

Sinyi Realty Inc. and Subsidiaries

**Consolidated Financial Statements as of and for the
Nine Months Ended September 30, 2019 and 2018 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders
Sinyi Realty Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of Sinyi Realty Inc. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of September 30, 2019 and 2018 and the related consolidated statements of comprehensive income for the three months ended September 30, 2019 and 2018, nine months ended September 30, 2019 and 2018, and changes in equity and cash flows for the nine months ended September 30, 2019 and 2018. (including summary of significant accounting policy) for the nine months then ended. These consolidated financial statements, which are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China, are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our reviews.

Scope

Except for those described in the following paragraph of basis on qualified conclusion, we conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Statements". A review consists of inquiries (mainly persons responsible for financial and accounting matters), analytical procedures and other review procedures. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China. Therefore, we may not aware of all material events which can be identified by conducting audit procedures. Accordingly, we do not express such an opinion.

Basis of qualified conclusion

As stated in Note 12 to the consolidated financial statements, some non-significant subsidiaries' financial statements and partial related information mentioned in Note 41 were unreviewed. As of September 30, 2019 and 2018, such subsidiaries' total assets were 21% (\$6,637,331 thousand) and 20% (\$5,713,249 thousand), respectively, of the consolidated assets, and their total liabilities were 10% (\$2,068,967 thousand) and 8% (\$1,566,916 thousand), respectively, of the consolidated liabilities. The total comprehensive income of these subsidiaries were 66% ((\$226,213) thousand), and 36% ((\$72,322) thousand) thousand) of consolidated comprehensive income for the three months ended September 30, 2019 and 2018, respectively, and were (34%) ((\$249,187) thousand), and (41%) ((\$154,994) thousand) of consolidated comprehensive income for the nine months ended September 30, 2019 and 2018, respectively.

Qualified conclusion

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

Emphasis of Matter

As stated in Note 3 to the consolidated financial statements, since 2019, the Company and its subsidiaries 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 2019. The Company and its subsidiaries chose 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.

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

October 28, 2019

Notice to Readers

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

For the convenience of readers, the independent auditors' review 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' review report and consolidated financial statements shall prevail.

SINYI REALTY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2019 (Reviewed)		December 31, 2018 (Audited)		September 30, 2018 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 8,567,801	27	\$ 4,551,253	16	\$ 3,833,047	13
Financial assets at fair value through profit or loss - current (Note 7)	81,113	-	4,702,735	16	4,935,454	17
Financial assets at fair value through other comprehensive income - current (Note 8)	908,014	3	785,371	3	874,428	3
Notes receivable (Note 9)	48,748	-	52,755	-	76,993	-
Trade receivables (Notes 9 and 36)	910,752	3	925,560	3	964,105	3
Other receivables (Notes 9 and 36)	34,674	-	47,569	-	49,890	-
Current tax asset	28,665	-	64,742	-	11,456	-
Inventories (Notes 10 and 37)	10,667,829	34	11,054,987	38	11,621,389	40
Other financial assets - current (Notes 11 and 37)	128,745	1	155,706	1	158,588	1
Other current assets (Note 18)	196,973	1	102,142	1	209,090	1
Total current assets	<u>21,573,314</u>	<u>69</u>	<u>22,442,820</u>	<u>78</u>	<u>22,734,440</u>	<u>78</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 8)	338,843	1	393,127	1	347,516	1
Investment accounted for using equity method (Note 13)	30,688	-	27,554	-	29,453	-
Property, plant and equipment (Notes 14 and 37)	3,542,585	11	3,553,206	12	3,378,073	12
Right-of-use assets (Note 3,4 and 15)	3,308,932	11	-	-	-	-
Investment properties (Notes 16 and 37)	2,070,499	7	2,083,520	7	2,253,701	8
Intangible assets (Notes 17 and 40)	102,961	-	115,329	1	101,513	-
Deferred tax assets	149,022	1	82,663	-	55,914	-
Refundable deposits	127,417	-	143,620	1	130,521	1
Other non-current assets (Note 18)	105,096	-	2,225	-	2,302	-
Total non-current assets	<u>9,776,043</u>	<u>31</u>	<u>6,401,244</u>	<u>22</u>	<u>6,298,993</u>	<u>22</u>
TOTAL	<u>\$ 31,347,357</u>	<u>100</u>	<u>\$28,844,064</u>	<u>100</u>	<u>\$ 29,033,433</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 19 and 37)	\$ -	-	\$ 748,000	2	\$ 748,000	3
Contract liabilities - current (Note 22 and 27)	131,493	-	694,468	2	2,404,585	8
Notes payable	404	-	643	-	1,225	-
Trade payable (Note 21)	499,627	2	766,021	3	47,440	-
Other payables (Note 23 and 36)	2,177,149	7	2,219,129	8	2,100,705	7
Current tax liabilities	1,042,123	3	1,153,996	4	465,812	2
Provisions - current (Note 24)	8,427	-	6,322	-	5,767	-
Lease liabilities - current (Note 3,4,15 and 36)	500,705	2	-	-	-	-
Unearned revenue	11,214	-	3,277	-	3,083	-
Current portion of long-term borrowings and bonds payable (Notes 19, 20 and 37)	216,136	-	1,507,682	5	1,510,095	5
Other current liabilities (Note 23)	148,186	-	202,879	1	195,481	1
Total current liabilities	<u>4,735,464</u>	<u>15</u>	<u>7,302,417</u>	<u>25</u>	<u>7,482,193</u>	<u>26</u>
NON-CURRENT LIABILITIES						
Bonds payable (Note 20)	4,400,000	14	4,400,000	15	4,400,000	15
Long-term borrowings (Notes 19 and 37)	7,773,312	26	5,371,478	19	6,325,000	22
Lease liabilities - non-current (Note 3,4,15 and 36)	2,813,671	9	-	-	-	-
Net defined benefit liabilities - non-current	109,371	-	114,862	1	67,858	-
Guarantee deposits received	35,326	-	43,028	-	42,825	-
Other non-current liabilities (Note 23)	609,621	2	514,141	2	475,013	2
Deferred tax liabilities	35,219	-	33,905	-	16,927	-
Total non-current liabilities	<u>15,776,520</u>	<u>50</u>	<u>10,477,414</u>	<u>37</u>	<u>11,327,623</u>	<u>39</u>
Total liabilities	<u>20,511,984</u>	<u>65</u>	<u>17,779,831</u>	<u>62</u>	<u>18,809,816</u>	<u>65</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 26)						
Share capital						
Ordinary shares	<u>7,368,465</u>	<u>24</u>	<u>7,368,465</u>	<u>26</u>	<u>7,368,465</u>	<u>26</u>
Capital surplus	<u>63,896</u>	<u>-</u>	<u>64,528</u>	<u>-</u>	<u>64,528</u>	<u>-</u>
Retained earnings						
Legal reserve	2,224,122	7	2,073,664	7	2,073,664	7
Special reserve	240,436	1	40,830	-	40,830	-
Unappropriated earnings	<u>1,351,732</u>	<u>4</u>	<u>1,658,029</u>	<u>6</u>	<u>854,040</u>	<u>3</u>
Total retained earnings	<u>3,816,290</u>	<u>12</u>	<u>3,772,523</u>	<u>13</u>	<u>2,968,534</u>	<u>10</u>
Other equity						
Exchange differences on translating foreign operations	(1,027,680)	(3)	(681,439)	(2)	(772,099)	(3)
Unrealized gain from financial assets measured at fair value through other comprehensive income	<u>508,145</u>	<u>1</u>	<u>441,003</u>	<u>1</u>	<u>494,863</u>	<u>2</u>
Total other equity	<u>(519,535)</u>	<u>(2)</u>	<u>(240,436)</u>	<u>(1)</u>	<u>(277,236)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	10,729,116	34	10,965,080	38	10,124,291	35
NON-CONTROLLING INTERESTS (Note 26)						
	<u>108,257</u>	<u>1</u>	<u>99,153</u>	<u>-</u>	<u>99,326</u>	<u>-</u>
Total equity	<u>10,837,373</u>	<u>35</u>	<u>11,064,233</u>	<u>38</u>	<u>10,223,617</u>	<u>35</u>
TOTAL	<u>\$ 31,349,357</u>	<u>100</u>	<u>\$ 28,844,064</u>	<u>100</u>	<u>\$ 29,033,433</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche review report dated October 28, 2019)

SINYI REALTY INC. AND SUBSIDIARIES

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

	Three Months Ended September 30				Nine Months Ended September 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Note 27, 36 and 43)								
Sales revenue	\$ 328,852	12	\$ 156,712	6	\$1,527,896	16	\$ 621,232	8
Service revenue	<u>2,516,980</u>	<u>88</u>	<u>2,269,676</u>	<u>94</u>	<u>7,776,799</u>	<u>84</u>	<u>6,891,102</u>	<u>92</u>
Total operating revenue	<u>2,845,832</u>	<u>100</u>	<u>2,426,388</u>	<u>100</u>	<u>9,304,695</u>	<u>100</u>	<u>7,512,334</u>	<u>100</u>
OPERATING COSTS (Note 10, 28 and 36)								
Cost of sales	183,643	7	109,902	5	850,740	9	400,127	5
Service costs	<u>1,860,989</u>	<u>65</u>	<u>1,734,999</u>	<u>71</u>	<u>5,550,970</u>	<u>60</u>	<u>5,122,448</u>	<u>68</u>
Total operating costs	<u>2,044,632</u>	<u>72</u>	<u>1,844,901</u>	<u>76</u>	<u>6,401,710</u>	<u>69</u>	<u>5,522,575</u>	<u>73</u>
GROSS PROFIT	<u>801,200</u>	<u>28</u>	<u>582,296</u>	<u>24</u>	<u>2,901,941</u>	<u>31</u>	<u>1,989,560</u>	<u>27</u>
OPERATING EXPENSES								
Management expenses (Notes 28 and 36)	405,752	14	344,588	14	1,270,010	14	1,054,749	14
Expected credit losses (Note 9)	(<u>5,679</u>)	-	<u>775</u>	-	(<u>1,810</u>)	-	<u>9,896</u>	-
Total operating expenses	<u>400,073</u>	<u>14</u>	<u>343,779</u>	<u>14</u>	<u>1,268,200</u>	<u>14</u>	<u>1,064,645</u>	<u>14</u>
OPERATING INCOME	<u>401,127</u>	<u>14</u>	<u>237,708</u>	<u>10</u>	<u>1,634,785</u>	<u>17</u>	<u>925,114</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES								
Rental income (Note 36)	20,778	1	21,946	1	62,195	1	65,438	1
Dividend income	9,517	-	21,867	1	22,849	-	33,258	-
Interest income (Note 28)	29,649	1	4,239	-	41,446	-	10,120	-
Other gains and losses (Notes 28 and 36)	3,083	-	51,176	2	92,385	1	130,869	2
Finance costs (Notes 28)	(<u>46,393</u>)	(<u>1</u>)	(<u>29,358</u>)	(<u>1</u>)	(<u>138,674</u>)	(<u>1</u>)	(<u>79,387</u>)	(<u>1</u>)
Total non-operating income and expenses	<u>16,634</u>	<u>1</u>	<u>69,870</u>	<u>3</u>	<u>80,201</u>	<u>1</u>	<u>160,298</u>	<u>2</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	417,761	15	307,578	13	1,714,986	18	1,085,412	15
INCOME TAX EXPENSE (Notes 4 and 29)	(<u>230,082</u>)	(<u>8</u>)	(<u>111,294</u>)	(<u>5</u>)	(<u>699,848</u>)	(<u>7</u>)	(<u>423,082</u>)	(<u>6</u>)
NET PROFIT FOR THE PERIOD	<u>187,679</u>	<u>7</u>	<u>196,284</u>	<u>8</u>	<u>1,015,138</u>	<u>11</u>	<u>662,330</u>	<u>9</u>
OTHER COMPREHENSIVE INCOME								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income	(<u>41,550</u>)	(<u>2</u>)	52,086	2	64,190	1	87,485	1
Share of the other comprehensive gain of associates accounted for using the equity method	531	-	505	-	2,952	-	1,367	-

(Continued)

	Three Months Ended September 30				Nine Months Ended September 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	(\$ 491,256)	(17)	(\$ 447,263)	(18)	(\$ 346,240)	(4)	(\$ 375,297)	(5)
Other comprehensive gain(loss) for the period, net of income tax	(532,275)	(19)	(394,672)	(16)	(279,098)	(3)	(286,445)	(4)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(\$ 344,596)	(12)	(\$ 198,388)	(8)	\$ 736,040	8	\$ 375,885	5
NET PROFIT ATTRIBUTABLE TO:								
Owner of the Company	\$ 181,137	7	\$ 199,379	8	\$1,005,436	11	\$ 676,210	9
Non-controlling interests	<u>6,542</u>	<u>-</u>	(<u>3,095</u>)	<u>-</u>	<u>9,702</u>	<u>-</u>	(<u>13,880</u>)	<u>-</u>
	<u>\$ 187,679</u>	<u>7</u>	<u>\$ 196,284</u>	<u>8</u>	<u>\$1,015,138</u>	<u>11</u>	<u>\$ 662,330</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owner of the Company	(\$ 351,137)	(12)	(\$ 195,288)	(8)	\$ 726,337	8	\$ 389,768	5
Non-controlling interests	<u>6,541</u>	<u>-</u>	(<u>3,100</u>)	<u>-</u>	<u>9,703</u>	<u>-</u>	(<u>13,883</u>)	<u>-</u>
	<u>(\$ 344,596)</u>	<u>(12)</u>	<u>(\$ 198,388)</u>	<u>(8)</u>	<u>\$ 736,040</u>	<u>8</u>	<u>\$ 375,885</u>	<u>5</u>
EARNINGS PER SHARE (Note 30)								
From continuing operations								
Basic	<u>\$ 0.25</u>		<u>\$ 0.27</u>		<u>\$ 1.36</u>		<u>\$ 0.92</u>	
Diluted	<u>\$ 0.25</u>		<u>\$ 0.27</u>		<u>\$ 1.36</u>		<u>\$ 0.92</u>	

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche review report dated October 28, 2019)

(Concluded)

SINYI REALTY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company					Other Equity			Total	Non-controlling Interests	Total Equity
	Share Capital		Retained 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			
	Ordinary Share	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2018	\$ 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 distributed by the Company	-	-	-	-	(1,628,750)	-	-	-	(1,628,750)	-	(1,628,750)
Stock dividends distributed by the Company	853,465	-	-	-	(853,465)	-	-	-	-	-	-
Actual disposals of interests in subsidiaries	-	632	-	-	-	-	-	-	632	4,368	5,000
Net profit for the nine months ended September 30, 2018	-	-	-	-	676,210	-	-	-	676,210	(13,883)	662,330
Other comprehensive income (loss) for the nine months ended September 30, 2018, net of income tax	-	-	-	-	-	(375,294)	88,852	-	(286,442)	(3)	(286,445)
Total comprehensive income (loss) for the nine months ended September 30, 2018	-	-	-	-	676,210	(375,294)	88,852	-	389,768	(13,883)	375,885
Non-controlling Interests	-	-	-	-	-	-	-	-	-	(22,491)	(22,491)
BALANCE AT SEPTEMBER 30, 2018	<u>\$ 7,368,465</u>	<u>\$ 64,528</u>	<u>\$ 2,073,664</u>	<u>\$ 40,830</u>	<u>\$ 854,040</u>	<u>\$ (772,099)</u>	<u>\$ 494,863</u>	<u>\$ -</u>	<u>\$ 10,124,291</u>	<u>\$ 99,326</u>	<u>\$ 10,223,617</u>
BALANCE AT JANUARY 1, 2019	\$ 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
Appropriation of 2018 earnings											
Legal Reserve	-	-	150,458	-	(150,458)	-	-	-	-	-	-
Special Reserve	-	-	-	199,606	(199,606)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(957,900)	-	-	-	(957,900)	-	(957,900)
Actual disposals of interests in subsidiaries	-	(632)	-	-	(3,769)	-	-	-	(4,401)	(599)	(5,000)
Net profit for the nine months ended September 30, 2019	-	-	-	-	1,005,436	-	-	-	1,005,436	9,702	1,015,138
Other comprehensive income (loss) for the nine months ended September 30, 2019, net of income tax	-	-	-	-	-	(346,241)	67,142	-	(279,099)	1	(279,098)
Total comprehensive income (loss) for the nine months ended September 30, 2019	-	-	-	-	1,005,436	(346,241)	67,142	-	726,337	9,703	736,040
BALANCE AT SEPTEMBER 30, 2019	<u>\$ 7,368,465</u>	<u>\$ 63,896</u>	<u>\$ 2,224,122</u>	<u>\$ 240,436</u>	<u>\$ 1,351,732</u>	<u>\$ (1,027,680)</u>	<u>\$ 508,145</u>	<u>\$ -</u>	<u>\$ 10,729,116</u>	<u>\$ 108,257</u>	<u>\$ 10,837,373</u>

