Sinyi Realty Inc. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2018 and 2017 and Independent Auditors' Report

DECLARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2018 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards No. 10, "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

SINYI REALTY INC.

By

____

February 25, 2019

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sinyi Realty Inc.

Opinion

We have audited the accompanying consolidated financial statements of Sinyi Realty Inc. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of Taiwan, the Republic of China("ROC")

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in ROC. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of ROC, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

As stated in Note 3 to the consolidated financial statements, starting from 2018, the Group adopted and retroactively applied the amended 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) applicable starting from 2018. The Group choose not to restate the comparative information of consolidated financial statements. Even so, our review result does not need to be modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2018 are stated as follows:

Revenue Earned from Sales of Real Estate

For the year ended December 31, 2018, the Group's revenue from the sales of real estate was NT$3,644,688 thousand. Refer to Note 4 to the accompanying consolidated financial statements for the accounting policies of the Group. When real estate has reached the expected state of use, its acceptance has been qualified by relevant departments and the filing procedures are completed, the Group issues a notice for the transfer of real estate according to the provisions of the contract and recognizes sales revenue on the transfer date. Since revenue from sales of real estate must be recognized after the real estate meets the above conditions, the recognition of revenue earned from the sale of real estate is regarded as a key audit matter.

We conducted tests of controls in order to understand the timing of the recognition of the sales of real estate and the design and implementation of the relevant control systems of the Group. We selected samples of sales transactions for the current year to review the sales contracts signed by both parties in order to understand the terms and conditions of the contracts and verify whether the collection records of the sales match the sales contract prices. Also, we checked the transfer notices and relevant transfer records to confirm that the income from sales of real estate listed in the account was recognized after the completion of the transfer procedures in order to ensure that the income was earned and properly recorded in the correct accounting period.

Valuation of Inventory

As of December 31, 2018, the carrying amount of inventory was NT$11,054,987 thousand. In order to evaluate the net realizable value of its inventory, the Group has to take into consideration the rationality of estimated selling price and additional costs, changes in the overall economic environment, and effects of changes in related business regulations. Since the carrying amount of inventory was considered significant to the consolidated financial statements and the evaluation of inventory's net realizable value is subject to management's significant judgment, the valuation of inventory has been identified as a key audit matter.

We focused on the valuation of inventory at the balance sheets date, understood and assessed the reasonableness of management's assumptions made regarding the valuation as well as the methodology used in estimating the net realizable value of inventory. To test the accuracy of the inventory valuation made by management, we selected samples from the inventory balance, assessed and tested the rationality of the net realizable value estimated by the management as well as its key parameters, including but not limited to inspecting the latest actual transaction price or market transaction price of similar real estate, and recalculated if the net realizable value is not lower than the carrying amount of inventory. We inspected the latest selling price and performed recalculations to verify the accuracy of the valuation of inventory.

Refer to Notes 4, 5 and 12 to the consolidated financial statements for details on the valuation of inventory.

Other Matter

We have also audited the parent company only financial statements of Sinyi Realty Inc. as of and for the years ended December 31, 2018 and 2017 on which we have issued an unmodified opinion with emphasis of matter and an unmodified opinion, respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the ROC Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in ROC will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in ROC, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Wen-Yea Shyu and Kwan-Chung Lai.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 25, 2019

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

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

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

SINYI REALTY INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018		2017	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 3, 4 and 6)	$ 4,551,253	16	$ 3,899,831	15
Financial assets at fair value through profit or loss - current (Notes 3, 4 and 7)	4,702,735	16	201,778	1
Financial assets at fair value through other comprehensive income - current (Notes 3, 4 and 8)	785,371	3	-	-
Available-for-sale financial assets - current (Notes 3, 4 and 9)	-	-	823,821	3
Notes receivable (Notes 3, 4 and 11)	52,755	-	28,157	-
Trade receivables (Notes 3, 4 and 11)	925,560	3	842,270	3
Other receivables (Notes 3, 4, 11 and 37)	47,569	-	47,784	-
Current tax assets (Notes 4, 5 and 30)	64,742	-	2,829	-
Inventories (Notes 4, 5, 12 and 38)	11,054,987	38	11,697,449	43
Other financial assets - current (Notes 3, 13 and 38)	155,706	1	3,079,908	11
Other current assets (Note 19)	102,142	1	166,113	1
Total current assets	22,442,820	78	20,789,940	77
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 3, 4 and 8)	393,127	1	-	-
Financial assets measured at cost - non-current (Notes 3, 4 and 10)	-	-	204,976	1
Investments accounted for using equity method (Notes 4 and 15)	27,554	-	29,120	-
Property, plant and equipment (Notes 4, 16 and 38)	3,553,206	12	3,392,572	13
Investment properties (Notes 4, 17 and 38)	2,083,520	7	2,265,661	8
Intangible assets (Notes 4, 18 and 40)	115,329	1	103,988	-
Deferred tax assets (Notes 4 and 30)	82,663	-	35,476	-
Refundable deposits (Notes 3 and 34)	143,620	1	130,799	1
Other non-current assets (Note 19)	2,225	-	3,584	-
Total non-current assets	6,401,244	22	6,166,176	23
TOTAL	$ 28,844,064	100	$ 26,956,116	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 20 and 38)	$ 748,000	3	$ 1,608,000	6
Notes payable	643	-	1,566	-
Contract liabilities - current (Notes 23 and 28)	694,468	2	-	-
Trade payables (Note 22)	766,021	3	81,429	-
Other payables (Notes 5 and 24)	1,816,073	6	1,648,489	6
Other payables to related parties (Notes 24 and 37)	45,930	-	71,653	-
Current tax liabilities (Notes 4 and 30)	1,153,996	4	975,199	4
Provisions - current (Notes 4 and 25)	6,322	-	97,909	-
Other current financial liabilities (Note 24)	357,126	1	300,131	1
Unearned revenue (Note 23)	3,277	-	179,057	1
Current portion of long-term borrowings and bonds payable (Notes 20, 21 and 38)	1,507,682	5	1,513,210	6
Other current liabilities (Note 24)	202,879	1	152,958	1
Total current liabilities	7,302,417	25	6,629,601	25
NON-CURRENT LIABILITIES				
Bonds payable (Note 21)	4,400,000	15	1,500,000	6
Long-term borrowings (Notes 20 and 38)	5,371,478	19	6,887,406	26
Provisions - non-current (Notes 4 and 25)	-	-	1,694	-
Net defined benefit liabilities - non-current (Notes 4 and 26)	114,862	1	72,820	-
Guarantee deposits received (Note 34)	43,028	-	42,615	-
Other non-current liabilities (Notes 5 and 24)	514,141	2	378,615	1
Deferred tax liabilities (Notes 4 and 30)	33,905	-	13,377	-
Total non-current liabilities	10,477,414	37	8,896,527	33
Total liabilities	17,779,831	62	15,526,128	58
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 27)				
Ordinary shares	7,368,465	26	6,515,000	24
Capital surplus	64,528	-	63,896	-
Retained earnings				
Legal reserve	2,073,664	7	1,793,382	7
Special reserve	40,830	-	-	-
Unappropriated earnings	1,658,029	6	2,967,208	11
Total retained earnings	3,772,523	13	4,760,590	18
Other equity (Notes 4 and 27)				
Exchange differences on translating foreign operations	(681,439)	(2)	(396,805)	(1)
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	441,003	1	-	-
Unrealized gain on available-for-sale financial assets	-	-	355,975	1
Total other equity	(240,436)	(1)	(40,830)	-
Total equity attributable to owners of the Company	10,965,080	38	11,298,656	42
NON-CONTROLLING INTERESTS (Note 27)	99,153	-	131,332	-
Total equity	11,064,233	38	11,429,988	42
TOTAL	$ 28,844,064	100	$ 26,956,116	100

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

(With Deloitte & Touche auditors' report dated February 25, 2019)

SINYI REALTY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4 and 28)				
Sales revenue	$ 3,644,688	28	$ 9,779,892	55
Service revenue	9,258,270	72	8,026,889	45
Total operating revenue	12,902,958	100	17,806,781	100
OPERATING COSTS (Notes 12, 29 and 37)				
Cost of sales	1,867,712	14	6,062,907	34
Service cost	6,812,680	53	5,974,258	34
Total operating costs	8,680,392	67	12,037,165	68
GROSS PROFIT	4,222,566	33	5,769,616	32
OPERATING EXPENSES (Notes 29 and 37)	1,577,664	12	1,305,756	7
OPERATING INCOME	2,644,902	21	4,463,860	25
NON-OPERATING INCOME AND EXPENSES				
Rental income (Note 37)	85,069	1	84,477	-
Dividend income	41,198	-	34,556	-
Interest income (Note 29)	150,452	1	133,401	1
Other gains and losses (Notes 29 and 37)	10,154	-	(7,427)	-
Finance costs (Notes 29 and 37)	(112,223)	(1)	(79,315)	-
Total non-operating income and expenses	174,650	1	165,692	1
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	2,819,552	22	4,629,552	26
INCOME TAX EXPENSE (Notes 4 and 30)	(1,328,629)	(11)	(1,802,437)	(10)
NET PROFIT FOR THE YEAR	1,490,923	11	2,827,115	16
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 26)	(36,773)	-	(37,555)	-

(Continued)

SINYI REALTY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	**%**	**Amount**	**%**
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	35,301	-	-	-
Share of the other comprehensive loss of associates accounted for using the equity method	(309)	-	-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 30)	12,078	-	6,384	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(284,719)	(2)	(171,101)	(1)
Unrealized gain on available-for-sale financial assets	-	-	49,503	-
Share of the other comprehensive income of associates accounted for using the equity method	-	-	1,996	-
Other comprehensive loss for the year, net of income tax	(274,422)	(2)	(150,773)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,216,501	9	$ 2,676,342	15
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 1,504,587	12	$ 2,802,827	16
Non-controlling interests	(13,664)	-	24,288	-
	$ 1,490,923	12	$ 2,827,115	16
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 1,230,557	9	$ 2,651,919	15
Non-controlling interests	(14,056)	-	24,423	-
	$ 1,216,501	9	$ 2,676,342	15
EARNINGS PER SHARE (Note 31)				
Basic	$2.04		$3.80	
Diluted	$2.04		$3.80	

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

(With Deloitte & Touche auditors' report dated February 25, 2019) (Concluded)

SINYI REALTY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company										
			Retained Earnings			Other Equity					
	Ordinary Share	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain on Investments in Equity Instruments at Fair Value through Other Comprehensive Income	Unrealized Gain on Available-for-sale Financial Assets	Total	Non-controlling Interests	Total Equity
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	-	-	-	-	(631,840)	-	-	-	(631,840)	-	(631,840)
Share dividends	196,602	-	-	-	(196,602)	-	-	-	-	-	-
Net profit for the year ended December 31, 2017	-	-	-	-	2,802,827	-	-	-	2,802,827	24,288	2,827,115
Other comprehensive (loss) income for the year ended December 31, 2017, net of income tax	-	-	-	-	(31,309)	(171,098)	-	51,499	(150,908)	135	(150,773)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	2,771,518	(171,098)	-	51,499	2,651,919	24,423	2,676,342
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	(2,903)	(2,903)
BALANCE AT DECEMBER 31, 2017	6,515,000	63,896	1,793,382	-	2,967,208	(396,805)	-	355,975	11,298,656	131,332	11,429,988
Effect of retrospective application and retrospective restatement	-	-	-	-	13,949	-	406,011	(355,975)	63,985	-	63,985
BALANCE AT JANUARY 1, 2018 AS RESTATED	6,515,000	63,896	1,793,382	-	2,981,157	(396,805)	406,011	-	11,362,641	131,332	11,493,973
Appropriation of 2017 earnings											
Legal reserve	-	-	280,282	-	(280,282)	-	-	-	-	-	-
Special reserve	-	-	-	40,830	(40,830)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,628,750)	-	-	-	(1,628,750)	-	(1,628,750)
Share dividends	853,465	-	-	-	(853,465)	-	-	-	-	-	-
Actual disposals of interests in subsidiaries	-	632	-	-	-	-	-	-	632	4,368	5,000
Net profit (loss) for the year ended December 31, 2018	-	-	-	-	1,504,587	-	-	-	1,504,587	(13,664)	1,490,923
Other comprehensive (loss) income for the year ended December 31, 2018, net of income tax	-	-	-	-	(24,388)	(284,634)	34,992	-	(274,030)	(392)	(274,422)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	1,480,199	(284,634)	34,992	-	1,230,557	(14,056)	1,216,501
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	(22,491)	(22,491)
BALANCE AT DECEMBER 31, 2018	$ 7,368,465	$ 64,528	$ 2,073,664	$ 40,830	$ 1,658,029	$ (681,439)	$ 441,003	$ -	$ 10,965,080	$ 99,153	$ 11,064,233

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

(With Deloitte & Touche auditors' report dated February 25, 2019)

SINYI REALTY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 2,819,552	$ 4,629,552
Adjustments for:		
Depreciation expenses	124,538	125,214
Amortization expenses	32,632	44,057
Net loss on financial assets at fair value through profit or loss	593	1,119
Interest expenses	175,087	88,669
Interest income	(150,452)	(133,401)
Dividend income	(41,198)	(34,556)
Share of loss of associates and joint ventures	992	2,488
Loss on disposal of property, plant and equipment	3,540	5,075
Loss on disposal of investment properties	3,901	1,440
Gain on disposal of investments	(1,321)	(6,910)
Impairment loss recognized on non-financial assets	3,103	10,800
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(1,682,543)	278,157
Notes receivable	(24,598)	(12,156)
Trade receivables	(72,560)	(35,177)
Other receivables	1,132	38,098
Inventories	472,570	(4,011,320)
Other current assets	63,988	634,510
Operating assets	-	(1,953)
Contract liabilities	535,703	-
Notes payable	(923)	1,461
Trade payables	684,592	(93,956)
Other payables	140,799	44,365
Other payables to related parties	(24,781)	14,306
Unearned revenue	513	(6,931,127)
Provisions	(50,354)	11,551
Other financial liabilities	56,502	(106,837)
Other current liabilities	8,040	(67,317)
Other operating liabilities	138,602	(36,264)
Cash generated from operations	3,217,649	(5,540,112)
Interest received	149,658	144,266
Interest paid	(164,039)	(90,922)
Income taxes paid	(1,238,005)	(827,598)
Net cash generated from (used in) operating activities	1,965,263	(6,314,366)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets through other comprehensive income	(48,774)	-
Purchase of available-for-sale financial assets	-	(10,103)
Proceeds from disposal of available-for-sale financial assets	-	12,403
Purchase of financial assets measured at cost	-	(5,000)
Purchase of investment accounted for using equity method	-	(17,989)

(Continued)

SINYI REALTY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
Net cash inflow on acquisition of subsidiaries	4,740	-
Net cash inflow on disposal of subsidiaries	5,000	-
Payments for property, plant and equipment	(97,580)	(55,814)
Proceeds from disposal on property, plant and equipment	190	123
Decrease in prepayment for equipment	-	11,504
Increase in refundable deposits	(12,818)	-
Decrease in refundable deposits	-	3,653
Payment for intangible assets	(30,587)	(25,139)
Payment for investment properties	(28,215)	(26,531)
Proceeds from disposal of investment properties	8,792	263,758
Decrease (increase) in other financial assets	21,547	(144,650)
Decrease in other non-current assets	1,359	3,163
Dividends received	41,463	34,743
Net cash (used in) generated from investing activities	(134,883)	44,121
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	1,449,942
Repayment of short-term borrowings	(860,000)	-
Proceeds from bond payables	4,400,000	-
Repayments of bond payables	(1,500,000)	-
Proceeds from long-term borrowings	15,253,920	17,701,680
Repayments of long-term borrowings	(16,805,570)	(11,560,820)
Proceeds from guarantee deposits received	413	-
Refund of guarantee deposits received	-	(17,397)
Decrease in other payables to related parties	(800)	(18,454)
Dividends paid to owners of the Company	(1,628,750)	(631,840)
Changes in non-controlling interests	(22,491)	(2,903)
Net cash (used in) generated from financing activities	(1,163,278)	6,920,208
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(15,680)	(262,589)
INCREASE IN CASH AND CASH EQUIVALENTS	651,422	387,374
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,899,831	3,512,457
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 4,551,253	$ 3,899,831

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

(With Deloitte & Touche auditors' report dated February 25, 2019) (Concluded)

1. GENERAL INFORMATION

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

In August 1999, the Securities and Futures Bureau(SFB) approved the trading of the Company's ordinary shares on the Taipei Exchange(TPEx) in the ROC. In September 2001, SFB approved the listing of the Company's shares on the Taiwan Stock Exchange(TWSE).

