

**PRINCE HOUSING & DEVELOPMENT
CORP.
NON-CONSOLIDATED FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2013 AND 2012**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Prince Housing & Development Corp.

We have audited the accompanying non-consolidated balance sheets of Prince Housing & Development Corp. as of December 31, 2013, December 31, 2012 and January 1, 2012, and the related non-consolidated statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2013 and 2012. These non-consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of certain long-term investments accounted for using equity method. Those financial statements and the information disclosed in Note 13 were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent accountants. The share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method based on reports of other independent accountants for the years ended December 31, 2013 and 2012 was NT\$40,149 thousand and NT\$135,952 thousand, respectively, and balance of investments accounted for using equity method was NT\$1,038,366 thousand, NT\$1,153,512 thousand and NT\$1,290,679 thousand as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other independent accountants, the non-consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Prince Housing & Development Corp. as of December 31, 2013, December 31, 2012 and January 1, 2012, and their financial performance and cash flows for the years ended December 31, 2013 and 2012 in conformity with the "Rules Governing the Preparations of Financial Statements by Securities Issuers".

PricewaterhouseCoopers, Taiwan

PricewaterhouseCoopers, Taiwan

March 25, 2014

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

PRINCE HOUSING & DEVELOPMENT CORP.
NON-CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2013		December 31, 2012		January 1, 2012		
		Amount	%	Amount	%	Amount	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 1,381,938	3	\$ 3,611,373	9	\$ 281,987	1
1110	Financial assets at fair value	6(2) and 8						
	through profit or loss - current		-	-	-	-	76,027	-
1150	Notes receivable, net	6(3)	96,039	-	120,032	-	47,031	-
1170	Accounts receivable, net	6(4)	2,919,440	7	1,407,766	4	573,674	1
1180	Accounts receivable - related	7						
	parties		2,014	-	185,560	-	-	-
1200	Other receivables		36,847	-	1,233,941	3	958,531	3
130X	Inventories	5(2), 6(5)						
		and 7	15,795,565	37	13,041,773	33	17,046,805	45
1410	Prepayments		338,550	1	86,325	-	210,546	1
1476	Other current financial assets	8	3,081,749	7	782,612	2	85,644	-
1479	Other current assets, others	6(6)	708,535	2	494,014	1	688,395	2
11XX	Current Assets		<u>24,360,677</u>	<u>57</u>	<u>20,963,396</u>	<u>52</u>	<u>19,968,640</u>	<u>53</u>
Non-current assets								
1510	Financial assets at fair value	6(2) and 8						
	through profit or loss - non -							
	current		77,100	-	76,593	-	-	-
1523	Available-for-sale financial	6(7) and 8						
	assets - non - current		2,176,649	5	1,716,817	4	1,331,818	4
1543	Financial assets carried at cost -	5(2), 6(8)						
	non - current	and 8	876,043	2	878,509	2	880,974	2
1550	Investments accounted for	5(2), 6(9)						
	under equity method	and 8	3,985,245	9	4,058,930	10	3,905,086	10
1600	Property, plant and equipment	6(10) and 8	504,988	1	539,150	2	567,921	2
1760	Investment property - net	6(11) and 8	6,794,229	16	6,956,219	18	7,134,763	19
1780	Intangible assets	6(12)	2,422,945	6	2,484,197	6	2,545,450	7
1920	Guarantee deposits paid		425,823	1	492,761	1	85,860	-
1980	Other non-current financial	8						
	assets		132,097	-	808,337	2	147,983	-
1990	Other non-current assets, others	7 and 8	1,109,568	3	1,116,826	3	1,126,978	3
15XX	Non-current assets		<u>18,504,687</u>	<u>43</u>	<u>19,128,339</u>	<u>48</u>	<u>17,726,833</u>	<u>47</u>
1XXX	Total assets		<u>\$ 42,865,364</u>	<u>100</u>	<u>\$ 40,091,735</u>	<u>100</u>	<u>\$ 37,695,473</u>	<u>100</u>

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PRINCE HOUSING & DEVELOPMENT CORP.
NON-CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2013		December 31, 2012		January 1, 2012		
		Amount	%	Amount	%	Amount	%	
Current liabilities								
2100	Short-term borrowings	6(13) and 8	\$ 3,457,000	8	\$ 3,820,000	10	\$ 5,367,400	14
2110	Short-term notes and bills payable	6(14) and 8	1,404,186	3	1,653,227	4	1,380,669	4
2150	Notes payable		13,129	-	16,220	-	135,112	-
2170	Accounts payable		2,067,631	5	2,092,087	5	750,687	2
2180	Accounts payable - related parties	7	364,701	1	424,886	1	75,893	-
2200	Other payables		629,113	2	646,102	2	439,768	1
2220	Other payables - related parties	7	-	-	-	-	240,000	1
2230	Current income tax liabilities	6(30)	42,352	-	87,705	-	10,301	-
2310	Receipts in advance	6(15)	3,042,119	7	1,611,334	4	4,819,011	13
2320	Long-term liabilities, current portion	6(17) and 8	301,000	1	3,094,284	8	3,812,079	10
2399	Other current liabilities, others		76,181	-	69,076	-	34,388	-
21XX	Current Liabilities		<u>11,397,412</u>	<u>27</u>	<u>13,514,921</u>	<u>34</u>	<u>17,065,308</u>	<u>45</u>
Non-current liabilities								
2530	Bonds payable	6(16)	4,500,000	11	2,000,000	5	-	-
2540	Long-term borrowings	6(17) and 8	8,456,126	20	7,522,182	19	10,102,875	27
2550	Provisions for liabilities - non-current	6(18)	79,071	-	73,062	-	51,464	-
2640	Accrued pension liabilities	5(2) and 6(19)	87,602	-	84,357	-	74,414	-
2645	Guarantee deposits received		136,394	-	135,841	-	130,187	1
2650	Credit balance of investments accounted for using equity method	6(9)	-	-	12,398	-	44,433	-
25XX	Non-current liabilities		<u>13,259,193</u>	<u>31</u>	<u>9,827,840</u>	<u>24</u>	<u>10,403,373</u>	<u>28</u>
2XXX	Total Liabilities		<u>24,656,605</u>	<u>58</u>	<u>23,342,761</u>	<u>58</u>	<u>27,468,681</u>	<u>73</u>
Equity								
Share capital								
3110	Common stock	6(20)	13,139,241	30	11,944,765	30	10,858,877	29
Capital surplus								
3200	Capital surplus	6(21)	521,293	1	521,293	1	521,293	1
Retained earnings								
3310	Legal reserve	6(20)(2) 2) (30)	1,022,243	2	843,650	2	612,237	2
3350	Accumulated earnings (deficit)		1,586,811	4	1,909,259	5	(2,798,480)	(8)
Other equity interest								
3400	Other equity interest	6(23)	1,999,611	5	1,590,447	4	1,093,305	3
3500	Treasury stocks	6(20)	(60,440)	-	(60,440)	-	(60,440)	-
3XXX	Total equity		<u>18,208,759</u>	<u>42</u>	<u>16,748,974</u>	<u>42</u>	<u>10,226,792</u>	<u>27</u>
Total liabilities and equity			<u>\$ 42,865,364</u>	<u>100</u>	<u>\$ 40,091,735</u>	<u>100</u>	<u>\$ 37,695,473</u>	<u>100</u>

The accompanying notes are an integral part of these non-consolidated financial statements.
See report of independent accountants dated March 25, 2014.

PRINCE HOUSING & DEVELOPMENT CORP.
NON-CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earning per share amount)

		For The Years Ended December 31				
		2013		2012		
	Notes	Amount	%	Amount	%	
4000	Operating revenue	6(25) and 7	\$ 8,571,288	100	\$ 18,865,009	100
5000	Operating costs	6(5)(29) and 7	(5,697,565)	(66)	(10,103,324)	(53)
5900	Gross profit		<u>2,873,723</u>	34	<u>8,761,685</u>	47
	Operating expenses	6(29)				
6100	Selling expenses		(607,707)	(7)	(1,170,483)	(6)
6200	General & administrative expenses		(837,829)	(10)	(876,114)	(5)
6000	Total operating expenses		<u>(1,445,536)</u>	<u>(17)</u>	<u>(2,046,597)</u>	<u>(11)</u>
6900	Operating profit		<u>1,428,187</u>	17	<u>6,715,088</u>	36
	Non-operating income and expenses					
7010	Other income	6(11)(26)	488,051	6	226,665	1
7020	Other gains and losses	6(2)(27)	10,451	-	(16,798)	-
7050	Finance costs	6(5)(28) and 7	(298,981)	(4)	(397,688)	(2)
7070	Share of profit of associates and joint ventures accounted for using equity method, net	6(9)	<u>79,824</u>	1	<u>361,482</u>	2
7000	Total non-operating income and expenses		<u>279,345</u>	3	<u>173,661</u>	1
7900	Profit before income tax		1,707,532	20	6,888,749	37
7950	Income tax expense	6(30)	(54,779)	(1)	(299,916)	(2)
8200	Profit for the year		<u>\$ 1,652,753</u>	19	<u>\$ 6,588,833</u>	35
	Other comprehensive income					
8325	Unrealized gain on valuation of available-for-sale financial assets	6(7)	\$ 459,832	5	\$ 450,063	3
8360	Actuarial loss on defined benefit plan	6(19)	(2,487)	-	(9,775)	-
8380	Share of other comprehensive income of associates and joint ventures accounted for using equity method		<u>(53,075)</u>	-	<u>45,362</u>	-
8300	Other comprehensive income for the year, net of tax		<u>\$ 404,270</u>	5	<u>\$ 485,650</u>	3
8500	Total comprehensive income for the year		<u>\$ 2,057,023</u>	24	<u>\$ 7,074,483</u>	38
	Basic earnings per share	6(31)				
9750	Basic earnings per share		<u>\$ 1.30</u>		<u>\$ 5.17</u>	
9850	Diluted earnings per share		<u>\$ 1.29</u>		<u>\$ 5.16</u>	
Assuming the Company treated the stocks held by a subsidiary as long-term investments rather than treasury stock, the pro forma information is as follows:						
	Net income		<u>\$ 1,604,715</u>		<u>\$ 6,794,508</u>	
	Earnings per Share (in dollars)					
	Basic earnings per share		<u>\$ 1.22</u>		<u>\$ 5.17</u>	

The accompanying notes are an integral part of these non-consolidated financial statements.
See report of independent accountants dated March 25, 2014.

PRINCE HOUSING & DEVELOPMENT CORP.
NON-CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

	Notes	Capital Reserves		Retained Earnings		Other equity interest		Treasury stocks	Total equity	
		Common stock	Additional paid-in capital-treasury stock transactions	Others	Legal reserve	Accumulated earnings (deficit)	Cumulative translation differences			Unrealized gain (loss) on valuation of available-for-sale financial assets
<u>For the years ended December, 31 2012</u>										
Balance at January 1, 2012		\$ 10,858,877	\$ 514,061	\$ 7,232	\$ 612,237	(\$ 2,798,480)	\$ -	\$ 1,093,305	(\$ 60,440)	\$ 10,226,792
Distribution of 2011 earnings (Note 1):	6(22)									
Legal reserve		-	-	-	231,413	(231,413)	-	-	-	-
Cash dividends		-	-	-	-	(542,944)	-	-	-	(542,944)
Stock dividends		1,085,888	-	-	-	(1,085,888)	-	-	-	-
Profit for the year	6(31)	-	-	-	-	6,588,833	-	-	-	6,588,833
Difference between acquisition price and carrying amount for subsidiaries' stock		-	-	-	-	(9,357)	-	-	-	(9,357)
Other comprehensive income for the year	6(7)(19)(23)	-	-	-	-	(11,492)	-	497,142	-	485,650
Balance at December 31, 2012		<u>\$ 11,944,765</u>	<u>\$ 514,061</u>	<u>\$ 7,232</u>	<u>\$ 843,650</u>	<u>\$ 1,909,259</u>	<u>\$ -</u>	<u>\$ 1,590,447</u>	<u>(\$ 60,440)</u>	<u>\$ 16,748,974</u>
<u>For the years ended December, 31 2013</u>										
Balance at January 1, 2013		\$ 11,944,765	\$ 514,061	\$ 7,232	\$ 843,650	\$ 1,909,259	\$ -	\$ 1,590,447	(\$ 60,440)	\$ 16,748,974
Distribution of 2012 earnings (Note 2):	6(22)									
Legal reserve		-	-	-	178,593	(178,593)	-	-	-	-
Cash dividends		-	-	-	-	(597,238)	-	-	-	(597,238)
Stock dividends		1,194,476	-	-	-	(1,194,476)	-	-	-	-
Profit for the year	6(31)	-	-	-	-	1,652,753	-	-	-	1,652,753
Other comprehensive income for the year	3(2)and 6(7)(19)(23)	-	-	-	-	(4,894)	(859)	410,023	-	404,270
Balance at December 31, 2013		<u>\$ 13,139,241</u>	<u>\$ 514,061</u>	<u>\$ 7,232</u>	<u>\$ 1,022,243</u>	<u>\$ 1,586,811</u>	<u>(\$ 859)</u>	<u>\$ 2,000,470</u>	<u>(\$ 60,440)</u>	<u>\$ 18,208,759</u>

Note 1: Employees' bonus of \$41,654 and directors' and supervisors' remuneration of \$62,482 have been eliminated from the non-consolidated statement of comprehensive income.