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche review report dated October 28, 2019)

SINYI REALTY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Nine Months Ended September 30	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,714,986	\$ 1,085,412
Adjustments for:		
Depreciation expenses	495,592	96,080
Amortization expenses	24,656	24,279
Net gain on financial assets at fair value through profit or loss	(67,175)	(115,768)
Finance costs	184,198	136,986
Interest income	(41,446)	(10,120)
Dividend income	(22,849)	(33,258)
Share of profit (loss) of associates and joint ventures	(739)	1,034
Loss (Gain) on disposal of property, plant and equipment	(445)	750
Loss (Gain) on disposal of investment properties	(4,209)	3,901
Gain on disposal of investments	-	(1,321)
Impairment loss recognized (reversed) on non-financial assets	24,434	(1,405)
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	4,741,629	(1,859,561)
Notes receivable	4,007	(48,836)
Trade receivables	14,808	(111,105)
Other receivables	7,874	(1,601)
Inventories	148,935	(179,500)
Other current assets	(94,831)	(42,960)
Other operating assets	-	(6,173)
Contract liabilities	(542,397)	2,318,588
Notes payable	(239)	(341)
Trade payables	(266,394)	(33,989)
Other payables	(19,081)	70,485
Provisions	2,105	(50,909)
Unearned revenue	7,937	319
Other current liabilities	(54,693)	642
Other operating liabilities	<u>89,989</u>	<u>94,704</u>
Cash used in operations	6,346,652	1,336,333
Interest received	41,993	9,702
Interest paid	(206,048)	(142,871)
Income taxes paid	<u>(840,689)</u>	<u>(957,585)</u>
Net cash generated from operating activities	<u>5,341,908</u>	<u>245,579</u>

(Continued)

Nine Months Ended September 30
2019 **2018**

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of financial assets measured at fair value through other comprehensive income	(\$ 4,500)	(\$ 44,774)
Capital reduction and refund from financial assets measured at fair value through other comprehensive gains and losses	4,474	-
Proceeds on acquisition of subsidiary	-	4,740
Payments for property, plant and equipment	(75,136)	(81,915)
Proceeds on disposal of property, plant and equipment	2,137	171
Decrease in refundable deposits	383	281
Payment for intangible assets	(12,386)	(19,292)
Proceeds on disposal of intangible assets	691	-
Payment for investment properties	(24,155)	(5,675)
Proceeds on disposal of investment properties	30,757	8,792
Decrease in other financial assets	23,481	18,665
Decrease (Increase) in other non-current assets	(102,871)	1,282
Dividend received	<u>23,406</u>	<u>33,258</u>
Net cash used in investing activities	(<u>133,719</u>)	(<u>84,467</u>)

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of short-term borrowings	(748,000)	(860,000)
Issuance of bonds	-	4,400,000
Repayment of bonds	(1,500,000)	(1,500,000)
Proceeds from long-term borrowings	14,414,489	10,815,000
Repayment of long-term borrowings	(11,760,056)	(11,393,430)
Proceeds from guarantee deposits received	-	210
Refund of guarantee deposits received	(7,702)	-
Refund of lease liabilities	(372,435)	-
Decrease in other payables to related parties	-	(1,109)
Net cash inflow on disposal of subsidiaries	-	5,000
Acquisition of subsidiaries	(5,000)	-
Dividends paid to owners of the Company	(957,900)	(1,628,750)
Changes in non-controlling interests	<u>-</u>	<u>(22,491)</u>
Net cash used in financing activities	(<u>936,604</u>)	(<u>185,570</u>)

EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES

(<u>255,037</u>)	(<u>42,326</u>)
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INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

4,016,548	(66,784)
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CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD

<u>4,551,253</u>	<u>3,899,831</u>
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CASH AND CASH EQUIVALENTS, END OF PERIOD

<u>\$ 8,567,801</u>	<u>\$ 3,833,047</u>
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The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated October 28, 2019)

(Concluded)

SINYI REALTY INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements had been approved by the board of directors and authorized for issue on October 28, 2019.

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

- a. Initial application of the 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 and issued into effect by the 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:

- IFRS 16 “Leases”

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement contains a Lease”, and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

Definition of a lease

The Group elects 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 are not reassessed and are accounted for in accordance with the transitional provisions under IFRS 16.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group presents 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 are 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 elects to apply IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized in retained earnings on January 1, 2019. Comparative information is not restated.

Lease liabilities are recognized on January 1, 2019 for leases currently classified as operating leases with the application of IAS 17. Lease liabilities are 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 are measured at an amount equal to the lease liabilities. The Group will apply IAS 36 to all right-of-use assets.

The Group also applies the following practical expedients:

- a) The Group applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.
- b) The Group will account for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.
- c) The Group will exclude initial direct costs from the measurement of right-of-use assets on January 1, 2019.
- d) The Group will use hindsight, such as in determining lease terms, to measure lease liabilities.

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 is 1.11% to 5.70%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	\$ 1,255,111
Less: Recognition exemption for short-term leases and low-value asset leases	(<u>10,243</u>)
Undiscounted amounts on January 1, 2019	<u>\$ 1,244,868</u>
Discounted amounts using the incremental borrowing rate on January 1, 2019	\$ 1,203,841
Add: Adjustments as a result of a different treatment of extension and termination options	2,176,586
Less: Refundable deposits reclassification adjustment	(<u>11,947</u>)
Lease liabilities recognized on January 1, 2019	<u>\$ 3,368,480</u>

The Group as lessor

The Group does not make any adjustments for leases in which it is a lessor, and it accounts for those leases with the application of IFRS 16 starting from January 1, 2019.

Anticipated impact on assets, liabilities and equity

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Restated on January 1, 2019
Right-of-use assets	\$ -	\$ 3,380,427	\$ 3,380,427
Refundable deposits	<u>143,620</u>	<u>(11,947)</u>	<u>131,673</u>
	<u>\$ 143,620</u>	<u>\$ 3,368,480</u>	<u>\$ 3,512,100</u>
Lease liabilities - current	\$ -	\$ 526,765	\$ 526,765
Lease liabilities - non-current	<u>-</u>	<u>2,841,715</u>	<u>2,841,715</u>
	<u>\$ -</u>	<u>\$ 3,368,480</u>	<u>\$ 3,368,480</u>

b. New IFRSs endorsed by the FSC for application starting from 2020

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

Note 1: 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 2: 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.

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

New IFRSs	Effective Date Announced by IASB (Note)
Amendments to IFRS 9, IAS 39 and IFRS 7 “Interbank Offered Rates”	January 1, 2020
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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

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. Basis of consolidation

The principles of preparation of the consolidated financial statements are in line with 2018 consolidated financial statements. See Note 12 and Table 8 and 9 for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Other significant accounting policies

The accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2018, except for those described below.

1) Retirement benefit costs

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

2) Leases

2019

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

The Group as lessor

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

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However,

if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

2018

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.

3) Income taxes

Income tax expense is the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income and the tax rate that would be applicable to expected total annual earnings. The effect of a change in tax rate resulting from a change in tax law is recognized consistent with the accounting for the transaction itself which gives rise to the tax consequence, and is recognized in profit or loss.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation and uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2018.

6. CASH AND CASH EQUIVALENTS

	September 30, 2019	December 31, 2018	September 30, 2018
Cash on hand	\$ 23,371	\$ 26,952	\$ 25,179
Checking accounts and demand deposits	3,444,811	3,739,797	3,656,415
Cash equivalents			
Time deposits with original maturities less than three months	<u>5,099,619</u>	<u>784,504</u>	<u>151,453</u>
	<u>\$ 8,567,801</u>	<u>\$ 4,551,253</u>	<u>\$ 3,833,047</u>

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

	September 30, 2019	December 31, 2018	September 30, 2018
Interest rates range	0%-2.02%	0%-3.2%	0%-2.1%

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

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Financial assets at FVTPL - current</u>			
Non-derivative financial assets			
Domestic quoted shares	\$ 7,128	\$ 7,590	\$ 8,393
Mutual funds	51,407	48,308	48,240
Structured financial products	<u>22,578</u>	<u>4,646,837</u>	<u>4,878,821</u>
	<u>\$ 81,113</u>	<u>\$4,702,735</u>	<u>\$ 4,935,454</u>

Structured financial products the Group bought from banks are structured time deposit with the expected yield rates of 0%-4.35%, 0%-4.45% and 0%-4.45% as of September 30, 2019, December 31, 2018 and September 30, 2018, respectively.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Investment in equity instruments at FVTOCI</u>			
<u>Current</u>			
Domestic investments			
Quoted shares	\$ 360,433	\$ 257,668	\$ 289,075
Foreign investments			
Quoted shares	<u>547,581</u>	<u>527,703</u>	<u>585,353</u>
	<u>\$ 908,014</u>	<u>\$ 785,371</u>	<u>\$ 874,428</u>
<u>Non-current</u>			
Domestic investments			
Unlisted shares	\$ 103,943	\$ 88,583	\$ 75,766
Foreign investments			
Unlisted shares	<u>234,900</u>	<u>304,544</u>	<u>271,750</u>
	<u>\$ 338,843</u>	<u>\$ 393,127</u>	<u>\$ 347,516</u>

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.

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	<u>\$ 48,748</u>	<u>\$ 52,755</u>	<u>\$ 76,993</u>
Notes receivable - operating	<u>\$ 48,748</u>	<u>\$ 52,755</u>	<u>\$ 76,993</u>

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	926,451	943,461	981,501
Less: Allowance for doubtful accounts	(15,699)	(17,901)	(17,396)
	<u>\$ 910,572</u>	<u>\$ 925,560</u>	<u>\$ 964,105</u>
<u>Other receivables</u>			
Receivables from disposal of investment	\$ -	\$ 4,474	\$ 4,438
Interest receivables	728	1,275	899
Others	39,214	47,088	47,659
Less: Allowance for impairment loss	(5,268)	(5,268)	(3,106)
	<u>\$ 34,674</u>	<u>\$ 47,569</u>	<u>\$ 49,890</u>

a. Trade receivables

The average credit period for rendering of services was 30 to 60 days. No interest was charged on trade receivables. The 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 Receipts 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.

September 30, 2019

	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	\$ 778,917	\$ 74,091	\$ 74,873	\$ 27,190	\$ 20,128	\$ 975,199
Refund liability (Note)	(33,037)	(4,745)	(4,174)	(1,823)	(1,272)	(45,051)
Loss allowance (Lifetime ECL)	(329)	(33)	(111)	(136)	(15,090)	(15,699)
Amortized cost	<u>\$ 745,551</u>	<u>\$ 69,313</u>	<u>\$ 70,588</u>	<u>\$ 25,231</u>	<u>\$ 3,766</u>	<u>\$ 914,449</u>

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	\$ 800,436	\$ 76,409	\$ 63,149	\$ 21,757	\$ 34,465	\$ 996,216
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	<u>\$ 764,782</u>	<u>\$ 72,307</u>	<u>\$ 60,246</u>	<u>\$ 20,155</u>	<u>\$ 16,822</u>	<u>\$ 934,312</u>

September 30, 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	\$ 827,768	\$ 82,603	\$ 89,550	\$ 25,467	\$ 33,106	\$1,058,494
Refund liability (Note)	(30,645)	(4,865)	(3,346)	(2,303)	(412)	(41,571)
Loss allowance (Lifetime ECL)	(452)	(122)	(164)	(105)	(16,553)	(17,396)
Amortized cost	<u>\$ 796,671</u>	<u>\$ 77,616</u>	<u>\$ 86,040</u>	<u>\$ 23,059</u>	<u>\$ 16,141</u>	<u>\$ 999,527</u>

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:

	Nine Months Ended September 30, 2019	
	Trade Receivables	Other Receivables
Balance at January 1, 2019	\$ 17,901	\$ 5,268
Less: Reversals of loss allowance	(1,810)	-
Foreign exchange gains and losses	(392)	-
Balance at September 30, 2019	<u>\$ 15,699</u>	<u>\$ 5,268</u>

(Continued)

	Nine Months Ended September 30, 2018	
	Trade Receivables	Other Receivables
Balance at January 1, 2018 per IAS 39	\$ 8,064	\$ 4,165
Adjustment on initial application of IFRS 9	<u>-</u>	<u>-</u>
Balance at January 1, 2018 per IFRS 9	8,064	4,165
Add: Loss allowance recognized	9,896	-
Less: Actual write-off	-	(1,059)
Foreign exchange gains and losses	<u>(564)</u>	<u>-</u>
Balance at September 30, 2018	<u>\$ 17,396</u>	<u>\$ 3,106</u>

(Concluded)

b. Other receivables

- 1) Receivables from disposal of investment were the Group's disposal of financial assets measured at cost.
- 2) Other receivables were the payment on behalf of others and rental receivable.

10. INVENTORIES

	September 30, 2019	December 31, 2018	September 30, 2018
Properties under development			
Binhu District, Wuxi	\$ 6,668,323	\$ -	\$ -
Banqiao District, New Taipei City	1,330,705	-	-
Properties to be developed			
Binhu District, Wuxi	-	6,175,692	6,095,801
Banqiao District, New Taipei City	1,240,093	2,440,170	2,417,774
Banqiao District, New Taipei City (for transferable development rights)	170,885	283,360	283,347
Other			
Shilin District, Taipei City	2,113	2,113	2,113
Inventory-merchandise			
Jiading District, Shanghai	1,085,261	1,894,686	2,537,704
Shilin District, Taipei City	<u>170,449</u>	<u>258,966</u>	<u>284,650</u>
	<u>\$ 10,667,829</u>	<u>\$ 11,054,987</u>	<u>\$ 11,621,389</u>

The cost of inventories recognized as cost of goods sold for the three months ended September 30, 2019 and 2018, nine months ended September 30, 2019 and 2018 were \$183,643 thousand, \$109,902 thousand, \$850,740 thousand and \$400,127 thousand, respectively. The cost of goods sold included allowance to reduce inventory to market /(gains on inventory value recoveries) were (\$592) thousand and \$19,603 thousand in three months ended September 30, 2019 and nine months ended September 30, 2019, respectively.

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
Sinyi Jia-Ho	Taishin International Bank Co., Ltd.	2017/5/22-2024/5/22
Sinyi Jia-Pin	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 37 for the carrying amount of inventories pledged as security for bank borrowings by the Group.

11. OTHER FINANCIAL ASSETS - CURRENT

	September 30, 2019	December 31, 2018	September 30, 2018
Time deposits with original maturity more than three months	\$ 121,570	\$ 148,470	\$ 151,370
Restricted assets - current	<u>7,175</u>	<u>7,236</u>	<u>7,218</u>
	<u>\$ 128,745</u>	<u>\$ 155,706</u>	<u>\$ 158,588</u>

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

	September 30, 2019	December 31, 2018	September 30, 2018
Time deposits with original maturity more than three months	0.15%-2.75%	0.12%-2.75%	0.12%-1.13%

b. Restricted assets - current were operating guarantee for real-estate brokerage. Please refer to Note 37.

