

1. Corporate Governance

- Main Issue 1 Governance Procedures
- Main Issue 2 Board of Directors
- Main Issue 3 Governance Performance
- Main Issue 4 Shareholder Equity
- Main Issue 5 Ethics and Integrity
- Main Issue 6 Risks and Opportunities

Management Approach

GRI 103-1 GRI 103-2 GRI 103-3 SDG 8

Sustainability Principles
Corporate Governance
= What Should be Done

No.1
in revenues for
23 consecutive years,
a steady seat at the top of
the real estate
agency industry

Top 5%
in Listed Company
Corporate Governance
Evaluations Ranking

9.6%
Market Share

Material Topics and their Meaning to Sinyi 📍 201 Economic Performance 📍 205 Anti-corruption

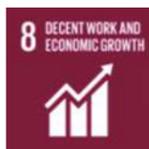
We have consistently believed that if we can uphold our corporate social responsibility, then profits will follow naturally. As such, no matter how the external environment may change, this company's core values of integrity, ethicality, and corporate social responsibility remain steadfast. We do all we can to take care of the interests of all stakeholders, laying the foundation of a secure niche in sustainable development, and thanks to our hard work in this regard, we have been honored to receive recognition from many corners.

Sinyi's Major Contributions toward the SDGs



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship. Senior management are fundamental to the promotion of corporate sustainable development, and as such the company arranges for our senior management to undergo ongoing internal and external training in economic, environmental, and social issues related to our operations.



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Our goal here is to focus on high added-value and labor-intensive industries and, through diversification, technological upgrading, and innovation, increase economic capacity and encourage growth among small and medium enterprises. By 2030, we hope that all people, including the young and those with physical or mental disabilities, will have access to decent work.

Sinyi has consistently been committed to reliability, trustworthiness, and putting what is right ahead of pure profitability. As such, Sinyi Realty believes that through putting the interests of our stakeholders first through strong corporate ethics and governance strategy, reasonable profits will follow naturally, thus fostering sustainable growth into the future.



Take urgent action to combat climate change and its impacts.

Global climate change is a key issue that is of concern around the world, and our philosophy of putting right before profit has inspired us to seek innovative opportunities both internally and externally in hopes of reducing our carbon footprint, offering services that distinguish us from the rest of the real estate industry, and doing our part for the planet.

Material Topics :

- 📍 201 Economic Performance
- 📍 205 Anti-corruption

Responsibilities

Total Ethical Management Committee - Corporate Governance Group

Policies

Internal Controls and External Assessments - A Two-track Management System

Looking at market conditions and competitiveness, our general manager sets out business plans and interdepartmental coordination, with these plans undertaken under the leadership and supervision of the chairman. Under the auspices of the Board of Directors are the Audit Committee and Remuneration Committee, both composed of independent directors, which work toward ongoing refinement of our corporate governance. Using the internal control mechanisms set out by the Audit Committee, we conduct risk monitoring and provide reasonable assurances of operational effectiveness and efficiency (including profitability, performance, and asset security), reliable financial reporting, and legal compliance. In addition, we will continue to participate in external awards and corporate governance evaluations, strengthening internal areas of insufficiency and improving the robustness of our business.

The Pursuit of Excellence through Belief-led Action

The entire Sinyi Group is committed to a business philosophy of "good faith to the very end," with every one of our staff members striving for ongoing improvement and thus providing the impetus for the company's own ongoing improvement. Whenever issues are found in the operating environment, Sinyi Realty relies on our tradition of "turning into the skid," speeding up internal organizational improvement and optimization to ensure continued and robust corporate growth.

Commitments and Actions

Commitments

Uphold corporate social responsibility, reinforce our philosophy of keeping our word, continuing to innovate and develop business opportunities, and create stable, sustainable, and profitable operations.

Concrete Actions and Results 📍 Accomplish 🔄 Ongoing

2016 Goals	2016 Actions	Status
📍 • Top-level Corporate Governance Evaluation Rating (Top 5% of Listed Companies)	<ul style="list-style-type: none"> Set forth Regulations on whistle-blowing of illegal and unethical or dishonest conduct Shift the start time of Shareholder Meetings to 9:30 am for the convenience of shareholders traveling longer distances 	Receive the best rating available in the Taiwan Stock Exchange's Corporate Governance Systems Evaluation System for the third consecutive year and ranking among the top 5% of listed companies
🔄 • Expanding Overseas Business	<ul style="list-style-type: none"> Set up operating locations in China and Japan Continue developing potential overseas locations 	<ul style="list-style-type: none"> Open total of 23 locations in China and Japan Establish Joint Business Department and enter Malaysian market
📍 • Increase Market Share to 8%	<ul style="list-style-type: none"> Continue consolidating group resources and promoting Sinyi Group platform operations Increasing service quality through ongoing staff improvement and growth 	Increasing overall market share from 7.2% in 2015 to 9.6% in 2016

Future Strategic Goals

The company will focus on personnel training and development, rooting our operating philosophies deeply in our staff and strengthen the implementation of development goals at each level, preparing a reserve of high-quality talent. With regard to external operations, not only will we continue to build the influence of the Sinyi brand and pursue stable expansion of our overseas operations, we will also strive to make use of new business models to address the challenges of rapidly developing online and digital technologies, further expanding the scope of the group's operations.

Future Goals	Achievement Deadline
• NT\$20 billion in Consolidated Revenue	2017
• Establish a subsidiary in Malaysia	2017
• Forge new business models to make use of digital technologies	2018
• Increase Market Share to 10%	2020

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1.1 Sustainable Governance Procedures

1.1.1 Sustainable Operations Governance Structure

GRI 102-22 **GRI 102-23** The company views our shareholders as our highest authority, with all business carried out under the management and supervision of the Board of Directors, itself under the leadership of the chairman. At present, the company has no CEO position, with general business planning and interdepartmental coordination undertaken by the general manager in line with market conditions and competition. The chairmanship and general manager position are not held by the same person in Sinyi, nor is the general manager a member of the Board.