Note 2: Employees' bonus of \$31,640 and directors' and supervisors' remuneration of \$47,460 have been eliminated from the non-consolidated statement of comprehensive income. The differences, employees' bonus of \$507 and directors' and supervisors' remuneration of \$760, between the amount approved at the stockholders' meeting for appropriation have been recognised in 2013 non-consolidated statement of comprehensive income.

The accompanying notes are an integral part of these non-consolidated financial statements.
See report of independent accountants dated March 25, 2014.

PRINCE HOUSING & DEVELOPMENT CORP.
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For The Years Ended December 31,	
		2013	2012
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax for the year		\$ 1,707,532	\$ 6,888,749
Adjustments to reconcile profit before tax to net cash (used in) provided by operating activities			
Income and expenses having no effect on cash flows			
Gain on financial assets at fair value through profit or loss	6(2)	(507)	(566)
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(9)		
Loss (gain) on disposal of property, plant and equipment	6(27)	(79,824)	(361,482)
Depreciation	6(29)	7	(1,017)
Amortisation	6(29)	118,600	126,974
Interest expense	6(28)	61,252	61,253
Interest income	6(26)	298,981	397,688
Dividend income	6(26)	(25,556)	(37,635)
Gain of disposal of investments	6(26)	(27,142)	(76,243)
(Gain) loss on unrealised foreign exchange		(1)	(5)
		(9,848)	13,326
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss - current		-	(76,027)
Notes receivable		23,993	(73,001)
Accounts receivable		(1,511,674)	(834,092)
Accounts receivable-related parties		183,546	(185,560)
Other receivables		135,573	(275,703)
Inventories		(1,609,782)	4,095,439
Prepayments		(252,225)	124,221
Other current assets, others		(214,521)	194,381
Financial assets at fair value through profit or loss - non-current		-	76,027
Other noncurrent assets- other		7,258	10,152
Net changes in liabilities relating to operating activities			
Notes payable		(3,091)	(118,892)
Accounts payable		(24,456)	1,341,400
Accounts payable - related parties		(60,185)	348,993
Other payables		(21,013)	197,166
Receipts in advance		1,430,785	(3,207,677)
Other current liabilities, others		7,105	34,688
Provisions for liabilities - non - current		6,009	21,598
Accrued pension liabilities		758	168
Cash provided by operations		141,574	8,684,323
Interest received		25,460	37,928
Cash dividend received		45,142	256,243
Interest paid		(294,957)	(388,520)
Income tax paid		(100,132)	(222,512)
Net cash (used in) provided by operating activities		(182,913)	8,367,462

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PRINCE HOUSING & DEVELOPMENT CORP.
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For The Years Ended December 31,	
		2013	2012
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in other financial assets - current		(\$ 2,299,137)	(\$ 696,968)
Return of share capital from available-for-sale financial assets, non-current		-	65,064
Acquisition of property, plant and equipment	6(10)	(4,848)	(11,098)
Proceeds from disposal of property, plant and equipment		-	2,049
(Increase) decrease in other financial assets – non - current		676,240	(660,354)
Proceeds from capital reduction of financial assets carried at cost		2,466	2,465
Increase in investments accounted for under equity method		(12,000)	(170,254)
Return of share capital from long-term equity investments accounted for under the equity method		88,603	185,000
Proceeds from disposal of long-term investments		3,282	3,541
(Increase) decrease in deposits out		66,938	(406,901)
Net cash used in investing activities		(1,478,456)	(1,687,456)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term borrowings		(363,000)	(1,547,400)
(Decrease) increase in short-term notes and bills payable		(249,041)	272,558
Decrease in other payables - related parties		-	(240,000)
Proceeds from corporate bond issuance		2,500,000	2,000,000
Decrease in long-term borrowings		(8,547,558)	(9,972,208)
Increase in long-term borrowings		6,688,218	6,673,720
Increase in guarantee deposits received		553	5,654
Cash dividends paid		(597,238)	(542,944)
Net cash used in financing activities		(568,066)	(3,350,620)
Net (decrease) increase in cash and cash equivalents		(2,229,435)	3,329,386
Cash and cash equivalents at beginning of year		3,611,373	281,987
Cash and cash equivalents at end of year		\$ 1,381,938	\$ 3,611,373

The accompanying notes are an integral part of these non-consolidated financial statements.
See report of independent accountants dated March 25, 2014.

PRINCE HOUSING & DEVELOPMENT CORP.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

Prince Housing & Development Corp. (the “Company”) was established in September 1973, under the Company Act and other related regulations. The Company is primarily engaged in the construction, leasing and sale of public housing, commercial building, tourism/recreation place (children’s playground, water park, etc.) and parking lot/parking tower, and leasing and sale of real estate. The common shares of the Company have been listed on the Taiwan Stock Exchange since April 1991.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE NON-CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These non-consolidated financial statements were authorized for issuance by the Board of Directors on March 25, 2014.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRSs”) as endorsed by the Financial Supervisory Commission (“FSC”)

Not applicable as it is the first-time adoption of IFRSs by the Company this year.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

IFRS 9, ‘Financial Instruments’: Classification and measurement of financial instruments

A. The International Accounting Standards Board (“IASB”) published IFRS 9, ‘Financial Instruments’, in November 2009, which will take effect on January 1, 2013 with early application permitted (Through the amendments to IFRS 9 published on November 19, 2013, the IASB has removed the previous mandatory effective date, but the standard is available for immediate application). Although the FSC has endorsed IFRS 9, FSC does not permit early application of IFRS 9 when IFRSs are adopted in R.O.C. in 2013. Instead, enterprises should apply International Accounting Standard No. 39 (“IAS 39”), ‘Financial Instruments: Recognition and Measurement’ reissued in 2009.

B. IFRS 9 was issued as the first step to replace IAS 39. IFRS 9 outlines the new classification and measurement requirements for financial instruments, which might affect the accounting treatments for financial instruments of the Company.

C. The Company has not yet evaluated the overall effect of the IFRS 9 adoption. However, based on our preliminary evaluation, it was noted that the IFRS 9 adoption might have an impact on those instruments classified as ‘available-for-sale financial assets’ held by the Company, as IFRS 9 specifies that the fair value changes in the equity instruments that meet certain criteria may be reported in other comprehensive income, and such amount that has been recognised in other comprehensive income should not be reclassified to profit or loss when such assets are

derecognised. The Company recognised gain (or loss) on equity instruments amounting to \$410,023, in other comprehensive income for the year ended December 31, 2013.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

A. The following are the assessment of new standards, interpretations and amendments issued by IASB but not yet endorsed by the FSC (application of the new standards and amendments should follow the regulations of the FSC):

<u>New Standards, Interpretations and Amendments</u>	<u>Main Amendments</u>	<u>IASB Effective Date</u>
Limited exemption from comparative IFRS 7 disclosures for first-time adopters (amendment to IFRS 1)	The amendment provides first-time adopters of IFRSs with the same transition relief that existing IFRS preparer received in IFRS 7, 'Financial Instruments: Disclosures' and exempts first-time adopters from providing the additional comparative disclosures.	July 1, 2010
Improvements to IFRSs 2010	Amendments to IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 34 and IFRIC 13.	January 1, 2011
IFRS 9, 'Financial instruments: Classification and measurement of financial liabilities'	IFRS 9 requires gains and losses on financial liabilities designated at fair value through profit or loss to be split into the amount of change in the fair value that is attributable to changes in the credit risk of the liability, which shall be presented in other comprehensive income, and cannot be reclassified to profit or loss when derecognising the liabilities; and all other changes in fair value are recognised in profit or loss. The new guidance allows the recognition of the full amount of change in the fair value in the profit or loss only if there is reasonable evidence showing on initial recognition that the recognition of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch (inconsistency) in profit or loss. (That determination is made at initial recognition and is not reassessed subsequently.)	November 19, 2013 (Not mandatory)
Disclosures - transfers of financial assets (amendment to IFRS 7)	The amendment enhances qualitative and quantitative disclosures for all transferred financial assets that are not derecognised and for any continuing involvement in transferred assets, existing at the reporting date.	July 1, 2011
Severe hyperinflation and removal of fixed dates for first-time adopters (amendment to IFRS 1)	When an entity's date of transition to IFRSs is on, or after, the functional currency normalisation date, the entity may elect to measure all assets and liabilities held before the functional currency normalisation date at fair value on the date of transition to IFRSs. First-time adopters are allowed to apply the derecognition requirements in IAS 39, 'Financial instruments: Recognition and measurement', prospectively from the date of transition to IFRSs, and they are allowed not to retrospectively recognise related gains on the date of transition to IFRSs.	July 1, 2011
Deferred tax: recovery of underlying assets (amendment to IAS 12)	The amendment gives a rebuttable presumption that the carrying amount of investment properties measured at fair value is recovered entirely by sale, unless there exists any evidence that could rebut this presumption. The amendment also replaces SIC 21, 'Income taxes—recovery of revalued non-depreciable assets'.	January 1, 2012
IFRS 10, 'Consolidated financial statements'	The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where it is difficult to assess.	January 1, 2013
IFRS 11, 'Joint arrangements'	Judgments applied when assessing the types of joint arrangements—joint operations and joint ventures, the entity should assess the contractual rights and obligations instead of the legal form only. The standard also prohibits the proportional consolidation for joint ventures.	January 1, 2013
IFRS 12, 'Disclosure of interests in other entities'	The standard requires the disclosure of interests in other entities including subsidiaries, joint arrangements, associates and unconsolidated structured entities.	January 1, 2013
IAS 27, 'Separate financial statements' (as amended in 2011)	The standard removes the requirements of consolidated financial statements from IAS 27 and those requirements are addressed in IFRS 10, 'Consolidated financial statements'.	January 1, 2013

