

## **Sinyi Realty Inc. and Subsidiaries**

**Consolidated Financial Statements as of and for the  
Three Months Ended March 31, 2020 and 2019 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 March 31, 2020 and 2019 and the related consolidated statements of comprehensive income, changes in equity and cash flows and notes disclosures to the consolidated statements (including summary of significant accounting policy) for the three 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 related information mentioned in Note 40 were unreviewed. As of March 31, 2020 and 2019, such subsidiaries' total assets were 21% (\$6,575,245 thousand) and 19% (\$5,812,026 thousand), respectively, of the consolidated assets, and their total liabilities were 10% (\$2,176,013 thousand) and 12% (\$2,308,392 thousand), respectively, of the consolidated liabilities. The total comprehensive income of these subsidiaries were 97% ((\$411,471) thousand), and (3%) ((\$26,440) thousand) of consolidated comprehensive income for the three months ended March 31, 2020 and 2019, 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.

April 27, 2020

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   | March 31, 2020<br>(Reviewed) |              | December 31, 2019<br>(Audited) |              | March 31, 2019<br>(Reviewed) |            |
|--|------------------------------|--------------|--------------------------------|--------------|------------------------------|------------|
|  | Amount                       | %            | Amount                         | %            | Amount                       | %          |
| <b>CURRENT ASSETS</b>  |                              |              |                                |              |                              |            |
| Cash and cash equivalents (Note 4 and 6)   | \$ 7,479,322                 | 24           | \$ 7,480,172                   | 24           | \$ 8,147,460                 | 26         |
| Financial assets at fair value through profit or loss - current (Note 4 and 7)                                   | 75,826                       | -            | 74,633                         | -            | 79,503                       | -          |
| Financial assets at fair value through other comprehensive income - current (Note 4 and 8)                       | 780,956                      | 2            | 999,379                        | 3            | 827,051                      | 3          |
| Notes receivable (Note 9)  | 59,175                       | -            | 45,814                         | -            | 44,624                       | -          |
| Trade receivables (Notes 9 and 35)   | 790,991                      | 3            | 1,040,300                      | 3            | 1,056,544                    | 3          |
| Other receivables (Notes 9 and 35)   | 29,416                       | -            | 34,573                         | -            | 43,742                       | -          |
| Current tax asset (Note 4)   | 62,452                       | -            | 23,501                         | -            | 46,451                       | -          |
| Inventories (Notes 10 and 36)  | 10,849,353                   | 35           | 10,682,189                     | 34           | 10,981,191                   | 35         |
| Other financial assets - current (Notes 11 and 36)   | 239,926                      | 1            | 239,049                        | 1            | 146,860                      | 1          |
| Other current assets (Note 18)   | 226,354                      | 1            | 101,419                        | -            | 158,186                      | 1          |
| Total current assets   | <u>20,593,771</u>            | <u>66</u>    | <u>20,721,029</u>              | <u>65</u>    | <u>21,531,612</u>            | <u>69</u>  |
| <b>NON-CURRENT ASSETS</b>  |                              |              |                                |              |                              |            |
| Financial assets measured at fair value through other comprehensive income and loss - non-current (Note 4 and 8) | 272,877                      | 1            | 349,958                        | 1            | 409,087                      | 1          |
| Investment accounted for using equity method (Note 4 and 13)   | 30,163                       | -            | 31,900                         | -            | 28,926                       | -          |
| Property, plant and equipment (Notes 4, 14 and 36)   | 3,501,703                    | 11           | 3,495,635                      | 11           | 3,547,417                    | 11         |
| Right-of-use assets (Note 4 and 15)  | 4,296,225                    | 14           | 4,320,872                      | 14           | 3,350,876                    | 11         |
| Investment properties (Notes 4, 16 and 36)   | 2,236,856                    | 7            | 2,255,011                      | 7            | 2,066,642                    | 7          |
| Intangible assets (Notes 4, 17, 31 and 38)   | 100,956                      | -            | 97,281                         | -            | 109,785                      | -          |
| Deferred tax assets (Note 4)   | 210,420                      | 1            | 212,534                        | 1            | 66,746                       | -          |
| Refundable deposits  | 123,711                      | -            | 122,928                        | 1            | 132,624                      | 1          |
| Other non-current assets (Note 18)   | 70,969                       | -            | 63,635                         | -            | 2,040                        | -          |
| Total non-current assets   | <u>10,843,880</u>            | <u>34</u>    | <u>10,949,754</u>              | <u>35</u>    | <u>9,714,143</u>             | <u>31</u>  |
| <b>TOTAL</b>   | <u>\$ 31,437,651</u>         | <u>100</u>   | <u>\$31,670,783</u>            | <u>100</u>   | <u>\$ 31,245,755</u>         | <u>100</u> |
| <b>LIABILITIES AND EQUITY</b>  |                              |              |                                |              |                              |            |
| <b>CURRENT LIABILITIES</b>   |                              |              |                                |              |                              |            |
| Contract liabilities - current (Notes 22 and 27)   | \$ 421,003                   | 1            | \$ 284,387                     | 1            | \$ 367,393                   | 1          |
| Notes payable  | 575                          | -            | 319                            | -            | 3,326                        | -          |
| Trade payable (Note 21)  | 251,186                      | 1            | 379,619                        | 1            | 646,289                      | 2          |
| Other payables (Notes 23 and 35)   | 1,501,431                    | 5            | 2,618,266                      | 8            | 1,777,000                    | 6          |
| Current tax liabilities (Note 4)   | 956,529                      | 3            | 941,277                        | 3            | 1,072,507                    | 3          |
| Provisions - current (Note 4 and 24)   | 10,301                       | -            | 9,374                          | -            | 6,827                        | -          |
| Lease liabilities - current (Notes 4 and 15 and 35)  | 518,329                      | 2            | 488,421                        | 2            | 518,371                      | 2          |
| Current portion of long-term borrowings and bonds payable (Notes 19, 20 and 36)                                  | 28,193                       | -            | 25,295                         | -            | 1,507,601                    | 5          |
| Other current liabilities (Note 23)  | 124,192                      | -            | 119,104                        | -            | 148,894                      | -          |
| Total current liabilities  | <u>3,811,739</u>             | <u>12</u>    | <u>4,866,062</u>               | <u>15</u>    | <u>6,048,208</u>             | <u>19</u>  |
| <b>NON-CURRENT LIABILITIES</b>   |                              |              |                                |              |                              |            |
| Bonds payable (Note 20)  | 5,300,000                    | 17           | 5,300,000                      | 17           | 4,400,000                    | 14         |
| Long-term borrowings (Notes 19 and 36)   | 8,146,077                    | 26           | 6,873,817                      | 22           | 5,523,518                    | 18         |
| Lease liabilities - non-current (Notes 4, 15 and 35)   | 2,807,629                    | 9            | 2,795,104                      | 9            | 2,816,994                    | 9          |
| Net defined benefit liabilities - non-current (Note 4)   | 153,694                      | -            | 157,406                        | -            | 111,992                      | -          |
| Guarantee deposits received  | 35,619                       | -            | 35,190                         | -            | 44,529                       | -          |
| Other non-current liabilities (Note 23)  | 616,561                      | 2            | 653,501                        | 2            | 465,954                      | 2          |
| Deferred tax liabilities (Note 4)  | 2,402                        | -            | 1,672                          | -            | 10,591                       | -          |
| Total non-current liabilities  | <u>17,061,982</u>            | <u>54</u>    | <u>15,816,690</u>              | <u>50</u>    | <u>13,373,578</u>            | <u>43</u>  |
| Total liabilities  | <u>20,873,721</u>            | <u>66</u>    | <u>20,682,752</u>              | <u>65</u>    | <u>19,421,786</u>            | <u>62</u>  |
| <b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 4 and 26)</b>  |                              |              |                                |              |                              |            |
| Share capital  |                              |              |                                |              |                              |            |
| Ordinary shares  | <u>7,368,465</u>             | <u>23</u>    | <u>7,368,465</u>               | <u>23</u>    | <u>7,368,465</u>             | <u>24</u>  |
| Capital surplus  | <u>63,896</u>                | <u>-</u>     | <u>63,896</u>                  | <u>-</u>     | <u>63,896</u>                | <u>-</u>   |
| Retained earnings  |                              |              |                                |              |                              |            |
| Legal reserve  | 2,224,122                    | 7            | 2,224,122                      | 7            | 2,073,664                    | 7          |
| Special reserve  | 240,436                      | 1            | 240,436                        | 1            | 40,830                       | -          |
| Unappropriated earnings  | <u>1,605,332</u>             | <u>5</u>     | <u>1,566,765</u>               | <u>5</u>     | <u>2,076,569</u>             | <u>7</u>   |
| Total retained earnings  | <u>4,069,890</u>             | <u>13</u>    | <u>4,031,323</u>               | <u>13</u>    | <u>4,191,063</u>             | <u>14</u>  |
| Other equity   |                              |              |                                |              |                              |            |
| Exchange differences on translating foreign operations   | ( 1,361,691 )                | ( 4 )        | ( 1,196,665 )                  | ( 4 )        | ( 388,099 )                  | ( 1 )      |
| Unrealized gain from financial assets measured at fair value through other comprehensive income                  | <u>309,119</u>               | <u>1</u>     | <u>609,351</u>                 | <u>2</u>     | <u>490,908</u>               | <u>1</u>   |
| Total other equity   | <u>( 1,052,572 )</u>         | <u>( 3 )</u> | <u>( 587,314 )</u>             | <u>( 2 )</u> | <u>102,809</u>               | <u>-</u>   |
| Total equity attributable to owners of the Company   | 10,449,679                   | 33           | 10,876,370                     | 34           | 11,726,233                   | 38         |
| <b>NON-CONTROLLING INTERESTS (Note 26)</b>   | <u>114,251</u>               | <u>1</u>     | <u>111,661</u>                 | <u>1</u>     | <u>97,736</u>                | <u>-</u>   |
| Total equity   | <u>10,563,930</u>            | <u>34</u>    | <u>10,988,031</u>              | <u>35</u>    | <u>11,823,969</u>            | <u>38</u>  |
| <b>TOTAL</b>   | <u>\$ 31,437,651</u>         | <u>100</u>   | <u>\$ 31,670,783</u>           | <u>100</u>   | <u>\$ 31,245,755</u>         | <u>100</u> |

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche review report dated April 27, 2020)

## SINYI REALTY INC. AND SUBSIDIARIES

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

|   | Three Months Ended March 31 |            |                  |            |
|---|-----------------------------|------------|------------------|------------|
|   | 2020                        |            | 2019             |            |
|   | Amount                      | %          | Amount           | %          |
| <b>OPERATING REVENUE (Notes 27 and 35)</b>                          |                             |            |                  |            |
| Sales revenue   | \$ 87,178                   | 4          | \$ 763,542       | 24         |
| Service revenue   | <u>2,101,552</u>            | <u>96</u>  | <u>2,373,777</u> | <u>76</u>  |
| Total operating revenue   | <u>2,188,730</u>            | <u>100</u> | <u>3,137,319</u> | <u>100</u> |
| <b>OPERATING COSTS (Notes 10, 28 and 35)</b>                        |                             |            |                  |            |
| Cost of sales   | 48,540                      | 2          | 425,992          | 14         |
| Service cost  | <u>1,679,857</u>            | <u>77</u>  | <u>1,712,070</u> | <u>54</u>  |
| Total operating costs   | <u>1,728,397</u>            | <u>79</u>  | <u>2,138,062</u> | <u>68</u>  |
| <b>GROSS PROFIT</b>   | <u>460,333</u>              | <u>21</u>  | <u>999,257</u>   | <u>32</u>  |
| <b>OPERATING EXPENSES (Notes 28 and 35)</b>                         |                             |            |                  |            |
| Management expense  | 394,732                     | 18         | 405,993          | 13         |
| Expect credit loss (gain)   | ( 670 )                     | -          | 4,888            | -          |
| Total operating expenses  | <u>394,062</u>              | <u>18</u>  | <u>410,881</u>   | <u>13</u>  |
| <b>OPERATING INCOME</b>   | <u>66,271</u>               | <u>3</u>   | <u>588,376</u>   | <u>19</u>  |
| <b>NON-OPERATING INCOME AND EXPENSES</b>                            |                             |            |                  |            |
| Rental income (Notes 35)  | 20,736                      | 1          | 20,702           | 1          |
| Dividend income   | 169                         | -          | 153              | -          |
| Interest income (Notes 28)  | 27,900                      | 1          | 7,363            | -          |
| Other gains and losses (Notes 28 and 35)                            | 13,468                      | 1          | 62,252           | 2          |
| Finance costs (Notes 28 and 35)                                     | ( 46,716 )                  | ( 2 )      | ( 47,667 )       | ( 2 )      |
| Total non-operating income and expenses                             | <u>15,557</u>               | <u>1</u>   | <u>42,803</u>    | <u>1</u>   |
| <b>PROFIT (LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS</b>   | 81,828                      | 4          | 631,179          | 20         |
| <b>INCOME TAX EXPENSE (Notes 4 and 29)</b>                          | ( 40,671 )                  | ( 2 )      | ( 209,691 )      | ( 7 )      |
| <b>NET (LOSS) PROFIT FOR THE PERIOD</b>                             | <u>41,157</u>               | <u>2</u>   | <u>421,488</u>   | <u>13</u>  |
| <b>OTHER COMPREHENSIVE INCOME</b>                                   |                             |            |                  |            |
| Items that will not be reclassified subsequently to profit or loss: |                             |            |                  |            |

(Continued)

|  | <b>Three Months Ended March 31</b> |                      |                          |                  |
|--|------------------------------------|----------------------|--------------------------|------------------|
|  | <b>2020</b>                        |                      | <b>2019</b>              |                  |
|  | <b>Amount</b>                      | <b>%</b>             | <b>Amount</b>            | <b>%</b>         |
| Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income | (\$ 297,420 )                      | ( 14 )               | \$ 48,480                | 2                |
| Share of the other comprehensive gain (loss) of associates accounted for using the equity method             | ( 2,812 )                          | -                    | 1,425                    | -                |
| Items that may be reclassified subsequently to profit or loss:   |                                    |                      |                          |                  |
| Exchange differences on translating foreign operations   | ( <u>165,026</u> )                 | ( <u>7</u> )         | <u>293,343</u>           | <u>9</u>         |
| Other comprehensive gain (loss) for the period, net of income tax  | ( <u>465,258</u> )                 | ( <u>21</u> )        | <u>343,248</u>           | <u>11</u>        |
| <b>TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD</b>  | <b>( \$ <u>424,101</u> )</b>       | <b>( <u>19</u> )</b> | <b>\$ <u>764,736</u></b> | <b><u>24</u></b> |
| <b>NET (LOSS) PROFIT ATTRIBUTABLE TO:</b>  |                                    |                      |                          |                  |
| Owner of the Company   | \$ 38,567                          | 2                    | \$ 422,309               | 13               |
| Non-controlling interests  | <u>2,590</u>                       | <u>-</u>             | ( <u>821</u> )           | <u>-</u>         |
|  | <u>\$ 41,157</u>                   | <u>2</u>             | <u>\$ 421,488</u>        | <u>13</u>        |
| <b>TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:</b>  |                                    |                      |                          |                  |
| Owner of the Company   | ( \$ 426,691 )                     | ( 19 )               | \$ 765,554               | 24               |
| Non-controlling interests  | <u>2,590</u>                       | <u>-</u>             | ( <u>818</u> )           | <u>-</u>         |
|  | <u>( \$ 424,101 )</u>              | <u>( 19 )</u>        | <u>\$ 764,736</u>        | <u>24</u>        |
| <b>EARNINGS (LOSS) PER SHARE (Note 30)</b>   |                                    |                      |                          |                  |
| From continuing operations   |                                    |                      |                          |                  |
| Basic  | <u>\$ 0.05</u>                     |                      | <u>\$ 0.57</u>           |                  |
| Diluted  | <u>\$ 0.05</u>                     |                      | <u>\$ 0.57</u>           |                  |

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

(With Deloitte & Touche review report dated April 27, 2020)

(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         |
|--|--|------------------|---------------------|-------------------|-------------------------|--|---|----------------------|---------------------------|----------------------|
|  | Ordinary Share                               | Capital Surplus  | Retained Earnings   |                   |                         | Exchange Differences on Translating Foreign Operations | Unrealized Gain on Investments in Equity Instruments at Fair Value through Other Comprehensive Income |                      |                           |                      |
|  |  |                  | Legal Reserve       | Special Reserve   | Unappropriated Earnings |  |   |                      |                           |                      |
| 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        |
| Actual disposals of interests in subsidiaries  | -  | (632)            | -                   | -                 | (3,769)                 | -  | -   | (4,401)              | (599)                     | (5,000)              |
| Net profit for the three months ended March 31, 2019   | -  | -                | -                   | -                 | 422,309                 | -  | -   | 422,309              | (821)                     | 421,488              |
| Other comprehensive income (loss) for the three months ended March 31, 2019, net of income tax | -  | -                | -                   | -                 | -                       | 293,340  | 49,905  | 343,245              | 3                         | 343,248              |
| Total comprehensive income (loss) for the three months ended March 31, 2019                    | -  | -                | -                   | -                 | 422,309                 | 293,340  | 49,905  | 765,554              | (818)                     | 764,736              |
| BALANCE AT MARCH 31, 2019  | <u>\$ 7,368,465</u>                          | <u>\$ 63,896</u> | <u>\$ 2,073,664</u> | <u>\$ 40,830</u>  | <u>\$ 2,076,569</u>     | <u>\$ (388,099)</u>                                    | <u>\$ 490,908</u>   | <u>\$ 11,726,233</u> | <u>\$ 97,736</u>          | <u>\$ 11,823,969</u> |
| BALANCE AT JANUARY 1, 2020   | \$ 7,368,465                                 | \$ 63,896        | \$ 2,224,122        | \$ 240,436        | \$ 1,566,765            | \$ (1,196,665)   | \$ 609,351  | \$ 10,876,370        | \$ 111,661                | \$ 10,988,031        |
| Net profit for the three months ended March 31, 2020   | -  | -                | -                   | -                 | 38,567                  | -  | -   | 38,567               | 2,590                     | 41,157               |
| Other comprehensive income (loss) for the three months ended March 31, 2020, net of income tax | -  | -                | -                   | -                 | -                       | (165,026)  | (300,232)   | (465,258)            | -                         | (465,258)            |
| Total comprehensive income (loss) for the three months ended March 31, 2020                    | -  | -                | -                   | -                 | 38,567                  | (165,026)  | (300,232)   | (426,691)            | 2,590                     | (424,101)            |
| BALANCE AT MARCH 31, 2020  | <u>\$ 7,368,465</u>                          | <u>\$ 63,896</u> | <u>\$ 2,224,122</u> | <u>\$ 240,436</u> | <u>\$ 1,605,332</u>     | <u>\$ (1,361,691)</u>                                  | <u>\$ 309,119</u>   | <u>\$ 10,449,679</u> | <u>\$ 114,251</u>         | <u>\$ 10,563,930</u> |

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

(With Deloitte & Touche review report dated April 27, 2020)

