

Sinyi Realty Inc. and Subsidiaries

**Consolidated Financial Statements for the
Six Months Ended June 30, 2017 and 2016**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders
Sinyi Realty Inc.

We have reviewed the accompanying consolidated balance sheets of Sinyi Realty Inc. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of June 30, 2016 and 2016 and the related consolidated statements of comprehensive income for the three months ended June 30, 2017 and 2016, six months ended June 30, 2017 and 2016, and changes in equity and cash flows for the six months ended June 30, 2017 and 2016. 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 June 30, 2017 and 2016, such subsidiaries' total assets were \$5,882,768 thousand and \$5,124,811 thousand, respectively, representing 28% and 23%, respectively, of the consolidated assets, and their total liabilities were \$581,788 thousand and \$979,894 thousand, respectively, representing 5% and 7%, respectively, of the consolidated liabilities; for the three months ended June 30, 2017 and 2016, the total comprehensive income of these subsidiaries were (\$50,254) thousand and (\$47,673) thousand, respectively, representing (4%) and (69%), respectively, of consolidated comprehensive income and for the six months ended June 30, 2017 and 2016, the total comprehensive income of these subsidiaries were (\$86,736) thousand and (\$40,474) thousand, respectively, representing (9%) and (87%), 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.

July 28, 2017

Notice to Readers

The accompanying consolidated financial statements and independent auditors' review report above are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language consolidated financial statements shall prevail.

SINYI REALTY INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2017 (Reviewed)		December 31, 2016 (Audited)		June 30, 2016 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 4,152,600	20	\$ 3,512,457	15	\$ 4,069,696	18
Financial assets at fair value through profit or loss - current (Note 7)	386,280	2	479,603	2	473,612	2
Available-for-sale financial assets - current (Note 8)	769,458	4	801,432	3	681,165	3
Notes receivable (Note 10)	28,187	-	16,001	-	42,845	-
Trade receivables (Note 10)	817,853	4	807,093	3	881,943	4
Other receivables (Notes 10 and 33)	90,064	-	336,881	2	64,739	-
Current tax assets	19,079	-	70,007	-	42,744	-
Inventories (Notes 11 and 34)	5,295,102	25	7,753,415	33	7,109,793	32
Other financial assets - current (Notes 12 and 34)	2,768,845	13	2,966,314	13	1,634,440	7
Other current assets (Note 18)	546,144	3	800,623	3	577,503	3
Total current assets	14,873,612	71	17,543,826	74	15,578,480	69
NON-CURRENT ASSETS						
Financial assets measured at cost - non-current (Note 9)	201,952	1	207,335	1	247,402	1
Investment accounted for using equity method (Note 14)	28,953	-	10,723	-	9,682	-
Property, plant and equipment (Notes 15 and 34)	3,427,114	16	3,474,237	14	3,510,651	16
Investment properties (Notes 16 and 34)	2,269,893	11	2,269,286	9	2,768,744	12
Intangible assets (Notes 17 and 36)	119,068	-	136,978	1	145,218	1
Deferred tax assets	28,654	-	85,680	-	70,285	-
Refundable deposits (Note 30)	132,665	1	134,452	1	136,679	1
Prepayments for investments (Note 18)	5,000	-	-	-	-	-
Prepaid pension cost - non-current	-	-	-	-	1,009	-
Other non-current assets (Note 18)	6,561	-	6,747	-	6,683	-
Total non-current assets	6,219,860	29	6,325,438	26	6,896,353	31
TOTAL	\$ 21,093,472	100	\$ 23,869,264	100	\$ 22,474,833	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 19 and 34)	\$ 400,000	2	\$ 158,058	1	\$ 18,649	-
Notes payable	1,425	-	105	-	1,416	-
Trade payables (Note 21)	39,945	-	175,385	1	58,046	-
Other payables (Note 23)	1,245,128	6	1,599,087	7	1,531,590	7
Other payables to related parties (Notes 23 and 33)	67,141	-	83,091	-	98,576	1
Current tax liabilities	246,389	1	111,715	-	85,435	-
Provisions - current (Note 24)	92,096	1	83,195	-	46,558	-
Other current financial liabilities (Note 23)	991,462	5	406,968	2	717,611	3
Unearned revenue (Note 22)	3,189,008	15	7,283,452	31	5,601,336	25
Current portion of long-term borrowings and corporate bonds payable (Notes 19, 20 and 34)	1,513,580	7	296,120	1	636,920	3
Other current liabilities (Note 23)	237,140	1	220,275	1	128,545	1
Total current liabilities	8,023,314	38	10,417,451	44	8,924,682	40
NON-CURRENT LIABILITIES						
Bonds payable (Note 20)	1,500,000	7	3,000,000	13	3,000,000	13
Long-term borrowings (Notes 19 and 34)	1,363,580	7	520,670	2	1,231,430	6
Provisions - non-current (Note 24)	4,671	-	4,857	-	4,793	-
Net defined benefit liabilities - non-current (Note 25)	38,157	-	43,602	-	-	-
Guarantee deposits received (Note 30)	46,066	-	60,012	-	61,745	-
Other non-current liabilities (Note 23)	337,928	2	414,879	2	412,208	2
Deferred tax liabilities	13,572	-	19,404	-	26,948	-
Total non-current liabilities	3,303,974	16	4,063,424	17	4,737,124	21
Total liabilities	11,327,288	54	14,480,875	61	13,661,806	61
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 26)						
Share capital						
Ordinary shares	6,318,398	30	6,318,398	27	6,318,398	28
Stock Dividend to be Distributed	196,602	1	-	-	-	-
Total Share capital	6,515,000	31	6,318,398	27	6,318,398	28
Capital surplus	63,896	-	63,896	-	63,896	1
Retained earnings						
Legal reserve	1,793,382	9	1,701,396	7	1,701,396	7
Unappropriated earnings	1,434,822	7	1,116,118	5	382,656	2
Total retained earnings	3,228,204	16	2,817,514	12	2,084,052	9
Other equity						
Exchange differences on translating foreign operations	(448,356)	(2)	(225,707)	(1)	46,441	-
Unrealized gain or loss on available-for-sale financial assets	291,734	1	304,476	1	183,077	1
Total other equity	(156,622)	(1)	78,769	-	229,518	1
Total equity attributable to owners of the Company	9,650,478	46	9,278,577	39	8,695,864	39
NON-CONTROLLING INTERESTS	115,706	-	109,812	-	117,163	-
Total equity	9,766,184	46	9,388,389	39	8,813,027	39
TOTAL	\$ 21,093,472	100	\$ 23,869,264	100	\$ 22,474,833	100

The accompanying notes are an integral part of the consolidated financial statements. (with Deloitte & Touche review report dated July 28, 2017)

SINYI REALTY INC. AND SUBSIDIARIES

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

	Three Months Ended June 30				Six Months Ended June 30			
	2017		2016		2017		2016	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE								
Sales revenue	\$5,466,525	73	\$ -	-	\$5,466,525	59	\$ -	-
Service revenue	<u>2,061,960</u>	<u>27</u>	<u>2,091,912</u>	<u>100</u>	<u>3,807,201</u>	<u>41</u>	<u>3,640,977</u>	<u>100</u>
Total operating revenues	<u>7,528,485</u>	<u>100</u>	<u>2,091,912</u>	<u>100</u>	<u>9,273,726</u>	<u>100</u>	<u>3,640,977</u>	<u>100</u>
OPERATING COSTS (Notes 27 and 33)								
Cost of sales	\$4,040,234	54	\$ -	-	\$4,040,234	44	\$ -	-
Service costs	<u>1,531,396</u>	<u>20</u>	<u>1,563,294</u>	<u>75</u>	<u>2,898,090</u>	<u>31</u>	<u>2,861,398</u>	<u>79</u>
Total operating costs	<u>5,571,630</u>	<u>74</u>	<u>1,563,294</u>	<u>75</u>	<u>6,938,324</u>	<u>75</u>	<u>2,861,398</u>	<u>79</u>
GROSS PROFIT	1,956,855	26	528,618	25	2,335,402	25	779,579	21
OPERATING EXPENSES (Notes 27 and 33)	<u>310,949</u>	<u>4</u>	<u>304,636</u>	<u>14</u>	<u>590,769</u>	<u>6</u>	<u>653,223</u>	<u>18</u>
OPERATING INCOME	<u>1,645,906</u>	<u>22</u>	<u>223,982</u>	<u>11</u>	<u>1,744,633</u>	<u>19</u>	<u>126,356</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES								
Rental income (Note 33)	21,152	-	32,365	2	39,551	-	65,599	2
Dividend income	20,338	-	8,527	-	20,507	-	8,696	-
Interest income (Note 27)	29,929	1	12,836	1	59,350	-	23,290	1
Other gains and losses (Notes 27 and 33)	10,645	-	9,392	-	(15,753)	-	22,827	1
Finance costs (Notes 27 and 33)	(<u>15,244</u>)	<u>-</u>	(<u>14,428</u>)	(<u>1</u>)	(<u>29,655</u>)	<u>-</u>	(<u>28,929</u>)	(<u>1</u>)
Total non-operating income and expenses	<u>66,820</u>	<u>1</u>	<u>48,692</u>	<u>2</u>	<u>74,000</u>	<u>-</u>	<u>91,483</u>	<u>3</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,712,726	23	272,674	13	1,818,633	19	217,839	6
INCOME TAX EXPENSE (Notes 4 and 28)	(<u>536,154</u>)	(<u>7</u>)	(<u>53,469</u>)	(<u>3</u>)	(<u>570,697</u>)	(<u>6</u>)	(<u>59,202</u>)	(<u>2</u>)
NET PROFIT FOR THE PERIOD	<u>1,176,572</u>	<u>16</u>	<u>219,205</u>	<u>10</u>	<u>1,247,936</u>	<u>13</u>	<u>158,637</u>	<u>4</u>
OTHER COMPREHENSIVE INCOME								
Exchange differences on translating foreign operations	80,238	1	(101,818)	(5)	(222,656)	(2)	(143,341)	(4)
Unrealized gain (loss) on available-for-sale financial assets	28,513	-	(48,419)	(2)	(12,883)	-	(62,057)	(1)
Share of other comprehensive income (loss) of associates and joint ventures	(<u>388</u>)	<u>-</u>	<u>519</u>	<u>-</u>	<u>141</u>	<u>-</u>	<u>256</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 June 30				Six Months Ended June 30			
	2017		2016		2017		2016	
	Amount	%	Amount	%	Amount	%	Amount	%
Other comprehensive income for the period, net of income tax	\$ 108,363	1	(\$ 149,718)	(7)	(\$ 235,398)	(2)	(\$ 205,142)	(5)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 1,284,935</u>	<u>17</u>	<u>\$ 69,487</u>	<u>3</u>	<u>\$ 1,012,538</u>	<u>11</u>	<u>(\$ 46,505)</u>	<u>(1)</u>
NET PROFIT								
ATTRIBUTABLE TO:								
Owner of the Company	\$ 1,170,602	16	\$ 212,002	10	\$ 1,239,132	13	\$ 146,594	4
Non-controlling interests	<u>5,970</u>	-	<u>7,203</u>	-	<u>8,804</u>	-	<u>12,043</u>	-
	<u>\$ 1,176,572</u>	<u>16</u>	<u>\$ 219,205</u>	<u>10</u>	<u>\$ 1,247,936</u>	<u>13</u>	<u>\$ 158,637</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME								
ATTRIBUTABLE TO:								
Owner of the Company	\$ 1,278,960	17	\$ 62,293	3	\$ 1,003,741	11	(\$ 58,582)	(1)
Non-controlling interests	<u>5,975</u>	-	<u>7,194</u>	-	<u>8,797</u>	-	<u>12,077</u>	-
	<u>\$ 1,284,935</u>	<u>17</u>	<u>\$ 69,487</u>	<u>3</u>	<u>\$ 1,012,538</u>	<u>11</u>	<u>(\$ 46,505)</u>	<u>(1)</u>
EARNINGS PER SHARE (Note 29)								
From continuing operations								
Basic	<u>\$ 1.80</u>		<u>\$ 0.33</u>		<u>\$ 1.90</u>		<u>\$ 0.23</u>	
Diluted	<u>\$ 1.80</u>		<u>\$ 0.33</u>		<u>\$ 1.90</u>		<u>\$ 0.23</u>	

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche review report dated July 28, 2017)

(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									
	Share Capital			Retained Earnings		Other Equity		Total	Non-controlling Interests	Total Equity
	Ordinary shares	Stock Dividend to be Distributed	Capital Surplus	Legal Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Exchange Differences on Available-for-sale Financial Assets			
BALANCE AT JANUARY 1, 2016	\$ 6,318,398	\$ -	\$ 63,896	\$ 1,645,009	\$ 734,737	\$ 189,816	\$ 244,878	\$ 9,196,734	\$ 125,644	\$ 9,322,378
Appropriation of 2015 earnings										
Legal reserve	-	-	-	56,387	(56,387)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(442,288)	-	-	(442,288)	-	(442,288)
Net profit for the six months ended June 30, 2016	-	-	-	-	146,594	-	-	146,594	12,043	158,637
Other comprehensive income (loss) for the six months ended June 30, 2016, net of income tax	-	-	-	-	-	(143,375)	(61,801)	(205,176)	34	(205,142)
Total comprehensive income (loss) for the six months ended June 30, 2016	-	-	-	-	146,594	(143,375)	(61,801)	(58,582)	12,077	(46,505)
Change in non-controlling interest	-	-	-	-	-	-	-	-	(20,558)	(20,558)
BALANCE AT JUNE 30, 2016	<u>\$ 6,318,398</u>	<u>\$ -</u>	<u>\$ 63,896</u>	<u>\$ 1,701,396</u>	<u>\$ 382,656</u>	<u>\$ 46,441</u>	<u>\$ 183,077</u>	<u>\$ 8,695,864</u>	<u>\$ 117,163</u>	<u>\$ 8,813,027</u>
BALANCE AT JANUARY 1, 2017	\$ 6,318,398	\$ -	\$ 63,896	\$ 1,701,396	\$ 1,116,118	(\$ 225,707)	\$ 304,476	\$ 9,278,577	\$ 109,812	\$ 9,388,389
Appropriation of 2016 earnings										
Legal reserve	-	-	-	91,986	(91,986)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(631,840)	-	-	(631,840)	-	(631,840)
Stock dividends distributed by the Company	-	196,602	-	-	(196,602)	-	-	-	-	-
Net profit for the six months ended June 30, 2017	-	-	-	-	1,239,132	-	-	1,239,132	8,804	1,247,936
Other comprehensive income (loss) for the six months ended June 30, 2017, net of income tax	-	-	-	-	-	(222,649)	(12,742)	(235,391)	(7)	(235,398)
Total comprehensive income (loss) for the six months ended June 30, 2017	-	-	-	-	1,239,132	(222,649)	(12,742)	1,003,741	8,797	1,012,538
Change in non-controlling interest	-	-	-	-	-	-	-	-	(2,903)	(2,903)
BALANCE AT JUNE 30, 2017	<u>\$ 6,318,398</u>	<u>\$ 196,602</u>	<u>\$ 63,896</u>	<u>\$ 1,793,382</u>	<u>\$ 1,434,822</u>	<u>(\$ 448,356)</u>	<u>\$ 291,734</u>	<u>\$ 9,650,478</u>	<u>\$ 115,706</u>	<u>\$ 9,766,184</u>