<u>New Standards, Interpretations and Amendments</u>	<u>Main Amendments</u>	<u>IASB Effective Date</u>
IAS 28, 'Investments in associates and joint ventures' (as amended in 2011)	As consequential amendments resulting from the issuance of IFRS 11, 'Joint arrangements', IAS 28 (revised) sets out the requirements for the application of the equity method when accounting for investments in joint ventures.	January 1, 2013
IFRS 13, 'Fair value measurement'	IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.	January 1, 2013
IAS 19 revised, 'Employee benefits' (as amended in 2011)	The revised standard eliminates corridor approach and requires actuarial gains and losses to be recognised immediately in other comprehensive income. Past service costs will be recognised immediately in the period incurred. Net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability, replace the finance charge and expected return on plan assets. The return of plan assets, excluding net interest expense, is recognised in other comprehensive income.	January 1, 2013
Presentation of items of other comprehensive income (amendment to IAS 1)	The amendment requires profit or loss and other comprehensive income (OCI) to be presented separately in the statement of comprehensive income. Also, the amendment requires entities to separate items presented in OCI into two groups based on whether or not they may be recycled to profit or loss subsequently.	July 1, 2012
IFRIC 20, 'Stripping costs in the production phase of a surface mine'	Stripping costs that meet certain criteria should be recognised as the 'stripping activity asset'. To the extent that the benefit from the stripping activity is realised in the form of inventory produced, the entity shall account for the costs of that stripping activity in accordance with IAS 2, 'Inventories'.	January 1, 2013
Disclosures—Offsetting financial assets and financial liabilities (amendment to IFRS 7)	The amendment requires disclosures to include quantitative information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements.	January 1, 2013
Offsetting financial assets and financial liabilities (amendment to IAS 32)	The amendments clarify the requirements for offsetting financial instruments on the statement of financial position: (i) the meaning of 'currently has a legally enforceable right to set off the recognised amounts'; and (ii) that some gross settlement mechanisms with certain features may be considered equivalent to net settlement.	January 1, 2014
Government loans (amendment to IFRS 1)	The amendment provides exception to first-time adopters to apply the requirements in IFRS 9, 'Financial instruments', and IAS 20, 'Accounting for government grants and disclosure of government assistance', prospectively to government loans that exist at the date of transition to IFRSs; and first-time adopters should not recognise the corresponding benefit of the government loan at a below-market rate of interest as a government grant.	January 1, 2013
Improvements to IFRSs 2009- 2011	Amendments to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34.	January 1, 2013
Consolidated financial statements, joint arrangements and disclosure of interests in other Entities: Transition guidance (amendments to IFRS 10, IFRS 11 and IFRS 12)	The amendment clarifies that the date of initial application is the first day of the annual period in which IFRS 10, 11 and 12 is adopted.	January 1, 2013
Investment entities (amendments to IFRS 10, IFRS 12 and IAS 27)	The amendments define 'Investment Entities' and their characteristics. The parent company that meets the definition of investment entities should measure its subsidiaries using fair value through profit or loss instead of consolidating them.	January 1, 2014
IFRIC 21, 'Levies'	The interpretation addresses the accounting for levies imposed by governments in accordance with legislation (other than income tax). A liability to pay a levy shall be recognised in accordance with IAS 37, 'Provisions, contingent liabilities and contingent assets'.	January 1, 2014
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	The amendments remove the requirement to disclose recoverable amount when a cash generating unit (CGU) contains goodwill or intangible assets with indefinite useful lives that were not impaired.	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	The amendment states that the novation of a hedging instrument would not be considered an expiration or termination giving rise to the discontinuation of hedge accounting when the hedging instrument that is being novated complies with specified criteria.	January 1, 2014

<u>New Standards, Interpretations and Amendments</u>	<u>Main Amendments</u>	<u>IASB Effective Date</u>
IFRS 9 "Financial assets: hedge accounting" and amendments to IFRS 9, IFRS 7 and IAS 39	1. IFRS 9 relaxes the requirements for hedged items and hedging instruments and removes the bright line of effectiveness to better align hedge accounting with the risk management activities of an entity. 2. An entity can elect to early adopt the requirement to recognise the changes in fair value attributable to changes in an entity's own credit risk from financial liabilities that are designated under the fair value option in 'other comprehensive income'.	November 19, 2013 (Not mandatory)
Services related contributions from employees or third parties (amendments to IAS 19R)	The amendment allows contributions from employees or third parties that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.	July 1, 2014
Improvements to IFRSs 2010- 2012	Amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.	July 1, 2014
Improvements to IFRSs 2011- 2013	Amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.	July 1, 2014

B.The Company is assessing the potential impact of the new standards, interpretations and amendments above and has not yet been able to reliably estimate their impact on the non-consolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these non-consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A.These non-consolidated financial statements are the first non-consolidated financial statements prepared by the Company in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers".

B.In the preparation of the non-consolidated balance sheet of January 1, 2012 (the Company's date of transition to IFRSs) ("the opening IFRS non-consolidated balance sheet"), the Company has adjusted the amounts that were reported in the non-consolidated financial statements in accordance with previous R.O.C. GAAP. Please refer to Note 15 for the impact of transitioning from R.O.C. GAAP to the IFRSs, International Accounting Standards, and Interpretations/bulletins as endorsed by the FSC (collectively referred herein as the "IFRSs") on the Company's financial position, financial performance operating results and cash flows.

(2) Basis of preparation

A.Except for the following items, these non-consolidated financial statements have been prepared under the historical cost convention:

- a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- b) Available-for-sale financial assets measured at fair value.
- c) Liabilities on cash-settled share-based payment arrangements measured at fair value.
- d) Defined benefit liabilities recognised based on the net amount of pension fund assets plus unrecognised past service cost and unrecognised actuarial losses, and less unrecognised actuarial gains and present value of defined benefit obligation.

B. The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the non-consolidated financial statements are disclosed in Note 5.

(3) Foreign currency translation

The non-consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the company entities, associates and jointly controlled entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is an associate or jointly controlled entity, exchange differences that were recorded in other comprehensive income are

proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Company still retains partial interest in the former foreign associate or jointly controlled entity after losing significant influence over the former foreign associate, or losing joint control of the former jointly controlled entity, such transactions should be accounted for as disposal of all interest in these foreign operations.

(c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(4) Classification of current and non-current items

A. If assets and liabilities are related to the construction business, they are classified as current or non-current according to their operating cycle; if they are not related to the construction business, they are classified by annual basis.

B. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

C. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be paid off within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be paid off within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits mature within 3 months and bonds with call back options meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets held for trading or financial assets designated as at fair value through profit or loss on initial recognition. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as financial assets held for trading unless they are designated as hedges. Financial assets that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:
- (a) Hybrid (combined) contracts; or
 - (b) They eliminate or significantly reduce a measurement or recognition inconsistency; or
 - (c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. Financial assets at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in profit or loss.

(7) Available-for-sale financial assets

- A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.
- B. On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.
- C. Available-for-sale financial assets are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in 'financial assets measured at cost'.

(8) Receivables

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

(9) Impairment of financial assets

A. The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

B. The criteria that the Company uses to determine whether there is objective evidence of an impairment loss is as follows:

- (a) Significant financial difficulty of the issuer or debtor;
- (b) A breach of contract, such as a default or delinquency in interest or principal payments;
- (c) The disappearance of an active market for that financial asset because of financial difficulties;
- (d) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;
- (e) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;
- (f) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

C. When the Company assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(a) Financial assets measured at amortised cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(b) Financial assets measured at cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market

return rate of similar financial asset, and is recognised in profit or loss. Impairment loss recognised for this category shall not be reversed subsequently. Impairment loss is recognised by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(c) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognised, then such impairment loss is reversed through profit or loss. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(10) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(11) Inventories

Inventories including "land held for construction", "construction in progress", and "buildings and land held for sale" are stated at cost and evaluated at the lower of cost or net realisable value at the end period. The individual item approach is used in the comparison of cost and net realisable value. The calculation of net realisable value is based on the estimated selling price in the normal course of business, net of estimated costs of completion and related adjusted selling expenses. The interest costs related to construction in progress are capitalised during the construction.

(12) Construction contracts

In accordance with IFRIC 15, 'Agreements for the Construction of Real Estate', if the buyer is able to specify the major structural elements of the design of the real estate before construction begins and/or specify major structural changes once construction is in progress, the construction contract meets the definition of construction contract and criteria in IAS 11, 'Construction Contracts'. In accordance with regulations on products of IAS 18, 'Revenue', the Company recognises sales revenue for contracts of presale of buildings that do not meet the definition of construction contract. For transactions that meet the definition of construction contract, the Company recognises contract revenue in accordance with IAS 11.

(13) Investments accounted for using equity method / subsidiaries, associates

- A. Subsidiaries refer to the entities (including special purpose entities) that the Company has control over their financial and operating policies and own more than 50% of voting shares directly or indirectly. The Company evaluates investments in subsidiaries accounted under equity method in these non-consolidated financial statements.
- B. Unrealised profit (loss) arising from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.
- D. If changes in shareholdings in subsidiaries do not incur loss of control (transaction with non-controlling interest), transactions shall be considered as equity transactions, which are transactions between owners. Difference of adjustment of non-controlling interest and fair value of consideration paid or received is recognised in equity.
- E. When the Company loses its control in a subsidiary, the Company revalues the remaining investment in the prior subsidiary at fair value, and recognises the difference between fair value and book value in the profit or loss for the period. The accounting treatment on the previously recognised amount related to the subsidiary in other comprehensive income is the same as the basis if the Company directly disposes related assets or liabilities, which means if the Company has recognised gain or loss in other comprehensive income, the Company should reclassify the gain or loss on disposal of related assets or liabilities to profit or loss; and when the Company loses control in the subsidiary, the gain or loss should be reclassified from equity to profit or loss.
- F. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- G. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- H. When changes in an associate's equity that are not recognised in profit or loss or other comprehensive income of the associate and such changes not affecting the Company's

ownership percentage of the associate, the Company recognises the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

- I. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- J. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- K. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- L. When the Company disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- M. When the Company disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it still retains significant influence over this associate, then the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.
- N. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the non-consolidated financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners' equity in the non-consolidated financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(14) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	50 ~ 60 years
Computer and communication equipment	5 years
Transportation equipment	5 years
Office equipment	5 ~ 10 years
Leasehold improvements	5 years
Other equipment	5 years

(15) Operating leases (lessor/ lessee)

Rental income from operating leases (excluding any benefits provided to lessee) or payments for operating leases (excluding any benefits received from lessor) are recognised as profit or loss for the period over the leasing period on a straight line basis.

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 44 ~ 60 years.

(17) Intangible assets

Intangible assets consist of service concession, which are stated at acquisition cost and amortised on a straight line basis over its useful life of 44 years.

(18) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where

there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(19) Borrowings

A. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(20) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

(21) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(22) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(23) Financial liabilities

Bonds payable

Ordinary corporate bonds issued by the Company are initially recognised at fair value, net of transaction costs incurred. Ordinary corporate bonds are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortised in profit or loss as an adjustment to the 'finance costs' over the period of bond circulation using the effective interest method.

(24) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(25) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.

ii. Actuarial gains and losses arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise.

iii. Past service costs are recognised immediately in profit or loss if vested immediately; if not, the past service costs are amortised on a straight-line basis over the vesting period.

C. Employees' bonus and directors' and supervisors' remuneration

Employees' bonus and directors' and supervisors' remuneration are recognised as expenses and

liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences should be recognised based on the accounting for changes in estimates. The Company calculates the number of shares of employees' stock bonus based on the fair value per share at the previous day of the stockholders' meeting held in the year following the financial reporting year, and after taking into account the effects of ex-rights and ex-dividends.

(26) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the non-consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F.A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures, employees' training costs and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(27) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(28) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary share on the effective date of new shares issuance.

(29) Revenue recognition

A.Sales of good

The Company handles entrusted construction, sale and lease of public housings and business buildings. Revenue arising from the sales of goods should be recognised when the Company has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied. For pre-selling of housing that the Company has entrusted to construction companies to build, as stated in Note 4(12), sales revenue is recognised in accordance with IAS 18, 'Revenue'. Thus, the Company has carried over costs and recognised profit or loss when it completes transfer of title and settlement of housing. Only when housing was actually settled (or only when ownership was transferred) before balance sheet date, and related risk return was transferred would sales revenue be recognised.

B. Service concession revenue

Please refer to Note 4(30) for service concession contracts provided by the Company.