# SINYI REALTY INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

|  | <b>Three Months Ended March 31</b> |                    |
|--|------------------------------------|--------------------|
|  | <b>2020</b>                        | <b>2019</b>        |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                              |                                    |                    |
| Income before income tax   | \$ 81,828                          | \$ 631,179         |
| Adjustments for:   |                                    |                    |
| Expected credit loss recognized/(reversed) on trade receivables          | ( 670 )                            | 4,888              |
| Depreciation expenses  | 166,716                            | 163,971            |
| Amortization expenses  | 6,407                              | 9,689              |
| Net gain (loss) on financial assets at fair value through profit or loss | 1,373                              | ( 45,416 )         |
| Interest expense   | 74,549                             | 55,720             |
| Interest income  | ( 27,900 )                         | ( 7,363 )          |
| Dividend income  | ( 169 )                            | ( 153 )            |
| Share of (gain) loss of associates and joint ventures                    | ( 1,075 )                          | 54                 |
| Loss on disposal of property, plant and equipment                        | 6                                  | 261                |
| Gain on disposal of investment properties                                | ( 294 )                            | ( 3,876 )          |
| Changes in operating assets and liabilities                              |                                    |                    |
| Financial assets at fair value through profit or loss                    | ( 2,679 )                          | 4,781,019          |
| Notes receivable   | ( 13,361 )                         | 8,131              |
| Trade receivables  | 249,979                            | ( 135,872 )        |
| Other receivables  | 5,421                              | ( 1,230 )          |
| Inventories  | ( 218,459 )                        | 270,830            |
| Other current assets   | ( 114,935 )                        | ( 56,044 )         |
| Contract liabilities   | 136,616                            | ( 328,932 )        |
| Notes payable  | 256                                | 2,683              |
| Trade payables   | ( 128,433 )                        | ( 119,732 )        |
| Other payables   | ( 1,132,445 )                      | ( 458,969 )        |
| Provisions   | 927                                | 505                |
| Other current liabilities  | 5,088                              | ( 57,474 )         |
| Other operating liabilities  | ( <u>40,652</u> )                  | ( <u>51,057</u> )  |
| Cash generated from operations   | ( 951,906 )                        | 4,662,812          |
| Interest received  | 27,636                             | 7,946              |
| Interest paid  | ( 58,939 )                         | ( 39,597 )         |
| Income taxes paid  | ( <u>61,526</u> )                  | ( <u>280,286</u> ) |
| Net cash generated from (used in) operating activities                   | ( <u>1,044,735</u> )               | <u>4,350,875</u>   |

## CASH FLOWS FROM INVESTING ACTIVITIES

(Continued)



**Three Months Ended March 31**

|  | <b>2020</b>         | <b>2019</b>         |
|--|---------------------|---------------------|
| Capital reduction and refund from financial assets measured at fair value through other comprehensive gains and losses | \$ -                | \$ 4,474            |
| Payments for property, plant and equipment   | ( 32,627 )          | ( 16,464 )          |
| Proceeds on disposal of property, plant and equipment  | 47                  | 90                  |
| Increase in refundable deposits  | ( 1,631 )           | ( 1,645 )           |
| Payment for intangible assets  | ( 9,710 )           | ( 3,911 )           |
| Proceeds on disposal of investment properties  | 13,474              | 18,766              |
| Decrease(Increase) in other financial assets   | ( 877 )             | 8,846               |
| Decrease(Increase) in other non-current assets   | ( 7,334 )           | 185                 |
| Dividend received  | 169                 | 153                 |
| Payment for other investing activities   | ( <u>10,000</u> )   | <u>-</u>            |
| Net cash generated from (used in) investing activities   | ( <u>48,489</u> )   | <u>10,494</u>       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                     |                     |
| Repayment of short-term borrowings   | -                   | ( 748,000 )         |
| Proceeds from long-term borrowings   | 5,694,291           | 3,110,723           |
| Repayment of long-term borrowings  | ( 4,400,000 )       | ( 3,076,325 )       |
| Principal repayment of lease liabilities   | ( 117,352 )         | ( 136,725 )         |
| Proceeds from guarantee deposits received  | 429                 | 1,501               |
| Increase in other payables to related parties  | -                   | 929                 |
| Acquisition of partial interests in subsidiaries   | <u>-</u>            | ( <u>5,000</u> )    |
| Net cash generated from (used in) financing activities   | <u>1,177,368</u>    | ( <u>852,897</u> )  |
| EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES                                      | ( <u>84,994</u> )   | <u>87,735</u>       |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS   | ( 850 )             | 3,596,207           |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD   | <u>7,480,172</u>    | <u>4,551,253</u>    |
| CASH AND CASH EQUIVALENTS, END OF PERIOD   | <u>\$ 7,479,322</u> | <u>\$ 8,147,460</u> |

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

(With Deloitte & Touche review report dated April 27, 2020)

(Concluded)

# SINYI REALTY INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### THREE MONTHS ENDED MARCH 31, 2020 AND 2019

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

(Reviewed, Not Audited)

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#### 1. GENERAL INFORMATION

Sinyi Realty Inc. (the “Company”) with the new Chinese name of “信義房屋股份有限公司” which was approved by its shareholders meeting held on May 24, 2019 to replace the former Chinese name of “信義房屋仲介股份有限公司”, was incorporated in January 1987 and engages in the operation of a full-service real-estate brokerage and real estate development 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 ordinary 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 the Taiwan Stock Exchange (TWSE).

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

#### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on April 27, 2020.

#### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS 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 Financial Supervisory Commission (FSC).

The 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 did not have material impact on the Group’s accounting policies.

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

| New IFRSs  | Effective Date<br>Announced by IASB (Note) |
|--|--|
| Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” | To be determined by IASB                   |
| IFRS 17 “Insurance Contracts”  | January 1, 2021                            |
| Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”  | January 1, 2022                            |

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

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a. Statement of compliance

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 2019 consolidated financial statements. See Note 12, Table 7 and Table 8 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, 2019, except for those described below.

###### 1) Defined retirement benefit costs

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

###### 2) Income taxes

Income tax expense is the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's

pre-tax income and the tax rate that would be applicable to expected total annual earnings. 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 JUDGMENTS 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, 2019.

## 6. CASH AND CASH EQUIVALENTS

|  | March 31, 2020      | December 31,<br>2019 | March 31, 2019      |
|--|---------------------|----------------------|---------------------|
| Cash on hand   | \$ 14,279           | \$ 15,301            | \$ 34,598           |
| Checking accounts and demand deposits                            | 2,695,020           | 2,386,282            | 7,829,148           |
| Cash equivalents   |                     |                      |                     |
| Time deposits with original maturities less than<br>three months | <u>4,770,023</u>    | <u>5,078,589</u>     | <u>283,714</u>      |
|  | <u>\$ 7,479,322</u> | <u>\$ 7,480,172</u>  | <u>\$ 8,147,460</u> |

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

|              | March 31, 2020 | December 31,<br>2019 | March 31, 2019 |
|--------------|----------------|----------------------|----------------|
| Cash in bank | 0%-2.03%       | 0%-2.02%             | 0%-2.66%       |

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

|  | March 31, 2020   | December 31,<br>2019 | March 31, 2019   |
|--|------------------|----------------------|------------------|
| <u>Financial assets at FVTPL - current</u> |                  |                      |                  |
| Non-derivative financial assets            |                  |                      |                  |
| Domestic quoted shares                     | \$ 5,008         | \$ 6,513             | \$ 8,205         |
| Mutual funds                               | 60,547           | 53,467               | 47,384           |
| Structured financial products              | <u>10,271</u>    | <u>14,653</u>        | <u>23,914</u>    |
|  | <u>\$ 75,826</u> | <u>\$ 74,633</u>     | <u>\$ 79,503</u> |

Structured financial products the Group bought from banks are structured time deposit with the expected yield rates of 0%-4.35% as of March 31, 2020, December 31, 2019 and March 31, 2019.

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

|   | March 31, 2020    | December 31,<br>2019 | March 31, 2019    |
|---|-------------------|----------------------|-------------------|
| <u>Investment in equity instruments at FVTOCI</u> |                   |                      |                   |
| <u>Current</u>                                    |                   |                      |                   |
| Domestic investments                              |                   |                      |                   |
| Listed shares                                     | \$ 332,971        | \$ 383,088           | \$ 304,458        |
| Foreign investments                               |                   |                      |                   |
| Listed shares                                     | <u>447,985</u>    | <u>616,291</u>       | <u>522,593</u>    |
|   | <u>\$ 780,956</u> | <u>\$ 999,379</u>    | <u>\$ 827,051</u> |
| <u>Non-current</u>                                |                   |                      |                   |
| Domestic investments                              |                   |                      |                   |
| Unlisted shares                                   | \$ 93,637         | \$ 95,532            | \$ 97,189         |
| Foreign investments                               |                   |                      |                   |
| Unlisted shares                                   | <u>179,240</u>    | <u>254,426</u>       | <u>311,898</u>    |
|   | <u>\$ 272,877</u> | <u>\$ 349,958</u>    | <u>\$ 409,087</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

|                                     | March 31, 2020    | December 31,<br>2019 | March 31, 2019      |
|-------------------------------------|-------------------|----------------------|---------------------|
| <u>Notes receivable</u>             |                   |                      |                     |
| At amortized cost                   |                   |                      |                     |
| Operating-gross carrying amount     | <u>\$ 59,175</u>  | <u>\$ 45,814</u>     | <u>\$ 44,624</u>    |
| <u>Trade receivables</u>            |                   |                      |                     |
| At amortized cost                   |                   |                      |                     |
| Gross carrying amount               | \$ 805,075        | \$ 1,055,219         | \$ 1,079,771        |
| Less: Allowance for impairment loss | ( <u>14,084</u> ) | ( <u>14,919</u> )    | ( <u>23,227</u> )   |
|                                     | <u>\$ 790,991</u> | <u>\$ 1,040,300</u>  | <u>\$ 1,056,544</u> |
| <u>Other receivables</u>            |                   |                      |                     |
| Interest receivables                | \$ 1,052          | \$ 788               | \$ 692              |
| Others                              | 33,632            | 39,053               | 48,318              |
| Less: Allowance for impairment loss | ( <u>5,268</u> )  | ( <u>5,268</u> )     | ( <u>5,268</u> )    |
|                                     | <u>\$ 29,416</u>  | <u>\$ 34,573</u>     | <u>\$ 43,742</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 clients under escrow custody, the uncollectible risk shall be insignificant. On the other hand, the Group generally collected in advance the amount of real estate sold and the real estate shall not transferred or handed over until all the amount are collected. Thus, there would not be trade receivables from transactions of selling real estate.

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

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

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

March 31, 2020

|                               | <b>Less than 60<br/>Days</b> | <b>61 to 90 Days</b> | <b>91 to 180<br/>Days</b> | <b>181 to 360<br/>Days</b> | <b>Over 361<br/>Days</b> | <b>Total</b>      |
|-------------------------------|------------------------------|----------------------|---------------------------|----------------------------|--------------------------|-------------------|
| Expected credit loss rate     | 0%-0.5%                      | 0%-0.5%              | 0%-0.5%                   | 0%-0.5%                    | 50%-100%                 |                   |
| Gross carrying amount         | \$ 661,882                   | \$ 67,415            | \$ 82,370                 | \$ 27,515                  | \$ 26,365                | \$ 865,547        |
| Refund liability (Note)       | (31,361)                     | (4,601)              | (5,273)                   | (2,364)                    | (1,297)                  | (44,896)          |
| Loss allowance (Lifetime ECL) | (104)                        | (45)                 | (59)                      | (138)                      | (13,738)                 | (14,084)          |
| Amortized cost                | <u>\$ 630,417</u>            | <u>\$ 62,769</u>     | <u>\$ 77,038</u>          | <u>\$ 25,013</u>           | <u>\$ 11,330</u>         | <u>\$ 806,567</u> |

December 31, 2019

|                               | <b>Less than 60<br/>Days</b> | <b>61 to 90 Days</b> | <b>91 to 180<br/>Days</b> | <b>181 to 360<br/>Days</b> | <b>Over 361<br/>Days</b> | <b>Total</b>        |
|-------------------------------|------------------------------|----------------------|---------------------------|----------------------------|--------------------------|---------------------|
| Expected credit loss rate     | 0%-0.5%                      | 0%-0.5%              | 0%-0.5%                   | 0%-0.5%                    | 50%-100%                 |                     |
| Gross carrying amount         | \$ 914,697                   | \$ 74,390            | \$ 67,393                 | \$ 23,843                  | \$ 21,981                | \$ 1,102,304        |
| Refund liability (Note)       | (41,463)                     | (4,365)              | (2,705)                   | (2,252)                    | (1,271)                  | (52,056)            |
| Loss allowance (Lifetime ECL) | (148)                        | (54)                 | (135)                     | (119)                      | (14,463)                 | (14,919)            |
| Amortized cost                | <u>\$ 873,086</u>            | <u>\$ 69,971</u>     | <u>\$ 64,553</u>          | <u>\$ 21,472</u>           | <u>\$ 6,247</u>          | <u>\$ 1,035,329</u> |

March 31, 2019

|                               | <b>Less than 60<br/>Days</b> | <b>61 to 90 Days</b> | <b>91 to 180<br/>Days</b> | <b>181 to 360<br/>Days</b> | <b>Over 361<br/>Days</b> | <b>Total</b>       |
|-------------------------------|------------------------------|----------------------|---------------------------|----------------------------|--------------------------|--------------------|
| Expected credit loss rate     | 0%-0.5%                      | 0%-0.5%              | 0%-0.5%                   | 0%-0.5%                    | 50%-100%                 |                    |
| Gross carrying amount         | \$ 911,276                   | \$ 69,533            | \$ 73,803                 | \$ 32,453                  | \$ 37,480                | \$1,124,545        |
| Refund liability (Note)       | (36,477)                     | (4,555)              | (3,242)                   | (1,333)                    | (150)                    | (45,757)           |
| Loss allowance (Lifetime ECL) | (419)                        | (74)                 | (161)                     | (162)                      | (22,411)                 | (23,227)           |
| Amortized cost                | <u>\$ 874,380</u>            | <u>\$ 64,904</u>     | <u>\$ 70,400</u>          | <u>\$ 30,958</u>           | <u>\$ 14,919</u>         | <u>\$1,055,561</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:

|                                   | <b>Three Months Ended March 31,<br/>2020</b> |                              |
|-----------------------------------|--|------------------------------|
|                                   | <b>Trade<br/>Receivables</b>                 | <b>Other<br/>Receivables</b> |
| Balance at January 1, 2020        | \$ 14,919                                    | \$ 5,268                     |
| Less: Amounts written off         | (670)  | -                            |
| Foreign exchange gains and losses | <u>(165)</u>                                 | <u>-</u>                     |
| Balance at March 31, 2020         | <u>\$ 14,084</u>                             | <u>\$ 5,268</u>              |

|  | <b>Three Months Ended March 31,<br/>2019</b> |                              |
|--|--|------------------------------|
|  | <b>Trade<br/>Receivables</b>                 | <b>Other<br/>Receivables</b> |
| Balance at January 1, 2019               | \$ 17,901                                    | \$ 5,268                     |
| Add: Net remeasurement of loss allowance | 4,888  | -                            |
| Foreign exchange gains and losses        | <u>438</u>                                   | <u>-</u>                     |
| Balance at March 31, 2019                | <u>\$ 23,227</u>                             | <u>\$ 5,268</u>              |

b. Other receivables

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

## 10. INVENTORIES

|   | March 31, 2020       | December 31,<br>2019 | March 31, 2019       |
|---|----------------------|----------------------|----------------------|
| Properties under development  |                      |                      |                      |
| Binhu District, Wuxi  | \$ 6,908,948         | \$ 6,815,610         | \$ 6,456,691         |
| Banqiao District, New Taipei City                                       | 2,656,690            | 1,371,403            | -                    |
| Banqiao District, New Taipei City (for transferable development rights) | 170,395              | -                    | -                    |
| Properties to be developed  |                      |                      |                      |
| Banqiao District, New Taipei City                                       | -                    | 1,241,624            | 2,444,727            |
| Banqiao District, New Taipei City (for transferable development rights) | 490                  | 170,885              | 283,360              |
| Other   |                      |                      |                      |
| Shilin District, Taipei City  | 2,113                | 2,113                | 2,113                |
| Inventory-merchandise   |                      |                      |                      |
| Jiading District, Shanghai  | 940,268              | 910,105              | 1,586,873            |
| Shilin District, Taipei City  | <u>170,449</u>       | <u>170,449</u>       | <u>207,427</u>       |
|   | <u>\$ 10,849,353</u> | <u>\$ 10,682,189</u> | <u>\$ 10,981,191</u> |

The amounts of cost of goods sold transferred from inventories were \$48,540 thousand and \$425,992 thousand for the three months ended March 31, 2020 and 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 Bank | 2017/5/22-2024/5/22 |
| Sinyi Jia-Pin | Taishin Bank | 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 36 for the carrying amount of inventories pledged as security for bank borrowings by the Group.

## 11. OTHER FINANCIAL ASSETS - CURRENT

|   | March 31, 2020    | December 31,<br>2019 | March 31, 2019    |
|---|-------------------|----------------------|-------------------|
| Time deposits with original maturity more than three months | \$ 121,570        | \$ 121,570           | \$ 139,570        |
| Restricted assets - current                                 | <u>118,356</u>    | <u>117,479</u>       | <u>7,290</u>      |
|   | <u>\$ 239,926</u> | <u>\$ 239,049</u>    | <u>\$ 146,860</u> |

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



|   | <b>March 31, 2020</b> | <b>December 31,<br/>2019</b> | <b>March 31, 2019</b> |
|---|-----------------------|------------------------------|-----------------------|
| Time deposits with original maturity more than three months | 0.08%-1.13%           | 0.15%-1.15%                  | 0.12%-1.13%           |

- b. Restricted assets - current were operating guarantee for real-estate brokerage and restricted cash in bank. Please refer to Note 36.

