-	( 2,167 )	( 2,167 )
Reclassifications	-	-	445	445
Effect of foreign currency exchange differences	<u>3,728</u>	<u>-</u>	<u>12</u>	<u>3,740</u>
Balance at September 30, 2015	<u>\$ 100,437</u>	<u>\$ 9,621</u>	<u>\$ 162,436</u>	<u>\$ 272,494</u>

**Nine Months Ended September 30, 2015**

<u>Accumulated amortization</u>	<b>System</b>			
	<b>Franchise</b>	<b>Goodwill</b>	<b>Software Costs</b>	<b>Total</b>
Balance at January 1, 2015	\$ 36,806	\$ -	\$ 53,868	\$ 90,674
Amortization expense	1,801	-	29,543	31,344
Disposal	-	-	( 2,167 )	( 2,167 )
Effect of foreign currency exchange differences	<u>1,501</u>	<u>-</u>	<u>55</u>	<u>1,556</u>
Balance at September 30, 2015	<u>\$ 40,108</u>	<u>\$ -</u>	<u>\$ 81,299</u>	<u>\$ 121,407</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 September 30, 2015	<u>\$ 60,329</u>	<u>\$ 9,621</u>	<u>\$ 81,137</u>	<u>\$ 151,087</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 nine months ended September 30, 2016, the Group did not recognize any impairment loss on goodwill.

## 18. OTHER ASSETS

	September 30, 2016	December 31, 2015	September 30, 2015
Prepaid expenses	\$ 113,397	\$ 87,772	\$ 79,820
Tax prepayment	516,174	238,729	113,804
Temporary payments	2,840	1,877	2,371
Overpaid VAT	12,247	4,390	4,287
Overdue receivables	4,475	4,644	3,812
Others	<u>1,890</u>	<u>1,890</u>	<u>1,890</u>
	<u>\$ 651,023</u>	<u>\$ 339,302</u>	<u>\$ 205,984</u>
Current	\$ 644,658	\$ 332,768	\$ 200,282
Non-current	<u>6,365</u>	<u>6,534</u>	<u>5,702</u>
	<u>\$ 651,023</u>	<u>\$ 339,302</u>	<u>\$ 205,984</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

	September 30, 2016	December 31, 2015	September 30, 2015
<u>Unsecured borrowings</u>			
Unsecured loans	\$ 22,722	\$ 200,000	\$ -
<u>Secured borrowings</u>			
Bank loans	<u>-</u>	<u>37,463</u>	<u>41,408</u>
	<u>\$ 22,722</u>	<u>\$ 237,463</u>	<u>\$ 41,408</u>

1) The interest rates on the bank loans as of September 30, 2016, December 31, 2015 and September 30, 2015 were 1.04%, 1.4%-5.1% and 4.9% -6% per annum, respectively.

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

b. Long-term borrowings

	September 30, 2016	December 31, 2015	September 30, 2015
<u>Secured borrowings</u>			
Bank loans	\$ 1,207,677	\$ 2,299,289	\$ 2,661,227
<u>Unsecured borrowings</u>			
Loans unsecured	<u>142,749</u>	<u>-</u>	<u>-</u>
	1,350,426	2,299,289	2,661,227
Less: Current portion	( <u>623,222</u> )	( <u>190,000</u> )	( <u>190,000</u> )
Long-term borrowings	<u>\$ 727,204</u>	<u>\$ 2,109,289</u>	<u>\$ 2,471,227</u>

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

	Content of Borrowings	September 30, 2016	December 31, 2015	September 30, 2015
E.Sun Bank	\$190,000 thousand; period: September 10, 2013 to March 31, 2017; floating interest rate of 2.1% on September 30, 2016, 2.5% on December 31 and September 30, 2015; interest is paid monthly and principal is repaid at maturity.	\$ 190,000	\$ 190,000	\$ 190,000
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 September 30, 2015, negotiating rate per 90 days; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in January 2016.	-	100,000	300,000
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.	300,000	-	-
East Asia Bank	\$1,600,000 thousand; period: December 25, 2015 to December 31, 2018; floating interest rate of 1.494% on September 30, 2016 and 1.718% on December 31, 2015 and September 30, 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.	200,000	200,000	200,000
China Construction Bank	RMB\$800,000 thousand; period: May 20, 2014 to June 19, 2017; floating interest rate of 4.75% on September 30, 2016 and December 31, 2015, 5.25% on September 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.	417,677	1,709,289	1,771,277
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.	42,749	-	-
Bank of SinoPac	\$200,000 thousand; period: June 30, 2016 to June 30, 2018; floating interest rate of 1.3742%; interest is paid monthly and principal is repaid at maturity.	100,000	-	-
Bank of Taiwan	\$1,000,000 thousand; period: September 22, 2015 to September 22, 2018; fixed interest rate of 1.4% on September 30, 2016, 1.8% on December 31, 2015 and September 30, 2015, negotiating rate per 180 days; interest is paid monthly and principal is repaid at maturity.	100,000	100,000	200,000
Total long-term borrowings		<u>\$ 1,350,426</u>	<u>\$ 2,299,289</u>	<u>\$ 2,661,227</u>

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

## 20. BONDS PAYABLE

	September 30, 2016	December 31, 2015	September 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

	September 30, 2016	December 31, 2015	September 30, 2015
Construction payables	<u>\$ 46,702</u>	<u>\$ 86,330</u>	<u>\$ 59,262</u>

## 22. UNEARNED REVENUE

	September 30, 2016	December 31, 2015	September 30, 2015
Receipts from real estate transaction in advance	\$ 5,857,941	\$ 2,665,026	\$ 1,287,144
Others	<u>2,203</u>	<u>1,477</u>	<u>1,360</u>
	<u>\$ 5,860,144</u>	<u>\$ 2,666,503</u>	<u>\$ 1,288,504</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. Shanghai Real Estate entered real estate sales contracts with the customers and put on record at Shanghai Real Estate Trading Center. When houses are on the status available for usage and are checked and accepted by the related authorities and Shanghai Real Estate completes the procedures of putting on file, Shanghai Real Estate may issue the house delivery notice according to the real estate sale contracts and recognizes revenue of selling houses at the date of delivering house and transferred the related inventory into cost of goods sold. The amount deposits and installments from the real estate sales contracts collected from the customers are recorded as unearned revenue of current liabilities before meeting the criteria of recognizing revenue from selling commodities.