The Leadership and Decision-making of the Chairman

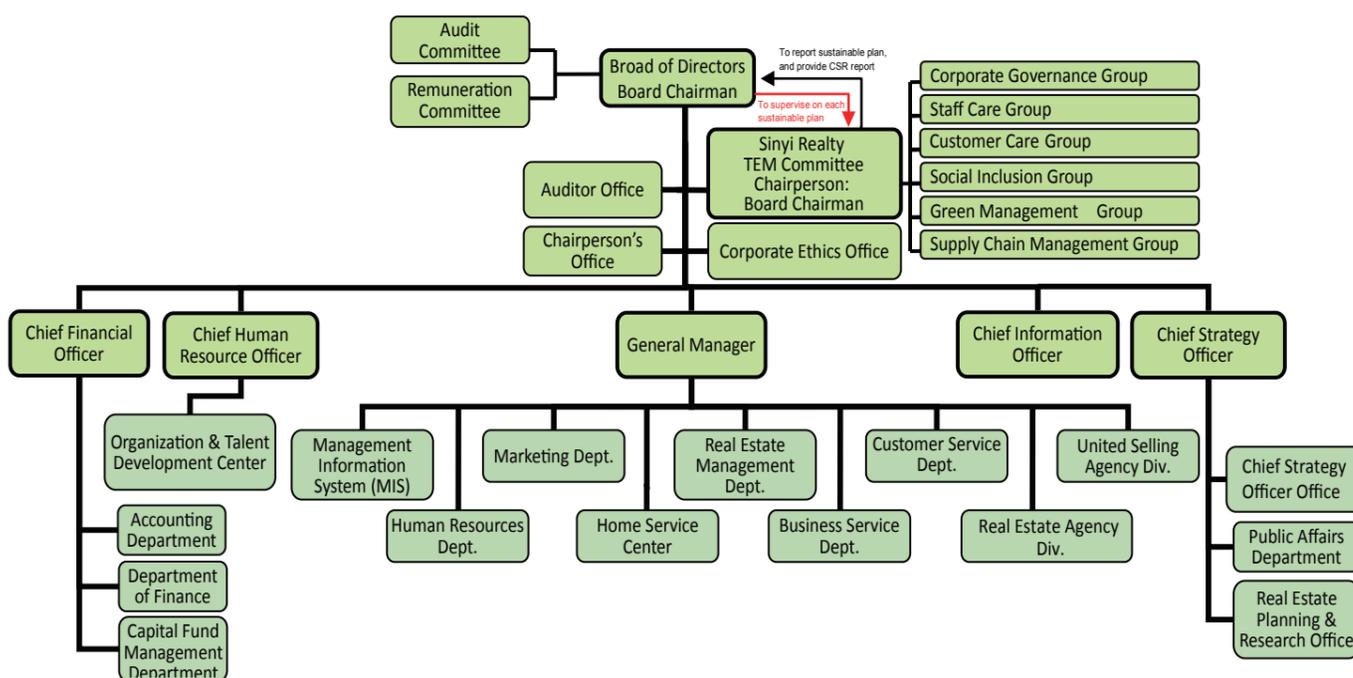
GRI 102-32 The company chairmanship is currently held by Mr. Chou Chun-chi. Each year, with an eye to sustainable management, the chairman sets out a grand strategy for the coordination of the various interests of our stakeholders, while the TEM is tasked with providing crucial guidance on the various particulars of sustainable management.

GRI 102-26 The company's long-term sustainable development direction follows the mission set out at the founding of the company by Mr. Chou. Beyond the vision communicated by the leadership, as the company expands and time moves on, we invite all our staff to participate in setting down our goals. In 2010, the entirety of the staff participated in this, bringing together a total of 2,001 individual ideas that contributed to our setting out of **our 2020 corporate vision: "An insistence on corporate social responsibility and becoming a world-class member of the service industry."** This was then broken down into three-year and annual plans by the TEM, laying out short-term goals and implementation guidelines, progress toward which is regularly reviewed.

Core Concepts

Company founder Chou Chun-chi has decided on three core values for the business, drawn from Confucian thought: integrity, righteousness, and ethicality. "Righteousness" is appropriateness of thought and action and "integrity" is valuing one's commitments and keeping one's word," and as such as such, the foundation of Sinyi (the name drawn from the Chinese for the two concepts) is that of doing what should be done and keeping one's word. Ethicality, meanwhile, is about acting in a way appropriate to the interests of each of our stakeholders, establishing good relations with them and realizing the concept of corporate social responsibility. Put simply, it is, again, doing what should be done and keeping our word to them. Ethical action is the only true way to both minimize expenses and increase efficiency and competitiveness.