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

|                         | <b>March 31, 2020</b> | <b>December 31,<br/>2019</b> | <b>March 31, 2019</b> |
|-------------------------|-----------------------|------------------------------|-----------------------|
| Restricted cash in bank | 2%                    | 2%                           | -                     |

## 12. SUBSIDIARIES

- a. Subsidiaries included in consolidated financial statements

Those subsidiaries included in the consolidated entities as of March 31, 2020, December 31, 2019 and March 31, 2019 were as follows:

| Investor            | Investee  | Main Businesses  | % of Ownership    |                      |                   | Remark |
|---------------------|---|--|-------------------|----------------------|-------------------|--------|
|                     |   |  | March 31,<br>2020 | December 31,<br>2019 | March 31,<br>2019 |        |
| 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               |        |
|                     | 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 Limited       | Sinyi Real Estate Consulting Limited (Sinyi Consulting)                       | Production of Instructions of real estate  | 100               | 100                  | 100               |        |
|                     | SINJU HOLDING SDN. BHD. (SINJU)   | Investment holding   | 100               | -                    | -                 | Note 1 |
|                     | 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 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               | Note 2 |
| Shanghai Sinyi      | Max Success International Limited (Max Success)                               | Investment holding   | 100               | 100                  | 100               |        |
|                     | Zhejiang Sinyi Real Estate Co., Ltd. (Zhejiang Sinyi)                         | Real estate brokerage and management consulting  | 100               | 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. (Suzhou Zhi Xin)                          | 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                  | 100               |        |

(Continued)

| Investor                 | Investee  | Main Businesses   | % of Ownership |                   |                | Remark |
|--------------------------|---|---|----------------|-------------------|----------------|--------|
|                          |   |   | March 31, 2020 | December 31, 2019 | March 31, 2019 |        |
| 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            |        |
| Sinyi Development        | Tokyo Sinyi Real Estate Co., Ltd. (Tokyo Sinyi)               | Real estate brokerage   | 100            | 100               | 100            |        |
|                          | Sinyi Real Estate (Hong Kong) Limited (Hong Kong Real Estate) | Investment holding  | 100            | 100               | 100            |        |
| Sinyi Estate             | Kunshan Dingxian Trading Co., Ltd. (Kunshan Digxian Trading)  | Construction materials furniture, sanitary ware and ceramic products wholesale  | 100            | 100               | 100            |        |
|                          | Sinyi Estate (Hong Kong) Limited (Hong Kong Sinyi Estate)     | Investment holding  | 100            | 100               | 100            |        |
| Hong Kong Real Estate    | Sinyi Real Estate (Shanghai) Limited (Shanghai Sinyi Estate)  | 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            | 100               | 100            |        |
| Yowoo Technology         | Wu Pu Co.,Ltd. (Wu Pu)  | Investment holding  | -              | -                 | 100            | Note 3 |
|                          | Heng-Yi Intelligent Technology Inc. (Heng-Yi)                 | Information software, data processing and electronic information providing services   | 25             | 25                | 25             | Note 4 |
| Taiwan Sinyi Development | Lian Yue Traffic Inc. (Lian Yue Traffic)                      | Manpower dispatch and Merchandise delivery  | 100            | 100               | -              | Note 5 |
|                          | Da-Chia Construction Co., Ltd. (Da-Chia Construction)         | Development, construction, rental and sale of residential building and factories  | 100            | 100               | 100            |        |
| SIN CHIUN                | Sinyi Real Estate Co., Ltd. (Sinyi Real Estate)               | Development, construction, rental and sale of residential building and factories  | 100            | 100               | 100            |        |
|                          | FIDELITY PROPERTY CONSULTANT SDN. BHD. ( FIDELITY)            | Investment holding  | 49             | 49                | 49             |        |
| PEGUSUS                  | PEGUSUS HOLDING SDN. BHD. (PEGUSUS)                           | Investment holding  | 100            | 100               | 100            |        |
|                          | FIDELITY PROPERTY CONSULTANT SDN. BHD. (FIDELITY)             | Real estate brokerage, management and identification  | 51             | 51                | 51             |        |
| SINJU                    | SINGKANG HOLDING SDN. BHD.                                    | Tourism   | 100            | -                 | -              | Note 6 |

(concluded)

**Remark:**

Note 1: SINJU HOLDING SDN. BHD. was incorporated in January 2020 with 100% ownership.

Note 2: Chengdu Sinyi has been liquidated in June 2019.

Note 3: Wu Pu has been liquidated in November 2019.

Note 4: The Group acquired 25% ownership of Heng-Yi from non-controlling interests through Yowoo Technology in March 2019. Refer to Note 31.

Note 5: The Group acquired 100% ownership of Lian Yue Traffic through Yowoo Technology in November 2019. Refer to Note 31.

Note 6: The Group acquired 100% ownership of SINGKANG HOLDING SDN. BHD. through SINJU in January 2020.

Note 7: Subsidiaries included in consolidated financial statement: The financial statements of the consolidated entities had not been reviewed by the independent accountants, except for those 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 three months ended March 31, 2020 and 2019.

b. Subsidiaries excluded from consolidated financial statements: None.

### 13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

|                           | March 31, 2020 | December 31, 2019 | March 31, 2019 |
|---------------------------|----------------|-------------------|----------------|
| Investments in associates | \$ 30,163      | \$ 31,900         | \$ 28,926      |

## Investments In Associates

|                                      | March 31, 2020   | December 31,<br>2019 | March 31, 2019   |
|--------------------------------------|------------------|----------------------|------------------|
| Unlisted company                     |                  |                      |                  |
| Sinyi Interior Design Co., Ltd.      | \$ 12,960        | \$ 15,774            | \$ 14,294        |
| Rakuya International Info. Co., Ltd. | <u>17,203</u>    | <u>16,126</u>        | <u>14,632</u>    |
|                                      | <u>\$ 30,163</u> | <u>\$ 31,900</u>     | <u>\$ 28,926</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                    | March 31, 2020 | December 31,<br>2019 | March 31, 2019 |
|--------------------------------------|----------------|----------------------|----------------|
| 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:

|  | <u>Three Months Ended March 31</u> |                 |
|--|------------------------------------|-----------------|
|  | 2020                               | 2019            |
| The Group's share of:                          |                                    |                 |
| Net income (loss) for continuing operations    | \$ 1,075                           | (\$ 54)         |
| Other comprehensive income (loss)              | <u>( 2,812 )</u>                   | <u>1,425</u>    |
| Total comprehensive income (loss) for the year | <u>(\$ 1,737)</u>                  | <u>\$ 1,371</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 three months ended March 31, 2020 and 2019 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

### Self-use

|   | Freehold land       | Buildings         | Transportation Equipment | Office Equipment  | Leased Assets | Leasehold Improvements | Other Equipment   | Construction in Progress and Prepayments for Equipment | Total               |
|---|---------------------|-------------------|--------------------------|-------------------|---------------|------------------------|-------------------|--|---------------------|
| <u>Cost</u>                                     |                     |                   |                          |                   |               |                        |                   |  |                     |
| Balance at January 1, 2020                      | \$ 2,833,746        | \$ 595,494        | \$ 10,972                | \$ 414,674        | \$ -          | \$ 589,581             | \$ 88,651         | \$ 6,751   | \$ 4,539,869        |
| Additions                                       | -                   | -                 | -                        | 3,623             | -             | 7,052                  | 4,934             | 17,018   | 32,627              |
| Disposals                                       | -                   | -                 | -                        | ( 1,255)          | -             | ( 2,655)               | -                 | -  | ( 3,910)            |
| Reclassifications                               | -                   | -                 | -                        | -                 | -             | -                      | 6,571             | ( 6,571)   | -                   |
| Effect of foreign currency exchange differences | -                   | ( 1,801)          | ( 76)                    | ( 642)            | -             | ( 845)                 | 1                 | -  | ( 3,363)            |
| Balance at March 31, 2020                       | <u>\$ 2,833,746</u> | <u>\$ 593,693</u> | <u>\$ 10,896</u>         | <u>\$ 416,400</u> | <u>\$ -</u>   | <u>\$ 593,133</u>      | <u>\$ 100,157</u> | <u>\$ 17,198</u>                                       | <u>\$ 4,565,223</u> |
| <u>Accumulated depreciation</u>                 |                     |                   |                          |                   |               |                        |                   |  |                     |
| Balance at January 1, 2020                      | \$ -                | \$ 158,613        | \$ 6,229                 | \$ 332,111        | \$ -          | \$ 466,811             | \$ 80,470         | \$ -   | \$ 1,044,234        |
| Depreciation expense                            | -                   | 4,233             | 228                      | 7,961             | -             | 11,402                 | 720               | -  | 24,544              |
| Disposals                                       | -                   | -                 | -                        | ( 1,213)          | -             | ( 2,644)               | -                 | -  | ( 3,857)            |
| Effect of foreign currency exchange differences | -                   | ( 151)            | ( 50)                    | ( 483)            | -             | ( 717)                 | -                 | -  | ( 1,401)            |
| Balance at March 31, 2020                       | <u>\$ -</u>         | <u>\$ 162,695</u> | <u>\$ 6,407</u>          | <u>\$ 338,376</u> | <u>\$ -</u>   | <u>\$ 474,852</u>      | <u>\$ 81,190</u>  | <u>\$ -</u>  | <u>\$ 1,063,520</u> |
| Carrying amounts at March 31, 2020              | <u>\$ 2,833,746</u> | <u>\$ 430,998</u> | <u>\$ 4,489</u>          | <u>\$ 78,024</u>  | <u>\$ -</u>   | <u>\$ 118,281</u>      | <u>\$ 18,967</u>  | <u>\$ 17,198</u>                                       | <u>\$ 3,501,703</u> |

|   | Freehold land       | Buildings         | Transportation Equipment | Office Equipment  | Leased Assets   | Leasehold Improvements | Other Equipment  | Construction in Progress and Prepayments for Equipment | Total               |
|---|---------------------|-------------------|--------------------------|-------------------|-----------------|------------------------|------------------|--|---------------------|
| <u>Cost</u>                                     |                     |                   |                          |                   |                 |                        |                  |  |                     |
| 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                                       | -                   | -                 | -                        | 3,890             | -               | 12,451                 | -                | 123  | 16,464              |
| Disposals                                       | -                   | -                 | -                        | ( 1,403)          | -               | ( 9,223)               | ( 30)            | -  | ( 10,656)           |
| Reclassifications                               | -                   | -                 | -                        | -                 | -               | 2,680                  | -                | ( 2,680)   | -                   |
| Effect of foreign currency exchange differences | -                   | 5,308             | 164                      | 1,450             | -               | 2,018                  | -                | -  | 8,940               |
| Balance at March 31, 2019                       | <u>\$ 2,833,746</u> | <u>\$ 665,471</u> | <u>\$ 10,818</u>         | <u>\$ 392,158</u> | <u>\$ 4,671</u> | <u>\$ 556,439</u>      | <u>\$ 87,354</u> | <u>\$ 123</u>  | <u>\$ 4,550,780</u> |
| <u>Accumulated depreciation</u>                 |                     |                   |                          |                   |                 |                        |                  |  |                     |
| Balance at January 1, 2019                      | \$ -                | \$ 143,941        | \$ 5,442                 | \$ 310,202        | \$ 4,671        | \$ 442,957             | \$ 75,613        | \$ -   | \$ 982,826          |
| Depreciation expense                            | -                   | 4,822             | -                        | 7,878             | -               | 13,850                 | 1,326            | -  | 28,136              |
| Disposals                                       | -                   | -                 | -                        | ( 1,266)          | -               | ( 9,017)               | ( 22)            | -  | ( 10,305)           |
| Effect of foreign currency exchange differences | -                   | 200               | 96                       | 912               | -               | 1,498                  | -                | -  | 2,706               |
| Balance at March 31, 2019                       | <u>\$ 2,833,746</u> | <u>\$ 148,963</u> | <u>\$ 5,798</u>          | <u>\$ 312,726</u> | <u>\$ 4,671</u> | <u>\$ 449,288</u>      | <u>\$ 76,917</u> | <u>\$ -</u>  | <u>\$ 1,003,363</u> |
| Carrying amounts at March 31, 2019              | <u>\$ 2,833,746</u> | <u>\$ 516,508</u> | <u>\$ 5,020</u>          | <u>\$ 74,432</u>  | <u>\$ -</u>     | <u>\$ 107,151</u>      | <u>\$ 10,437</u> | <u>\$ 123</u>  | <u>\$ 3,547,417</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   | 4-6 years   |
| Office equipment           | 3-6 years   |
| Leased assets              | 3 years     |
| Leasehold improvements     | 1-5 years   |
| Other equipment            | 3-15 years  |

- a. There was no interest capitalized during the three months ended March 31, 2020 and 2019.
- b. Refer to Note 36 for the details of properties, plant and equipment pledged as collaterals.

## 15. LEASE ARRANGEMENTS

- a. Right-of-use assets

|   | <b>March 31, 2020</b> | <b>December 31,<br/>2019</b>       | <b>March 31, 2019</b> |
|---|-----------------------|------------------------------------|-----------------------|
| Carrying amounts                            |                       |                                    |                       |
| Land  | \$ 1,005,275          | \$ 1,048,087                       | \$ -                  |
| Buildings                                   | 3,275,795             | 3,256,490                          | 3,270,638             |
| Other equipment                             | <u>15,155</u>         | <u>16,295</u>                      | <u>80,238</u>         |
|   | <u>\$ 4,296,225</u>   | <u>\$ 4,320,872</u>                | <u>\$ 3,350,876</u>   |
|   |                       | <b>Three Months Ended March 31</b> |                       |
|   |                       | <b>2020</b>                        | <b>2019</b>           |
| Additions to right-of-use assets            |                       | <u>\$ 167,337</u>                  | <u>\$ 87,559</u>      |
| Depreciation charge for right-of-use assets |                       |                                    |                       |
| Land  |                       | \$ 3,368                           | \$ -                  |
| Buildings                                   |                       | 133,958                            | 129,842               |
| Other equipment                             |                       | <u>1,477</u>                       | <u>4,005</u>          |
|   |                       | <u>\$ 138,803</u>                  | <u>\$ 133,847</u>     |

Right-of-use asset for land is the using right to use of a land in Malaysia purchased by the subsidiary SIN CHIUN in December 2019, with the right to use the land until December 31, 2096.

- b. Lease liabilities

|                  | <b>March 31, 2020</b> | <b>December 31,<br/>2019</b> | <b>March 31, 2019</b> |
|------------------|-----------------------|------------------------------|-----------------------|
| Carrying amounts |                       |                              |                       |
| Current          | <u>\$ 518,329</u>     | <u>\$ 488,421</u>            | <u>\$ 518,371</u>     |
| Non-current      | <u>\$ 2,807,629</u>   | <u>\$ 2,795,104</u>          | <u>\$ 2,816,994</u>   |

Range of discount rate for lease liabilities was as follows:

|                 | <b>March 31, 2020</b> | <b>December 31,<br/>2019</b> | <b>March 31, 2019</b> |
|-----------------|-----------------------|------------------------------|-----------------------|
| Land            | 5%                    | 5%                           | -                     |
| Buildings       | 1.11%-5.7%            | 1.11%-5.7%                   | 1.11%-5.7%            |
| Other equipment | 1.28%-1.29%           | 1.28%-1.29%                  | 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.

|  | <b>Three Months Ended March 31</b> |                   |
|--|------------------------------------|-------------------|
|  | <b>2020</b>                        | <b>2019</b>       |
| Expenses relating to short-term and low-value asset leases | <u>\$ 10,925</u>                   | <u>\$ 15,508</u>  |
| Total cash outflow for leases                              | <u>\$ 145,317</u>                  | <u>\$ 152,233</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.

## 16. INVESTMENT PROPERTIES

|  | <b>Land</b>         | <b>Buildings</b>  | <b>Total</b>        |
|--|---------------------|-------------------|---------------------|
| <u>Cost</u>                                      |                     |                   |                     |
| Balance at January 1, 2020                       | \$ 1,926,993        | \$ 458,641        | \$ 2,385,634        |
| Disposals  | ( 15,845 )          | ( 645 )           | ( 16,490 )          |
| Effects of foreign currency exchange differences | <u>-</u>            | <u>( 1,573 )</u>  | <u>( 1,573 )</u>    |
| Balance at March 31, 2020                        | <u>\$ 1,911,148</u> | <u>\$ 456,423</u> | <u>\$ 2,367,571</u> |
| <u>Accumulated depreciation and impairment</u>   |                     |                   |                     |
| Balance at January 1, 2020                       | \$ 16,712           | \$ 113,911        | \$ 130,623          |
| Depreciation expense                             | -                   | 3,369             | 3,369               |
| Disposals  | ( 3,169 )           | ( 141 )           | ( 3,310 )           |
| Effects of foreign currency exchange differences | <u>-</u>            | <u>33</u>         | <u>33</u>           |
| Balance at March 31, 2020                        | <u>\$ 13,543</u>    | <u>\$ 117,172</u> | <u>\$ 130,715</u>   |
| Carrying amounts at March 31, 2020               | <u>\$ 1,897,605</u> | <u>\$ 339,251</u> | <u>\$ 2,236,856</u> |

|  | <b>Land</b>         | <b>Buildings</b>  | <b>Total</b>        |
|--|---------------------|-------------------|---------------------|
| <u>Cost</u>                                    |                     |                   |                     |
| Balance at January 1, 2019                     | \$ 1,876,100        | \$ 319,835        | \$ 2,195,935        |
| Disposals                                      | ( 13,607 )          | ( 5,854 )         | ( 19,461 )          |
| Balance at March 31, 2019                      | <u>\$ 1,862,493</u> | <u>\$ 313,981</u> | <u>\$ 2,176,474</u> |
| <u>Accumulated depreciation and impairment</u> |                     |                   |                     |
| Balance at January 1, 2019                     | \$ 10,010           | \$ 102,405        | \$ 112,415          |
| Depreciation expense                           | -                   | 1,988             | 1,988               |
| Disposals                                      | ( 2,721 )           | ( 1,850 )         | ( 4,571 )           |
| Balance at March 31, 2019                      | <u>\$ 7,289</u>     | <u>\$ 102,543</u> | <u>\$ 109,832</u>   |
| Carrying amounts at March 31, 2019             | <u>\$ 1,855,204</u> | <u>\$ 211,438</u> | <u>\$ 2,066,642</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 payment receivables under operating leases of investment properties as of March 31, 2020 and 2019 were as follows:

|                | <b>March 31, 2020</b> | <b>March 31, 2019</b> |
|----------------|-----------------------|-----------------------|
| Year 1         | \$ 102,315            | \$ 85,315             |
| Year 2         | 104,527               | 25,401                |
| Year 3         | 103,407               | 5,619                 |
| Year 4         | 101,135               | 5,576                 |
| Year 5         | 95,440                | 3,430                 |
| Year 6 onwards | <u>23,271</u>         | <u>-</u>              |
|                | <u>\$ 530,095</u>     | <u>\$ 125,341</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 March 31, 2020, December 31, 2019 and March 31, 2019 were \$10,501,297 thousand, \$10,872,806 thousand and \$9,796,813 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 36.