12. SUBSIDIARIES

a. Subsidiaries included in consolidated financial statements

Those subsidiaries included in the consolidated entities as of September 30, 2019, December 31, 2018 and September 30, 2018 were as follows:

Investor	Investee	Main Businesses	% of Ownership			Remark
			September 30, 2019	December 31, 2018	September 30, 2018	
Sinyi Realty Inc.	Sinyi International Limited (Sinyi International)	Investment holding	100	100	100	
	Sinyi Development Inc. (Taiwan Sinyi Development)	Development, construction, rental and sale of residential building and factories	100	100	100	
	Sinyi Limited	Investment holding	100	100	100	
	Sinyi Global Asset Management Co., Ltd. (Sinyi Global)	Real estate brokerage	100	100	100	
	Heng-Yi Intelligent Technology Inc. (Heng-Yi)	Information software, data processing and electronic information providing services	75	75	75	
Jui-Inn Consultants Co., Ltd. (Jui-Inn)	Management consulting	100	100	100		

(Continued)

Investor	Investee	Main Businesses	% of Ownership			Remark
			September 30, 2019	December 31, 2018	September 30, 2018	
	Sinyi Culture Publishing Inc. (Sinyi Culture)	Publication	99	99	99	
	An-Sin Real Estate Management Ltd. (An-Sin)	Real estate management	51	51	51	
	Yowoo Technology Inc. (Yowoo Technology)	Information software, data processing and electronic information providing services	100	100	100	
	Sin Chiun Holding Sdn. Bhd. (Sin Chiun)	Investment holding	100	100	100	
	Sinyi Real Estate Consulting Limited (Sinyi Consulting)	Production of Instructions of real estate	100	100	100	
Sinyi Limited	Ke Wei HK Realty Limited (Ke Wei HK)	Investment holding	99	99	99	
	Inane International Limited (Inane)	Investment holding	100	100	100	
Inane	Shanghai Sinyi Real Estate Inc. (Shanghai Sinyi Real Estate)	Real estate brokerage	100	100	100	
	Beijing Sinyi Real Estate Ltd. (Beijing Sinyi)	Real estate brokerage	100	100	100	
	Shanghai Zhi Xin allograph Ltd. (Shanghai Zhi Xin)	Real estate brokerage and management consulting	100	100	100	
	Chengdu Sinyi Real Estate Co., Ltd. (Chengdu Sinyi)	Real estate brokerage and management consulting	-	100	100	Note 1
	Max Success International Limited (Max Success)	Investment holding	100	100	100	
Shanghai Sinyi Real Estate	Zhejiang Sinyi Real Estate Co., Ltd. (Zhejiang Sinyi)	Real estate brokerage and management consulting	100	100	100	
	Suzhou Sinyi Real Estate Inc. (Suzhou Sinyi)	Real estate brokerage and management consulting	100	100	100	
	Jiaxing Zhi Zheng Real Estate Marketing Planning Inc. (Jiaxing Zhi Zheng)	Real estate marketing planning and management consulting	100	100	100	
Shanghai Zhi Xin	Suzhou Zhi Xin Real Estate Co. Ltd.	Market information consultation and management consulting	100	100	100	
Ke Wei HK	Ke Wei Shanghai Real Estate Management Consulting Inc. (Ke Wei Shanghai)	Real estate brokerage and management consulting	100	100	100	
Sinyi International	Forever Success International Limited (Forever Success)	Investment holding	100	100	100	
	Sinyi Realty Inc. Japan (Japan Sinyi)	Real estate brokerage and management	100	100	100	
	Sinyi Development Limited (Sinyi Development)	Investment holding	100	100	100	
Forever Success	Sinyi Estate Ltd. (Sinyi Estate)	Investment holding	100	100	100	
	Shanghai Shang Tuo Investment Management Consulting Inc. (Shanghai Shang Tuo)	Real estate brokerage and management consulting	100	100	100	
	Hua Yun Renovation (Shanghai) Co., Ltd. (Hua Yun)	Professional construction, buildings, decoration construction, hardware, general merchandise, building materials wholesale	100	100	100	
Shanghai Shang Tuo	Shanghai Chang Yuan Co., Ltd. (Shanghai Chang Yuan)	Property management	100	100	100	
Hua Yun	Lunheng Business Management (Shanghai) Ltd. (Lunheng)	Management consulting	100	100	-	
An-Sin	An-Shin Real Estate Management Ltd. (An-Shin)	Real estate management	100	100	100	
Japan Sinyi	Sinyi Asset Management Co., Ltd. (Japan Management)	Real estate brokerage	100	100	100	
	Tokyo Sinyi Real Estate Co., Ltd.	Real estate brokerage	100	100	100	
Sinyi Development	Sinyi Real Estate (Hong Kong) Limited (Hong Kong Real Estate)	Investment holding	100	100	100	
	Kunshan Dingxian Trading Co., Ltd. (Kunshan Digxian Trading)	Construction materials furniture, sanitary ware and ceramic products wholesale	100	100	100	
Sinyi Estate	Sinyi Estate (Hong Kong) Limited (Hong Kong Sinyi Estate)	Investment holding	100	100	100	
Hong Kong Real Estate	Sinyi Real Estate (Shanghai) Limited	Development of commercial and residential building and auxiliary facilities; and construction, rental, sale and property management	100	100	100	
Hong Kong Sinyi Estate	Jiu Xin Estate(Wuxi) Limited (Jiu Xin Estate)	Development of commercial and residential building	100	100	100	
Shanghai Sinyi Estate	Xin Yeh Business Administration (Shanghai) Ltd.(Xin Yeh)	Development of commercial and residential building	100	-	-	Note 2
Yowoo Technology	Wu Pu Co.,Ltd. (Wu Pu)	Investment holding	100	100	100	
	Heng-Yi Intelligent Technology Inc. (Heng-Yi)	Information software, data processing and electronic information providing services	25	-	-	Note 3
Taiwan Sinyi Development	Da-Chia Construction Co., Ltd. (Da-Chia Construction)	Development, construction, rental and sale of residential building and factories	100	100	100	
	Sinyi Real Estate Co., Ltd. (Sinyi Real Estate)	Development, construction, rental and sale of residential building and factories	100	100	100	
Sin Chiun	Fidelity Property Consultant Sdn. Bhd.(Fidelity)	Investment holding	49	49	49	
Pegasus	Pegasus Holding Sdn. Bhd.(Pegasus)	Investment holding	100	100	100	
	Fidelity Property Consultant Sdn. Bhd.(Fidelity)	Real estate brokerage, management and identification	51	51	51	

(concluded)

Remark:

Note 1: Chengdu Sinyi has been liquidated in June 2019.

Note 2: Xin Yeh was incorporated in February 2019, with a capital of RMB400,000 thousand, as of September 30, 2019.

Note 3: The Group acquired 25% ownership of Heng-Yi from non-controlling interests through

Yowoo Technology in March 2019. Please refer to Note 31.

Note 4: Subsidiaries included in consolidated financial statement: The financial statements of the consolidated entities had not been reviewed by the independent accountants, except for those the Company's material subsidiaries such as Sinyi International, Sinyi Development, Hong Kong Real Estate, Shanghai Real Estate, Sinyi Estate, Hong Kong Sinyi Estate, Jiu Xin Estate and Xin Yeh as of and for the nine months ended September 30, 2019 and 2018.

b. Subsidiaries excluded from consolidated financial statement: None.

13 . INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	September 30, 2019	December 31, 2018	September 30, 2018
Investments in associates	\$ <u>30,688</u>	\$ <u>27,554</u>	\$ <u>29,453</u>

Investments In Associates

	September 30, 2019	December 31, 2018	September 30, 2018
Unlisted company			
Sinyi Interior Design Co., Ltd.	\$ 15,358	\$ 12,870	\$ 14,824
Rakuya International Info. Co., Ltd.	<u>15,330</u>	<u>14,684</u>	<u>14,629</u>
	<u>\$ 30,688</u>	<u>\$ 27,554</u>	<u>\$ 29,453</u>

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

Name of Associate	September 30, 2019	December 31, 2018	September 30, 2018
Sinyi Interior Design Co., Ltd.	19%	19%	19%
Rakuya International Info. Co., Ltd.	23%	23%	23%

The Group's management considered investments in associates are not individually material, aggregate information of associates are summarized as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
The Group's share of:				
Loss from continuing operations	\$ 986	\$ 388	\$ 739	(\$ 1,034)
Other comprehensive income	<u>531</u>	<u>505</u>	<u>2,952</u>	<u>1,367</u>
Total comprehensive income for the period	<u>\$ 1,517</u>	<u>\$ 893</u>	<u>\$ 3,691</u>	<u>\$ 333</u>

Even though holding less than 20% of voting rights of Sinyi Interior Design Co., Ltd. the Group is able to exercise significant influence over it. The investment is still accounted for by the equity method.

The investments accounted for by the equity method and the share of profit or loss and other comprehensive income (loss) of the investment for the nine months ended September 30, 2019 and 2018 were based on unreviewed financial statements. The Group's management believes the unreviewed financial statements of the investees above do not have material impact.

14. PROPERTY, PLANT AND EQUIPMENT

	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, 2019	\$ 2,833,746	\$ 660,163	\$ 10,654	\$ 388,221	\$ 4,671	\$ 548,513	\$ 87,384	\$ 2,680	\$ 4,536,032
Additions	-	-	-	15,250	-	52,549	126	7,211	75,136
Disposals	-	-	-	(5,773)	-	(17,199)	(30)	-	(23,002)
Reclassifications	-	-	-	-	-	2,680	-	(2,680)	-
Effect of foreign currency exchange differences	-	(5,994)	(185)	(977)	-	(1,831)	-	-	(8,987)
Balance at September 30, 2019	<u>\$ 2,833,746</u>	<u>\$ 654,169</u>	<u>\$ 10,469</u>	<u>\$ 396,721</u>	<u>\$ 4,671</u>	<u>\$ 584,712</u>	<u>\$ 87,480</u>	<u>\$ 7,211</u>	<u>\$ 4,579,179</u>
Accumulated depreciation									
Balance at January 1, 2019	\$ -	\$ 143,941	\$ 5,442	\$ 310,202	\$ 4,671	\$ 442,957	\$ 75,613	\$ -	\$ 982,826
Depreciation expense	-	14,531	744	22,852	-	36,302	3,855	-	78,284
Disposals	-	-	-	(4,552)	-	(16,736)	(22)	-	(21,310)
Effect of foreign currency exchange differences	-	(449)	(119)	(904)	-	(1,734)	-	-	(3,206)
Balance at September 30, 2019	<u>\$ -</u>	<u>\$ 158,023</u>	<u>\$ 6,067</u>	<u>\$ 327,598</u>	<u>\$ 4,671</u>	<u>\$ 460,789</u>	<u>\$ 79,446</u>	<u>\$ -</u>	<u>\$ 1,036,594</u>
Carrying amounts at September 30, 2019	<u>\$ 2,833,476</u>	<u>\$ 496,146</u>	<u>\$ 4,402</u>	<u>\$ 69,123</u>	<u>\$ -</u>	<u>\$ 123,923</u>	<u>\$ 8,034</u>	<u>\$ 7,211</u>	<u>\$ 3,542,585</u>
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	27,448	-	27,894	1,425	20,856	81,915
Disposals	-	-	-	(15,405)	-	(7,990)	-	-	(23,395)
Reclassifications	-	-	-	-	-	1,081	-	(1,081)	-
Acquisition through business combinations	-	-	-	6,626	-	612	-	-	7,238
Effect of foreign currency exchange differences	-	(6,340)	(212)	(1,541)	-	(2,488)	-	-	(10,581)
Balance at September 30, 2018	<u>\$ 2,665,208</u>	<u>\$ 633,340</u>	<u>\$ 10,599</u>	<u>\$ 387,285</u>	<u>\$ 4,671</u>	<u>\$ 545,753</u>	<u>\$ 85,826</u>	<u>\$ 19,775</u>	<u>\$ 4,352,457</u>
Accumulated depreciation									
Balance at January 1, 2018	\$ -	\$ 117,641	\$ 4,668	\$ 290,126	\$ 4,671	\$ 418,082	\$ 69,520	\$ -	\$ 904,708
Depreciation expense	-	14,308	598	32,019	-	38,007	4,801	-	89,733
Disposals	-	-	-	(14,909)	-	(7,565)	-	-	(22,474)
Acquisition through business combinations	-	-	-	5,246	-	555	-	-	5,801
Effect of foreign currency exchange differences	-	(213)	(113)	(1,086)	-	(1,972)	-	-	(3,384)
Balance at September 30, 2018	<u>\$ -</u>	<u>\$ 131,736</u>	<u>\$ 5,153</u>	<u>\$ 311,396</u>	<u>\$ 4,671</u>	<u>\$ 447,107</u>	<u>\$ 74,321</u>	<u>\$ -</u>	<u>\$ 974,384</u>
Carrying amounts at September 30, 2018	<u>\$ 2,665,208</u>	<u>\$ 501,604</u>	<u>\$ 5,446</u>	<u>\$ 75,889</u>	<u>\$ -</u>	<u>\$ 98,646</u>	<u>\$ 11,505</u>	<u>\$ 19,775</u>	<u>\$ 3,378,073</u>

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

Buildings - main buildings	21-55 years
Transportation equipment	4-5 years
Office equipment	3-5 years
Leased assets	3 years
Leasehold improvements	1-5 years
Other equipment	3-15 years

- a. There was no interest capitalized during the nine months ended September 30, 2019 and 2018.
- b. Refer to Note 37 for the details of properties, plant and equipment pledged as collaterals.

15. LEASE ARRANGEMENTS

- a. Right-of-use assets - 2019

	September 30, 2019		For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2019
<u>Carrying amounts</u>				
Buildings	\$ 3,298,816			
Office equipment	4,937			
Other equipment	<u>5,179</u>			
	<u>\$ 3,308,932</u>			
Additions to right-of-use assets				<u>\$ 433,431</u>
Depreciation charge for right-of-use assets				
Buildings		\$ 135,479		\$ 408,034
Office equipment		806		2,408
Other equipment		<u>392</u>		<u>1,069</u>
		<u>\$ 136,677</u>		<u>\$ 411,511</u>

- b. Lease liabilities - 2019

	September 30, 2019
<u>Carrying amounts</u>	
Current	<u>\$ 500,705</u>
Non-current	<u>\$ 2,813,671</u>

Range of discount rate for lease liabilities was as follows:

	September 30, 2019
Buildings	1.11%-5.7%
Office equipment	1.28%-5.7%
Other equipment	1.28%-1.29%

c. Material lease-in activities and terms

The Group leases buildings for the use of offices and retail stores with lease terms of 1 to 20 years. The Group does not have bargain purchase options to acquire the buildings at the end of the lease terms. In addition, the Group is prohibited from transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties and freehold property are set out in Notes 16.

2019

	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2019
Expenses relating to short-term leases	<u>\$ 1,422</u>	<u>\$ 17,017</u>
Expenses relating to low-value asset leases	<u>\$ 3,892</u>	<u>\$ 11,404</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities		<u>\$ 454,802</u>

The Group leases buildings which qualify as short-term leases and office equipment which qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

2018

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

	December 31, 2018	September 30, 2018
Not later than 1 year	\$ 461,340	\$ 448,347
Later than 1 year and not later than 5 years	786,897	653,199
Later than 5 years	<u>6,874</u>	<u>3,173</u>
	<u>\$ 1,255,111</u>	<u>\$ 1,104,719</u>

16. INVESTMENT PROPERTIES

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2019	\$ 1,876,100	\$ 319,835	\$ 2,195,935
Additions	22,037	2,118	24,155
Disposals	(26,145)	(7,926)	(34,071)
Balance at September 30, 2019	<u>\$ 1,871,992</u>	<u>\$ 314,027</u>	<u>\$ 2,186,019</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2019	\$ 10,010	\$ 102,405	\$ 112,415
Impairment loss	4,408	423	4,831
Depreciation expense	-	5,797	5,797
Disposals	(5,229)	(2,294)	(7,523)
Balance at September 30, 2019	<u>\$ 9,189</u>	<u>\$ 106,331</u>	<u>\$ 115,520</u>
Carrying amounts at September 30, 2019	<u>\$ 1,862,803</u>	<u>\$ 207,696</u>	<u>\$ 2,070,499</u>
	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2018	\$ 2,029,699	\$ 344,313	\$ 2,374,012
Additions	5,675	-	5,675
Disposals	(12,461)	(239)	(12,700)
Balance at September 30, 2018	<u>\$ 2,022,913</u>	<u>\$ 344,074</u>	<u>\$ 2,366,987</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2018	\$ 7,022	\$ 101,329	\$ 108,351
Gain on reversal of impairment loss	(1,405)	-	(1,405)
Depreciation expense	-	6,347	6,347
Disposals	-	(7)	(7)
Balance at September 30, 2018	<u>\$ 5,617</u>	<u>\$ 107,669</u>	<u>\$ 113,286</u>
Carrying amounts at September 30, 2018	<u>\$ 2,017,296</u>	<u>\$ 236,405</u>	<u>\$ 2,253,701</u>

The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease receivable under operating leases of investment properties as of September 30, 2019 was as follows:

	September 30, 2019
Year 1	\$ 64,655
Year 2	83,045
Year 3	82,598
Year 4	82,484
Year 5	77,753
Later than 5 years	<u>76,906</u>
	<u>\$ 467,441</u>

The future minimum lease receivable of non-cancellable operating lease commitments as of December 31, 2018 and September 30, 2018 were as follows:

	December 31, 2018	September 30, 2018
Not later than 1 year	\$ 86,134	\$ 89,187
Later than 1 year and not later than 5 years	60,780	85,321
Later than 5 years	<u>10</u>	<u>674</u>
	<u>\$ 146,924</u>	<u>\$ 175,182</u>

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

Buildings - main buildings 30-60 years

The total fair value of the Group's investment properties and property, plant and equipment as of September 30, 2019, December 31, 2018 and September 30, 2018 was \$9,919,706 thousand, \$9,703,340 thousand and \$9,531,777 thousand, respectively. The fair value valuation had not been performed by independent qualified professional valuers and the fair value was measured by using Level 3 inputs; however, the management of the Group used the valuation model that market participants generally use in determining the fair value. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

All of the Group's investment property was held under freehold interests. The carrying amount of the investment properties that had been pledged by the Group to secure borrowings was disclosed in Note 37.