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

(With Deloitte & Touche review report dated July 28, 2017)

SINYI REALTY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Six Months Ended June 30	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,818,633	\$ 217,839
Adjustments for:		
Depreciation expenses	62,057	75,114
Amortization expenses	24,621	23,872
Net gain on fair value change of financial assets held for trading	(878)	(2,575)
Finance costs	32,209	70,146
Interest income	(59,350)	(23,290)
Dividend income	(20,507)	(8,696)
Share of loss of associates and joint venture	798	5
Loss on disposal of property, plant and equipment	1,567	241
(Gain) loss on disposal of investment properties	1,419	(527)
Gain on disposal of investments	(5,596)	(94)
Recognized (reversal of) impairment loss on non-financial assets	1,179	(3,425)
Changes in operating assets and liabilities		
Financial assets held for trading	94,338	(153,286)
Notes receivable	(12,186)	33,938
Trade receivables	(10,760)	(197,386)
Other receivables	2,864	25,563
Inventories	2,233,892	(792,381)
Other current assets	254,479	(244,735)
Other operating assets	(5,445)	(5,234)
Notes payable	1,320	(3,330)
Trade payables	(135,440)	(28,284)
Other payables	(331,832)	62,732
Other payables to related parties	10,536	(12,118)
Provisions	8,715	12,251
Unearned revenue	(3,868,978)	2,934,833
Other financial liabilities	(47,346)	(46,144)
Other current liabilities	16,865	(168,614)
Other operating liabilities	(76,951)	(310,258)
Cash used in operations	(9,777)	1,456,157
Interest received	58,602	23,290
Interest paid	(61,689)	(94,995)
Income taxes paid	(333,901)	(96,866)
Net cash generated from (used in) operating activities	(346,765)	1,287,586
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale financial assets	(10,103)	-
Proceeds from disposal of available-for-sale financial assets	12,403	-
Purchase of long-term Investment accounted for using equity method	(17,989)	-

(Continued)

SINYI REALTY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Six Months Ended June 30	
	2017	2016
Payments for property, plant and equipment	(\$ 27,638)	(\$ 31,045)
Proceeds from disposal of property, plant and equipment	14	18
Decrease in prepayments for equipment	6,590	9,048
Increase in refundable deposits	-	(9,140)
Decrease in refundable deposits	1,787	-
Payment for intangible assets	(10,105)	(25,097)
Payment for investment properties	(13,330)	(1,200)
Proceeds from disposal of investment properties	250,580	26,896
Increase in other financial assets	-	-
Decrease in other financial assets	116,074	147,079
Increase in other non-current financial assets	(4,814)	(149)
Dividends received	<u>20,695</u>	<u>8,915</u>
Net cash generated from (used in) investing activities	<u>324,164</u>	<u>125,325</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	241,942	-
Repayments of short-term borrowings	-	(218,814)
Proceeds from long-term borrowings	2,530,000	1,994,085
Repayments of long-term borrowings	(1,966,231)	(2,416,506)
Proceeds from guarantee deposits received	-	1,537
Repayments of guarantee deposits received	(13,946)	-
Decrease in other payables to related parties	(19,133)	(4,947)
Change in non-controlling interests	<u>(2,903)</u>	<u>(20,558)</u>
Net cash generated from (used in) financing activities	<u>769,729</u>	<u>(665,203)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(106,985)</u>	<u>(115,784)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	640,143	631,924
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>3,512,457</u>	<u>3,437,772</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 4,152,600</u>	<u>\$ 4,069,696</u>

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche review report dated July 28, 2017)

(Concluded)

SINYI REALTY INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SIX MONTHS ENDED JUNE 30, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements had been approved by the board of directors and authorized for issue on July 28, 2017.

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

- a. First adoption of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed and issued by the Financial Supervisory Commission (FSC)

The application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs endorsed and issued by the FSC would not have any material impact on the Group’s accounting policies, except for the following:

Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers

The amendments include additions of several accounting items and requirements for disclosures of impairment of non-financial assets as a consequence of the IFRSs endorsed by the FSC. In addition, as a result of the post implementation review of IFRSs in Taiwan, the amendments also include emphasis on certain recognition and measurement considerations and add requirements for disclosures of related party transactions and goodwill.

The amendments stipulate that other companies or institutions, of which the chairman of the board of directors or president serves as the chairman of the board of directors or the president of the Group or is the spouse or second immediate family of the chairman of the board of directors or president of the Group, are deemed to have a substantive related party relationship, unless it can be demonstrated that no control, joint control, or significant influence exists. Furthermore, the amendments require the disclosure of the names of the related parties and the relationships with whom the Group has significant transactions. If the transactions or balance with a specific related party is 10% or more of the Group’s

respective total transactions or balance, such transactions should be separately disclosed by the name of each related party.

The disclosures of related party transactions and impairment of goodwill will be enhanced when the above amendments are retrospectively applied in 2017.

The first adoption of the above amended Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued by the FSC does not have any material impact on the Group's assets, liabilities, equities, comprehensive income and cash flow.

- b. Application of the Regulations Governing the Preparation of Financial Reports by Securities Issuers for 2018 and IFRSs to be endorsed and issued by the FSC for 2018

New, Amended or Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2014-2016 Cycle	Note 2
Amendment to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendments to IFRS 15 "Clarifications to IFRS 15 Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of investment property"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

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 12 is retrospectively applied for annual periods beginning on or after January 1, 2017; the amendment to IAS 28 is retrospectively applied for annual periods beginning on or after January 1, 2018.

- 1) IFRS 9 "Financial Instruments"

The impairment of financial assets

IFRS 9 requires impairment loss on financial assets to be recognized by using the expected credit loss 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.

The Group shall preliminarily assess in a simplified approach to forecast the credit loss and to measure allowance for loss through the duration of trade receivables, contract assets and lease receivables. The Group shall assess whether there has been a significant increase of the credit risk after the initial recognition of debt instrument investments and the financial guarantee contracts to determine if the 12-month or their duration shall be adopted to forecast the credit loss and to measure allowance for loss. In general, the Group anticipates that the application of the expected credit loss model of IFRS 9 will result in earlier recognition of credit losses for financial assets.

Transition

Financial instruments that have been derecognized prior to the effective date of IFRS 9 cannot be reversed to apply IFRS 9 when it becomes effective. Under IFRS 9, the requirements for classification, measurement and impairment of financial assets are applied retrospectively with the difference between the previous carrying amount and the carrying amount at the date of initial application recognized in the current period, and restatement of prior periods is not required. The requirements for general hedge accounting shall be applied prospectively, and the accounting for hedging options shall be applied retrospectively.

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, 2018.

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 contract; and
- Recognize revenue when the entity satisfies a performance obligation.

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

3) Amendments to IAS 40 “Transfers of Investment Property”

The amendments clarify that the Group should transfer to, or from, investment property when, and only when, the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management’s intentions for the use of a property does not provide evidence of a change in use. The amendments also clarify that the evidence of the change in use is not limited to those illustrated in IAS 40.

The Group shall make necessary reclassification on the property that exists on January 1, 2018 according to the amendments in the previous paragraph. In addition, the Group shall additionally disclose the amount of reclassification in 2018 and put reclassification into the reconciliation of the carrying amount of investment property.

4) IFRIC 22 “Foreign Currency Transactions and Advance Consideration”

IAS 21 stipulated that a foreign currency transaction shall be recorded on initial recognition in the functional currency by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. IFRIC 22 further explains that the date of the transaction is the date on which an entity recognizes a non-monetary asset or non-monetary liability from payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine the date of the transaction for each payment or receipt of advance consideration.

The Group shall apply IFRIC 22 prospectively since January 1, 2018.

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.

c. IFRSs issued by the IASB but not yet endorsed by the FSC.

New, Amended or Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
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 16 “Leases”	January 1, 2019
IFRS 17 “Insurance Contracts”	January 1, 2021
IFRIC 23 “Uncertainty over Income Tax Treatments”	January 1, 2019

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

1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulated that, when an entity sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when an entity loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when an entity sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors’ interest in the associate or joint venture, i.e. the entity’s share of the gain or loss is eliminated. Also, when an entity loses control of a subsidiary that does not contain a business but retains significant influence or joint control in an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors’ interest in the associate or joint venture, i.e. the entity’s share of the gain or loss is eliminated.

2) 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 the interest expense accrued on the lease liability; interest is computed by using the 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 the 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.

3) IFRIC 23 “Uncertainty over Income Tax Treatments”

IFRIC 23 clarifies that when there is an uncertainty in income tax treatments, the Group should assume that the taxation authority will have full access to all the related information when making related examinations. If the Group concludes that it is probable that the tax treatment is accepted by the taxation authority, the Group should determine the taxable profit, tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatments included in its income tax filings. If it is not probable that the tax treatment is accepted by the taxation authority, the Group should use the most likely amount or the expected value (alternatively with a better prediction of the final outcome of the uncertainty) of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.. The Group has to reassess its judgments and estimates once facts and circumstances change.

The Group may elect to apply IFRIC 23 either retrospectively to each prior reporting period presented, if this is possible without the use of hindsight, or retrospectively with the cumulative effect of the initial application of IFRIC 23 recognized at the date of initial application.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed by the FSC. Disclosure information included in the consolidated financial statements is less than those required in a complete set of annual financial statements.

b. Basis of consolidation

See Note 13 and Table 8 and 9 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, 2016, 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, 2016.

6. CASH AND CASH EQUIVALENTS

	June 30, 2017	December 31, 2016	June 30, 2016
Cash on hand	\$ 18,152	\$ 17,924	\$ 16,071
Checking accounts and demand deposits	2,540,494	2,006,462	3,203,398
Cash equivalents			
Time deposits with original maturities less than three months	<u>1,593,954</u>	<u>1,488,071</u>	<u>850,227</u>
	<u>\$ 4,152,600</u>	<u>\$ 3,512,457</u>	<u>\$ 4,069,696</u>

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

	June 30, 2017	December 31, 2016	June 30, 2016
Interest rates range	0 %-2.08%	0%-3.80%	0%-1.598%

As of June 30, 2017, December 31, 2016 and June 30, 2016, the carrying amounts of time deposits with original maturities more than three months were \$120,470 thousand, \$108,470 thousand and \$181,270 thousand, respectively, which were classified as other financial assets - current (Note 12).

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

	June 30, 2017	December 31, 2016	June 30, 2016
<u>Financial assets held for trading</u>			
Non-derivative financial assets			
Domestic quoted shares	\$ 8,855	\$ 8,325	\$ 8,034
Mutual funds	<u>377,425</u>	<u>471,278</u>	<u>465,578</u>
	<u>\$ 386,280</u>	<u>\$ 479,603</u>	<u>\$ 473,612</u>

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS - CURRENT

	June 30, 2017	December 31, 2016	June 30, 2016
<u>Domestic investments</u>			
Quoted shares	<u>\$ 210,302</u>	<u>\$ 206,356</u>	<u>\$ 194,242</u>
	June 30, 2017	December 31, 2016	June 30, 2016
<u>Foreign investments</u>			
Quoted shares	\$ 557,837	\$ 593,680	\$ 485,526
Mutual funds	<u>1,319</u>	<u>1,396</u>	<u>1,397</u>
	<u>559,156</u>	<u>595,076</u>	<u>486,923</u>
Available-for-sale financial assets	<u>\$ 769,458</u>	<u>\$ 801,432</u>	<u>\$ 681,165</u>

9. FINANCIAL ASSETS MEASURED AT COST - NON-CURRENT

	June 30, 2017	December 31, 2016	June 30, 2016
Domestic unlisted common shares	\$ 49,953	\$ 51,039	\$ 83,629
Overseas unlisted common shares	<u>151,999</u>	<u>156,296</u>	<u>163,773</u>
	<u>\$ 201,952</u>	<u>\$ 207,335</u>	<u>\$ 247,402</u>

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

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	June 30, 2017	December 31, 2016	June 30, 2016
<u>Notes receivable and trade receivables</u>			
Notes receivable - operating	\$ 28,187	\$ 16,001	\$ 42,845
Notes receivable - non-operating	<u>-</u>	<u>-</u>	<u>-</u>
	28,187	16,001	42,845
Trade receivables	824,866	816,174	892,352
Less: Allowance for doubtful accounts	(<u>7,013</u>)	(<u>9,081</u>)	(<u>10,409</u>)
	<u>817,853</u>	<u>807,093</u>	<u>881,943</u>
	<u>\$ 846,040</u>	<u>\$ 823,094</u>	<u>\$ 924,788</u>
<u>Other receivables</u>			
Receivables from disposal of investment properties	\$ -	\$ 244,701	\$ -
Receivables from disposal of investment	17,000	17,000	-
Interest receivables	12,094	11,346	-
Others	63,818	66,682	67,990
Less: Allowance for doubtful accounts	(<u>2,848</u>)	(<u>2,848</u>)	(<u>3,251</u>)
	<u>\$ 90,064</u>	<u>\$ 336,881</u>	<u>\$ 64,739</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.

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

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

Aging analysis of receivables was as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
0-60 days	\$ 620,207	\$ 662,460	\$ 743,575
61-90 days	67,050	52,589	61,329
91-180 days	61,748	64,687	40,503
181-360 days	51,912	16,063	23,586
Over 360 days	<u>23,949</u>	<u>20,375</u>	<u>23,359</u>
	<u>\$ 824,866</u>	<u>\$ 816,174</u>	<u>\$ 892,352</u>

The above analysis was based on the billing date.

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

	June 30, 2017	December 31, 2016	June 30, 2016
61-90 days	\$ 6,877	\$ 11,261	\$ 7,291
91-180 days	4,343	11,924	6,421
181-360 days	3,590	1,914	3,677
Over 360 days	<u>226</u>	<u>2,126</u>	<u>8,930</u>
	<u>\$ 15,036</u>	<u>\$ 27,225</u>	<u>\$ 26,319</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:

	2017		2016	
	Trade Receivables	Other Receivables	Trade Receivables	Other Receivables
Balance at January 1	\$ 9,081	\$ 2,848	\$ 12,844	\$ 2,848
Add: Impairment losses recognized on receivables	(1,027)	-	(1,642)	403
Less: Amounts written off	(797)	-	(504)	-
Foreign exchange translation gains and losses	<u>(244)</u>	<u>-</u>	<u>(289)</u>	<u>-</u>
Balance at June 30	<u>\$ 7,013</u>	<u>\$ 2,848</u>	<u>\$ 10,409</u>	<u>\$ 3,251</u>

b. Other receivables

- 1) Receivables from disposal of investment and interest receivable were due to the Group's disposal of financial assets measured at cost from the Group's exercising the option to sell back the shares under the agreement of the share transaction.
- 2) Receivables from disposal of investment properties as of December 31, 2016 were proceeds from sale of properties located in Dongcheng district, Beijing.
- 3) Other receivables were the payment on behalf of others and rental receivable.