## 23. OTHER LIABILITIES

	September 30, 2016	December 31, 2015	September 30, 2015
<u>Current</u>			
Other payables	\$ 1,588,349	\$ 1,493,621	\$ 1,061,020

(Continued)

	<b>September 30, 2016</b>	<b>December 31, 2015</b>	<b>September 30, 2015</b>
Other payables to related parties	\$ 100,793	\$ 115,727	\$ 116,392
Other financial liabilities	291,340	321,467	210,299
Other liabilities	<u>91,349</u>	<u>297,159</u>	<u>149,208</u>
	<u>\$ 2,071,831</u>	<u>\$ 2,227,974</u>	<u>\$ 1,536,919</u>

Non-current

Other liabilities	<u>\$ 443,307</u>	<u>\$ 722,466</u>	<u>\$ 1,056,875</u> (Concluded)
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a. Other payables were as follows:

	<b>September 30, 2016</b>	<b>December 31, 2015</b>	<b>September 30, 2015</b>
Performance bonus and salaries	\$ 1,222,733	\$ 1,118,097	\$ 724,132
Advertisement	85,138	101,204	82,523
Labor and health insurance	54,694	62,216	55,036
Payable for annual leave	82,466	60,081	74,681
Professional fees	9,223	16,773	13,922
Interest payables	12,296	25,968	14,326
Employees bonuses and compensation to directors	9,513	17,414	11,582
Others	<u>112,286</u>	<u>91,868</u>	<u>84,818</u>
	<u>\$ 1,588,349</u>	<u>\$ 1,493,621</u>	<u>\$ 1,061,020</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 \$443,307 thousand, \$722,466 thousand and \$1,056,875 thousand as of September 30, 2016, December 31, 2015 and September 30, 2015, respectively.

b. Other payable to related parties were as follows:

	<b>September 30, 2016</b>	<b>December 31, 2015</b>	<b>September 30, 2015</b>
Financing to related parties			
Loan from related parties	\$ 61,009	\$ 67,932	\$ 71,429
Interest payable	14,348	14,735	14,989
Others	<u>25,436</u>	<u>33,060</u>	<u>29,974</u>
	<u>\$ 100,793</u>	<u>\$ 115,727</u>	<u>\$ 116,392</u>

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

c. Other financial liabilities were as follows:

	<b>September 30, 2016</b>	<b>December 31, 2015</b>	<b>September 30, 2015</b>
Receipts under custody from real estate transactions	\$ 213,112	\$ 221,384	\$ 139,450
Other receipts under custody	40,360	68,283	36,986
Payable on equipment	3,023	5,709	3,524
Receipts under custody - escrow service	102	150	320
Others	<u>34,743</u>	<u>25,941</u>	<u>30,019</u>
	<u>\$ 291,340</u>	<u>\$ 321,467</u>	<u>\$ 210,299</u>

- 1) 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.
- 2) Receipts under custody from escrow service were the money received by An-Sin and An-Shin from buyers of real estate transactions but not yet transferred to the sellers. Composition was as follows:

	<b>September 30, 2016</b>	<b>December 31, 2015</b>	<b>September 30, 2015</b>
Receipts under custody - escrow service	\$ 11,417,237	\$ 10,612,418	\$ 10,055,590
Interest payable	114	4,479	15,127
Deposit accounts	( 11,416,828 )	( 10,616,258 )	( 10,069,750 )
Interest receivable	( <u>421</u> )	( <u>489</u> )	( <u>647</u> )
	<u>\$ 102</u>	<u>\$ 150</u>	<u>\$ 320</u>

- a) Receipts under custody - performance guarantee were receipts under custody from sellers of real estate transactions with interest rate of 0.01%-0.09%, 0.15-0.24% and 0.17-0.26% as of September 30, 2016, December 31, 2015 and September 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>September 30, 2016</b>	<b>December 31, 2015</b>	<b>September 30, 2015</b>
VAT payable and other tax	\$ 73,760	\$ 280,730	\$ 135,348
Others	<u>17,589</u>	<u>16,429</u>	<u>13,860</u>
	<u>\$ 91,349</u>	<u>\$ 297,159</u>	<u>\$ 149,208</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

	September 30, 2016	December 31, 2015	September 30, 2015
Service revenue allowances	\$ 43,408	\$ 39,100	\$ 37,531
Current	\$ 38,933	\$ 34,456	\$ 33,719
Non-current	<u>4,475</u>	<u>4,644</u>	<u>3,812</u>
	<u>\$ 43,408</u>	<u>\$ 39,100</u>	<u>\$ 37,531</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, 2015 and 2014, and recognized in profit or loss in respect of the defined benefit plans for the three months ended September 30, 2016 and 2015 and for the nine months ended September 30, 2016 and 2015 were \$928 thousand, 828 thousand, 2,784 thousand and \$2,482 thousand, respectively.

## 26. EQUITY

### Share Capital

	September 30, 2016	December 31, 2015	September 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

	September 30, 2016	December 31, 2015	September 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>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Exchange differences on translating foreign operations	(\$ 144,051)	\$ 189,816	\$ 374,827
Unrealized gains or losses from available-for-sale financial assets	<u>257,662</u>	<u>244,878</u>	<u>193,586</u>
	<u>\$ 113,611</u>	<u>\$ 434,694</u>	<u>\$ 568,413</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>Nine Months Ended September 30</b>	
	<b>2016</b>	<b>2015</b>
Balance, beginning of period	\$ 125,644	\$ 139,495
Attributed to non-controlling interests:		
Net income	16,304	19,040
Exchange differences on translating foreign operations	25	52
Payment of cash dividends to non-controlling interests	( 20,558 )	( 36,294 )
Balance, end of period	<u>\$ 121,415</u>	<u>\$ 122,293</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</b>		<b>Nine Months Ended September</b>	
	<b>September 30</b>		<b>30</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Interest income				
Cash in bank	\$ 13,954	\$ 9,203	\$ 37,243	\$ 27,022
Other receivables	10,734	1,620	10,734	10,506
Other	-	1	1	65
	<u>\$ 24,688</u>	<u>\$ 10,824</u>	<u>\$ 47,978</u>	<u>\$ 37,593</u>