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors and authorized for issue on February 25, 2019.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS 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)

   Except for the following, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Group's accounting policies:

   1) IFRS 9 "Financial Instruments" and related amendments

      IFRS 9 supersedes IAS 39 "Financial Instruments: Recognition and Measurement", with consequential amendments to IFRS 7 "Financial Instruments: Disclosures" and other standards. IFRS 9 sets out the requirements for classification, measurement and impairment of financial assets and hedge accounting. Refer to Note 4 for information relating to the relevant accounting policies.

      The requirements for classification, measurement and impairment of financial assets and hedging cost have been applied retrospectively starting from January 1, 2018, and the other requirements for hedge accounting have been applied prospectively. IFRS 9 is not applicable to items that have already been derecognized as of December 31, 2017.

Classification, measurement and impairment of financial assets

On the basis of the facts and circumstances that existed as of January 1, 2018, the Group has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods of financial statements.

The following table shows the original measurement categories and carrying amount under IAS 39 and the new measurement categories and carrying amount under IFRS 9 for each class of the Group's financial assets and financial liabilities as of January 1, 2018.

	Measurement Category		Carrying Amount		
Financial Assets	**IAS 39**	**IFRS 9**	**IAS 39**	**IFRS 9**	**Remark**
Cash and cash equivalents	Loans and receivables	Amortized cost	$ 3,899,831	$ 3,899,831	d)
Structured financial products	Loans and receivables	Mandatorily at FVTPL	2,902,655	2,910,977	a)
Equity securities	Designated as at FVTPL	Mandatorily at FVTPL	7,718	7,718	
	Available-for-sale	FVTOCI - equity instruments	1,027,503	1,083,166	b)
Mutual funds	Designated as at FVTPL	Mandatorily at FVTPL	194,060	194,060	
	Available-for-sale	Mandatorily at FVTPL	1,294	1,294	c)
Time deposits with original maturities of more than 3 months	Loans and receivables	Amortized cost	169,970	169,970	d)
Notes receivable, trade receivables and other receivables	Loans and receivables	Amortized cost	918,211	918,211	d)
Restricted assets	Loans and receivables	Amortized cost	7,283	7,283	d)
Guaranteed deposits	Loans and receivables	Amortized cost	130,799	130,799	d)

Financial Assets	IAS 39 Carrying Amount as of January 1, 2018	Reclassifi-cations	Remea-surements	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Remark
FVTPL	$ 201,778	$ -	$ -	$ 201,778	$ -	$ -	
Add: Reclassification from available-for-sale (IAS 39)	-	1,294	-	1,294	-	-	c)
Add: Reclassification from amortized cost (IAS 39)	-	2,902,655	8,322	2,910,977	8,322	-	a)
	201,778	2,903,949	8,322	3,114,049	8,322	-	
FVTOCI	-	-	-	-	-	-	
Equity instruments Add: Reclassification from loans and receivables (IAS 39)	-	1,027,503	55,663	1,083,166	5,627	50,036	b)
	-	1,027,503	55,663	1,083,166	5,627	50,036	
Amortized cost	-	-	-	-	-	-	
Add: Reclassification from loans and receivables (IAS 39)	-	5,126,094	-	5,126,094	-	-	d)
	-	5,126,094	-	5,126,094	-	-	
	$ 201,778	$ 9,057,546	$ 63,985	$ 9,323,309	$ 13,949	$ 50,036	

a) Structured financial products were designated as at amortized cost under IAS 39 because they were hybrid instruments. They have been classified as mandatorily at FVTPL in their entirety under IFRS 9 since they contain host contracts that are assets within the scope of IFRS 9. Consequently, an increase of $8,322 thousand was recognized in both financial assets at FVTPL and retained earnings on January 1, 2018.

b) The Group elected to designate all its investments in equity securities previously classified as available-for-sale under IAS 39 as at FVTOCI under IFRS 9, because these investments are not held for trading. As a result, the related other equity-unrealized gain (loss) on available-for-sale financial assets of $355,975 thousand was reclassified to other equity-unrealized gain (loss) on financial assets at FVTOCI.

Investments in unlisted shares previously measured at cost under IAS 39 have been designated as at FVTOCI under IFRS 9 and were remeasured at fair value. Consequently, an increase of $55,663 thousand, $5,627 thousand and $50,036 thousand was recognized, respectively, in financial assets at FVTOCI, retained earnings and other equity-unrealized gain (loss) on financial assets at FVTOCI on January 1, 2018.

c) Mutual funds previously classified as available-for-sale under IAS 39 were classified mandatorily as at FVTPL under IFRS 9, because the contractual cash flows are not solely payments of principal and interest on the principal outstanding and they are not equity instruments.

d) Cash and cash equivalents, time deposits with original maturities less than three months, notes receivable, trade receivables, other receivables and refundable deposits that were previously classified as loans and receivables under IAS 39 were classified as at amortized cost with an assessment of expected credit losses under IFRS 9.

2) IFRS 15 "Revenue from Contracts with Customers" and related amendments

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers and supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations. Refer to Note 4 for related accounting policies.

Incremental costs of obtaining a contract are recognized as an asset to the extent the Group expects to recover those costs. Such an asset is amortized on a basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Prior to the application of IFRS 15, related costs were recognized as an expense immediately.

Accrued discount of service revenue were recognized as provisions for service revenue allowances before IFRS 15 is adopted and recognized as refund liability which are accounted for as other current liabilities and other non-current liabilities after IFRS 15 is adopted.

The Group elected only to retrospectively apply the IFRS 15 to those contracts not completed as of January 1, 2018 and recognize the cumulative effect of the change in retained earnings on January 1, 2018.

<u>Impact on assets, liabilities and equity for current year</u>

	As Originally Stated	**Adjustments Arising from Initial Application**	**Restated**
Unearned revenue	$ 176,293	$ (176,293)	$ -
Provision of liabilities	99,603	(42,927)	56,676
Refund liability (recorded as other current liabilities and other liabilities)	-	42,927	42,927
Contract liabilities - current	-	176,293	176,293
	$ 275,896	$ -	$ 275,896

b. Amendments to 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) (collectively, the "IFRSs") endorsed by the FSC for application starting from 2019.

New, Amended or Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	January 1, 2019 (Note 2)
IFRS 16 "Leases"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019 (Note 3)
Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"	January 1, 2019
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.

Note 2: The FSC permits the election for early adoption of the amendments starting from 2018.

Note 3: The Group shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

1) IFRS 16 "Leases"

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17, IFRIC 4, and a number of related interpretations.

Definition of a lease

Upon initial application of IFRS 16, the Group will elect to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 will not be reassessed and will be accounted for in accordance with the transitional provisions under IFRS 16.

The Group as lessee

Upon initial application of IFRS 16, the Group will recognize right-of-use assets, or investment properties if the right-of-use assets meet the definition of investment properties, and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases will be recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group will present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities will be classified within financing activities; cash payments for the interest portion will be classified within operating activities. Currently, payments under operating lease contracts, including property interest qualified as investment properties, were recognized as expenses on a straight-line basis. Cash flows for operating leases are classified within operating activities on the consolidated statements of cash flows. Leased assets and finance lease payables are recognized for contracts classified as finance leases.

The Group anticipates applying IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized on January 1, 2019. Comparative information will not be restated.

Lease liabilities will be recognized on January 1, 2019 for leases currently classified as operating leases with the application of IAS 17. Lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets will be measured at an amount equal to the lease liabilities.

Except for the following practical expedients in b) below which are to be applied, the Group will apply IAS 36 to all right-of-use assets.

The Group expects to apply the following practical expedients:

a) The Group will apply a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.

b) The Group will adjust the right-of-use assets on January 1, 2019 by the amount of any provisions for onerous leases recognized as of December 31, 2018.

c) The Group will account for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

d) The Group will exclude initial direct costs from the measurement of right-of-use assets on January 1, 2019.

e) The Group will use hindsight, such as in determining lease terms, to measure lease liabilities.

For deposits that the lessee should provide to the lessor as a guarantee which will be refunded to the lessee at the expiration of the lease according to the lease contract, the Group recognizes the difference between fair value of the refundable deposit at the initial application of IFRS 16 and the receivable amount on the expiration date of the lease period in the right-of-use asset as well as recognizes the corresponding interest revenue through the lease period.

The Group as lessor

Except for sublease transactions, the Group will not make any adjustments for leases in which it is a lessor and will account for those leases with the application of IFRS 16 starting from January 1, 2019.

Anticipated impact on assets, liabilities and equity

	Carrying Amount as of December 31, 2018	**Adjustments Arising from Initial Application**	**Adjusted Carrying Amount as of January 1, 2019**
Right-of-use assets	$ -	$ 3,380,427	$ 3,380,427
Refundable deposits	143,620	(11,947)	131,673
	$ 143,620	$ 3,368,480	$ 3,512,100
Lease liabilities	$ -	$ 526,765	$ 526,765
Lease liabilities - non-current	-	2,841,715	2,841,715
	$ -	$ 3,368,480	$ 3,368,480

2) IFRIC 23 “Uncertainty over Income Tax Treatments”

IFRIC 23 clarifies that when there is uncertainty over income tax treatments, the Group should assume that the taxation authority will have full knowledge of all related information when making related examinations. If the Group concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Group should determine the taxable profit, tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatments used or planned to be used in its income tax filings. If it is not probable that the taxation authority will accept an uncertain tax treatment, the Group should make estimates using either the most likely amount or the expected value of the tax treatment, depending on which method the Group expects to better predict the resolution of the uncertainty. The Group has to reassess its judgments and estimates if facts and circumstances change.

Except for the above impacts, as of the date the consolidated financial statements were authorized for issue, the Group assess that the amendments to the other Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC would not have any material impact on the Group’s financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 2)
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 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 3)

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 Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 3: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

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

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

Current assets include:

- Assets held primarily for the purpose of trading;

- Assets expected to be realized within 12 months after the reporting period; and

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

Current liabilities include:

- Liabilities held primarily for the purpose of trading;

- Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

- Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

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

d. Basis of consolidation

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

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

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

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

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

See Note 14, Tables 6 and 7 following the Notes to Consolidated Financial Statements for the detailed information of subsidiaries (including the percentage of ownership and main business).

e. Business combinations

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

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

f. Foreign currencies

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

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

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

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

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

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

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

g. Inventories

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

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

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

h. Investments in associates

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

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

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

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

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

i. Property, plant and equipment

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

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

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

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

j. Investment properties

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

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

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

k. Goodwill

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

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

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

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

l. Intangible assets

1) Intangible assets acquired separately

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

2) Intangible assets acquired in a business combination

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

3) Derecognition of intangible assets

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

m. Assets related to contract costs

When sales contract is obtained, commission paid to employees who obtained from the sale of property and selling service fees paid to agents under exclusive sale agreements are recognized as assets (incremental cost of obtaining a contract) to the extent that the costs are expected to be recovered and are recognized in profit or loss when the property is transferred to the customers. However, the Group elects not to capitalize the incremental costs of obtaining a contract if the amortization period of the related asset, which the Group otherwise would have recognized, is expected to be one year or less.

n. Impairment of tangible and intangible assets other than goodwill and assets related to contract costs

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

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

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

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

o. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

<u>2018</u>

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost, and equity instruments at FVTOCI.

i. Financial assets at FVPTL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL.

A financial asset may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.

Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI that do not meet the amortized cost criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 36.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost, other receivables and other financial assets - current, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

<u>2017</u>

Financial assets are classified into the following categories: Financial assets at FVTPL, available-for-sale financial assets and loans and receivables.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are either held for trading or designated as at FVTPL.

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

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

ii. Available-for-sale financial assets

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

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

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

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

iii. Loans and receivables

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

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

b) Impairment of financial assets

2018

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime Expected Credit Loss (ECL) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2017

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

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

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

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

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

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

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

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

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

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

c) Derecognition of financial assets

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

Before 2018, on derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. Starting from 2018, on derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

2018 and 2017

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

p. Provisions

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

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

2017

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

q. Revenue recognition

2018

The Group identifies the contract with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

Revenue from rendering of services

Revenue from rendering of services comes from real-estate brokerage business and will be recognized when services provided are completed.

Revenue from sale of real estate

Revenue from sales of real estate in Mainland China is recognized on the day of real estate transferring when buyers and sellers assignment sales contract and file in the local real estate institution, acceptance has been issued by relevant departments and the filing procedures are completed, and the Group sale issues a notice of real estate transferring according to the provisions of the contract. Revenue from the sale of properties in Taiwan is recognized when construction is complete, certificates of ownership of the properties are transferred to buyers. Until such revenue is recognized, deposits in and installment payments from sales of properties are measured at contract liabilities - current in the consolidated balance sheets.

2017

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

1) Rendering of services

Service revenue from real-estate brokerage business is recognized when services are provided. Revenue from the rendering of services is recognized when all the following conditions are satisfied:

a) The amount of revenue can be measured reliably;

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

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

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

2) Sale of goods

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

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

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

c) The amount of revenue can be measured reliably;

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

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

Revenue from sales of real estate is recognized on the day of real estate transferring when buyers and sellers assignment sales contract and file in the local real estate institution, acceptance has been qualified by relevant departments and the filing procedures are completed, and the Group sale issues a notice of real estate transferring according to the provisions of the contract.

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

3) Dividend and interest income

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

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

r. Leasing

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

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

s. Borrowing costs

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

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

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

t. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Other long-term employee benefits

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

u. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Impairment of tangible and intangible assets other than goodwill

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

b. Evaluation of performance bonus payables

Revenue from the rendering of services is recognized when all the conditions (see Note 4) are satisfied. Performance bonus payables are recognized considering whether the criteria of sales performance are reached and the performance standards under the bonus rules are met. The Group will regularly review the rationality of the evaluation of performance bonus payables.

c. Write-down of inventory

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

d. Land Value Increment Tax

Land value increment tax is estimated according to the related tax regulations issued by the People's Republic of China. As of December 31, 2018 and 2017, the amount of land value increment tax payable recorded as current tax payable was $713,828 thousand and $467,695 thousand, respectively. However, the amount of final actual liability of land value increment tax shall be examined by the tax authorities of China and may be different from the amount estimated by the Group.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2018	**2017**
Cash on hand	$ 26,952	$ 24,912
Checking accounts and demand deposits	3,739,797	3,793,191
Cash equivalents		
Time deposits with original maturities less than three months	784,504	81,728
	$ 4,551,253	$ 3,899,831

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

	December 31	
	2018	**2017**
Interest rates range	0%-3.2%	0%-1.98%

As of December 31, 2018 and 2017, the carrying amounts of time deposits with original maturities more than three months were $148,470 thousand and $169,970 thousand, respectively, which were classified as other financial assets - current (Note 13)

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

	December 31	
	2018	2017
Financial assets mandatorily classified as at FVTPL - current		
Non-derivative financial assets		
Domestic quoted shares	$ 7,590	$ -
Mutual funds	48,308	-
Structured financial products	4,646,837	-
	$ 4,702,735	$ -
Financial assets held for trading		
Non-derivative financial assets		
Domestic quoted shares	$ -	$ 7,718
Mutual funds	-	194,060
	$ -	$ 201,778

Structured financial products which the Group bought from banks are structured time deposit with the expected yield rates of 0%-4.45% as of December 31, 2018.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - 2018

Investment in Equity Instruments at FVTOCI

	December 31, 2018
Current	
Domestic investments	
Listed shares	$ 257,668
Foreign investments	
Listed shares	527,703
	$ 785,371
Non-current	
Domestic investments	
Unlisted shares	$ 88,583
Foreign investments	
Unlisted shares	304,544
	$ 393,127

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as the management believes that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes. These investments in equity instruments were classified as available-for-sale and financial assets measured at cost under IAS 39. Refer to Note 3, Note 9 and Note 10 for information relating to their reclassification and comparative information for 2017.