11. INVENTORIES

	June 30, 2017	December 31, 2016	June 30, 2016
Properties under development			
Jiading District, Shanghai	\$ 3,161,328	\$ 7,343,643	\$ 6,725,654
Shilin District, Taipei City	-	407,659	357,535
Properties to be developed			
Banqiao District, New Taipei City	805,671	-	-
Banqiao District, New Taipei City (for transferable development rights)	105,113	-	-
Other			
Shilin District, Taipei City	2,113	2,113	2,113
Inventory-merchandise			
Jiading District, Shanghai	795,486	-	-
Shilin District, Taipei City	<u>425,391</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,295,102</u>	<u>\$ 7,753,415</u>	<u>\$ 7,109,793</u>

The amount of cost of goods sold transferred from inventory was 4,015,791 thousand that was the same for three months ended June 30, 2017 and for the six months ended June 30, 2017. There was no inventory-related cost of goods sold for the six months ended June 30, 2016.

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

12. OTHER FINANCIAL ASSETS - CURRENT

	June 30, 2017	December 31, 2016	June 30, 2016
Time deposits with original maturity more than three months	\$ 120,470	\$ 108,470	\$ 181,270
Restricted assets - current	7,243	7,308	7,422
Financial assets at amortized cost	<u>2,641,132</u>	<u>2,850,536</u>	<u>1,445,748</u>
	<u>\$ 2,768,845</u>	<u>\$ 2,966,314</u>	<u>\$ 1,634,440</u>

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

	June 30, 2017	December 31, 2016	June 30, 2016
Time deposits with original maturity more than three months	0.12%-1.06%	0.09%-1.20%	0.025%-3.35%

- b. Restricted assets - current were operating guarantee for real-estate brokerage. Please refer to Note 34.

- c. Financial assets at amortized cost were bank financial products, the expected yield rates as of June 30, 2017, December 31, 2016 and June 30, 2016 were 0%-4.60%, 0%-4.35% and 1.05%-3.70%, respectively.

13. SUBSIDIARIES

a. Subsidiaries included in consolidated financial statements

Those subsidiaries included in the consolidated entities as of June 30, 2017, December 31, 2016 and June 30, 2016 were as follows:

Investor	Investee	Main Businesses	% of Ownership			Remark
			June 30, 2017	December 31, 2016	June 30, 2016	
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	Sin Chiun Holding SDN. BHD.	Investment holding	100	100	-
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	
Shanghai Sinyi Real Estate	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	Note 6
	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	100	38	38	Note 4
Max Success	Suzhou Sinyi Real Estate Inc. (Suzhou Sinyi)	Real estate brokerage and management consulting	100	2	2	Note 3
	Zhejiang Sinyi	Real estate brokerage and management consulting	-	62	62	Note 4
Ke Wei HK	Suzhou Sinyi	Real estate brokerage and management consulting	-	98	98	Note 3
	Ke Wei Shanghai Real Estate Management Consulting Inc. (Ke Wei Shanghai)	Real estate brokerage and management consulting	100	100	100	
Sinyi International	Forever Success International Limited (Forever Success)	Investment holding	100	100	100	
	Sinyi Realty Inc. Japan (Japan Sinyi)	Real estate brokerage, management and identification	100	100	100	
	Sinyi Development Limited (Sinyi Development)	Investment holding	100	100	100	

(Continued)

Investor	Investee	Main Businesses	% of Ownership			Remark
			June 30, 2017	December 31, 2016	June 30, 2016	
Sinyi International	Sinyi Estate Ltd.(Sinyi Estate)	Investment holding	100	100	100	
Forever Success	Shanghai Shang Tuo Investment Management Consulting Inc. (Shanghai Shang Tuo)	Real estate brokerage and management consulting	100	100	100	
	Hua Yun Renovation (Shanghai) Co., Ltd. (Hua Yun)	Professional construction, buildings, decoration construction, hardware, general merchandise, building materials wholesale	100	100	100	
An-Sin	An-Shin Real Estate Management Ltd. (An-Shin)	Real estate management	100	100	100	
Japan Sinyi	Sinyi Management Co., Ltd. (Sinyi Management)	Real estate brokerage	100	100	100	
Sinyi Development	Tokyo Sinyi Real Estate Co., Ltd. Sinyi Real Estate (Hong Kong) Limited (Hong Kong Real Estate)	Real estate brokerage	100	100	100	
	Kunshan Dingxian Trading Co., Ltd. (Kunshan Digxian Trading)	Investment holding	100	100	100	
Sinyi Estate Hong Kong Real Estate	Kunshan Dingxian Trading Co., Ltd. (Kunshan Digxian Trading)	Construction materials furniture, sanitary ware and ceramic products wholesale	100	100	100	
	Sinyi Estate (Hong Kong) Limited Sinyi Real Estate (Shanghai) Limited (Shanghai Real Estate)	Investment holding Development of commercial and residential building and auxiliary facilities; and construction, rental, sale and property management	100	100	100	
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	
Sin Chiun Holding SDN. BHD.	Fidelity Property Consultant SDN. BHD.	Investment holding	49	-	-	Note 2
	Pegasus Holding SDN. BHD.	Investment holding	100	-	-	Note 5
Pegasus Holding SDN. BHD.	Fidelity Property Consultant SDN. BHD.	Real estate brokerage, management and identification	51	-	-	Note 2

(Concluded)

Remark:

Note 1: Sinyi Estate was incorporated in October 2016, with a capital of MYR 3,538 thousand as of June 30, 2017.

Note 2: Fidelity Property Consultant SDN. BHD. was incorporated in February, 2017, with a capital of MYR 3,120 thousand as of June 30, 2017.

Note 3: The Group had resolved at the Board meeting in February, 2017 that Shanghai Sinyi Real Estate hold 100% ownership of Suzhou Sinyi for the organization restructuring of the Group.

Note 4: The shareholder of Zhejiang Sinyi had been transferred in May, 2017 that Shanghai Sinyi Real Estate hold 100% ownership of Zhejiang Sinyi.

Note 5: Since the Group owns 100% Redeemable Convertible Preference Shares (RCPS) of Pegasus Holding SDN. BHD., the operation of Fidelity Property Consultant SDN. BHD. is substantially controlled by Sin Chiun Holding SDN. BHD. which directly holds 49%

ownership and indirectly holds through PEGUSUS HOLDING SDN. BHD. 51% ownership of Fidelity Property Consultant SDN. BHD. Hence, Fidelity Property Consultant SDN. BHD. is consolidated in the financial statements for the Company's having substantial control over it.

Note 6: Qingdao Sinyi had been liquidated in June, 2017. The ownership which the Group holded as of June 30, 2017 is null.

Note 7: Subsidiaries included in consolidated financial statement: The financial statements of the consolidated entities had not been reviewed by the independent accountants, except for those of Sinyi International, Sinyi Development, Hong Kong Real Estate and Shanghai Real Estate as of and for the six months ended June 30, 2017 and those of Sinyi International, Sinyi Limited, Sinyi Development, Hong Kong Real Estate and Shanghai Real Estate as of and for the six months ended June 30, 2016.

b. Subsidiaries excluded from consolidated financial statement: None.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	June 30, 2017	December 31, 2016	June 30, 2016
Investments in associates	\$ <u>28,953</u>	\$ <u>10,723</u>	\$ <u>9,682</u>

a. Investments in associates

	June 30, 2017	December 31, 2016	June 30, 2016
Unlisted company			
Sinyi Interior Design Co., Ltd.	\$ 10,670	\$ 10,723	\$ 9,682
Rakuya International Info. Co., Ltd.	<u>18,283</u>	<u>-</u>	<u>-</u>
	<u>\$ 28,953</u>	<u>\$ 10,723</u>	<u>\$ 9,682</u>

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

Name of Associate	June 30, 2017	December 31, 2016	June 30, 2016
Sinyi Interior Design Co., Ltd.	19%	19%	19%
Rakuya International Info. Co., Ltd.	23%	-%	-%

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

	Six Months Ended June 30	
	2017	2016
The Group's share of:		
Loss from continuing operations	(\$ 798)	(\$ 5)
Other comprehensive income	<u>141</u>	<u>256</u>
Total comprehensive income for the period	<u>(\$ 657)</u>	<u>\$ 251</u>

The investments accounted for by the equity method and the share of profit or loss and other comprehensive

income (loss) of the investment for the six months ended June 30, 2017 and 2016 were based on unreviewed financial statements. The Group's management believes the unreviewed financial statements of Sinyi Interior Design Co., Ltd. do not have material impact on the equity method accounting or the calculation of the share of profit or loss and other comprehensive income (loss).

15. PROPERTY, PLANT AND EQUIPMENT

Six Months Ended June 30, 2017									
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, 2017	\$2,665,208	\$ 415,360	\$ 6,571	\$ 367,121	\$ 4,671	\$ 521,294	\$ 80,540	\$ 230,850	\$4,291,615
Additions	-	-	-	14,232	-	10,509	2,897	-	27,638
Disposals (Note 1)	-	-	-	(2,410)	-	(6,492)	-	(6,590)	(15,492)
Reclassifications	-	-	-	(40)	-	40	-	-	-
Effect of foreign currency exchange differences	-	-	(131)	(1,661)	-	(2,589)	-	(6,573)	(10,954)
Balance at June 30, 2017	<u>\$2,665,208</u>	<u>\$ 415,360</u>	<u>\$ 6,440</u>	<u>\$ 377,242</u>	<u>\$ 4,671</u>	<u>\$ 522,762</u>	<u>\$ 83,437</u>	<u>\$ 217,687</u>	<u>\$4,292,807</u>
Accumulated depreciation									
Balance at January 1, 2017	\$ -	\$ 107,102	\$ 3,560	\$ 264,153	\$ 4,671	\$ 374,696	\$ 63,196	\$ -	\$ 817,378
Depreciation expense	-	5,269	640	21,739	-	27,078	3,085	-	57,811
Disposals	-	-	-	(2,237)	-	(5,084)	-	-	(7,321)
Reclassifications	-	-	-	(1)	-	1	-	-	-
Effect of foreign currency exchange differences	-	-	(80)	(923)	-	(1,172)	-	-	(2,175)
Balance at June 30, 2017	<u>\$ -</u>	<u>\$ 112,371</u>	<u>\$ 4,120</u>	<u>\$ 282,731</u>	<u>\$ 4,671</u>	<u>\$ 395,519</u>	<u>\$ 66,281</u>	<u>\$ -</u>	<u>\$ 865,693</u>
Carrying amounts at January 1, 2017	<u>\$2,665,208</u>	<u>\$ 308,258</u>	<u>\$ 3,011</u>	<u>\$ 102,968</u>	<u>\$ -</u>	<u>\$ 146,598</u>	<u>\$ 17,344</u>	<u>\$ 230,850</u>	<u>\$3,474,237</u>
Carrying amounts at June 30, 2017	<u>\$2,665,208</u>	<u>\$ 302,989</u>	<u>\$ 2,320</u>	<u>\$ 94,511</u>	<u>\$ -</u>	<u>\$ 127,243</u>	<u>\$ 17,156</u>	<u>\$ 217,687</u>	<u>\$3,427,114</u>
Six Months Ended June 30, 2016									
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	-	-	-	9,605	-	21,216	95	129	31,045
Disposals (Note 1)	-	-	-	(10,812)	-	(3,610)	-	(9,048)	(23,470)
Reclassifications	-	-	-	-	-	126	(126)	-	-
Effect of foreign currency exchange differences	-	-	(170)	(1,137)	-	(1,635)	-	(7,487)	(10,429)
Balance at June 30, 2016	<u>\$2,665,208</u>	<u>\$ 415,360</u>	<u>\$ 6,704</u>	<u>\$ 369,538</u>	<u>\$ 4,671</u>	<u>\$ 517,221</u>	<u>\$ 79,948</u>	<u>\$ 242,379</u>	<u>\$4,301,029</u>
Accumulated depreciation									
Balance at January 1, 2016	\$ -	\$ 96,564	\$ 4,330	\$ 240,142	\$ 4,671	\$ 341,765	\$ 54,491	\$ -	\$ 741,963
Depreciation expense	-	5,268	529	24,578	-	29,608	4,762	-	64,745
Disposals	-	-	-	(10,728)	-	(3,435)	-	-	(14,163)
Effect of foreign currency exchange differences	-	-	(128)	(751)	-	(1,288)	-	-	(2,167)
Balance at June 30, 2016	<u>\$ -</u>	<u>\$ 101,832</u>	<u>\$ 4,731</u>	<u>\$ 253,241</u>	<u>\$ 4,671</u>	<u>\$ 366,650</u>	<u>\$ 59,253</u>	<u>\$ -</u>	<u>\$ 790,378</u>
Carrying amounts at January 1, 2016	<u>\$2,665,208</u>	<u>\$ 318,796</u>	<u>\$ 2,544</u>	<u>\$ 131,740</u>	<u>\$ -</u>	<u>\$ 159,359</u>	<u>\$ 25,488</u>	<u>\$ 258,785</u>	<u>\$3,561,920</u>
Carrying amounts at June 30, 2016	<u>\$2,665,208</u>	<u>\$ 313,528</u>	<u>\$ 1,973</u>	<u>\$ 116,297</u>	<u>\$ -</u>	<u>\$ 150,571</u>	<u>\$ 20,695</u>	<u>\$ 242,379</u>	<u>\$3,510,651</u>

(Concluded)

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

The above items of property, plant and equipment were depreciated on a straight-line basis over the

following estimated useful lives:

Buildings - main buildings	21-55 years
Transportation equipment	4-5 years
Office equipment	3-5 years
Leased assets	3 years
Leasehold improvements	1-5 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 six months ended June 30, 2017 and 2016.
- Refer to Note 34 for the details of properties, plant and equipment pledged as collaterals.