**b. Other Gains and Losses**

	<b>Three Months Ended September 30</b>		<b>Nine Months Ended September 30</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Impairment loss of investment properties	(\$ 1,260)	\$ -	\$ 2,165	\$ -
Net gain on fair value change of financial assets held for trading	113	( 1,600)	2,688	( 11,534)
Losses on disposal of property, plant and equipment	( 12)	( 820)	( 253)	( 1,085)
Gains (losses) on disposal of investment properties	-	\$ -	527	\$ -
(Reversal) provision of bad debt	( 237)	-	1,002	-
Share of loss of associates and joint ventures	224	258	219	254
Others	<u>2,242</u>	<u>( 2,520)</u>	<u>20,968</u>	<u>25,203</u>
	<u>\$ 1,070</u>	<u>(\$ 4,682)</u>	<u>\$ 27,316</u>	<u>\$ 12,838</u>

**c. Finance Costs**

	<b>Three Months Ended September 30</b>		<b>Nine Months Ended September 30</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Interest on bank loans	\$ 8,540	\$ 27,246	\$ 56,179	\$ 88,046
Interest on unsecured bonds payable	11,191	11,069	33,209	33,087
Interest on loans from related parties	160	202	528	558
Interest on loans from others	-	2,754	-	10,147
Others	<u>10</u>	<u>66</u>	<u>131</u>	<u>604</u>
	19,901	41,337	90,047	132,442
Deduct: amounts included in the cost of qualifying assets( inventory- real estate under construction)	<u>( 5,678)</u>	<u>( 24,908)</u>	<u>( 46,895)</u>	<u>( 80,402)</u>
	<u>\$ 14,223</u>	<u>\$ 16,429</u>	<u>\$ 43,152</u>	<u>\$ 52,040</u>

Information about capitalized interest was as follows:

	<b>Three Months Ended September 30</b>		<b>Nine Months Ended September 30</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Interest capitalization rate	2.14%-4.75%	2.5%-5.25%	2.1%-5.25%	2.5%-6.15%

**d. Depreciation and Amortization**

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	2016	2015
Property, plant and equipment	\$ 31,100	\$ 33,895	\$ 95,845	\$ 98,041
Investment property	5,022	5,206	15,391	15,581
Intangible assets	<u>12,924</u>	<u>11,418</u>	<u>36,796</u>	<u>31,344</u>
	<u>\$ 49,046</u>	<u>\$ 50,519</u>	<u>\$ 148,032</u>	<u>\$ 144,966</u>
An analysis of depreciation by function				
Inventories	\$ 284	\$ 501	\$ 1,361	\$ 1,385
Operating costs	22,242	23,656	68,459	67,393
Operating expenses	8,574	9,738	26,025	29,263
Other losses	<u>5,022</u>	<u>5,206</u>	<u>15,391</u>	<u>15,581</u>
	<u>\$ 36,122</u>	<u>\$ 39,101</u>	<u>\$ 111,236</u>	<u>\$ 113,622</u>
An analysis of amortization by function				
Inventories	\$ 774	\$ 761	\$ 2,204	\$ 1,493
Operating costs	857	1,099	997	1,155
Operating expenses	<u>11,293</u>	<u>9,558</u>	<u>33,595</u>	<u>28,696</u>
	<u>\$ 12,924</u>	<u>\$ 11,418</u>	<u>\$ 36,796</u>	<u>\$ 31,344</u>

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	2016	2015
Direct operating expenses from investment property				
That generated rental income	\$ 10,218	\$ 10,174	\$ 31,164	\$ 30,432
That did not generate rental income	<u>3</u>	<u>22</u>	<u>18</u>	<u>66</u>
	<u>\$ 10,221</u>	<u>\$ 10,196</u>	<u>\$ 31,182</u>	<u>\$ 30,498</u>

**f. Employee Benefits Expense**

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	2016	2015
Salary expense	\$ 1,065,024	\$ 938,153	\$ 3,149,027	\$ 3,060,983
Labor and health insurance expenses	<u>68,294</u>	<u>67,565</u>	<u>203,069</u>	<u>211,400</u>
	<u>1,133,318</u>	<u>1,005,718</u>	<u>3,352,096</u>	<u>3,272,383</u>

(Continued)

	<b>Three Months Ended September 30</b>		<b>Nine Months Ended September 30</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Post-employment benefits				
Defined contribution plans	39,983	30,849	117,322	114,379
Defined benefit plans (Note 25)	928	828	2,784	2,482
	<u>40,911</u>	<u>31,677</u>	<u>120,106</u>	<u>116,861</u>
Other employee benefits	<u>50,158</u>	<u>30,399</u>	<u>127,411</u>	<u>140,043</u>
Total employee benefits expense	<u>\$ 1,224,387</u>	<u>\$ 1,067,794</u>	<u>\$ 3,599,613</u>	<u>\$ 3,529,287</u>
An analysis of employee benefits expense by function				
Inventories	\$ 10,035	\$ 11,425	\$ 33,089	\$ 30,576
Operating costs	1,063,708	815,623	3,135,070	2,938,132
Operating expenses	<u>150,644</u>	<u>240,746</u>	<u>431,454</u>	<u>560,579</u>
	<u>\$ 1,224,387</u>	<u>\$ 1,067,794</u>	<u>\$ 3,599,613</u>	<u>\$ 3,529,287</u>

(Concluded)

In accordance with the Company in May, 2015 and amendments to the Company's Articles of Incorporation which have been approved by the Company's shareholders' meeting in May, 2016, 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 amount of employees' compensation and remuneration to directors accrued according to the Company's Articles of Incorporation for the three months ended September 30, 2016 and 2015 and for the nine months ended September 30, 2016 and 2015 were as follows:

	<b>Three Months Ended September 30</b>		<b>Nine Months Ended September 30</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Compensation/ Bonus to employees	\$ 2,716	\$ 1,366	\$ 4,575	\$ 4,409
Remuneration to directors	1,765	1,750	2,974	5,250

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, 2016 and the shareholders' meeting held on May 15, 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.

	<b>2015</b>	<b>2014</b>
Bonus/compensation to employees	\$ 7,383	\$ 9,872
Remuneration to directors	4,799	6,417

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 15, 2015. The amounts were as below:

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

The differences above were recognized in profit and loss for the nine months ended September 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:

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	2016	2015
Current tax				
In respect of the current period	\$ 39,430	\$ 23,504	\$ 125,207	\$ 138,460
Income tax expense of unappropriated earnings	-	-	4,633	16,161
In respect of the prior periods	( 341 )	-	711	8,186
Deferred tax				
In respect of the current periods	( 6,245 )	6,872	( 38,505 )	1,894
Income tax expense recognized in profit or loss	<u>\$ 32,844</u>	<u>\$ 30,376</u>	<u>\$ 92,046</u>	<u>\$ 164,701</u>

### Integrated Income Tax

	September 30, 2016	December 31, 2015	September 30, 2015
Unappropriated earnings generated on and after January 1, 1998	<u>\$ 583,124</u>	<u>\$ 734,737</u>	<u>\$ 623,013</u>
Imputation credits accounts	<u>\$ 258,582</u>	<u>\$ 280,066</u>	<u>\$ 251,539</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.