(30) Service concession arrangements

A.The Company contracted with National Taiwan University (grantor) to provide construction of the government's infrastructure assets for public services and operate those assets for Chang

Hsing St. Campus for 44 years and 6 months, and for Shui Yuan Campus for 44 years and 4 months after construction is completed. When the term of operating period expires, the underlying infrastructure assets will be transferred to National Taiwan University without consideration. The Company allocates the fair value of the consideration received or receivable in respect of the service concession arrangement between construction services and operating services provided based on their relative fair values, and recognises such allocated amounts as revenues in accordance with IAS 11, 'Construction Contracts', and IAS 18, 'Revenue', respectively.

B. Costs incurred on provision of construction services or upgrading services under a service concession arrangement are accounted for in accordance with IAS 11, 'Construction Contracts'.

C. The consideration received or receivable from the grantor in respect of the service concession arrangement is recognised at its fair value. Such considerations are recognised as a financial asset or an intangible asset based on how the considerations from the grantor to the operator are made as specified in the arrangement.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these non-consolidated financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates are continually evaluated and adjusted based on historical experience and other factors. The above information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

A. Financial assets—impairment of equity investments

The Company follows the guidance of IAS 39 to determine whether a financial asset—equity investment is impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an equity investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

If the decline of the fair value of an individual equity investment below cost was considered significant or prolonged, the Company would suffer an additional loss in its 2013 financial statements, being the transfer of the accumulated fair value adjustments recognised in other comprehensive income on the impaired available-for-sale financial assets to profit or loss or being the recognition of the impairment loss on the impaired financial assets measured at cost in profit or loss.

B. Investment property

The Company uses a portion of the property for its own use and another portion to earn rentals or for capital appreciation. When these portions cannot be sold separately and cannot be leased out

separately under a finance lease, the property is classified as investment property only if the own-use portion accounts for insignificant portion of the property.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of tangible and intangible assets (excluding goodwill)

The Company assesses impairment based on its subjective judgement and determines the separate cash flows of a specific Company of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Company strategy might cause material impairment on assets in the future.

B. Impairment assessment of investments accounted for under the equity method

The Company assesses the impairment of an investment accounted for under the equity method as soon as there any indication that it might have been impaired and its carrying amount cannot be recoverable. The Company assesses the recoverable amounts of an investment accounted for under the equity method based on the present value of the Company's share of expected future cash flows of the investee, and analyzes the reasonableness of related assumptions.

As of December 31, 2013, the Company's investments accounted for under the equity method, net of impairment loss, amounted to \$3,985,245.

C. Realisability of deferred income tax assets

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Assessment of the realisability of deferred income tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, tax exempt duration, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred income tax assets.

D. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2013, the carrying amount of inventories was \$15,795,565.

E. Calculation of accrued pension obligations

When calculating the present value of defined pension obligations, the Company must apply judgements and estimates to determine the actuarial assumptions on balance sheet date, including discount rates and expected rate of return on plan assets. Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations.

As of December 31, 2013, the carrying amount of accrued pension obligations was \$87,602.

F. Financial assets—fair value measurement of unlisted stocks without active market

The fair value of unlisted stocks held by the Company that are not traded in an active market is determined considering those companies' recent funding raising activities and technical development status, fair value assessment of other companies of the same type, market conditions and other economic indicators existing on balance sheet date. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks. Please refer to Note 12(3) for the financial instruments fair value information.

As of December 31, 2013, the carrying amount of unlisted stocks was \$876,043.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Cash on hand and revolving funds	\$ 2,524	\$ 2,674
Checking accounts and demand deposits	1,379,414	3,458,699
Repurchase Bonds	-	150,000
	<u>\$ 1,381,938</u>	<u>\$ 3,611,373</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote. The Company's maximum exposure to credit risk at balance sheet date is the carrying amount of all cash and cash equivalents.

B. Details of the Company's cash and cash equivalents pledged to others as collateral are provided in Note 8.

(2) Financial assets and liabilities at fair value through profit or loss

<u>Items</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Current items:			
Financial assets held for trading			
Mutual funds	\$ -	\$ -	\$ 76,000
Financial assets held for trading valuation adjustments	-	-	27
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,027</u>
Non-current items:			
Financial assets held for trading			
Mutual funds	\$ 76,000	\$ 76,000	\$ -
Financial assets held for trading valuation adjustments	1,100	593	-
	<u>\$ 77,100</u>	<u>\$ 76,593</u>	<u>\$ -</u>

A. The Company recognized net gain of \$507 and \$566 for the years ended December 31, 2013 and 2012 respectively.

B. Details of the Company's financial assets and liabilities at fair value through profit or loss pledged to others as collateral are provided in Note 8.

(3) Notes receivable, net

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Notes receivable	\$99,742	\$123,735	\$50,734
Less: Allowance for doubtful accounts	(3,703)	(3,703)	(3,703)
	<u>\$ 96,039</u>	<u>\$ 120,032</u>	<u>\$ 47,031</u>

A. The Company's notes receivable that were neither past due nor impaired had good credit quality.

B. The Company's allowance for bad debts on notes receivable did not change for the years ended December 31, 2013 and 2012.

C. The maximum exposure to credit risk at December 31, 2013, December 31, 2012 and January 1, 2012 was the carrying amount of each class of notes receivable.

D. The Company does not hold any collateral as security.

(4) Accounts receivable, net

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Accounts receivable	\$2,926,346	\$1,414,672	\$580,580
Less: Allowance for doubtful accounts	(6,906)	(6,906)	(6,906)
	<u>\$ 2,919,440</u>	<u>\$ 1,407,766</u>	<u>\$ 573,674</u>

A. The Company's accounts receivable that were neither past due nor impaired had good credit quality. Accounts receivable are classified into 2 categories:

(a) Sale of real estate: collection of customers' loans from banks.

(b) Receivables from travel department: mainly from credit card payments.

B. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Up to 60 days	\$ -	\$ 101
61 to 120 days	38	31
121 to 180 days	1	54
Over 181days	<u>1,248</u>	<u>1,416</u>
	<u>\$ 1,287</u>	<u>\$ 1,602</u>

The above is analysed based on number of days overdue.

C. Movement analysis of financial assets (allowance for doubtful accounts) that were impaired is as follows:

	<u>For the years ended December 31,</u>	
	<u>2013</u>	<u>2012</u>
At January 1	\$ 6,906	\$ 6,906
Allowance for bad debts – provision (bad debt expense)	-	-
Write-offs during the period	<u>-</u>	<u>-</u>
At December 31	<u>\$ 6,906</u>	<u>\$ 6,906</u>

The Company analyses based on any changes to credit quality in accounts receivable of individual customers from the initial granting date until the financial period-end, historical experience and current financial condition, to estimate the amount that may not be recovered.

D. The maximum exposure to credit risk at December 31, 2013, December 31, 2012 and January 1, 2012 was the carrying amount of each class of accounts receivable.

E. The Company does not hold any collateral as security.

(5) Inventories

	December 31, 2013		
	Cost	Allowance for valuation loss	Book value
Land held for construction site	\$ 8,450,252	(\$ 75,803)	\$ 8,374,449
Construction in progress	2,970,156	-	2,970,156
Buildings and land held for sale	2,200,977	(62,773)	2,138,204
Prepayment for land	1,586,953	-	1,586,953
Prepayment for buildings and land	724,639	-	724,639
Merchandise	1,164	-	1,164
	<u>\$ 15,934,141</u>	<u>(\$ 138,576)</u>	<u>\$ 15,795,565</u>
	December 31, 2012		
	Cost	Allowance for valuation loss	Book value
Land held for construction site	\$ 8,294,257	(\$ 75,803)	\$ 8,218,454
Construction in progress	1,971,863	-	1,971,863
Buildings and land held for sale	1,731,551	(79,587)	1,651,964
Prepayment for land	496,001	-	496,001
Prepayment for buildings and land	702,134	-	702,134
Merchandise	1,357	-	1,357
	<u>\$ 13,197,163</u>	<u>(\$ 155,390)</u>	<u>\$ 13,041,773</u>
	January 1, 2012		
	Cost	Allowance for valuation loss	Book value
Land held for construction site	\$ 11,636,111	(\$ 79,822)	\$ 11,556,289
Construction in progress	3,356,544	-	3,356,544
Buildings and land held for sale	835,016	(103,820)	731,196
Prepayment for land	912,492	-	912,492
Prepayment for buildings and land	488,861	-	488,861
Merchandise	1,423	-	1,423
	<u>\$ 17,230,447</u>	<u>(\$ 183,642)</u>	<u>\$ 17,046,805</u>

A. The cost of inventories recognised as expense for the years ended December 31, 2013 and 2012 was \$5,697,565 and \$10,103,324, respectively, including the amount of \$16,814 and \$28,252, respectively that the Company wrote down from cost to net realisable value accounted for as cost of goods sold.

B. For details of pledged assets, please refer to Note 8.

C. The interest capitalized as cost of inventory are as follows:

	<u>For the years ended December 31,</u>	
	<u>2013</u>	<u>2012</u>
Interest paid before capitalization	\$ 474,277	\$ 544,431
Interest capitalized	\$ 175,296	\$ 146,743
Annual interest rate used for capitalization	<u>2.40%-2.99%</u>	<u>2.57%-3.32%</u>

D. Detail of significant inventories:

(a) Buildings and land in progress

<u>Taipei branch</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Nei Hu Tanmei lot	\$ 3,103,310	\$ 2,658,711	\$ 2,450,902
Canon Cooperation Project	1,335,085	1,256,523	1,253,548
Taoyuan Qing Shi Lot No. 446	919,808	-	-
Prince Fu II (Taoyuan Qing Xi Lot No. 462)	829,862	673,574	665,610
JhongLi City Shuang Ling Section Lot No.1449	293,916	-	-
Shi Lin Dist. Zhi San Sec. Lot No. 602, etc.	30,321	13,287	-
Prince Fu (Taoyuan Qing Sun Lot No. 356-1& 356-2)	-	557,816	415,259
Prince Central Park	-	292,397	70,791
Taipei Shinyi	-	-	4,171,527
Prince College	-	-	1,049,502
	<u>\$ 6,512,302</u>	<u>\$ 5,452,308</u>	<u>\$ 10,077,139</u>
<u>Taichung branch</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Jing Yun Sian (Tu ku Lot No.73-11)	\$ 786,730	\$ 583,128	\$ 512,985
Hui Li Lot No. 195	569,708	551,524	550,340
The Cloud Century (Kao An Lot No.12-12)	557,798	110,252	67,224
Chin Fon Gin (Tu ku Lot No. 8-2 etc.)	445,691	433,272	-
Hai Yan (Tai Huo Section Lot No. 29)	304,969	198,793	191,581
Prince Dau (Tai Shun Lot No.175)	-	316,278	227,630
Prince Fu (Feng Zun Lot No.1053 etc.)	-	191,621	-
Yong Yong Prince	-	-	253,877
Pince Ju (Xin Xing Lot No. 34)	-	-	164,925
San Kuai Cuo Lot 1244	-	-	154,500
Others	19,520	7	4,977
	<u>\$ 2,684,416</u>	<u>\$ 2,384,875</u>	<u>\$ 2,128,039</u>

<u>Tainan branch</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Prince WIN-I Mansion (Chin An Section Lot No. 373)	\$ 317,911	\$ 183,861	\$ -
Prince WIN-W Suite(B) (Shan Chia Section Lot No. 897)	251,104	113,838	60,475
Prince WIN-W Suite(A) (Shan Chia Section Lot No.923)	227,639	91,449	61,162
Yu Ming Section Lot No. 681-8	178,908	-	-
Jin Hua Lot No. 1361	95,954	23,700	-
Bei An Lot No. 56-10	62,073	62,073	62,073
Ren Wu Dist. Xia Hai Lot	15,229	15,229	-
Prince i-Cloud (Ren He Lot No. 1335)	-	506,297	345,325
Prince Flora III (He Guan Lot No. 38)	-	291,617	118,911
Prince Flora II(和館段3期)	-	-	20,847
Prince the Gathering (Ren He Lot No. 1278)	-	-	475,062
Others	3,524	3,524	3,524
	<u>\$ 1,152,342</u>	<u>\$ 1,291,588</u>	<u>\$ 1,147,379</u>
<u>Kaohsiung branch</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Prince Hua Yang (Chiao Tou Dist, Hou Bi Tian Sec.)	\$ -	\$ 80,821	\$ 3,664
Prince Hua Yang (Chiao Chung section, Chiao Tou Dist.)	-	-	-
Prince Shi Bo (Zuo Yingqu Xin Fu Lot)	-	-	282,848
Ming Ting Section, Fong Shen Dist.	-	-	-
Others	1	-	6,933
	<u>\$ 1</u>	<u>\$ 80,821</u>	<u>\$ 293,445</u>
Total buildings and land in progress	<u>\$ 10,349,061</u>	<u>\$ 9,209,592</u>	<u>\$ 13,646,002</u>