16. INVESTMENT PROPERTIES

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2017	\$ 2,022,380	\$ 345,739	\$ 2,368,119
Additions	11,526	1,804	13,330
Disposals	(4,207)	(3,230)	(7,437)
Balance at June 30, 2017	<u>\$ 2,029,699</u>	<u>\$ 344,313</u>	<u>\$ 2,374,012</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2017	\$ 5,558	\$ 93,275	\$ 98,833
Income from reversal of impairment	1,464	(285)	1,179
Depreciation expense	-	4,246	4,246
Disposals	-	(139)	(139)
Balance at June 30, 2017	<u>\$ 7,022</u>	<u>\$ 97,097</u>	<u>\$ 104,119</u>
Carrying amounts at January 1, 2017	<u>\$ 2,016,822</u>	<u>\$ 252,464</u>	<u>\$ 2,269,286</u>
Carrying amounts at June 30, 2017	<u>\$ 2,022,677</u>	<u>\$ 247,216</u>	<u>\$ 2,269,893</u>
<u>Cost</u>			
Balance at January 1, 2016	\$ 2,037,918	\$ 943,625	\$ 2,981,543
Additions	1,037	163	1,200
Disposals	(23,952)	(2,967)	(26,919)
Effect of foreign currency exchange differences	-	(17,776)	(17,776)
Balance at June 30, 2016	<u>\$ 2,015,003</u>	<u>\$ 923,045</u>	<u>\$ 2,938,048</u>

(Continued)

	Land	Buildings	Total
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2016	\$ 7,396	\$ 157,855	\$ 165,251
Income from reversal of impairment	(3,313)	(112)	(3,425)
Depreciation expense	-	10,369	10,369
Disposals	-	(550)	(550)
Effect of foreign currency exchange differences	<u>-</u>	<u>(2,341)</u>	<u>(2,341)</u>
Balance at June 30, 2016	<u>\$ 4,083</u>	<u>\$ 165,221</u>	<u>\$ 169,304</u>
Carrying amounts at January 1, 2016	<u>\$ 2,030,522</u>	<u>\$ 785,770</u>	<u>\$ 2,816,292</u>
Carrying amounts at June 30, 2016	<u>\$ 2,010,920</u>	<u>\$ 757,824</u>	<u>\$ 2,768,744</u>

(Concluded)

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

Buildings - main buildings 30-60 years

The total fair value of the Group's investment properties and property, plant and equipment as of June 30, 2017, December 31, 2016 and June 30, 2016 was \$9,209,457 thousand, \$9,145,666 thousand and \$10,306,667 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

	June 30, 2017	December 31, 2016	June 30, 2016
Franchise (Note 37)	\$ 51,766	\$ 56,112	\$ 57,387
Goodwill	9,621	9,621	9,621
System software costs	<u>57,681</u>	<u>71,245</u>	<u>78,210</u>
	<u>\$ 119,068</u>	<u>\$ 136,978</u>	<u>\$ 145,218</u>

Six Months Ended June 30, 2017

	Franchise	Goodwill	System Software Costs	Total
<u>Cost</u>				
Balance at January 1, 2017	\$ 98,542	\$ 9,621	\$ 207,447	\$ 315,610
Additions	-	-	10,105	10,105
Disposals	-	-	(692)	(692)
Effect of foreign currency exchange differences	<u>(5,592)</u>	<u>-</u>	<u>(387)</u>	<u>(5,979)</u>
Balance at June 30, 2017	<u>\$ 92,950</u>	<u>\$ 9,621</u>	<u>\$ 216,473</u>	<u>\$ 319,044</u>

(Continued)

Accumulated amortization

Balance at January 1, 2017	\$ 42,430	\$ -	\$ 136,202	\$ 178,632
Amortization expense	1,171	-	23,450	24,621
Disposals	-	-	(692)	(692)
Effect of foreign currency exchange differences	(2,417)	-	(168)	(2,585)
Balance at June 30, 2017	<u>\$ 41,184</u>	<u>\$ -</u>	<u>\$ 158,792</u>	<u>\$ 199,976</u>
Carrying amounts at January 1, 2017	<u>\$ 56,112</u>	<u>\$ 9,621</u>	<u>\$ 71,245</u>	<u>\$ 136,978</u>
Carrying amounts at June 30, 2017	<u>\$ 51,766</u>	<u>\$ 9,621</u>	<u>\$ 57,681</u>	<u>\$ 119,068</u>

Six Months Ended June 30, 2016

<u>Cost</u>	System			
	Franchise	Goodwill	Software Costs	Total
Balance at January 1, 2016	\$ 100,299	\$ 9,621	\$ 167,849	\$ 277,769
Additions	-	-	25,097	25,097
Disposals	-	-	(467)	(467)
Effect of foreign currency exchange differences	(1,681)	-	117	(1,564)
Balance at June 30, 2016	<u>\$ 98,618</u>	<u>\$ 9,621</u>	<u>\$ 192,596</u>	<u>\$ 300,835</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2016	\$ 40,680	\$ -	\$ 92,326	\$ 133,006
Amortization expense	1,252	-	22,620	23,872
Disposals	-	-	(467)	(467)
Effect of foreign currency exchange differences	(701)	-	(93)	(794)
Balance at June 30, 2016	<u>\$ 41,231</u>	<u>\$ -</u>	<u>\$ 114,386</u>	<u>\$ 155,617</u>
Carrying amounts at January 1, 2016	<u>\$ 59,619</u>	<u>\$ 9,621</u>	<u>\$ 75,523</u>	<u>\$ 144,763</u>
Carrying amounts at June 30, 2016	<u>\$ 57,387</u>	<u>\$ 9,621</u>	<u>\$ 78,210</u>	<u>\$ 145,218</u>

(Concluded)

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

Franchise	40 years
System software costs	2-5 years

The recoverable amount of the Group's goodwill had been tested for impairment using the forecast carrying amount at the end of the annual reporting period. For the six months ended June 30, 2017, the Group did not recognize any impairment loss on goodwill.

18. OTHER ASSETS

	June 30, 2017	December 31, 2016	June 30, 2016
Prepaid expenses	\$ 123,414	\$ 92,805	\$ 76,669
Tax prepayment	363,448	654,411	494,373
Prepayments for investments	5,000	-	-
Temporary payments	49,316	45,006	1,481
Overpaid VAT	9,966	8,401	4,980
Overdue receivables	4,671	4,857	4,793
Others	<u>1,890</u>	<u>1,890</u>	<u>1,890</u>
	<u>\$ 557,705</u>	<u>\$ 807,370</u>	<u>\$ 584,186</u>
Current	\$ 546,144	\$ 800,623	\$ 577,503
Non-current			
Prepayments for investments	5,000	-	-
Other non-current assets	<u>6,561</u>	<u>6,747</u>	<u>6,683</u>
	<u>\$ 557,705</u>	<u>\$ 807,370</u>	<u>\$ 584,186</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.

Prepayment for investments is the amount that the Group invests in Social Enterprise Venture Capital Fund Company, which was incorporated by B Current Impact Investment Inc. The incorporation of the company had not been completed as of June 30, 2017.

19. BORROWINGS

a. Short-term borrowings

	June 30, 2017	December 31, 2016	June 30, 2016
<u>Unsecured borrowings</u>			
Unsecured loans	\$ 200,000	\$ 158,058	\$ 18,649
<u>Secured borrowings</u>			
Bank loans	<u>200,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 400,000</u>	<u>\$ 158,058</u>	<u>\$ 18,649</u>

1) The interest rates on the bank loans as of June 30, 2017, December 31, 2016 and June 30, 2016 were 1.10%-1.13%, 1.03%-1.42% and 0.88% per annum, respectively.

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

b. Long-term borrowings

	June 30, 2017	December 31, 2016	June 30, 2016
<u>Secured borrowings</u>			
Bank loans	\$ 850,000	\$ 632,340	\$ 1,768,350
<u>Unsecured borrowings</u>			
Loans unsecured	<u>527,160</u>	<u>184,450</u>	<u>100,000</u>
	1,377,160	816,790	1,868,350
Less: Current portion	(<u>13,580</u>)	(<u>296,120</u>)	(<u>636,920</u>)
Long-term borrowings	<u>\$ 1,363,580</u>	<u>\$ 520,670</u>	<u>\$ 1,231,430</u>

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

	Content of Borrowings	June 30, 2017	December 31, 2016	June 30, 2016
E.Sun Bank	\$190,000 thousand; period: September 10, 2013 to June 30, 2017; floating interest rate of 2.1% on December 31, 2016, 2.43% on June 30, 2016; interest is paid monthly and principal is repaid at maturity.	\$ -	\$ 190,000	\$ 190,000
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. The Group repaid all the debts in April and July 2016.	-	-	500,000
E.Sun Bank	\$200,000 thousand; period: October 25, 2016 to October 20, 2018; floating interest rate of 1.20%; interest is paid monthly and principal is repaid at maturity.	200,000	-	-
E.Sun Bank	\$2,450,000 thousand; period: October 25, 2016 to October 20, 2018; floating interest rate of 1.20% on June 30, 2017, 1.35% on December 31, 2016; negotiating rate per 30 days; interest is paid monthly and principal is repaid at maturity.	400,000	200,000	-
East Asia Bank	\$1,600,000 thousand; period: December 31, 2015 to December 31, 2018; floating interest rate of 1.498%; 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. The Group repaid all the debts in October and November in 2016.	-	-	500,000
China Construction Bank	RMB\$800,000 thousand; period: May 20, 2014 to June 19, 2017; floating interest rate of 4.75% on December 31, 2016 and 5.25% on June 30, 2016; interest is paid quarterly and principal is repaid at maturity. The Group repaid all the debts in May, June and December in 2016 and March 2017.	-	92,340	431,205
Taipei Fubon Bank	\$385,000 thousand; period: December 30, 2016 to December 30, 2019; floating interest rate of 1.65%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in January, 2017.	-	50,000	-
Yuanta Bank	\$300,000 thousand; period: December 30, 2016 to December 30, 2018; floating interest rate of 1.75% with negotiating rate per 180 days; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in January, 2017.	-	100,000	-
Yuanta Bank	\$200,000 thousand; period: February 25, 2017 to February 25, 2019; floating interest rate of 1.25% with negotiating rate per 180 days; interest is paid monthly and principal is repaid at maturity.	100,000	-	-
Mizuho Bank	JPY\$150,000 thousand; period: June 20, 2016 to June 20, 2019; fixed interest rate of 1.108%; interest and principal are paid monthly with JPY\$4,167 thousand.	27,160	34,450	47,145
Bank of SinoPac	\$200,000 thousand; period: June 30, 2016 to June 30, 2018; floating interest rate of 1.3717%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in November, 2016.	-	-	100,000

(Continued)

Content of Borrowings		June 30, 2017	December 31, 2016	June 30, 2016
Bank of SinoPac	\$200,000 thousand; period: December 30, 2016 to December 30, 2018; floating interest rate of 1.5% on December 31, 2016; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in April, 2017.	\$ -	\$ 50,000	\$ -
Bank of Taiwan	\$1,000,000 thousand; period: September 22, 2015 to September 22, 2018; fixed interest rate of 1.2% on June 30, 2017, 1.46% on December 31, 2016, and 1.42% on June 30, 2016, negotiating rate per 180 days; interest is paid monthly and principal is repaid at maturity.	450,000	100,000	100,000
O-Bank	\$200,000 thousand; period: March 30, 2017 to March 30, 2019; floating interest rate of 1.2% ; interest is paid monthly and principal is repaid at maturity.	200,000	-	-
Total long-term borrowings		<u>\$ 1,377,160</u>	<u>\$ 816,790</u>	<u>\$ 1,868,350</u>

(Concluded)

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

20. BONDS PAYABLE

	June 30, 2017	December 31, 2016	June 30, 2016
Domestic unsecured bonds	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Less: Current portion	(<u>1,500,000</u>)	<u>-</u>	<u>-</u>
	<u>\$ 1,500,000</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 th and 5 th year from the issuance date, the Group will repay the half of the principle, respectively. Interest is paid annually.

21. TRADE PAYABLES

	June 30, 2017	December 31, 2016	June 30, 2016
Construction payables	<u>\$ 39,945</u>	<u>\$ 175,385</u>	<u>\$ 58,046</u>

22. UNEARNED REVENUE

	June 30, 2017	December 31, 2016	June 30, 2016
Advance receipts from real estate transactions	\$ 3,186,075	\$ 7,280,944	\$ 5,599,117
Others	<u>2,933</u>	<u>2,508</u>	<u>2,219</u>
	<u>\$ 3,189,008</u>	<u>\$ 7,283,452</u>	<u>\$ 5,601,336</u>

A 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 into 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 sales contracts and recognizes revenue of selling houses at the date of delivering house and transferred the related inventory to cost of goods sold. The amount of 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 being recognized as revenue from selling commodities.

23. OTHER LIABILITIES

	June 30, 2017	December 31, 2016	June 30, 2016
<u>Current</u>			
Other payables	\$ 1,245,128	\$ 1,599,087	\$ 1,531,590
Other payables to related parties	67,141	83,091	98,576
Other financial liabilities	991,462	406,968	717,611
Other liabilities	<u>237,140</u>	<u>220,275</u>	<u>128,545</u>
	<u>\$ 2,540,871</u>	<u>\$ 2,309,421</u>	<u>\$ 2,476,322</u>

Non-current

Other liabilities	<u>\$ 337,928</u>	<u>\$ 414,879</u>	<u>\$ 412,208</u>
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a. Other payables were as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Performance bonus and salaries	\$ 894,011	\$ 1,259,150	\$ 1,191,284
Advertisement	52,183	53,675	90,191
Labor and health insurance	56,679	65,797	52,140
Payable for annual leave	89,041	65,625	75,329
Professional fees	10,476	15,343	9,408
Interest payables	1,164	23,291	1,205
Employees bonuses and compensation to directors	35,330	17,365	16,754
Others	<u>106,462</u>	<u>98,841</u>	<u>95,279</u>
	<u>\$ 1,245,346</u>	<u>\$ 1,599,087</u>	<u>\$ 1,531,590</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 \$337,928 thousand, \$414,879 thousand and \$412,208 thousand as of June 30, 2017, December 31, 2016 and June 30, 2016, respectively.

b. Other payable to related parties were as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Financing to related parties			
Loan from related parties	\$ 38,580	\$ 57,713	\$ 62,985
Interest payable	6,849	14,260	14,649
Others	<u>21,712</u>	<u>11,118</u>	<u>20,942</u>
	<u>\$ 67,141</u>	<u>\$ 83,091</u>	<u>\$ 98,576</u>

Loans from related parties were accounted for other payables to related parties with interest rates of 0-3% for the six months ended June 30, 2017 and 2016.

c. Other financial liabilities were as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Dividend payable	\$ 631,840	\$ -	\$ 442,288
Receipts under custody from real estate transactions	277,644	291,110	169,492
Other receipts under custody	32,654	67,079	71,015
Payable on equipment	14,104	10,335	5,265
Receipts under custody - escrow service	50	11	194
Others	<u>35,170</u>	<u>38,433</u>	<u>29,357</u>
	<u>\$ 991,462</u>	<u>\$ 406,968</u>	<u>\$ 717,611</u>

- 1) On May 26, 2017 and May 20, 2016, the stockholders approved the appropriation of cash dividends \$631,840 thousand and \$442,288 thousand, respectively. The amounts to be distributed were temporarily accounted for dividends payable as of June 30, 2017 and 2016. Refer to Note 26 for the details on appropriation of earnings and dividends.
- 2) Receipts under custody from real estate transactions were the money received by real estate brokers - Shanghai Sinyi Real Estate, Zhejiang Sinyi, Suzhou Sinyi, Beijing Sinyi, Chengdo Sinyi and Qingdao Sinyi from buyers that had concluded transactions, but not yet transferred to the sellers.
- 3) Receipts under custody from escrow service were the money received by An-Sin and An-Shin from buyers of real estate transactions but not yet transferred to the sellers. Composition was as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Receipts under custody - escrow service	\$ 12,476,003	\$ 9,868,003	\$ 12,406,080
Interest payable	1,236	3,291	1,912
Deposit accounts	(12,477,189)	(9,871,283)	(12,407,230)
Interest receivable	<u>-</u>	<u>-</u>	<u>(568)</u>
	<u>\$ 50</u>	<u>\$ 11</u>	<u>\$ 194</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%、0.01%-0.09% and 0.07%-0.16% as of June 30, 2017, December 31, 2016 and June 30, 2016.
- 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:

	June 30, 2017	December 31, 2016	June 30, 2016
VAT payable	\$ 226,163	\$ 206,735	\$ 110,304
Others	<u>10,977</u>	<u>13,540</u>	<u>18,241</u>
	<u>\$ 237,140</u>	<u>\$ 220,275</u>	<u>\$ 128,545</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

	June 30, 2017	December 31, 2016	June 30, 2016
Service revenue allowances	\$ 51,565	\$ 45,204	\$ 51,351
Operating loss provisions	<u>45,202</u>	<u>42,848</u>	<u>-</u>
	<u>\$ 96,767</u>	<u>\$ 88,052</u>	<u>\$ 51,351</u>
Current	\$ 92,096	\$ 83,195	\$ 46,558
Non-current	<u>4,671</u>	<u>4,857</u>	<u>4,793</u>
	<u>\$ 96,767</u>	<u>\$ 88,052</u>	<u>\$ 51,351</u>

- a. 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.
- b. The provision for operating losses was recognized as possible operating defects in performing the escrow and brokerage business. The provisions were estimated on the basis of evaluation of the escrow service and brokerage service provided, historical experience and pertinent factors.