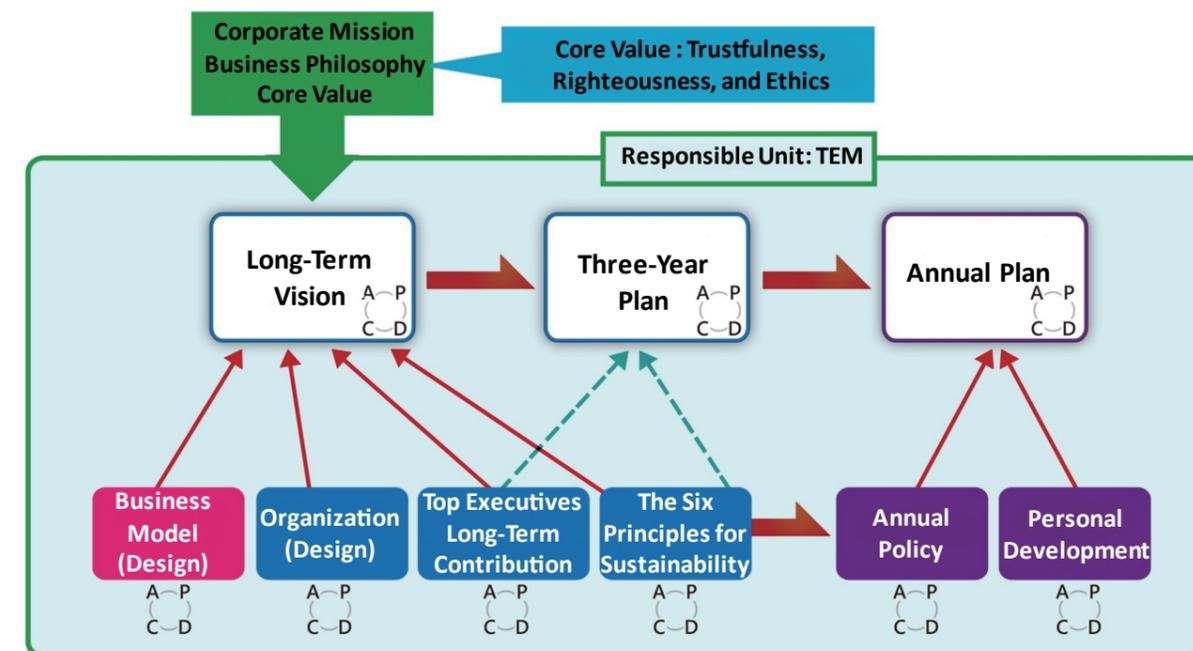
【Sinyi Realty Inc. Governance Structure】 **GRI 102-18**



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【Sinyi Realty's Long-term Vision and Annual Plans】



For more information on the six principles sustainability, please refer to the relevant section on Sustainable Development.

Total Ethical Management Committee (TEM) : Promoting Sustainable Business and Issuing Reports

The Total Ethical Management Committee is convened and chaired by the chairman of the Board of Directors, with the members drawn from senior management, including the general manager, the chiefs of staff, the VP of sales, and departmental senior managers. **The committee meets once a month and whenever otherwise convened, discussing material issues. In 2016, the committee met a total of 34 times.** Its goal is primarily to coordinate and regularly review the company's CSR and sustainable development goals, performance, and progress, with different groups addressing different topics and holding their own meetings or projects. In addition, the committee leads in resolving issues of corporate ethics in departments, implementing any necessary transformations of procedures.

Function and Authority

1. Coordinate company's CSR and sustainable development direction and set relevant goals
2. Report to the Board on Environmental, Social and Governance (ESG) performance and future strategic goals at the end of the year.
3. Responsible for collecting and collating stakeholder views and identifying/managing ESG impacts, risks, and opportunities.
4. Hold quarterly ESG performance and goal fulfillment reviews.
5. Compile CSR report and provide it to the Board for review and issuance.
6. Assist in dialogs with stakeholders
7. Core of group sustainable development

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1.2 Board of Directors GRI 102-18

1.2.1 Sustainability Assessment and Management GRI 102-18 GRI 102-19 GRI 102-20 GRI 102-29

Through multiple regular and irregular meetings over the course of the year, the Board of Directors entrusts the chairman to distribute responsibility for economic, environmental, and social issues relating to corporate governance to relevant units. The general manager is responsible for economic performance issues and the TEM for the promotion of ESG issues and supply chain management, with regular and irregular progress reports made to the Board and the chairman as the materiality of the issues requires. Relevant decisions shall then be incorporated into the minutes of the meetings, with further follow-up to be reported to the Board at its next meeting.

GRI 102-33 GRI 102-34 Sinyi Realty convenes meetings of the Board of Directors at least once per quarter. In 2016, in order to review business performance and discuss important strategic issues, including economic, environmental, and social impacts, risks, and opportunities, the Board communicated 10 times. After meetings have decided the appropriate unit to be tasked with handling the issue at hand, a follow-up report on progress made is presented to the Board at the next meeting. The Group's CSO reported to the Board on the company's CSR situation, reporting on the implementation of the company's CSR with regard to all stakeholders in 2016 and putting forward a plan for 2017.

GRI 102-21 In addition, stakeholders may communicate through internal or external channels with the Board of Directors or responsible units as pertains to their considerations of economic, environmental, and social issues. To this end, we have drafted the Rules for Comments and Complaints to the Audit Committee by Stakeholders, with any issues reported to relevant units by stakeholders then followed up on and reported to the Board as appropriate to their materiality.

 For more information, please see the Stakeholder Engagement section of the chapter on Material Topics Management

On May 20, 2016, the company undertook an election all seven seats of the Board, three of which are ordinary directors and four of which are independent directors. In addition to the various directors having their own particular specialties, over half of the board being independent directors further ensures that proceedings are objective and independent. The makeup of the 12th Board of Directors is as follows :

Chairperson: Chun-Chi Chou
Vice Chairperson: Chien-Ping Chueh
Director : Wang Mei-Wen Chou

Independent Director :
Shuen-Zen Liu, Hong-Chih Jhan
San-Xiong Hong, Jyun-Bin Su *

* Su Jyun-Bin has resigned from the position of independent director on 2017/05/23

Board of Directors

* There are 7 directors in total, including 4 independent directors who have considerable experience with business administration, laws, financial accounting. The amount of independent directors are more than 1/2 of the whole directors.

*Term of the Board of Directors : 2016/05/20~2019/05/19

Audit Committee
set up on 2007.9.12
intensify the supervisory function in remuneration by the board of director

Remuneration Committee
set up on 2010.8.27
intensify the managerial function in remuneration by the board of director

Functional working committees including the Audit Committee and the Remuneration Committee take on decision-making responsibility for economic, environmental, and social impact issues. Major issues, prior to being reported to the Board, also undergo prior review and checking in order to further strengthen the quality of the decisions made by the Board.