### Income Tax Assessments

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 2014 have been assessed by the tax authorities. However, The Company disagreed with the tax authorities' assessment of its 2011 to 2014 tax return. The Company has applied to Ministry of Finance for administrative remedies procedures as for 2011 and 2012 tax return and proposes to apply for re-examinations for 2013 and 2014. Tax returns of Global, Sinyi Culture, Jui-Inn, An-Sin, An-Shin, Taiwan Sinyi Development and Yowoo Technology through 2014 had been assessed by the tax authorities.

## 29. EARNINGS PER SHARE

Unit: NT\$ Per Share

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	2016	2015
Basic EPS	\$ 0.32	\$ 0.17	\$ 0.55	\$ 0.69
Diluted EPS	\$ 0.32	\$ 0.17	\$ 0.55	\$ 0.69

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	2016	2015
Profit for the period attributable to owners of the Company	\$ 200,468	\$ 109,951	\$ 347,062	\$ 433,285

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	2016	2015
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	95	49	161	158
Weighted average number of ordinary shares used in the	631,935	631,889	632,001	631,998

computation of diluted earnings  
per share

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 September 30, 2016, December 31, 2015 and September 30, 2015, refundable deposits paid under operating lease amounted to \$117,033 thousand, \$112,858 thousand and \$112,326 thousand, respectively.

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

	<b>September 30, 2016</b>	<b>December 31, 2015</b>	<b>September 30, 2015</b>
Within 1 year	\$ 492,168	\$ 510,215	\$ 469,877
1 to 5 years	988,295	952,915	876,264
After 5 years	<u>95,804</u>	<u>80,876</u>	<u>129,658</u>
	<u>\$ 1,576,267</u>	<u>\$ 1,544,006</u>	<u>\$ 1,475,799</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 September 30, 2016, December 31, 2015 and September 30, 2015, deposits received under operating leases amounted to \$32,231 thousand, \$33,297 thousand and \$33,731 thousand, respectively.

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

	<b>September 30, 2016</b>	<b>December 31, 2015</b>	<b>September 30, 2015</b>
Within 1 year	\$ 125,435	\$ 135,449	\$ 133,582
1 to 5 years	<u>20,871</u>	<u>113,716</u>	<u>146,363</u>
	<u>\$ 146,306</u>	<u>\$ 249,165</u>	<u>\$ 279,945</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.

September 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	<u>\$3,000,000</u>	<u>\$ -</u>	<u>\$3,043,536</u>	<u>\$ -</u>	<u>\$3,043,536</u>

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	<u>\$3,000,000</u>	<u>\$ -</u>	<u>\$3,021,693</u>	<u>\$ -</u>	<u>\$3,021,693</u>

September 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	<u>\$3,000,000</u>	<u>\$ -</u>	<u>\$3,004,551</u>	<u>\$ -</u>	<u>\$3,004,551</u>

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

September 30 , 2016

	<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	\$ 7,846	\$ -	\$ -	\$ 7,846
Mutual funds	<u>508,933</u>	<u>-</u>	<u>-</u>	<u>508,933</u>
	<u>\$ 516,779</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 516,779</u>
Available-for-sale financial assets				
Domestic listed stocks - equity investments				
	\$ 200,733	\$ -	\$ -	\$ 200,733
Foreign listed stocks - equity investments				
	542,488	-	-	542,488
Mutual funds	<u>1,358</u>	<u>-</u>	<u>-</u>	<u>1,358</u>
	<u>\$ 744,579</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 744,579</u>

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>

(Continued)

September 30, 2015

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets held for trading				
Domestic listed stocks - equity investments	\$ 6,735	\$ -	\$ -	\$ 6,735
Mutual funds	<u>242,196</u>	<u>-</u>	<u>-</u>	<u>242,196</u>
	<u>\$ 248,931</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 248,931</u>
Available-for-sale financial assets				
Domestic listed stocks - equity investments				
	\$ 207,495	\$ -	\$ -	\$ 207,495
Foreign listed stocks - equity investments				
	495,641	-	-	495,641
Mutual funds	<u>1,423</u>	<u>-</u>	<u>-</u>	<u>1,423</u>
	<u>\$ 704,559</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 704,559</u>

(Concluded)

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

### Categories of Financial Instruments

	September 30, 2016	December 31, 2015	September 30, 2015
<u>Financial assets</u>			
FVTPL			
Held for trading	\$ 516,779	\$ 317,657	\$ 248,931
Loans and receivables (Note 1)	5,957,125	6,198,472	4,696,359
Available-for-sale financial assets (Note 2)	955,494	1,002,233	996,478
<u>Financial liabilities</u>			
Amortized cost (Note 3)	6,903,686	8,341,317	8,265,784

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.

	Nine Months Ended September 30					
	2016			2015		
	RMB	JPY	USD	RMB	JPY	USD
Equity	\$20,277	\$1,920	\$7,534	(\$10,219)	\$2,587	\$ 652
Profit or loss	389	-	6,769	2,178	-	10,563

#### 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:

	September 30, 2016	December 31, 2015	September 30, 2015
Fair value interest rate risk			
Financial assets	\$ 1,755,357	\$ 2,464,504	\$ 1,672,249
Financial liabilities	3,442,749	3,437,463	3,541,408
Cash flow interest rate risk			
Financial assets	1,974,295	748,127	647,650
Financial liabilities	991,408	2,167,221	2,232,656

#### 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 \$9,914 thousand for the nine months ended September 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 September 30, 2016, December 31, 2015 and September 30, 2015, the Group had available unutilized bank loan facilities were follows:

	September 30, 2016	December 31, 2015	September 30, 2015
Unsecured bank overdraft facility, reviewed annually and payable at call:			
Amount used	\$ 165,471	\$ 200,000	\$ -
Amount unused	<u>3,058,430</u>	<u>3,750,000</u>	<u>4,250,000</u>
	<u>\$ 3,223,901</u>	<u>\$ 3,950,000</u>	<u>\$ 4,250,000</u>
Secured bank overdraft facility:			
Amount used	\$ 1,207,677	\$ 2,336,752	\$ 2,702,635
Amount unused	<u>8,846,723</u>	<u>7,861,461</u>	<u>7,843,953</u>
	<u>\$10,054,400</u>	<u>\$10,198,213</u>	<u>\$10,546,588</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