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS - CURRENT - 2017

	December 31, 2017
Domestic investments	
Listed shares	$ 228,299
Foreign investments	
Listed shares	594,228
Mutual funds	1,294
	595,522
Available-for-sale financial assets	$ 823,821

10. FINANCIAL ASSETS MEASURED AT COST - NON-CURRENT - 2017

	December 31, 2017
Domestic unlisted ordinary shares	$ 54,953
Overseas unlisted ordinary shares	150,023
	$ 204,976

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.

11. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2018	2017
Notes receivable		
Notes receivable - operating	$ 52,755	$ 28,157
Trade receivables		
At amortized cost		
Gross carrying amount	$ 943,461	$ 850,334
Less: Allowance for impairment loss	(17,901)	(8,064)
	$ 925,560	$ 842,270

(Continued)

	December 31	
	2018	2017
Other receivables		
Receivables from disposal of investment	$ 4,474	4,567
Interest receivables	1,275	481
Others	47,088	46,901
Less: Allowance for impairment loss	(5,268)	(4,165)
	$ 47,569	$ 47,784

(Concluded)

a. Trade receivables

In 2018

The average credit period for rendering of services was 30 to 60 days. No interest was charged on trade receivables. The refund liability for trade receivables from real estate brokerage service revenue was estimated based on historical experience. Except for collections from real estate agent service rendered to individuals and from sales of real estate, the Group adopted a policy of using other publicly available financial information or its own trading records to rate its major customers and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit conditions of its counterparties are continuously monitored. Since the Group collected the receivables for providing real estate agent services from clients under escrow custody, the uncollectible risk shall be insignificant. On the other hand, the Group generally collected in advance the amount of real estate sold and the real estate shall not transferred or handed over until all the amount are collected. Thus, there would not be trade receivables from transactions of selling real estate.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2018

	Less than 60 Days	61 to 90 Days	91 to 180 Days	181 to 360 Days	Over 361 Days	Total
Expected credit loss rate	0%-0.5%	0%-0.5%	0%-0.5%	0%-0.5%	50%-100%	-
Gross carrying amount	$ 747,681	$ 76,409	$ 63,149	$ 21,757	$ 34,465	$ 943,461
Refund liability (Note)	(35,470)	(4,039)	(2,666)	(1,493)	(335)	(44,003)
Loss allowance (Lifetime ECL)	(184)	(63)	(237)	(109)	(17,308)	(17,901)
Amortized cost	$ 712,027	$ 72,307	$ 60,246	$ 20,155	$ 16,822	$ 881,557

Note: The refund liability were recognized under other current liabilities and other non-current liabilities.

The movements of the loss allowance of trade receivables were as follows:

	2018	
	Trade Receivables	Other Receivables
Balance at January 1, 2018 per IAS 39	$ 8,064	$ 4,165
Adjustment on initial application of IFRS 9	-	-
Balance at January 1, 2018 per IFRS 9	8,064	4,165
Add: Net remeasurement of loss allowance	10,194	2,162
Less: Amounts written off	-	(1,059)
Foreign exchange gains and losses	(357)	-
Balance at December 31, 2018	$ 17,901	$ 5,268

December 31, 2017

The Group applied the same credit policy in 2018 and 2017. 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.

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:

	December 31, 2017
0-60 days	$ 694,076
61-90 days	51,046
91-180 days	50,009
181-360 days	38,941
Over 360 days	16,262
	$ 850,334

The above analysis was based on the billing date.

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

	December 31, 2017
61-90 days	$ 8,742
91-180 days	6,219
181-360 days	1,667
Over 360 days	2,978
	$ 19,606

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	
	Trade Receivables	Other Receivables
Balance at January 1	$ 9,081	$ 2,848
(Less) add: Impairment losses (reversed) recognized on receivables	(116)	1,317
Less: Amounts written off	(802)	-
Foreign exchange translation differences	(99)	-
Balance at December 31	$ 8,064	$ 4,165

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

12. INVENTORIES

	December 31	
	2018	2017
Properties under development		
Jiading District, Shanghai	$ -	$ 1,967,730
Properties to be developed		
Binhu District, Wuxi	6,175,692	5,907,655
Banqiao District, New Taipei City	2,440,170	2,402,626
Banqiao District, New Taipei City (for transferable development rights)	283,360	198,104
Other		
Shilin District, Taipei City	2,113	2,113

(Continued)

	December 31	
	2018	**2017**
Inventory-merchandise		
Jiading District, Shanghai	$ 1,894,686	$ 799,065
Shilin District, Taipei City	258,966	420,156
	$ 11,054,987	$ 11,697,449

(Concluded)

The amount of cost of goods sold transferred from inventory was $1,867,712 thousand and $6,062,907 thousand for the years ended December 31, 2018 and 2017.

To ensure the smooth completion of the real estate project, Sinyi Development Inc. of the Group entered into trust contracts with banks on the real estate projects. The information of the real estate trust was as follows:

Project Name	Trustee	Trust Period
Yong Cui Section parcel number 4 and 6	Taishin International Bank Co., Ltd.	2017/5/22-2024/5/22
Yong Cui Section parcel number 27	Taishin International Bank Co., Ltd.	2017/9/30-2024/9/30

In accordance with the trust contract, Sinyi Development Inc. has engaged the trustees taking fund control function, including making progress payments, the payment of taxes, and so on.

Refer to Note 38 for the carrying amount of inventories pledged as security for bank borrowings by the Group.

13. OTHER FINANCIAL ASSETS - CURRENT

	December 31	
	2018	**2017**
Time deposits with original maturity more than three months	$ 148,470	$ 169,970
Restricted assets - current	7,236	7,283
Financial assets at amortized cost	-	2,902,655
	$ 155,706	$ 3,079,908

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

	December 31	
	2018	**2017**
Time deposits with original maturity more than three months	0.12%-2.75%	0.12%-1.15%

b. Restricted assets - current operating guarantee for real-estate brokerage. Refer to Note 38.

c. The Group concluded that the expected credit risk of the above financial assets would not be high and does not increase after the initial recognition.

d. Financial assets at amortized cost were bank financial products. The expected yield rates for the year ended December 31, 2017 was 0%-4.75%.

14. SUBSIDIARIES

a. Subsidiaries included in consolidated financial statements

The subsidiaries included in the consolidated entities as of December 31, 2018 and 2017 were as follows:

Investor	Investee	Main Businesses	% of Ownership December 31 2018	% of Ownership December 31 2017	Remark
Sinyi Realty Inc.	Sinyi International Limited (Sinyi International)	Investment holding	100	100	
	Sinyi Development Inc. (Taiwan Sinyi Development)	Development, construction, rental and sale of residential building and factories	100	100	
	Sinyi Limited	Investment holding	100	100	
	Sinyi Global Asset Management Co., Ltd. (Global)	Real estate brokerage	100	100	
	Heng-Yi Intelligent Technology Inc. (original name: Heng-Yi Real Estate Consulting) (Heng-Yi)	Development, construction, rental and sale of residential building and factories	75	100	Note 1
	Jui-Inn Consultants Co., Ltd. (Jui-Inn)	Management consulting	100	100	
	Sinyi Culture Publishing Inc. (Sinyi Culture)	Publication	99	99	
	An-Sin Real Estate Management Ltd. (An-Sin)	Real estate management	51	51	
	Yowoo Technology Inc. (Yowoo Technology)	Information software, data processing and electronic information providing services	100	100	
	Sin Chiun Holding SDN. BHD.(SIN CHIUN)	Investment holding	100	100	
	Sinyi Real Estate Consulting Limited (Sinyi Consulting)	Production of Instructions of real estate	100	-	Note 2
Sinyi Limited	Ke Wei HK Realty Limited (Ke Wei HK)	Investment holding	99	99	
	Inane International Limited (Inane)	Investment holding	100	100	
Inane	Shanghai Sinyi Real Estate Inc. (Shanghai Sinyi Real Estate)	Real estate brokerage	100	100	
	Beijing Sinyi Real Estate Ltd. (Beijing Sinyi)	Real estate brokerage	100	100	
	Shanghai Zhi Xin allograph Ltd.	Management consulting	100	100	
	Chengdu Sinyi Real Estate Co., Ltd. (Chengdu Sinyi)	Real estate brokerage and management consulting	100	100	
	Max Success International Limited (Max Success)	Investment holding	100	100	
Shanghai Sinyi Real Estate	Zhejiang Sinyi Real Estate Co., Ltd. (Zhejiang Sinyi)	Real estate brokerage and management consulting	100	100	
	Suzhou Sinyi Real Estate Inc. (Suzhou Sinyi)	Real estate brokerage and management consulting	100	100	
	Jiaxing Zhi Zheng Real Estate Marketing Planning Inc. (Jiaxing Zhi Zheng)	Real estate marketing planning and management consulting	100	100	
Shanghai Zhi Xi	Suzhou Zhi Xin Real Estate Co., Ltd. (Suzhou Zhi Xin)	Market information consultation and management consulting	100	-	Note 3
Ke Wei HK	Ke Wei Shanghai Real Estate Management Consulting Inc. (Ke Wei Shanghai)	Real estate brokerage and management consulting	100	100	
Sinyi International	Forever Success International Limited (Forever Success)	Investment holding	100	100	
	Sinyi Realty Inc. Japan (Japan Sinyi)	Real estate brokerage, management and identification	100	100	
	Sinyi Development Limited (Sinyi Development)	Investment holding	100	100	
	Sinyi Estate Ltd. (Sinyi Estate)	Investment holding	100	100	
Forever Success	Shanghai Shang Tuo Investment Management Consulting Inc. (Shanghai Shang Tuo)	Real estate brokerage and management consulting	100	100	
	Hua Yun Renovation (Shanghai) Co., Ltd. (Hua Yun)	Professional construction, building decoration construction, interior decoration, hardware, general merchandise, building materials wholesale	100	100	

(Continued)

Investor	Investee	Main Businesses	% of Ownership December 31 2018	2017	Remark
Shanghai Shang Tuo	Shanghai Chang Yuan Co., Ltd. (Shanghai Chang Yuan)	Property management	100	100	
Hua Yun	Lunheng Business Management (Shanghai) Ltd. (Lunheng)	Management consulting	100	-	Note 4
An-Sin	An-Shin Real Estate Management Ltd. (An-Shin)	Real estate management	100	100	
Japan Sinyi	Sinyi Management Co., Ltd. (Sinyi Management)	Real estate brokerage	100	100	
	Tokyo Sinyi Real Estate Co., Ltd.	Real estate brokerage	100	100	
Sinyi Development	Sinyi Real Estate (Hong Kong) Limited (Hong Kong Real Estate)	Investment holding	100	100	
	Kunshan Dingxian Trading Co., Ltd. (Kunshan Dingxian Trading)	Construction materials furniture, sanitary ware and ceramic products	100	100	
Sinyi Estate	Sinyi Estate (Hong Kong) Limited (Hong Kong Sinyi Estate)	Investment holding	100	100	
Hong Kong Real Estate	Sinyi Real Estate (Shanghai) Limited (Shanghai Real Estate)	Development of commercial and residential building and auxiliary facilities; and construction, rental, sale and property management	100	100	
Hong Kong Sinyi Estate	Jiu Xin Estate(Wuxi) Limited (Jiu Xin Estate)	Development of commercial and residential building	100	100	
Yowoo Technology	Wu Pu Co., Ltd. (Wu Pu)	Investment holding	100	-	Note 5
Taiwan Sinyi Development	Da-Chia Construction Co., Ltd. (Da-Chia Construction)	Development, construction, rental and sales of residential building and factories	100	100	
	Sinyi Real Estate Co., Ltd. (Sinyi Real Estate)	Development, construction, rental and sales of residential building and factories	100	100	
SIN CHIUN	FIDELITY PROPERTY CONSULTANT SDN. BHD. (FIDELITY)	Investment holding	49	49	
	PEGUSUS HOLDING SDN. BHD. (PEGUSUS)	Investment holding	100	100	
PEGUSUS	FIDELITY PROPERTY CONSULTANT SDN. BHD. (FIDELITY)	Real estate brokerage, management and identification	51	51	

(Concluded)

Remark:

Note 1: The Company's percentage of ownership interest in Heng Yi reduced to 75% as of December 31, 2018 due to the disposal of 25% of shares of Heng Yi to others in February and March, 2018.

Note 2: The Group acquired 100% ownership of Sinyi Consulting from Sinyi Co., Ltd. and Yu-Heng Co., Ltd. in June 2018, refer to Note 32 for the details.

Note 3: Suzhou Zhi Xin was incorporated in August 2018, with a capital of RMB1,000 thousand, as of December 31, 2018.

Note 4: Lunheng was incorporated in September 2018, with a capital of RMB1,000 thousand, as of December 31, 2018.

Note 5: Wu Pu was incorporated in March 2018, with a capital of NT$500 thousand, as of December 31, 2018.

b. Subsidiaries excluded from consolidated financial statements: None.

15. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2018	2017
Investments in associates	$ 27,554	$ 29,120

Investments in Associates

	December 31	
	2018	2017
Unlisted company		
Sinyi Interior Design Co., Ltd.	$ 12,870	$ 12,826
Rakuya International Info. Co., Ltd.	14,684	16,294
	$ 27,554	$ 29,120

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

	December 31	
Name of Associate	2018	2017
Sinyi Interior Design Co., Ltd.	19%	19%
Rakuya International Info. Co., Ltd.	23%	23%

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

	For the Year Ended December 31	
	2018	2017
The Group's shares		
Net loss for continuing operations	$ (992)	$ (2,488)
Other comprehensive income	(309)	1,996
Total comprehensive income for the year	$ (1,301)	$ (492)

The Group's percentage of ownership of Sinyi Interior Design Co., Ltd. is less than 20%. Since the Company's shareholder which accounted for the Company under equity method is also the director of Sinyi Interior Design Co., Ltd., the Company has material impact on it.

The investments accounted for by the equity method and the share of profit or loss and other comprehensive income of the investment for the years ended December 31, 2018 and 2017 were based on unaudited financial statements. The Group's management believes the unaudited financial statements of investees do not have material impact on the equity method accounting or the calculation of the share of profit or loss and other comprehensive income.