1.2.2 Nomination, Selection and Appointment of Directors GRI 102-24

The company has not yet established a Nominating Committee, however at present in addition to the Rules of Election of Directors, we have, as of June 2014, drafted Guidelines for the Evaluation and Vetting of Nominees for Independent Directorships, laying out clearly the professional qualifications and other criteria nominees for independent directorships are required to meet, including diversity, independence, and knowledge & experience in ESG issues. In this way, we are able to ensure that Board candidates will be appropriate fits for the industry and for the company's future developmental needs.

1.2.3 Director Training GRI 102-27 SDG 4

In order to boost directors' professional capabilities, the company organizes courses on economic, environmental, and social issues relevant to our operations. In addition, we have joined the Taiwan Corporate Governance Association's Association of Directors and Supervisors, using the TCGA's publications and courses to gather relevant knowledge. The company also regularly issues announcements to independent directors on revenues and other industry information, as well as occasional notices on economic, environmental, and social issues pertaining to the company in order to help ensure our independent directors are up-to-date. Additionally, self-evaluations of independent directors are gathered annually to reinforce the content of the company's reports.

Ages and Genders of Board Members

Age Group			Gender	
30 and below	30 - 50	50 and above	Male	Female
-	1	6	6	1

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1.3 Performance and Remuneration

1.3.1 Performance Evaluations of the Board of Directors and Functional Committees GRI 102-28

Since 2012, Sinyi Realty has conducted annual performance evaluations of the Board of Directors. After fully evaluating the directors with a focus on aspects including Board and functional committee operations and culture, internal and external relationships, and their own self-evaluations, the Board Affairs Unit conducts a statistical analysis and reports back to the Board at a board meeting on their findings and areas for improvement. In 2015, the company set out the Guidelines for Board of Directors Performance Evaluations, not only setting out the requirement for self-evaluations to be conducted at least annually, but also for independent third-party performance evaluations of the Board to be undertaken at least once every three years. These guidelines have also been disclosed on the company's Investor Relations webpage.

 For more information, please see the Investor Relations page at http://www.sinyi.com.tw/info/i_1_2_directors_EN.php

Current evaluations cover self-assessment and evaluation of participation in the operations, functions, and membership of the Board of Directors and functional committees, with a particular focus on economic issues. In future Board Selection Guidelines or self-assessments, where appropriate matters of environmental or social concern shall also be incorporated in order to further strengthen the performance evaluations of the Board as a whole, functional committees, and individual directors.

1.3.2 Remuneration Mechanism for Board of Directors GRI 102-35

Outside of the independent directors, of the members of the Board of Directors, with the exception of Hsueh Chien-ping who concurrently serves as a senior manager and as such receives a salary in such role (※), no other directors receive remuneration from the company. With regard to the remuneration of independent directors, this is done in accordance with Article 16 of the company charter, which states that "the company's independent directors shall draw remuneration of a level standard for listed companies with regard to their level of participation and value of contribution to the company's operations; the value of such remuneration is to be authorized by the Board of Directors." As such, independent directors receive a set salary. Additionally, in accordance with Article 20 of the charter, director's salaries are variable, as not more than 1% of annual profits shall be set aside for their remuneration. Beyond the above, directors do not participate in other remuneration plans, nor do they have other retirement or benefits systems. ※Note: Currently serves as Chief Executive of Platform Business.

 For more information on directorial remuneration and a detailed breakdown of the levels thereof, please see p. 39 of Sinyi Realty's 2016 annual report. <http://img.sinyi.com.tw/u/file/2017/05/e34eafe9e1433f118b76fc90c2b8c9f7.pdf>

Remuneration for Directors

Title	Name	Remuneration for Directors				Ratio(%) of the Aggregate Amount of A, B, C and D to the Net Income After Tax	Remuneration Received by Concurrent Employees										Whether Receiving Remuneration from any Companies Invested by the Company Other Than the Subsidiaries of the Company or Not					
		Compensation (A)	Pension (B)	Remuneration (Note 1)	Fees for Performance of Business (D) (Note 2)		Wages, Bonus and Special Disbursement, etc. (E) (Note 2 and 3)	Pension (F)	Employee Remuneration (G) (Note 4)			Number of Shares Granted under the Share Subscription Warrants for Employees (H)	Number of the Restricted Shares for Employees (I)	Ratio (%) of the Aggregate Amount of A, B, C, D, E, F and G to the Net Income After Tax (Note 5)								
		All Companies Specified in the Financial Statements of the Company	All Companies Specified in the Financial Statements of the Company	All Companies Specified in the Financial Statements of the Company	All Companies Specified in the Financial Statements of the Company	All Companies Specified in the Financial Statements of the Company	All Companies Specified in the Financial Statements of the Company	All Companies Specified in the Financial Statements of the Company	All Companies Specified in the Financial Statements of the Company	All Companies Specified in the Financial Statements of the Company	All Companies Specified in the Financial Statements of the Company	All Companies Specified in the Financial Statements of the Company	All Companies Specified in the Financial Statements of the Company	All Companies Specified in the Financial Statements of the Company	All Companies Specified in the Financial Statements of the Company	All Companies Specified in the Financial Statements of the Company	All Companies Specified in the Financial Statements of the Company					
Chairperson	Chou Chun-Chi																					
Vice Chairperson	Sinyi Co., Ltd. Legal representative of Sinyi Co., Ltd.: Chueh Chien-Ping																					
Director	Sinyi Co., Ltd. Legal representative of Sinyi Co., Ltd.: Chou Wang Mei-Wen																					
Independent Director	Liu Shuen-Zen(Note 6)	5,031	5,031	-	6,027	6,027	2,010	2,058	1.42%	1.43%	9,817	10,613	-	-	10	-	-	-	2.49%	2.58%	Nil	
Independent Director	Hong San-Xiong(Note 6)																					
Independent Director	Jhan Hong-Chih(Note 6)																					
Independent Director	Su Jyun-Bin(Note 6)																					
Independent Director	Lin Hsin-Yi(Note 6)																					
Independent Director	Lin Hsin-Ho(Note 6)																					
Independent Director	Lee Cheng(Note 6)																					

Note 1 : As officially resolved by the Board of Directors Meeting on February 24, 2017, directorial remuneration for 2016 was NT\$6.027 million. The resolution shall be reported in the general shareholders' meeting on May 26, 2017.