## 17. INTANGIBLE ASSETS

|                       | March 31, 2020    | December 31,<br>2019 | March 31, 2019    |
|-----------------------|-------------------|----------------------|-------------------|
| Franchise (Note 38)   | \$ 45,085         | \$ 45,293            | \$ 48,327         |
| Goodwill              | 5,452             | 5,452                | 10,513            |
| System software costs | 46,877            | 42,994               | 46,466            |
| Patent                | <u>3,542</u>      | <u>3,542</u>         | <u>4,479</u>      |
|                       | <u>\$ 100,956</u> | <u>\$ 97,281</u>     | <u>\$ 109,785</u> |

|   | Franchise        | Goodwill         | System<br>Software Costs | Patent          | Total             |
|---|------------------|------------------|--------------------------|-----------------|-------------------|
| <u>Cost</u>                                     |                  |                  |                          |                 |                   |
| Balance at January 1, 2020                      | \$ 91,606        | \$ 25,586        | \$ 273,382               | \$ 5,000        | \$ 395,574        |
| Additions                                       | -                | -                | 9,710                    | -               | 9,710             |
| Effect of foreign currency exchange differences | <u>748</u>       | <u>-</u>         | <u>(186)</u>             | <u>-</u>        | <u>562</u>        |
| Balance at March 31, 2020                       | <u>\$ 92,354</u> | <u>\$ 25,586</u> | <u>\$ 282,906</u>        | <u>\$ 5,000</u> | <u>\$ 405,846</u> |
| <u>Accumulated amortization and impairment</u>  |                  |                  |                          |                 |                   |
| Balance at January 1, 2020                      | \$ 46,313        | \$ 20,134        | \$ 230,388               | \$ 1,458        | \$ 298,293        |
| Amortization expense                            | 575              | -                | 5,832                    | -               | 6,407             |
| Effect of foreign currency exchange differences | <u>381</u>       | <u>-</u>         | <u>(191)</u>             | <u>-</u>        | <u>190</u>        |
| Balance at March 31, 2020                       | <u>\$ 47,269</u> | <u>\$ 20,134</u> | <u>\$ 236,029</u>        | <u>\$ 1,458</u> | <u>\$ 304,890</u> |
| Carrying amounts at March 31, 2020              | <u>\$ 45,085</u> | <u>\$ 5,452</u>  | <u>\$ 46,877</u>         | <u>\$ 3,542</u> | <u>\$ 100,956</u> |
| <u>Cost</u>                                     |                  |                  |                          |                 |                   |
| Balance at January 1, 2019                      | \$ 93,851        | \$ 20,134        | \$ 256,019               | \$ 5,000        | \$ 375,004        |
| Additions                                       | -                | -                | 3,911                    | -               | 3,911             |
| Effect of foreign currency exchange differences | <u>321</u>       | <u>-</u>         | <u>470</u>               | <u>-</u>        | <u>791</u>        |
| Balance at March 31, 2019                       | <u>\$ 94,172</u> | <u>\$ 20,134</u> | <u>\$ 260,400</u>        | <u>\$ 5,000</u> | <u>\$ 379,706</u> |
| <u>Accumulated amortization and impairment</u>  |                  |                  |                          |                 |                   |
| Balance at January 1, 2019                      | \$ 45,102        | \$ 9,621         | \$ 204,952               | \$ -            | \$ 259,675        |
| Amortization expense                            | 589              | -                | 8,579                    | 521             | 9,689             |
| Effect of foreign currency exchange differences | <u>154</u>       | <u>-</u>         | <u>403</u>               | <u>-</u>        | <u>557</u>        |
| Balance at March 31, 2019                       | <u>\$ 45,845</u> | <u>\$ 9,621</u>  | <u>\$ 213,934</u>        | <u>\$ 521</u>   | <u>\$ 269,921</u> |
| Carrying amounts at March 31, 2019              | <u>\$ 48,327</u> | <u>\$ 10,513</u> | <u>\$ 46,466</u>         | <u>\$ 4,479</u> | <u>\$ 109,785</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                | 4-7 years |

## 18. OTHER ASSETS

|   | March 31, 2020    | December 31,<br>2019 | March 31, 2019    |
|---|-------------------|----------------------|-------------------|
| Overpaid VAT                              | \$ 113,824        | \$ 14,126            | \$ 25,598         |
| Prepaid expenses                          | 77,207            | 48,735               | 80,769            |
| Prepayments for right-of-use asset - land | 57,782            | 60,474               | -                 |
| Tax prepayment                            | 22,588            | 26,679               | 44,978            |
| Temporary payments                        | 12,735            | 11,879               | 6,841             |
| Prepaid investments                       | 10,000            | -                    | -                 |
| Overdue receivables                       | 1,297             | 1,271                | 150               |
| Others                                    | 1,890             | 1,890                | 1,890             |
|   | <u>\$ 297,323</u> | <u>\$ 165,054</u>    | <u>\$ 160,226</u> |
| Current                                   | \$ 226,354        | \$ 101,419           | \$ 158,186        |
| Non-current                               | 70,969            | 63,635               | 2,040             |
|   | <u>\$ 297,323</u> | <u>\$ 165,054</u>    | <u>\$ 160,226</u> |

Prepayments for the right-of-use asset are prepayments made by subsidiary SIN CHIUN HOLDING SDN. BHD. for purchasing right-of-use asset of land at Pulau Mengalum, Sabah, in Malaysia. The Group had not completed the legal process of the land for the transfer of the possession right as of March 31, 2020 due to the required terms and conditions in the sale and purchase agreement had not been finished by the seller.

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 and Jiu Xin Estate in Mainland China.

Prepaid investments are prepayments for investment in financial products, which have not completed the fundraising process yet.

## 19. BORROWINGS

### Long-term borrowings

|                             | March 31, 2020      | December 31,<br>2019 | March 31, 2019      |
|-----------------------------|---------------------|----------------------|---------------------|
| <u>Secured borrowings</u>   |                     |                      |                     |
| Bank loans                  | \$ 4,474,270        | \$ 4,299,112         | \$ 3,777,640        |
| <u>Unsecured borrowings</u> |                     |                      |                     |
| Loans unsecured             | 3,700,000           | 2,600,000            | 1,753,479           |
|                             | 8,174,270           | 6,899,112            | 5,531,119           |
| Less: Current portion       | ( 28,193 )          | ( 25,295 )           | ( 7,601 )           |
| Long-term borrowings        | <u>\$ 8,146,077</u> | <u>\$ 6,873,817</u>  | <u>\$ 5,523,518</u> |

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

| Content of Borrowings   |  | December 31,   |           |                |
|-------------------------|--|----------------|-----------|----------------|
|                         |  | March 31, 2020 | 2019      | March 31, 2019 |
| 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.   | \$ -           | \$ -      | \$ 1,950,000   |
| 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      | 1,700,000 | -              |
| East Asia Bank          | Loan limit: \$1,600,000 thousand ; period: November 15, 2018 to November 12, 2021; floating interest rate of 1.242%; interest is paid monthly; 3% of principal is repaid in 18th, 24th and 30th months, respectively. 91% of principal is paid in 36th month. The Group repaid all the debts in July 2019. | -              | -         | 300,000        |
| Yuanta Bank             | Loan limit: \$400,000 thousand; period: March 20, 2019 to March 19, 2021; fixed interest rate of 1.15% and 1.25%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in January 2020.  | -              | 400,000   | 250,000        |
| 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.  | -              | -         | 3,479          |
| Mizuho Bank             | Loan limit: \$300,000 thousand; period: November 30, 2019 to November 30, 2021; fixed interest rate of 1.16%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in January 2020.  | -              | 300,000   | -              |
| Mizuho Bank             | Loan limit: \$600,000 thousand; period: January 20, 2020 to January 20, 2022; fixed interest rate of 1.2%; interest is paid monthly and principal is repaid at maturity.   | 400,000        | -         | -              |
| 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. The Group repaid all the debts in March 2020.  | -              | 600,000   | -              |
| 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.  | 410,000        | 345,000   | 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        | 748,000   | 748,000        |
| Taishin Bank            | Loan limit: \$300,000 thousand; period: December 25, 2019 to December 25, 2022; fixed interest rate of 1.13% and 1.05%; interest is paid monthly and principal is repaid at maturity.  | 300,000        | 200,000   | -              |
| DBS Bank                | Loan limit: US\$400,000 thousand (equal to \$1,200,000 thousand New Taiwan dollars); period: January 02, 2019 to January 02, 2021; floating interest rate of 1.14%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in March 2020.                            | -              | 400,000   | -              |
| DBS Bank                | Loan limit: US\$400,000 thousand (equal to \$1,200,000 thousand New Taiwan dollars); period: January 07, 2020 to January 20, 2022; floating interest rate of 1.14%; interest is paid monthly and principal is repaid at maturity.  | 600,000        | -         | -              |
| 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        |
| Mega Bank               | Loan limit: \$250,000 thousand; period: August 13, 2018 to August 13, 2021; fixed interest rate of 1.2%; interest is paid monthly and principal is repaid at maturity.   | 200,000        | 200,000   | -              |
| SK Bank                 | Loan limit: \$200,000 thousand; period: November 21, 2018 to November 20, 2021; fixed interest rate of 1.15%, 1.15% and 1.2%; interest is paid monthly and principal is repaid at maturity.  | 200,000        | 200,000   | 200,000        |

(Continued)

| Content of Borrowings                |  | March 31, 2020      | December 31, 2019   | March 31, 2019      |
|--------------------------------------|--|---------------------|---------------------|---------------------|
| SPD Bank                             | Loan limit: RMB 600,000 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.                        | \$ 1,616,270        | \$ 1,506,112        | \$ 494,640          |
| Shanghai Commercial and Savings Bank | Loan limit: \$400,000 thousand; period: December 8, 2018 to December 8, 2021; fixed interest rate of 1.2%; interest is paid monthly and principal is repaid at maturity.   | 200,000             | 200,000             | 200,000             |
| First Bank                           | Loan limit:\$100,000 thousand; period: April 10, 2019 to April 10, 2021; fixed interest rate of 1.16%; interest is paid monthly and principal is repaid at maturity.   | 100,000             | 100,000             | -                   |
| Jihsun Bank                          | Loan limit: \$200,000 thousand; period: December 3, 2018 to November 29, 2020; fixed interest rate of 1.22%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in April 2019. | -                   | -                   | 200,000             |
| Jihsun Bank                          | Loan limit: \$200,000 thousand; period: January 30, 2020 to November 29, 2021; fixed interest rate of 1.2%; interest is paid monthly and principal is repaid at maturity.  | 200,000             | -                   | -                   |
| Cathay United Bank                   | Loan limit: \$200,000 thousand; period: August 1, 2018 to August 1, 2020; fixed interest rate of 1.204%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in May 2019.       | -                   | -                   | 200,000             |
| Cathay United Bank                   | Loan limit: \$200,000 thousand; period: January 9, 2020 to January 9, 2022; floating interest rate of 1.2%; interest is paid monthly and principal is repaid at maturity.  | 200,000             | -                   | -                   |
| CTBC Bank                            | Loan limit: \$200,000 thousand; period: July 2, 2019 to July 2, 2021; fixed interest rate of 1.15%; interest is paid monthly and principal is repaid at maturity.  | 200,000             | -                   | -                   |
| Hua Nan Commercial Bank              | Loan limit: \$500,000 thousand; period: January 30, 2020 to January 30, 2023; floating interest rate of 1.2%; interest is paid monthly and principal is repaid at maturity.  | 500,000             | -                   | -                   |
| Bank of Taiwan                       | Loan limit:\$200,000 thousand; period: December 10, 2019 to December 10, 2021; fixed interest rate of 1.1%; interest is paid monthly and principal is repaid at maturity.  | 200,000             | -                   | -                   |
| Bank SINOPAC                         | Loan limit:\$200,000 thousand; period: June 21, 2019 to June 21, 2021; fixed interest rate of 1.1%; interest is paid monthly and principal is repaid at maturity.  | 200,000             | -                   | -                   |
| Chang Hwa Bank                       | Loan limit:\$500,000 thousand; period: February 15, 2020 to February 15, 2022; fixed interest rate of 1.2%; interest is paid monthly and principal is repaid at maturity.  | 200,000             | -                   | -                   |
| Chang Hwa Bank                       | Loan limit:\$500,000 thousand; period: January 25, 2019 to January 25, 2021; fixed interest rate of 1.28%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in April 2019.   | -                   | -                   | 500,000             |
| Total long-term borrowings           |  | <u>\$ 8,174,270</u> | <u>\$ 6,899,112</u> | <u>\$ 5,531,119</u> |

(Concluded)

Note : Refer to Note 36 for the details of assets pledged as collaterals for long-term borrowings.

## 20. BONDS PAYABLE

|                          | March 31, 2020      | December 31, 2019   | March 31, 2019       |
|--------------------------|---------------------|---------------------|----------------------|
| Domestic unsecured bonds | \$ 5,300,000        | \$ 5,300,000        | \$ 5,900,000         |
| Less: Current portion    | <u>-</u>            | <u>-</u>            | <u>( 1,500,000 )</u> |
|                          | <u>\$ 5,300,000</u> | <u>\$ 5,300,000</u> | <u>\$ 4,400,000</u>  |

The major term of domestic unsecured bonds was as follows:

| <b>Issuance Period</b>         | <b>Total Amount<br/>(In Thousands)</b> | <b>Coupon Rate</b> | <b>Repayment and Interest Payment</b>   |
|--------------------------------|--|--------------------|---|
| June 2014 to June 2019         | \$ 3,000,000                           | 1.48%              | At the end of the 4 <sup>th</sup> and 5 <sup>th</sup> year from the issuance date, the Group will repay 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.   |
| November 2019 to November 2029 | 900,000                                | 1.25%              | Principal is repaid at maturity. Interest is paid annually.   |

Domestic unsecured bonds issued in June 2014, totaling \$3,000,000 thousand, were repaid by \$1,500,000 thousand and \$1,500,000 thousand in June, 2018 and, 2019, respectively.

## 21. TRADE PAYABLES

|                       | <b>March 31, 2020</b> | <b>December 31,<br/>2019</b> | <b>March 31, 2019</b> |
|-----------------------|-----------------------|------------------------------|-----------------------|
| Construction payables | <u>\$ 251,186</u>     | <u>\$ 379,619</u>            | <u>\$ 646,289</u>     |

## 22. Contract liabilities

|  | <b>March 31, 2020</b> | <b>December 31,<br/>2019</b> | <b>March 31, 2019</b> |
|--|-----------------------|------------------------------|-----------------------|
| Advance receipts from real estate transactions | <u>\$ 421,003</u>     | <u>\$ 284,387</u>            | <u>\$ 367,393</u>     |

Advance receipts from real estate transactions are the amounts collected by Shanghai Real Estate, Jiu Xin Estate and Sinyi Development from customers for pre-sale real estate. The development business units enters into real estate sales contracts with the customers 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

|                    | March 31, 2020      | December 31,<br>2019 | March 31, 2019      |
|--------------------|---------------------|----------------------|---------------------|
| <u>Current</u>     |                     |                      |                     |
| Other payables     | \$ 1,501,431        | \$ 2,618,266         | \$ 1,777,000        |
| Other liabilities  | <u>124,192</u>      | <u>119,104</u>       | <u>145,405</u>      |
|                    | <u>\$ 1,625,623</u> | <u>\$ 2,737,370</u>  | <u>\$ 1,922,405</u> |
| <u>Non-current</u> |                     |                      |                     |
| Other liabilities  | <u>\$ 616,561</u>   | <u>\$ 653,501</u>    | <u>\$ 465,954</u>   |

a. Other payables were as follows:

|  | March 31, 2020      | December 31,<br>2019 | March 31, 2019      |
|--|---------------------|----------------------|---------------------|
| <u>Other payables - expenses</u>                               |                     |                      |                     |
| Payable for performance bonus and salaries                     | \$ 630,216          | \$ 1,606,694         | \$ 878,503          |
| Payable for annual leave                                       | 152,824             | 125,095              | 118,821             |
| Payable for labor and health insurance                         | 77,769              | 85,944               | 70,444              |
| Advertisement payable  | 64,507              | 107,856              | 54,871              |
| Interest payables  | 44,663              | 29,053               | 55,476              |
| Payable for employees bonuses and<br>compensation to directors | 23,299              | 20,733               | 30,808              |
| Payable for professional fees                                  | 6,453               | 14,780               | 4,618               |
| Others   | <u>181,578</u>      | <u>180,333</u>       | <u>166,301</u>      |
|  | <u>\$ 1,181,309</u> | <u>\$ 2,170,488</u>  | <u>\$ 1,379,842</u> |
| <u>Other payables - others</u>                                 |                     |                      |                     |
| Receipts under custody from real estate<br>transactions        | \$ 223,821          | \$ 348,256           | \$ 304,115          |
| Other receipts under custody                                   | 51,953              | 53,733               | 46,239              |
| Receipts under custody - escrow service                        | <u>-</u>            | <u>1</u>             | <u>-</u>            |
|  | <u>\$ 275,774</u>   | <u>\$ 401,990</u>    | <u>\$ 350,354</u>   |
| <u>Other payables to related parties</u>                       |                     |                      |                     |
| Loan from related parties                                      | \$ 36,593           | \$ 37,023            | \$ 39,388           |
| Interest payable   | 6,497               | 7,429                | 6,993               |
| Others   | <u>1,258</u>        | <u>1,336</u>         | <u>423</u>          |
|  | <u>\$ 44,348</u>    | <u>\$ 45,788</u>     | <u>\$ 46,804</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 nil interest rates for the three months ended March 31, 2020 and 2019.
- 3) Receipts under custody from real estate transactions were the money received by real estate brokers - Shanghai Sinyi, Zhejiang Sinyi, Suzhou Sinyi, Japan Sinyi, Japan Management and FIDELITY 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:

|   | <b>March 31, 2020</b> | <b>December 31,<br/>2019</b> | <b>March 31, 2019</b> |
|---|-----------------------|------------------------------|-----------------------|
| Receipts under custody - escrow service | \$ 10,316,368         | \$ 11,565,378                | \$ 9,403,319          |
| Interest payable                        | 1,371                 | 1,721                        | 1,457                 |
| Deposit accounts                        | ( <u>10,317,739</u> ) | ( <u>11,567,098</u> )        | ( <u>9,404,776</u> )  |
|   | <u>\$ -</u>           | <u>\$ 1</u>                  | <u>\$ -</u>           |

- a) Receipts under custody - performance guarantee were receipts under custody from sellers of real estate transactions with interest rate of 0.01%-0.04%, 0.01%-0.09% and 0.01%-0.09% as of March 31, 2020, December 31, 2019 and March 31, 2018, respectively.
- b) Deposit accounts were receipts which had been paid by buyers of real estate transactions but not delivered to the sellers yet. The Group deposited these receipts in bank accounts according to the escrow contracts.

b. Other liabilities were as follows:

|                                   | <b>March 31, 2020</b> | <b>December 31,<br/>2019</b> | <b>March 31, 2019</b> |
|-----------------------------------|-----------------------|------------------------------|-----------------------|
| <u>Current</u>                    |                       |                              |                       |
| VAT payable and other tax payable | \$ 56,414             | \$ 37,203                    | \$ 82,695             |
| Refund liability                  | 43,599                | 50,785                       | 45,607                |
| Others                            | <u>24,179</u>         | <u>31,116</u>                | <u>17,103</u>         |
|                                   | <u>\$ 124,192</u>     | <u>\$ 119,104</u>            | <u>\$ 145,405</u>     |
| <u>Non-current</u>                |                       |                              |                       |
| Long-term bonus payable           | \$ 615,264            | \$ 652,230                   | \$ 465,804            |
| Refund liability                  | <u>1,297</u>          | <u>1,271</u>                 | <u>150</u>            |
|                                   | <u>\$ 616,561</u>     | <u>\$ 653,501</u>            | <u>\$ 465,954</u>     |

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

## 24. PROVISIONS

|                                  | <b>March 31, 2020</b> | <b>December 31,<br/>2019</b>       | <b>March 31, 2019</b> |
|----------------------------------|-----------------------|------------------------------------|-----------------------|
| <u>Current</u>                   |                       |                                    |                       |
| Operating loss provisions        | \$ <u>10,301</u>      | \$ <u>9,374</u>                    | \$ <u>6,827</u>       |
|                                  |                       | <b>Three Months Ended March 31</b> |                       |
|                                  |                       | <b>2020</b>                        | <b>2019</b>           |
| <u>Operating loss provisions</u> |                       |                                    |                       |
| Balance, beginning of period     |                       | \$ 9,374                           | \$ 6,322              |
| Additional provisions recognized |                       | <u>927</u>                         | <u>505</u>            |
| Balance, end of period           |                       | \$ <u>10,301</u>                   | \$ <u>6,827</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, 2019 and 2018, and recognized in profit or loss in respect of the defined benefit plans for the three months ended March 31, 2020 and 2019 were \$1,152 thousand and \$1,230 thousand, respectively.

## 26. EQUITY

### Share Capital

|   | <b>March 31, 2020</b> | <b>December 31,<br/>2019</b> | <b>March 31, 2019</b> |
|---|-----------------------|------------------------------|-----------------------|
| 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's share capital was \$7,368,465 thousand with 736,847 thousand ordinary shares at \$10 per share as of March 31, 2020.

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

## Capital Surplus

|                                | March 31, 2020   | December 31,<br>2019 | March 31, 2019   |
|--------------------------------|------------------|----------------------|------------------|
| Cover Losses                   |                  |                      |                  |
| Expired employee stock options | \$ <u>63,896</u> | \$ <u>63,896</u>     | \$ <u>63,896</u> |

The capital surplus from shares issued in excess of par (including expired employee stock options 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.