16. PROPERTY, PLANT AND EQUIPMENT

For the Year Ended December 31, 2018

	Freehold Land	Buildings	Transportation Equipment	Office Equipment	Leased Assets	Leasehold Improvements	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
Cost									
Balance, at January 1, 2018	$ 2,665,208	$ 639,680	$ 6,519	$ 370,157	$ 4,671	$ 526,644	$ 84,401	$ -	$ 4,297,280
Additions	-	-	4,292	37,811	-	48,733	2,983	3,761	97,580
Disposals	-	-	-	(25,592)	-	(27,429)	-	-	(53,021)
Reclassifications	168,538	25,054	-	-	-	1,081	-	(1,081)	193,592
Acquisition through business combinations	-	-	-	6,626	-	612	-	-	7,238
Effect of foreign currency exchange differences	-	(4,571)	(157)	(781)	-	(1,128)	-	-	(6,637)
Balance at December 31, 2018	$ 2,833,746	$ 660,163	$ 10,654	$ 388,221	$ 4,671	$ 548,513	$ 87,384	$ 2,680	$ 4,536,032
Accumulated Depreciation									
Balance, at January 1, 2018	$ -	$ 117,641	$ 4,668	$ 290,126	$ 4,671	$ 418,082	$ 69,520	$ -	$ 904,708
Depreciation expense	-	18,963	856	40,106	-	50,057	6,093	-	116,075
Disposals	-	-	-	(24,680)	-	(24,611)	-	-	(49,291)
Acquisition through business combinations	-	-	-	5,246	-	555	-	-	5,801
Reclassifications	-	7,495	-	-	-	-	-	-	7,495
Effect of foreign currency exchange differences	-	(158)	(82)	(596)	-	(1,126)	-	-	(1,962)
Balance at December 31, 2018	$ -	$ 143,941	$ 5,442	$ 310,202	$ 4,671	$ 442,957	$ 75,613	$ -	$ 982,826
Net book value, December 31, 2018	$ 2,833,746	$ 516,222	$ 5,212	$ 78,019	$ -	$ 105,556	$ 11,771	$ 2,680	$ 3,553,206

For the Year Ended December 31, 2017

	Freehold Land	Buildings	Transportation Equipment	Office Equipment	Leased Assets	Leasehold Improvements	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
Cost									
Balance, at January 1, 2017	$ 2,665,208	$ 415,360	$ 6,571	$ 367,121	$ 4,671	$ 521,294	$ 80,540	$ 230,850	$ 4,291,615
Additions	-	7,623	-	21,964	-	22,338	3,889	-	55,814
Disposals (Note)	-	-	-	(18,107)	-	(15,683)	(28)	(11,504)	(45,322)
Reclassifications	-	213,836	-	(41)	-	41	-	(213,836)	-
Effect of foreign currency exchange differences	-	2,861	(52)	(780)	-	(1,346)	-	(5,510)	(4,827)
Balance at December 31, 2017	$ 2,665,208	$ 639,680	$ 6,519	$ 370,157	$ 4,671	$ 526,644	$ 84,401	$ -	$ 4,297,280
Accumulated Depreciation									
Balance, at January 1, 2017	$ -	$ 107,102	$ 3,560	$ 264,153	$ 4,671	$ 374,696	$ 63,196	$ -	$ 817,378
Depreciation expense	-	10,539	1,130	43,724	-	54,989	6,352	-	116,734
Disposals	-	-	-	(17,339)	-	(11,253)	(28)	-	(28,620)
Reclassifications	-	-	-	(1)	-	1	-	-	-
Effect of foreign currency exchange differences	-	-	(22)	(411)	-	(351)	-	-	(784)
Balance at December 31, 2017	$ -	$ 117,641	$ 4,668	$ 290,126	$ 4,671	$ 418,082	$ 69,520	$ -	$ 904,708
Net book value, December 31, 2017	$ 2,665,208	$ 522,039	$ 1,851	$ 80,031	$ -	$ 108,562	$ 14,881	$ -	$ 3,392,572

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

The above items of property, plant and equipment are 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

a. Construction in progress and prepayments for equipment were mainly the Group's purchase of the pre-sold property which was still in construction located in Suzhou City. The transaction price had been paid fully according to the real estate transaction contract. The property had been completed the construction in 2017.

b. There was no interest capitalized during the years ended December 31, 2018 and 2017.

c. Refer to Note 38 for the details of properties, plant and equipment pledged as collaterals.

17. INVESTMENT PROPERTIES

	Land	Buildings	Total
Cost			
Balance at January 1, 2018	$ 2,029,699	$ 344,313	$ 2,374,012
Additions	27,400	815	28,215
Disposals	(12,461)	(239)	(12,700)
Transferred to property, plant and equipment	(168,538)	(25,054)	(193,592)
Balance at December 31, 2018	$ 1,876,100	$ 319,835	$ 2,195,935
Accumulated depreciation and impairment			
Balance at January 1, 2018	$ 7,022	$ 101,329	$ 108,351
Impairment loss recognized	2,988	115	3,103
Depreciation expense	-	8,463	8,463
Disposals	-	(7)	(7)
Transferred to property, plant and equipment	-	(7,495)	(7,495)
Balance at December 31, 2018	$ 10,010	$ 102,405	$ 112,415
Net book value, December 31, 2018	$ 1,866,090	$ 217,430	$ 2,083,520
Cost			
Balance at January 1, 2017	$ 2,022,380	$ 345,739	$ 2,368,119
Additions	24,271	2,260	26,531
Disposals	(16,952)	(3,686)	(20,638)
Balance at December 31, 2017	$ 2,029,699	$ 344,313	$ 2,374,012

(Continued)

	Land	Buildings	Total
Accumulated depreciation and impairment			
Balance at January 1, 2017	$ 5,558	$ 93,275	$ 98,833
Impairment losses recognized (reversed)	1,464	(285)	1,179
Depreciation expense	-	8,480	8,480
Disposals	-	(141)	(141)
Balance at December 31, 2017	$ 7,022	$ 101,329	$ 108,351
Net book value, December 31, 2017	$ 2,022,677	$ 242,984	$ 2,265,661

(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, freehold land and buildings as of December 31, 2018 and 2017 were $9,703,340 thousand and $9,113,907 thousand, respectively. The fair value determination was not performed by independent qualified professional appraisers, but by the management of the Group who used the valuation model that market participants generally use in determining fair value, and the fair value was measured by using Level 3 inputs. The fair value was arrived at by reference to market evidence of transaction prices for similar properties.

All of the Group's investment properties were held under freehold interests. The carrying amount of the investment properties that had been pledged by the Group to secure borrowings is disclosed in Note 38.

18. INTANGIBLE ASSETS

	December 31	
	2018	2017
Franchises (Note 40)	$ 48,749	$ 49,506
Goodwill	10,513	-
System software costs	51,067	54,482
Patent rights	5,000	-
	$ 115,329	$ 103,988

	Franchises	Goodwill	System Software Costs	Patent Rights	Total
Cost					
Balance at January 1, 2018	$ 90,933	$ 9,621	$ 230,520	$ -	$ 331,074
Additions	-	-	25,587	5,000	30,587
Disposals	-	-	(3,420)	-	(3,420)
Acquisition through business combinations (Note 32)	-	10,513	3,530	-	14,043
Effect of foreign currency exchange differences	2,918	-	(198)	-	2,720
Balance at December 31, 2018	$ 93,851	$ 20,134	$ 256,019	$ 5,000	$ 375,004

(Continued)

	Franchises	Goodwill	System Software Costs	Patent Rights	Total
Accumulated amortization					
Balance at January 1, 2018	$ 41,427	$ 9,621	$ 176,038	$ -	$ 227,086
Amortization expense	2,303	-	30,329	-	32,632
Disposals	-	-	(3,420)	-	(3,420)
Acquisition through business combinations (Note 32)	-	-	2,272	-	2,272
Effect of foreign currency exchange differences	1,372	-	(267)	-	1,105
Balance at December 31, 2018	$ 45,102	$ 9,621	$ 204,952	$ -	$ 259,675
Net book value, December 31, 2018	$ 48,749	$ 10,513	$ 51,067	$ 5,000	$ 115,329
Cost					
Balance at January 1, 2017	$ 98,542	$ 9,621	$ 207,447	$ -	$ 315,610
Additions	-	-	25,139	-	25,139
Disposals	-	-	(1,866)	-	(1,866)
Effect of foreign currency exchange differences	(7,609)	-	(200)	-	(7,809)
Balance at December 31, 2017	$ 90,933	$ 9,621	$ 230,520	$ -	$ 331,074
Accumulated amortization					
Balance at January 1, 2017	$ 42,430	$ -	$ 136,202	$ -	$ 178,632
Amortization expense	2,324	-	41,733	-	44,057
Disposals	-	-	(1,866)	-	(1,866)
Impairment losses recognized	-	9,621	-	-	9,621
Effect of foreign currency exchange differences	(3,327)	-	(31)	-	(3,358)
Balance at December 31, 2017	$ 41,427	$ 9,621	$ 176,038	$ -	$ 227,086
Net book value, December 31, 2017	$ 49,506	$ -	$ 54,482	$ -	$ 103,988

(Concluded)

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

Franchises	40 years
System software costs	2-5 years
Patent rights	4-7 years

The recoverable amount of the Group's goodwill had been tested for impairment using the forecast carrying amount at the end of the annual reporting period. For the year ended December 31, 2017, the Group recognized an impairment loss of $9,621 thousand on goodwill. Refer to Note 29.

19. OTHER ASSETS

	December 31	
	2018	2017
Prepaid expenses	$ 84,768	$ 94,820
Overpaid VAT	14,019	9,696
Temporary payments	3,355	45,847
Overdue receivables	335	1,694
Tax prepayment	-	15,750
Others	1,890	1,890
	$ 104,367	$ 169,697
Current	$ 102,142	$ 166,113
Non-current	2,225	3,584
	$ 104,367	$ 169,697

20. BORROWINGS

a. Short-term borrowings

	December 31	
	2018	2017
Unsecured borrowings		
Unsecured loans	$ -	$ 560,000
Secured borrowings		
Bank loans	748,000	1,048,000
	$ 748,000	$ 1,608,000

1) The interest rates of the bank loans as of December 31, 2018 and 2017 were 1.73% and 1.10%-1.73%, respectively.

2) Refer to Note 38 for the details of assets pledged as collaterals for short-term borrowings.

b. Long-term borrowings

	December 31	
	2018	2017
Secured borrowings		
Bank loans	$ 3,022,204	$ 5,380,800

(Continued)

	December 31	
	2018	2017
Unsecured borrowings		
Unsecured loans	$ 2,356,956	$ 1,519,816
	5,379,160	6,900,616
Less: Current portion	(7,682)	(13,210)
Long-term borrowings	$ 5,371,478	$ 6,887,406

(Concluded)

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

	Content of Borrowings	December 31 2018	December 31 2017
E.SUN Bank	Loan limit: $200,000 thousand; period: December 29, 2017 to December 29, 2020; fixed interest rate of 1.2%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in October 2018.	$ -	$ 200,000
E.SUN Bank	Loan limit: $2,450,000 thousand; period: December 29, 2017 to December 29, 2020; fixed interest rate of 1.2%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in October 2018.	-	2,450,000
E.SUN Bank	Loan limit: $200,000 thousand; period: October 19, 2018 to October 19, 2021; fixed interest rate of 1.2%; interest is paid monthly and principal is repaid at maturity.	200,000	-
E.SUN Bank	Loan limit: $2,450,000 thousand; period: October 19, 2018 to October 19, 2021; fixed interest rate of 1.2%; interest is paid monthly and principal is repaid at maturity.	2,450,000	-
Bank of East Asia	Loan limit: $1,600,000 thousand (Note); period: December 7, 2017 to December 7, 2020; floating interest rate as of 1.4653%; interest is paid monthly; 3% of principal is repaid in 18th, 24th and 30th months, respectively 91% of principal is paid in 36th month. The Group repaid all the debts in July 2018.	-	300,000
Bank of East Asia	Loan limit: US$40,000 thousand (Note); period: December 7, 2017 to December 7, 2020; floating interest rate as of 3.5296%; interest is paid quarterly; 3% of principal is repaid in 18th, 24th and 30th months, respectively 91% of principal is paid in 36th month. The Group repaid all the debts in July 2018.	-	1,190,400

(Continued)

	Content of Borrowings	December 31 2018	2017
Bank of East Asia	Loan limit: $1,600,000 thousand; period: November 15, 2018 to November 12, 2021; floating interest rate as of 1.242%; interest is paid monthly; 3% of principal is repaid in 18th, 24th and 30th months, respectively 91% of principal is paid in 36th month.	$ 200,000	$ -
Yuanta Bank	Loan limit: $200,000 thousand; period: March 23, 2018 to March 22, 2020; fixed interest rate of 1.25%; interest is paid monthly and principal is repaid at maturity.	200,000	-
Yuanta Bank	Loan limit: $200,000 thousand; period: December 29, 2017 to February 25, 2019; fixed interest rate of 2.01%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in January 2018.	-	200,000
Mizuho Bank	Loan limit: JPY150,000 thousand; period: June 20, 2016 to June 20, 2019; fixed interest rate of 1.108%; interest is paid monthly and principal is repaid JPY4,167 thousand monthly.	6,956	19,816
Mizuho Bank	Loan limit: $300,000 thousand; period: November 30, 2018 to November 30, 2020; fixed interest rate of 1.16%; interest is paid monthly and principal is repaid at maturity.	200,000	-
Bank of Sinopac	Loan limit: $200,000 thousand; period: August 29, 2017 to August 29, 2019; fixed rate of 1.10%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in July 2018.	-	200,000
Bank of Sinopac	Loan limit: $200,000 thousand; period: September 19, 2018 to September 19, 2020; fixed rate of 1.10%; interest is paid monthly and principal is repaid at maturity.	200,000	-
O-Bank	Loan limit: $200,000 thousand; period: December 26, 2018 to December 25, 2020; fixed interest rate of 1.221%; interest is paid monthly and principal is repaid at maturity.	200,000	-
O-Bank	Loan limit: $200,000 thousand; period: March 30, 2017 to March 30, 2019; fixed interest rate of 1.237%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in January 2018.	-	200,000
Far Eastern Bank	Loan limit: $800,000 thousand; period: April 2, 2018 to April 2, 2020; fixed interest rate of 1.29%; interest is paid monthly and principal is repaid at maturity.	300,000	-
Far Eastern Bank	Loan limit: $800,000 thousand; period: March 31, 2017 to March 31, 2019; fixed interest rate of 1.34%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in January 2018.	-	400,000

(Continued)

	Content of Borrowings	December 31 2018	2017
Taishin Bank	Loan limit: $300,000 thousand; period: December 25, 2017 to December 25, 2020; fixed interest rate of 1.22%; interest is paid monthly and principal is repaid at maturity.	$ 300,000	$ 300,000
Taishin Bank	Loan limit: $1,900,000 thousand; period: September 8, 2017 to September 8, 2022; fixed interest rate of 1.7%; interest is paid monthly and principal is repaid at maturity.	285,000	250,000
DBS	Loan limit: $150,000 thousand; period: March 23, 2018 to March 23, 2020; fixed interest rate of 1.25%; interest is paid monthly and principal is repaid at maturity.	150,000	-
DBS	Loan limit: US$40,000 thousand; period: December 13, 2017 to December 13, 2019; floating interest rate at 3.80325%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in August 2018.	-	1,190,400
TC Bank	Loan limit: $200,000 thousand; period: June 21, 2018 to June 21, 2020; fixed interest rate of 1.22%; interest is paid monthly and principal is repaid at maturity.	200,000	-
Mega Bank	Loan limit: $250,000 thousand; period: August 13, 2018 to August 13, 2021; floating interest rate as of 1.20%; interest is paid monthly and principal is repaid at maturity.	200,000	-
Shin Kong Bank	Loan limit: $200,000 thousand; period: November 21, 2018 to November 20, 2021; fixed interest rate of 1.20%; interest is paid monthly and principal is repaid at maturity.	200,000	-
Shanghai Pudon Development Bank	Loan limit: RMB600,000 thousand; period: December 26, 2018 to December 25, 2023; fixed interest rate of 5.7%; interest is paid quarterly and principal is repaid in proportion semi-annually.	87,204	-
Total long-term borrowings		$ 5,379,160	$ 6,900,616

(Concluded)

Note: The total amount of line of credit from East Asia Bank is not more than $1,600,000 thousand.

Refer to Note 38 for the details of assets pledged as collaterals for long-term borrowings.

21. BONDS PAYABLE

	December 31 2018	2017
Domestic unsecured bonds	$ 5,900,000	$ 3,000,000
Less: Current portion	(1,500,000)	(1,500,000)
	$ 4,400,000	$ 1,500,000

The major terms of domestic unsecured bonds were as follows:

Issuance Period	Total Amount (In Thousands)	Coupon Rate	Repayment and Interest Payment
June 2014 to June 2019	$ 3,000,000	1.48%	At the end of the 4th and 5th year from the issuance date, the Group will repay half of the principle, respectively. Interest is paid annually.
May 2018 to May 2021	700,000	0.92%	Principal is repaid at maturity. Interest is paid annually.
May 2018 to May 2023	1,900,000	1.07%	Principal is repaid at maturity. Interest is paid annually.
July 2018 to July 2023	1,800,000	1.05%	Principal is repaid at maturity. Interest is paid annually.