Note 2 : The aforementioned expenses include rental and depreciation expenses, fuel expenses and maintenance expenses for cars used by the company's non-independent directors.

Note 3 : The aforementioned expenses include rental, fuel, and maintenance expenses for cars used by the company's director, in addition to house rental provided to him.

Note 4 : Employee remuneration allocated to directors who are concurrently employees is included in the NT\$10,958 of employee remuneration resolved by the Board of Directors Meeting on February 24, 2017. The resolution shall be reported in the general shareholders' meeting on May 26, 2017.

Note 5 : The term "net profit after tax" as set forth herein denotes the net profit after tax as shown in the 2016 individual financial statements.

Note 6 : Messrs. Lin Hsin-yi and Lin Hsin-ho each served as independent directors for the company for nine years. In accordance with the company's Regulations on Evaluation and Examination of Independent Director Nominees, the company elected Messrs. Hong San-xiong, Jhan Hong-jhi, and Su Jyun-bin as new independent directors on May 20, 2016, when all directors' terms of office expired.

Note 7 : The aforementioned expenses include relevant remuneration of NT\$1.119 million paid to chauffeurs to the company's non-independent directors.

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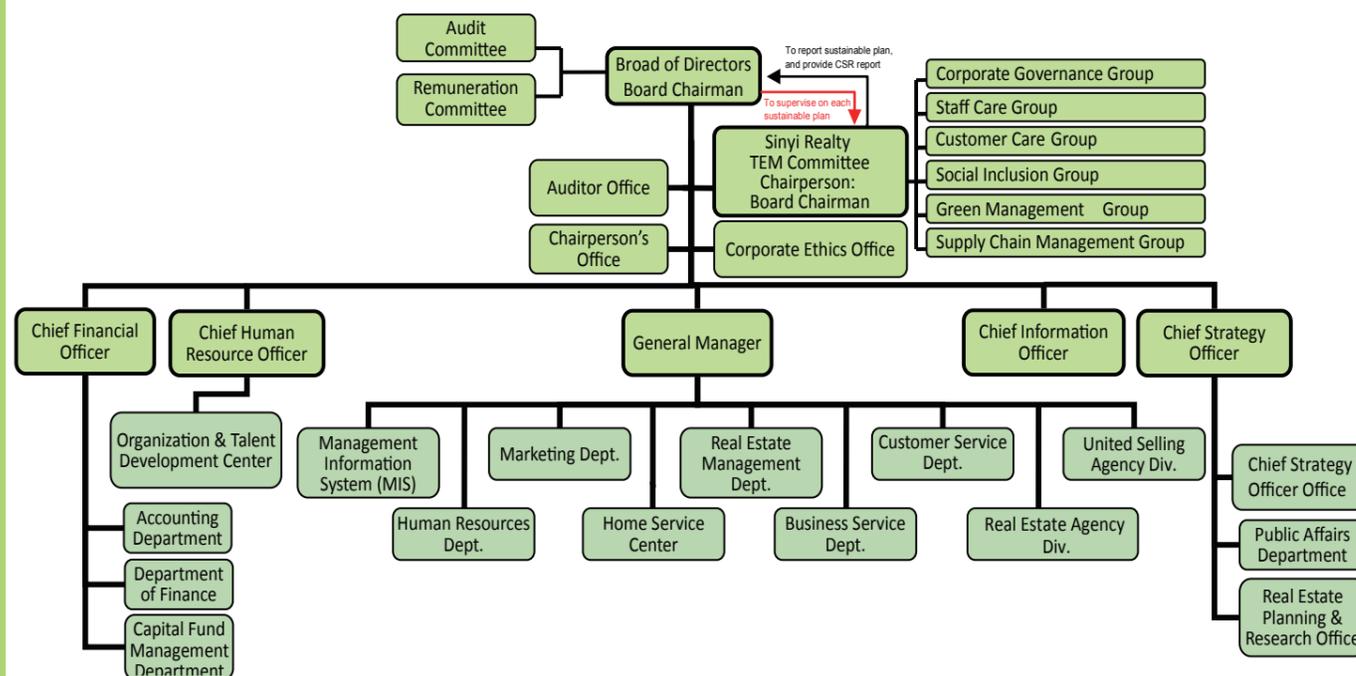
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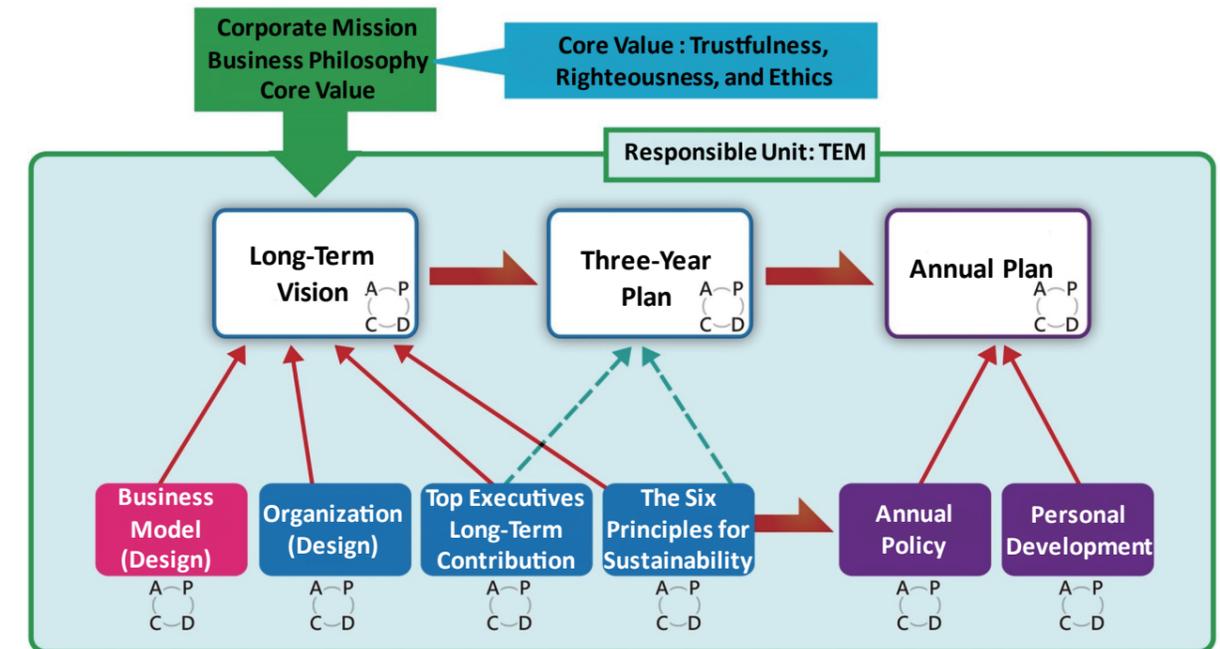
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Remuneration Listed by Range of Directors