	September 30, 2016	December 31, 2015	September 30, 2015
Other related parties - related parties in substance	\$ 65,086	\$ 75,510	\$ 73,800
Other related parties - the person in charge of other related parties is the president of the Company	7,935	8,088	8,568
Other - vice president of the Company	<u>27,772</u>	<u>32,129</u>	<u>34,024</u>
	<u>\$ 100,793</u>	<u>\$ 115,727</u>	<u>\$ 116,392</u>

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

	<u>Nine Months Ended September 30, 2016</u>				
	Highest Balance During the Period	Amount	Interest Rate %	Interest Expense	Interest Payable
Other related parties - related parties in substance	\$ 42,957	\$ 40360	-	\$ -	\$ 7,225
Other - vice president of the Company	<u>24,975</u>	<u>20,649</u>	3%	<u>558</u>	<u>7,123</u>
	<u>\$ 67,932</u>	<u>\$ 61,009</u>		<u>\$ 558</u>	<u>\$ 14,348</u>

(Continued)

**Nine Months Ended September 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	\$ 44,514	-	\$ -	\$ 7,969
Other - vice president of the Company	<u>31,061</u>	<u>26,915</u>	2%-3%	<u>558</u>	<u>7,020</u>
	<u>\$ 77,653</u>	<u>\$ 71,429</u>		<u>\$ 558</u>	<u>\$ 14,989</u>

(Concluded)

The financing above were unsecured.

**Compensation of Key Management Personnel**

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

	<b>Three Months Ended September 30</b>		<b>Nine Months Ended September 30</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Short-term benefits	\$ 27,333	\$ 28,373	\$ 81,372	\$ 94,006
Other long-term benefits	<u>1,865</u>	<u>2,517</u>	<u>6,143</u>	<u>6,428</u>
	<u>\$ 29,198</u>	<u>\$ 30,890</u>	<u>\$ 87,515</u>	<u>\$ 100,434</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

	<b>Three Months Ended September 30</b>		<b>Nine Months Ended September 30</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Other related parties				
The person in charge of other related parties is the president of the Company	\$ 1,038	\$ 1,189	\$ 3,261	\$ 3,605
Related parties in substance	1,919	1,938	5,710	6,507
Associates	<u>9</u>	<u>9</u>	<u>26</u>	<u>26</u>
	<u>\$ 2,966</u>	<u>\$ 3,136</u>	<u>\$ 8,997</u>	<u>\$ 10,138</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

	<b>Three Months Ended September 30</b>		<b>Nine Months Ended September 30</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Other related parties				
The person in charge of other related parties is the president of the Company	\$ 689	\$ 622	\$ 2,306	\$ 1,866
Related parties in substance	<u>2,002</u>	<u>1,720</u>	<u>5,540</u>	<u>5,238</u>
	<u>\$ 2,691</u>	<u>\$ 2,342</u>	<u>\$ 7,846</u>	<u>\$ 7,104</u>

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

c. Professional fee

	<b>Three Months Ended September 30</b>		<b>Nine Months Ended September 30</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Other related parties				
The person in charge of other related parties is the president of the Company	\$ 22,312	\$ 26,765	\$ 66,799	\$ 82,359
Related parties in substance	<u>7,668</u>	<u>7,461</u>	<u>23,117</u>	<u>24,406</u>
	<u>\$ 29,980</u>	<u>\$ 34,226</u>	<u>\$ 89,916</u>	<u>\$ 106,765</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

	<b>Three Months Ended September 30</b>		<b>Nine Months Ended September 30</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Related parties in substance	<u>\$ 2,558</u>	<u>\$ 2,348</u>	<u>\$ 7,661</u>	<u>\$ 6,653</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

	<b>September 30, 2016</b>	<b>December 31, 2015</b>	<b>September 30, 2015</b>
Other related parties			
The person in charge of other related parties is the president of the Company	\$ 1,196	\$ 1,422	\$ 1,185
Related parties in substance	<u>5,944</u>	<u>6,741</u>	<u>5,310</u>
	<u>\$ 7,140</u>	<u>\$ 8,163</u>	<u>\$ 6,495</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:

	September 30, 2016	December 31, 2015	September 30, 2015
Property, plant and equipment (including investment properties)			
Land	\$ 4,450,966	\$ 4,022,638	\$ 3,925,891
Building	517,992	459,448	474,249
Other financial assets - current			
Pledged time deposits	7,346	47,857	90,864
Inventories	<u>3,957,405</u>	<u>4,192,990</u>	<u>4,334,184</u>
	<u>\$ 8,933,709</u>	<u>\$ 8,722,933</u>	<u>\$ 8,825,188</u>

### 35. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED COMMITMENTS

- a. The Group is involved in claims that arise in the ordinary course of business; the other party may claim against the Group through legal proceedings. Management of the Group believe, based on legal advice, that the Group has strong and likely successful defense and the ultimate outcome of these unresolved matters will not have a material adverse impact on the Group's financial results.
- b. Guarantee notes submitted as guarantees for real-estate brokerage business amounted to \$5,000 thousand.
- c. The Group has endorsed Shanghai Sinyi Real Estate in obtaining financing limit for \$234,650 thousand (RMB50,000 thousand). Refer to Note 39 Table 2 for the details.
- d. As of September 30, 2016, the Group had signed construction contracts but not yet paid for \$3,511,599 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 \$2,452,707 thousand as of September 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 Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" (the Regulations) announced on December 26, 2012 by the SFB, the above guarantee provided by Shanghai Real Estate to its customers is similar to an escrow, instead of endorsement as defined in the Regulations.

### 36. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

To activate the assets for the future development, the Company's Board of Directors had resolved on October 27, 2016 that Shanghai Sinyi Real Estate may dispose its real estate located at the Dongcheng District in Beijing and that authorized the Chairperson to determine the selling price not less than RMB 178,000 thousand.

### 37. SIGNIFICANT FRANCHISE CONTRACTS

Sinyi Limited entered into a subfranchise agreement with Cendent Global Services B.V. (“GLOBAL”) and Coldwell Banker Real Estate Corporation (“Coldwell”). Sinyi Limited obtained from the counterparty a license granting the right to use the plans, manuals, system and forms developed by Coldwell and the exclusive right to itself sublicense and/or to 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.