## 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 for 2019 and 2018 had been proposed at Board meeting on February 27, 2020 and had been approved in the shareholders' meeting held on May 24, 2019, respectively 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>    |             |
|                 | <u>2019</u>                      | <u>2018</u> | <u>2019</u>                       | <u>2018</u> |
| Legal reserve   | \$ 121,670                       | \$ 150,458  | \$ -                              | \$ -        |
| Special reserve | 346,879                          | 199,606     | -                                 | -           |
| Cash dividends  | 884,216                          | 957,900     | 1.20                              | 1.30        |

The appropriations of earnings for 2019 are subject to the resolution of the shareholders' meeting to be held on May 22, 2020.



## 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>Three Months Ended March 31</u> |                  |
|--|------------------------------------|------------------|
|  | 2020                               | 2019             |
| Balance, beginning of period                                       | \$ 111,661                         | \$ 99,153        |
| Attributed to non-controlling interests:                           |                                    |                  |
| Net income (loss)  | 2,590                              | ( 821 )          |
| Exchange differences on translating foreign operations             | -                                  | 3                |
| Acquisition of non-controlling interests in subsidiaries (Note 31) | -                                  | ( 599 )          |
| Balance, end of period   | <u>\$ 114,251</u>                  | <u>\$ 97,736</u> |

## 27. REVENUE

### a. Disaggregation of revenue

Refer to Note 41 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

|                 | <b>Three Months Ended March 31</b> |                 |
|-----------------|------------------------------------|-----------------|
|                 | <b>2020</b>                        | <b>2019</b>     |
| Interest income |                                    |                 |
| Cash in bank    | \$ 27,414                          | \$ 6,843        |
| Others          | <u>486</u>                         | <u>520</u>      |
|                 | <u>\$ 27,900</u>                   | <u>\$ 7,363</u> |

## Other Gains and Losses

|   | <b>Three Months Ended March 31</b> |                  |
|---|------------------------------------|------------------|
|   | <b>2020</b>                        | <b>2019</b>      |
| Gains (Losses) on financial assets mandatorily classified as at FVTPL | (\$ 1,373 )                        | \$ 45,416        |
| Losses on disposal of property, plant and equipment                   | ( 6 )                              | ( 261 )          |
| Gain on disposal of investment properties                             | 294                                | 3,876            |
| Net foreign exchange gains  | 2,305                              | 5,802            |
| Share of gains (losses) on associates and joint venture               | 1,075                              | ( 54 )           |
| Others  | <u>11,173</u>                      | <u>7,473</u>     |
|   | <u>\$ 13,468</u>                   | <u>\$ 62,252</u> |

## Finance Costs

|   | <b>Three Months Ended March 31</b> |                  |
|---|------------------------------------|------------------|
|   | <b>2020</b>                        | <b>2019</b>      |
| Interest on bank loans  | \$ 43,314                          | \$ 20,817        |
| Interest on unsecured bonds payable   | 14,191                             | 16,735           |
| Interest on lease liabilities   | 17,040                             | 18,166           |
| Others  | <u>4</u>                           | <u>2</u>         |
|   | 74,549                             | 55,720           |
| Deduct: Amounts included in the cost of qualifying asset (inventory-properties under development) | ( <u>27,833</u> )                  | ( <u>8,053</u> ) |
|   | <u>\$ 46,716</u>                   | <u>\$ 47,667</u> |

Information about capitalized interest was as follows:

|                              | <b>Three Months Ended March 31</b> |             |
|------------------------------|------------------------------------|-------------|
|                              | <b>2020</b>                        | <b>2019</b> |
| Interest capitalization rate | 1.59%-5.70%                        | 1.70%-5.70% |

## Depreciation and Amortization

|   | <b>Three Months Ended March 31</b> |                   |
|---|------------------------------------|-------------------|
|   | <b>2020</b>                        | <b>2019</b>       |
| Property, plant and equipment           | \$ 24,544                          | \$ 28,136         |
| Investment property                     | 3,369                              | 1,988             |
| Intangible assets                       | 6,407                              | 9,689             |
| Right-of-use assets                     | <u>138,803</u>                     | <u>133,847</u>    |
|   | <u>\$ 173,123</u>                  | <u>\$ 173,660</u> |
| An analysis of depreciation by function |                                    |                   |
| Inventory                               | \$ 14                              | \$ -              |
| Management expense                      | 143,587                            | 142,443           |
| Operating expenses                      | 19,746                             | 19,540            |
| Other losses                            | <u>3,369</u>                       | <u>1,988</u>      |
|   | <u>\$ 166,716</u>                  | <u>\$ 163,971</u> |
| An analysis of amortization by function |                                    |                   |
| Inventory                               | \$ 717                             | \$ 718            |
| Management expense                      | 335                                | 307               |
| Operating expenses                      | <u>5,355</u>                       | <u>8,664</u>      |
|   | <u>\$ 6,407</u>                    | <u>\$ 9,689</u>   |

## Operating Expenses Directly Related to Investment Properties

|  | <b>Three Months Ended March 31</b> |                 |
|--|------------------------------------|-----------------|
|  | <b>2020</b>                        | <b>2019</b>     |
| Direct operating expenses from investment property |                                    |                 |
| That generated rental income                       | \$ 11,219                          | \$ 6,778        |
| That did not generate rental income                | <u>44</u>                          | <u>11</u>       |
|  | <u>\$ 11,263</u>                   | <u>\$ 6,789</u> |

## Employee Benefits Expense

|  | <b>Three Months Ended March 31</b> |                     |
|--|------------------------------------|---------------------|
|  | <b>2020</b>                        | <b>2019</b>         |
| Salary expense                                       | \$ 1,278,918                       | \$ 1,346,516        |
| Labor and health insurance expense                   | <u>100,162</u>                     | <u>90,887</u>       |
|  | <u>1,379,080</u>                   | <u>1,437,403</u>    |
| Post-employment benefits                             |                                    |                     |
| Defined contribution plans                           | 54,874                             | 50,619              |
| Defined benefit plans (Note 25)                      | <u>1,152</u>                       | <u>1,230</u>        |
|  | <u>56,026</u>                      | <u>51,849</u>       |
| Other employee benefits                              | <u>51,309</u>                      | <u>50,425</u>       |
| Total employee benefits expense                      | <u>\$ 1,486,415</u>                | <u>\$ 1,539,677</u> |
| An analysis of employee benefits expense by function |                                    |                     |
| Inventory  | \$ 3,197                           | \$ 4,451            |
| Management expense                                   | 1,318,622                          | 1,326,494           |
| Operating expenses                                   | <u>164,596</u>                     | <u>208,732</u>      |
|  | <u>\$ 1,486,415</u>                | <u>\$ 1,539,677</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 March 31, 2020 and 2019 were as follows:

### Accrual rate

|                           | <u>Three Months Ended March 31</u> |             |
|---------------------------|------------------------------------|-------------|
|                           | <u>2020</u>                        | <u>2019</u> |
| Employees' compensation   | 1.402%                             | 1%          |
| Remuneration of directors | 1%                                 | 0.22%       |

### Amount

|                           | <u>Three Months Ended March 31</u> |             |
|---------------------------|------------------------------------|-------------|
|                           | <u>2020</u>                        | <u>2019</u> |
|                           | <u>Cash</u>                        | <u>Cash</u> |
| Employees' compensation   | \$ 1,180                           | \$ 4,714    |
| Remuneration of directors | 842                                | 1,056       |

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 2019 and 2018 had been approved, respectively by the board of directors on February 27, 2020 and on February 25, 2019. The appropriations were as below.

|                           | <u>Years Ended December 31</u> |             |
|---------------------------|--------------------------------|-------------|
|                           | <u>2019</u>                    | <u>2018</u> |
|                           | <u>Cash</u>                    | <u>Cash</u> |
| Employees' compensation   | \$ 16,258                      | \$ 20,476   |
| Remuneration to directors | 3,923                          | 3,909       |

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, 2019 and 2018.

Information on the employees' compensation and remuneration to directors approved by the Company's board of directors in 2020 and 2019 is available on the Market Observation Post System website of the Taiwan Stock Exchange.

## 29. INCOME TAXES RELATING TO CONTINUING OPERATIONS

### a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

|   | <b>Three Months Ended March 31</b> |                   |
|---|------------------------------------|-------------------|
|   | <b>2020</b>                        | <b>2019</b>       |
| Current tax                                     |                                    |                   |
| In respect of the current period                | \$ 37,455                          | \$ 128,698        |
| Land value increment tax                        | 11,807                             | 88,154            |
| In respect of the prior years                   | ( 9,636)                           | -                 |
| Deferred tax                                    |                                    |                   |
| In respect of the current period                | <u>1,045</u>                       | <u>( 7,161)</u>   |
| Income tax expense recognized in profit or loss | <u>\$ 40,671</u>                   | <u>\$ 209,691</u> |

In July 2019, the President of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings.

### b. Income tax assessments

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

The tax returns through 2018 of An-Sin, An-Shin, Jui-Inn, Sinyi Global, Heng-Yi, Tokyo Sinyi, Taiwan Sinyi Development, Yowoo Technology, Da-Chia Construction, Sinyi Culture, Sinyi Real Estate and Lian Yue Traffic had been assessed by the tax authorities. Sinyi Consulting's tax return through 2017 had been assessed by the tax authorities.

## 30. EARNINGS (LOSS) PER SHARE

**Unit: NT\$ Per Share**

|             | <b>Three Months Ended March 31</b> |                |
|-------------|------------------------------------|----------------|
|             | <b>2020</b>                        | <b>2019</b>    |
| Basic EPS   | <u>\$ 0.05</u>                     | <u>\$ 0.57</u> |
| Diluted EPS | <u>\$ 0.05</u>                     | <u>\$ 0.57</u> |

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

## Net Profit for the Year

|   | <b>Three Months Ended March 31</b> |                   |
|---|------------------------------------|-------------------|
|   | <b>2020</b>                        | <b>2019</b>       |
| Profit for the year attributable to owners of the Company | \$ <u>38,567</u>                   | \$ <u>422,309</u> |

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

|  | <b>Three Months Ended March 31</b> |                |
|--|------------------------------------|----------------|
|  | <b>2020</b>                        | <b>2019</b>    |
| Weighted average number of ordinary shares in computation of basic earnings per share            | 736,847                            | 736,847        |
| Effect of dilutive potential ordinary shares   |                                    |                |
| Bonus issue to employee  | <u>388</u>                         | <u>451</u>     |
| Weighted average number of ordinary shares used in the computation of diluted earnings per share | <u>737,235</u>                     | <u>737,298</u> |

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

## 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.

|   | <b>Heng-Yi</b>      |
|---|---------------------|
| 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. Subsidiaries acquired**

| <b>Subsidiary</b>     | <b>Principal Activity</b>            | <b>Date of Acquisition</b> | <b>Proportion of Voting Equity Interests Acquired (%)</b> | <b>Consideration Transferred</b> |
|-----------------------|--------------------------------------|----------------------------|---|----------------------------------|
| Lian Yue Traffic Inc. | Manpower dispatch and goods delivery | November 18, 2019          | 100%  | <u>\$ 5,500</u>                  |

The Group acquired Lian Yue Traffic to pursue the development of business and to integrate the resource of the Group. All transfer consideration were paid by cash.

The Group temporarily recorded the acquired assets and liabilities without purchase price allocation report as of the March 31, 2020 and measured them in the subsequent measurement period after acquiring purchase price allocation report.

**(a) Assets acquired and liabilities assumed at the date of acquisition**

|                                   | <b>Lian Yue Traffic</b> |
|-----------------------------------|-------------------------|
| Current assets                    |                         |
| Cash and cash equivalents         | \$ 36                   |
| Others                            | <u>12</u>               |
| Fair value of net assets acquired | <u>\$ 48</u>            |

**(b) Goodwill recognized on acquisitions**

|  | <b>Lian Yue Traffic</b> |
|--|-------------------------|
| Consideration transferred                            | \$ 5,500                |
| Less: Fair value of identifiable net assets acquired | <u>48</u>               |
|  | <u>\$ 5,452</u>         |

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

**(c) Net cash outflow on the acquisition of subsidiaries**

|  | <b>Lian Yue Traffic Inc.</b> |
|--|------------------------------|
| Consideration paid in cash                       | ( \$ 5,500)                  |
| Less: Cash and cash equivalent balances acquired | <u>36</u>                    |
|  | <u>( \$ 5,464)</u>           |

### 32. CASH FLOW INFORMATION

#### Changes in Liabilities Arising from Financing Activities

For the three months ended March 31, 2020

|   | Opening<br>Balance   | Cash Flows          | Non-cash Changes  |                   | Cash Flow<br>from Operating<br>Activities | Closing<br>Balance   |
|---|----------------------|---------------------|-------------------|-------------------|---|----------------------|
|   |                      |                     | New Leases        | Other             |   |                      |
| Bonds payable (including<br>current portion)        | \$ 5,300,000         | \$ -                | \$ -              | \$ -              | \$ -                                      | \$ 5,300,000         |
| Long-term borrowings<br>(including current portion) | 6,899,112            | 1,294,291           | -                 | (19,133)          | -   | 8,174,270            |
| Guarantee deposits received                         | 35,190               | 429                 | -                 | -                 | -   | 35,619               |
| Lease liabilities                                   | <u>3,283,525</u>     | <u>(117,352)</u>    | <u>167,337</u>    | <u>9,488</u>      | <u>(17,040)</u>                           | <u>3,325,958</u>     |
|   | <u>\$ 15,517,827</u> | <u>\$ 1,177,368</u> | <u>\$ 167,337</u> | <u>\$ (9,645)</u> | <u>\$ (17,040)</u>                        | <u>\$ 16,835,847</u> |

For the three months ended March 31, 2019

|   | Opening<br>Balance   | Cash Flows          | Non-cash Changes |                   | Cash Flow<br>from Operating<br>Activities | Closing<br>Balance   |
|---|----------------------|---------------------|------------------|-------------------|---|----------------------|
|   |                      |                     | New Leases       | Other             |   |                      |
| Short-term borrowings                               | \$ 748,000           | \$ (748,000)        | \$ -             | \$ -              | \$ -                                      | \$ -                 |
| Bonds payable (including<br>current portion)        | 5,900,000            | -                   | -                | -                 | -   | 5,900,000            |
| Long-term borrowings<br>(including current portion) | 5,379,160            | 34,398              | -                | 117,561           | -   | 5,531,119            |
| Guarantee deposits received                         | 43,028               | 1,501               | -                | -                 | -   | 44,529               |
| Lease liabilities                                   | 3,368,480            | (136,725)           | 87,559           | 34,217            | (18,166)                                  | 3,335,365            |
| other payables to related parties                   | <u>45,930</u>        | <u>929</u>          | <u>-</u>         | <u>-</u>          | <u>(55)</u>                               | <u>46,804</u>        |
|   | <u>\$ 15,484,598</u> | <u>\$ (847,897)</u> | <u>\$ 87,559</u> | <u>\$ 151,778</u> | <u>\$ (18,221)</u>                        | <u>\$ 14,857,817</u> |

### 33. CAPITAL RISK MANAGEMENT

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

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

### 34. FINANCIAL INSTRUMENTS

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

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



| <u>March 31, 2020</u>  | Carrying<br>Amount | Fair Value Hierarchy |                    |             | Total              |
|--|--------------------|----------------------|--------------------|-------------|--------------------|
|  |                    | Level 1              | Level 2            | Level 3     |                    |
| <u>Financial liabilities</u>   |                    |                      |                    |             |                    |
| Financial liabilities measured<br>at amortized cost - bonds<br>payable | <u>\$5,300,000</u> | <u>\$ -</u>          | <u>\$5,355,918</u> | <u>\$ -</u> | <u>\$5,355,918</u> |

| <u>December 31, 2019</u>   | Carrying<br>Amount | Fair Value Hierarchy |                    |             | Total              |
|--|--------------------|----------------------|--------------------|-------------|--------------------|
|  |                    | Level 1              | Level 2            | Level 3     |                    |
| <u>Financial liabilities</u>   |                    |                      |                    |             |                    |
| Financial liabilities measured<br>at amortized cost - bonds<br>payable | <u>\$5,300,000</u> | <u>\$ -</u>          | <u>\$5,314,254</u> | <u>\$ -</u> | <u>\$5,314,254</u> |

| <u>March 31, 2019</u>  | Carrying<br>Amount | Fair Value Hierarchy |                    |             | Total              |
|--|--------------------|----------------------|--------------------|-------------|--------------------|
|  |                    | Level 1              | Level 2            | Level 3     |                    |
| <u>Financial liabilities</u>   |                    |                      |                    |             |                    |
| Financial liabilities measured<br>at amortized cost - bonds<br>payable | <u>\$5,900,000</u> | <u>\$ -</u>          | <u>\$5,912,360</u> | <u>\$ -</u> | <u>\$5,912,360</u> |

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

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

1) Fair value hierarchy

| <u>March 31, 2020</u>           | Level 1          | Level 2          | Level 3     | Total            |
|---------------------------------|------------------|------------------|-------------|------------------|
| Financial assets at FVTPL       |                  |                  |             |                  |
| Non-derivative financial assets |                  |                  |             |                  |
| held for trading                |                  |                  |             |                  |
| Domestic listed stocks - equity |                  |                  |             |                  |
| investments                     | \$ 5,008         | \$ -             | \$ -        | \$ 5,008         |
| Mutual funds                    | 60,547           | -                | -           | 60,547           |
| Structured products             | <u>-</u>         | <u>10,271</u>    | <u>-</u>    | <u>10,271</u>    |
|                                 | <u>\$ 65,555</u> | <u>\$ 10,271</u> | <u>\$ -</u> | <u>\$ 75,826</u> |

|   | <b>Level 1</b>    | <b>Level 2</b> | <b>Level 3</b>    | <b>Total</b>        |
|---|-------------------|----------------|-------------------|---------------------|
| Financial assets at FVTOCI                    |                   |                |                   |                     |
| Domestic listed stocks - equity investments   | \$ 332,971        | \$ -           | \$ -              | \$ 332,971          |
| Domestic unlisted stocks - equity investments | -                 | -              | 93,637            | 93,637              |
| Foreign listed stocks - equity investments    | 447,985           | -              | -                 | 447,985             |
| Foreign unlisted stocks - equity investments  | -                 | -              | <u>179,240</u>    | <u>179,240</u>      |
|   | <u>\$ 780,956</u> | <u>\$ -</u>    | <u>\$ 272,877</u> | <u>\$ 1,053,833</u> |

December 31, 2019

|  | <b>Level 1</b>   | <b>Level 2</b>   | <b>Level 3</b> | <b>Total</b>     |
|--|------------------|------------------|----------------|------------------|
| Financial assets at FVTPL                        |                  |                  |                |                  |
| Non-derivative financial assets held for trading |                  |                  |                |                  |
| Domestic listed stocks - equity investments      | \$ 6,513         | \$ -             | \$ -           | \$ 6,513         |
| Mutual funds                                     | 53,467           | -                | -              | 53,467           |
| Structured products                              | -                | <u>14,653</u>    | -              | <u>14,653</u>    |
|  | <u>\$ 59,980</u> | <u>\$ 14,653</u> | <u>\$ -</u>    | <u>\$ 74,633</u> |

|   |                   |             |                   |                     |
|---|-------------------|-------------|-------------------|---------------------|
| Financial assets at FVTOCI                    |                   |             |                   |                     |
| Domestic listed stocks - equity investments   | \$ 383,088        | \$ -        | \$ -              | \$ 383,088          |
| Domestic unlisted stocks - equity investments | -                 | -           | 95,532            | 95,532              |
| Foreign listed stocks - equity investments    | 616,291           | -           | -                 | 616,291             |
| Foreign unlisted stocks - equity investments  | -                 | -           | <u>254,426</u>    | <u>254,426</u>      |
|   | <u>\$ 999,379</u> | <u>\$ -</u> | <u>\$ 349,958</u> | <u>\$ 1,349,337</u> |