17. INTANGIBLE ASSETS

	September 30, 2019	December 31, 2018	September 30, 2018
Franchise (Note 40)	\$ 47,487	\$ 48,749	\$ 49,031
Goodwill	10,513	10,513	-
System software costs	41,107	51,067	52,482
Patent	<u>3,854</u>	<u>5,000</u>	<u>-</u>
	<u>\$ 102,961</u>	<u>\$ 115,329</u>	<u>\$ 101,513</u>

	Franchise	Goodwill	System Software Costs	Patent	Total
<u>Cost</u>					
Balance at January 1, 2019	\$ 93,851	\$ 20,134	\$ 256,019	\$ 5,000	\$ 375,004
Additions	-	-	12,386	-	12,386
Disposals	-	-	(1,594)	-	(1,594)
Effect of foreign currency exchange differences	994	-	(386)	-	608
Balance at September 30, 2019	<u>\$ 94,845</u>	<u>\$ 20,134</u>	<u>\$ 266,425</u>	<u>\$ 5,000</u>	<u>\$ 386,404</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2019	\$ 45,102	\$ 9,621	\$ 204,952	\$ -	\$ 259,675
Amortization expense	1,779	-	21,731	1,146	24,656
Disposals	-	-	(903)	-	(903)
Effect of foreign currency exchange differences	477	-	(462)	-	15
Balance at September 30, 2019	<u>\$ 47,358</u>	<u>\$ 9,621</u>	<u>\$ 225,318</u>	<u>\$ 1,146</u>	<u>\$ 283,443</u>
Carrying amounts at September 30, 2019	<u>\$ 47,487</u>	<u>\$ 10,513</u>	<u>\$ 41,107</u>	<u>\$ 3,854</u>	<u>\$ 102,961</u>

	Franchise	Goodwill	System Software Costs	Patent	Total
<u>Cost</u>					
Balance at January 1, 2018	\$ 90,933	\$ 9,621	\$ 230,520	\$ -	\$ 331,074
Additions	-	-	19,292	-	19,292
Disposals	-	-	(564)	-	(564)
Acquisition from business combination	-	-	3,530	-	3,530
Effect of foreign currency exchange differences	2,338	-	(449)	-	1,889
Balance at September 30, 2018	<u>\$ 93,271</u>	<u>\$ 9,621</u>	<u>\$ 252,329</u>	<u>\$ -</u>	<u>\$ 355,221</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2018	\$ 41,427	\$ 9,621	\$ 176,038	\$ -	\$ 227,086
Amortization expenses	1,714	-	22,565	-	24,279
Disposals	-	-	(564)	-	(564)
Acquisition from business combination	-	-	2,272	-	2,272
Effect of foreign currency exchange differences	1,099	-	(464)	-	635
Balance at September 30, 2018	<u>\$ 44,240</u>	<u>\$ 9,621</u>	<u>\$ 199,847</u>	<u>\$ -</u>	<u>\$ 253,708</u>
Carrying amounts at September 30, 2018	<u>\$ 49,031</u>	<u>\$ -</u>	<u>\$ 52,482</u>	<u>\$ -</u>	<u>\$ 101,513</u>

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

Franchise	40 years
System software costs	2-5 years
Patent	4 years

18. OTHER ASSETS

	September 30, 2019	December 31, 2018	September 30, 2018
Prepayments for obtaining right-of-use of land	\$ 101,934	\$ -	\$ -
Prepaid expenses	87,935	84,768	88,266
Overpaid VAT	71,655	14,019	14,628
Tax prepayment	31,595	-	103,063
Temporary payments	5,788	3,355	3,133
Overdue receivables	1,272	335	412
Others	1,890	1,890	1,890
	<u>\$ 302,069</u>	<u>\$ 104,367</u>	<u>\$ 211,392</u>
Current	\$ 196,973	\$ 102,142	\$ 209,090
Non-current	105,096	2,225	2,302
	<u>\$ 302,069</u>	<u>\$ 104,367</u>	<u>\$ 211,392</u>

Prepayments for obtaining right-of-use of land is prepayments of Sin Chiun Holding Sdn. Bhd. for obtaining right-of-use of land at Pulau Mengalum, Sabah, in Malaysia. The Group has not completed the legal procedure for the transfer of the right-of-use of land as of September 30, 2019.

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

19. BORROWINGS

a. Short-term borrowings

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Secured borrowings</u>			
Bank loans	<u>\$ -</u>	<u>\$ 748,000</u>	<u>\$ 748,000</u>

1) The interest rates on the bank loans was 1.73% as of December 31, 2018 and September 30, 2018 .

2) Refer to Note 37 for the details of assets pledged as collaterals for short-term borrowings.

b. Long-term borrowings

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Secured borrowings</u>			
Bank loans	\$ 3,939,448	\$ 3,022,204	\$ 3,835,000
<u>Unsecured borrowings</u>			
Loans unsecured	<u>4,050,000</u>	<u>2,356,956</u>	<u>2,500,095</u>
	7,989,448	5,379,160	6,335,095
Less: Current portion	(<u>216,136</u>)	(<u>7,682</u>)	(<u>10,095</u>)
Long-term borrowings	<u>\$ 7,773,312</u>	<u>\$ 5,371,478</u>	<u>\$ 6,325,000</u>

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

Content of Borrowings		September 30, 2019	December 31, 2018	September 30, 2018
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.	\$ -	\$ -	\$ 2,350,000
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. The Group repaid all the debts in March 2019.	-	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. The Group repaid all the debts in August 2019.	-	2,450,000	-
E.Sun Bank	Loan limit: \$2,420,000 thousand; period: August 2, 2019 to August 2, 2022; floating interest rate of 1.2% interest is paid monthly and principal is repaid at maturity.	1,700,000	-	-
East Asia Bank	Loan limit: \$1,600,000 thousand ; period: November 15, 2018 to November 12, 2021; floating interest rate of 1.245% and 1.242%; interest is paid monthly; 3% of principal is repaid in 18th, 24th and 30th months, respectively. 91% of principal is repaid in 36th month. The Group repaid all the debts in August 2019.	-	200,000	1,200,000
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. The Group repaid all the debts in February 2019.	-	200,000	200,000
Yuanta Bank	Loan limit: \$400,000 thousand; period: March 7, 2019 to March 19, 2021; fixed interest rate of 1.2%; interest is paid monthly; and principal is repaid at maturity.	400,000	-	-
Mizuho Bank	Loan limit: JPY 150,000 thousand; period: June 20, 2016 to June 20, 2019; fixed interest rate of 1.108%; interest is paid monthly and principal is repaid JPY 4,167 thousand monthly.	-	6,956	10,095
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.	300,000	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. The Group repaid all the debts in January 2019.	-	200,000	200,000
Bank of SinoPac	Loan limit: \$200,000 thousand; period: June 21, 2019 to June 21, 2021; 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: March 2, 2018 to March 2, 2020; fixed interest rate of 1.295%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in October 2018.	-	-	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. The Group repaid all the debts in February 2019.	-	200,000	-
Far Eastern Bank	Loan limit: \$800,000 thousand; period: September 26, 2018 to September 26, 2020; fixed interest rate of 1.29%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in October 2018.	-	-	600,000
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. The Group repaid all the debts in February 2019.	-	300,000	-
Far Eastern Bank	Loan limit: \$800,000 thousand; period: May 2, 2019 to May 2, 2021; fixed interest rate of 1.19%; interest is paid monthly and principal is repaid at maturity.	600,000	-	-
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. The Group repaid all the debts in February 2019.	-	300,000	300,000

(Continued)

Content of Borrowings		September 30, 2019	December 31, 2018	September 30, 2018
Taishin Bank	Loan limit: \$1,900,000 thousand; period: September 8, 2017 to September 8, 2022; fixed interest rate of 1.73%; interest is paid monthly and principal is repaid at maturity.	335,000	285,000	285,000
Taishin Bank	Loan limit: \$1,373,000 thousand; period: March 29, 2019 to March 29, 2024; fixed interest rate of 1.73%; interest is paid monthly and principal is repaid at maturity.	748,000	-	-
Taishin Bank	Loan limit: \$300,000 thousand; period: November 29, 2018 to December 25, 2021; fixed interest rate of 1.14%; interest is paid monthly and principal is repaid at maturity.	300,000	-	-
DBS Bank	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. The Group repaid all the debts in February 2019.	-	150,000	150,000
DBS Bank	Loan limit: US\$40,000 thousand (\$1,200,000 thousand); period: January 2, 2019 to January 2, 2021; fixed interest rate of 1.14%; interest is paid monthly and principal is repaid at maturity.	1,000,000	-	-
Jihsun Bank	Loan limit: \$200,000 thousand; period: September 26, 2018 to September 26, 2020; fixed interest rate of 1.22%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in November 2018.	-	-	190,000
Jihsun Bank	Loan limit: \$200,000 thousand; period: December 3, 2018 to November 29, 2020; floating interest rate of 1.22%; interest is paid monthly and principal is repaid at maturity.	200,000	-	-
Taiwan Cooperative Bank	Loan limit: \$200,000 thousand; period: June 21, 2018 to June 21, 2020; fixed interest rate of 1.25%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in June 2019.	-	200,000	200,000
Cathay United Bank	Loan limit: \$200,000 thousand; period: September 4, 2018 to September 4, 2020; fixed interest rate of 1.22%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in October 2018.	-	-	200,000
Cathay United Bank	Loan limit: \$200,000 thousand; period: August 1, 2018 to August 1, 2020; floating interest rate of 1.204%; 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 of 1.2%; interest is paid monthly and principal is repaid at maturity.	200,000	200,000	250,000
SK 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	200,000	-
SPD 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 proportional every six months.	1,156,448	87,204	-
CH Bank	Loan limit: \$500,000 thousand; period: January 25, 2019 to January 25, 2021; fixed interest rate of 1.23%; interest is paid monthly and principal is repaid at maturity.	250,000	-	-
CTBC Bank	Loan limit: \$200,000 thousand; period: July 2, 2019 to July 2, 2021; fixed interest rate of 1.2%; interest is paid monthly and principal is repaid at maturity.	200,000	-	-
Total long-term borrowings		<u>\$7,989,448</u>	<u>\$5,379,160</u>	<u>\$6,335,095</u>

(Concluded)

Note : Refer to Note 37 for the details of assets pledged as collaterals for long-term borrowings.

20. BONDS PAYABLE

	September 30, 2019	December 31, 2018	September 30, 2018
Domestic unsecured bonds	\$ 4,400,000	\$ 5,900,000	\$ 5,900,000
Less: Current portion	<u>-</u>	<u>(1,500,000)</u>	<u>(1,500,000)</u>
	<u>\$ 4,400,000</u>	<u>\$ 4,400,000</u>	<u>\$ 4,400,000</u>

The major term of domestic unsecured bonds was as follows:

Issuance Period	Total Amount (In Thousands)	Coupon Rate	Repayment and Interest Payment
June 2014 to June 2019	\$ 3,000,000	1.48%	At the end of the 4 th and 5 th 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.

21. TRADE PAYABLES

	September 30, 2019	December 31, 2018	September 30, 2018
Construction payables	<u>\$ 499,627</u>	<u>\$ 766,021</u>	<u>\$ 47,440</u>

22. CONTRACT LIABILITIES

	September 30, 2019	December 31, 2018	September 30, 2018
Advance receipts from real estate transactions	<u>\$ 131,493</u>	<u>\$ 694,468</u>	<u>\$ 2,404,585</u>

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. 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.

23. OTHER LIABILITIES

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Current</u>			
Other payables	\$ 2,177,149	\$ 2,219,129	\$ 2,100,705
Other liabilities	<u>148,186</u>	<u>202,879</u>	<u>195,481</u>
	<u>\$ 2,325,335</u>	<u>\$ 2,422,008</u>	<u>\$ 2,296,186</u>

Non-current

Other liabilities	<u>\$ 609,621</u>	<u>\$ 514,141</u>	<u>\$ 475,013</u>
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a. Other payables were as follows:

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Other payables-Expenses</u>			
Payable for performance bonus and salaries	\$ 1,278,845	\$ 1,365,002	\$ 1,121,410
Payable for annual leave	104,036	106,632	79,027
Advertisement payable	100,899	68,671	117,460
Payable for labor and health insurance	95,294	63,431	57,074
Interest payables	17,854	39,518	22,640
Payable for employees bonuses and compensation to directors	17,277	25,014	15,337
Payable for professional fees	14,466	14,407	13,276
Others	<u>196,882</u>	<u>151,700</u>	<u>166,895</u>
	<u>\$ 1,825,553</u>	<u>\$ 1,834,375</u>	<u>\$ 1,593,119</u>

Other payables-Others

Receipts under custody from real estate transactions	\$ 243,395	\$ 288,151	\$ 399,209
Other receipts under custody	52,355	45,661	40,038
Payable on equipment	10,898	5,008	12,421
Receipts under custody – escrow service	<u>7</u>	<u>4</u>	<u>178</u>
	<u>\$ 306,655</u>	<u>\$ 338,824</u>	<u>\$ 451,846</u>

Other payables to Related parties

Financing to related parties			
Loan from related parties	\$ 37,410	\$ 38,459	\$ 38,150
Interest payable	6,642	6,828	6,773
Others	<u>889</u>	<u>643</u>	<u>10,817</u>
	<u>\$ 44,941</u>	<u>\$ 45,930</u>	<u>\$ 55,740</u>

- 1.) Employees and senior management who meet the performance standards under the bonus rules are eligible for performance bonuses. Performance bonuses to be paid one year later are recorded as other liabilities - others.
- 2.) Loans from related parties were accounted for other payables to related parties with the same interest rates of 0% for the nine months ended September 30, 2019 and 2018.
- 3.) Receipts under custody from real estate transactions were the money received by real estate brokers - Shanghai Sinyi Real Estate, Zhejiang Sinyi, Suzhou Sinyi, Japan Sinyi and Japan Management from buyers that had concluded transactions, but not yet transferred to the sellers.
- 4.) 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:

	September 30, 2019	December 31, 2018	September 30, 2018
Receipts under custody - escrow service	\$ 11,204,614	\$ 7,747,371	\$ 8,315,520
Interest payable	1,425	1,615	1,485
Deposit accounts	(<u>11,206,032</u>)	(<u>7,748,982</u>)	(<u>8,316,827</u>)
	<u>\$ 7</u>	<u>\$ 4</u>	<u>\$ 178</u>

- a) Receipts under custody - performance guarantee were receipts under custody from sellers of real estate transactions with interest rate of 0.01%-0.09% as of September 30, 2019 , December 31,2018 and September 30, 2018.
- 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.

b. Other liabilities were as follows:

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Current</u>			
VAT payable and other tax payable	\$ 88,549	\$ 143,441	\$ 137,431
Refund liability	43,779	43,668	41,159
Others	<u>15,858</u>	<u>15,770</u>	<u>16,891</u>
	<u>\$ 148,186</u>	<u>\$ 202,879</u>	<u>\$ 195,481</u>
<u>Non-current</u>			
Long-term bonus payable	\$ 608,349	\$ 513,806	\$ 474,601
Refund liability	<u>1,272</u>	<u>335</u>	<u>412</u>
	<u>\$ 609,621</u>	<u>\$ 514,141</u>	<u>\$ 475,013</u>

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

24. PROVISIONS

	September 30, 2019	December 31, 2018	September 30, 2018
Operating loss provisions	<u>\$ 8,427</u>	<u>\$ 6,322</u>	<u>\$ 5,767</u>
		<u>Nine Months Ended September 30</u>	
		2019	2018
<u>Operating loss provisions</u>			
Balance, beginning of period		\$ 6,322	\$ 56,676
Additional provisions recognized		2,105	66,517
Amount used		<u> -</u>	<u>(117,426)</u>
Balance, end of period		<u>\$ 8,427</u>	<u>\$ 5,767</u>

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

25. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Group's defined benefit retirement plans were calculated using the actuarially determined pension cost discount rate as of December 31, 2018 and 2017, and recognized in profit or loss in respect of the defined benefit plans for the three months ended September 30, 2019 and 2018 and for the nine months ended September 30, 2019 and 2018 were \$1,293 thousand, \$1,201 thousand, \$3,718 thousand and \$3,601 thousand, respectively.