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

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

#### September 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	\$ 635,300	4.693	\$ 2,981,461
JPY	1,391,982	0.3109	432,767
USD	45,610	31.360	1,430,341
Non-monetary items			
RMB			
JPY	32,797	4.693	153,914
USD	1,744,895	0.3109	542,488
	43	31.360	1,358
<u>Financial liabilities</u>			
Monetary items			
RMB	194,922	4.693	914,769
JPY	774,374	0.3109	240,753

#### December 31, 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	\$ 637,544	4.995	\$ 3,184,530

(Continued)

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars (In Thousands)</b>
JPY	\$ 1,443,034	0.2727	\$ 393,515
USD	36,628	32.825	1,202,314
<b>Non-monetary items</b>			
RMB	32,797	4.995	163,818
JPY	2,026,821	0.2727	552,714
USD	43	32.825	1,422

Financial liabilities

<b>Monetary items</b>			
RMB	469,892	4.995	2,347,012
JPY	495,380	0.2727	135,090

September 30, 2015

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars (In Thousands)</b>
<u>Financial assets</u>			
<b>Monetary items</b>			
RMB	\$ 280,687	5.176	\$ 1,452,835
JPY	1,292,578	0.2739	354,037
USD	34,120	32.87	1,121,519
<b>Non-monetary items</b>			
RMB			
JPY	32,797	5.176	169,754
USD	1,809,568	0.2739	495,641
	43	32.87	1,423
<u>Financial liabilities</u>			
<b>Monetary items</b>			
RMB	436,044	5.176	2,256,966
JPY	348,040	0.2739	95,328
			(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>Nine Months Ended September 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)	(\$ 27,139)	1 (NTD:NTD)	\$ 33,030
USD	32.43 (RMB:NTD)	3,958	31.44 (USD:NTD)	( 10,080)
RMB	4.9178 (RMB:NTD)	( 951)	5.0187 (RMB:NTD)	2,565
JPY	0.2991 (JPY:NTD)	<u>12</u>	0.2603 (JPY:NTD)	<u>99</u>
		<u>(\$ 24,120)</u>		<u>\$ 25,614</u>

### 39. SEPARATELY DISCLOSED ITEMS

Information on significant transactions and information on investees:

- a. Financing provided: Table 1 (attached)
- b. Endorsements/guarantees provided to others: Table 2 (attached)
- c. Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities): Table 3 (attached)
- d. Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Table 4 (attached)
- e. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
- f. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- g. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: None
- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None
- i. Information about derivative: None
- j. Others: The business relationship between the parent and the subsidiaries and between each subsidiary, and significant transactions between them: Table 5 (attached)
- k. Information on investees: Table 6 (attached)

Information on investments in mainland China:

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

- b. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:
- 1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None
  - 2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None
  - 3) The amount of property transactions and the amount of the resultant gains or losses: None
  - 4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2 (attached)
  - 5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1 (attached)
  - 6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None

#### **40. SEGMENT INFORMATION**

a. Operating segments information

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

Management has determined reportable segments as follows:

Real estate brokerage segment

- 1) Companies in Taiwan
- 2) Companies in mainland China and other foreign companies.

Real estate development segment

- 1) Companies in Taiwan
- 2) Companies in China

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

	Real Estate Brokerage			Real Estate Development			Elimination	Consolidated
	Taiwan	Mainland China and Others	Total	Taiwan	China	Total		
For the nine months ended September 30, 2016								
Revenues from external customers	\$ 4,629,893	\$ 1,001,046	\$ 5,630,939	\$ 77,304	\$ 38,417	\$ 115,721	\$ -	\$ 5,746,660
Inter-segment revenues	63,394	-	63,394	11,844	-	11,844	(75,238)	-
Segment revenues	<u>\$ 4,693,287</u>	<u>\$ 1,001,046</u>	<u>\$ 5,694,333</u>	<u>\$ 89,148</u>	<u>\$ 38,417</u>	<u>\$ 127,565</u>	<u>(\$ 75,238)</u>	<u>5,746,660</u>
Rental income from investment property								(96,994)
Consolidated revenues								<u>\$ 5,649,666</u>
Operating profit	<u>\$ 553,319</u>	<u>(\$ 147,234)</u>	<u>\$ 406,085</u>	<u>\$ 36,524</u>	<u>(\$ 82,795)</u>	<u>(\$ 46,271)</u>	<u>\$ 42,108</u>	\$ 401,922
Operating income from investment property								(65,812)
Operating income								<u>\$ 336,110</u>
Segment assets	<u>\$ 5,623,083</u>	<u>\$ 2,554,734</u>	<u>\$ 8,177,817</u>	<u>\$ 2,998,653</u>	<u>\$ 11,007,981</u>	<u>\$ 14,006,634</u>	<u>(\$ 324,692)</u>	\$ 21,859,759
Investments accounted for by the equity method and goodwill								19,571
Total assets								<u>\$ 21,879,330</u>
For the nine months ended September 30, 2015								
Revenues from external customers	\$ 4,847,803	\$ 798,838	\$ 5,646,641	\$ 59,938	\$ 37,941	\$ 97,879	\$ -	\$ 5,744,520
Inter-segment revenues	45,843	-	45,843	10,752	-	10,752	(56,595)	-
Segment revenues	<u>\$ 4,893,646</u>	<u>\$ 798,838</u>	<u>\$ 5,692,484</u>	<u>\$ 70,690</u>	<u>\$ 37,941</u>	<u>\$ 108,631</u>	<u>(\$ 56,595)</u>	<u>5,744,520</u>
Rental income from investment property								(97,879)
Consolidated revenues								<u>\$ 5,646,641</u>
Operating profit (loss)	<u>\$ 487,694</u>	<u>(\$ 16,078)</u>	<u>\$ 471,616</u>	<u>\$ 24,702</u>	<u>(\$ 72,131)</u>	<u>(\$ 47,429)</u>	<u>\$ 44,570</u>	\$ 468,757
Operating income from investment property								(67,381)
Operating income								<u>\$ 401,376</u>
Segment assets	<u>\$ 6,799,461</u>	<u>\$ 1,591,966</u>	<u>\$ 8,391,427</u>	<u>\$ 3,062,414</u>	<u>\$ 7,747,458</u>	<u>\$ 10,809,872</u>	<u>(\$ 72,410)</u>	\$ 19,128,889
Investments accounted for by the equity method and goodwill								19,408
Total assets								<u>\$ 19,148,297</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 and had increased business of development of housing and buildings since 2014. As of September 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  
NINE MONTHS ENDED SEPTEMBER 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		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)	\$ 4,693 (RMB 1,000 thousand)	\$ -	3.686%	Short-term financing	\$ -	Needs for operation	\$ -	-	\$ -	\$ 878,043 (Note 1)	\$ 1,756,085 (Note 1)
		Kunshan Dingxian Trading Co., Ltd.	"	"	397,760 (RMB 80,000 thousand)	375,440 (RMB 80,000 thousand)	-	3.8%	"	-	"	-	-	-	878,043 (Note 1)	1,756,085 (Note 1)
1	Sinyi Real Estate (Shanghai) Limited	Shanghai Sinyi Real Estate Inc.	Other receivables	Yes	203,360 (RMB 40,000 thousand)	187,720 (RMB 40,000 thousand)	187,720 (RMB 40,000 thousand)	4.75%	"	-	"	-	-	-	713,138 (Note 2)	1,426,275 (Note 2)