March 31, 2019

|  | <b>Level 1</b>   | <b>Level 2</b>   | <b>Level 3</b> | <b>Total</b>     |
|--|------------------|------------------|----------------|------------------|
| Financial assets at FVTPL                        |                  |                  |                |                  |
| Non-derivative financial assets held for trading |                  |                  |                |                  |
| Domestic listed stocks - equity investments      | \$ 8,205         | \$ -             | \$ -           | \$ 8,205         |
| Mutual funds                                     | 47,384           | -                | -              | 47,384           |
| Structured products                              | -                | <u>23,914</u>    | -              | <u>23,914</u>    |
|  | <u>\$ 55,589</u> | <u>\$ 23,914</u> | <u>\$ -</u>    | <u>\$ 79,503</u> |

|   | Level 1           | Level 2     | Level 3           | Total               |
|---|-------------------|-------------|-------------------|---------------------|
| Financial assets at FVTOCI                    |                   |             |                   |                     |
| Domestic listed stocks - equity investments   | \$ 304,458        | \$ -        | \$ -              | \$ 304,458          |
| Domestic unlisted stocks - equity investments | -                 | -           | 97,189            | 97,189              |
| Foreign listed stocks - equity investments    | 522,593           | -           | -                 | 522,593             |
| Foreign unlisted stocks - equity investments  | <u>-</u>          | <u>-</u>    | <u>311,898</u>    | <u>311,898</u>      |
|   | <u>\$ 827,051</u> | <u>\$ -</u> | <u>\$ 409,087</u> | <u>\$ 1,236,138</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<br>at Fair Value<br>Through Other<br>Comprehensive<br>Income<br>Equity<br>Instruments |
|---|--|
| Balance at January 1, 2020                  | \$ 349,958   |
| Recognized in other<br>comprehensive income | (75,054)   |
| Effect of exchange rate<br>changes          | <u>(2,027)</u>   |
| Balance at March 31, 2020                   | <u>\$ 272,877</u>  |

| Financial Assets                            | Financial Assets<br>at Fair Value<br>Through Other<br>Comprehensive<br>Income<br>Equity<br>Instruments |
|---|--|
| Balance at January 1, 2019                  | \$ 393,127   |
| Recognized in other<br>comprehensive income | 8,605  |
| Effect of exchange rate<br>changes          | <u>7,355</u>   |
| Balance at March 31, 2019                   | <u>\$ 409,087</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

|   | <b>March 31,<br/>2020</b> | <b>December 31,<br/>2019</b> | <b>March 31,<br/>2019</b> |
|---|---------------------------|------------------------------|---------------------------|
| <u>Financial assets</u>                     |                           |                              |                           |
| FVTPL                                       |                           |                              |                           |
| Mandatorily classified as at FVTPL          | \$ 75,826                 | \$ 74,633                    | \$ 79,503                 |
| Financial assets at amortized cost (Note 1) | 8,722,541                 | 8,962,836                    | 9,571,854                 |
| Financial assets at FVTOCI                  | 1,053,833                 | 1,349,337                    | 1,236,138                 |
| <u>Financial liabilities</u>                |                           |                              |                           |
| Financial assets at amortized cost (Note 2) | 15,263,081                | 15,232,506                   | 13,969,726                |

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 notes payable, trade payables, other payables, bonds payable, long-term borrowings (including current portion of long-term borrowings and bonds payable) and guarantee deposits received.

#### d. Financial Risk Management Objectives and Policies

The Group's major financial instruments included equity, mutual funds, trade receivables, other payables, bonds payable, borrowings and lease liabilities. 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 currency risk, interest rate risk, credit risk and liquidity risk. The Group seeks to ensure sufficient funding readily available when needed with the objective to reduce the potentially adverse effects the market uncertainties may have on its financial performance.

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

#### a.) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and other price risk.

##### 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 39.

##### 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.

|                | Three Months Ended March 31 |          |        |        |           |          |          |        |
|----------------|-----------------------------|----------|--------|--------|-----------|----------|----------|--------|
|                | 2020                        |          |        |        | 2019      |          |          |        |
|                | RMB                         | JPY      | USD    | MYR    | RMB       | JPY      | USD      | MYR    |
| Equity         | \$ 37,350                   | \$ 2,854 | \$ 121 | \$ 538 | \$ 48,680 | \$ 2,723 | \$ 1,825 | \$ 126 |
| Profit or loss | 21                          | -        | 3,610  | 165    | 22        | -        | 2,613    | -      |

##### 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:

|                               | March 31, 2020 | December 31,<br>2019 | March 31, 2019 |
|-------------------------------|----------------|----------------------|----------------|
| Fair value interest rate risk |                |                      |                |
| Financial assets              | \$ 4,984,449   | \$ 5,292,138         | \$ 410,075     |
| Financial liabilities         | 13,636,821     | 13,219,660           | 10,766,485     |
| Cash flow interest rate risk  |                |                      |                |
| Financial assets              | 35,771         | 40,153               | 44,413         |
| Financial liabilities         | 3,200,000      | 2,300,000            | 4,000,000      |

#### 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 outflow will increase/decrease by \$7,911 thousand and \$9,076 thousand for the three months ended March 31, 2020 and 2019, 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 three months ended March 31, 2020 would have increased/decreased by \$656 thousand as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the three months ended March 31, 2020 would have increased/decreased by \$10,538 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 three months ended March 31, 2019 would have increased/decreased by \$556 thousand as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the three months ended March 31, 2019 would have increased/decreased by \$12,361 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 March 31, 2020, December 31, 2019 and March 31, 2019, the Group had available unutilized bank loan facilities were follows:

|   | <b>March 31, 2020</b> | <b>December 31,<br/>2019</b> | <b>March 31, 2019</b> |
|---|-----------------------|------------------------------|-----------------------|
| Unsecured bank overdraft facility, reviewed annually and payable at call: |                       |                              |                       |
| Amount used   | \$ 3,700,000          | \$ 2,600,000                 | \$ 2,248,119          |
| Amount unused   | <u>4,380,000</u>      | <u>4,680,000</u>             | <u>7,691,626</u>      |
|   | <u>\$ 8,080,000</u>   | <u>\$ 7,280,000</u>          | <u>\$ 9,939,745</u>   |
| Secured bank overdraft facility:  |                       |                              |                       |
| Amount used   | \$ 4,485,538          | \$ 4,310,513                 | \$ 3,777,640          |
| Amount unused   | <u>5,660,462</u>      | <u>5,865,487</u>             | <u>6,593,360</u>      |
|   | <u>\$ 10,146,000</u>  | <u>\$ 10,176,000</u>         | <u>\$ 10,371,000</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.

March 31, 2020

|                                    | <b>On Demand or<br/>Less than 1<br/>Month</b> | <b>1 Month to 1<br/>Year</b> | <b>1-5 Years</b>     | <b>5+ Years</b>     |
|------------------------------------|---|------------------------------|----------------------|---------------------|
| Non-interest bearing               | \$ 575  | \$ 1,752,617                 | \$ 35,619            | \$ -                |
| Lease liabilities                  | 47,431  | 521,528                      | 1,997,268            | 986,110             |
| Floating interest rate liabilities | -   | -                            | 3,200,000            | -                   |
| Fixed interest rate liabilities    | <u>-</u>                                      | <u>28,193</u>                | <u>9,346,077</u>     | <u>900,000</u>      |
|                                    | <u>\$ 48,006</u>                              | <u>\$ 2,302,338</u>          | <u>\$ 14,578,964</u> | <u>\$ 1,886,110</u> |

Additional information about the maturity analysis for lease liabilities:

|                   | <b>On Demand<br/>or Less than 1<br/>Month</b> | <b>1 Month to 1<br/>Year</b> | <b>1-5 Years</b>    | <b>5-10 Years</b> | <b>10-20 Years</b> |
|-------------------|---|------------------------------|---------------------|-------------------|--------------------|
| Lease liabilities | \$ <u>47,431</u>                              | \$ <u>521,528</u>            | \$ <u>1,997,268</u> | \$ <u>951,637</u> | \$ <u>34,473</u>   |

December 31, 2019

|   | <b>On Demand or<br/>Less than 1<br/>Month</b> | <b>1 Month to 1<br/>Year</b> | <b>1-5 Years</b>       | <b>5+ Years</b>     |
|---|---|------------------------------|------------------------|---------------------|
| Non-interest bearing<br>Lease liabilities | \$ 319<br>49,503                              | \$ 2,997,885<br>543,547      | \$ 35,190<br>2,059,945 | \$ -<br>934,454     |
| Floating interest rate liabilities        | -   | -                            | 2,300,000              | -                   |
| Fixed interest rate liabilities           | -   | <u>25,295</u>                | <u>8,973,817</u>       | <u>900,000</u>      |
|   | \$ <u>49,822</u>                              | \$ <u>3,566,727</u>          | \$ <u>13,368,952</u>   | \$ <u>1,834,454</u> |

Additional information about the maturity analysis for lease liabilities:

|                   | <b>On Demand<br/>or Less than 1<br/>Month</b> | <b>1 Month to 1<br/>Year</b> | <b>1-5 Years</b>    | <b>5-10 Years</b> | <b>10-20 Years</b> |
|-------------------|---|------------------------------|---------------------|-------------------|--------------------|
| Lease liabilities | \$ <u>49,503</u>                              | \$ <u>543,547</u>            | \$ <u>2,059,945</u> | \$ <u>926,076</u> | \$ <u>8,378</u>    |

March 31, 2019

|   | <b>On Demand or<br/>Less than 1<br/>Month</b> | <b>1 Month to 1<br/>Year</b> | <b>1-5 Years</b>       | <b>5+ Years</b>     |
|---|---|------------------------------|------------------------|---------------------|
| Non-interest bearing<br>Lease liabilities | \$ 3,326<br>50,339                            | \$ 2,034,032<br>553,454      | \$ 44,529<br>2,088,391 | \$ -<br>974,845     |
| Floating interest rate liabilities        | -   | -                            | 4,000,000              | -                   |
| Fixed interest rate liabilities           | -   | <u>1,507,601</u>             | <u>4,123,518</u>       | <u>1,800,000</u>    |
|   | \$ <u>53,665</u>                              | \$ <u>4,095,087</u>          | \$ <u>10,256,438</u>   | \$ <u>2,774,845</u> |



Additional information about the maturity analysis for lease liabilities:

|                   | <b>On Demand<br/>or Less than 1<br/>Month</b> | <b>1 Month to 1<br/>Year</b> | <b>1-5 Years</b>    | <b>5-10 Years</b> | <b>10-20 Years</b> |
|-------------------|---|------------------------------|---------------------|-------------------|--------------------|
| Lease liabilities | \$ <u>50,339</u>                              | \$ <u>553,454</u>            | \$ <u>2,088,391</u> | \$ <u>957,856</u> | \$ <u>16,989</u>   |

### 35. 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 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.                             | The Company's shareholder (direct investment using the equity method)            |
| Sinyi Co., Ltd.                              | The Company's shareholder (direct investment using the equity method)            |
| Yu-Heng Co., Ltd.                            | The Company's indirect shareholder (indirect investment using the equity method) |
| Chou Wang Mei-Wen                            | Director of the Company  |
| Beijing Sinyi Guaranty Co.                   | Related party in substance   |
| Global Real Estate Appraisal Office          | Related party in substance   |
| Ken Investment Co., Ltd.                     | Related party in substance   |
| Sin-Heng Limited.                            | Related party in substance   |
| Sinyi Public Welfare Foundation              | Related party in substance   |
| Sinyi Real Estate Appraisal Office           | Related party in substance   |
| Sinyi Interior Design Co., Ltd.              | Associate  |
| Prospect Hospitality Co., Ltd.               | The Company's director is its director   |

#### Operating Revenue

|  | <u>Three Months Ended March 31</u> |                 |
|--|------------------------------------|-----------------|
|  | <u>2020</u>                        | <u>2019</u>     |
| Service revenue                        |                                    |                 |
| The Company's director is its director | \$ <u>1,226</u>                    | \$ <u>1,355</u> |

### Trade Receivables - Related parties

|  | March 31, 2020 | December 31,<br>2019 | March 31, 2019 |
|--|----------------|----------------------|----------------|
| The Company's director is its director | \$ <u>455</u>  | \$ <u>426</u>        | \$ <u>-</u>    |

### Other Payables to Related Parties

|  | March 31, 2020   | December 31,<br>2019 | March 31, 2019   |
|--|------------------|----------------------|------------------|
| Other related parties - related parties in substance | \$ <u>44,348</u> | \$ <u>45,788</u>     | \$ <u>46,804</u> |

Parts of other payables to related parties were financing. Information on the financing for the three months ended March 31, 2020 and 2019 were as follows:

|  | Three Months Ended March 31, 2020          |                  |                    |                     |                     |
|--|--|------------------|--------------------|---------------------|---------------------|
|  | Highest<br>Balance<br>During the<br>Period | Amount           | Interest Rate<br>% | Interest<br>Expense | Interest<br>Payable |
| Other related parties - related parties in substance | \$ <u>37,023</u>                           | \$ <u>36,593</u> | -                  | \$ <u>-</u>         | \$ <u>6,497</u>     |
|  | Three Months Ended March 31, 2019          |                  |                    |                     |                     |
|  | Highest<br>Balance<br>During the<br>Period | Amount           | Interest Rate<br>% | Interest<br>Expense | Interest<br>Payable |
| Other related parties - related parties in substance | \$ <u>39,388</u>                           | \$ <u>39,388</u> | -                  | \$ <u>-</u>         | \$ <u>6,993</u>     |

The financing above were unsecured.

### Compensation for Key Management Personnel

|                                   | Three Months Ended March 31 |                  |
|-----------------------------------|-----------------------------|------------------|
|                                   | 2020                        | 2019             |
| Short-term employee benefits      | \$ 30,893                   | \$ 31,427        |
| Other long-term employee benefits | <u>3,082</u>                | <u>4,070</u>     |
|                                   | <u>\$ 33,975</u>            | <u>\$ 35,497</u> |

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

### Other Transactions with Related Parties

a. Rental income

|  | <b>Three Months Ended March 31</b> |                 |
|--|------------------------------------|-----------------|
|  | <b>2020</b>                        | <b>2019</b>     |
| Other related parties  |                                    |                 |
| Related parties in substance   | \$ 1,846                           | \$ 1,846        |
| The Company's shareholder (direct investment using the equity method)            | 29                                 | 29              |
| The Company's indirect shareholder (indirect investment using the equity method) | 14                                 | 14              |
| Associates   | <u>9</u>                           | <u>9</u>        |
|  | <u>\$ 1,898</u>                    | <u>\$ 1,898</u> |

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

b. Other benefit

|                              | <b>Three Months Ended March 31</b> |               |
|------------------------------|------------------------------------|---------------|
|                              | <b>2020</b>                        | <b>2019</b>   |
| Other related parties        |                                    |               |
| Related parties in substance | <u>\$ 848</u>                      | <u>\$ 692</u> |

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

c. Professional fee

|                              | <b>Three Months Ended March 31</b> |                 |
|------------------------------|------------------------------------|-----------------|
|                              | <b>2020</b>                        | <b>2019</b>     |
| Other related parties        |                                    |                 |
| Related parties in substance | <u>\$ 3,528</u>                    | <u>\$ 1,294</u> |

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

d. Lease agreement

|  | <b>March 31, 2020</b> | <b>December 31,<br/>2019</b>              | <b>March 31, 2019</b> |
|--|-----------------------|---|-----------------------|
| Lease liabilities - related parties in substance | \$ <u>16,537</u>      | \$ <u>25,659</u>                          | \$ <u>32,760</u>      |
|  |                       | <b><u>Three Months Ended March 31</u></b> |                       |
|  |                       | <b>2020</b>                               | <b>2019</b>           |
| <u>Interest expense</u>                          |                       |   |                       |
| Related parties in substance                     |                       | \$ <u>78</u>                              | \$ <u>108</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.

e. Other receivables

|                              | <b>March 31, 2020</b> | <b>December 31,<br/>2019</b> | <b>March 31, 2019</b> |
|------------------------------|-----------------------|------------------------------|-----------------------|
| Other related parties        |                       |                              |                       |
| Related parties in substance | \$ <u>1,790</u>       | \$ <u>1,285</u>              | \$ <u>1,557</u>       |

### 36. 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:

|   | <b>March 31, 2020</b> | <b>December 31,<br/>2019</b> | <b>March 31, 2019</b> |
|---|-----------------------|------------------------------|-----------------------|
| Property, plant and equipment (including investment properties) |                       |                              |                       |
| Land  | \$ 4,191,664          | \$ 4,191,664                 | \$ 4,241,789          |
| Building  | 412,400               | 416,351                      | 452,508               |
| Other financial assets - current                                |                       |                              |                       |
| Pledged time deposits and demand deposits                       | 7,128                 | 7,153                        | 7,290                 |
| Restricted bank deposits  | 111,228               | 110,326                      | -                     |
| Inventories   | <u>9,736,033</u>      | <u>9,500,034</u>             | <u>8,856,144</u>      |
|   | <u>\$ 14,458,453</u>  | <u>\$ 14,225,528</u>         | <u>\$ 13,557,731</u>  |

Restricted bank deposits are offshore funds in the segregated foreign exchange deposit account which were repatriated by the Group in accordance with The Management Utilization, and Taxation of Repatriated Offshore Funds Act.

### 37. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED COMMITMENTS

- a. The Group is involved in claims that arise in the ordinary course of brokerage and escrow business; the other party may claim against the Group through legal proceedings. On the basis of past experience and consultations with legal counsel, management of the Group has measured the possible effects of the contingent lawsuits on its financial condition in brokerage and escrow business.

- b. Guarantee notes submitted as guarantees for real-estate brokerage business amounted to \$5,000 thousand.
- c. The Group has endorsed Sinyi Estate (Hong Kong) and Kunshan Dingxian Trading in obtaining financing limit of \$1,178,775 thousand and \$18,050 thousand, respectively. Refer to Note 40, Table 2 for the details.
- d. As of March 31, 2020, the Group had signed construction contracts but not yet paid for \$2,381,484 thousand.
- e. Shanghai Real Estate, property developer in mainland China, sold real estate and guaranteed the mortgage bank loans of some of its customers; the guarantee amounted to \$19,549 thousand as of March 31, 2020. 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 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.

### 38. SIGNIFICANT FRANCHISE CONTRACTS

Sinyi Limited entered into a sub-franchise agreement with Cendant Global Services B.V. (“GLOBAL”) and Coldwell Banker Real Estate Corporation (“Coldwell”). Sinyi Limited obtained from the counterparty a license granting the right to use the plans, manuals, system and forms developed by Coldwell and the exclusive right to itself sublicense and/or to sub-sublicense other franchisees and territorial sub-franchisors in China, Hong Kong and Macau. The term of this contract is for forty years from October 12, 1999 and is automatically renewed for another period of forty years to October 11, 2039 unless the contract parties agree to terminate the contract in three months prior to the expiration of the contract. Thereafter, because Sinyi Limited transferred this agreement right to Ke Wei Shanghai on August 1, 1990 and GLOBAL was renamed to Realogy Corporation which was renamed as Realogy Group LLC (“Realogy”) due to its organizational adjustment, Ke Wei Shanghai and Realogy entered into a supplemental sub-franchise agreement for reflecting the necessary amendments in 2008.