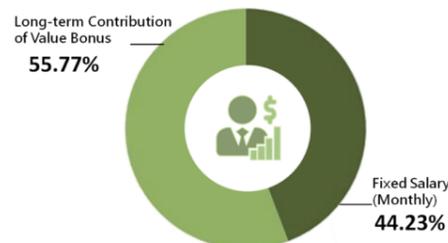
Range of the Remuneration Paid to the Company's Directors	2016			
	Aggregate Amount of A, B, C and D		Aggregate Amount of A, B, C, D, E, F and G	
	The Company	All Companies Specified in the Financial Statements (I)	The Company	All Companies Specified in the Financial Statements (J)
Below \$2,000,000	Chou Chun-Chi, Hong San-Xiong, Jhan Hong-Chih, Su Jyun-Bin, Lin Hsin-Ho, Lee Cheng, Sinyi Co., Ltd., legal representative of Sinyi Co., Ltd.: Chueh Chien-Ping, legal representative of Sinyi Co., Ltd.: Chou Wang Mei-Wen,		Chou Chun-Chi, Hong San-Xiong, Jhan Hong-Chih, Su Jyun-Bin, Lin Hsin-Ho, Lee Cheng, Sinyi Co., Ltd., legal representative of Sinyi Co., Ltd.: Chou Wang Mei-Wen,	
\$2,000,000 (inclusive)~\$5,000,000 (exclusive)	Lin Hsin-Yi, Liu Shuen-Zen,		Lin Hsin-Yi, Liu Shuen-Zen,	
\$5,000,000 (inclusive)~\$10,000,000 (exclusive)	-		Legal representative of Sinyi Co., Ltd. : Chueh Chien-Ping	
\$10,000,000 (inclusive)~ \$15,000,000 (exclusive)	-		Legal representative of Sinyi Co., Ltd. : Chueh Chien-Ping	
\$15,000,000 (inclusive)~ \$30,000,000 (exclusive)	-		-	
\$30,000,000 (inclusive)~ \$50,000,000 (exclusive)	-		-	
\$50,000,000 (inclusive)~ \$100,000,000 (exclusive)	-		-	
Above \$100,000,000	-		-	
Total (Note)	11		11	

Note: The company has seven directors, an aggregate total of 11, with respective disclosure of remuneration of the company's juristic person director Sinyi Co., Ltd., and its legal representative, with the three independent directors discharged on May 20, 2016.

1.3.3 Rewards to Senior Executives for Sustainable Operations GRI 102-35

Senior management is divided into sales and support. In order to encourage senior management to pursue corporate performance goals and profit targets while also considering the company's long-term competitiveness and sustainable development, the Board of Directors and the Remuneration Committee passed the Guidelines for Remunerative Rewards for Senior Management. In addition to their fixed salaries, senior sales managers are also eligible for performance bonuses calculated based on performance indicators. And to encourage them to work toward sustainable corporate development, not only are senior managers rewarded for their short-term performance, we also place an even greater emphasis on their long-term contribution of value through things such as cultivation of talent, improvement of service quality, refinement of procedures, and exercise of corporate social responsibility, receiving bonuses as laid out in the guidelines for their contributions. For such bonuses to be approved, senior management must provide a "Long-term Value Contribution Plan" report to the Board of Directors, covering aims and accomplishments; interaction regarding this report will help the Board members get a deeper understanding of the operating strategy employed by the manager, their particular skillset, and the results of their implementations of strategies, facilitating effective feedback and accomplishing the goal of cultivating leaders.

Percentages of Salaries of Senior Management



GRI 102-36 GRI 102-37 At the start of 2016, the Remuneration Committee convened discussions with senior managers about their Long-term Value Contribution Plans, and at the end of the year, those same managers explained to the committee the state of that year's plans and their plans for the coming three years. Through such face-to-face interactions, the Remuneration Committee, composed of four independent directors, assessed the managers' performance and proposed suggestions for Long-term Contribution of Value Bonuses to the Board of Directors. After discussion, the Board then passed acceptable proposals and, for those who had as of that year served a full three years with the company, calculated Long-term Contribution of Value Bonuses in accordance with the company's performance, the relevant guidelines, and individual performances.