22. TRADE PAYABLES

	December 31 2018	December 31 2017
Construction payables	$ 766,021	$ 81,429

23. CONTRACT LIABILITIES & UNEARNED REVENUE

	December 31 2018	December 31 2017
Contract liabilities		
Advance receipts from real estate transactions	$ 694,468	$ -
Unearned revenue		
Advance receipts from real estate transactions	$ -	$ 176,293
Others	3,277	2,764
	$ 3,277	$ 179,057

Advance receipts from real estate transactions are the amounts collected by Shanghai Real Estate and Sinyi Development 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. After IFRS 15 is adopted, the amount of deposit and installment which are collected before the criteria of recognition of sales revenue are met have been recorded as contract liabilities - current in the consolidation balance sheets.

24. OTHER LIABILITIES

	December 31	
	2018	2017
Current		
Other payables	$ 1,816,073	$ 1,648,489
Other payables to related parties	45,930	71,653
Other financial liabilities	357,126	300,131
Other liabilities	202,879	152,958
	$ 2,422,008	$ 2,173,231
Non-current		
Other liabilities	$ 514,141	$ 378,615

a. Other payables were as follows:

	December 31	
	2018	2017
Performance bonus and salaries	$ 1,365,002	$ 1,224,557
Payable for annual leave	106,632	79,719
Advertisement	68,671	57,988
Labor and health insurance	63,431	65,157
Interest payables	39,518	28,328
Compensation to employees and directors	25,014	40,020
Professional fees	14,407	11,787
Others	133,398	140,933
	$ 1,816,073	$ 1,648,489

Employees and senior management who meet the performance standards under the bonus rules are eligible for performance bonuses. Performance bonuses to be paid one year later are recorded as other liabilities. The performance bonuses payable under other liabilities amounted to $513,806 thousand and $378,615 thousand as of December 31, 2018 and 2017, respectively.

b. Other payables to related parties were as follows:

	December 31	
	2018	2017
Financing from related parties		
Loan from related parties	$ 38,459	$ 39,259
Interest payable	6,828	6,970
Others	643	25,424
	$ 45,930	$ 71,653

Loans from related parties were accounted for as other payables to related parties with interest rates of 0% and 0%-3% for the years ended December 31, 2018 and 2017.

c. Other financial liabilities were as follows:

	December 31	
	2018	2017
Receipts under custody from real estate transactions	$ 288,151	$ 218,875
Other receipts under custody	45,661	45,371
Payables on equipment	5,008	2,909
Receipts under custody - escrow service	4	11
Others	18,302	32,965
	$ 357,126	$ 300,131

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

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

	December 31	
	2018	2017
Receipts under custody - escrow service	$ 7,747,371	$ 11,344,557
Interest payables	1,615	1,870
Deposit accounts	(7,748,982)	(11,346,416)
	$ 4	$ 11

a) Receipts under custody - performance guarantee were receipts under custody from sellers of real estate transactions with interest rate of 0.01%-0.09% for the years ended December 31, 2018 and 2017.

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:

	December 31	
	2018	2017
Current		
VAT payable and other tax payable	$ 143,441	$ 137,575
Refund liability	43,668	-
Others	15,770	15,383
	$ 202,879	$ 152,958
Non-current		
Long-term bonus payable	$ 513,806	$ 378,615
Refund liability	335	-
	$ 514,141	$ 378,615

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.

The refund liability was estimated as based on historical experience of actual discount. The estimation was recognized as a reduction of operating revenue in the period the related services were provided.

25. PROVISIONS

	December 31	
	2018	2017
Service revenue allowances provisions	$ -	$ 42,927
Operating loss provisions	6,322	56,676
	$ 6,322	$ 99,603
Current	$ 6,322	$ 97,909
Non-current	-	1,694
	$ 6,322	$ 99,603

	Service Revenue Allowances	Operating Loss Provisions	Total
Balance, January 1, 2018	$ 42,927	$ 56,676	$ 99,603
Additional provisions recognized	-	75,938	75,938
Usage	-	(126,292)	(126,292)
Reclassified	(42,927)	-	(42,927)
Balance, December 31, 2018	$ -	$ 6,322	$ 6,322
Balance, January 1, 2017	$ 45,204	$ 42,848	$ 88,052
Additional (reversed) provisions recognized	(2,202)	13,828	11,626
Effect of foreign currency exchange differences	(75)	-	(75)
Balance, December 31, 2017	$ 42,927	$ 56,676	$ 99,603

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. The Group adopted IFRS 15 since 2018 and recorded the estimation of discount of service revenue as refund liability which was presented in other current liabilities and other non-current liabilities.

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.

26. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

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

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

b. Defined benefit plans

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

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

	December 31	
	2018	**2017**
Present value of defined benefit obligation	$ 681,028	$ 599,807
Fair value of plan assets	(566,166)	(526,987)
Deficit	114,862	72,820
Net defined benefit liability	$ 114,862	$ 72,820

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2017	$ 580,132	$ (536,530)	$ 43,602
Service cost			
Current service cost	3,705	-	3,705
Past service cost	512	-	512
Net interest expense (income)	7,950	(7,424)	526
Recognized in profit or loss	12,167	(7,424)	4,743
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	2,233	2,233
Actuarial loss - changes in demographic assumptions	20,802	-	20,802
Actuarial gain - changes in financial assumptions	(163)	-	(163)
Actuarial loss - experience adjustments	14,683	-	14,683
Recognized in other comprehensive income	35,322	2,233	37,555
Contributions from the employer	-	(13,080)	(13,080)
Benefits paid	(27,814)	27,814	-
Balance at December 31, 2017	599,807	(526,987)	72,820
Service cost			
Current service cost	3,871	-	3,871
Past service cost	434	-	434
Net interest expense (income)	8,234	(7,304)	930
Recognized in profit or loss	12,539	(7,304)	5,235
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(14,351)	(14,351)
Actuarial loss - changes in demographic assumptions	9,008	-	9,008
Actuarial loss - changes in financial assumptions	10,337	-	10,337
Actuarial loss - experience adjustments	31,779	-	31,779
Recognized in other comprehensive income	51,124	(14,351)	36,773
Contributions from the employer	-	(12,543)	(12,543)
Benefits paid	(3,766)	3,766	-
Increase from business combinations	21,324	(8,747)	12,577
Balance at December 31, 2018	$ 681,028	$ (566,166)	$ 114,862

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

	For the Year Ended December 31	
	2018	2017
Operating costs	$ 4,567	$ 4,220
Operating expenses	668	523
	$ 5,235	$ 4,743

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

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

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

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

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

	December 31	
	2018	**2017**
Discount rates	1.125%-1.250%	1.250%-1.375%
Expected rates of salary increase	2.00%-3.00%	2.00%-3.00%

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

	December 31	
	2018	**2017**
Discount rates		
0.25% increase	$ (20,741)	$ (19,428)
0.25% decrease	$ 21,620	$ 20,279
Expected rates of salary increase		
0.25% increase	$ 20,893	$ 19,616
0.25% decrease	$ (20,155)	$ (18,897)

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

	December 31	
	2018	**2017**
The expected contributions to the plan for the next year	$ 13,192	$ 9,739
The average duration of the defined benefit obligation	11.53-12.81 years	12.4-13.3 years

27. EQUITY

Share Capital

	December 31	
	2018	2017
Numbers of shares authorized (in thousands)	1,000,000	1,000,000
Share capital authorized	$ 10,000,000	$ 10,000,000
Number of shares issued and fully paid (in thousands)	736,847	651,500
Share capital issued	$ 7,368,465	$ 6,515,000

The Company had increased capital by allocating the undistributed earnings of $853,465 thousand in June 2018. As such, as of December 31, 2018 the capital had increased to $7,368,465 thousand with 736,847 thousand ordinary shares at $10 per share.

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

Capital Surplus

	December 31	
	2018	2017
May not be used for any purpose		
Employee share options	$ 63,896	$ 63,896
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	632	-
	$ 64,528	$ 63,896

The capital surplus from shares issued in excess of par (additional paid-in capital from issuance of ordinary shares, conversion of bonds, treasury share 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 share options and conversion options may not be used for any purpose.

Retained Earnings and Dividend Policy

a. Under the dividend policy as set forth in the amended Articles, where 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 policies on distribution of employees' compensation and remuneration of directors after amendment, please refer to Employee benefits expense in Note 29.

b. In addition, according to the revised Article of Incorporation of the Company, the dividend policy of the Company is to deliberately distribute dividends, in light of the present and future development plan, taking into consideration the investment environment, fund demands, and domestic competition status, as well as factors of interests of shareholders. 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 shares or cash, of which cash dividends may not be less than 10% of total amount of dividends.

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

d. The appropriations of earnings for 2017 and 2016 approved in the shareholders' meeting held on May 23, 2018 and May 26, 2017, respectively, were as follows:

	Appropriation of Earnings For theYear Ended December 31		Dividends Per Share (NT$) For theYear Ended December 31	
	2017	**2016**	**2017**	**2016**
Legal reserve	$ 280,282	$ 91,986	$ -	$ -
Special reserve	40,830	-	-	-
Cash dividends	1,628,750	631,840	2.50	1.0
Share dividends	853,465	196,602	1.31	0.3

e. The appropriations of earnings for 2018 had been proposed by the Company's board of directors on February 25, 2019. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 150,458	$ -
Special reserves	199,606	-
Cash dividends	957,900	1.3

The appropriations of earnings for 2018 are subject to the resolution of the shareholders' meeting to be held on May 24, 2019.

f. Special reserve

	For the Year Ended December 31	
	2018	**2017**
Beginning at January 1	$ -	$ -
Appropriations in respect of		
Debits to other equity items	40,830	-
Balance at December 31	$ 40,830	$ -

Other Equity Items

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

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

b. Unrealized gains or losses on available-for-sale financial assets - 2017

Unrealized gains or losses on 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.

c. Unrealized gains or losses on financial assets at fair value through other comprehensive income - 2018

Unrealized gains or losses on financial assets at fair value through other comprehensive income represents the cumulative gains and losses arising on the revaluation of financial assets at fair value through other comprehensive income, that have been defined to recognize in other comprehensive income. The accumulated amounts of unrealized gains or losses on financial assets at fair value through other comprehensive income did not reclassified to gains or losses when dispose of investment.

Non-controlling Interests

	For the Year Ended December 31	
	2018	**2017**
Balance, beginning of year	$ 131,332	$ 109,812
Attributed to non-controlling interests:		
Net (loss) income	(13,664)	24,288
Exchange differences on translating foreign operations	(85)	(3)
Remeasurement on defined benefit plans	(400)	167
Related income tax	93	(29)
Payment of cash dividends to non-controlling interests	(22,491)	(2,903)
Disposal of the partial subsidiary interest	4,368	-
Balance, end of year	$ 99,153	$ 131,332

28. REVENUE

a. Disaggregation of revenue

Refer to Note 43 for information about disaggregation of revenue.

b. Balance of contract

The amount of deposit and installment which are collected before the criteria of recognition of sales revenue are met had been included in the current liabilities (unearned revenue) before the adoption of IFRS15 and have recorded as contract liabilities-current in the consolidation balance sheets since IFRS 15 was adopted.

	December 31, 2018
Contract liabilities - current	
Real estate sales	$ 694,468

29. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations consisted of the following:

Interest Income

	For the Year Ended December 31	
	2018	2017
Interest income		
Cash in bank	$ 149,747	$ 132,587
Other accounts receivable	-	808
Others	705	6
	$ 150,452	$ 133,401

Other Gains and Losses

	For the Year Ended December 31	
	2018	2017
Impairment loss of investment properties	(3,103)	(1,179)
Gains on disposal of investments	1,321	6,910
Losses on financial assets mandatorily classified as at FVTPL	(593)	(1,119)
Losses on disposal of property, plant and equipment	(3,540)	(5,075)
Losses on disposal of investment properties (Note 17)	(3,901)	(1,440)
Net foreign exchange losses	(5,755)	(36,935)
Share of losses on associates and joint venture	(992)	(2,488)
Impairment loss of goodwill	-	(9,621)
Others	26,717	43,520
	$ 10,154	$ (7,427)

Finance Costs

	For the Year Ended December 31	
	2018	2017
Interest on bank loans	$ 113,827	$ 44,073
Interest on unsecured bonds payable	59,351	44,400
Interest on back tax from administrative remedies	1,892	-
Interest on loans from related parties	-	156
Others	17	40
	175,087	88,669
Less: Amounts included in the cost of qualifying assets	(62,864)	(9,354)
	$ 112,223	$ 79,315

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2018	2017
Interest capitalization rate	1.59%-3.80%	1.59%-4.75%

Depreciation and Amortization

	For the Year Ended December 31	
	2018	2017
Property, plant and equipment	$ 116,075	$ 116,734
Investment property	8,463	8,480
Intangible assets	32,633	44,057
	$ 157,170	$ 169,271
An analysis of depreciation by function		
Inventory	$ 665	$ 1,340
Operating costs	73,851	84,091
Operating expenses	41,559	31,303
Other losses	8,463	8,480
	$ 124,538	$ 125,214
An analysis of amortization by function		
Inventory	$ 1,912	$ 1,312
Operating costs	1,237	1,439
Operating expenses	29,483	41,306
	$ 32,632	$ 44,057

Operating Expenses Directly Related to Investment Properties

	For the Year Ended December 31	
	2018	**2017**
Direct operating expenses from investment property		
That generated rental income	$ 23,445	$ 24,027
That did not generate rental income	42	32
	$ 23,487	$ 24,059

Employee Benefits Expense

	For the Year Ended December 31	
	2018	**2017**
Salary expense	$ 5,147,661	$ 4,444,849
Labor and health insurance expense	329,525	296,597
	5,477,186	4,741,446
Post-employment benefits		
Defined contribution plans	190,184	173,639
Defined benefit plans (Note 26)	5,235	4,743
	195,419	178,382
Other employee benefits	178,339	177,714
Total employee benefits expense	$ 5,850,944	$ 5,097,542
An analysis of employee benefits expense by function		
Inventory	$ 11,050	$ 52,671
Operating costs	5,096,929	4,388,960
Operating expenses	742,965	655,911
	$ 5,850,944	$ 5,097,542

Employees' Compensation and Remuneration of Directors

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 employees' compensation and remuneration of directors for the years ended December 31, 2018 and 2017 which have been approved by the Group's board of directors on February 25, 2019 and February 26, 2018, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2018	**2017**
Employees' compensation	1.00%	1.00%
Remuneration of directors	0.19%	0.16%

Amount

	For the Year Ended December 31	
	2018	2017
	Cash	Cash
Employees' compensation	$ 20,476	$ 30,313
Remuneration of directors	3,909	4,880

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

The compensation to employees and the remuneration to directors for 2017 and 2016 which had been approved by the board of directors on February 26, 2018 and on February 24, 2017. The differences between the actual amount of distribution of the 2016 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 year ended December 31, 2017. The amounts were as below:

	For the Year Ended December 31			
	2017		2016	
	Employees' Compensation	Remuneration of Directors	Employees' Compensation	Remuneration of Directors
Amounts approved in the board of directors' meeting	$ 30,313	$ 4,880	$ 10,958	$ 6,027
Amounts recognized in the annual financial statements	(30,313)	(4,880)	(10,315)	(6,705)
	$ -	$ -	$ 643	$ (678)

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

Impairment Loss Recognized on Non-financial Assets

	For the Year Ended December 31	
	2018	2017
Goodwill (included in other operating income and expenses, net)	$ -	$ 9,621
Property, plant and equipment (included in other operating income and expenses, net)	$ 3,103	$ 1,179

30. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2018	2017
Current tax		
In respect of the current year	$ 905,187	$ 976,825
Income tax expense of unappropriated earnings	539	575
Land value increment tax	458,295	775,659
In respect of the prior years	3,345	52
Deferred tax		
In respect of the current period	(34,838)	49,326
Adjustments to deferred tax attributable to changes in tax rates	(3,899)	-
Income tax expense recognized in profit or loss	$ 1,328,629	$ 1,802,437