### 39. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

March 31, 2020

|                         | <b>Foreign<br/>Currencies<br/>(In Thousands)</b> | <b>Exchange Rate</b> | <b>New Taiwan<br/>Dollars<br/>(In Thousands)</b> |
|-------------------------|--|----------------------|--|
| <u>Financial assets</u> |  |                      |  |
| Monetary items          |  |                      |  |
| RMB                     | \$ 1,351,558                                     | 4.255                | \$ 5,750,879                                     |
| JPY                     | 1,909,306  | 0.2788               | 532,314  |
| USD                     | 12,665   | 30.225               | 382,796  |
| MYR                     | 10,393   | 7.004                | 72,788   |
| Non-monetary items      |  |                      |  |

|     | <b>Foreign<br/>Currencies<br/>(In Thousands)</b> | <b>Exchange Rate</b> | <b>New Taiwan<br/>Dollars<br/>(In Thousands)</b> |
|-----|--|----------------------|--|
| RMB | \$ 49,170  | 4.255                | \$ 209,220                                       |
| JPY | 1,536,141  | 0.2788               | 428,276  |
| USD | 14   | 30.225               | 436  |

Financial liabilities

|                |         |        |           |
|----------------|---------|--------|-----------|
| Monetary items |         |        |           |
| RMB            | 473,265 | 4.255  | 2,013,742 |
| JPY            | 885,348 | 0.2788 | 246,835   |
| USD            | 322     | 30.225 | 9,732     |
| MYR            | 353     | 7.004  | 2,471     |

December 31, 2019

|                         | <b>Foreign<br/>Currencies<br/>(In Thousands)</b> | <b>Exchange Rate</b> | <b>New Taiwan<br/>Dollars<br/>(In Thousands)</b> |
|-------------------------|--|----------------------|--|
| <u>Financial assets</u> |  |                      |  |
| Monetary items          |  |                      |  |
| RMB                     | \$ 1,429,607                                     | 4.305                | \$ 6,154,458                                     |
| JPY                     | 2,281,500  | 0.2760               | 629,694  |
| USD                     | 5,571  | 29.980               | 167,011  |
| MYR                     | 10,921   | 7.330                | 80,050   |
| Non-monetary items      |  |                      |  |
| RMB                     | 68,582   | 4.305                | 295,244  |
| JPY                     | 2,138,132  | 0.2760               | 590,124  |
| USD                     | 14   | 29.980               | 431  |

Financial liabilities

|                |           |        |           |
|----------------|-----------|--------|-----------|
| Monetary items |           |        |           |
| RMB            | 480,121   | 4.305  | 2,066,920 |
| JPY            | 1,202,752 | 0.2760 | 331,960   |
| USD            | 322       | 29.980 | 9,653     |
| MYR            | 507       | 7.330  | 3,718     |

March 31, 2019

|                         | <b>Foreign<br/>Currencies<br/>(In Thousands)</b> | <b>Exchange<br/>Rate</b> | <b>New Taiwan<br/>Dollars<br/>(In Thousands)</b> |
|-------------------------|--|--------------------------|--|
| <u>Financial assets</u> |  |                          |  |
| Monetary items          |  |                          |  |
| RMB                     | \$ 1,385,483                                     | 4.580                    | \$ 6,345,383                                     |
| JPY                     | 1,878,465  | 0.2783                   | 522,777  |
| USD                     | 14,399   | 30.820                   | 443,766  |
| Non-monetary items      |  |                          |  |

|     |           |        |         |
|-----|-----------|--------|---------|
| RMB | 73,321    | 4.580  | 335,812 |
| JPY | 1,877,804 | 0.2783 | 522,593 |
| USD | 44        | 30.820 | 1,362   |

Financial liabilities

Monetary items

|     |         |        |           |
|-----|---------|--------|-----------|
| RMB | 322,092 | 4.580  | 1,475,182 |
| JPY | 895,959 | 0.2783 | 249,345   |

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 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 | Three Months Ended March 31 |                                  |                  |                                  |
|-----------------------|-----------------------------|----------------------------------|------------------|----------------------------------|
|                       | 2020                        |                                  | 2019             |                                  |
|                       | Exchange Rate               | Net Foreign Exchange (Loss) Gain | Exchange Rate    | Net Foreign Exchange (Loss) Gain |
| NTD                   | 1 (NTD:NTD)                 | \$ 2,401                         | 1 (NTD:NTD)      | \$ 5,693                         |
| USD                   | 30.225 (USD:NTD)            | -                                | 30.820 (USD:NTD) | 185                              |
| RMB                   | 4.255 (RMB:NTD)             | -                                | 4.580 (RMB:NTD)  | (38)                             |
| JPY                   | 0.2788 (JPY:NTD)            | (31)                             | 0.2783 (JPY:NTD) | (36)                             |
| MYR                   | 7.004 (MYR:NTD)             | (51)                             | 7.2740 (MYR:NTD) | (43)                             |
| HKD                   | 3.898 (HKD:NTD)             | <u>(14)</u>                      | 3.260 (HKD:NTD)  | <u>41</u>                        |
|                       |                             | <u>\$ 2,305</u>                  |                  | <u>\$ 5,802</u>                  |

**40. SEPARATELY DISCLOSED ITEMS**

**Information on significant transactions and information on investees:**

- Financing provided: Table 1 (see the attached)
- Endorsements/guarantees provided to others: Table 2 (see the attached)
- Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities): Table 3 (see the attached)
- Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
- Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: Table 4 (see the attached)
- Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital:

None

- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5 (see the attached)
- i. Information about derivative: None
- j. Others: The business relationship between the parent and the subsidiaries and between each subsidiary, and significant transactions between them: Table 6 (see the attached)
- k. Information on investees: Table 7 (see the attached)

**Information on investments in Mainland China:**

- a. Information on any investee company in Mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the Mainland China area: Table 8 (see the attached)
- b. Any of the following significant transactions with investee companies in Mainland China, either directly or indirectly through a third 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

**Information of major shareholders :**

List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 9 (see the attached)

**41. 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 three months ended March 31, 2020 and 2019:

|   | Real Estate Brokerage |                           |                     | Real Estate Development |                           |                      | Elimination             | Consolidated        |
|---|-----------------------|---------------------------|---------------------|-------------------------|---------------------------|----------------------|-------------------------|---------------------|
|   | Taiwan                | Mainland China and Others | Total               | Taiwan                  | Mainland China and Others | Total                |                         |                     |
| <b>Three months ended March 31, 2020</b>                    |                       |                           |                     |                         |                           |                      |                         |                     |
| Revenues from external customers                            | \$ 1,991,341          | \$ 100,303                | \$ 2,091,644        | \$ 20,736               | \$ 97,086                 | \$ 117,822           | \$ -                    | \$ 2,209,466        |
| Inter-segment revenues                                      | 62,075                | 1,679                     | 63,754              | -                       | 41,067                    | 41,067               | ( 104,821)              | -                   |
| Segment revenues  | <u>\$ 2,053,416</u>   | <u>\$ 101,982</u>         | <u>\$ 2,155,398</u> | <u>\$ 20,736</u>        | <u>\$ 138,153</u>         | <u>\$ 158,889</u>    | <u>( \$ 104,821)</u>    | <u>2,209,466</u>    |
| Rental income from investment property                      |                       |                           |                     |                         |                           |                      |                         | ( 20,736)           |
| Consolidated revenues                                       |                       |                           |                     |                         |                           |                      |                         | <u>\$ 2,188,730</u> |
| Operating profit (loss)                                     | <u>\$ 192,187</u>     | ( <u>\$ 142,914</u> )     | <u>\$ 49,273</u>    | ( <u>\$ 23,467</u> )    | ( <u>\$ 4,214</u> )       | ( <u>\$ 27,681</u> ) | <u>\$ 54,152</u>        | \$ 75,744           |
| Operating income from investment property                   |                       |                           |                     |                         |                           |                      |                         | ( 9,473)            |
| Operating income  |                       |                           |                     |                         |                           |                      |                         | <u>\$ 66,271</u>    |
| Segment assets  | <u>\$ 8,785,702</u>   | <u>\$ 3,598,494</u>       | <u>\$12,384,196</u> | <u>\$ 5,379,086</u>     | <u>\$14,577,582</u>       | <u>\$19,956,668</u>  | ( <u>\$ 933,376</u> )   | \$31,407,488        |
| Investments accounted for by the equity method and goodwill |                       |                           |                     |                         |                           |                      |                         | 30,163              |
| Total assets  |                       |                           |                     |                         |                           |                      |                         | <u>\$31,437,651</u> |
| <b>Three months ended March 31, 2019</b>                    |                       |                           |                     |                         |                           |                      |                         |                     |
| Revenues from external customers                            | \$ 2,079,433          | \$ 294,831                | \$ 2,374,264        | \$ 76,880               | \$ 706,877                | \$ 783,757           | \$ -                    | \$ 3,158,021        |
| Inter-segment revenues                                      | 44,337                | 2,003                     | 46,340              | 1,392                   | 9,483                     | 10,875               | ( 57,215)               | -                   |
| Segment revenues  | <u>\$ 2,123,770</u>   | <u>\$ 296,834</u>         | <u>\$ 2,420,604</u> | <u>\$ 78,272</u>        | <u>\$ 716,360</u>         | <u>\$ 794,632</u>    | <u>( \$ 57,215)</u>     | <u>3,158,021</u>    |
| Rental income from investment property                      |                       |                           |                     |                         |                           |                      |                         | ( 20,702)           |
| Consolidated revenues                                       |                       |                           |                     |                         |                           |                      |                         | <u>\$ 3,137,319</u> |
| Operating profit (loss)                                     | <u>\$ 278,648</u>     | ( <u>\$ 5,206</u> )       | <u>\$ 273,442</u>   | <u>\$ 1,364</u>         | <u>\$ 312,608</u>         | <u>\$ 313,972</u>    | <u>\$ 14,875</u>        | \$ 602,289          |
| Operating income from investment property                   |                       |                           |                     |                         |                           |                      |                         | ( 13,913)           |
| Operating income  |                       |                           |                     |                         |                           |                      |                         | <u>\$ 588,376</u>   |
| Segment assets  | <u>\$ 8,867,365</u>   | <u>\$ 2,549,824</u>       | <u>\$11,417,189</u> | <u>\$ 5,093,799</u>     | <u>\$18,801,223</u>       | <u>\$23,895,022</u>  | ( <u>\$ 4,095,382</u> ) | \$31,216,829        |
| Investments accounted for by the equity method and goodwill |                       |                           |                     |                         |                           |                      |                         | 28,926              |
| Total assets  |                       |                           |                     |                         |                           |                      |                         | <u>\$31,245,755</u> |

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

b. 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  
THREE MONTHS ENDED MARCH 31, 2020  
(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             | \$ 432,400<br>(RMB 100,000 thousand) | \$ -                                | \$ -                            | 1.15%         | Short-term financing              | \$ -                | Needs for operation              | \$ -                            | -                            | \$ -  | \$ 3,134,903<br>(Note 1)                   | \$ 4,179,871<br>(Note 1)                    |
| 1   | Sinyi Real Estate (Shanghai) Limited         | Jiu Xin Estate (Wuxi) Limited                               | Other receivables           | Yes             | 1,824,728<br>(RMB 422,000 thousand)  | 1,759,610<br>(RMB 422,000 thousand) | 93,610<br>(RMB 22,000 thousand) | 4.75%         | Short-term financing<br>(Note 10) | -                   | Needs for operation              | -                               | -                            | -     | 4,910,391<br>(Note 2)                      | 7,365,586<br>(Note 2)                       |
|     |  | LUNHENG Business Management (Shanghai) Ltd                  | Other receivables           | Yes             | 64,860<br>(RMB 15,000 thousand)      | 63,825<br>(RMB 15,000 thousand)     | 63,825<br>(RMB 15,000 thousand) | 4.75%         | Short-term financing              | -                   | Needs for operation              | -                               | -                            | -     | 4,910,391<br>(Note 2)                      | 7,365,586<br>(Note 2)                       |
| 2   | Hua Yun Renovation (Shanghai) Co.,           | LUNHENG Business Management (Shanghai) Ltd                  | Other receivables           | Yes             | 32,862<br>(RMB 7,600 thousand)       | 32,338<br>(RMB 7,600 thousand)      | 32,338<br>(RMB 7,600 thousand)  | 4.75%         | Short-term financing<br>(Note 10) | -                   | Needs for operation              | -                               | -                            | -     | 13,292,700<br>(Note 3)                     | 19,939,050<br>(Note 3)                      |
|     |  | Suzhou Sinyi Real Estate Inc.                               | Other receivables           | Yes             | 432,400<br>(RMB 100,000 thousand)    | -                                   | -                               | 4.75%         | Short-term financing              | -                   | Needs for operation              | -                               | -                            | -     | 13,292,700<br>(Note 3)                     | 19,939,050<br>(Note 3)                      |
| 3   | Suzhou Sinyi Real Estate Inc.                | Kunshan Dingxian Trading Co., Ltd.                          | Other receivables           | Yes             | 432,400<br>(RMB 100,000 thousand)    | -                                   | -                               | 4.75%         | Short-term financing              | -                   | Needs for operation              | -                               | -                            | -     | 812,910<br>(Note 4)                        | 1,354,850<br>(Note 4)                       |
| 4   | Kunshan Dingxian Trading Co., Ltd.           | SinYeh Enterprise Management (Shanghai) Ltd                 | Other receivables           | Yes             | 432,400<br>(RMB 100,000 thousand)    | -                                   | -                               | 4.75%         | Short-term financing              | -                   | Needs for operation              | -                               | -                            | -     | 1,143,740<br>(Note 5)                      | 1,715,610<br>(Note 5)                       |
| 5   | SinYeh Enterprise Management (Shanghai) Ltd. | Sinyi Realty Inc.   | Other receivables           | Yes             | 432,400<br>(RMB 100,000 thousand)    | 425,500<br>(RMB 100,000 thousand)   | -                               | 4.75%         | Short-term financing              | -                   | Needs for operation              | -                               | -                            | -     | 1,700,807<br>(Note 6)                      | 2,551,210<br>(Note 6)                       |
| 6   | Shanghai Sinyi Real Estate Inc.              | Zhejiang Sinyi Real Estate Co., Ltd.                        | Other receivables           | Yes             | 6,462<br>(RMB 1,500 thousand)        | 6,383<br>(RMB 1,500 thousand)       | -                               | 4.75%         | Short-term financing<br>(Note 10) | -                   | Needs for operation              | -                               | -                            | -     | 1,105,152<br>(Note 7)                      | 2,210,304<br>(Note 7)                       |
|     |  | Suzhou Sinyi Real Estate Inc.                               | Other receivables           | Yes             | 43,080<br>(RMB 10,000 thousand)      | 42,550<br>(RMB 10,000 thousand)     | 42,550<br>(RMB 10,000 thousand) | 4.75%         | Short-term financing<br>(Note 10) | -                   | Needs for operation              | -                               | -                            | -     | 1,105,152<br>(Note 7)                      | 2,210,304<br>(Note 7)                       |
|     |  | Chuzhou Yazhan Functional Agricultural Technology Co., Ltd. | Other receivables           | Yes             | 24,892<br>(RMB 5,850 thousand)       | 24,892<br>(RMB 5,850 thousand)      | -                               | 6.00%         | Short-term financing              | -                   | Needs for operation              | -                               | -                            | -     | 36,838<br>(Note 8)                         | 368,384<br>(Note 8)                         |
|     |  | Ke Wei Shanghai Real Estate Management Consulting Inc.      | Other receivables           | Yes             | 4,308<br>(RMB 1,000 thousand)        | 4,255<br>(RMB 1,000 thousand)       | -                               | 4.75%         | Short-term financing              | -                   | Needs for operation              | -                               | -                            | -     | 294,707<br>(Note 9)                        | 368,384<br>(Note 9)                         |

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 500% of Suzhou Sinyi Real Estate Inc.'s net worth. The individual lending amount should not exceed 300% of Suzhou 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 150% of SinYeh Enterprise Management (Shanghai) Ltd.'s net worth. The individual lending amount should not exceed 100% of SinYeh Enterprise Management (Shanghai) Ltd.'s net worth.

Note 7: 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 8: If the short-term financing provided by Shanghai Sinyi Real Estate Inc. to the borrowing company is for the purpose of strategic consideration, the maximum total financing provided should not exceed 50% of Shanghai Sinyi Real Estate Inc.'s net worth and the individual lending amount should not exceed 5% of Shanghai Sinyi Real Estate Inc.'s net worth.

Note 9: The financing provided by Shanghai Sinyi Real Estate Inc. for borrowing company which is owned over 80% but less than 100% of its voting shares directly or indirectly by Shanghai Sinyi Real Estate Inc. or Sinyi Realty Inc., the maximum total financing provided should not exceed 50% of Shanghai Sinyi Real Estate Inc.'s net worth. The individual lending amount should not exceed 40% of Shanghai Sinyi Real Estate Inc.'s net worth.

Note 10: The restriction provided that such short-term, i.e. within one year or the company's operating cycle, financing amount not exceeding 40 percent of the lender's net worth shall not apply to inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares.

## SINYI REALTY INC. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED TO OTHERS  
THREE MONTHS ENDED MARCH 31, 2020  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| No. | Endorser/Guarantor            | Guaranteed Party                      |                                  | Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party | Maximum Balance for the Year           | Ending Balance                         | Actual Appropriation           | Amount of Endorsement/ Guarantee Collateralized by Properties | Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Financial Statement (%) | Maximum Total Endorsement/ Guarantee Allowed to Be Provided by the Endorser/ Guarantor | Guarantee Given by Parent on Behalf of Subsidiaries | Guarantee Given by Subsidiaries on Behalf of the Company | Guarantee Given on Behalf of Companies in Mainland China | Note |
|-----|-------------------------------|---------------------------------------|----------------------------------|---|--|--|--------------------------------|---|---|--|---|--|--|------|
|     |                               | Name                                  | Nature of Relationship           |   |  |  |                                |   |   |  |   |  |  |      |
| 0   | Sinyi Realty Inc.             | Sinyi Real Estate (Hong Kong) Limited | Indirectly 100% owned subsidiary | \$ 8,359,743<br>(Note 1)  | \$ 1,179,750<br>(US\$ 39,000 thousand) | \$ 1,178,775<br>(US\$ 39,000 thousand) | \$ -                           | \$ -  | 11.28   | \$ 15,674,518<br>(Note 1)  | Yes   | No   | No   |      |
| 1   | Jiu Xin Estate (Wuxi) Limited | Kunshan Dingxian Trading Co., Ltd.    | Business dealings                | 4,482,423<br>(Note 2)   | 18,342<br>(RMB 4,242 thousand)         | 18,050<br>(RMB 4,242 thousand)         | 18,050<br>(RMB 4,242 thousand) | -   | 0.32  | 5,603,029<br>(Note 2)  | No  | No   | Yes  |      |

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 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.