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  
NINE MONTHS ENDED SEPTEMBER 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.	"	\$ 7,024,340 (Note 1)	355,880 (RMB 70,000 thousand)	234,650 (RMB 50,000 thousand)	\$ -	-	2.67	8,780,425	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

SEPTEMBER 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	September 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	\$ 200,733	-	\$ 200,733	
	<u>Stock</u> Rakuya International Info. Co., Ltd.	-	Financial assets measured at cost - non-current	2,227,290	2,174	14	2,174	
	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	
Sinyi Limited	<u>Stock</u> Orix Corp.	-	Available-for-sale financial assets - current	1,180,800	542,488	-	542,488	
	<u>Monetary market fund</u> SBGH U.S. Dollar Reserve Fund CL A Dist Units	-	"	43,296	1,358	-	1,358	
Shanghai Sinyi Real Estate Inc.	<u>Stock</u> Cura Investment Management (Shanghai) Co., Ltd.	-	Financial assets measured at cost - non-current	30,000,000	149,219	2	149,219	
	Cura Commercial Management Co., Ltd.	-	"	-	4,695	9	4,695	
Sinyi Development Inc.	<u>Stock</u> CTCI Corporation	-	Financial assets at fair value through profit or loss - current	170,940	7,846	-	7,846	
	<u>Monetary market fund</u> Taishin 1699 Money Market Fund	-	"	21,700,054	290,559	-	290,559	
Sinyi Global Asset Management Co., Ltd.	<u>Monetary market fund</u> Taishin 1699 Money Market Fund	-	"	2,468,838	33,057	-	33,057	
An-Sin Real Estate Management Ltd.	<u>Monetary market fund</u> Taishin 1699 Money Market Fund	-	"	3,952,257	52,920	-	52,920	
An-Shin Real Estate Management Ltd.	<u>Monetary market fund</u> Taishin 1699 Money Market Fund	-	"	9,887,882	132,397	-	132,397	

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	September 30, 2016				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Ke Wei Shanghai Real Estate Management Consulting Inc.	Financial product Bubu Shengking No. 8688	-	Other financial assets - current	6,850,000	\$ 32,147	-	\$ 32,147	
Suzhou Sinyi Real Estate Inc.	Bubu Shengking No. 8688	-	"	6,000,000	28,158	-	28,158	
	Yunton Tsaiifu-Daily Incremental Interest-S Type			5,000,000	23,465	-	23,465	
Sinyi Real Estate (Shanghai) Limited	Li Duo Duo Cash Management No. 1 (2101123504)	-	"	45,000,000	211,185	-	211,185	
	Structured Financial Product (Product ID: 201606080620)		"	60,000,000	281,580	-	281,580	
	Yehdeyin No. 16071101	-	"	80,000,000	375,440	-	375,440	
	Structured Financial Product (Product ID: 2016007281017)	-	"	75,000,000	351,975	-	351,975	
	Yehdeyin No. 16090151		"	50,000,000	234,650	-	234,650	
	Li Duo Duo Structured Deposits of Enterprises (No. 2016JG759)		"	35,000,000	164,255	-	164,255	
	Xin Yi Hengtong ( No.M16049)		"	40,000,000	187,720	-	187,720	
Shanghai Sinyi Real Estate Inc.	Bubu Shengking No. 8688	-	"	3,000,000	14,079	-	14,079	
	Yehdeyin No. 16090030			5,030,000	23,606	-	23,606	
Shanghai Shang Tuo Investment Management Consulting Inc.	Bubu Shengking No. 8688	-	"	50,000	235	-	235	

## 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  
NINE MONTHS ENDED SEPTEMBER 30, 2015  
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Costs	Gain or Loss	Shares/Units	Amount
Sinyi Realty Inc.	<u>Stock</u> 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 2)
Sinyi International Limited	Sinyi Estate Ltd.	"	-	"	12,297,800	402,507	10,149,000	339,430	-	-	-	-	22,446,800	741,937 (Notes 1 and 2)
Sinyi Real Estate (Shanghai) Limited	<u>Financial product</u> Yehdeyin No. 16071101	Other financial assets - current	-	-	80,000,000	375,440	-	-	-	-	-	-	80,000,000	375,440
Sinyi Real Estate (Shanghai) Limited	Structured Financial Product (Product ID: 2016007281017)	"	-	-	75,000,000	351,975	-	-	-	-	-	-	75,000,000	351,975

Note 1: The ending balance presents historical cost.