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

	For the Year Ended December 31	
	2018	2017
Profit before tax from continuing operations	$ 2,819,552	$ 4,629,552
Income tax expense calculated at the statutory rate (20% in 2018 and 17% in 2017)	$ 563,910	$ 787,024
Nondeductible expenses in determining taxable income	5,485	531
Deductible expenses in determining taxable income	(77,554)	(131,861)
Tax-exempt income	(5,115)	(2,647)
Additional income tax on unappropriated earnings	539	575
Land value increment tax	458,295	775,659
Unrecognized deductible temporary differences	244,488	17,916
Loss carryforwards unrecognized in current period	42,730	58,580
Changes in tax rate	773	-
Effect of different tax rates of the Group operating in other jurisdictions	91,733	296,608
Adjustments for prior years' tax	3,345	52
Income tax expense recognized in profit or loss	$ 1,328,629	$ 1,802,437

In 2017, the applicable corporate income tax rate used by the the Group in the ROC is 17%. However, the Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%, effective in 2018. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be reduced from 10% to 5%. The applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

As the status of 2019 appropriations of earnings is uncertain, the potential income tax consequences of the 2018 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2018	2017
Deferred tax		
In respect of the current year		
Remeasurement on defined benefit plan	$ 7,355	$ 6,384
Changes in tax rate	4,723	-
	$ 12,078	$ 6,384

c. Current tax assets and liabilities

	For the Year Ended December 31	
	2018	2017
Current tax assets		
Tax refund receivables	$ 64,742	$ 2,829
Current tax liabilities		
Income tax payables	$ 1,153,996	$ 975,199

d. Deferred tax assets and liabilities

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

Year ended December 31, 2018

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Allowance for impairment loss	$ 708	$ 557	$ -	$ 1,265
Provisions	15,850	(7,046)	-	8,804
Loss carryforwards	8,930	39,535	-	48,465
Defined benefit obligation	313	379	(191)	501
Others	9,675	13,953	-	23,628
	$ 35,476	$ 47,378	$ (191)	$ 82,663
Deferred tax liabilities				
Temporary differences				
Defined benefit obligation	$ 13,377	$ (15,267)	$ 11,887	$ 9,997
Subsidiary undistributed retained earnings	-	23,908	-	23,908
	$ 13,377	$ 8,641	$ 11,887	$ 33,905

Year ended December 31, 2017

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Translation Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Allowance for doubtful accounts	$ 43	$ 665	$ -	$ -	$ 708
Provisions	13,899	1,951	-	-	15,850
Loss carryforwards	65,250	(55,085)	-	(1,235)	8,930
Defined benefit obligation	380	(9)	(58)	-	313
Others	6,108	3,567	-	-	9,675
	$ 85,680	$ (48,911)	$ (58)	$ (1,235)	$ 35,476
Deferred tax liabilities					
Temporary differences					
Defined benefit obligation	$ 18,412	$ 1,407	$ (6,442)	$ -	$ 13,377
Others	992	(992)	-	-	-
	$ 19,404	$ 415	$ (6,442)	$ -	$ 13,377

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

	December 31	
	2018	2017
Loss carryforwards		
Expire in 2017	$ 10,373	18,651
Expire in 2018	10,409	11,049
Expire in 2019	19,401	19,805
Expire in 2020	14,431	14,730
Expire in 2021	7,160	8,915
Expire in 2022	43,505	45,351
Expire in 2023	43,097	-
Expire in 2024	1,112	945
Expire in 2025	1,297	1,103
Expire in 2026	3,411	2,899
Expire in 2027	7,694	6,500
Expire in 2028	9,437	-
	$ 171,327	$ 129,948

f. Information about unused loss carryforward

Loss carryforwards as of December 31, 2018 comprised of:

Unused Amount	Expiry Year
$ 41,637	2018
77,604	2019
57,723	2020
28,639	2021
174,022	2022
206,939	2023
12,143	2024
31,020	2025
23,563	2026
40,405	2027
99,724	2028
$ 793,419	

g. Income tax assessments

The Company's tax returns through 2015 have been assessed by the tax authorities. The Company applied for the administrative remedies, including appeal and recheck, in 2011 and 2015. After arising the offer in relation to the compromise, the authorities reassess the tax treatment of the Company's salesperson's long-term retention bonus for the aforementioned years. Based on the offer, the Company recalculated the amount of deferred tax assets for the years which tax return have not yet been assessed. The Company's applications of recheck 2014 and 2015 tax return have been assessed by the tax authorities. The tax authorities agreed to assess the Company's applications of 2016 and 2017 tax return based on the aforementioned offer; as of the date the consolidated financial statements were authorized for issue, the decision of the recheck have not yet been rendered.

Global, Heng-Yi, Tokyo Sinyi, and Sinyi Consulting's tax returns through 2017 had been assessed by the tax authorities. Taiwan Sinyi Development, Yowoo, Sinyi Culture, An-Shin, An-Sin, and Jui-Inn's tax returns through 2016 had been assessed by the tax authorities.

31. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2018	2017
Basic EPS	$ 2.04	$ 3.80
Diluted EPS	$ 2.04	$ 3.80

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on June 25, 2018. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2017 were as follows:

Unit: NT$ Per Share

	Before Retrospective Adjustment 2017	After Retrospective Adjustment 2017
Basic earnings per share	$ 4.30	$ 3.80
Diluted earnings per share	$ 4.29	$ 3.80

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 Year

	For the Year Ended December 31	
	2018	2017
Profit for the year attributable to owners of the Company	$ 1,504,587	$ 2,802,827

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

	For the Year Ended December 31	
	2018	2017
Weighted average number of ordinary shares in computation of basic earnings per share	736,847	651,500
Effect of dilutive potential ordinary shares		
Employees' compensation	680	1,186
Weighted average number of ordinary shares used in the computation of diluted earnings per share	737,527	652,686

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

32. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Sinyi Real Estate Consulting Limited	Production of Instructions of real estate	June 15, 2018	100%	$ 8,000

The Group acquired Sinyi Consulting to pursue the development of business and to integrate the resource of the Group. The Group recognizes the excess amount between the purchase price paid and the fair value of net assets acquired as goodwill. Refer to Note 18.

b. Assets acquired and liabilities assumed at the date of acquisition

	Amount
Current assets	
Cash and cash equivalents	$ 12,740
Trade receivables	10,730
Trade and other receivables	216
Other current assets	26
Non-current assets	
Property, plant and equipment	1,437
Intangible assets	1,258
Refundable deposits	3
Deferred tax assets	390
Current liabilities	
Trade and other payables	(16,448)
Other current liabilities	(289)
Non-current liabilities	
Net defined benefit liabilities (Note)	(12,576)
Fair value of net assets acquired	$ (2,513)

Note: The Group acquired Sinyi Consulting based on IFRSs, so the net defined benefit liabilities of Sinyi Consulting was remeasured.

c. Goodwill recognized on acquisitions

	Amount
Consideration transferred	$ 8,000
Less: Fair value of identifiable net assets acquired	(2,513)
Goodwill recognized on acquisitions	$ 10,513

The total amount of acquired goodwill that is expected to be not tax-deductible.

d. Net cash inflow on the acquisition of subsidiaries

	Amount
Consideration paid in cash	$ (8,000)
Less: Cash and cash equivalent balances acquired	12,740
	$ 4,740

e. Impact of acquisitions on the results of the Group

The results of the acquirees since the acquisition date included in the consolidated statements of comprehensive income are as follows:

	Amount
Revenue	$ 57,247
Profit	$ 2,320

33. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On February 3, 2018 the Group disposed of 25% of its interest in Heng-Yi Intelligent Technology Inc., reducing its continuing interest from 100% to 75%.

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

	Amount
Cash consideration received	$ 5,000
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	(4,368)
Differences recognized from equity transactions	$ 632
Line items adjusted for equity transactions	
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	$ 632

34. OPERATING LEASE ARRANGEMENTS

The Group as Lessee

Operating leases relate to leases of office with lease terms between 1 and 10 years. All operating lease contracts over 5 years contain clauses for 5-yearly market rental reviews. The Group does not have a bargain purchase option to acquire the leased office at the expiry of the lease periods.

As of December 31, 2018 and 2017, refundable deposits paid under operating lease amounted to $106,342 thousand and $107,612 thousand, respectively.

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

	December 31	
	2018	2017
Within 1 year	$ 461,340	$ 469,433
1 to 5 years	786,897	753,768
After 5 years	6,874	75,567
	$ 1,255,111	$ 1,298,768

The Group as Lessor

Operating leases relate to the investment property owned by the Group with lease terms between 1 to 6 years.

As of December 31, 2018 and 2017, deposits received under operating leases amounted to $21,089 thousand.

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

	December 31	
	2018	**2017**
Within 1 year	$ 86,134	$ 90,300
1 to 5 years	60,780	155,741
After 5 years	10	7,705
	$ 146,924	$ 253,746

35. CAPITAL RISK MANAGEMENT

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

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

36. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

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

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

December 31, 2018

	Carrying Amount	Fair Value Hierarchy			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial liabilities					
Financial liabilities measured at amortized cost - bonds payable	$ 5,900,000	$ -	$ 5,912,939	$ -	$ 5,912,939

December 31, 2017

	Carrying Amount	Fair Value Hierarchy			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities measured at amortized cost - bonds payable	$ 3,000,000	$ -	$ 3,015,210	$ -	$ 3,015,210

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

b. Fair value financial instruments measured at fair value on a recurring basis

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets held for trading				
Domestic listed shares - equity investments	$ 7,590	$ -	$ -	$ 7,590
Mutual funds	48,308	-	-	48,308
Structured financial products	-	4,646,837	-	4,646,837
	$ 55,898	$ 4,646,837	$ -	$ 4,702,735
Financial assets at FVTOCI				
Domestic listed shares - equity investments	$ 257,668	$ -	$ -	$ 257,668
Domestic unlisted shares - equity investments	-	-	88,583	88,583
Foreign listed shares - equity investments	527,703	-	-	527,703
Foreign unlisted shares - equity investments	-	-	304,544	304,544
	$ 785,371	$ -	$ 393,127	$ 1,178,498

December 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets held for trading				
Domestic listed shares - equity investments	$ 7,718	$ -	$ -	$ 7,718
Mutual funds	194,060	-	-	194,060
	$ 201,778	$ -	$ -	$ 201,778

(Continued)

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Domestic listed shares - equity investments	$ 228,299	$ -	$ -	$ 228,299
Foreign listed shares - equity investments	594,228	-	-	594,228
Mutual funds	1,294	-	-	1,294
	$ 823,821	$ -	$ -	$ 823,821

(Concluded)

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

1) Reconciliation of Level 3 fair value measurements of financial instruments

Financial Assets	Financial Assets at Fair Value Through Other Comprehensive Income Equity Instruments
Balance at January 1, 2018	$ 260,639
Addition	48,774
Recognized in other comprehensive income	89,949
Effect of exchange rate changes	(6,235)
Balance at December 31, 2018	$ 393,127

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Structured financial products	Discounted cash flows: future cash flows are estimated based on observable interest rate and discounted at a market interest rate.

3) Valuation techniques and inputs applied for Level 3 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Foreign unlisted shares	Market comparison method: the value of the evaluation target can be obtained by using the transaction price of the enterprises which are similar to the evaluation target in the active market with consideration of implied value multiplier and liquidity discount.
Domestic unlisted shares	According to the balance sheet of the evaluation target, evaluate the total value of its individual assets and liabilities using market approach consistently with the consideration of liquidity and non-control discounts to reflect the overall value of the target.

Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

For fair value measurements categorized within Level 3 of the fair value hierarchy as derivatives and investments in equity instruments, the lack of quoted prices in an active market categorized the financial assets into Level 3 of which fair values are based on valuations provided by market participants or quoted prices of the counterparty. Quantitative information is not disclosed since the relationship between significant unobservable inputs and the fair value cannot be fully controlled.

Categories of Financial Instruments

	December 31	
	2018	**2017**
Financial assets		
FVTPL		
Mandatorily classified as at FVTPL	$ 4,702,735	$ -
Held for trading	-	201,778
Loans and receivables (Note 1)	-	8,028,749
Available-for-sale financial assets (Note 2)	-	1,028,797
Financial assets at amortized cost (Note 3)	5,876,463	-
Financial assets at FVTOCI	1,178,498	-
Financial liabilities		
Amortized cost (Note 4)	15,570,122	14,033,114

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

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

Note 3: The balance included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes receivable and trade receivables, other receivables, other current financial assets and refundable deposits.

Note 4: 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 payable), 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, which is 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.

For the carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period, refer to Note 41.

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 positive 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 negative if the other factors remain unchanged.

	For the Year Ended December 31					
	2018			2017		
	RMB	JPY	USD	RMB	JPY	USD
Equity	$ 3,439	$ 2,680	$ 288	$ 45,466	$ 2,519	$ (23,547)
Profit or loss	18	-	9,007	12	71	4,287

2) Interest rate risk

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

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

	December 31	
	2018	2017
Fair value interest rate risk		
Financial assets	$ 916,210	$ 213,181
Financial liabilities	11,627,160	8,767,816
Cash flow interest rate risk		
Financial assets	4,670,837	2,948,455
Financial liabilities	438,459	2,780,059

Interest rate sensitivity analysis

The Group is manily 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 for the year ended December 31, 2018 will increase by $4,385 thousand. If the market interest rate increased by 1%, the Group's cash outflow for the year ended December 31, 2017 will increase by $1,684 thousand.

3) Other price risk

The Group was exposed to equity price risk through its investments in mutual funds, domestic quoted shares and foreign quoted shares.

If equity prices had been 1% higher/lower, pre-tax profit for the year ended December 31, 2018 would have increased/decreased by $559 thousand as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the year ended December 31, 2018 would have increased/decreased by $11,785 thousand as a result of the changes in fair value of financial assets at FVTOCI.

If equity prices had been 1% higher/lower, pre-tax profit for the year ended December 31, 2017 would have increased/decreased by $2,018 thousand as a result of the changes in fair value of held-for-trading investments, and the pre-tax other comprehensive income for the year ended December 31, 2017 would have increased/decreased by $8,238 thousand as a result of the changes in fair value of available-for-sale investment.

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.

<u>Business related credit risk</u>

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

<u>Financial credit risk</u>

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

c. Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2018 and 2017, the Group had available unutilized bank loan facilities as follows:

	December 31	
	2018	2017
Unsecured bank overdraft facility, reviewed annually and payable on call:		
Amount used	$ 2,444,160	$ 2,079,816
Amount unused	6,380,770	2,409,815
	$ 8,824,930	$ 4,489,631
Secured bank overdraft facility:		
Amount used	$ 3,683,000	$ 6,428,800
Amount unused	3,315,000	1,850,000
	$ 6,998,000	$ 8,278,800

37. 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 (Note)
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.	A corporate shareholder who using the equity method of the Group
Sinyi Co., Ltd.	A corporate shareholder who using the equity method of the Group
Yu-Heng Co., Ltd.	Ultimate holding company
Chou Wang Mei-Wen	Director 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 Real Estate Appraisal Office	Related party in substance
Sinyi Interior Design Co., Ltd.	Associate

Note: The Group acquired Sinyi Real Estate Consulting Limited in June 15, 2018. The related transactions entities had been consolidated into the consolidated financial statements, and had been eliminated since June 15, 2018.

Other Payables to Related Parties

	December 31	
	2018	2017
Other related parties - related parties in substance	$ 45,930	$ 71,653

Parts of other payables to related parties were financing. Information on the financing for the years ended December 31, 2018 and 2017 were as follows:

	For the Year Ended December 31, 2018				
	Highest Balance During the Period	**Amount**	**Interest Rate**	**Interest Expense**	**Interest Payable**
Other related parties - related parties in substance	$ 39,964	$ 38,459	-	$ -	$ 6,828

	For the Year Ended December 31, 2017				
	Highest Balance During the Period	**Amount**	**Interest Rate**	**Interest Expense**	**Interest Payable**
Other related parties - related parties in substance	$ 39,707	$ 39,259	-	$ -	$ 6,970
Other - director of the Company	18,006	-	3.00%	156	-
	$ 57,713	$ 39,259		$ 156	$ 6,970

The financing above were unsecured.