(b) Land held for construction site

<u>Taipei branch</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Zhong Li Pu Ren Lot	\$ 140,156	\$ 140,156	\$ 140,156
Shi Lin, Chih Cheng Road, Lot No 619	14,819	-	-
Others	6,274	6,274	6,274
	<u>\$ 161,249</u>	<u>\$ 146,430</u>	<u>\$ 146,430</u>
<u>Taichung branch</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Song Quan Lot No. 164 etc.	\$ 176,296	\$ 176,296	\$ 176,296
Wu Feng Lot No. 365~420 etc.	175,661	175,661	175,661
Song Chang Lot No. 557 etc.	19,912	19,912	19,912
Xi Zhou Lot No. 112-54 etc.	11,941	11,941	11,941
Feng Zun Lot No. 1053 etc.	-	-	170,953
Others	24,134	24,134	24,134
	<u>\$ 407,944</u>	<u>\$ 407,944</u>	<u>\$ 578,897</u>

<u>Tainan branch</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Shan Zhong Lot No. 1468, 1475 & 1476 etc.	\$ 234,699	\$ 234,699	\$ 234,699
Jin Yi Xing plywood	112,876	112,876	112,876
Xue Zhong Lot No. 679 etc.	50,798	50,798	50,798
Yong Kang Ding An Lot No. 879 etc.	28,610	28,610	28,610
Bei An Lot No. 54-3 etc.	15,344	15,344	15,344
Bao An Lot No. 882 etc.	10,325	10,325	10,325
Yu Dong Lot No. 995 etc.	-	-	93,857
Zeng Wen Lot No. 190-1-7 etc.	-	-	25,315
Others	20,615	20,615	20,615
	<u>\$ 473,267</u>	<u>\$ 473,267</u>	<u>\$ 592,439</u>
<u>Kaohsiung branch</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Qian Jin Section Wen Dong Lot No. 16	\$ 14,964	\$ 14,964	\$ 14,964
Da Hua Lot No. 434 & 436	13,923	13,923	13,923
	<u>\$ 28,887</u>	<u>\$ 28,887</u>	<u>\$ 28,887</u>
Total land held for construction site	<u>\$ 1,071,347</u>	<u>\$ 1,056,528</u>	<u>\$ 1,346,653</u>

(c) Buildings and land held for sale

<u>Taipei branch</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Prince Central Park	\$ 434,178	\$ -	\$ -
Taipei Shinyi	243,206	315,261	-
Prince Fu	119,472	-	-
Pu Lo Wang Shi	91,760	91,760	-
Prince Dragon House III	44,859	44,859	47,284
Prince Guo Boa	13,755	22,770	22,813
Prince Da Din	12,657	12,657	12,466
Prince Vacation	-	-	20,842
Shangrila	-	-	17,593
Prince 101	-	-	10,547
Others	727	909	3,982
	<u>\$ 960,614</u>	<u>\$ 488,216</u>	<u>\$ 135,527</u>
<u>Taichung branch</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Prince Fu	\$ 134,110	\$ -	\$ -
Prince Tao	28,111	-	-
Prince Hui	-	86,387	-
New Generation	-	-	128,512
Sung Guan Prince	-	-	63,405
Others	11,668	16,977	20,234
	<u>\$ 173,889</u>	<u>\$ 103,364</u>	<u>\$ 212,151</u>

<u>Tainan branch</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Prince i-Cloud	\$ 270,709	\$ -	\$ -
Tun Sha Building III	28,376	28,376	28,376
Jun Chan LV	19,725	19,725	20,430
Prince Golden Age	19,572	19,572	21,854
Won Tung Global lan Tsai House	14,763	14,763	14,763
Prince Dragon	10,807	46,672	55,858
Prince Flora II	8,890	169,172	-
Prince the Gathering	-	75,626	-
Southern Taiwan Science Splendor	-	-	151,112
Prince Mei Xue	-	-	116,682
Prince Flora	-	-	16,072
Others	11,961	11,961	17,336
	<u>\$ 384,803</u>	<u>\$ 385,867</u>	<u>\$ 442,483</u>

<u>Kaohsiung branch</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Prince Hua Yang	\$ 666,676	\$ -	\$ -
Prince Dai Din	14,995	16,951	18,255
Prince Bon	-	419,866	-
Prince Hua Yang	-	227,119	-
Prince Shi Bo	-	90,168	-
Prince Culture	-	-	22,304
Others	-	-	4,296
	<u>\$ 681,671</u>	<u>\$ 754,104</u>	<u>\$ 44,855</u>
Total buildings and land held for sale	<u>\$ 2,200,977</u>	<u>\$ 1,731,551</u>	<u>\$ 835,016</u>

(d) Prepayment for land

<u>Taipei branch</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Zhi San Sec. Lot No. 619	\$ -	\$ 14,819	\$ -
<u>Taichung branch</u>			
Tu Ku Lot No. 2-8 etc.	\$ -	\$ -	\$ 414,462
Others	-	1,535	13,277
	<u>\$ -</u>	<u>\$ 16,354</u>	<u>\$ 427,739</u>
<u>Tainan branch</u>			
Ren Wu Dist. Xia Hai Lot No. 978, etc.	\$ 1,586,953	\$ 479,647	\$ 478,834
Others	-	-	5,919
	<u>\$ 1,586,953</u>	<u>\$ 479,647</u>	<u>\$ 484,753</u>
Total prepayment for land	<u>\$ 1,586,953</u>	<u>\$ 496,001</u>	<u>\$ 912,492</u>

(e) Prepayment for buildings and land

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Taisugar Kao An Lot	\$ 724,633	\$ 543,274	\$ 362,185
Taisugar Qiao Tou Hou Bi Tian Lot	-	158,854	31,874
Taisugar He Guan Lot	-	-	45,697
Taisugar Feng Sheng Ming Ding Lot	-	-	41,145
Others	6	6	7,960
	<u>\$ 724,639</u>	<u>\$ 702,134</u>	<u>\$ 488,861</u>

(6) Other current assets

<u>Items</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Deferred sales commission	\$ <u>708,535</u>	\$ <u>494,014</u>	\$ <u>688,395</u>

(7) Available-for –sale financial assets

<u>Items</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Non-current items:			
Listed (TSE and OTC) stock	\$ 121,799	\$ 121,799	\$ 121,799
Emerging stocks	1,776	1,776	1,776
Unlisted stocks	<u>51,850</u>	<u>51,850</u>	<u>116,914</u>
	175,425	175,425	240,489
Adjustment of financial assets held for trading	<u>2,001,224</u>	<u>1,541,392</u>	<u>1,091,329</u>
	\$ <u>2,176,649</u>	\$ <u>1,716,817</u>	\$ <u>1,331,818</u>

A. The Company recognised \$410,023 and \$497,142 in other comprehensive income for fair value change for the years ended December 31, 2013 and 2012, respectively.

B. Details of the Company's available-for-sale financial assets pledged to others as collateral are provided in Note 8.

(8) Financial assets measured at cost

<u>Items</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Non-current items:			
Unlisted stocks	\$ <u>876,043</u>	\$ <u>878,509</u>	\$ <u>880,974</u>

A.The Company was committed to invest US\$10,000,000 in President Energy Development Ltd. On June 17, 2010, July 8, 2011, July 4, 2012 and July 10, 2013, President Energy Development Ltd. reduced its capital and returned share capital amounting to US\$127,500, US\$85,000 , US\$85,000 and US\$85,000, respectively. As of the reporting date, the Company had paid US\$1,190,000 for the shares investment.

B.Based on the Company's intention, its investment in President Energy Development Ltd. and President International Development Corp. should be classified as 'available-for-sale financial assets'. However, as President Energy Development Ltd. and President International Development Corp. stocks are not traded in an active market, and the fair value of the investment in President Energy Development Ltd. and President International Development Corp. stocks cannot be measured reliably. The Company classified those stocks as 'financial assets measured at cost'.

C. Details of the Company's financial assets measured at cost pledged to others as collateral are provided in Note 8.

(9) Investments accounted for under the equity method

A. Details of investments accounted for under the equity method are set forth below :

Name of subsidiaries and associates	December 31, 2013		December 31, 2012		January 1, 2012	
	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership
Uni-President Development Corp.	\$ 1,232,815	30.00%	\$ 1,173,064	30.00%	\$ 1,070,064	30.00%
Jin Yi Xing Plywood Co., Ltd.	667,796	99.65%	661,381	99.65%	653,212	99.65%
The Splendor Hotel Taichung	364,215	50.00%	381,517	50.00%	391,564	50.00%
Cheng-shi Investment Holdings Co., Ltd. (Note 1)	343,692	100.00%	515,614	100.00%	-	100.00%
Prince Housing Investment Co., Ltd.	338,295	100.00%	312,282	100.00%	308,137	100.00%
Geng-Ding Co., Ltd.	319,672	30.00%	316,524	30.00%	304,627	30.00%
Prince Property Management Consulting Co., Ltd.(formerly Prince Real Estate Agent Co., Ltd.) (Note 1)	244,248	100.00%	227,311	100.00%	2,202	100.00%
Ming-Da Enterprise Co., Ltd.	143,618	20.00%	129,050	20.00%	134,018	20.00%
Time Square International Hotel	137,159	100.00%	-	100.00%	-	100.00%
Dong-Feng Enterprises Co., Ltd.	88,497	100.00%	231,522	100.00%	446,010	100.00%
Ta-Chen Construction & Engineering Corp.(Note 1)	-	-	-	-	316,453	100.00%
Prince Apartment Management Maintain Co., Ltd.(Note 2)	-	-	-	-	90,863	100.00%
Others (individually less than 2%) (Note 1, 2)	105,238	-	110,665	-	187,936	-
	<u>\$ 3,985,245</u>		<u>\$ 4,058,930</u>		<u>\$ 3,905,086</u>	

(Note 1) Due to the investment structure adjustments in the Company, Ta-Chen Construction & Engineering Corp., Cheng-Shi Construction Co., Ltd. and Prince Utility Co., Ltd. were all changed to be the consolidated entities of Cheng-Shi Investment Holdings Co., Ltd.

(Note 2) Due to the investment structure adjustments in the Company, Prince Real Estate Agent Co., Ltd. as the surviving company merged with Prince Real Estate Appraisal Co., Ltd., Prince Entertainment Co., Ltd. and Prince Property Management Co., Ltd., and was renamed Prince Property Management Consulting Co., Ltd. In addition, Prince Apartment Management Maintain Co., Ltd. and Prince Security Co., Ltd. were both changed to be the consolidated entities of Prince Property Management Consulting Co., Ltd.

B. Details of investments accounted for under the equity mothers are set forth below:

Name of subsidiaries and associates	December 31, 2013		December 31, 2012		January 1, 2012	
	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership
Time Square International Hotel	\$ -	-	\$ 12,398	100%	\$ 44,433	100%

C. Subsidiaries

Please refer to Note 4(3) of the company's consolidated financial statements for the subsidiaries' information.