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, 2016 and 2015, and recognized in profit or loss in respect of the defined benefit plans for the three months ended June 30, 2017 and 2016 and for the six months ended June 30, 2017 and 2016 were \$1,058 thousand, 928 thousand, 2,116 thousand and \$1,856 thousand, respectively.

26. EQUITY

Share Capital

	June 30, 2017	December 31, 2016	June 30, 2016
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	\$ 6,318,398	\$ 6,318,398	\$ 6,318,398
Reserve for capitalization	<u>196,602</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,515,000</u>	<u>\$ 6,318,398</u>	<u>\$ 6,318,398</u>

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

Capital Surplus

	June 30, 2017	December 31, 2016	June 30, 2016
<u>May not be used for any purpose</u>			
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 2016 and 2015 had been approved in the shareholders' meeting held on May 26, 2017 and May 20, 2016, respectively. The appropriations and dividends per share were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>For Year 2016</u>	<u>For Year 2015</u>	<u>For Year 2016</u>	<u>For Year 2015</u>
Legal reserve	\$ 91,986	\$ 56,387	\$ -	\$ -
Cash dividends	631,840	442,288	1.0	0.7
Stock dividends	196,602	-	0.3	-

Others Equity Items

	<u>June 30, 2017</u>	<u>December 31, 2016</u>	<u>June 30, 2016</u>
Exchange differences on translating foreign operations	(\$ 448,356)	(\$ 225,707)	\$ 46,441
Unrealized gains from available-for-sale financial assets	<u>291,734</u>	<u>304,476</u>	<u>183,077</u>
	<u>(\$ 156,622)</u>	<u>\$ 78,769</u>	<u>\$ 229,518</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

	<u>Six Months Ended June 30</u>	
	2017	2016
Balance, beginning of period	\$ 109,812	\$ 125,644
Attributed to non-controlling interests:		
Net income	8,804	12,043
Exchange differences on translating foreign operations	(7)	34
Payment of cash dividends to non-controlling interests	(2,903)	(20,558)
Balance, end of period	<u>\$ 115,706</u>	<u>\$ 117,163</u>

27 NET PROFIT FROM CONTINUING OPERATIONS

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

a. Interest Income

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	2017	2016	2017	2016
Interest income				
Cash in bank	\$ 29,291	\$ 12,835	\$ 58,712	\$ 23,289
Other receivables	637	-	637	-
Other	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
	<u>\$ 29,929</u>	<u>\$ 12,836</u>	<u>\$ 59,350</u>	<u>\$ 23,290</u>

b. Other Gains and Losses

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	2017	2016	2017	2016
Impairment loss of investment properties	(\$ 97)	\$ 3,425	(\$ 1,179)	\$ 3,425
Gain on disposal of investments	5,525	76	5,596	94
Net gain (loss) on fair value change of financial assets held for trading	(17)	1,101	878	2,575
Losses on disposal of property, plant and equipment	(1,237)	(202)	(1,567)	(241)
Gains (losses) on disposal of investment properties	(1,419)	(4,688)	(1,419)	527
Net foreign exchange gains (losses)	(252)	5,365	(35,576)	(3,513)
(Reversal) Provision of bad debt	873	(1,115)	1,027	1,239
Share of loss of associates and joint ventures	(796)	(3)	(798)	(5)
Others	<u>8,065</u>	<u>5,433</u>	<u>17,285</u>	<u>18,726</u>
	<u>\$ 10,645</u>	<u>\$ 9,392</u>	<u>(\$ 15,753)</u>	<u>\$ 22,827</u>

c. Finance Costs

	Three Months Ended June 30		Six Months Ended June 30	
	2017	2016	2017	2016
Interest on bank loans	\$ 5,016	\$ 20,636	\$ 10,019	\$ 47,639
Interest on unsecured bonds payable	11,070	10,948	22,018	22,018
Interest on loans from related parties	23	177	155	368
Others	<u>12</u>	<u>55</u>	<u>17</u>	<u>121</u>
	16,121	31,816	32,209	70,146
Deduct: Amounts included in the cost of qualifying assets	(<u>877</u>)	(<u>17,388</u>)	(<u>2,554</u>)	(<u>41,217</u>)
	<u>\$ 15,244</u>	<u>\$ 14,428</u>	<u>\$ 29,655</u>	<u>\$ 28,929</u>

Information about capitalized interest was as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2017	2016	2017	2016
Interest capitalization rate	2%	2.43%-5.25%	2%-4.75%	2.43%-5.25%

d. Depreciation and Amortization

	Three Months Ended June 30		Six Months Ended June 30	
	2017	2016	2017	2016
Property, plant and equipment	\$ 28,792	\$ 32,005	\$ 57,811	\$ 64,745
Investment property	2,124	5,149	4,246	10,369
Intangible assets	<u>10,964</u>	<u>12,054</u>	<u>24,621</u>	<u>23,872</u>
	<u>\$ 41,880</u>	<u>\$ 49,208</u>	<u>\$ 86,678</u>	<u>\$ 98,986</u>

An analysis of depreciation by function

Inventories	\$ 372	\$ 616	\$ 759	\$ 1,077
Operating costs	20,916	22,759	41,914	46,217

	Three Months Ended June 30		Six Months Ended June 30	
	2017	2016	2017	2016
Operating expenses	\$ 7,504	\$ 8,630	\$ 15,138	\$ 17,451
Other losses	<u>2,124</u>	<u>5,149</u>	<u>4,246</u>	<u>10,369</u>
	<u>\$ 30,916</u>	<u>\$ 37,154</u>	<u>\$ 62,057</u>	<u>\$ 75,114</u>

An analysis of amortization by function

Inventories	\$ 250	\$ 713	\$ 709	\$ 1,430
Operating costs	349	69	687	140
Operating expenses	<u>10,365</u>	<u>11,272</u>	<u>23,225</u>	<u>22,302</u>
	<u>\$ 10,964</u>	<u>\$ 12,054</u>	<u>\$ 24,621</u>	<u>\$ 23,872</u>

e. Operating Expenses Directly Related to Investment Properties

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Direct operating expenses from investment property				
That generated rental income	\$ 5,978	\$ 10,345	\$ 12,062	\$ 20,946
That did not generate rental income	<u>6</u>	<u>7</u>	<u>9</u>	<u>15</u>
	<u>\$ 5,984</u>	<u>\$ 10,352</u>	<u>\$ 12,071</u>	<u>\$ 20,961</u>

f. Employee Benefits Expense

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Salary expense	\$ 1,129,721	\$ 1,148,110	\$ 2,152,577	\$ 2,084,003
Labor and health insurance expenses	<u>72,333</u>	<u>68,833</u>	<u>145,011</u>	<u>134,775</u>
	<u>1,202,054</u>	<u>1,216,943</u>	<u>2,297,588</u>	<u>2,218,778</u>
Post-employment benefits				
Defined contribution plans	43,125	39,683	85,932	77,339
Defined benefit plans (Note 25)	<u>1,058</u>	<u>928</u>	<u>2,116</u>	<u>1,856</u>
	<u>44,183</u>	<u>40,611</u>	<u>88,048</u>	<u>79,195</u>
Other employee benefits	<u>42,434</u>	<u>41,145</u>	<u>86,282</u>	<u>77,253</u>
Total employee benefits expense	<u>\$ 1,288,671</u>	<u>\$ 1,298,699</u>	<u>\$ 2,471,918</u>	<u>\$ 2,375,226</u>
An analysis of employee benefits expense by function				
Inventories	\$ 6,184	\$ 10,013	\$ 21,358	\$ 23,054
Operating costs	1,119,455	1,151,490	2,121,965	2,071,362
Operating expenses	<u>163,032</u>	<u>137,196</u>	<u>328,595</u>	<u>280,810</u>
	<u>\$ 1,288,671</u>	<u>\$ 1,298,699</u>	<u>\$ 2,471,918</u>	<u>\$ 2,375,226</u>

g. Bonuses to Employees and Remuneration of Directors

In compliance with the Company Act as amended in May 2015 and the amended Articles of incorporation of the Company approved by the shareholders in their meeting in May 2016, the Company accrued employees' compensation and remuneration of directors at the rates no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The accrued employees' compensation and remuneration of directors for the three months ended June 30, 2017 and 2016 and the six months ended June 30, 2017 and 2016 were as follows:

Accrual rate

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	2017	2016	2017	2016
Compensation/ Bonus to employees	1%	1%	1%	1%
Remuneration to directors	0.26%	0.65%	0.26%	0.65%

Amount

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	2017	2016	2017	2016
	Cash	Cash	Cash	Cash
Compensation/ Bonus to employees	\$ 12,627	\$ 1,859	\$ 13,611	\$ 1,859
Remuneration to directors	2,861	1,209	3,500	1,209

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

The appropriations of compensation to employees and the remuneration to directors for 2016 and 2015 had been approved ,respectively by the board of directors on February 24, 2017 and on February 25, 2016. The appropriations were as below.

	<u>Years Ended December 31</u>	
	2016	2015
	Cash	Cash
Compensation/ Bonus to employees	\$ 10,958	\$ 7,383
Remuneration to directors	6,027	4,799

The compensation to employees and the remuneration to directors for 2016 and 2015 which had been approved by the board of directors on February 24, 2017 and on February 25, 2016. The differences between the actual amount of distribution of the compensation to employees and the remuneration to directors and the amount recognized at the consolidated financial statements were adjusted to profit and loss for the years ended December 31, 2016 and 2015, respectively. The amounts were as below:

	<u>Year Ended 2016</u>		<u>Year Ended 2015</u>	
	Bonus to Employees	Remuneration to Directors	Bonus to Employees	Remuneration of Directors
Amounts approved in board of directors meeting /shareholders' meeting	\$ 10,958	\$ 6,027	\$ 7,383	\$ 4,799
Deduct: Amounts recognized in respective financial statements	(10,315)	(6,705)	(7,393)	(7,000)
Difference	<u>\$ 643</u>	<u>(\$ 678)</u>	<u>(\$ 10)</u>	<u>(\$ 2,201)</u>

Information on the employees' compensation and remuneration to directors approved by the Company's board of directors in 2017 and 2016 is available on the Market Observation Post System website of the Taiwan Stock Exchange.

28. INCOME TAXES RELATING TO CONTINUING OPERATIONS

Income Tax Recognized in Profit or Loss

The major components of tax expense were as follows:

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current tax				
In respect of the current period	\$ 332,466	\$ 69,845	\$ 373,672	\$ 85,777
Income tax expense of unappropriated earnings	-	4,633	-	4,633
Land value increment tax	147,456	-	147,456	-
In respect of the prior periods	46	1,050	46	1,052
Deferred tax				
In respect of the current periods	<u>56,186</u>	<u>(22,059)</u>	<u>49,523</u>	<u>(32,260)</u>
Income tax expense recognized in profit or loss	<u>\$ 536,154</u>	<u>\$ 53,469</u>	<u>\$ 570,697</u>	<u>\$ 59,202</u>

Integrated Income Tax

	<u>June 30, 2017</u>	<u>December 31, 2016</u>	<u>June 30, 2016</u>
Unappropriated earnings generated on and after January 1, 1998	<u>\$ 1,434,822</u>	<u>\$ 1,116,118</u>	<u>\$ 382,656</u>
Imputation credits accounts	<u>\$ 44,217</u>	<u>\$ 258,809</u>	<u>\$ 189,880</u>

The creditable ratio for distribution of earnings of 2016 and 2015 was 23.33% (expected ratio) and 23.97%, respectively.

Under the Income Tax Law amended and promulgated by Presidential Decree Hua-tzung Yi No. 10300085101, for distribution of earning generated after January 1, 1998, the imputation credits allocated to ROC resident shareholders of the Company will be reduced by 50% in comparison with that described in the previous paragraph, effective January 1, 2015.

Under the Income Tax Law, for distribution of earnings generated after January 1, 1998, the imputation credits allocated to ROC resident shareholders of the Company was calculated based on the creditable ratio as of the date of dividend distribution. The actual imputation credits allocated to shareholders of the Company was based on the balance of the Imputation Credit Accounts (ICA) as of the date of dividend distribution. Therefore, the expected creditable ratio for the 2016 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 had applied to Ministry of Finance for administrative remedies procedures as for 2011 and 2012 tax returns and prepaid half of its 2011 and 2012 assessed additional taxes. The Company applied for a re-examination of

its 2013 and 2014 tax returns with the tax collection authorities. Sinyi Global, An-Shin, Heng-Yi, Tokyo Sinyi, Sinyi Culture, Jui-Inn, Taiwan Sinyi Development and Yowoo's tax returns through 2015 had been assessed by the tax authorities. An-Sin's tax return through 2014 had been assessed by the tax authorities.

29. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Basic EPS	\$ 1.78	\$ 0.33	\$ 1.89	\$ 0.23
Diluted EPS	\$ 1.78	\$ 0.33	\$ 1.89	\$ 0.23

The earnings per share computation for the three months ended June 30, 2016 and for the six months ended June 30, 2016 was retrospectively adjusted for the effects of adjustments resulting from bonus stock issued on July 8, 2017. The basic and diluted after-tax earnings per share were adjusted retrospectively as follows:

Unit: NT\$ Per Share

	<u>Before Retrospective Adjustment</u>		<u>After Retrospective Adjustment</u>	
	<u>Three Months Ended June 30, 2016</u>	<u>Six Months Ended June 30, 2016</u>	<u>Three Months Ended June 30, 2016</u>	<u>Six Months Ended June 30, 2016</u>
Basic EPS	\$ 0.34	\$ 0.23	\$ 0.33	\$ 0.23
Diluted EPS	\$ 0.34	\$ 0.23	\$ 0.33	\$ 0.23

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

Net Profit for the Period

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Profit for the period attributable to owners of the Company	\$ 1,170,602	\$ 212,002	\$ 1,239,132	\$ 146,594

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

	Three Months Ended June 30		Six Months Ended June 30	
	2017	2016	2017	2016
Weighted average number of ordinary shares in computation of basic earnings per share	651,500	651,500	651,500	651,500
Effect of dilutive potential ordinary shares:				
Bonus issue to employee	<u>379</u>	<u>191</u>	<u>408</u>	<u>277</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>651,879</u>	<u>651,691</u>	<u>651,908</u>	<u>651,777</u>

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

30. OPERATING LEASE ARRANGEMENTS

The Group as Lessee

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

As of June 30, 2017, December 31, 2016 and June 30, 2016, refundable deposits paid under operating lease amounted to \$110,348 thousand, \$115,741 thousand and \$113,900 thousand, respectively.

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

	June 30, 2017	December 31, 2016	June 30, 2016
Within 1 year	\$ 524,827	\$ 524,377	\$ 528,789
1 to 5 years	787,259	910,824	971,469
After 5 years	<u>90,536</u>	<u>90,582</u>	<u>84,910</u>
	<u>\$ 1,402,622</u>	<u>\$ 1,525,783</u>	<u>\$ 1,585,168</u>

The Group as Lessor

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

As of June 30, 2017, December 31, 2016 and June 30, 2016, deposits received under operating leases amounted to \$20,968 thousand, \$20,968 thousand and \$32,596 thousand, respectively.

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

	June 30, 2017	December 31, 2016	June 30, 2016
Within 1 year	\$ 69,493	\$ 55,011	\$ 135,492
1 to 5 years	<u>114,972</u>	<u>2,222</u>	<u>41,841</u>
	<u>\$ 184,465</u>	<u>\$ 57,233</u>	<u>\$ 177,333</u>

31. CAPITAL RISK MANAGEMENT

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

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

32. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

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

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

June 30, 2017

	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>\$ 3,026,085</u>	<u>\$ -</u>	<u>\$ 3,026,085</u>

December 31, 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>\$ 3,045,423</u>	<u>\$ -</u>	<u>\$ 3,045,423</u>

June 30, 2016

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

June 30, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets held for trading				
Domestic listed stocks - equity investments	\$ 8,855	\$ -	\$ -	\$ 8,855
Mutual funds	<u>377,425</u>	<u>-</u>	<u>-</u>	<u>377,425</u>
	<u>\$ 386,280</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 386,280</u>
Available-for-sale financial assets				
Domestic listed stocks - equity investments	\$ 210,302	\$ -	\$ -	\$ 210,302
Foreign listed stocks - equity investments	557,837	-	-	557,837
Mutual funds	<u>1,319</u>	<u>-</u>	<u>-</u>	<u>1,319</u>
	<u>\$ 769,458</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 769,458</u>

December 31, 2016

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets held for trading				
Domestic listed stocks - equity investments	\$ 8,325	\$ -	\$ -	\$ 8,325
Mutual funds	<u>471,278</u>	<u>-</u>	<u>-</u>	<u>471,278</u>
	<u>\$ 479,603</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 479,603</u>
Available-for-sale financial assets				
Domestic listed stocks - equity investments	\$ 206,356	\$ -	\$ -	\$ 206,356
Foreign listed stocks - equity investments	593,680	-	-	593,680
Mutual funds	<u>1,396</u>	<u>-</u>	<u>-</u>	<u>1,396</u>
	<u>\$ 801,432</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 801,432</u>

(Continued)

June 30, 2016

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

(Concluded)

There were no transfers between Level 1 and Level 2 for the six months ended June 30, 2017 and 2016.

Categories of Financial Instruments

	June 30, 2017	December 31, 2016	June 30, 2016
<u>Financial assets</u>			
FVTPL			
Held for trading	\$ 386,280	\$ 479,603	\$ 473,612
Loans and receivables (Note 1)	7,990,214	7,773,198	6,830,342
Available-for-sale financial assets (Note 2)	971,410	1,008,767	928,567
<u>Financial liabilities</u>			
Amortized cost (Note 3)	\$ 7,506,255	\$ 6,714,375	\$ 7,768,191

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 payable, trade payables, other payables, other payables to related parties, other financial liabilities, bonds payable, long-term borrowings (including current portion of long-term borrowings and bonds payables), guarantee deposits received and other non-current liabilities.

Financial Risk Management Objectives and Policies

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

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

a. Market risk

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

1) Foreign currency risk

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

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

Foreign currency sensitivity analysis

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

	Six Months Ended June 30							
	2017				2016			
	RMB	JPY	USD	MYR	RMB	JPY	USD	MYR
Equity	\$39,314	\$2,468	\$10,285	\$ 194	\$20,343	\$2,227	\$7,751	\$ -
Profit or loss	4	-	5,949	-	445	-	6,953	-

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:

	June 30, 2017	December 31, 2016	June 30, 2016
Fair value interest rate risk			
Financial assets	\$ 1,678,367	\$ 1,558,049	\$ 976,119
Financial liabilities	3,877,160	3,384,450	3,665,794
Cash flow interest rate risk			
Financial assets	2,684,432	2,896,336	1,508,548
Financial liabilities	938,580	648,110	1,284,190

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 \$9,386 thousand for the six months ended June 30, 2017.

b. Credit risk

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

Business related credit risk

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

Financial credit risk

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

c. Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of June 30, 2017, December 31, 2016 and June 30, 2016, the Group had available unutilized bank loan facilities were follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Unsecured bank overdraft facility, reviewed annually and payable at call:			
Amount used	\$ 727,160	\$ 342,508	\$ 165,794
Amount unused	<u>3,013,580</u>	<u>2,923,003</u>	<u>3,087,296</u>
	<u>\$ 3,740,740</u>	<u>\$ 3,265,511</u>	<u>\$ 3,253,090</u>
Secured bank overdraft facility:			
Amount used	\$ 1,050,000	\$ 632,340	\$ 1,721,205
Amount unused	<u>5,325,000</u>	<u>9,261,260</u>	<u>8,069,795</u>
	<u>\$ 6,375,000</u>	<u>\$ 9,893,600</u>	<u>\$ 9,791,000</u>

33. TRANSACTIONS WITH RELATED PARTIES

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

Related Parties and relationship

Related Party	Relationship with the Group
Sinyi Real Estate Consulting Limited	Related party in substance
Sinyi Land Administration Agent Joint Office	Related party in substance
H&B Business Co., Ltd.	Related party in substance
Sinyi Cultural Foundation	Related party in substance
Yu-Hao Co., Ltd.	Parent company
Sinyi Co., Ltd.	Parent company
Yu-Heng Co., Ltd.	Ultimate parent company
Chou Wang Mei-Wen	Director of the Company (the former Vice-president of the Company)
Beijing Sinyi Guaranty Co.	Related party in substance
Global Real Estate Appraisal Office	Related party in substance
Ken Investment Co., Ltd.	Related party in substance
Sin-Heng Limited.	Related party in substance
Sinyi Public Welfare Foundation	Related party in substance
Sinyi Interior Design Co., Ltd.	Associate

Other Payables to Related Parties

	June 30, 2017	December 31, 2016	June 30, 2016
Other related parties - related parties in substance	\$ 67,141	\$ 57,934	\$ 70,068
Other - vice president of the Company	<u>-</u>	<u>25,157</u>	<u>28,508</u>
	<u>\$ 67,141</u>	<u>\$ 83,091</u>	<u>\$ 98,576</u>

Other payables to related parties were financing. Information on the financing for the six months ended June 30, 2017 and 2016 were as follows:

Six Months Ended June 30, 2017					
	Highest Balance During the Period	Amount	Interest Rate %	Interest Expense	Interest Payable
Other related parties - related parties in substance	\$ 39,707	\$ 38,580	-	\$ -	\$ 6,849
Other - vice president of the Company	<u>18,006</u>	<u>-</u>	3%	<u>155</u>	<u>-</u>
	<u>\$ 57,713</u>	<u>\$ 38,580</u>		<u>\$ 155</u>	<u>\$ 6,849</u>

(Continued)

Six Months Ended June 30, 2016					
	Highest Balance During the Period	Amount	Interest Rate %	Interest Expense	Interest Payable
Other related parties - related parties in substance	\$ 42,957	\$ 41,667	-	\$ -	\$ 7,459
Other - vice president of the Company	<u>24,975</u>	<u>21,318</u>	3%	<u>368</u>	<u>7,190</u>
	<u>\$ 67,932</u>	<u>\$ 62,985</u>		<u>\$ 368</u>	<u>\$ 14,649</u>

(Concluded)

The financing above were unsecured.

Compensation of Key Management Personnel

	Three Months Ended June 30		Six Months Ended June 30	
	2017	2016	2017	2016
Short-term benefits	\$ 27,494	\$ 28,278	\$ 54,491	\$ 54,039
Other long-term benefits	<u>2,962</u>	<u>2,392</u>	<u>5,405</u>	<u>4,278</u>
	<u>\$ 30,456</u>	<u>\$ 30,670</u>	<u>\$ 59,896</u>	<u>\$ 58,317</u>

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

Other Transactions with Related Parties

a. Rental income

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Other related parties				
Related parties in substance	\$ 2,915	\$ 2,827	\$ 5,831	\$ 5,928
Parent company	28	28	57	57
Ultimate parent company	15	15	29	29
Associates	<u>9</u>	<u>9</u>	<u>17</u>	<u>17</u>
	<u>\$ 2,967</u>	<u>\$ 2,879</u>	<u>\$ 5,934</u>	<u>\$ 6,031</u>

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

b. Other benefit

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Other related parties				
Related parties in substance	<u>\$ 2,307</u>	<u>\$ 2,442</u>	<u>\$ 4,827</u>	<u>\$ 5,155</u>

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

c. Professional fee

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Other related parties				
Related parties in substance				
Sinyi Real Estate				
Consulting Limited	\$ 24,843	\$ 22,147	\$ 49,284	\$ 44,487
Others	<u>9,424</u>	<u>9,019</u>	<u>16,459</u>	<u>15,449</u>
	<u>\$ 34,267</u>	<u>\$ 31,166</u>	<u>\$ 65,743</u>	<u>\$ 59,936</u>

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

d. Rental expense

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Related parties in substance	\$ <u>2,606</u>	\$ <u>2,554</u>	\$ <u>5,308</u>	\$ <u>5,103</u>

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

e. Other receivables

	<u>June 30,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>	<u>June 30,</u> <u>2016</u>
Other related parties			
Related parties in substance	\$ <u>5,161</u>	\$ <u>9,526</u>	\$ <u>5,739</u>

34. MORTGAGED OR PLEDGED ASSETS

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

	<u>June 30,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>	<u>June 30,</u> <u>2016</u>
Property, plant and equipment (including investment properties)			
Land	\$ 4,450,966	\$ 4,450,966	\$ 4,022,638
Building	504,902	513,629	473,649
Other financial assets - current			
Pledged time deposits	7,243	7,308	7,422
Inventories	<u>-</u>	<u>3,898,119</u>	<u>4,075,978</u>
	<u>\$ 4,963,111</u>	<u>\$ 8,870,022</u>	<u>\$ 8,579,687</u>

35. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED COMMITMENTS

- The Group is involved in claims that arise in the ordinary course of brokerage and escrow business; the other party may claim against the Group through legal proceedings. On the basis of past experience and consultations with legal counsel, management of the Group has measured the possible effects of the contingent lawsuits on its financial condition in brokerage and escrow business.
- Guarantee notes submitted as guarantees for real-estate brokerage business amounted to \$5,000 thousand.
- The Group has endorsed Shanghai Sinyi Real Estate and Sinyi Estate in obtaining financing limit of \$4,759,300 thousand. Refer to Note 39, Table 2 for the details.
- As of June 30, 2017, the Group had signed construction contracts but not yet paid for \$1,557,687 thousand.
- 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 \$3,664,663 thousand as of June 30, 2017. 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

For the Group’s future real estate business development, the Company’s board of directors approved its 100% owned subsidiary, Sinyi Development Inc., to obtain real estate of Yong Cui Segment., at Banqiao District, in New Taipei City on July 28, 2017 and Sinyi Development Inc. subsequently obtained partial real estates of Yong Cui Segment. in 1,277,189 Thousands at the same day.