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

## SINYI REALTY INC. AND SUBSIDIARIES

## INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTION

NINE MONTHS ENDED SEPTEMBER 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	\$ 12,754	Fixed charges by guarantee piece work	-
		Jui-Inn Consultants Co., Ltd.	a	Professional fees	1,994	By the piece work	-
		An-Sin Real Estate Management Ltd.	a	Other income	4,540	30 days after regular settlement	-
		An-Shin Real Estate Management Ltd.	a	Other income	3,071	30 days after regular settlement	-
		Sinyi Realty Inc. Japan	a	Other income	5,669	Quarterly	-
		Sinyi Realty Inc. Japan	a	Other receivables	949	Quarterly	-
		Kunshan Dingxian Trading Co., Ltd.	a	Other receivables	4,693	Financing for operationl with annual interest 3.8%	-
1	Shanghai Sinyi Real Estate Inc.	Inane International Limited	c	Other payables	9,378	-	-
		Sinyi Real Estate (Shanghai) Limited	c	Service income	5,415	By percentage of turnover	-
		Sinyi Real Estate (Shanghai) Limited	c	Trade receivables	1,863	Monthly	-
2	Sinyi Realty Inc. Japan	Sinyi Management Co., Ltd.	c	Income of professional fees	16,571	By the piece work	-
3	Sinyi Real Estate (Shanghai) Limited	Shanghai Sinyi Real Estate Inc.	c	Other receivables	187,720	Financing for operation with annual interest rate 4.75%	-
		Kunshan Dingxian Trading Co., Ltd.	c	Prepayment	48,862	-	-
		Shanghai Shang Tuo Investment Management Consulting Inc.	c	Prrepayment	12,255	-	-
4	Tokyo Sinyi Real Estate Co., Ltd.	Sinyi Realty Inc. Japan	c	Income of professional fees	19,348	By the piece work	-
		Sinyi Realty Inc. Japan	c	Other income	6,038	Quarterly	-
		Sinyi Realty Inc. Japan	c	Accounts receivables	2,388	Quarterly	-
5	Zhejiang Sinyi Real Estate Co., Ltd.	Beijing Sinyi Real Estate Ltd.	c	Other income	6,639	regular settlement	-
		Chengdu Sinyi Real Estate Co., Ltd.	c	Other income	6,639	regular settlement	-

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 September 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 nine months ended September 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  
NINE MONTHS ENDED SEPTEMBER 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 September 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	\$4,570,977 (Note1)	(\$ 55,048 )	(\$ 55,048 )	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	1,668,689 (Note1)	( 63,675 )	( 63,675 )	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	482,621 (Note1)	( 13,054 )	( 13,054 )	
	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	47,325 (Note1)	3,914	3,914	
	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	16,952 (Note1)	89	89	
	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	4,985 (Note1)	81	81	
	Sinyi Culture Publishing Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Publication	4,960	4,960	-	99	1,400 (Note1)	( 388 )	( 385 )	
	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	125,972 (Note1)	33,102	16,882	
	Sinyi Interior Design Co., Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Interior design	950	950	95,000	19	9,950	1,152	219	
	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	( 5,240 ) (Note1)	( 17,513 )	( 17,513 )	
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	990,387 (Note1)	( 61,798 )	( 61,798 )	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	39,616 (Note1)	9,382	9,295	
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	38,038 (Note1)	( 1,758 )	( 1,758 )	
	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	236,508 (Note1)	( 5,633 )	( 5,633 )	
	Sinyi Development Ltd.	TMF Chambers, P.O. Box 3269, Asia Samoa	Investment holding	3,899,767	3,899,767	131,966,210	100	3,590,563 (Note1)	( 49,238 )	( 49,238 )	Note 2
	Sinyi Estate Ltd.	TMF Chambers, P.O. Box 3269, Asia Samoa	Investment holding	741,937	402,507	22,446,800	100	705,443 (Note1)	1,567	1,567	Note 2
INANE INTERNATIONAL LIMITED	MAX SUCCESS INTERNATIONAL LIMITED.	Palm Grove House, P.O. Box 438, Road Town, Torola, British Virgin Islands.	Investment holding	399,792	399,792	12,454,780	100	367,977 (Note1)	( 16,963 )	( 16,963 )	
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	126,897 (Note1)	23,713	23,713	
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	22,546 (Note1)	2,079	2,079	
	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	7,276 (Note1)	2,420	2,420	
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	3,566,233 (Note1)	( 43,456 )	( 43,456 )	
Sinyi Estate Ltd.	Sinyi Estate (Hong Kong) Limited	Suites 2302-6, 23/F Great Eagle Ctr 23 Harbour Rd. Wanchai HK	Investment holding	575	26	17,397	100	525 (Note1)	( 17 )	( 17 )	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	334 (Note1)	( 43 )	( 43 )	
	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	332 (Note1)	( 43 )	( 43 )	

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

Note 2: As of September 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

NINE MONTHS ENDED September 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 September 30, 2016	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss) Recognized (Note 1)	Carrying Value as of September 30, 2016 (Note 2)	Accumulated Inward Remittance of Earnings as of September 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	\$ 9,382	100	\$ 9,382 (Note6)	40,013 (Note6)	\$ -
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	( 28,219 )	100	( 28,219 ) (Note6)	612,194 (Note6)	-
Beijing Sinyi Real Estate Ltd. (Note 3)	Real estate brokerage and management consulting	RMB 34,747	"	149,955	-	-	149,955	( 8,996 )	100	( 8,996 ) (Note6)	( 17,187 ) (Note6)	-
Shanghai Sinyi Limited Corporation of Land Administration and Real Estate Counseling (Note 4)	Real estate brokerage	RMB 4,138	"	17,095	-	-	17,095	471	100	471 (Note6)	( 2,548 ) (Note6)	-
Suzhou Sinyi Real Estate Inc. (Note 3)	Real estate brokerage and management consulting	RMB 68,000	"	355,249	-	-	355,249	( 25,053 )	100	( 25,053 ) (Note6)	376,406 (Note6)	-
Cura Investment Management (Shanghai) Co., Ltd. (Note 4)	Real estate fund investment management	RMB1,636,300	"	-	-	-	-	-	2	-	149,219	-
Cura Commercial Management Co., Ltd. (Note 4)	Real estate fund investment management	RMB 10,998	"	-	-	-	-	-	9	-	4,695	-
Zhejiang Sinyi Real Estate Co., Ltd. (Note 3)	Real estate brokerage and management consulting	RMB 20,200	"	44,543	-	-	44,543	12,109	100	12,109 (Note6)	( 38 ) (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	( 1,852 )	100	( 1,852 ) (Note6)	( 588 ) (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	( 8,089 )	100	( 8,089 ) (Note6)	14,308 (Note6)	-
Qingdao Chengjian & Sinyi Real Estate Co., Ltd.	Real estate brokerage and management consulting	RMB 8,000	"	37,295	-	-	37,295	( 2 )	100	( 2 ) (Note6)	( 262 ) (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	( 43,456 )	100	( 43,456 ) (Note6)	3,565,689 (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	94	100	94 (Note6)	37,983 (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	(\$ 4,886 )	100	(\$ 4,886 ) (Note6)	\$ 23,664 (Note6)	-
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Accumulated Outflow for Investment in Mainland China as of September 30, 2016	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 5)
\$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\$31.36 and US\$1=RMB6.6823 at September 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.