D. Associates

(a) The financial information of the Company's principal associates is summarized below:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Total assets :			
Uni-President Development Corp.	\$ 11,267,253	\$ 10,526,359	\$ 10,954,669
Others	<u>2,319,348</u>	<u>2,106,666</u>	<u>2,082,696</u>
	<u>\$ 13,586,601</u>	<u>\$ 12,633,025</u>	<u>\$ 13,037,365</u>
Total liabilities :			
Uni-President Development Corp.	7,158,065	7,257,312	7,917,348
Others	<u>816,765</u>	<u>777,324</u>	<u>790,154</u>
	<u>\$ 7,974,830</u>	<u>\$ 8,034,636</u>	<u>\$ 8,707,502</u>
		<u>For the years ended December 31,</u>	
		<u>2013</u>	<u>2012</u>
Operatin income :			
Uni-President Development Corp.		\$ 1,097,749	\$ 928,244
Others		<u>1,216,287</u>	<u>530,619</u>
		<u>\$ 2,314,036</u>	<u>\$ 1,458,863</u>
Net profit for the period:			
Uni-President Development Corp.		199,149	231,726
Others		<u>252,454</u>	<u>42,667</u>
		<u>\$ 451,603</u>	<u>\$ 274,393</u>

(b) The Company's investment has no quoted market price.

E. The Company's share of profit of associates and joint ventures accounted for using equity method for the years ended December 31, 2013 and 2012 was \$79,824 and \$361,482, respectively.

F. The investment income of certain investees for the years ended December 31, 2013 and 2012, accounted for under the equity method, was based on their financial statements for the corresponding periods, which were audited by other auditors. The investment income recognized for these investees for the years ended December 31, 2013 and 2012 was \$40,149 and \$135,952, respectively. As of December 31, 2013, December 31, 2012 and January 1, 2012, long-term equity investments in these investees were \$1,038,366, \$1,153,512 and \$1,290,679, respectively. The investees whose financial statements were audited by other auditors for the years ended

December 31, 2013 and 2012 were as follows : Geng-Ding Co., Ltd., Amida Trustlink Assets Management Co., Ltd., PPG Investment Inc. and Queen Holdings Ltd.

G. Details of the Company's investments accounted for under the equity method pledged to others as collateral are provided in Note 8.

(10) Property, plant and equipment

A. Information of book values are as follows:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Land	\$ 122,657	\$ 122,657	\$ 122,657
Buildings	289,849	297,303	304,796
Computer and communication equipment	16,806	19,966	13,210
Transportation equipment	3,971	1,837	4,906
Office equipment	70,645	86,645	101,960
Leasehold improvements	-	9,400	18,800
Other equipment	1,060	1,342	1,592
	<u>\$ 504,988</u>	<u>\$ 539,150</u>	<u>\$ 567,921</u>

B. Changes in property, plant and equipment for the period are as follows:

<u>Cost</u>	<u>For the year ended December 31, 2013</u>				
	Opening net book amount	Additions	Disposals	Reclassifications	Closing net book amount
Land	\$ 122,657	\$ -	\$ -	\$ -	\$ 122,657
Buildings	401,309	-	-	-	401,309
Computer and communication equipment	49,471	1,648	-	-	51,119
Transportation equipment	6,367	3,200	-	-	9,567
Office equipment	168,868	-	-	-	168,868
Leasehold improvements	47,000	-	-	-	47,000
Other equipment	1,970	-	(7)	-	1,963
	<u>\$ 797,642</u>	<u>\$ 4,848</u>	<u>(\$ 7)</u>	<u>\$ -</u>	<u>\$ 802,483</u>

For the year ended December 31, 2012					
Cost	Opening net				Closing net
	book amount	Additions	Disposals	Reclassifications	book amount
Land	\$ 122,657	\$ -	\$ -	\$ -	122,657
Buildings	401,309	-	-	-	401,309
Computer and communication equipment	39,324	10,455	(308)	-	49,471
Transportation equipment	14,807	-	(8,440)	-	6,367
Office equipment	168,360	617	(109)	-	168,868
Leasehold improvements	47,000	-	-	-	47,000
Other equipment	1,945	26	(1)	-	1,945
	<u>\$ 795,402</u>	<u>\$ 11,098</u>	<u>(\$ 8,858)</u>	<u>\$ -</u>	<u>\$ 797,617</u>

For the year ended December 31, 2013					
Accumulated depreciation	Opening net				Closing net
	book amount	Additions	Disposals	Reclassifications	book amount
Buildings	\$ 104,006	\$ 7,454	\$ -	\$ -	\$ 111,460
Computer and communication equipment	29,505	4,808	-	-	34,313
Transportation equipment	4,530	1,066	-	-	5,596
Office equipment	82,223	16,000	-	-	98,223
Leasehold improvements	37,600	9,400	-	-	47,000
Other equipment	628	275	-	-	903
	<u>\$ 258,492</u>	<u>\$ 39,003</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 297,495</u>

For the year ended December 31, 2012					
Accumulated depreciation	Opening net				Closing net
	book amount	Additions	Disposals	Reclassifications	book amount
Buildings	\$ 96,513	\$ 7,493	\$ -	\$ -	\$ 104,006
Computer and communication e	26,114	3,699	(308)	-	29,505
Transportation equipment	9,901	2,038	(7,409)	-	4,530
Office equipment	66,400	15,932	(109)	-	82,223
Leasehold improvements	28,200	9,400	-	-	37,600
Other equipment	353	275	-	-	628
	<u>\$ 227,481</u>	<u>\$ 38,837</u>	<u>(\$ 7,826)</u>	<u>\$ -</u>	<u>\$ 258,492</u>

C. Details of the Company's property, plant and equipment pledged to others as collateral are provided in Note 8.

(11) Investment property

A. Information of book values are as follows:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Land	\$ 203,494	\$ 271,118	\$ 271,118
Leased assets-land	3,179,810	3,181,239	3,243,202
Leased assets -buildings	<u>3,410,925</u>	<u>3,503,862</u>	<u>3,620,443</u>
	<u>\$ 6,794,229</u>	<u>\$ 6,956,219</u>	<u>\$ 7,134,763</u>

B. Changes in investment property for the period are as follows:

	<u>For the year ended December 31, 2013</u>				
<u>Cost</u>	<u>Opening net book amount</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclassifications</u>	<u>Closing net book amount</u>
Land	\$ 271,118	\$ -	\$ -	(\$ 67,624)	\$ 203,494
Leased assets-land	3,181,239	-	-	(1,429)	3,179,810
Leased assets-buildings	<u>4,003,062</u>	<u>-</u>	<u>-</u>	<u>(13,846)</u>	<u>3,989,216</u>
	<u>\$ 7,455,419</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 82,899)</u>	<u>\$ 7,372,520</u>

	<u>For the year ended December 31, 2012</u>				
<u>Cost</u>	<u>Opening net book amount</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclassifications</u>	<u>Closing net book amount</u>
Land	\$ 271,118	\$ -	\$ -	\$ -	\$ 271,118
Leased assets-land	3,243,202	-	-	(61,963)	3,181,239
Leased assets-buildings	<u>4,035,268</u>	<u>-</u>	<u>-</u>	<u>(32,206)</u>	<u>4,003,062</u>
	<u>\$ 7,549,588</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 94,169)</u>	<u>\$ 7,455,419</u>

	<u>For the year ended December 31, 2013</u>				
<u>Accumulated depreciation</u>	<u>Opening net book amount</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclassifications</u>	<u>Closing net book amount</u>
Leased assets-buildings	<u>\$ 499,200</u>	<u>\$ 79,597</u>	<u>\$ -</u>	<u>(\$ 506)</u>	<u>\$ 578,291</u>

	<u>For the year ended December 31, 2012</u>				
<u>Accumulated depreciation</u>	<u>Opening net book amount</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclassifications</u>	<u>Closing net book amount</u>
Leased assets-buildings	<u>\$ 414,825</u>	<u>\$ 88,137</u>	<u>\$ -</u>	<u>(\$ 3,762)</u>	<u>\$ 499,200</u>

C. Rental income from the lease of the investment property and direct operating expenses arising from the investment property are shown below:

	<u>For the years ended December 31,</u>	
	<u>2013</u>	<u>2012</u>
Rental revenue from the lease of the investment property	<u>\$ 390,991</u>	<u>\$ 370,833</u>
Direct operating expenses arising from the investment property that generated rental income in the period	<u>\$ 173,955</u>	<u>\$ 156,299</u>
Direct operating expenses arising from the investment property that did not generate rental income in the period	<u>\$ -</u>	<u>\$ -</u>

D. As of December 31, 2013, December 31, 2012 and January 1, 2012, the Company's investment property was \$15,064,053, \$15,216,314 and \$15,344,166, respectively. The Company management estimated the fair value based on market evidence on transaction price of similar property and assessed value.

E. Information about the investment property that was pledged to others as collateral is provided in Note 8.

(12) Intangible assets

A. Information of book values are as follows:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Service concession	<u>\$ 2,422,945</u>	<u>\$ 2,484,197</u>	<u>\$ 2,545,450</u>

B. Changes in intangible assets for the period are as follows:

<u>Cost</u>	<u>For the year ended December 31, 2013</u>				
	<u>Opening net book amount</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclassifications</u>	<u>Closing net book amount</u>
Service concession	<u>\$ 2,868,372</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,868,372</u>

<u>Cost</u>	<u>For the year ended December 31, 2012</u>				
	<u>Opening net book amount</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclassifications</u>	<u>Closing net book amount</u>
Service concession	<u>\$ 2,868,372</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,868,372</u>

<u>Accumulated Amortisation</u>	<u>For the year ended December 31, 2013</u>				
	<u>Opening net book amount</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclassifications</u>	<u>Closing net book amount</u>
Service concession	<u>\$ 384,175</u>	<u>\$ 61,252</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 445,427</u>

<u>Accumulated Amortisation</u>	<u>For the year ended December 31, 2012</u>				
	<u>Opening net book amount</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclassifications</u>	<u>Closing net book amount</u>
Service concession	<u>\$ 322,922</u>	<u>\$ 61,253</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 384,175</u>

C. Details of amortisation on intangible assets are as follows:

	<u>For the years ended December 31,</u>	
	<u>2013</u>	<u>2012</u>
Operating costs- administrative expenses	<u>\$ 61,252</u>	<u>\$ 61,253</u>

(13) Short-term borrowings

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Secured borrowings	\$ 1,940,000	\$ 1,240,000	\$ 4,487,400
Unsecured borrowings	1,517,000	2,580,000	880,000
	<u>\$ 3,457,000</u>	<u>\$ 3,820,000</u>	<u>\$ 5,367,400</u>
Interest rate range	<u>1.70%~2.78%</u>	<u>2.07%~2.69%</u>	<u>2.00%~2.75%</u>

For details of pledged assets, please refer to Note 8.

(14) Short-term bills payable

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Commercial papers	\$ 1,406,000	\$ 1,655,000	\$ 1,383,000
Less: Unamortized discount	(1,814)	(1,773)	(2,331)
	<u>\$ 1,404,186</u>	<u>\$ 1,653,227</u>	<u>\$ 1,380,669</u>
Interest rate range	<u>0.78%~1.62%</u>	<u>0.85%~1.80%</u>	<u>0.90%~2.08%</u>

A. The above commercial papers were issued by banks and bills financial institutions.

B. For details of pledged assets, please refer to Note 8.

(15) Receipts in advance

<u>Items</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Advance real estate receipts	\$ 2,920,699	\$ 1,462,659	\$ 4,736,091
Advance rent	121,048	148,012	82,263
Other advance receipts	372	663	657
	<u>\$ 3,042,119</u>	<u>\$ 1,611,334</u>	<u>\$ 4,819,011</u>

(16) Bonds payable

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
2012 1st secured ordinary bonds payable	\$ 2,000,000	\$ 2,000,000	\$ -
2013 1st secured ordinary bonds payable	2,500,000	-	-
	<u>\$ 4,500,000</u>	<u>\$ 2,000,000</u>	<u>\$ -</u>

A. The Company issued secured ordinary bonds payable in July 2012. The significant terms of the bonds are as follows:

(a) Total issue amount: \$2,000,000.