Beyond the aforementioned, there are no other significant special benefit policies for senior management in this company. Retirement benefits are the same as those enjoyed by ordinary staff, set out in accordance with regulations and applicable under both new and old pension systems as appropriate.

1.4 Shareholder Equity

The primary principles of sound corporate governance mechanisms are the protection of shareholder equity and the fair and equal treatment of all shareholders. Protecting shareholder equity has consistently been something upon which this company has placed tremendous importance. While the company's shareholder stakes may be fairly concentrated, we nonetheless not only strive to maintain close relationships with our primary shareholders, but also to protect the rights and equity of other shareholders. Shareholders in the company have the following rights:

- The right make proposals at and convene provisional shareholder meetings
- The right to nominate directors and veto Board decisions
- Rights of share disposition and application
- The right to knowledge of the company's situation

For more information on the 10 major shareholders, please see p. 140 of Sinyi Realty's 2016 annual report. <http://img.sinyi.com.tw/u/file/2017/05/e34eafe9e1433f118b76fc90c2b8c9f7.pdf>

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1.5 Ethics and Integrity GRI 102-16 GRI 205-2 GRI 205-3

Our Corporate Social Responsibility Best Practice Principles is set out in accordance with the Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies; we have also laid out Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Managerial Officers. Since the company's founding, Sinyi's founding purpose, operating mission, and management approach have driven stable growth, while the actions and decisions of any of our staff in the course of their work will impact how others view and think of Sinyi Realty. To ensure staff have clear direction in their interactions with stakeholders including clients, other staff, others in the industry, suppliers, national society, and the natural environment, Sinyi Realty has, as a pioneer in the industry, set forth and regularly promoted the Sinyi Group Code of Conduct.

1.5.1 Codes of Conduct and Practice Standards

- Corporate Social Responsibility Best Practice Principles
- Sinyi Group Code of Conduct
- Procurement Code of Ethics
- Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Managerial Officers

For more information, please see the Board of Directors page of our Corporate Sustainability website at <http://csr.sinyi.com.tw/en/governance/board-of-directors.php>

1.5.2 Internal and External Reporting Mechanisms GRI 102-17

In order to realize ethical behavior and honest management in the company, and to facilitate the accomplishment of sustainable development, Sinyi Realty has established a clear, concrete mechanism for reporting and verification in accordance with Article 23 of the company's Integrity Management Guidelines and Article 49 of the CSR Code of Practice, setting forth the Regulations on whistle-blowing of illegal and unethical or dishonest conduct. These guidelines lay out how any illegal, unethical, or dishonest behaviors may be reported and are to be handled, and also strictly protect the confidentiality of the reporters to ensure that no-one shall be improperly treated due to having filed a report, and that at the appropriate time they shall receive an appropriate reward. At the same time, we also provide an external reporting channel, striving to collect prompt feedback from stakeholders and address their concerns. For example, our Employee Assistance Program provides legal services to staff through third-party professional consultants, while we are also willing to pursue communications through external channels such as the Ministry of Labor Affairs or the Ministry of Justice.

For more information, please refer to the Stakeholder Engagement section of the chapter on Material Topics Management

1.5.3 Anti-Corruption Management Mechanism GRI 205-1

Sinyi Realty undertakes comprehensive risk evaluations of the activities of all operating locations throughout Taiwan with regard to corruption-related issues, identifying potential major corruption risks as laid out below, along with setting out response policies. Details of the results of these in 2016 can be found below.

2016 in Anti-Corruption Management at Sinyi Realty

Major Corruption Risk	Corruption Prevention Policy	2016 Anti-Corruption Communication Training and Implementation Effectiveness	Verified 2016 Incidents of Corruption and Actions Taken
Target: All Staff Corruption Risks: Risk of corruption in helping during real estate transactions	<u>Sinyi Group Code of Conduct</u>	Twice a year, we carry out communications training; 100% have signed on	A total of incidents of corruption in the course of a transaction were confirmed; to be cited with a 1st Level Demerit besides the minor circumstances, the remaining four resulted in dismissals.
Purchasing Staff Risk of corruption in purchasing process	<u>Procurement Code of Ethics</u>	Total of 128 staff in 12 purchasing unit; total signing rate of 100%	No related negative impacts
Suppliers process	<u>Proper Business Practices</u>	Total of 86 suppliers; total signing rate of 100%	No related negative impacts

In order to bring an end to incidents of corruption, each month we conduct seminars on business philosophy for all our staff, sharing how we can realize said philosophy in our daily operations, as well as holding Ethics in Action activities with our Chief Ethics Officer. All this is in the hopes of fully and thoroughly integrating corporate ethics into the daily activities of our staff.

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1.6 Risk and Opportunities GRI 201-2

1.6.1 Risk Management Policies GRI 102-11 GRI 102-29 GRI 102-30 GRI 102-31

To effectively control potential risks, the company has set up risk management policies to strengthen our external values and increase the forward-looking quality of our policymaking process. Here at Sinyi, the entire staff is involved in the implementation and valuation of the risk management policies.

The following units are in charge of risk management :

- Board of Directors: Sinyi's Board of Directors approves risk management policies, procedures, and risk tolerance; reviews risk management policy implementation reports; and audits reports to ensure that risk management policies are being effectively implemented.
- Internal Audit Unit: In line with the company's risk management policies and systems, the Internal Audit Unit develops annual audit plans and implements various auditing systems, reporting the results of their work to the Board of Directors on a regular basis.
- Risk Management Departments: The Chairman's Office is in overall charge of risk management systems, including checking and verifying the consistency of risk management evaluation criteria and risk analysis targets, thus setting up a sound risk management environment. All other departments concerned assume the respective responsibilities based on the responsibilities and powers set forth in the Organizational Framework Regulations, including identification, evaluation, handling, planning, and implementation, as well as developing countermeasures and restoration plans to avoid, minimize, transfer, and should risks. In addition, they regularly report to the Board of Directors regarding risk management implementation.
- Business and Staff Units: At the management level, business and staff units shall put forth maximum possible efforts to make the importance of risk management known to each and every staff member and shall, during the process of business promotion, carefully evaluate and discover potential risks, faithfully comply with the various risk management systems, coordinate with other units in their implementation, and ensure that all risks fall within the authorized scope.

