

Internal Controls and Auditing Management

The Purpose

To assist the Board of Directors to review the internal audit procedures and evaluate the effectiveness and efficiency of the operation. The Internal Audit proposes recommendations adequately to ensure the internal audit policy is executed effectively.

To intensify the internal control system, any deficiencies or discrepancies found by Internal Audit to be an important item of department performance evaluation process.

Internal Audit Organization

The Internal Audit of Sinyi Realty Inc. (the "Company") is an independent unit and reports directly to the Board of Directors. The head of internal audit attendant each AC committee meeting and Broad meetings, and presents the performance report to the committee members every time.

Performance and Promotion

The appointment and dismissal of the chief internal audit officer, shall be approved by the audit committee, and submitted to and passed by a resolution of the Board. His/her evaluation and review, salary, and compensation shall be approved by the remuneration committee and then submitted to and passed by a resolution of the Board. The chief internal audit officer shall report his/her internal audit staff's appointment and dismissal and evaluation and review, salary, and compensation to chairperson of the Board for approval.

Internal Auditing Operations

- To establish annual plans based on risk assessment, including:
 - a major operational and financial control system as acquisition or disposal of assets, derivative transactions, lending funds to other parties, transactions between related parties.
 - important transaction cycles as supervision for subsidiaries, management of BOD procedures, detection of information safety, sales, account receivables, purchases, and payments.
- To disclose detected deficiencies and discrepancies of the internal control system and prepare auditing reports with related auditing evidence. Internal Audit keeps monitoring the improvements for the deficiencies listed in the statements of the control system or found by self-assessments and CPA's examination projects and prepares monitoring reports. The auditing reports, self-assessments, work drafts, and related materials are kept for at least 5 years.
- To periodically report "internal auditing chart", "annual audit plan", "implementation of audit plan", "improvements for deficiencies and discrepancies", and "statement of internal control system" through the regulatory website.
- To review the self-assessments by the departments, operational units, and the Company's subsidiaries.

Case Auditing Procedure Chart