Compensation of Key Management Personnel

The remuneration to directors and other members of key management personnel for the years ended December 31, 2018 and 2017 included the following:

	For the Year Ended December 31	
	2018	**2017**
Short-term employee benefits	$ 120,200	$ 107,516
Other long-term employee benefits	11,193	14,180
	$ 131,393	$ 121,696

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

Other Transactions with Related Parties

a. Rental income

	For the Year Ended December 31	
	2018	**2017**
Other related parties		
Related parties in substance	$ 9,485	$ 11,688
Parent company	114	114

(Continued)

	For the Year Ended December 31	
	2018	2017
Ultimate parent company	$ 57	$ 57
Associates	34	34
	$ 9,690	$ 11,893

(Concluded)

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 benefits

	For the Year Ended December 31	
	2018	2017
Other related parties		
Related parties in substance	$ 1,626	$ 9,653

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

c. Professional fees

	For the Year Ended December 31	
	2018	2017
Other related parties		
Related parties in substance		
Sinyi Real Estate Consulting Limited	$ 55,103	$ 105,601
Others	7,865	25,068
	$ 62,968	$ 130,669

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

d. Rental expenses

	For the Year Ended December 31	
	2018	2017
Related parties in substance	$ 7,673	$ 10,365

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

e. Other receivables

	December 31	
	2018	2017
Other related parties		
Related parties in substance	$ 1,269	$ 9,042

Property Transactions

The Group acquired 100% equity of Sinyi Real Estate Consulting Limited from Sinyi Co., Ltd. and Yu-Heng Co., Ltd. with an amount of $8,000 thousand in June 2018. The price was based on the Company's net value on the trading day. Refer to Note 32 for the details.

38. MORTGAGED OR PLEDGED ASSETS

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

	December 31	
	2018	2017
Property, plant and equipment (including investment properties)		
Land	$ 4,241,789	$ 4,241,789
Building	456,691	473,584
Other financial assets - current		
Pledged time deposits and demand deposits	7,236	7,283
Inventories	8,570,743	2,402,626
	$ 13,276,459	$ 7,125,282

39. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED COMMITMENTS

a. 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.

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

c. The Group has endorsed Sinyi International in obtaining financing limit of $165,861 thousand. Refer to Note 42, Table 2 for the details.

d. As of December 31, 2018, the Group had signed construction contracts but not yet paid for $720,605 thousand.

e. Shanghai Real Estate, property developer in mainland China, sold real estate and guaranteed the mortgage bank loans of some of its customers (including natural persons and juridical persons); the guarantee amounted to $329,229 thousand as of December 31, 2018. 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.

40. SIGNIFICANT FRANCHISE CONTRACTS

Sinyi Limited entered into a sub-franchise agreement with Cendant 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 sub-sublicense other franchisees and territorial sub-franchisors in China, Hong Kong and Macau. The term of this contract is for forty years from Octobor 12, 1999 and is automatically renewed for another period of forty years to October 11, 2079 unless the contract parties agree to terminate the contract in three months prior to the expiration of the contract. Thereafter, because Sinyi Limited transferred this agreement right to Ke Wei Shanghai on August 1, 1990 and GLOBAL was renamed to Realogy Corporation (“Realogy”) due to its organizational adjustment, Ke Wei Shanghai and Realogy entered into a supplemental sub-franchise agreement for reflecting the necessary amendments in 2008.

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

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

December 31, 2018

	Foreign Currencies (In Thousands)	Exchange Rate	New Taiwan Dollars (In Thousands)
Financial assets			
Monetary items			
RMB	$ 357,687	4.472	$ 1,599,574
JPY	1,854,823	0.2782	516,012
USD	30,269	30.715	929,726
Non-monetary items			
RMB	1,104,186	4.472	4,937,920
JPY	1,896,849	0.2782	527,703
USD	44	30.715	1,351
Financial liabilities			
Monetary items			
RMB	280,389	4.472	1,253,900
JPY	891,390	0.2782	247,985
USD	6	30.715	175

December 31, 2017

	Foreign Currencies (In Thousands)	Exchange Rate	New Taiwan Dollars (In Thousands)
Financial assets			
Monetary items			
RMB	$ 1,083,049	4.565	$ 4,944,117
JPY	1,794,241	0.2642	474,038
USD	15,846	29.76	471,578
Non-monetary items			
RMB	31,796	4.565	145,149
JPY	2,249,159	0.2642	594,228
USD	44	29.76	1,294
Financial liabilities			
Monetary items			
RMB	86,827	4.565	396,366
JPY	813,693	0.2642	214,978
USD	80,561	29.76	2,397,508

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 and the exchange rates between respective functional currencies and the presentation currency were disclosed. The realized and unrealized foreign exchange gains (losses) for the years ended December 31, 2018 and 2017, respectively, were as follows:

	For the Year Ended December 31			
	2018		2017	
Functional Currencies	Exchange Rate	Net Foreign Exchange (Loss) Gain	Exchange Rate	Net Foreign Exchange (Loss) Gain
NTD	1 (NTD:NTD)	$ 3,274	1 (NTD:NTD)	$ (33,228)
USD	30.149 (USD:NTD)	(508)	30.432 (USD:NTD)	673
RMB	4.560 (RMB:NTD)	(8,249)	4.5068 (RMB:NTD)	(4,813)
JPY	0.2730 (JPY:NTD)	64	0.2713 (JPY:NTD)	140
MYR	7.198 (MYR:NTD)	(343)	6.7988 (MYR:NTD)	293
HKD	3.846 (HKD:NTD)	7	3.901 (HKD:NTD)	-
		$ (5,755)		$ (36,935)

42. SEPARATELY DISCLOSED ITEMS

Information on significant transactions and information on investees:

a. Financing provided: Table 1 (see the attached)

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

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

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

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

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

h. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 5 (see the attached)

i. Information about derivative instruments: None

j. Others: The business relationship between the parent and the subsidiaries and between each subsidiary, and significant transactions between them: Table 6 (see the attached)

k. Information on investees: Table 7 (see the 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 8 (see the attached)

b. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, 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 (see the 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 (see the attached)

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

43. SEGMENT INFORMATION

a. Operating segments information

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

Management has determined reportable segments as follows:

Real estate brokerage segment

1) Companies in Taiwan.

2) Companies in mainland China and other foreign companies.

Real estate development segment

1) Companies in Taiwan.

2) Companies in mainland China and other foreign companies.

The following table was an analysis of the Group's revenue, result of operations and assets of segments for the years ended December 31, 2018 and 2017:

	Real Estate Brokerage			Real Estate Lease Construction and Development				
	Taiwan	Mainland China and Others	Total	Taiwan	Mainland China and Others	Total	Elimination	Consolidated
Year ended December 31, 2018								
Revenues from external customers	$ 8,186,739	$ 1,071,722	$ 9,258,461	$ 286,419	$ 3,443,338	$ 3,729,757	$ -	$ 12,988,027
Inter-segment revenues	150,385	12,364	162,749	6,962	155,679	162,641	(325,390)	-
Segment revenues	$ 8,336,933	$ 1,084,086	$ 9,421,019	$ 293,381	$ 3,599,017	$ 3,892,398	$ (325,390)	12,988,027
Rental income from investment property								(85,069)
Consolidated revenues								$ 12,902,958
Operating profit (loss)	$ 1,253,329	$ (186,726)	$ 1,066,603	$ 33,238	$ 1,504,611	$ 1,537,849	$ 102,032	$ 2,706,484
Operating income from investment property								(61,582)
Operating income								$ 2,644,902
Segment assets	$ 7,396,520	$ 2,382,953	$ 9,779,473	$ 5,338,302	$ 14,422,507	$ 19,760,809	$ (723,771)	$ 28,816,511
Investments accounted for by the equity method and goodwill								27,553
Total assets								$ 28,844,064
Year ended December 31, 2017								
Revenues from external customers	$ 7,162,058	$ 864,830	$ 8,026,888	$ 184,414	$ 9,679,956	$ 9,864,370	$ -	$ 17,891,258
Inter-segment revenues	69,860	16,607	86,467	36,967	250,558	287,525	(373,992)	-
Segment revenues	$ 7,231,918	$ 881,437	$ 8,113,355	$ 221,381	$ 9,930,514	$ 10,151,895	$ (373,992)	17,891,258
Rental income from investment property								(84,477)
Consolidated revenues								$ 17,806,781
Operating profit (loss)	$ 1,102,880	$ (232,118)	$ 870,762	$ 77,283	$ 3,531,211	$ 3,608,494	$ 45,022	$ 4,524,278
Operating income from investment property								(60,418)
Operating income								$ 4,463,860
Segment assets	$ 6,458,103	$ 2,255,338	$ 8,713,441	$ 5,365,895	$ 13,593,582	$ 18,959,477	$ (745,922)	$ 26,926,996
Investments accounted for by the equity method and goodwill								29,120
Total assets								$ 26,956,116

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. Major customers

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

SINYI REALTY INC. AND SUBSIDIARIES

FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

No.	Financing Company	Borrower	Financial Statement Account	Related Parties	Maximum Balance for the Year	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	$ 4,686 (RMB 1,000 thousand)	$ -	$ -	3.686%	Short-term financing	$ -	Needs for operation	$ -	-	$ -	$ 3,289,524 (Note 1)	$ 4,386,032 (Note 1)
		Kunshan Dingxian Trading Co., Ltd.	Other receivables	Yes	370,194 (RMB 79,000 thousand)	-	-	3.80%	Short-term financing	-	Needs for operation	-	-	-	3,289,524 (Note 1)	4,382,032 (Note 1)
1	Sinyi Real Estate (Shanghai) Limited	Jiu Xin Estate (Wuxi) Limited	Other receivables	Yes	650,325 (RMB 145,000 thousand)	111,800 (RMB 25,000 thousand)	111,800 (RMB 25,000 thousand)	4.75%	Short-term financing	-	Needs for operation	-	-	-	1,527,232 (Note 2)	2,545,387 (Note 2)
		LUNHENG Business Management (Shanghai) Ltd	Other receivables	Yes	67,080 (RMB 15,000 thousand)	67,080 (RMB 15,000 thousand)	-	4.75%	Short-term financing	-	Needs for operation	-	-	-	1,527,232 (Note 2)	2,545,387 (Note 2)
2	Hua Yun Renovation (Shanghai) Co., Ltd.	LUNHENG Business Management (Shanghai) Ltd	Other receivables	Yes	33,987 (RMB 7,600 thousand)	33,987 (RMB 7,600 thousand)	-	4.75%	Short-term financing	-	Needs for operation	-	-	-	30,240 (Note 3)	50,400 (Note 3)

Note 1: Total financing provided by Sinyi Realty Inc. for short-term financing requirements for each borrowing company which was owned over 50% directly or indirectly by the same parent company should not exceed 30% of Sinyi Realty Inc.'s net worth. Total financing provided should not exceed 40% of Sinyi Realty Inc.'s net worth.

Note 2: The maximum total financing provided should not exceed 50% of Sinyi Real Estate (Shanghai) Limited's net worth. The individual lending amount should not exceed 30% of Sinyi Real Estate (Shanghai) Limited's net worth.

Note 3: The maximum total financing provided should not exceed 500% of Hua Yun Renovation (Shanghai) Co., Ltd.'s net worth. The individual lending amount should not exceed 300% of Hua Yun Renovation (Shanghai) Co., Ltd.'s net worth.

SINYI REALTY INC. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Year	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 the Company	Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Nature of Relationship											
0	Sinyi Realty Inc.	Sinyi Estate Ltd.	Indirect subsidiary	$ 8,772,064 (Note 1)	$ 2,818,400 (US$ 40,000 thousand and NT$ 1,600,000 thousand)	$ -	$ -	$ -	-	$ 16,447,620	Yes	No	No	
		Samoa Sinyi International Limited	Indirect subsidiary	8,772,064 (Note 1)	165,861 (US$ 5,400 thousand)	165,861 (US$ 5,400 thousand)	-	-	1.51	16,447,620	Yes	No	No	

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 (EXCLUDING INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT CONTROLLED ENTITIES)
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sinyi Realty Inc.	Listed shares							
	E.SUN Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	12,819,282	$ 257,668	-	$ 257,668	
	Shares							
	Han Yu Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	5,000,000	37,123	11	37,123	
	NOWnews Network Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,707,000	51,460	10	51,460	
	PChome Investment Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	196,350	-	8	-	
	Kun Gee Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	160,650	-	3	-	
	Cite’ Publishing Holding Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	7,637	-	1	-	
	Cite’ Information Services Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	106,392	-	1	-	
Sinyi Limited	Shares							
	Orix Corp.	-	Financial assets at fair value through other comprehensive income - current	1,180,800	527,703	-	527,703	
	Monetary market fund							
	Western Asset US Dollar Fund A	-	Financial assets at fair value through other comprehensive income - non-current	44,006	1,352	-	1,352	
Shanghai Sinyi Real Estate Inc.	Shares							
	Cura Investment Management (Shanghai) Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	30,000,000	304,544	2	304,544	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sinyi Development Inc.	Shares							
	CTCI Corporation	-	Financial assets at fair value through profit or loss - current	170,940	$ 7,590	-	$ 7,590	
Snyi Global Asset Management Co., Ltd.	Monetary market fund							
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,282,287	30,823	-	30,823	
An-Sin Real Estate Management Ltd.	Monetary market fund							
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,120,083	15,130	-	15,130	
An-Shin Real Estate Management Ltd.	Monetary market fund							
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	74,279	1,003	-	1,003	
	Financial product							
Ke Wei Shanghai Real Estate Management Consulting Inc.	Bubu Shengking No. 8688	-	Financial assets at fair value through profit or loss - current	2,500,000	12,857	-	12,857	
Suzhou Sinyi Real Estate Inc.	Bubu Shengking No. 8688	-	Financial assets at fair value through profit or loss - current	3,000,000	15,586	-	15,586	
Sinyi Real Estate (Shanghai) Limited	Yehdeyin No. 18100787	-	Financial assets at fair value through profit or loss - current	120,000,000	536,756	-	536,756	
	Structured Financial Product (Product ID: 20181029860)	-	Financial assets at fair value through profit or loss - current	240,000,000	1,075,529	-	1,075,529	
	Structured Financial Product (Product ID: 21811194978)	-	Financial assets at fair value through profit or loss - current	200,000,000	895,709	-	895,709	
	Fortun Shuttle No.3	-	Financial assets at fair value through profit or loss - current	370,000,000	1,654,812	-	1,654,812	
	Fortun Shuttle No.3	-	Financial assets at fair value through profit or loss - current	50,000,000	223,911	-	223,911	
	Fortun Shuttle No.3		Financial assets at fair value through profit or loss - current	50,000,000	223,863	-	223,863	
Shanghai Shang Tuo Investment Management Consulting Inc.	Bubu Shengking No. 8688	-	Financial assets at fair value through profit or loss - current	50,000	248	-	248	
Beijing Sinyi Real Estate Ltd.	Bank of China Steady Growth-Daily Plan	-	Financial assets at fair value through profit or loss - current	1,650,000	7,566	-	7,566	