1.6.2 Key Impacts, Risks, and Opportunities GRI 102-15



Services Designed with Sustainable Development Goals

In our operations, Sinyi adheres to a commitment to do what should be done and to uphold our word, to create value for our stakeholders, and to jointly work toward sustainable corporate value. As such, we develop services in line with the six major principles of sustainability and strive to make integrity, righteousness, and ethicality core competencies as we continue to innovate in line with our strategic goals. The SDGs and Material Topics are also a major influence on Sinyi's actions as we integrate the identification of potential risks and impacts into our core business and seek to develop new business opportunities from the outside in through our core values, all while also satisfying the needs of our stakeholders.

Business Opportunities Developed in line with SDG Trends and Sinyi Sustainability Principles

Innovative Project Planning	Project Content	Timetable	2017 Strategic Goals	2016 Results
All-new business models	Platform Project	2016~2020	• Launched Platform for Senior Citizens	<ul style="list-style-type: none"> Sinyi brokers accumulated a total of nearly 9,000 customers during the year, with successful transactions nearly doubling 2015 and accounting for nearly 45% of all transactions Service carbon footprint reduced by 10% over 2015 Net profits grew by 58% over 2015 Market share increased to 9.6%
Provide one-stop service	Comprehensive Real Estate	2016	• Successfully launch innovative new business models in response to new technologies	
New markets	Senior Citizens	2017~		
New value-added services	Old Home Health Checks / Decoration Escrow	2016~		
Innovative low-carbon services	Digital dispatches / Signing agreements online / Staging / Electronic real estate brochures	2012~	• Achieve NT\$20 billion in consolidated revenue	

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1.6.3 Internal Control and Auditing GRI 205-1

To assist the Board and management in inspecting and reviewing failures in internal control mechanisms and evaluating their effectiveness and efficiency, and to provide timely recommendations for improvement, verification of internal control mechanisms must serve as a basis for ongoing implementation of improvements and revisions to said mechanisms. Any irregularities or failures found in these mechanisms by the company will be listed as important elements for performance assessment under their respective departments. The Internal Auditing Unit is under the jurisdiction of the Board of Directors, with an Audit Manager assigned to perform a comprehensive internal audit of the company.

Process of the Project Audit

The work responsibilities and process for case audits is as follows:

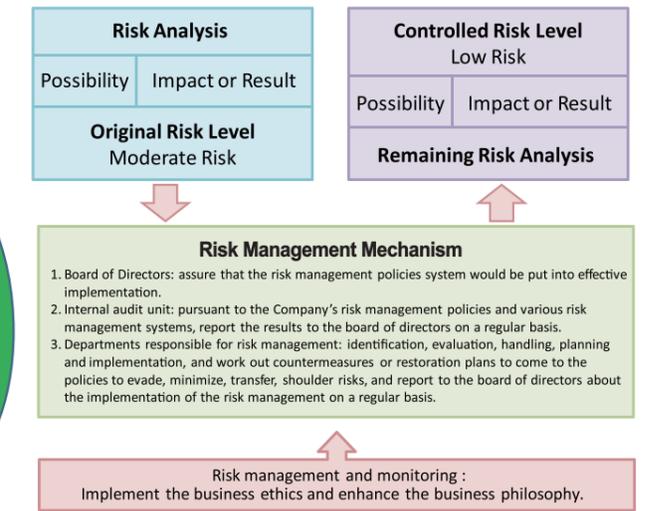
- An annual audit plan is drawn up in accordance with the results of a risk assessment, and any major transaction cycles or elements, including material financial business activities controls such as obtaining or disposal of assets, trading in derivatives, loans given to others, management of endorsements or guarantees given, and management of transactions with related people; monitoring and management of all subsidiaries; management of Board of Directors matters; information security checks and sales, receipts, purchases, and payments shall all be listed as items for audit in each year's annual audit plan.
- Should internal audits find failures of internal controls mechanisms or irregularities in disclosures of facts, working papers and other relevant information shall be compiled into the audit report. This report shall then be followed up on with quarterly reports until the situation is resolved and it can be confirmed that relevant measures have been put in place in appropriate time by the relevant units. In addition, all failures of internal controls shall be listed in internal controls mechanisms statements and any other failures discovered in the course of self-inspections or professional audits by accountants shall be reviewed and followed up on to verify that the relevant unit(s) has/have taken appropriate corrective measures in a timely fashion. Audit reports, self-inspection reports, working papers, and other relevant information shall be preserved for a minimum of five years.
- In line with regulations, a list of auditors, annual audit plans, status of in-progress audit plans, corrective measures regarding failures of internal controls or irregularities, and internal controls mechanisms statements shall all be regularly declared.
- The company's various units and subsidiaries shall also produce self-inspection reports that shall be reviewed.
- Each unit's independent audit systems shall be reviewed and integrated, providing for greater refinement of internal controls as the first line of defense.

Audit Process Flow Chart



Risk Management and Internal Audit Operations

An example of the risk control and management procedure as concerns the Personal Information Protection Act and the Trade Secrets Act :



List of Audit and Internal Control Elements Relating to Material Issues Related to this Report

Ethics and Integrity	Transaction Security	Legal Compliance
Protection of Personal Information and Trade Secrets	Corruption Prevention	Supply Chain Management

1.7 Governance Performance

We are committed to a philosophy of "good faith to the very end," striving for constant improvement in every aspect of our business, and this has helped us achieve the highest recognition in the Corporate Governance Evaluations for the three years since the evaluations have been conducted, ranking among the top 5% of listed companies.