26. EQUITY

Share Capital

	September 30, 2019	December 31, 2018	September 30, 2018
Numbers of shares authorized (in thousands)	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Shares authorized	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>736,847</u>	<u>736,847</u>	<u>736,847</u>
Share capital issued	<u>\$ 7,368,465</u>	<u>\$ 7,368,465</u>	<u>\$ 7,368,465</u>

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 Company's shares 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

	September 30, 2019	December 31, 2018	September 30, 2018
<u>May not be used for any purpose</u>			
Employee stock options	\$ 63,896	\$ 63,896	\$ 63,896
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share</u>			
Disposal of ownership interests in subsidiaries	-	632	632
	<u>\$ 63,896</u>	<u>\$ 64,528</u>	<u>\$ 64,528</u>

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

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

Retained Earnings and Dividend Policy

- a. 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 before and after amendment, please refer to section Employee benefits expense in Note 28 (Employees' Compensation and Remuneration of Directors).
- b. In addition, according the revised Article of Incorporation of the Company, the dividend policy of the Company is to deliberately distribute dividends, in the light of present and future development plan, taking into consideration the investment environments, fund demands, and domestic competition status, as well as factors of interests of shareholders; provided. However, the amount of proposed earning distribution of current year may not be less than 20% of accumulated distributable earnings. In distributing dividends and bonuses to shareholders, the distribution may be made by stocks or cash, of which cash dividends may not be less than 10% of total amount of dividends.
- 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 including bonus to employees, and the remuneration to directors for 2018 and 2017 had been approved in the shareholders' meeting held on May 24, 2019 and May 23, 2018, respectively. The appropriations and dividends per share were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>Years Ended December 31</u>		<u>Years Ended December 31</u>	
	2018	2017	2018	2017
Legal reserve	\$ 150,458	\$ 280,282	\$ -	\$ -
Special reserve	199,606	40,830	-	-
Cash dividends	957,900	1,628,750	1.30	2.50
Stock dividends	-	853,465	-	1.31

Others Equity Items

- a. Exchange differences on translating foreign operations

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

- b. Unrealized gains or losses from financial assets at fair value through other comprehensive income

Unrealized gains or losses from 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 from financial assets at fair value through other comprehensive income did not reclassified to gains or losses when dispose of investment.

Non-controlling Interests

	<u>Nine Months Ended September 30</u>	
	2019	2018
Balance, beginning of period	\$ 99,153	\$ 131,332
Attributed to non-controlling interests:		
Net income	9,702	(13,880)
Exchange differences on translating foreign operations	1	(3)
Payment of cash dividends to non-controlling interests	-	(22,491)
Partial disposal of subsidiaries	-	4,368
Acquisition of non-controlling interests in subsidiaries (see Note 32)	(599)	-
Balance, end of period	<u>\$ 108,257</u>	<u>\$ 99,326</u>

27. REVENUE

- a. Disaggregation of revenue
Refer to Note 43 for information about the disaggregation of revenue.
- b. Balance of contract
Total amount of the Group's contract liabilities is from the sale of real estate. The amount of deposit and installment which are collected before the criteria of recognition of sales revenue are recorded as contract liabilities-current in the consolidation balance sheets. Please refer to Note 22.

28. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

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

Interest Income

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
Interest income				
Cash in bank	\$ 29,112	\$ 3,900	\$ 39,791	\$ 9,421
Other	<u>537</u>	<u>339</u>	<u>1,655</u>	<u>699</u>
	<u>\$ 29,649</u>	<u>\$ 4,239</u>	<u>\$ 41,446</u>	<u>\$ 10,120</u>

Other Gains and Losses

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
Reversals of impairment losses				
(Impairment loss) of investment properties	(\$ 2,991)	\$ 2,540	(\$ 4,831)	\$ 1,405
Gain on disposal of investments	-	993	-	1,321
Net gains (losses) on financial assets at fair value through profit or loss	(1,261)	41,254	67,175	115,768
Gains (losses) on disposal of property, plant and equipment	723	(351)	445	(750)
Gains (losses) on disposal of investment properties	333	(3,901)	4,209	(3,901)
Net foreign exchange gains (losses)	(1,746)	3,425	5,743	(1,538)
Share of loss of associates and joint ventures	986	388	739	(1,034)
Others	<u>7,039</u>	<u>6,828</u>	<u>18,905</u>	<u>19,598</u>
	<u>\$ 3,083</u>	<u>\$ 51,176</u>	<u>\$ 92,385</u>	<u>\$ 130,869</u>

Finance Costs

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
Interest on bank loans	\$ 36,898	\$ 22,985	\$ 85,314	\$ 93,347
Interest on unsecured bonds payable	11,511	16,075	44,924	42,005
Interest on back tax from administrative remedies	-	-	-	1,618
Interest on lease liabilities	17,608	-	53,946	-
Others	<u>1</u>	<u>5</u>	<u>14</u>	<u>16</u>
	66,018	39,065	184,198	136,986
Deduct: Amounts included in the cost of qualifying assets	(<u>19,625</u>)	(<u>9,707</u>)	(<u>45,524</u>)	(<u>57,599</u>)
	<u>\$ 46,393</u>	<u>\$ 29,358</u>	<u>\$ 138,674</u>	<u>\$ 79,387</u>

Information about capitalized interest was as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
Interest capitalization rate	1.59%-5.7%	1.7%-1.73%	1.59%-5.7%	1.59%-3.8%

Depreciation and Amortization

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
Property, plant and equipment	\$ 24,844	\$ 28,793	\$ 78,284	\$ 89,733
Investment property	1,977	2,115	5,797	6,347
Intangible assets	6,816	7,662	24,656	24,279
Right-of-use assets	<u>136,677</u>	<u>-</u>	<u>411,511</u>	<u>-</u>
	<u>\$ 170,314</u>	<u>\$ 38,570</u>	<u>\$ 520,248</u>	<u>\$ 120,359</u>

An analysis of depreciation by function

Inventories	\$ 27	\$ 187	\$ 27	\$ 660
Operating costs	145,604	17,979	433,767	57,930
Operating expenses	15,890	10,627	56,001	31,143
Other losses	<u>1,977</u>	<u>2,115</u>	<u>5,797</u>	<u>6,347</u>
	<u>\$ 163,498</u>	<u>\$ 30,908</u>	<u>\$ 495,592</u>	<u>\$ 96,080</u>

An analysis of amortization by function

Inventories	\$ -	\$ 151	\$ 718	\$ 991
Operating costs	271	297	831	935
Operating expenses	<u>6,545</u>	<u>7,214</u>	<u>23,107</u>	<u>22,353</u>
	<u>\$ 6,816</u>	<u>\$ 7,662</u>	<u>\$ 24,656</u>	<u>\$ 24,279</u>

Operating Expenses Directly Related to Investment Properties

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
Direct operating expenses from investment property				
That generated rental income	\$ 6,369	\$ 6,402	\$ 18,802	\$ 18,431
That did not generate rental income	<u>11</u>	<u>9</u>	<u>35</u>	<u>31</u>
	<u>\$ 6,380</u>	<u>\$ 6,411</u>	<u>\$ 18,837</u>	<u>\$ 18,462</u>

Employee Benefits Expense

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
Salary expense	\$ 1,418,602	\$ 1,217,654	\$ 4,390,463	\$ 3,779,426
Labor and health insurance expenses	<u>96,960</u>	<u>83,642</u>	<u>288,073</u>	<u>241,976</u>
	<u>1,515,562</u>	<u>1,355,296</u>	<u>4,678,536</u>	<u>4,021,402</u>
Post-employment benefits				
Defined contribution plans	52,562	47,750	156,342	138,979
Defined benefit plans (Note 25)	<u>1,293</u>	<u>1,201</u>	<u>3,718</u>	<u>3,601</u>
	<u>53,855</u>	<u>48,951</u>	<u>160,060</u>	<u>142,580</u>
Other employee benefits	<u>53,810</u>	<u>44,705</u>	<u>161,116</u>	<u>133,406</u>
Total employee benefits expense	<u>\$ 1,623,227</u>	<u>\$ 1,448,952</u>	<u>\$ 4,999,712</u>	<u>\$ 4,297,388</u>
An analysis of employee benefits expense by function				
Inventories	\$ 3,478	\$ 2,514	\$ 11,807	\$ 8,550
Operating costs	1,482,020	1,267,520	4,375,380	3,752,661
Operating expenses	<u>137,729</u>	<u>178,918</u>	<u>612,525</u>	<u>536,177</u>
	<u>\$ 1,623,227</u>	<u>\$ 1,448,952</u>	<u>\$ 4,999,712</u>	<u>\$ 4,297,388</u>

Employees' Compensation and Remuneration of Directors

In accordance with the Company's Articles of incorporation, the Company accrued employees' compensation and remuneration of directors at the rates no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The accrued employees' compensation and remuneration of directors for the three months ended September 30, 2019 and 2018 and the nine months ended September 30, 2019 and 2018 were as follows:

Accrual rate

	Nine Months Ended September 30	
	2019	2018
Employees' compensation	1%	1%
Remuneration of directors	0.31%	0.36%

Amount

	Three Months Ended September 30		Nine Months Ended September 30	
	2019 Cash	2018 Cash	2019 Cash	2018 Cash
Employees' compensation	\$ 3,234	\$ 2,874	\$ 12,833	\$ 10,234
Remuneration of directors	1,517	1,225	3,935	3,675

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

The appropriations of compensation to employees and the remuneration to directors for 2018 and 2017 had been approved, respectively by the board of directors on February 25, 2019 and on February 26, 2018. The appropriations were as below.

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

There is no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2018 and 2017.

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

Impairment Loss Recognized (reversals of impairment loss) on Non-financial Assets

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
Investment property (included in other operating income and expenses, net)	\$ 2,991	(\$ 2,540)	\$ 4,831	(\$ 1,405)
Inventories (included in operating costs)	(592)	-	19,603	-
	<u>\$ 2,399</u>	<u>(\$ 2,540)</u>	<u>\$ 24,434</u>	<u>(\$ 1,405)</u>

29. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
Current tax				
In respect of the current period	\$ 172,808	\$ 121,075	\$ 570,450	\$ 413,159
Additional income tax on unappropriated earnings	-	-	9,309	-
Land value increment tax	45,319	4,878	184,682	45,364
In respect of the prior periods	(1)	(780)	986	2,250
Deferred tax				
Adjustments to deferred tax attributable to changes in tax rates	-	-	-	(3,899)
In respect of the current periods	<u>11,956</u>	<u>(13,879)</u>	<u>(65,579)</u>	<u>(33,792)</u>
Income tax expense recognized in profit or loss	<u>\$ 230,082</u>	<u>\$ 111,294</u>	<u>\$ 699,848</u>	<u>\$ 423,082</u>

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. The effect of the change in tax rate on deferred tax income/expense is recognized in full in the period in which the change in tax rate occurs. In addition, the rate of the corporate surtax applicable to 2018 unappropriated earnings will be reduced from 10% to 5%.

b. Income tax assessments

The Company's tax returns through 2017 have been assessed by the tax authorities.

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

30. EARNINGS (LOSS) PER SHARE

Unit: NT\$ Per Share

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
Basic EPS	<u>\$ 0.25</u>	<u>\$ 0.27</u>	<u>\$ 1.36</u>	<u>\$ 0.92</u>
Diluted EPS	<u>\$ 0.25</u>	<u>\$ 0.27</u>	<u>\$ 1.36</u>	<u>\$ 0.92</u>

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

Net Profit (Loss) for the Period

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
Profit for the period attributable to owners of the Company	<u>\$ 181,137</u>	<u>\$ 199,379</u>	<u>\$ 1,005,436</u>	<u>\$ 676,210</u>

Weighted Average Number of Ordinary Shares Outstanding

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
Weighted average number of ordinary shares in computation of basic earnings per share	736,847	736,847	736,847	736,847
Effect of dilutive potential ordinary shares:				
Bonus issue to employee	<u>408</u>	<u>521</u>	<u>745</u>	<u>677</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>737,255</u>	<u>737,368</u>	<u>737,592</u>	<u>737,524</u>

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

31. BUSINESS COMBINATIONS

a. Acquiring additional ownership of subsidiaries

The ownership of Heng-Yi which the Group holds reaches to 100% through its acquiring additional 25% of the shares of Heng-Yi in March, 2019. Please refer to Note 12.

	Heng-Yi
Cash consideration paid	(\$ 5,000)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>599</u>
Differences recognized from equity transactions	(<u>\$ 4,401</u>)
<u>Line items adjusted for equity transactions</u>	
Capital surplus – difference between consideration received or paid and the carrying amount of the subsidiaries' net assets	(\$ 632)
Retained earning	(<u>3,769</u>)
	(<u>\$ 4,401</u>)

b. Acquisition of subsidiaries

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%	<u>\$ 8,000</u>

The Group acquired Sinyi Consulting to pursue the development of business and to integrate the resource of the Group. The Group temporarily recorded the acquired assets and liabilities without purchase price allocation report as of the September 30, 2018 and would measured them in the subsequent measurement period after acquiring purchase price allocation report. The Group recognizes the excess amount between the purchase price paid and the fair value of net assets acquired as goodwill.

(a) 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	
Other payables	(16,448)
Other current liabilities	(289)
Non-current liabilities	
Net defined benefit liabilities (Note)	(<u>12,576</u>)
Fair value of net assets acquired	(<u>\$ 2,513</u>)

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

(b) Goodwill recognized on acquisitions

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

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

(c) Net cash inflow on the acquisition of subsidiaries

	Amount
Consideration paid in cash	(\$ 8,000)
Add: Cash and cash equivalent balances acquired	<u>12,740</u>
	<u>\$ 4,740</u>

32. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On February and March 2018, the Group disposed of 25% of its interest in Heng-Yi, 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 the subsidiary.