## SINYI REALTY INC. AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT CONTROLLED ENTITIES)

AS OF MARCH 31, 2020

(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   | March 31, 2020 |                |                             |                                 | Note |
|---------------------------------|---|---------------------------------------|---|----------------|----------------|-----------------------------|---------------------------------|------|
|                                 |   |                                       |   | Shares/Units   | Carrying Value | Percentage of Ownership (%) | Market Value or Net Asset Value |      |
| Sinyi Realty Inc.               | <u>Listed shares</u><br>E. SUN Financial Holding Co., Ltd.    | -                                     | Financial assets at fair value through other comprehensive income - current     | 13,730,751     | \$ 332,971     | -                           | \$ 332,971                      |      |
|                                 | <u>Unlisted shares</u><br>Han Yu Venture Capital Co., Ltd.    | -                                     | Financial assets at fair value through other comprehensive income - non-current | 5,000,000      | 38,106         | 11                          | 38,106                          |      |
|                                 | NOWnews Network Co., Ltd.                                     | -                                     | Financial assets at fair value through other comprehensive income - non-current | 3,157,000      | 55,531         | 10                          | 55,531                          |      |
|                                 | PChome Investment Co., Ltd.                                   | -                                     | Financial assets at fair value through other comprehensive income - non-current | 196,350        | -              | 8                           | -                               |      |
|                                 | Kun Gee Venture Capital Co., Ltd.                             | -                                     | Financial assets at fair value through other comprehensive income - non-current | 160,650        | -              | 3                           | -                               |      |
|                                 | Cité Publishing Holding Ltd.                                  | -                                     | Financial assets at fair value through other comprehensive income - non-current | 7,637          | -              | 1                           | -                               |      |
|                                 | Cité Information Services Co., Ltd.                           | -                                     | Financial assets at fair value through other comprehensive income - non-current | 106,392        | -              | 1                           | -                               |      |
| Sinyi Limited                   | <u>Listed shares</u><br>Orix Corp.                            | -                                     | Financial assets at fair value through other comprehensive income - current     | 1,180,800      | 428,276        | -                           | 428,276                         |      |
|                                 | <u>Monetary market fund</u><br>Western Asset US Dollar Fund A | -                                     | Financial assets at fair value through profit or loss - current                 | 14,390         | 436            | -                           | 436                             |      |
| Shanghai Sinyi Real Estate Inc. | <u>Listed shares</u><br>5i5j Holding Group Co., Ltd.          | -                                     | Financial assets at fair value through other comprehensive income - current     | 1,410,230      | 19,709         | 4.7                         | 19,709                          |      |

(Continued)

| Holding Company Name                                     | Marketable Securities Type and Name                                       | Relationship with the Holding Company | Financial Statement Account   | March 31, 2020 |                |                             |                                 | Note |
|--|---|---------------------------------------|---|----------------|----------------|-----------------------------|---------------------------------|------|
|  |   |                                       |   | Shares/Units   | Carrying Value | Percentage of Ownership (%) | Market Value or Net Asset Value |      |
| Shanghai Sinyi Real Estate Inc.                          | <u>Unlisted shares</u><br>Cura Investment Management (Shanghai) Co., Ltd. | -                                     | Financial assets at fair value through other comprehensive income - non-current | 34,500,000     | \$ 179,240     | 2                           | \$ 179,240                      |      |
| Sinyi Development Inc.                                   | <u>Listed shares</u><br>CTCI Corporation                                  | -                                     | Financial assets at fair value through profit or loss - current                 | 170,940        | 5,008          | -                           | 5,008                           |      |
| Sinyi Global Asset Management Co., Ltd.                  | <u>Monetary market fund</u><br>Taishin 1699 Money Market Fund             | -                                     | Financial assets at fair value through profit or loss - current                 | 1,174,851      | 15,981         | -                           | 15,981                          |      |
| An-Sin Real Estate Management Ltd.                       | <u>Monetary market fund</u><br>Taishin 1699 Money Market Fund             | -                                     | Financial assets at fair value through profit or loss - current                 | 3,244,182      | 44,130         | -                           | 44,130                          |      |
| Shanghai Shang Tuo Investment Management Consulting Inc. | <u>Financial product</u><br>Bubu Shengking No. 8688                       | -                                     | Financial assets at fair value through profit or loss - current                 | 50,000         | 248            | -                           | 248                             |      |
| Beijing Sinyi Real Estate Ltd.                           | Bank of China Steady Growth -Daily Plan                                   | -                                     | Financial assets at fair value through profit or loss - current                 | 2,270,000      | 10,023         | -                           | 10,023                          |      |

(Concluded)

**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**

**THREE MONTHS ENDED MARCH 31, 2020**

**(In Thousands of New Taiwan Dollars, Unless Stated 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 asset of land at Pulau Mengalum, Sabah, in Malaysia. | December 30, 2019 | \$ 598,125 (MYR\$ 82,500 thousand) | 10% of the total price has been paid | Mengalum Tours & Dive Resort Sdn. Bhd. | -            | -  | -                                 | -                | \$     | According to the appraisal report, the amount of MYR\$ 84,100 thousand. | Development of real estate for tourism. | The seller should complete the promise to obtain the local authorities' approval of the amendments to the original development plan, consent of transferring the land and use of the jetty before transferring title of the land. |

Note: The Group had not completed the legal process for the transfer of the possession right of the land as of March 31, 2020 due to the required terms and conditions in the sale and purchase agreement had not been finished by the seller.

**SINYI REALTY INC. AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**

**AS OF MARCH 31, 2020**

**(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    | \$ 110,074     | -             | \$ -    | -            | \$ 110,074                            | \$ -                    |



## SINYI REALTY INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTION  
THREE MONTHS ENDED MARCH 31, 2020

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

| No. | Company Name                         | Counterparty                       | Flow of Transactions | Transaction Details               |            |  |   |
|-----|--------------------------------------|------------------------------------|----------------------|-----------------------------------|------------|--|---|
|     |                                      |                                    |                      | Financial Statement Account       | Amount     | Payment Terms                                    | Percentage to Consolidated Total Assets/Revenue (%) |
| 0   | Sinyi Realty Inc.                    | An-Sin Real Estate Management Ltd. | a                    | Trade receivables                 | \$ 110,074 | Regular settlement                               | -   |
| 1   | Sinyi Real Estate (Shanghai) Limited | Kunshan Dingxian Trading Co., Ltd. | c                    | Advance receipts from real estate | 193,052    | -  | 1   |
|     |                                      | Jiu Xin Estate(Wuxi) Limited       | c                    | Other receivables                 | 93,610     | Loan for working capital, interest rate at 4.75% | -   |
| 2   | Kunshan Dingxian Trading Co., Ltd.   | Jiu Xin Estate(Wuxi) Limited       | c                    | Advance receipts                  | 328,650    | -  | 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 March 31, 2020.

Percentage to consolidated total revenues is calculated by dividing the amount of a particular revenue or cost or expense account by the consolidated total operating revenues for the three months ended March 31, 2020.

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

## SINYI REALTY INC. AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
THREE MONTHS ENDED MARCH 31, 2020  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Investor Company                     | Investee Company  | Location   | Main Businesses and Products   | Investment Amount |                   | Balance as of March 31, 2020 |                             |                | Net Income (Loss) of the Investee | Investment Income (Loss) Recognized | Note |
|--------------------------------------|---|--|--|-------------------|-------------------|------------------------------|-----------------------------|----------------|-----------------------------------|-------------------------------------|------|
|                                      |   |  |  | Ending Balance    | Beginning Balance | Shares                       | Percentage of Ownership (%) | Carrying Value |                                   |                                     |      |
| Sinyi Realty Inc.                    | Samoa Sinyi International Limited   | Equity Trust Chamber, P.O. Box 3269, Apia, Samoa   | Investment holding   | \$ 10,406,773     | \$ 10,406,773     | 345,238,037                  | 100                         | \$ 11,139,363  | \$ 9,573                          | \$ 9,573                            |      |
|                                      | 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         | 2,227,354         | 68,777,000                   | 100                         | 1,047,359      | (82,724)                          | (82,724)                            |      |
|                                      | 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                         | 1,772,208      | (28,410)                          | (28,410)                            |      |
|                                      | 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                         | 90,206         | 3,799                             | 3,799                               |      |
|                                      | 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            | 21,000            | 2,100,000                    | 75                          | 3,563          | (8)                               | (6)                                 |      |
|                                      | 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                         | 904            | (164)                             | (164)                               |      |
|                                      | Sinyi Culture Publishing Inc.   | No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan  | Publication  | 4,960             | 4,960             | -                            | 99                          | 2,204          | (2)                               | (2)                                 |      |
|                                      | 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                          | 118,951        | 5,391                             | 2,749                               |      |
|                                      | Sinyi Interior Design Co., Ltd.   | No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan  | Interior design  | 950               | 950               | 95,000                       | 19                          | 12,960         | (9)                               | (2)                                 |      |
|                                      | Yowoo Technology Inc.   | No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan  | Information software, data processing and electronic information providing service | 193,000           | 193,000           | 10,000,000                   | 100                         | 16,742         | (8,958)                           | (8,958)                             |      |
|                                      | 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                          | 17,203         | 4,783                             | 1,077                               |      |
|                                      | SIN CHIUN HOLDING SDN. BHD.   | Suite 9-13A, Level 9, Wisma Uoa II, Jalan Pinang, 50450 Kuala Lumpur, Malaysia                         | Investment holding   | 1,234,908         | 1,234,908         | 163,537,766                  | 100                         | 1,089,970      | (11,985)                          | (11,985)                            |      |
|                                      | 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                         | 5,293          | 1,776                             | 1,776                               |      |
| SINJU HOLDING SDN. BHD.              | C8, Taman Hiburan, Lorong Gunung Bintang A, Jalan Penampang Lama, Malaysia. | Investment holding   | 15,129   | -                 | 2,050,000         | 100                          | 14,347                      | -              | -                                 |                                     |      |
| 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                         | 150,524        | (25,031)                          | (25,031)                            |      |
|                                      | 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                         | 307,745        | (6,418)                           | (6,418)                             |      |
|                                      | Sinyi Development Ltd.  | TMF Chambers, P.O. Box 3269, Apia Samoa  | Investment holding   | 3,919,127         | 3,919,127         | 133,506,209                  | 100                         | 5,033,007      | 44,373                            | 44,373                              |      |
| Sinyi Limited (B.V.I.)               | Sinyi Estate Ltd.   | TMF Chambers, P.O. Box 3269, Apia Samoa  | Investment holding   | 6,360,046         | 6,360,046         | 208,500,000                  | 100                         | 5,647,778      | (3,351)                           | (3,351)                             |      |
|                                      | 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         | 1,647,792         | 51,935,840                   | 100                         | 575,479        | (76,659)                          | (76,659)                            |      |
| Inane International Limited (B.V.I.) | Ke Wei HK Realty Limited  | Rooms 2103, Futura Plaza, 111 How Ming Street, Kwun Tong, HK   | Investment holding   | 95,129            | 95,129            | 2,675,000                    | 99                          | (5,664)        | (5,584)                           | (5,533)                             |      |
|                                      | 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                         | 10,935         | -                                 | -                                   |      |
| 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                         | 82,621         | 3,913                             | 3,913                               |      |
| Sinyi Realty Inc. Japan              | Sinyi Management Co., Ltd.  | 2nd Floor, Shoritsu Building 2-7-1 Yoyogi Shibuya-ku, Tokyo, Japan                                     | Real estate brokerage, management and identification                               | 10,746            | 10,746            | 600                          | 100                         | 54,149         | 484                               | 484                                 |      |
|                                      | 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                         | 19,796         | (410)                             | (410)                               |      |
| 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                         | 4,917,272      | 42,308                            | 42,308                              |      |
| 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                         | 5,602,682      | (3,351)                           | (3,351)                             |      |
| 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                         | 138            | (9)                               | (9)                                 |      |
|                                      | 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                         | 61             | (9)                               | (9)                                 |      |
| 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, management and identification                               | 33,465            | 33,465            | 4,463,949                    | 49                          | 10,871         | (5,562)                           | (2,725)                             |      |
|                                      | PEGUSUS HOLDING SDN. BHD.   | Suite 9-13A, Level 9, Wisma Uoa II, Jalan Pinang, 50450 Kuala Lumpur, Malaysia                         | Investment holding   | 35,372            | 35,372            | 4,721,100                    | 100                         | 11,615         | (2,866)                           | (2,866)                             |      |

(Continued)

| Investor Company          | Investee Company                       | Location  | Main Businesses and Products   | Investment Amount |                   | Balance as of March 31, 2020 |                             |                | Net Income (Loss) of the Investee | Investment Income (Loss) Recognized | Note |
|---------------------------|--|---|--|-------------------|-------------------|------------------------------|-----------------------------|----------------|-----------------------------------|-------------------------------------|------|
|                           |  |   |  | Ending Balance    | Beginning Balance | Shares                       | Percentage of Ownership (%) | Carrying Value |                                   |                                     |      |
| PEGUSUS HOLDING SDN. BHD. | FIDELITY PROPERTY CONSULTANT SDN. BHD. | Suite 9-13A, Level 9, Wisma Uoa II, Jalan Pinang, 50450 Kuala Lumpur, Malaysia                            | Real estate brokerage, management and identification                               | \$ 34,831         | \$ 34,831         | 4,646,151                    | 51                          | \$ 11,315      | \$ (5,562)                        | \$ (2,837)                          |      |
| Yowoo Technology Inc.     | 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 | 7,000             | 7,000             | 700,000                      | 25                          | 1,188          | (8)                               | (2)                                 |      |
|                           | Lin Yue Traffic Inc.                   | No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan   | Manpower dispatch and merchandise delivery   | 11,300            | 11,300            | 3,080,000                    | 100                         | 8,401          | 5,391                             | 3,830                               |      |
| SINJU HOLDING SDN. BHD.   | SINKANG HOLDING SDN. BDH.              | Unit 20-1, Leceel 20, Menara prestige, No.1, Jalan Pinang, 50450 Kuala Lumpur W.P. Kuala Lumpur, Malaysia | Tourism service  | 15,129            | -                 | 2,000,000                    | 100                         | 14,002         | (6)                               | (6)                                 |      |

(Concluded)

## SINYI REALTY INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
THREE MONTHS ENDED MARCH 31, 2020  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Investee Company Name                                    | Main Businesses and Products  | Total Amount of Paid-in Capital | Investment Type  | Accumulated Outflow of Investment from Taiwan as of January 1, 2020 | Investment Flows |        | Accumulated Outflow of Investment from Taiwan as of March 31, 2020 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Income (Loss) Recognized (Note 1) | Carrying Value as of March 31, 2020 (Note 2) | Accumulated Inward Remittance of Earnings as of March 31, 2020 |
|--|---|---------------------------------|--|---|------------------|--------|--|-----------------------------------|--|--|--|--|
|  |   |                                 |  |   | 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  | \$ (5,551)                        | 100  | \$ (5,551)                                   | \$ (5,535)                                   | \$ -   |
| 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           | 1,294,418   | -                | -      | 1,294,418  | (73,136)                          | 100  | (73,136)                                     | 577,620                                      | -  |
| 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  | (829)                             | 100  | (829)  | (21,024)                                     | -  |
| 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   | (2,667)                           | 100  | (2,667)                                      | 16,953                                       | -  |
| Suzhou Sinyi Real Estate Inc. (Note 3)                   | Real estate brokerage and management consulting   | RMB 68,000                      | Investment in company located in mainland China indirectly through Shanghai Sinyi Real Estate Inc.       | 22,414  | -                | -      | 22,414   | (41,112)                          | 100  | (41,112)                                     | 227,232                                      | -  |
| Cura Investment Management (Shanghai) Co., Ltd. (Note 4) | Real estate fund investment management  | RMB 1,636,300                   | Investment in company located in mainland China indirectly through Shanghai Sinyi Real Estate Inc.       | -   | -                | -      | -  | -                                 | 2  | -  | 179,240                                      | -  |
| Zhejiang Sinyi Real Estate Co., Ltd. (Note 3)            | Real estate brokerage and management consulting   | RMB 27,200                      | Investment in company located in mainland China indirectly through Shanghai Sinyi Real Estate Inc.       | 43,766  | -                | -      | 43,766   | (3,648)                           | 100  | (3,648)                                      | 5,961  | -  |
| Shanghai Shang Tuo Investment Management Consulting Inc. | Real estate brokerage and management consulting   | RMB 5,961                       | Investment in company located in mainland China indirectly through Forever Success International Ltd.    | 27,432  | -                | -      | 27,432   | (1,127)                           | 100  | (1,127)                                      | 42,109                                       | -  |
| 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   | -                                 | -  | -  | -  | -  |
| 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  | 44,131                            | 100  | 44,131                                       | 4,910,391                                    | 1,218,297  |

(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, 2020 | Investment Flows |        | Accumulated Outflow of Investment from Taiwan as of March 31, 2020 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Income (Loss) Recognized (Note 1) | Carrying Value as of March 31, 2020 (Note 2) | Accumulated Inward Remittance of Earnings as of March 31, 2020 |
|---|---|---------------------------------|---|---|------------------|--------|--|-----------------------------------|--|--|--|--|
|   |   |                                 |   |   | Outflow          | Inflow |  |                                   |  |  |  |  |
| 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  | \$ (23,904)                       | 100  | \$ (23,904)                                  | \$ 107,790                                   | \$ -   |
| 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   | 2,065                             | 100  | 2,065  | 115,084                                      | -  |
| 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. | -   | -                | -      | -  | (1,144)                           | 100  | (1,144)                                      | 7,751  | -  |
| Jiaying 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.                          | -   | -                | -      | -  | (312)                             | 100  | (312)  | 718  | -  |
| Jiu Xin Estate (Wuxi) Limited                         | Real estate development   | US\$ 207,000                    | Investment in company located in mainland China indirectly through Sinyi Real Estate (Hong Kong) Limited                    | 3,900,696   | -                | -      | 3,900,696  | (3,351)                           | 100  | (3,351)                                      | 5,603,029                                    | -  |
| 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                           | -   | -                | -      | -  | 423                               | 100  | 423  | 3,454  | -  |
| 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.                  | -   | -                | -      | -  | (5,677)                           | 100  | (5,677)                                      | 42,582                                       | -  |
| 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.                    | -   | -                | -      | -  | 6,868                             | 100  | 6,868  | 1,700,807                                    | -  |

| Accumulated Outflow for Investment in Mainland China as of March 31, 2020 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment (Note 7) |
|---|--|------------------------------------|
| \$9,577,168   | \$15,895,093   | \$ -                               |

(Concluded)

Note 1: The amounts had not been reviewed by the independent accountants, except for Shanghai Real Estate and Jiu Xin Estate as of and for the three months ended March 31, 2020.

Note 2: The carrying value was converted into New Taiwan dollars at the exchange rates of US\$1=NT\$30.23 and US\$1=RMB7.1034 on March 31, 2020.

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.

## SINYI REALTY INC. AND SUBSIDIARIES

## INFORMATION OF MAJOR SHAREHOLDERS

AS OF MARCH 31, 2020

(in thousand shares)

| Name of Major Shareholder | Shares           |                             |
|---------------------------|------------------|-----------------------------|
|                           | Number of Shares | Percentage of Ownership (%) |
| Sinyi Co., Ltd.           | 210,238          | 28.53%                      |
| Yu-Hao Co., Ltd.          | 208,937          | 28.36%                      |

Note : The information of major shareholders is based on the number of ordinary shares and special shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by the Company as of March 31,2020. The share capital in consolidated financial report may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.