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 June 30, 2017, December 31, 2016 and June 30, 2016 were as follows:

June 30, 2017

	Foreign Currencies (In Thousands)	Exchange Rate	New Taiwan Dollars (In Thousands)
<u>Financial assets</u>			
Monetary items			
RMB	\$ 953,698	4.486	\$ 4,278,288
JPY	1,839,152	0.2716	499,514
USD	53,367	30.42	1,623,424
MYR	3,052	6.8015	20,759
Non-monetary items			
RMB	32,797	4.486	147,125
JPY	2,053,890	0.2716	557,837
USD	43	30.42	1,319

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate	New Taiwan Dollars (In Thousands)
<u>Financial liabilities</u>			
Monetary items			
RMB	\$ 77,241	4,486	\$ 363,638
JPY	930,419	0.2716	252,702
MYR	204	6.8015	1,387

	Foreign Currencies (In Thousands)	Exchange Rate	New Taiwan Dollars (In Thousands)
<u>December 31, 2016</u>			

Financial assets

Monetary items			
RMB	\$ 943,560	4.617	\$ 4,356,416
JPY	1,681,365	0.2756	463,384
USD	47,288	32.25	1,525,048
Non-monetary items			
RMB	32,797	4.617	151,422
JPY	2,154,135	0.2756	593,680
USD	43	32.25	1,396

Financial liabilities

Monetary items			
RMB	160,122	4,617	739,283
JPY	933,813	0.2756	257,359

June 30, 2016

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

(Continued)

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

Six Months Ended June 30				
2017			2016	
Functional Currencies	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Loss
NTD	1 (NTD:NTD)	(\$ 35,062)	1 (NTD:NTD)	(\$ 6,445)
USD	30.675 (USD:NTD)	(618)	32.784 (USD:NTD)	4,002
RMB	4.470 (RMB:NTD)	(222)	5.002 (RMB:NTD)	(1,068)
JPY	0.273 (JPY:NTD)	48	0.29 (JPY:NTD)	(2)
MYR	6.704 (MYR:NTD)	<u>278</u>	7.666 (MYR:NTD)	<u>-</u>
		<u>(\$ 35,576)</u>		<u>(\$ 3,513)</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: Table 5 (attached)
- 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: Table 6 (attached)

- 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 7 (attached)
- k. Information on investees: Table 8 (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 9 (attached)
- b. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:
 - 1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None
 - 2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None
 - 3) The amount of property transactions and the amount of the resultant gains or losses: None
 - 4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2 (attached)
 - 5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1 (attached)
 - 6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None

40. SEGMENT INFORMATION

a. Operating segments information

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

Management has determined reportable segments as follows:

Real estate brokerage segment

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

Real estate development segment

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

The following table was an analysis of the Group's revenue, result of operations and assets of segments for the six months ended June 30, 2017 and 2016:

	Real Estate Brokerage			Real Estate Development			Elimination	Consolidated
	Taiwan	Mainland China and Others	Total	Taiwan	China	Total		
For the six months ended June 30, 2017								
Revenues from external customers	\$ 3,350,798	\$ 456,404	\$ 3,807,202	\$ 105,382	\$ 5,400,693	\$ 5,506,075	\$ -	\$ 9,313,277
Inter-segment revenues	38,248	-	38,248	10,387	-	10,387	(48,635)	-
Segment revenues	<u>\$ 3,389,046</u>	<u>\$ 456,404</u>	<u>\$ 3,845,450</u>	<u>\$ 115,769</u>	<u>\$ 5,400,693</u>	<u>\$ 5,516,462</u>	<u>(\$ 48,635)</u>	9,313,277
Rental income from investment property								(39,551)
Consolidated revenues								<u>\$ 9,273,726</u>
Operating profit	<u>\$ 465,195</u>	<u>(\$ 94,823)</u>	<u>\$ 370,372</u>	<u>\$ 41,940</u>	<u>\$ 1,336,960</u>	<u>\$ 1,378,900</u>	<u>\$ 22,841</u>	\$ 1,772,113
Operating income from investment property								(27,480)
Operating income								<u>\$ 1,744,633</u>
Segment assets	<u>\$ 5,873,486</u>	<u>\$ 2,744,786</u>	<u>\$ 8,618,272</u>	<u>\$ 3,953,888</u>	<u>\$ 9,366,674</u>	<u>\$ 13,320,562</u>	<u>(\$ 883,936)</u>	\$ 21,054,898
Investments accounted for by the equity method and goodwill								38,574
Total assets								<u>\$ 21,093,472</u>
For the six months ended June 30, 2016								
Revenues from external customers	\$ 3,068,594	\$ 572,383	\$ 3,640,977	\$ 39,128	\$ 26,471	\$ 65,599	\$ -	\$ 3,706,576
Inter-segment revenues	40,015	-	40,015	7,798	-	7,798	(47,813)	-
Segment revenues	<u>\$ 3,108,609</u>	<u>\$ 572,383</u>	<u>\$ 3,680,992</u>	<u>\$ 46,926</u>	<u>\$ 26,471</u>	<u>\$ 73,397</u>	<u>(\$ 47,813)</u>	3,706,576
Rental income from investment property								(65,599)
Consolidated revenues								<u>\$ 3,640,977</u>
Operating profit (loss)	<u>\$ 369,331</u>	<u>(\$ 176,139)</u>	<u>\$ 193,192</u>	<u>\$ 17,550</u>	<u>(\$ 71,184)</u>	<u>(\$ 53,634)</u>	<u>\$ 31,436</u>	\$ 170,994
Operating income from investment property								(44,638)
Operating income								<u>\$ 126,356</u>
Segment assets	<u>\$ 6,419,995</u>	<u>\$ 2,391,580</u>	<u>\$ 8,811,575</u>	<u>\$ 2,984,999</u>	<u>\$ 10,949,341</u>	<u>\$ 13,934,340</u>	<u>(\$ 290,385)</u>	\$ 22,455,530
Investments accounted for by the equity method and goodwill								19,303
Total assets								<u>\$ 22,474,833</u>

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

b. Industry and service information

The Group operates mainly in real-estate brokerage business. As of June 30, 2017, the revenue generated from residences and buildings development business was 5,433,592 thousand.

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 operating revenue; therefore, no customer information is required to be disclosed.

SINYI REALTY INC. AND SUBSIDIARIES

FINANCING PROVIDED
SIX MONTHS ENDED JUNE 30, 2017
(In Thousands of New Taiwan Dollars)

No.	Financing Company	Borrower	Financial Statement Account	Related Parties	Maximum Balance for the Period	Ending Balance	Actual Appropriation	Interest Rate	Type of Financing	Transaction Amounts	Reasons for Short-term Financing	Allowance for Doubtful Accounts	Ending Balance of collateral		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limits
													Item	Value		
0	Sinyi Realty Inc.	Hua Yun Renovation (Shanghai) Co., Ltd.	Other receivables	Yes	\$ 4,586 (RMB 1,000 thousand)	\$ 4,486 (RMB 1,000 thousand)	\$ -	3.686%	Short-term financing	\$ -	Needs for operation	\$ -	-	\$ -	\$ 2,895,143 (Note 1)	\$ 3,860,191 (Note 1)
		Kunshan Dingxian Trading Co., Ltd.	"	"	366,880 (RMB 80,000 thousand)	354,394 (RMB 79,000 thousand)	-	3.8%	"	-	"	-	-	-	2,895,143 (Note 1)	3,860,191 (Note 1)
1	Sinyi Real Estate (Shanghai) Limited	Shanghai Sinyi Real Estate Inc.	"	"	183,440 (RMB 40,000 thousand)	-	-	4.75%	"	-	"	-	-	-	861,124 (Note 2)	1,722,248 (Note2)
		Sinyi Realty Inc.	"	"	144,459 (RMB 31,500 thousand)	141,309 (RMB 31,500 thousand)	-	-	"	-	Repayment of borrowings	-	-	-	861,124 (Note 2)	1,722,248 (Note2)

Note 1: Total financing provided by Sinyi Realty Inc. for short-term financing requirements for each borrowing company should not exceed 30% of the Sinyi Realty Inc.'s net worth. The maximum total financing provided should not exceed 40% of the Sinyi Realty Inc.'s net worth.

Note 2: The financing amount limit should not exceed 40% of net worth of Sinyi Real Estate (Shanghai) Limited. The individual lending amount should not exceed 20% of Sinyi Real Estate (Shanghai) Limited's net worth.

SINYI REALTY INC. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED TO OTHER
SIX MONTHS ENDED JUNE 30, 2017
(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.	Indirect subsidiary	\$ 7,720,382 (Note 1)	\$ 229,300 (RMB 50,000 thousand)	\$ 224,300 (RMB 50,000 thousand)	\$ -	\$ -	2.32%	\$ 14,475,717	Y	N	Y	
		Sinyi Estate Ltd.	"	7,720,382 (Note 1)	4,535,000	4,535,000	-	-	46.99%	14,475,717	"	"	"	

Note 1: For those subsidiaries the Company has over 50% 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 150% of the Company's net worth.

SINYI REALTY INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
SIX MONTHS ENDED JUNE 30, 2017

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

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2017				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	11,246,131	\$ 210,302	-	\$ 210,302	
	<u>Stock</u> Han Yu Venture Capital Co., Ltd.	"	Financial assets measured at cost - non-current	5,000,000	49,063	11	49,063	
	PChome Investment Co., Ltd.	"	"	196,350	-	8	-	
	Kun Gee Venture Capital Co., Ltd.	"	"	160,650	-	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	557,837	-	557,837	
	<u>Monetary market fund</u> Westren Asset US Dollar Fund A	"	"	43,364	1,319	-	1,319	
Shanghai Sinyi Real Estate Inc.	<u>Stock</u> Cura Investment Management (Shanghai) Co., Ltd.	"	Financial assets measured at cost - non-current	30,000,000	142,637	2	142,637	
	Cura Commercial Management Co., Ltd.	"	"	-	4,488	9	4,488	
Sinyi Development Inc.	<u>Stock</u> CTCI Corporation	"	Financial assets at fair value through profit or loss - current	170,940	8,855	-	8,855	
	<u>Monetary market fund</u> Taishin 1699 Money Market Fund	"	"	11,180,263	150,039	-	150,039	
Sinyi Global Asset Management Co., Ltd.	<u>Monetary market fund</u> Taishin 1699 Money Market Fund	"	"	2,282,287	30,629	-	30,629	
An-Sin Real Estate Management Ltd.	<u>Monetary market fund</u> Taishin 1699 Money Market Fund	"	"	3,355,927	45,038	-	45,038	
An-Shin Real Estate Management Ltd.	<u>Monetary market fund</u> Taishin 1699 Money Market Fund	"	"	10,410,060	139,706	-	139,706	
Yowoo Technology Inc.	<u>Monetary market fund</u> Taishin 1699 Money Market Fund	"	"	895,162	12,013	-	12,013	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2017				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Ke Wei Shanghai Real Estate Management Consulting Inc.	<u>Financial product (principal guaranteed by bank)</u> Bubu Shengking No. 8688	-	Other financial assets - current	5,200,000	\$ 23,327	-	\$ 23,327	
Suzhou Sinyi Real Estate Inc.	Bubu Shengking No. 8688	-	"	3,000,000	13,458	-	13,458	
Sinyi Real Estate (Shanghai) Limited	Structured Financial Product (Product ID: 201703161916)	-	"	60,000,000	269,160	-	269,160	
	Yehdeyin No. 1750548	-	"	140,000,000	628,040	-	628,040	
	Li Duo Duo Structured Deposits of Enterprises (No. JG902)	-	"	50,000,000	224,300	-	224,300	
	Structured Financial Product (Product ID: 201705252226)	-	"	230,000,000	1,031,780	-	1,031,780	
	Structured Financial Product (Product ID: 201706282383)	-	"	50,000,000	224,300	-	224,300	
	China Merchant Bank Structured Deposit	-	"	30,000,000	134,580	-	134,580	
	Yehdeyin No. 17060760	-	"	20,000,000	89,720	-	89,720	
Shanghai Sinyi Real Estate Inc.	Bubu Shengking No. 8688	-	"	500,000	2,243	-	2,243	
Shanghai Shang Tuo Investment Management Consulting Inc.	Bubu Shengking No. 8688	-	"	50,000	224	-	224	

(Concluded)

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
SIX MONTHS ENDED JUNE 30, 2017
(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 and prepayments for long-term investments	-	Subsidiary	136,114,838	\$ 4,027,898	25,190,000	\$ 809,859	-	\$ -	\$ -	\$ -	161,304,838	\$ 4,837,757 (Note 1, 2)
	Sinyi Development Inc.	Investments accounted for using equity method	"	"	53,500,000	535,005	112,500,000	1,125,000	-	-	-	-	166,000,000	1,660,005 (Note 1, 2)
Sinyi International Limited	Sinyi Estate Ltd.	"	"	"	16,900	535	25,190,000	809,859	-	-	-	-	25,206,900	810,394 (Note 1, 2)
Sinyi Development Inc.	<u>Monetary market funds</u> Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss	-	-	18,864,150	252,757	26,087,448	350,000	33,771,336	452,810	452,718	92	11,180,262	150,039
Sinyi Real Estate (Shanghai) Limited	<u>Financial product</u> Suiyue Liuking No. 55962	Other financial assets - current	"	"	100,000,000	RMB100,000	-	RMB -	100,000,000	RMB100,292	RMB100,000	RMB 292	-	RMB -
	Structured Financial Product (Product ID: 2016072810017)	"	"	"	75,000,000	RMB 75,000	-	RMB -	75,000,000	RMB 76,120	RMB 75,000	RMB 1,120	-	RMB -
	Yehdeyin No. 16071101	"	"	"	80,000,000	RMB 80,000	-	RMB -	80,000,000	RMB 81,270	RMB 80,000	RMB 1,270	-	RMB -
	Li Duo Duo Structured Deposits of Enterprises (No. JG902)	"	"	"	30,000,000	RMB 30,000	230,000,000	RMB230,000	210,000,000	RMB211,614	RMB210,000	RMB 1,614	50,000,000	RMB 50,000
	Structured Financial Product (Product ID: 2017012510042)	"	"	"	-	RMB -	125,000,000	RMB125,000	125,000,000	RMB126,188	RMB125,000	RMB 1,188	-	RMB -
	Yehdeyin No. 17030351	"	"	"	-	RMB -	60,000,000	RMB 60,000	60,000,000	RMB 60,564	RMB 60,000	RMB 564	-	RMB -
	Yehdeyin No. 17050548	"	"	"	-	RMB -	140,000,000	RMB140,000	-	RMB -	RMB -	RMB -	140,000,000	RMB140,000
	Structured Financial Product (Product ID: 201705252226)	"	"	"	-	RMB -	230,000,000	RMB230,000	-	RMB -	RMB -	RMB -	230,000,000	RMB230,000
Shanghai Sinyi Real Estate Inc.	Qianyuan Riri-Ying - Open-end portfolio type financial product	"	"	"	100,000,000	RMB100,000	-	RMB -	100,000,000	RMB100,022	RMB100,000	RMB 22	-	RMB -
	Qianyuan Woen-Ying- 2017 No. 2 Financial Product	"	"	"	-	RMB -	70,000,000	RMB 70,000	70,000,000	RMB 70,600	RMB 70,000	RMB 600	-	RMB -
	China Bank principal guaranteed Financial Product Periodical open denominated in RMB (Product No: CNYAQKF)	"	"	"	-	RMB -	155,100,000	RMB155,100	155,100,000	RMB155,219	RMB155,100	RMB 119	-	RMB -

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

ACQUISITION OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL

SIX MONTHS ENDED JUNE 30, 2017

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

Buyer	Property	Event Date	Transaction Amount	Amount Payment	Counterparty	Relationship	The former transfer information if the counterparty is a related party				Purpose of Acquisition	Price Reference	Other Terms
							Owner	The relationship with the Company	Date of Transfer	Amount			
Sinyi Development Inc.	Inventory-to be developed	Feb.16, 2017	\$ 1,066,086	\$ 787,414	Natural person	Non-related party	N.A.	N.A.	N.A.	N.A.	For construction	Market value at the neighborhood	-

SINYI REALTY INC. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

SIX MONTHS ENDED JUNE 30, 2017

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

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		note
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Sinyi Real Estate (Shanghai) Limited	Kunshan Dingxian Trading Co., Ltd.	Associate	Purchases	\$ 152,560	22	90 days	-	Similar with not related parties	\$ -	-	
Kunshan Dingxian Trading Co., Ltd.	Sinyi Real Estate (Shanghai) Limited	//	Sales.	(152,560)	(100).	//	-	Uncomparable because of no trade with related parties	-	-	-