	Heng-Yi
Cash consideration received	\$ 5,000
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	(<u>4,368</u>)
Differences recognized from equity transactions	<u>\$ 632</u>
<u>Line items adjusted for equity transactions</u>	
Capital surplus – difference between consideration received or paid and the carrying amount of the subsidiaries' net assets	<u>\$ 632</u>

33. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities

For the nine months ended September 30, 2019

	Opening Balance	Cash Flows	Non-cash Changes		Others (Note 1)	Closing Balance
			New Leases	Changes of exchange rate		
Short-term borrowings	\$ 748,000	\$ (748,000)	\$ -	\$ -	\$ -	\$ -
Bonds payable (including Current portion)	5,900,000	(1,500,000)	-	-	-	4,400,000
Long-term borrowings (including Current portion)	5,379,160	2,654,433	-	(44,145)	-	7,989,448
Guarantee deposits received	43,028	(7,702)	-	-	-	35,326
Lease liabilities (Note 3)	<u>3,368,480</u>	<u>(372,435)</u>	<u>433,431</u>	<u>(61,154)</u>	<u>(53,946)</u>	<u>3,314,376</u>
	<u>\$ 15,438,668</u>	<u>\$ 2,262,966</u>	<u>\$ 433,431</u>	<u>\$ (105,299)</u>	<u>\$ (53,946)</u>	<u>\$ 15,739,150</u>

For the nine months ended September 30, 2018

	Opening Balance	Cash Flows	Non-cash Changes		Closing Balance
			New Leases	Changes of exchange rate	
Short-term borrowings	\$ 1,608,000	\$ (860,000)	\$ -	\$ -	\$ 748,000
Bonds payable (including Current portion)	3,000,000	2,900,000	-	-	5,900,000
Long-term borrowings (including Current portion)	6,900,616	(578,430)	12,909	-	6,335,095
Guarantee deposits received	<u>42,615</u>	<u>210</u>	<u>-</u>	<u>-</u>	<u>42,825</u>
	<u>\$ 11,551,231</u>	<u>\$ 1,461,780</u>	<u>\$ 12,909</u>	<u>\$ -</u>	<u>\$ 13,025,920</u>

34. CAPITAL RISK MANAGEMENT

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

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

35. FINANCIAL INSTRUMENTS

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

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

September 30, 2019

	Carrying Amount	Fair Value Hierarchy			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost - bonds payable	<u>\$4,400,000</u>	<u>\$ -</u>	<u>\$4,415,338</u>	<u>\$ -</u>	<u>\$4,415,338</u>

December 31, 2018

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

September 30, 2018

	Carrying Amount	Fair Value Hierarchy			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost - bonds payable	<u>\$5,900,000</u>	<u>\$ -</u>	<u>\$5,908,425</u>	<u>\$ -</u>	<u>\$5,908,425</u>

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

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

1) Fair value hierarchy

September 30, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets				
held for trading				
Domestic listed stocks - equity				
investments	\$ 7,128	\$ -	\$ -	\$ 7,128
Mutual funds	51,407	-	-	51,407
Structured products	<u>-</u>	<u>22,578</u>	<u>-</u>	<u>22,578</u>
	<u>\$ 58,535</u>	<u>\$ 2,2578</u>	<u>\$ -</u>	<u>\$ 81,113</u>

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Domestic listed stocks - equity investments	\$ 360,433	\$ -	\$ -	\$ 360,433
Domestic unlisted stocks - equity investments	-	-	103,943	103,943
Foreign listed stocks - equity investments	547,581	-	-	547,581
Foreign unlisted stocks - equity investments	<u>-</u>	<u>-</u>	<u>234,900</u>	<u>234,900</u>
	<u>\$ 908,014</u>	<u>\$ -</u>	<u>\$ 338,843</u>	<u>\$ 1,246,857</u>

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets held for trading				
Domestic listed stocks - equity investments	\$ 7,590	\$ -	\$ -	\$ 7,590
Mutual funds	48,308	-	-	48,308
Structured products	<u>-</u>	<u>4,646,837</u>	<u>-</u>	<u>4,646,837</u>
	<u>\$ 55,898</u>	<u>\$ 4,646,837</u>	<u>\$ -</u>	<u>\$ 4,702,735</u>

Financial assets at FVTOCI				
Domestic listed stocks - equity investments	\$ 257,668	\$ -	\$ -	\$ 257,668
Domestic unlisted stocks - equity investments	-	-	88,583	88,583
Foreign listed stocks - equity investments	527,703	-	-	527,703
Foreign unlisted stocks - equity investments	<u>-</u>	<u>-</u>	<u>304,544</u>	<u>304,544</u>
	<u>\$ 785,371</u>	<u>\$ -</u>	<u>\$ 393,127</u>	<u>\$ 1,178,498</u>

September 30, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets held for trading				
Domestic listed stocks - equity investments	\$ 8,393	\$ -	\$ -	\$ 8,393
Mutual funds	48,240	-	-	48,240
Structured products	<u>-</u>	<u>4,878,821</u>	<u>-</u>	<u>4,878,821</u>
	<u>\$ 56,633</u>	<u>\$ 4,878,821</u>	<u>\$ -</u>	<u>\$ 4,935,454</u>

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Domestic listed stocks - equity investments	\$ 289,075	\$ -	\$ -	\$ 289,075
Domestic unlisted stocks - equity investments	-	-	75,766	75,766
Foreign listed stocks - equity investments	585,353	-	-	585,353
Foreign unlisted stocks - equity investments	<u>-</u>	<u>-</u>	<u>271,750</u>	<u>271,750</u>
	<u>\$ 874,428</u>	<u>\$ -</u>	<u>\$ 347,516</u>	<u>\$ 1,221,944</u>

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

2) 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, 2019	\$ 393,127
Additions	4,500
Recognized in other comprehensive income	(52,876)
Effect of exchange rate changes	<u>(5,908)</u>
Balance at September 30, 2019	<u>\$ 338,843</u>

Financial Assets	Financial Assets at Fair Value Through Other Comprehensive Income
	Equity Instruments
Balance at January 1, 2018	\$ 260,639
Additions	44,774
Recognized in other comprehensive income	50,375
Effect of exchange rate changes	<u>(8,272)</u>
Balance at September 30, 2018	<u>\$ 347,516</u>

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

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

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Foreign unlisted stocks	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 stocks	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.

The investments in equity instruments which are classified in Level 3 without public price at active market should be evaluated with the reference of the evaluation method, the evaluation target's net asset value and the bid price of the competitors which are widely used by the market participants. The Group did not disclose the quantitative information due to the difficulty in fully getting the relationship between the material unobservable inputs and fair value in practice.

c. Categories of financial instruments

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 81,113	\$ 4,702,735	\$ 4,935,454
Financial assets at amortized cost (Note 1)	9,818,137	5,876,463	5,213,144
Financial assets at FVTOCI	1,246,857	1,178,498	1,221,944
<u>Financial liabilities</u>			
Financial assets at amortized cost (Note 2)	18,416,330	15,055,981	15,650,303

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 financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable, trade payables, other payables, lease liabilities, bonds payable, long-term borrowings (including current portion of long-term borrowings), guarantee deposits received and other non-current liabilities.

d. 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, interest rate risk and other price 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), interest rates (see (2) below) and other price risk (see (3) below).

1) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period, please refer to Note 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 negative number below indicates an increase in profit before income tax or equity where the NTD strengthens 1% against the relevant currency. For a 1% weakening of the NTD against the relevant currency, the balances below would be positive as the other factors remain unchanged.

	Nine Months Ended September 30							
	2019				2018			
	RMB	JPY	USD	MYR	RMB	JPY	USD	MYR
Equity	\$ 44,408	\$ 2,931	\$ 124	\$ 10,404	\$ 7,865	\$ 2,676	\$ 207	\$ 194
Profit or loss	21	-	426	339	18	-	409	-

2) Interest rate risk

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

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

	September 30, 2019	December 31, 2018	September 30, 2018
Fair value interest rate risk			
Financial assets	\$ 5,211,344	\$ 916,210	\$ 286,041
Financial liabilities	13,441,234	11,627,160	11,783,095
Cash flow interest rate risk			
Financial assets	39,598	4,670,837	4,902,821
Financial liabilities	2,300,000	438,459	1,238,150

Interest rate sensitivity analysis

The Group was exposed to cash flow interest rate risk in relation to floating rate financial assets or liabilities, and the financial assets, short-term and long-term borrowings will be affected by the changes in market interest rate accordingly. If the market interest rate increased/decreased by 1%, the Group's cash inflow/(outflow) will increase/decrease by (\$16,927) thousand and \$27,485 thousand for the nine months ended September 30, 2019 and 2018, respectively.

3) Other price risk

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

If equity prices had been 1% higher/lower, pre-tax profit for the nine months ended September 30, 2019 would have increased/decreased by \$585 thousand as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the nine months ended September 30, 2019 would have increased/decreased by \$12,469 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 nine months ended September 30, 2018 would have increased/decreased by \$566 thousand as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the nine months ended September 30, 2018 would have increased/decreased by \$8,744 thousand as a result of the changes in fair value of financial assets at FVTOCI.

b.) Credit risk

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

Business related credit risk

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

Financial credit risk

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

c.) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of September 30, 2019, December 31, 2018 and September 30, 2018, the Group had available unutilized bank loan facilities were follows:

	September 30, 2019	December 31, 2018	September 30, 2018
Unsecured bank overdraft facility, reviewed annually and payable at call:			
Amount used	\$ 4,050,000	\$ 2,444,160	\$ 2,500,095
Amount unused	<u>3,330,000</u>	<u>6,380,770</u>	<u>3,040,285</u>
	<u>\$ 7,380,000</u>	<u>\$ 8,824,930</u>	<u>\$ 5,540,380</u>
Secured bank overdraft facility:			
Amount used	\$ 3,939,448	\$ 3,683,000	\$ 4,583,000
Amount unused	<u>6,263,552</u>	<u>3,315,000</u>	<u>2,615,000</u>
	<u>\$ 10,203,000</u>	<u>\$ 6,998,000</u>	<u>\$ 7,198,000</u>

Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on

demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

September 30, 2019

	On Demand or Less than 1 Month	1 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	\$ 404	\$ 2,639,366	\$ 35,326	\$ -
Lease liabilities	56,016	614,047	2,084,110	1,129,792
Variable interest rate liabilities	202,181	418,722	1,737,386	-
Fixed interest rate liabilities	<u>3,337,407</u>	<u>5,671,193</u>	<u>314,391</u>	<u>-</u>
	<u>\$ 3,596,008</u>	<u>\$ 9,343,328</u>	<u>\$ 4,171,213</u>	<u>\$ 1,129,792</u>

Additional information about the maturity analysis for lease liabilities:

	On Demand or Less than 1 Month	1 Months to 1 Year	1-5 Years	5-10 Years	10-20 Years
Lease liabilities	<u>\$ 56,016</u>	<u>\$ 614,047</u>	<u>\$ 2,084,110</u>	<u>\$ 1,118,993</u>	<u>\$ 10,799</u>

December 31, 2018

	On Demand or Less than 1 Month	1 Months to 1 Year	1-5 Years
Non-interest bearing	\$ 643	\$ 2,946,691	\$ 43,028
Variable interest rate liabilities	404	440,697	-
Fixed interest rate liabilities	<u>1,239,574</u>	<u>3,093,905</u>	<u>7,334,014</u>
	<u>\$ 1,240,621</u>	<u>\$ 6,481,293</u>	<u>\$ 7,377,042</u>

September 30, 2018

	On Demand or Less than 1 Month	1 Months to 1 Year	1-5 Years
Non-interest bearing	\$ 1,225	\$ 2,109,995	\$ 42,825
Variable interest rate liabilities	1,242	1,250,570	-
Fixed interest rate liabilities	<u>2,056,529</u>	<u>2,388,629</u>	<u>3,065,841</u>
	<u>\$ 2,058,996</u>	<u>\$ 5,748,833</u>	<u>\$ 3,108,666</u>

36. 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

<u>Related Party</u>	<u>Relationship with the Group</u>
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.	Parent company
Sinyi Co., Ltd.	Parent company
Yu-Heng Co., Ltd.	Indirectly parent 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 Appraiser Firm	Related party in substance
Sinyi Interior Design Co., Ltd.	Associate
Prospect Hospitality Co., Ltd.	The Company's director is its director

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.

Operating Revenue

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
Service revenue - The Company's director is its director	<u>\$ 2,941</u>	<u>\$ -</u>	<u>\$ 6,156</u>	<u>\$ -</u>

Trade Receivables - Related parties

	September 30, 2019	December 31, 2018	September 30, 2018
The Company's director is its director	<u>\$ 616</u>	<u>\$ -</u>	<u>\$ -</u>

Other Payables to Related Parties

	September 30, 2019	December 31, 2018	September 30, 2018
Other related parties - Related parties in substance	<u>\$ 44,941</u>	<u>\$ 45,930</u>	<u>\$ 55,740</u>

Parts of other payables to related parties were financing. Information on the financing for the nine months ended September 30, 2019 and 2018 were as follows:

	Nine Months Ended September 30, 2019				
	Highest Balance During the Period	Amount	Interest Rate %	Interest Expense	Interest Payable
Other related parties - Related parties in substance	<u>\$ 39,388</u>	<u>\$ 37,410</u>	-	<u>\$ -</u>	<u>\$ 6,642</u>

	Nine Months Ended September 30, 2018				
	Highest Balance During the Period	Amount	Interest Rate %	Interest Expense	Interest Payable
Other related parties - Related parties in substance	<u>\$ 39,964</u>	<u>\$ 38,150</u>	-	<u>\$ -</u>	<u>\$ 6,773</u>

The financing above were unsecured.

Compensation for Key Management Personnel

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
Short-term benefits	\$ 30,133	\$ 36,401	\$ 97,941	\$ 96,650
Other long-term benefits	<u>3,140</u>	<u>2,775</u>	<u>10,350</u>	<u>8,418</u>
	<u>\$ 33,273</u>	<u>\$ 39,176</u>	<u>\$ 108,291</u>	<u>\$ 105,068</u>

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

Other Transactions with Related Parties

a. Rental income

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
Other related parties - Related parties in substance	\$ 1,833	\$ 1,845	\$ 5,527	\$ 7,637
Parent company	29	29	86	86
Indirectly parent company	14	14	42	43
Associates	<u>9</u>	<u>9</u>	<u>26</u>	<u>26</u>
	<u>\$ 1,885</u>	<u>\$ 1,897</u>	<u>\$ 5,681</u>	<u>\$ 7,792</u>

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

b. Other benefit

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
Other related parties - Related parties in substance	<u>\$ 692</u>	<u>\$ 211</u>	<u>\$ 2,076</u>	<u>\$ 1,475</u>

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

c. Professional fee

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
Other related parties - Related parties in substance				
Sinyi Real Estate Consulting Limited	\$ -	\$ -	\$ -	\$ 55,103
Others	<u>2,630</u>	<u>1,518</u>	<u>7,183</u>	<u>5,763</u>
	<u>\$ 2,630</u>	<u>\$ 1,518</u>	<u>\$ 7,183</u>	<u>\$ 60,866</u>

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

d. Lease agreement

	September 30, 2019	December 31, 2018	September 30, 2018
Lease liabilities - Related parties in substance	\$ <u>27,837</u>	\$ <u>-</u>	\$ <u>-</u>

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
<u>Interest expense</u>				
Related parties in substance	<u>\$ 75</u>	<u>\$ -</u>	<u>\$ 286</u>	<u>\$ -</u>
<u>Rental expense</u>				
Related parties in substance	<u>\$ -</u>	<u>\$ 1,724</u>	<u>\$ -</u>	<u>\$ 5,947</u>

As of September 30, 2018, the minimum lease payment for the Group's operating leases for related parties is \$36,872 thousand .

e. Other receivables

	September 30, 2019	December 31, 2018	September 30, 2018
Other related parties - Related parties in substance	\$ <u>3,461</u>	\$ <u>1,269</u>	\$ <u>1,927</u>

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. Please refer to Note 31 for the details.

37. MORTGAGED OR PLEDGED ASSETS

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

	September 30, 2019	December 31, 2018	September 30, 2018
Property, plant and equipment (including investment properties)			
Land	\$ 4,191,664	\$ 4,241,789	\$ 4,241,789
Building	420,302	456,691	460,874
Other financial assets - current			
Pledged time deposits and demand deposits	7,175	7,236	7,218
Inventories	<u>9,199,159</u>	<u>8,570,743</u>	<u>2,417,774</u>
	<u>\$ 13,818,300</u>	<u>\$ 13,276,459</u>	<u>\$ 7,127,655</u>

38. 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 Hong Kong Real Estate and Kunshan Digxian Trading in obtaining financing limit of \$1,210,560 thousand and \$18,453 thousand, respectively. Please refer to Note 42, Table 2 for the details.
- d. As of September 30, 2019, the Group had signed construction contracts but not yet paid for \$2,041,777 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 \$19,706 thousand as of September 30, 2019. 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.

39. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

In order to repay bank loans and enrich working capital, to lock in long-term capital, when the market interest rate is lower. The Company's board of directors resolved on October 28, 2019 to issue the unsecured ordinary corporate bond which with fixed coupon rate, issuance period no more than 10 years and shall not exceed the amount of 900,000 thousand at one time or several times, depending on the market status.

40. SIGNIFICANT FRANCHISE CONTRACTS

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

41. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

September 30, 2019

	Foreign Currencies (In Thousands)	Exchange Rate	New Taiwan Dollars (In Thousands)
<u>Financial assets</u>			
Monetary items			
RMB	\$ 1,460,195	4.35	\$ 6,351,849
JPY	1,907,149	0.2878	548,877
USD	1,773	31.040	55,033
MYR	145,354	7.413	1,077,567
Non-monetary items			
RMB	58,390	4.35	253,998
JPY	1,902,645	0.2878	547,581
USD	14	31.040	446
<u>Financial liabilities</u>			
Monetary items			
RMB	438,825	4.35	1,908,891
JPY	888,823	0.2878	255,803
MYR	442	7.413	3,273

(Continued)

December 31, 2018

	Foreign Currencies (In Thousands)	Exchange Rate	New Taiwan Dollars (In Thousands)
<u>Financial assets</u>			
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
MYR	2,328	7.112	16,559
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
<u>Financial liabilities</u>			
Monetary items			
RMB	280,389	4.472	1,253,900
JPY	891,390	0.2782	247,985
MYR	235	7.112	1,674

September 30, 2018

	Foreign Currencies (In Thousands)	Exchange Rate	New Taiwan Dollars (In Thousands)
<u>Financial assets</u>			
Monetary items			
RMB	\$ 275,369	4.436	\$ 1,221,537
JPY	2,457,001	0.2692	661,425
USD	2,017	30.525	61,582
MYR	2,975	7.099	21,123
Non-monetary items			
RMB	1,161,084	4.436	5,150,570
JPY	2,174,418	0.2692	585,353
USD	44	30.525	1,339
<u>Financial liabilities</u>			
Monetary items			
RMB	\$ 97,670	4.436	\$ 433,264
JPY	1,462,818	0.2692	393,791
MYR	249	7.099	1,770

(Concluded)

The Group is mainly exposed to foreign currency risk from USD, RMB, JPY and MYR. The following information was aggregated by the functional currencies of the Group entities and the exchange rates

between respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

Functional Currencies	Nine Months Ended September 30			
	2019		2018	
	Exchange Rate	Net Foreign Exchange (Loss) Gain	Exchange Rate	Net Foreign Exchange (Loss) Gain
NTD	1 (NTD:NTD)	\$ 5,848	1 (NTD:NTD)	\$ 7,616
USD	31.054 (USD:NTD)	107	29.915 (USD:NTD)	(529)
RMB	4.5202 (RMB:NTD)	(37)	4.594 (RMB:NTD)	(8,307)
JPY	0.2847 (JPY:NTD)	19	0.2728 (JPY:NTD)	39
MYR	7.4204 (MYR:NTD)	(222)	7.225 (MYR:NTD)	(364)
HKD	3.9616 (HKD:NTD)	28	3.815 (HKD:NTD)	7
		<u>\$ 5,743</u>		<u>(\$ 1,538)</u>

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: Table 5 (see the attached)
- f. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- g. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: None
- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 6 (see the attached)
- i. Information about derivative: None
- j. Others: The business relationship between the parent and the subsidiaries and between each subsidiary, and significant transactions between them: Table 7 (see the attached)
- k. Information on investees: Table 8 (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 9 (see the attached)
- b. Any of the following significant transactions with investee companies in Mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:
 - 1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None
 - 2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None
 - 3) The amount of property transactions and the amount of the resultant gains or losses: None
 - 4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2 (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 period 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 China

The following table was an analysis of the Group's revenue, result of operations and assets of segments for the nine months ended September 30, 2019 and 2018:

	Real Estate Brokerage			Real Estate Development			Elimination	Consolidated
	Taiwan	Mainland China and Others	Total	Taiwan	Mainland China and Others	Total		
Nine months ended September 30, 2019								
Revenues from external customers	\$ 7,006,632	\$ 770,147	\$ 7,776,779	\$ 163,167	\$ 1,426,943	\$ 1,590,110	\$ -	\$ 9,366,889
Inter-segment revenues	186,811	2,859	189,670	2,785	126,687	129,472	(319,142)	-
Segment revenues	<u>\$ 7,193,443</u>	<u>\$ 773,006</u>	<u>\$ 7,966,449</u>	<u>\$ 165,952</u>	<u>\$ 1,553,630</u>	<u>\$ 1,719,582</u>	<u>(\$ 319,142)</u>	9,366,889
Rental income from investment property								(62,194)
Consolidated revenues								<u>\$ 9,304,695</u>
Operating profit (loss)	<u>\$ 1,187,799</u>	<u>(\$ 154,534)</u>	<u>\$ 1,033,265</u>	<u>(\$ 68,572)</u>	<u>\$ 597,343</u>	<u>\$ 528,771</u>	<u>\$ 116,106</u>	\$ 1,678,142
Operating income from investment property								(43,357)
Operating income								<u>\$ 1,634,785</u>
Segment assets	<u>\$ 8,502,997</u>	<u>\$ 3,320,240</u>	<u>\$ 11,823,237</u>	<u>\$ 5,109,035</u>	<u>\$ 14,911,830</u>	<u>\$ 20,020,865</u>	<u>(\$ 525,433)</u>	\$ 31,318,669
Investments accounted for by the equity method and goodwill								30,688
Total assets								<u>\$ 31,349,357</u>
Nine months ended September 30, 2018								
Revenues from external customers	\$ 6,057,536	\$ 833,566	\$ 6,891,102	\$ 236,358	\$ 450,312	\$ 686,670	\$ -	\$ 7,577,772
Inter-segment revenues	72,656	38,102	110,758	13,726	113,416	127,142	(237,900)	-
Segment revenues	<u>\$ 6,130,192</u>	<u>\$ 871,668</u>	<u>\$ 7,001,860</u>	<u>\$ 250,084</u>	<u>\$ 563,728</u>	<u>\$ 813,812</u>	<u>(\$ 237,900)</u>	7,577,772
Rental income from investment property								(65,438)
Consolidated revenues								<u>\$ 7,512,334</u>
Operating profit (loss)	<u>\$ 944,600</u>	<u>(\$ 116,510)</u>	<u>\$ 828,090</u>	<u>\$ 47,133</u>	<u>\$ 36,914</u>	<u>\$ 84,047</u>	<u>\$ 59,953</u>	\$ 972,090
Operating income from investment property								(46,976)
Operating income								<u>\$ 925,114</u>
Segment assets	<u>\$ 6,912,191</u>	<u>\$ 2,576,404</u>	<u>\$ 9,488,595</u>	<u>\$ 5,305,515</u>	<u>\$ 15,063,061</u>	<u>\$ 20,368,576</u>	<u>(\$ 853,191)</u>	\$ 29,003,980
Investments accounted for by the equity method and goodwill								29,453
Total assets								<u>\$ 29,033,433</u>

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

d. Major customers

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

SINYI REALTY INC. AND SUBSIDIARIES

FINANCING PROVIDED

NINE MONTHS ENDED SEPTEMBER 30, 2019

(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	\$ 912,000 (RMB 200,000 thousand)	\$ 435,000 (RMB 100,000 thousand)	\$ -	1.15%	Short-term financing	\$ -	Needs for operation	\$ -	-	\$ -	\$ 3,218,734 (Note 1)	\$ 4,291,646 (Note 1)
1	Sinyi Real Estate (Shanghai) Limited	Jiu Xin Estate (Wuxi) Limited	Other receivables	Yes	192,318 (RMB 42,000 thousand)	95,700 (RMB 22,000 thousand)	95,700 (RMB 22,000 thousand)	4.75%	Short-term financing	-	Needs for operation	-	-	-	5,192,591 (Note 2)	7,788,886 (Note 2)
		Lunheng Business Management (Shanghai) Ltd..	"	"	69,045 (RMB 15,000 thousand)	65,250 (RMB 15,000 thousand)	65,250 (RMB 15,000 thousand)	4.75%	"	-	"	-	-	-	5,192,591 (Note 2)	7,788,886 (Note 2)
		Xin Yeh Business Administration (Shanghai) Ltd.	"	"	3,590,340 (RMB 780,000 thousand)	-	-	4.75%	"	-	"	-	-	-	5,192,591 (Note 2)	7,788,886 (Note 2)
2	Hua Yun Renovation (Shanghai) Co., Ltd.	Lunheng Business Management (Shanghai) Ltd..	Other receivables	Yes	34,983 (RMB 7,600 thousand)	33,060 (RMB 7,600 thousand)	33,060 (RMB 7,600 thousand)	4.75%	Short-term financing	-	Needs for operation	-	-	-	1,008,000 (Note 3)	1,512,000 (Note 3)
		Xin Yeh Business Administration (Shanghai) Ltd.	"	"	23,015 (RMB 5,000 thousand)	-	-	4.75%	"	-	"	-	-	-	1,008,000 (Note 3)	1,512,000 (Note 3)
		Suzhou Sinyi Real Estate Inc.	"	"	912,000 (RMB 200,000 thousand)	435,000 (RMB 100,000 thousand)	-	4.75%	"	-	"	-	-	-	1,008,000 (Note 3)	1,512,000 (Note 3)
3	Shanghai Sinyi Real Estate Inc.	Xin Yeh Business Administration (Shanghai) Ltd.	Other receivables	Yes	46,030 (RMB 10,000 thousand)	-	-	4.75%	Short-term financing	-	Needs for operation	-	-	-	1,147,987 (Note 4)	2,295,975 (Note 4)
4	Kunshan Dingxian Trading Co., Ltd.	Xin Yeh Business Administration (Shanghai) Ltd.	Other receivables	Yes	452,100 (RMB 100,000 thousand)	435,000 (RMB 100,000 thousand)	-	4.75%	Short-term financing	-	Needs for operation	-	-	-	768,830 (Note 5)	1,153,245 (Note 5)
5	Shanghai Shang Tuo Investment Management Consulting Inc.	Xin Yeh Business Administration (Shanghai) Ltd.	Other receivables	Yes	27,618 (RMB 6,000 thousand)	-	-	4.75%	Short-term financing	-	Needs for operation	-	-	-	73,623 (Note 6)	122,705 (Note 6)
6	Suzhou Sinyi Real Estate Inc.	Kunshan Dingxian Trading Co., Ltd.	Other receivables	Yes	452,100 (RMB 100,000 thousand)	435,000 (RMB 100,000 thousand)	-	4.75%	Short-term financing	-	Needs for operation	-	-	-	974,550 (Note 7)	1,624,250 (Note 7)
		Xin Yeh Business Administration (Shanghai) Ltd.	"	"	912,000 (RMB 200,000 thousand)	-	-	4.75%	"	-	"	-	-	-	974,550 (Note 7)	1,624,250 (Note 7)

Note 1: The maximum total financing provided should not exceed 40% of Sinyi Realty Inc.'s net worth. The individual lending amount should not exceed 30% of Sinyi Realty Inc.'s net worth.

Note 2: The maximum total financing provided should not exceed 150% of Sinyi Real Estate (Shanghai) Limited's net worth. The individual lending amount should not exceed 100% of Sinyi Real Estate (Shanghai) Limited's net worth.

Note 3: The maximum total financing provided should not exceed 150 times of Hua Yun Renovation (Shanghai) Co., Ltd.'s net worth. The individual lending amount should not exceed 100 times of Hua Yun Renovation (Shanghai) Co., Ltd.'s net worth.

Note 4: The maximum total financing provided should not exceed 300% of Shanghai Sinyi Real Estate Inc.'s net worth. The individual lending amount should not exceed 150% of Shanghai Sinyi Real Estate Inc.'s net worth.

Note 5: The maximum total financing provided should not exceed 15 times of Kunshan Dingxian Trading Co., Ltd.'s net worth. The individual lending amount should not exceed 10 times of Kunshan Dingxian Trading Co., Ltd.'s net worth.

Note 6: The maximum total financing provided should not exceed 5 times of Shanghai Shang Tuo Investment Management Consulting Inc.'s net worth. The individual lending amount should not exceed 3 times of Shanghai Shang Tuo Investment Management Consulting Inc.'s net worth.

Note 7: The maximum total financing provided should not exceed 5 times of Suzhou Sinyi Real Estate Inc.'s net worth. The individual lending amount should not exceed 3 times of Suzhou Sinyi Real Estate Inc.'s net worth.

SINYI REALTY INC. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED TO OTHER
NINE MONTHS ENDED SEPTEMBER 30, 2019
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorser/Guarantor	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Actual Appropriation	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Financial Statement (%)	Maximum Total Endorsement/ Guarantee Allowed to Be Provided by the Endorser/ Guarantor	Guarantee Given by Parent on Behalf of Subsidiaries	Guarantee Given by Subsidiaries on Behalf of Parent	Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Nature of Relationship											
0	Sinyi Realty Inc.	Sinyi International Limited	Indirectly 100% owned subsidiary	\$ 8,583,292 (Note 1)	\$ 170,640 (USD 5,400 thousand)	\$ -	\$ -	\$ -	-	\$ 16,093,674 (Note 1)	Y	N	N	Note4
		Sinyi Real Estate (Hong Kong) Limited	Indirectly 100% owned subsidiary	8,583,292 (Note 1)	1,224,210 (USD 39,000 thousand)	1,210,560 (USD 39,000 thousand)	-	-	11.28	16,093,674 (Note 1)	Y	N	N	Note4
1	Sinyi Real Estate (Shanghai) Limited	Xin Yeh Business Administration (Shanghai) Ltd.	Indirectly 100% owned subsidiary	4,154,072 (Note 2)	91,520 (RMB 20,000 thousand)	-	-	-	-	5,192,591 (Note 2)	N	N	Y	Note5
2	Jiu Xin Estate(Wuxi) Limited	Kunshan Dingxian Trading Co., Ltd.	Business dealings	4,694,321 (Note 3)	19,345 (RMB 4,242 thousand)	18,453 (RMB 4,242 thousand)	18,453 (RMB 4,242 thousand)	-	0.31	5,867,902 (Note 3)	N	N	Y	Note6

Note 1: For those subsidiaries Sinyi Realty Inc. has over 50% ownership directly or indirectly, the limit of endorsement/guarantee amount for each guaranteed party should not exceed 80% of Sinyi Realty Inc.'s net worth. The maximum total endorsement/guarantee should not exceed 150% of Sinyi Realty Inc.'s net worth.

Note 2: For those subsidiaries Sinyi Real Estate (Shanghai) Limited has over 80% of ownership directly or indirectly, the limit of endorsement/guarantee amount for each guaranteed party should not exceed 80% of Sinyi Real Estate (Shanghai) Limited's net worth. The maximum total endorsement/guarantee should not exceed 100% of Sinyi Real Estate (Shanghai) Limited's net worth.

Note 3: For those subsidiaries which Jiu Xin Estate (Wuxi) Limited has over 80% of ownership directly or indirectly, the limit of endorsement/guarantee amount for each guaranteed party should not exceed 80% of Jiu Xin Estate (Wuxi) Limited's net worth. The maximum total endorsement/guarantee should not exceed 100% of Jiu Xin Estate (Wuxi) Limited's net worth.

Note 4: The endorsement was provided for applying for line of credit.

Note 5: The endorsement was provided for meeting the criteria of tender of land.

Note 6: The endorsement was provided for procurement of construction materials.