(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
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated 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.	Shares													
	Samoa Sinyi International Limited	Investments accounted for using equity method and prepayments for long-term investments	-	Subsidiary	263,894,837	$ 7,947,954	81,343,200	$ 2,458,819	-	$ -	$ -	$ -	345,238,037	$ 10,406,773 (Note 1)
Sinyi International Limited	Sinyi Estate Ltd.	Investments accounted for using equity method and prepayments for long-term investments	-	Subsidiary	127,156,900	3,901,231	81,343,100	2,4558,815	-	-	-	-	208,500,000	6,360,046 (Note 1)
Sinyi Real Estate (Shanghai) Limited	Financial product													
	Pufa Fortune Shuttle 21 days	Financial assets at fair value through profit or loss - current	-	-	-	RMB -	200,000,000	RMB 200,000	200,000,000	RMB 200,241	RMB 200,241	RMB -	-	RMB -
	Li Duo Duo Structured Deposits of Enterprises(No.JG902)	Financial assets at fair value through profit or loss - current	-	-	100,000,000	RMB 100,025	375,000,000	RMB 375,000	475,000,000	RMB 480,271	RMB 480,271	RMB -	-	RMB -
	Structured Financial Product (Product ID: 2017122910037)	Financial assets at fair value through profit or loss - current	-	-	320,000,000	RMB 320,083	-	RMB -	320,000,000	RMB 323,800	RMB 320,800	RMB -	-	RMB -
	Structured Financial Product (Product ID: 20171163044)	Financial assets at fair value through profit or loss - current	-	-	120,000,000	RMB 120,658	-	RMB -	120,000,000	RMB 122,745	RMB 122,745	RMB -	-	RMB -
	Structured Financial Product (Product ID: 201803283707)	Financial assets at fair value through profit or loss - current	-	-	-	RMB -	320,000,000	RMB 320,000	320,000,000	RMB 324,007	RMB 324,007	RMB -	-	RMB -
	Structured Financial Product (Product ID: 201805163985)	Financial assets at fair value through profit or loss - current	-	-	-	RMB -	120,000,000	RMB 120,000	120,000,000	RMB 121,471	RMB 121,471	RMB -	-	RMB -
	Structured Financial Product (Product ID: 20180684245)	Financial assets at fair value through profit or loss - current	-	-	-	RMB -	320,000,000	RMB 320,000	320,000,000	RMB 324,044	RMB 324,044	RMB -	-	RMB -
	Structured Financial Product (Product ID: 201807034278)	Financial assets at fair value through profit or loss - current	-	-	-	RMB -	60,000,000	RMB 60,000	60,000,000	RMB 60,711	RMB 60,711	RMB -	-	RMB -
	Structured Financial Product (Product ID: 2018081710017)	Financial assets at fair value through profit or loss - current	-	-	-	RMB -	100,000,000	RMB 100,000	100,000,000	RMB 101,125	RMB 101,125	RMB -	-	RMB -
	Fortun Shuttle No.1	Financial assets at fair value through profit or loss - current	-	-	-	RMB -	190,000,000	RMB 190,000	190,000,000	RMB 190,539	RMB 190,539	RMB -	-	RMB -
	Fortun Shuttle No.S21	Financial assets at fair value through profit or loss - current	-	-	-	RMB -	180,000,000	RMB 180,000	180,000,000	RMB 180,352	RMB 180,352	RMB -	-	RMB -
	Yehdeyin No. 18080350	Financial assets at fair value through profit or loss - current	-	-	-	RMB -	80,000,000	RMB 80,000	80,000,000	RMB 80,867	RMB 80,867	RMB -	-	RMB -
	Yehdeyin No. 3 (Redemption type) No. 18090602	Financial assets at fair value through profit or loss - current	-	-	-	RMB -	220,000,000	RMB 220,000	220,000,000	RMB 220,447	RMB 220,447	RMB -	-	RMB -
	Yehdeyin No. 18090603	Financial assets at fair value through profit or loss - current	-	-	-	RMB -	270,000,000	RMB 270,000	270,000,000	RMB 270,923	RMB 270,923	RMB -	-	RMB -
	Xinyi Heng-tong financial management (No. N18081)	Financial assets at fair value through profit or loss - current	-	-	-	RMB -	60,000,000	RMB 60,000	60,000,000	RMB 60,673	RMB 60,673	RMB -	-	RMB -
	Yehdeyin No. 18100787	Financial assets at fair value through profit or loss - current	-	-	-	RMB -	120,000,000	RMB 120,000	-	-	-	RMB -	120,000,000	RMB 120,026 (Note 2)
	Structured Financial Product (Product ID: 201810294860)	Financial assets at fair value through profit or loss - current	-	-	-	RMB -	240,000,000	RMB 240,000	-	-	-	RMB -	240,000,000	RMB 240,503 (Note 2)
	Structured Financial Product (Product ID: 201811194978)	Financial assets at fair value through profit or loss - current	-	-	-	RMB -	200,000,000	RMB 200,000	-	-	-	RMB -	200,000,000	RMB 200,293 (Note 2)
	Fortun Shuttle No.3	Financial assets at fair value through profit or loss - current	-	-	-	RMB -	470,000,000	RMB 470,000	-	-	-	RMB -	470,000,000	RMB 470,167 (Note 2)

Note 1: The ending balance presents historical cost.

Note 2: The ending balance includes the final evaluation amount.

SINYI REALTY INC. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Nature of Relationships	Related Party	Ending Balance	Turnover Date	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Sinyi Realty Inc.	An-Sin Real Estate Management Ltd.	Subsidiary	$ 132,482	-	$ -	-	$ 131,887	$ -

TABLE 6

SINYI REALTY INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Company Name	Counterparty	Flow of Transactions	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	Percentage to Consolidated Total Assets/Revenue (%)
0	Sinyi Realty Inc.	An-Sin Real Estate Management Ltd.	a	Trade receivables	$ 132,482	Fixed charges by guarantee piece work	-
		Sinyi Real Estate Consulting Ltd.	a	Professional fee	111,622	Fixed charges by guarantee piece work	-
		Sinyi Real Estate Consulting Ltd.	a	Other payable - related parties	10,750	Fixed charges by guarantee piece work	-
1	Sinyi Real Estate (Shanghai) Limited	Kunshan Dingxian Trading Co., Ltd.	c	Advanced real estate receipts	202,897	-	1
		Kunshan Dingxian Trading Co., Ltd.	c	Prepayment	67,926	-	-
		Kunshan Dingxian Trading Co., Ltd.	c	Construction cost	125,005	-	-
		Kunshan Dingxian Trading Co., Ltd.	c	Trade receivables	83,473	-	-
		Jiu Xin Estate (WuXi) Limited	c	Other receivables	111,800	For working capital, rate at 4.75%	-

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

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

Note 2: Flows of transactions are categorized as follows:

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

Note 3: Percentage to consolidated total assets is calculated by dividing the amount of a particular asset or liability account by the consolidated total of assets as of December 31, 2018.
Percentage to consolidated total revenues is calculated by dividing the amount of a particular revenue or cost or expense account by the consolidated total operating revenues for the year ended December 31, 2018.

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

TABLE 7

SINYI REALTY INC. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2018			Net Income (Loss) of the Investee	Investment Income (Loss) Recognized	Note
				Ending Balance	Beginning Balance	Shares	Percentage of Ownership (%)	Carrying Value			
Sinyi Realty Inc.	Samoa Sinyi International Limited	Equity Trust Chamber, P.O. Box 3269, Apia, Samoa	Investment holding	$ 10,406,773	$ 7,947,954	345,238,037	100	$ 11,603,112	$ 842,730	$ 842,730	Note
	Sinyi Limited	Citco Building P.O. Box 662, Road Town, Torola, B.V.I.	Investment holding	2,103,724	2,098,689	64,777,000	100	1,400,417	(112,004)	(112,004)	
	Sinyi Development Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Development, construction, rental and sale of residential building and factories	2,035,005	2,035,005	203,500,000	100	1,953,973	(19,995)	(19,995)	
	Sinyi Global Asset Management Co., Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Real estate brokerage	29,180	29,180	5,000,000	100	91,740	23,557	23,557	
	Heng-Yi Intelligent Technology Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Development, construction, rental and sale of residential building and factories	15,000	20,000	1,500,000	75	5,083	(13,090)	(10,550)	
	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	1,148	(2,869)	(2,869)	
	Sinyi Culture Publishing Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Publication	4,960	4,960	-	99	2,012	89	89	
	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	101,271	(22,515)	(11,483)	
	Sinyi Interior Design Co., Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Interior design	950	950	95,000	19	12,870	3,255	618	
	Yowoo Technology Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Information software, data processing and electronic information providing service	135,000	90,000	7,000,000	100	13,350	(36,304)	(36,304)	
	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	19,076	2,580,743	23	14,684	(7,155)	(1,610)	
	Sin Chiun Holding SDN. BHD.	Level 11, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, 50470 Kuala Lumpur, W.P. Kuala Lumpur.	Investment holding	49,140	25,500	6,537,766	100	17,616	(19,302)	(19,302)	
	Sinyi Real Estate Consulting Limited	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Production of instructions of real estate	8,000	-	500,000	100	10,320	2,320	2,320	
Sinyi Limited	Inane International Limited	Citco Building P.O. Box 662, Road Town, Torola, B.V.I.	Investment holding	1,493,092	1,493,092	46,935,840	100	7,162	(118,591)	(118,591)	
	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	11,669	(9,834)	(9,834)	
Sinyi International Limited	Forever Success International Limited	2nd Floor, Felix House, 24 Dr. Joseph Riviere Street, Port Louis, Mauritius	Investment holding	68,741	68,741	2,216,239	100	35,254	(3,403)	(3,403)	
	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	278,235	11,097	11,097	
	Sinyi Development Ltd.	TMF Chambers, P.O. Box 3269, Apia Samoa	Investment holding	3,919,127	3,919,127	133,506,209	100	5,186,296	858,894	858,894	
	Sinyi Estate Ltd.	TMF Chambers, P.O. Box 3269, Apia Samoa	Investment holding	6,360,046	3,901,231	208,500,000	100	6,103,010	(23,768)	(23,768)	Note
Inane International Limited	Max Success International Limited	Palm Grove House, P.O. Box 438, Road Town, Torola, British Virgin Islands	Investment holding	66,174	66,174	1,584,000	100	11,113	-	-	
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	68,185	(39,329)	(39,329)	
Sinyi Realty Inc. Japan	Sinyi Management Co., Ltd.	2nd Floor, Shoritsu Building 2-7-1 Yoyogi Shibuya-ku, Tokyo, Japan	Real estate brokerage, management and identification	10,746	10,746	600	100	43,424	14,989	14,989	
	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	16,656	580	580	
Sinyi Development Ltd.	Sinyi Real Estate (Hong Kong) Limited	Suites 2302-6, 23/F Great Eagle Ctr 23 Harbour Rd. Wanchai HK	Investment holding	3,888,107	3,888,107	131,640,306	100	5,108,784	831,934	831,934	
Sinyi Estate Ltd.	Sinyi Estate (Hong Kong) Limited	Suites 2302-6, 23/F Great Eagle Ctr 23 Harbour Rd. Wanchai HK	Investment holding	6,350,826	6,351,404	207,000,000	100	6,057,182	(25,482)	(25,482)	
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	203	(57)	(57)	
	Sinyi Real Estate Co., Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Development, construction, rental and sale of residential building and factories	500	500	50,000	100	127	(132)	(132)	
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	Management and identification	22,604	11,020	2,998,849	49	7,694	(18,686)	(9,156)	
	Pegusus Holding SDN. BHD.	Level 11, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, 50470 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia	Investment holding	24,030	11,974	3,191,200	100	8,378	(9,654)	(9,654)	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2018			Net Income (Loss) of the Investee	Investment Income (Loss) Recognized	Note
				Ending Balance	Beginning Balance	Shares	Percentage of Ownership (%)	Carrying Value			
Pegusus 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	Management and identification	$ 23,526	$ 11,470	3,121,251	51	$ 8,008	$ (18,686)	$ (9,530)	
Yowoo Technology Inc.	Wu Pu Co., Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Investment holding	500	-	50,000	100	438	(62)	(62)	

Note: As of December 31, 2018, the process of the share capital increase was not complete; therefore, it was recorded under “prepayment for long-term investment”.

(Concluded)

SINYI REALTY INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated 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, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2018	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss) Recognized (Note 1)	Carrying Value as of December 31, 2018 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2018
					Outflow	Inflow						
Ke Wei Shanghai Real Estate Management Consulting Inc.	Real estate brokerage and management consulting	RMB 19,638	Investment in company located in mainland China indirectly through Ke Wei HK Realty Limited	$ 81,859	$ -	$ -	$ 81,859	$ (9,846)	100	$ (9,846)	$ 1,730	$ -
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	(115,871)	100	(115,871)	765,325	-
Beijing Sinyi Real Estate Ltd. (Note 3)	Real estate brokerage	RMB 34,747	Investment in company located in mainland China indirectly through Inane International Limited	149,955	-	-	149,955	7,363	100	7,363	(17,554)	-
Shanghai Zhi Xin allograph Ltd.(Note 4)	Management consulting	RMB 11,968	Investment in company located in mainland China indirectly through Inane International Limited	17,095	-	-	17,095	25	100	25	32,522	-
Suzhou Sinyi Real Estate Inc. (Note 3)	Real estate brokerage and management consulting	RMB 68,000	Investment in company located in mainland China directly through Shanghai Sinyi Real Estate Inc.	22,414	-	-	22,414	38,191	100	38,191	324,850	-
Cura Investment Management (Shanghai) Co., Ltd. (Note 4)	Real estate fund investment management	RMB 1,636,300	Investment in company located in mainland China directly through Shanghai Sinyi Real Estate Inc.	-	-	-	-	-	2	-	304,544	-
Zhejiang Sinyi Real Estate Co., Ltd. (Note 3)	Real estate brokerage and management consulting	RMB 27,200	Investment in company located in mainland China directly through Shanghai Sinyi Real Estate Inc.	43,766	-	-	43,766	(13,690)	100	(13,690)	21,250	-
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	8,359	100	8,359	24,541	-
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	(9,599)	100	(9,599)	(501)	-
Qingdao Chengjian & Sinyi Real Estate Co., Ltd. (Note 5)	Real estate brokerage and management consulting	RMB -	Investment in company located in mainland China indirectly through Inane International Limited	37,295	-	-	37,295	-	-	-	-	-
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	833,945	100	833,945	5,090,775	1,084,137
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	(11,764)	100	(11,764)	10,080	-

(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, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2018	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss) Recognized (Note 1)	Carrying Value as of December 31, 2018 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2018
						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	$ 26,975	100	$ 26,975	$ 76,883	$ -
Shanghai Chang Yuan Co., Ltd.	Property, business and management consulting	RMB	2,200	Investment in company located in mainland China indirectly through Shanghai Shang Tuo Investment Management Consulting Inc.	-	-	-	-	(839)	100	(839)	8,793	-
Jiaxing Zhi Zheng Real Estate Marketing Planning Inc.	Real estate marketing planning and management consulting	RMB	100	Investment in company located in mainland China indirectly through Shanghai Sinyi Real Estate Inc.	-	-	-	-	3,593	100	3,593	3,969	-
Jiu Xin Estate(Wuxi) Limited (Wuxi Jiu Xin Estate)	Real estate development	US$	207,000	Investment in company located in mainland China indirectly through Sinyi Real Estate (Hong Kong) Limited	3,900,696	-	-	3,900,696	(25,338)	100	(25,338)	6,057,531	-
Suzhou ZHI XIN Real Estate Co., Ltd.	Real estate brokerage and management consulting	RMB	1000	Investment in company located in Mainland China indirectly through Shanghai ZHI XIN Allograph Ltd	-	-	-	-	(19)	100	(19)	7,082	-
LUNHENG Business Management (Shanghai) Ltd	Business management consulting, financial advisory and marketing strategy	RMB	1000	Investment in company located in Mainland China indirectly through Hua Yun Renovation (Shanghai) Co., Ltd.					(98)	100	(98)	4,376	-

(Concluded)

Accumulated Outflow for Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 6)
$9,422,767	$13,452,693	$-

Note 1: Amounts were based on audited financial statements.

Note 2: Carrying value was converted into New Taiwan dollars at the exchange rates of US$1=NT$30.715 and US$1=RMB6.8683 on December 31, 2018.

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 Corporation has been liquidated in June 2017.

Note 6: The Company has acquired the certification of operation headquarters issued by the Ministry of Economic Affairs, ROC.