SINYI REALTY INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTION
SIX MONTHS ENDED JUNE 30, 2017
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Company Name	Counterparty	Flow of Transactions	Transaction Details			Percentage to Consolidated Total Assets/Revenue (%)
				Financial Statement Account	Amount	Payment Terms	
0	Sinyi Realty Inc.	An-Sin Real Estate Management Ltd.	a	Professional fees	\$ 9,076	Fixed charges by guarantee piece work	-
		Jui-Inn Consultants Co., Ltd.	a	Professional fees	1,519	By the piece work	-
		An-Sin Real Estate Management Ltd.	a	Other income	2,652	30 days after regular settlement	-
		Sinyi Realty Inc. Japan	a	Other income	2,159	Quarterly	-
		Sinyi Realty Inc. Japan	a	Other receivables	1,408	Quarterly	-
1	Shanghai Sinyi Real Estate Inc.	Inane International Limited	c	Other payables	8,965	-	-
		Sinyi Real Estate (Shanghai) Limited	c	Trade receivables	2,267	Monthly	-
2	Sinyi Realty Inc. Japan	Sinyi Management Co., Ltd.	c	Professional fees	4,979	By the piece work	-
3	Sinyi Real Estate (Shanghai) Limited	Sinyi Development Inc.	c	Inventory under development	7,660	On the usual terms	-
		Sinyi Development Inc.	c	Trade payable	13,400	On the usual terms	-
		Kunshan Dingxian Trading Co., Ltd.	c	Prepayment	48,659	-	-
		Kunshan Dingxian Trading Co., Ltd.	c	Advanced real estate receipts	109,754	-	1
		Kunshan Dingxian Trading Co., Ltd.	c	Inventory under development	152,560	On the usual terms	1
		Shanghai Shang Tuo Investment Management Consulting Inc.	c	Prepayment	11,714	-	-
		Shanghai Shang Tuo Investment Management Consulting Inc.	c	Inventory under development	50,476	On the usual terms	-
4	Tokyo Sinyi Real Estate Co., Ltd.	Sinyi Realty Inc. Japan	c	Service income	15,636	By the piece work	-
		Sinyi Realty Inc. Japan	c	Other income	5,532	Bimonthly	-
		Sinyi Realty Inc. Japan	c	Trade receivables	5,722	Bimonthly	-
5	Zhejiang Sinyi Real Estate Co., Ltd.	Beijing Sinyi Real Estate Ltd.	c	Other income	2,549	Regular settlement	-
		Beijing Sinyi Real Estate Ltd.	c	Other receivables	673	Regular settlement	-
		Chengdu Sinyi Real Estate Co.	c	Other income	2,549	Regular settlement	-
6	Sinyi Development Inc.	Jui-Inn Consultants Co., Ltd.	c	Other receivables	14,085	Monthly	-
7	Jui-Inn Consultants Co., Ltd.	Sinyi Real Estate (Shanghai) Limited	c	Other receivables	13,842	Monthly	-

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

- a. "0" for Sinyi Realty Inc.
- b. Subsidiaries are numbered from "1".

Note 2: Flows of transactions are categorized as follows:

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

Note 3: Percentage to consolidated total assets is calculated by dividing the amount of a particular asset or liability account by the consolidated total of assets as of June 30, 2017.

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 three months ended June 30, 2017..

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

SINYI REALTY INC. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
SIX MONTHS ENDED JUNE 30, 2017
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2017			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 (Samoa)	Equity Trust Chamber, P.O. Box 3269, Apia, Samoa	Investment holding	\$4,837,757	\$4,027,898	161,304,838	100	\$5,366,096 (Note 1)	\$ 915,840	\$ 915,840 (Note 1)	Note 2
	Sinyi Limited (B.V.I.)	Citco Building P.O. Box 662, Road Town, Torola, B.V.I.	Investment holding	2,448,306	2,448,306	76,001,135	100	1,837,034 (Note 1)	(74,439)	(74,439) (Note 1)	
	Sinyi Development Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Development, construction, rental and sale of residential building and factories	1,660,005	535,005	166,000,000	100	1,606,721 (Note 1)	9,739	9,739 (Note 1)	Note 2
	Sinyi Global Asset Management Co., Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Real estate brokerage	50,000	50,000	5,000,000	100	6,821 (Note 1)	(666)	(666) (Note 1)	
	Heng-Yi Real Estate Consulting	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Development, construction, rental and sale of residential building and factories	20,000	20,000	2,000,000	100	17,024 (Note 1)	46	46 (Note 1)	
	Jui-Inn Consultants Co., Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Management consulting	5,000	5,000	500,000	100	2,714 (Note 1)	(2,312)	(2,312) (Note 1)	
	Sinyi Culture Publishing Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Publication	4,960	4,960	-	99	1,859 (Note 1)	(1)	(1) (Note 1)	
	An-Sin Real Estate Management Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Real estate management	25,500	25,500	7,650,000	51	120,140 (Note 1)	18,089	9,226 (Note 1)	
	Sinyi Interior Design Co., Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Interior design	950	950	95,000	19	10,670	(26)	(5)	
	Yowoo Technology Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Information software, data processing and electronic information providing service	60,000	30,000	4,500,000	100	(1,588) (Note 1)	(18,554)	(18,554) (Note 1)	
	Rakuya International Info. Co., Ltd.	12F. No. 105, Dunhua S. Rd., Sec. 2, Daan District, Taipei City, Taiwan	Information software wholesale and retail	19,076	1,086	2,580,743	23	18,283	(3,524)	(793)	
	Sin Chiun Holding SDN. BHD.	Level 11, 1 Sentral, Jalan Rakyat , Kuala Lumpur Sentral, 50470 Kuala Lumpur, W.P.Kuala Lumpur, Malaysia	Investment holding	25,500	-	3,537,766	100	22,104 (Note 1)	(1,930)	(1,930) (Note 1)	Note 2
Sinyi Limited (B.V.I.)	Inane International Limited (B.V.I.)	Citco Building P.O. Box 662, Road Town, Torola, B.V.I.	Investment holding	1,790,590	1,790,590	56,629,268	100	1,145,107 (Note 1)	(75,489)	(75,489) (Note 1)	
	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	2,675,000	99	28,117 (Note 1)	(6,213)	(6,155) (Note 1)	
Sinyi International Limited (Samoa)	Forever Success International Limited (Mauritius)	2nd Floor, Felix House, 24 Dr. Joseph Riviere Street, Port Louis, Mauritius	Investment holding	68,741	68,741	2,216,239	100	20,226 (Note 1)	(16,076)	(16,076) (Note 1)	
	Sinyi Realty Inc. Japan	2nd Floor, Shoritsu Building 2-7-1 Yoyogi Shibuya-ku, Tokyo, Japan	Real estate brokerage, management and identification	58,064	58,064	16,000	100	252,013 (Note 1)	18,262	18,262 (Note 1)	
	Sinyi Development Ltd.	TMF Chambers, P.O. Box 3269, Apia Samoa	Investment holding	3,899,767	3,899,767	132,866,210	100	4,323,974 (Note 1)	911,747	911,747 (Note 1)	Note 2
	Sinyi Estate Ltd.	TMF Chambers, P.O. Box 3269, Apia Samoa	Investment holding	810,394	535	25,206,900	100	769,493 (Note 1)	1,925	1,925 (Note 1)	
Inane International Limited (B.V.I.)	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	326,942 (Note 1)	(3,470)	(3,470) (Note 1)	
An-Sin Real Estate Management Ltd.	An-Shin Real Estate Management Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Real estate management	100,000	100,000	10,000,000	100	117,838 (Note 1)	15,363	15,363 (Note 1)	
Sinyi Realty Inc. Japan	Sinyi Management Co., Ltd.	2nd Floor, Shoritsu Building 2-7-1 Yoyogi Shibuya-ku, Tokyo, Japan	Real estate brokerage	10,746	10,746	600	100	22,215 (Note 1)	2,662	2,662 (Note 1)	
	Tokyo Sinyi Real Estate Co., Ltd.	3rd Floor, No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Real estate brokerage	5,000	5,000	500,000	100	14,659 (Note 1)	4,569	4,569 (Note 1)	
Sinyi Development Ltd.	Sinyi Real Estate (Hong Kong) Limited	Suites 2302-6, 23/F Great Eagle Ctr 23 Harbour Rd. Wanchai HK	Investment holding	3,868,747	3,868,747	131,000,200	100	4,306,147 (Note 1)	911,883	911,883 (Note 1)	
Sinyi Estate Ltd.	Sinyi Estate (Hong Kong) Limited	Suites 2302-6, 23/F Great Eagle Ctr 23 Harbour Rd. Wanchai HK	Investment holding	578	578	17,497	100	459 (Note 1)	(18)	(18) (Note 1)	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2017			Net Income (Loss) of the Investee	Investment Income (Loss) Recognized	Note
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	\$ 290 (Note 1)	(\$ 29)	(\$ 29) (Note 1)	
	Sinyi Real Estate Co., Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Development, construction, rental and sale of residential building and factories	500	500	50,000	100	288 (Note 1)	(29)	(29) (Note 1)	
Sin Chiun Holding SDN. BHD.	Fidelity Property Consultant SDN. BHD.	Level 11, 1 Sentral, Jalan Rakyat , Kuala Lumpur Sentral, 50470 Kuala Lumpur, W.P.Kuala Lumpur, Malaysia	Real estate brokerage	12,495	-	1,528,849	49	9,368 (Note 1)	(2,072)	(1,015) (Note 1)	Note 2
	Pegasus Holding SDN. BHD.	Level 11, 1 Sentral, Jalan Rakyat , Kuala Lumpur Sentral, 50470 Kuala Lumpur, W.P.Kuala Lumpur, Malaysia	Investment holding	13,005	-	1,661,200	100	10,228 (Note 1)	(1,055)	(1,055) (Note 1)	
Pegasus Holding SDN. BHD.	Fidelity Property Consultant SDN. BHD.	Level 11, 1 Sentral, Jalan Rakyat , Kuala Lumpur Sentral, 50470 Kuala Lumpur, W.P.Kuala Lumpur, Malaysia	Real estate brokerage	13,005	-	1,591,251	51	9,751 (Note 1)	(2,072)	(1,057) (Note 1)	

(Concluded)

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

Note 2: As of June 30, 2017, the process of the share capital increase was not complete; therefore, it was recorded under "prepayment for long-term investment".

SINYI REALTY INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
SIX MONTHS ENDED JUNE 30, 2017
(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, 2017	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2017	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss) Recognized (Note 1)	Carrying Value as of June 30, 2017 (Note 2)	Accumulated Inward Remittance of Earnings as of June 30, 2017
					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	(\$ 6,213)	100	(\$ 6,213) (Note 6)	\$ 28,405 (Note 6)	\$ -
Shanghai Sinyi Real Estate Inc. (Note 3)	Real estate brokerage	RMB 260,082	Investment in company located in mainland China indirectly through Inane International Limited	1,140,018	-	-	1,140,018	(64,655)	100	(64,655) (note 6)	820,106 (note 6)	-
Beijing Sinyi Real Estate Ltd. (Note 3)	Real estate brokerage	RMB 34,747	"	149,955	-	-	149,955	(4,221)	100	(4,221) (note 6)	(23,167) (note 6)	-
Shanghai Sinyi Limited Corporation of Land Administration and Real Estate Counseling (Note 4)	Management consulting	RMB 4,138	"	17,095	-	-	17,095	(47)	100	(47) (note 6)	(2,501) (note 6)	-
Suzhou Sinyi Real Estate Inc. (Note 3)	Real estate brokerage and management consulting	RMB 68,000	"	355,249	-	-	355,249	(5,603)	100	(5,603) (note 6)	331,697 (note 6)	-
Cura Investment Management (Shanghai) Co., Ltd. (Note 4)	Real estate fund investment management	RMB 1,636,300	"	-	-	-	-	-	2	-	142,637	-
Cura Commercial Management Co., Ltd. (Note 4)	Business service, exhibition service, urban planning and design, marketing strategy planning, business consulting and real estate advisory	RMB 10,998	"	-	-	-	-	-	9	-	4,488	-
Zhejiang Sinyi Real Estate Co., Ltd. (Note 3)	Real estate brokerage and management consulting	RMB 27,200	"	44,543	-	-	44,543	3,230	100	3,230 (note 6)	22,177 (note 6)	-
Shanghai Shang Tuo Investment Management Consulting Inc.	Real estate brokerage and management consulting	RMB 5,961	Investment in company located in mainland China indirectly through Forever Success International Ltd.	27,432	-	-	27,432	(186)	100	(186) (note 6)	(870) (note 6)	-
Chengdu Sinyi Real Estate Co., Ltd.	Real estate brokerage and management consulting	RMB 13,000	Investment in company located in mainland China indirectly through Inane International Limited	62,005	-	-	62,005	(2,698)	100	(2,698) (note 6)	8,496 (note 6)	-
Qingdao Chengjian & Sinyi Real Estate Co., Ltd.	Real estate brokerage and management consulting	RMB -	"	37,295	-	-	37,295	262	-	262 (note 6)	- (note 6)	-
Sinyi Real Estate (Shanghai) Limited	Development of commercial and residential building and auxiliary facilities; and construction, rental, sale and property management	RMB 802,513	Investment in company located in mainland China indirectly through Sinyi Real Estate (Hong Kong) Limited	3,868,747	-	-	3,868,747	911,882	100	911,882 (note 6)	4,305,619 (note 6)	-
Hua Yun Renovation (Shanghai) Co., Ltd.	Professional construction, building decoration construction, hard ware, building materials wholesale	RMB 8,000	Investment in company located in mainland China indirectly through Forever Success International Ltd.	40,465	-	-	40,465	(15,890)	100	(15,890) (note 6)	20,472 (note 6)	-

(Continued)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2017	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2017	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss) Recognized (Note 1)	Carrying Value as of June 30, 2017 (Note 2)	Accumulated Inward Remittance of Earnings as of June 30, 2017
					Outflow	Inflow						
Kunshan Dingxian Trading Co., Ltd.	Construction materials, furniture, sanitary ware and ceramic products wholesale	RMB 6,000	Investment in company located in mainland China indirectly through Sinyi Development Ltd	31,020	-	-	\$ 31,020	(\$ 136)	100	(\$ 136) (note 6)	\$ 17,181 (note 6)	\$ -

(Concluded)

Accumulated Outflow for Investment in Mainland China as of June 30, 2017	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 5)
\$5,855,683	\$13,764,810	\$ -

Note 1: All amounts were based on unreviewed financial statements except the financial statements of Sinyi Real Estate (Shanghai) Limited which were reviewed by the auditors of the parent company

Note 2: Carrying value was converted into New Taiwan dollars at the exchange rates of US\$1=NT\$30.42 and US\$1=RMB6.781 on June 30, 2017.

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

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

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

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