SINYI REALTY INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

AS OF SEPTEMBER 30, 2019

(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	September 30, 2019				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sinyi Realty Inc.	<u>Listed shares</u> E.SUN Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	13,730,751	\$ 360,433	-	\$ 360,433	
	<u>Shares</u> Han Yu Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	5,000,000	45,980	11	45,980	
	NOWnews Network Co., Ltd.	-	"	3,157,000	57,963	10	57,963	
	PChome Investment Co., Ltd.	-	"	196,350	-	8	-	
	Kun Gee Venture Capital Co., Ltd.	-	"	160,650	-	3	-	
	Cite' Publishing Holding Ltd.	-	"	7,637	-	1	-	
	Cite' Information Services Co., Ltd.	-	"	106,392	-	1	-	
Sinyi Limited	<u>Shares</u> Orix Corp.	-	Financial assets at fair value through other comprehensive income - current	1,180,800	547,581	-	547,581	
	<u>Monetary market fund</u> Western Asset US Dollar Fund A	-	Financial assets at fair value through profit or loss - current	14,128	446	-	446	
Shanghai Sinyi Real Estate Inc.	<u>Shares</u> Cura Investment Management (Shanghai) Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	30,000,000	234,900	2	234,900	
Sinyi Development Inc.	<u>Listed shares</u> CTCI Corporation	-	Financial assets at fair value through profit or loss - current	170,940	7,128	-	7,128	
Sinyi Global Asset Management Co., Ltd.	<u>Monetary market fund</u> Taishin 1699 Money Market Fund	-	"	1,174,851	15,936	-	15,936	
An-Sin Real Estate Management Ltd.	<u>Monetary market fund</u> Taishin 1699 Money Market Fund	-	"	2,582,078	35,025	-	35,025	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	September 30, 2019				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Ke Wei Shanghai Real Estate Management Consulting Inc.	<u>Financial product</u> Bubu Shengking No. 8688	-	Financial assets at fair value through profit or loss - current	1,400,000	\$ 7,147	-	\$ 7,147	
Shanghai Shang Tuo Investment Management Consulting Inc.	Bubu Shengking No. 8688	-	"	50,000	248	-	248	
Beijing Sinyi Real Estate Ltd.	Bank of China Steady Growth -Daily Plan	-	"	2,650,000	11,703	-	11,703	

(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
 NINE MONTHS ENDED SEPTEMBER 30, 2019
 (In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Costs (Note2)	Gain or Loss	Shares/Units	Amount
Sinyi Realty Inc.	<u>Shares</u> Sin Chiun Holding Sdn. Bhd.	Investments accounted for using equity method	-	Subsidiary	6,537,766	\$ 49,140 (Note1)	153,000,000	\$ 1,156,518	-	\$ -	\$ -	\$ -	159,537,766	\$ 1,205,658 (Note1)
Sinyi Real Estate (Shanghai) Limited	<u>Shares</u> Xin Yeh Business Administration (Shanghai) Ltd.	"	-	"	-	-	-	1,820,900	-	-	-	-	-	\$ 1,594,950 (Note1)
	<u>Financial product</u> Yue-de-ying No.18100787	Financial assets at fair value through profit or loss – current	-	-	120,000,000	RMB 120,026	-	RMB -	120,000,000	RMB 121,195	RMB 121,195	RMB -	-	RMB -
	Structured Financial Product (Product ID: 201810294860)	"	-	-	240,000,000	RMB 240,503	-	RMB -	240,000,000	RMB 243,003	RMB 243,003	RMB -	-	RMB -
	Structured Financial Product (Product ID: 201811194978)	"	-	-	200,000,000	RMB 200,293	-	RMB -	200,000,000	RMB 202,274	RMB 202,274	RMB -	-	RMB -
	Fortune Shuttle No.3	"	-	-	470,000,000	RMB 470,167	-	RMB -	470,000,000	RMB 474,428	RMB 474,428	RMB -	-	RMB -
	Fortune Shuttle S21	"	-	-	-	RMB -	711,000,000	RMB 711,000	711,000,000	RMB 712,248	RMB 712,248	RMB -	-	RMB -
Xin Yeh Business Administration (Shanghai) Ltd.	<u>Financial product</u> Fortune Shuttle S21	"	-	-	-	RMB -	1,189,500,000	RMB1,189,500	1,189,500,000	RMB 1,193,347	RMB 1,193,347	RMB -	-	RMB -

Note 1: The ending balance presents historical cost.

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

SINYI REALTY INC. AND SUBSIDIARIES

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

NINE MONTHS ENDED SEPTEMBER 30, 2019

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

Buyer	Property	Event Date	Transaction Amount	Amount Payment	Counterparty	Relationship	The former transfer information if the counterparty is a related party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	The relationship with the Company	Date of Transfer	Amount			
Sin Chiun Holding Sdn. Bhd.	Right-of-use of land at Pulau Mengalum, Sabah, in Malaysia.	September 18, 2019	\$ 980,100 (MYR 137,500 thousand)	10% of the total price has been paid	Mengalum Beach Centre Sdn. Bhd.	-	-	-	-	-	According to the appraisal report, the amount of MYR 141,000 thousand.	Development of real estate for tourism	-

SINYI REALTY INC. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
NINE MONTHS ENDED SEPTEMBER 30, 2019
(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	\$ 123,372	-	\$ -	-	\$ 122,238	\$ -

SINYI REALTY INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTION
NINE MONTHS ENDED SEPTEMBER 30, 2019

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

No.	Company Name	Counterparty	Flow of Transactions	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	Percentage to Consolidated Total Assets/Revenue (%)
0	Sinyi Realty Inc. "	An-Sin Real Estate Management Ltd. Sinyi Real Estate Consulting Limited	a	Trade receivables	\$ 123,372	Regular settlement	-
			a	Service costs	88,444	-	1
1	Sinyi Real Estate (Shanghai) Limited " " "	Kunshan Dingxian Trading Co., Ltd. Kunshan Dingxian Trading Co., Ltd. Jiu Xin Estate(Wuxi) Limited Lunheng Business Management (Shanghai) Ltd.	c	Advance receipts from real estate transactions	197,362	-	1
			c	Trade receivables	81,196	-	-
			c	Other receivables	95,700	For working capital, rate at 4.75%	-
			c	Unearned revenue	143,191	-	-
2	Kunshan Dingxian Trading Co., Ltd.	Jiu Xin Estate(Wuxi) Limited	c	Advance receipts from real estate transactions	345,825	-	1

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

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

Note 2: Flows of transactions are categorized as follows:

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

Note 3: Percentage to consolidated total assets is calculated by dividing the amount of a particular asset or liability account by the consolidated total of assets as of September 30, 2019.

Percentage to consolidated total revenues is calculated by dividing the amount of a particular revenue or cost or expense account by the consolidated total operating revenues for the nine months ended September 30, 2019.

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

SINYI REALTY INC. AND SUBSIDIARIES

INFORMATION ON INVESTEEES

NINE MONTHS ENDED SEPTEMBER 30, 2019

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

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of September 30, 2019			Net Income (Loss) of the Investee	Investment Income (Loss) Recognized	Note
				Ending Balance	Beginning Balance	Shares	Percentage of Ownership (%)	Carrying Value			
Sinyi Realty Inc.	Sinyi International Limited (Samoa)	Equity Trust Chamber, P.O. Box 3269, Apia, Samoa	Investment holding	\$ 10,406,773	\$10,406,773	345,239,037	100	\$ 11,588,656	\$ 293,246	\$ 293,246	
"	Sinyi Limited (B.V.I.)	4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola VG1110, B. V. I.	Investment holding	2,227,354	2,103,724	68,777,000	100	1,370,238	(86,565)	(86,565)	
"	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	1,840,427	(113,546)	(113,546)	
"	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	78,466	9,226	9,226	
"	Heng-Yi Intelligent Technology Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Information software, data processing and electronic information providing service	21,000	15,000	2,100,000	75	3,802	(9,841)	(7,281)	
"	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	1,083	(66)	(66)	
"	Sinyi Culture Publishing Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Publication	4,960	4,960	-	99	1,570	(445)	(442)	
"	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	112,632	22,276	11,361	
"	Sinyi Interior Design Co., Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Interior design	950	950	95,000	19	15,358	491	94	
"	Yowoo Technology Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Information software, data processing and electronic information providing service	177,000	135,000	8,400,000	100	20,481	(30,280)	(30,280)	
"	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	15,330	2,872	645	
"	SIN CHIUN HOLDING SDN. BHD.	Suite 9-13A, Level 9, Wisma Uoa II, Jalan Pinang, 50450 Kuala Lumpur, Malaysia	Investment holding	1,205,658	49,140	159,537,766	100	1,144,009	(8,612)	(8,612)	
"	Sinyi Real Estate Consulting Limited	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Production of instructions of real estate	8,000	8,000	500,000	100	11,756	1,436	1,436	
Sinyi Limited (B.V.I.)	Inane International Limited (B.V.I.)	4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola VG1110, B. V. I.	Investment holding	1,647,792	1,493,092	51,935,840	100	767,853	(89,657)	(89,657)	
"	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	3,082	(8,666)	(8,585)	
Sinyi International Limited (Samoa)	Forever Success International Limited (Mauritius)	3rd Floor, Standard Chartered Tower, 19 Cybercity, Ebene, Mauritius.	Investment holding	68,741	68,741	2,216,239	100	53,907	20,357	20,357	
"	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	309,716	22,247	22,247	
"	Sinyi Development Ltd.	TMF Chambers, P.O. Box 3269, Apia Samoa	Investment holding	3,919,127	3,919,127	133,506,209	100	5,310,855	275,860	275,860	
"	Sinyi Estate Ltd.	TMF Chambers, P.O. Box 3269, Apia Samoa	Investment holding	6,360,046	6,360,046	208,500,000	100	5,913,858	(25,338)	(25,338)	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of September 30, 2019			Net Income (Loss) of the Investee	Investment Income (Loss) Recognized	Note
				Ending Balance	Beginning Balance	Shares	Percentage of Ownership (%)	Carrying Value			
Inane International Limited (B.V.I.)	Max Success International Limited	Palm Grove House, P.O. Box 438, Road Town, Torola, British Virgin Islands	Investment holding	\$ 66,174	\$ 66,174	1,584,000	100	\$ 11,230	\$ -	\$ -	
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	76,156	7,971	7,971	
Sinyi Realty Inc. Japan	Sinyi Management Co., Ltd.	2nd Floor, Shoritsu Building 2-7-1 Yoyogi Shibuya-ku, Tokyo, Japan	Real estate brokerage	10,746	10,746	600	100	50,934	5,947	5,947	
	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	19,901	3,245	3,245	
Sinyi Development Ltd.	Sinyi Real Estate (Hong Kong) Limited	Room 802, 8 Floor, Millennium City 2, 378 Kwun Tong Road, Kwun Tong, Hong Kong	Investment holding	3,888,107	3,888,107	131,640,306	100	5,207,676	247,018	247,018	
Sinyi Estate Ltd.	Sinyi Estate (Hong Kong) Limited	Unit 2103, Futura Plaza, 111 How Ming Street, Kwun Tong, Kowloon, Hong Kong	Investment holding	6,350,826	6,350,826	207,000,000	100	5,867,546	(25,338)	(25,338)	
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	161	(43)	(43)	
	Sinyi Real Estate Co., Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Development, construction, rental and sale of residential building and factories	500	500	50,000	100	84	(43)	(43)	
Sin Chiun Holding Sdn. Bhd.	Fidelity Property Consultant Sdn. Bhd.	Suite 9-13A, Level 9, Wisma Uoa II, Jalan Pinang, 50450 Kuala Lumpur, Malaysia	Real estate brokerage	33,465	22,604	4,463,949	49	14,103	(8,356)	(4,094)	
	Pegasus Holding Sdn. Bhd.	Suite 9-13A, Level 9, Wisma Uoa II, Jalan Pinang, 50450 Kuala Lumpur, Malaysia	Investment holding	35,372	24,030	4,721,100	100	15,051	(4,296)	(4,296)	
Pegasus Holding Sdn. Bhd.	Fidelity Property Consultant Sdn. Bhd.	Suite 9-13A, Level 9, Wisma Uoa II, Jalan Pinang, 50450 Kuala Lumpur, Malaysia	Real estate brokerage	34,831	23,526	4,646,151	51	14,679	(8,356)	(4,262)	
Yowoo Technology Inc.	Woopu Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Investment holding	500	500	50,000	100	409	(38)	(38)	
	Heng-Yi Intelligent Technology Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Information software, data processing and electronic information providing service	7000	-	700,000	25	1,267	(9,841)	(1,332)	

Concluded)

SINYI REALTY INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

NINE MONTHS ENDED SEPTEMBER 30, 2019

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

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss) Recognized (Note 1)	Carrying Value as of September 30, 2019 (Note 2)	Accumulated Inward Remittance of Earnings as of September 30, 2019
					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	\$ (8,620)	100	\$ (8,620)	\$ 3,265	\$ -
Shanghai Sinyi Real Estate Inc. (Note 3)	Real estate brokerage	RMB 293,632	Investment in company located in mainland China indirectly through Inane International Limited	1,140,018	154,400	-	1,294,418	(77,301)	100	(77,301)	754,664	-
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	(2,189)	100	(2,189)	(19,181)	-
Shanghai Zhi Xin allograph Ltd.	Real estate brokerage and management consulting	RMB 11,968	Investment in company located in mainland China indirectly through Inane International Limited	17,095	-	-	17,095	(10,388)	100	(10,388)	21,687	-
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	(3,286)	100	(3,286)	291,076	-
Cura Investment Management (Shanghai) Co., Ltd. (Note 4)	Real estate fund investment management	RMB1,636,300	Investment in company located in mainland China directly through Shanghai Sinyi Real Estate Inc.	-	-	-	-	-	2	-	234,900	-
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	(7,086)	100	(7,086)	13,851	-
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	18,241	100	18,241	41,426	-
Chengdu 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	62,005	-	-	62,005	-	-	-	-	-
Qingdao Chengjian & Sinyi Real Estate Co., Ltd. (Note 6)	Real estate brokerage and management consulting	RMB -	Investment in company located in mainland China indirectly through Inane International Limited	37,295	-	-	37,295	-	-	-	-	-

(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, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss) Recognized (Note 1)	Carrying Value as of September 30, 2019 (Note 2)	Accumulated Inward Remittance of Earnings as of September 30, 2019
					Outflow	Inflow						
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	\$ 250,115	100	\$ 250,115	\$ 5,192,591	\$ 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	2,115	100	2,115	11,840	-
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	28,841	100	28,841	102,541	-
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.	-	-	-	-	(4,723)	100	(4,723)	4,008	-
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.	-	-	-	-	20	100	20	1,053	-
Jiu Xin Estate (Wuxi) Limited	Real estate development	US\$ 207,000	Investment in company located in mainland China indirectly through Sinyi Estate (Hong Kong) Limited.	3,900,696	-	-	3,900,696	(25,334)	100	(25,334)	5,867,902	-
Suzhou ZHI XIN Real Estate Co., Ltd.	Real estate brokerage and management consulting	RMB 3,000	Investment in company located in Mainland China indirectly through Shanghai ZHI XIN Allograph Ltd	-	-	-	-	(8,430)	100	(8,430)	4,919	-
Lunheng Business Management (Shanghai) Ltd	Business management consulting, financial advisory and marketing strategy	RMB 11,400	Investment in company located in Mainland China indirectly through Hua Yun Renovation (Shanghai) Co., Ltd.	-	-	-	-	(98)	100	(98)	49,402	-
Xin Yeh Business Administration (Shanghai) Ltd.	Development of commercial and residential building and auxiliary facilities; and construction, rental, sale and property management	RMB 400,000	Investment in company located in Mainland China indirectly through Sinyi Real Estate (Shanghai) Limited.	-	-	-	-	(21,707)	100	(21,707)	1,719,110	-

Accumulated Outflow for Investment in Mainland China as of September 30, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 7)
\$9,577,167	\$15,895,093	\$-

(Concluded)

Note 1: Amounts were based on audited financial statements except those of Sinyi Real Estate (Shanghai) Limited, Jiu Xin Estate (Wuxi) Limited and Xin Yeh Business Administration (Shanghai) Ltd. which had been reviewed by the auditors.

Note 2: Carrying value was converted into New Taiwan dollars at the exchange rates of US\$1=NT\$31.04 and US\$1=RMB7.1356 on September 30, 2019.

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 2019.

Note 6: The Corporation has been liquidated in June 2017.

Note 7: The Company has acquired the certification of operation headquarters issued by the Ministry of Economic Affairs, ROC.