- (b) Issue price: At par value of \$100 per bond.
- (c) Coupon rate: 1.33%.
- (d) Terms of interest repayment: The bonds interest is calculated on simple rate every year starting July 2012 based on the coupon rate.
- (e) Repayment term: The bonds are repaid upon the maturity of the bonds.
- (f) Period: 5 years, from July 12, 2012 to July 12, 2017.
- (g) The way of security: The Bonds are secured by Bank of Taiwan.
- (h) Guarantee Bank: The Bonds are guaranteed by Mega International Commercial Bank.

B. The Company issued secured ordinary bonds payable in November 2013. The significant terms of the bonds are as follows:

- (a) Total issue amount: \$2,500,000.
- (b) Issue price: At par value of \$100 per bond.
- (c) Coupon rate: 1.55%.
- (d) Terms of interest repayment: The bonds interest is calculated on simple rate every year starting November 2013 based on the coupon rate.
- (e) Repayment term: The bonds are repaid upon the maturity of the bonds.
- (f) Period: 5 years, from November 21, 2013 to November 21, 2018.
- (g) The way of security: \$1.5 billion and \$1 billion secured by Bank of Taiwan and Agricultural Bank of Taiwan, respectively.
- (h) Guarantee Bank: The Bonds are guaranteed by Taipei Fubon Commercial Bank.

(17) Long-term borrowings

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Secured bank borrowings	\$ 8,457,126	\$ 10,043,153	\$ 13,215,516
Unsecured bank borrowings	300,000	175,000	300,000
Long-term commercial paper	-	400,000	400,000
	8,757,126	10,618,153	13,915,516
Less: Unamortized discount	-	(1,687)	(562)
Current portion	(301,000)	(3,094,284)	(3,812,079)
	<u>\$ 8,456,126</u>	<u>\$ 7,522,182</u>	<u>\$ 10,102,875</u>
Range of maturity dates	<u>2014.07.29~2027.11.02</u>	<u>2013.02.06~2027.11.02</u>	<u>2012.02.13~2027.11.02</u>
Range of interest rates	<u>2.30%~3.16%</u>	<u>0.86%~3.07%</u>	<u>0.86%~3.10%</u>

A. For details of pledged assets, please refer to Note 8.

B. For details of restrictive covenants, please refer to Note 9.

(18) Provisions-replacement cost

	<u>For the years ended December 31,</u>	
	<u>2013</u>	<u>2012</u>
At January 1	\$ 73,062	\$ 51,464
Additions	24,843	21,598
Used	(18,834)	-
At December 31	<u>\$ 79,071</u>	<u>\$ 73,062</u>

(19) Pension

A.(a)The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

(b)The amounts recognised in the balance sheet are determined as follows:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Present value of funded obligations	\$ 94,114	\$ 89,778	\$ 97,172
Fair value of plan assets	(6,512)	(5,421)	(23,436)
Net liability in the balance sheet (shown as "accrued pension liabilities")	<u>\$ 87,602</u>	<u>\$ 84,357</u>	<u>\$ 73,736</u>

(c)Changes in present value of funded obligations are as follows:

	<u>For the years ended December 31,</u>	
	<u>2013</u>	<u>2012</u>
Present value of funded obligations		
At January 1	\$ 89,778	\$ 97,172
Current service cost	497	639
Interest expense	1,347	1,701
Actuarial profit and loss	2,492	9,578
Benefits paid	-	(19,312)
At december 31	<u>\$ 94,114</u>	<u>\$ 89,778</u>

(d) Changes in fair value of plan assets are as follows:

	For the years ended December 31,	
	2013	2012
Fair value of plan assets		
At January 1	\$ 5,421	\$ 23,436
Expected return on plan assets	81	410
Actuarial profit and loss	5 (197)
Employer contributions	1,005	1,084
Benefits paid	- (19,312)
At december 31	<u>\$ 6,512</u>	<u>\$ 5,421</u>

(e) Amounts of expenses recognised in comprehensive income statements are as follows:

	For the years ended December 31,	
	2013	2012
Current service cost	\$ 497	\$ 639
Interest cost	1,347	1,701
Expected return on plan assets	(81)	(410)
Current pension costs	<u>\$ 1,763</u>	<u>\$ 1,930</u>

(f) Details of cost and expenses recognised in comprehensive income statements are as follows:

	For the years ended December 31,	
	2013	2012
General and administrative expenses	<u>\$ 1,763</u>	<u>\$ 1,930</u>

(g) Amounts recognised under other comprehensive income are as follows:

	For the years ended December 31,	
	2013	2012
Recognition for current period	<u>\$ 2,487</u>	<u>\$ 9,775</u>
Accumulated amount	<u>\$ 12,262</u>	<u>\$ 9,775</u>

(h) The Bank of Taiwan was commissioned to manage the Fund of the Companies' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The constitution of fair value of plan assets as of December 31, 2013 and 2012 is given in the Annual Labor Retirement Fund Utilisation Report published by the government. Expected return on plan assets was a projection of

overall return for the obligations period, which was estimated based on historical returns and by reference to the status of Labor Retirement Fund utilisation by the Labor Pension Fund Supervisory Committee and taking into account the effect that the Fund's minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The actual return on plan assets of the Company for the years ended December 31, 2013 and 2012 were \$86 and \$213, respectively.

(i) The principal actuarial assumptions used were as follows:

	For the years ended December 31,	
	2013	2012
Discount rate	2.00%	1.50%
Future salary increases	1.50%	1.50%
Expected return on plan assets	2.00%	1.50%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

(j) Historical information of experience adjustments was as follows:

	For the years ended December 31,	
	2013	2012
Present value of defined benefit obligation	\$ 94,114	\$ 89,778
Fair value of plan assets	(6,512)	(5,421)
Deficit in the plan	\$ 87,602	\$ 84,357
Experience adjustments on plan liabilities	\$ 8,401	\$ 6,029
Experience adjustments on plan assets	\$ 5	(\$ 197)

(k) Expected contributions to the defined benefit pension plans of the Company within one year from December 31, 2013 amounts to \$ 2,256.

B.(a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2013 and 2012 were \$7,101 and \$7,458, respectively.

(20) Share capital

A. Movements in the number of the Company's ordinary shares outstanding are as follows:

(Units: in thousand shares)

	2013	2012
At January 1	\$ 1,194,476	\$ 1,085,887
Stock dividends	119,448	108,589
At December 31	\$ 1,313,924	\$ 1,194,476

B. The stockholders at their annual stockholders' meeting on June 20, 2012 adopted a resolution to increase capital for 108,589 thousand shares through capitalisation of unappropriated retained earnings of \$1,085,888. The capital increase was approved by the Financial Supervisory Commission and the registration was completed.

C. The stockholders at their annual stockholders' meeting on June 18, 2013 adopted a resolution to increase capital for 119,448 thousand shares through capitalization of unappropriated retained earnings of \$1,194,476. The capital increase was approved by the Financial Supervisory Commission and the registration was completed.

D. As of December 31, 2013, the Company's authorized capital was \$20,000,000 and the paid-in capital was \$13,139,241, consisting of 1,313,924 thousand shares of common shares with a par value of \$10 (in dollars) per share.

E. The Company's subsidiaries, Ta-Chen Construction & Engineering Corp. and Prince Apartment Management Maintain Co., Ltd. held the Company's stocks of 38,516 thousand, 35,014 thousand and 31,831 thousand as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively, to maintain the Company's shareholders' equity. The average carrying value per share was \$1.57, \$1.73 and \$1.90, while the fair value per share was \$17.55, \$20.70 and \$16.20, respectively.

(21) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(22) Retained earnings

A. In accordance with the Company's Articles of Incorporation, the Company will take into consideration its future business plans and capital expenditures in determining the amounts of earnings to be retained and to be distributed. In accordance with the Company Law, 10% of the current year's earnings, after payment of all taxes and after offsetting accumulated deficits, shall

be set aside as legal reserve until the balance of legal reserve is equal to that of issued share capital. Afterwards, an amount shall be appropriated as special reserve in accordance with applicable legal or regulatory requirements, and then distribution should be in the following order:

- (a) 3% as remuneration to directors and supervisors;
- (b) At least 2% as bonuses to employees; and
- (c) Appropriation of the remainder plus prior year's accumulated unappropriated retained earnings shall be proposed by the Board of Directors, taking into consideration the cash requirements for future business and investments and other factors. In principle, cash and stock dividends shall account for 50% and 50%, respectively, of the total dividends distributed. While, in case the Company has the need for reserving cash for a significant capital expenditure plan, or intends to adopt the high cash dividends policy instead to avoid capital inflation, the Board of Directors may adjust the cash and stock dividends payout ratios; however, cash and stock dividends shall account for at least 30% and 30%, respectively, of the total dividends distributed, and the final adjustments shall be approved by the stockholders.

The parties entitled to the employees' stock bonus may include the employees of the Company's affiliates who meet certain criteria.

- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
 - (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.
- D. Employees' bonus for 2013 and 2012 are estimated and accrued at \$29,753 and \$31,640, respectively, and directors' and supervisors' remuneration for 2013 and 2012 are estimated and accrued at \$44,629 and \$47,460, respectively. The basis of estimates is based on a certain percentage of net income taking into account the legal reserve and other factors prescribed by the Company's Articles of Incorporation (2% and 3% of after-tax earnings of 2012 and 2011,

respectively). The difference between employees' bonus (directors' and supervisors' remuneration) as resolved by the stockholders and the amount recognized in the 2012 financial statements by \$1,267 had been adjusted in the 2013 statement of comprehensive income.

Information about the appropriation of employees' bonus and directors' and supervisors' remuneration by the Company as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

E. The Company recognized dividends distributed to owners amounting to \$1,791,714 (\$1.5 (in dollars) per share) and \$1,628,832 (\$1.5 (in dollars) per share) for the years ended December 31, 2013 and 2012, respectively. On March 18, 2014, the Board of Directors proposed that total dividend for the distribution of earning for the year of 2013 was \$968,354 with \$0.6 (in dollars) per share. (Calculation based on number of shares after the record date of capital increase by cash on March 18, 2014)

(23) Other equity items

	Available-for-sale investment	Currency translation	Treasury shares	Total
At January 1, 2013	\$ 1,590,447	\$ -	(\$ 60,440)	\$ 1,530,007
Available-for-sale investment:				
-Gain at fair value	410,023	-	-	410,023
Currency translation differences:				
-Group	-	(859)	-	(859)
At December 31, 2013	<u>\$ 2,000,470</u>	<u>(\$ 859)</u>	<u>(\$ 60,440)</u>	<u>\$ 1,939,171</u>
	Available-for-sale investment	Currency translation	Treasury shares	Total
At January 1, 2012	\$ 1,093,305	\$ -	(\$ 60,440)	\$ 1,032,865
Available-for-sale investment:				
-Gain at fair value	497,142	-	-	497,142
Currency translation differences:				
-Group	-	-	-	-
At December 31, 2012	<u>\$ 1,590,447</u>	<u>\$ -</u>	<u>(\$ 60,440)</u>	<u>\$ 1,530,007</u>

(24) Maturity analysis of assets and liabilities

The construction related assets and liabilities are classified as current and non-current based on the operating cycle. Related recognized amount expected to be recovered or repaid within or after 12 months from the balance sheet date is as follows:

	<u>Within 12 months</u>	<u>Over 12 months</u>	<u>Total</u>
<u>December 31, 2013</u>			
Assets			
Notes receivable, net	\$ 51,239	\$ 671	\$ 51,910
Accounts receivable, net	2,915,958	-	2,915,958
Inventories	<u>3,994,324</u>	<u>11,800,077</u>	<u>15,794,401</u>
	<u>\$ 6,961,521</u>	<u>\$ 11,800,748</u>	<u>\$ 18,762,269</u>
Liabilities			
Notes payable	\$ 13,129	\$ -	\$ 13,129
Accounts payable	<u>1,704,747</u>	<u>656,272</u>	<u>2,361,019</u>
	<u>\$ 1,717,876</u>	<u>\$ 656,272</u>	<u>\$ 2,374,148</u>
	<u>Within 12 months</u>	<u>Over 12 months</u>	<u>Total</u>
<u>December 31, 2012</u>			
Assets			
Notes receivable, net	\$ 102,201	\$ 1,016	\$ 103,217
Accounts receivable, net	1,589,412	-	1,589,412
Inventories	<u>3,684,604</u>	<u>9,355,812</u>	<u>13,040,416</u>
	<u>\$ 5,376,217</u>	<u>\$ 9,356,828</u>	<u>\$ 14,733,045</u>
Liabilities			
Notes payable	\$ 16,220	\$ -	\$ 16,220
Accounts payable	<u>1,648,391</u>	<u>782,308</u>	<u>2,430,699</u>
	<u>\$ 1,664,611</u>	<u>\$ 782,308</u>	<u>\$ 2,446,919</u>
	<u>Within 12 months</u>	<u>Over 12 months</u>	<u>Total</u>
<u>January 1, 2012</u>			
Assets			
Notes receivable, net	\$ 42,696	\$ 27	\$ 42,723
Accounts receivable, net	569,728	-	569,728
Inventories	<u>12,665,821</u>	<u>4,379,561</u>	<u>17,045,382</u>
	<u>\$ 13,278,245</u>	<u>\$ 4,379,588</u>	<u>\$ 17,657,833</u>
Liabilities			
Notes payable	\$ 134,765	\$ -	\$ 134,765
Accounts payable	<u>547,138</u>	<u>190,789</u>	<u>737,927</u>
	<u>\$ 681,903</u>	<u>\$ 190,789</u>	<u>\$ 872,692</u>

(25) Operating revenue

	For the years ended December 31,	
	2013	2012
Construction revenues	\$ 7,817,654	\$ 18,139,053
Rental revenues	386,603	366,672
Service concession revenue		
-Operating service revenue	362,643	355,122
Other revenues	4,388	4,162
	<u>\$ 8,571,288</u>	<u>\$ 18,865,009</u>

(26) Other income

	For the years ended December 31,	
	2013	2012
Interest income	\$ 25,556	\$ 37,635
Dividend income	27,142	76,243
Other	435,353	112,787
	<u>\$ 488,051</u>	<u>\$ 226,665</u>

(27) Other gains and losses

	For the years ended December 31,	
	2013	2012
Net currency exchange (losses) gains	\$ 9,933	(\$ 13,260)
Net gains on financial liabilities at fair value through profit or loss	507	566
Losses on disposal of construction in progress	-	(5,417)
(Losses) gains on disposal of property, plant and equipment	(7)	1,017
Others	18	296
	<u>\$ 10,451</u>	<u>(\$ 16,798)</u>

(28) Finance costs

	For the years ended December 31,	
	2013	2012
Interest expense:		
Bank borrowings	\$ 175,993	\$ 293,929
Commercial paper	41,707	41,685
Ordinary bond	57,721	23,917
Provision of endorsements and guarantees	22,455	36,600
Others	1,105	1,557
	<u>\$ 298,981</u>	<u>\$ 397,688</u>

(29) Expenses by nature

	For the year ended December 31, 2013		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense			
Wages and salaries	\$ 5,757	\$ 387,831	\$ 393,588
Labor and health insurance fees	-	17,124	17,124
Pension costs	-	8,864	8,864
Other employee benefit expense	-	21,656	21,656
	<u>\$ 5,757</u>	<u>\$ 435,475</u>	<u>\$ 441,232</u>
Depreciation charges	<u>\$ 79,597</u>	<u>\$ 39,003</u>	<u>\$ 118,600</u>
Amortization charges	<u>\$ 61,252</u>	<u>\$ -</u>	<u>\$ 61,252</u>

	For the year ended December 31, 2012		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense			
Wages and salaries	\$ 10,831	\$ 400,527	\$ 411,358
Labor and health insurance fees	-	13,589	13,589
Pension costs	-	9,388	9,388
Other employee benefit expense	-	26,340	26,340
	<u>\$ 10,831</u>	<u>\$ 449,844</u>	<u>\$ 460,675</u>
Depreciation charges	<u>\$ 88,137</u>	<u>\$ 38,837</u>	<u>\$ 126,974</u>
Amortization charges	<u>\$ 61,253</u>	<u>\$ -</u>	<u>\$ 61,253</u>

(30) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the years ended December 31,	
	<u>2013</u>	<u>2012</u>
Current tax:		
Current tax on profits for the period	\$ 13,542	\$ 41,523
Prior year income tax (over) understatement	(7,091)	8,520
Land value increment tax recognized in income tax of the period	<u>48,328</u>	<u>249,873</u>
Total current tax	<u>\$ 54,779</u>	<u>\$ 299,916</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>-</u>	<u>-</u>
Total deferred tax	<u>-</u>	<u>-</u>
Income tax expense	<u>\$ 54,779</u>	<u>\$ 299,916</u>

(b) Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2013	2012
Tax calculated based on profit before tax and Statutory tax rate	\$ 290,280	\$ 1,171,087
Effects recognized from adjustments under tax regulations	(288,624)	(1,174,953)
Additional 10% tax on undistributed earnings	-	45,389
Prior year income tax (over) underestimation	(7,091)	8,520
Land value increment tax	48,328	249,873
Effect from Alternative Minimum Tax	11,886	-
Tax expense	<u>\$ 54,779</u>	<u>\$ 299,916</u>

B. According to Act for Promotion of Private Participation in Infrastructure Projects, details of the amount the Company is entitled as investment tax credit and unrecognized deferred tax assets are as follows:

	December 31, 2013		
	Unused tax credits	Unrecognised deferred tax assets	Final year tax credits are due
<u>Qualifying items</u>			
Investment	<u>\$ 109,885</u>	<u>\$ 109,885</u>	2016
	December 31, 2012		
	Unused tax credits	Unrecognised deferred tax assets	Final year tax credits are due
<u>Qualifying items</u>			
Investment	<u>\$ 111,453</u>	<u>\$ 111,453</u>	2016
	January 1, 2012		
	Unused tax credits	Unrecognised deferred tax assets	Final year tax credits are due
<u>Qualifying items</u>			
Investment	<u>\$ 14,148</u>	<u>\$ 14,148</u>	2013

C. Expiration dates of unused net operating loss carryforward and amounts of unrecognized deferred tax assets are as follows:

December 31, 2013

Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Usable until year
2010	Amount assessed	\$ 188,562	\$ 188,562	2020

December 31, 2012

Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Usable until year
2010	Amount assessed	\$ 188,562	\$ 188,562	2020

January 1, 2012

<u>Year incurred</u>	<u>Amount filed/ assessed</u>	<u>Unused amount</u>	<u>Unrecognised deferred tax assets</u>	<u>Usable until year</u>
2010	Amount assessed	\$ 492,420	\$ 429,420	2020

D. The Company participated in 'National Taiwan University Chang Hsing and Shui Yuan BOT Dorms', which was handled and assessed as major infrastructure by the Ministry of Education. Thus, in accordance with 'Regulations Governing Application for Exemption from Profit-seeking Enterprise Income Tax by Private Institutions Participating in Public Infrastructure Projects', the Company is entitled to the income tax exemption for 5 consecutive years (ends on December 2014).

E. As of December 31, 2013, the Company's income tax returns through 2011 have been assessed and approved by the Tax Authority and there were no disputes existing between the Company and the Tax Authority.

F. Unappropriated retained earnings:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2013</u>
Earnings generated in and after 1998	<u>\$ 1,586,811</u>	<u>\$ 1,909,259</u>	<u>(\$ 2,798,480)</u>

G. As of December 31, 2013, December 31, 2012 and January 1, 2012, the balance of the imputation tax credit account was \$716, \$ 43,762 and \$ 1,777, respectively. The creditable tax rate was 5.02% for 2012 and is estimated to be 0.87% for 2013. The amount of deductible tax distributable by the Company to its shareholders shall be limited to an amount not exceeding the amount of the imputation tax credit account balance on the date of distribution of the dividends. Accordingly, the actual creditable ratio for the distribution of 2012 undistributed earnings will be based on the imputation tax credit account balance up to the date of distribution of the dividends.

(31) Earnings per share

	<u>For the year ended December 31, 2013</u>		
		Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>	<u>Amount after tax</u>		
Profit attributable to ordinary shareholders	\$ 1,652,753	\$ 1,275,408	\$ 1.30
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 1,652,753	\$ 1,275,408	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	1,870	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 1,652,753	\$ 1,277,278	\$ 1.29

	<u>For the year ended December 31, 2012</u>		
		Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>	<u>Amount after tax</u>		
Profit attributable to ordinary shareholders	\$ 6,588,833	\$ 1,275,408	\$ 5.17
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 6,588,833	\$ 1,275,408	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	1,895	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 6,588,833	\$ 1,277,303	\$ 5.16

The above weighted-average outstanding common shares have been adjusted retroactively in proportion to retained earnings as of December 31, 2012.

(32) Non-cash transaction

Investing and financing activities with no cash flow effects:

	For the years ended December 31,	
	2013	2,012
1. Investment property reclassified to construction -use land	\$ <u>67,624</u>	\$ <u>-</u>
2. Investment property reclassified to buildings and land held for sale	\$ <u>14,769</u>	\$ <u>90,407</u>
3. Other receivables reclassified to prepayments for land	\$ <u>1,061,617</u>	\$ <u>-</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and their relationship with the Company

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Cheng-Shi Investment Holdings Co., Ltd. (CSIHC)	The Company's subsidiary
Prince Property Management Consulting Co., Ltd. (PPMCC)	The Company's subsidiary
BioSun Technology Co., Ltd.	The Company's subsidiary
Dong-Feng Enterprises Co., Ltd.	The Company's subsidiary
The Splendor Hotel Taichung	The Company's subsidiary
Jin Yi Xing Plywood Co., Ltd.	The Company's subsidiary
Prince Industrial Co., Ltd.	The Company's subsidiary
Ta-Chen Construction & Engineering Corp. (Ta-Chen Construction & Engineering)	The subsidiary of CSIHC
Prince Utility Co., Ltd. (Prince Utility)	The subsidiary of CSIHC
Cheng-Shi Construction Co., Ltd. (Cheng-Shi Construction)	The subsidiary of CSIHC
Prince Security Co., Ltd. (Prince Security)	The subsidiary of PPMCC
Prince Apartment Management Maintain Co., Ltd.	The subsidiary of PPMCC
President Chain store Corporaton	The Company's associates
Chen Kao-Hui	The Company's Chairman
Hsieh, Ming-Fan	The Company's General Manager
Chung, Wu-Chuan	The former Chairman's spouse

For other related parties over which the Company exercises significant influence but with which the Company had no material transaction, please refer to Note 13 for related information.

(2) Significant related party transactions and balances

(a) On July 8, 2009, the Company signed a house sale contract with the spouse of its former chairman, in the amount of \$270,060. Ownership was transferred and revenue was recognized in the fourth quarter of 2012. The Company's subsidiary, Prince Security Co., Ltd. has signed a purchase agreement of office buildings on October 30, 2008. The total agreement amount was \$31,680, and the title was transferred in the first quarter of 2013 and revenue was recognized.

(b) Rental income:

	<u>For the years ended December 31,</u>	
	<u>2013</u>	<u>2012</u>
— Associates	\$ 23,323	\$ -
— Subsidiaries	<u>1,637</u>	<u>1,839</u>
	<u>\$ 24,960</u>	<u>\$ 1,839</u>

B.(a) Details of the Company's subcontracting to related parties and its purchases from related parties for the years ended December 31, 2013 and 2012 are as follows:

	<u>For the years ended December 31,</u>	
	<u>2013</u>	<u>2012</u>
Construction subcontracting:		
— Subsidiaries	\$ 1,419,790	\$ 1,332,326
Purchases of services:		
— Subsidiaries	27,310	49,823
Purchases of goods:		
— Subsidiaries	<u>24,733</u>	<u>11,718</u>
	<u>\$ 1,471,833</u>	<u>\$ 1,393,867</u>

The Company subcontracted building construction and utilities engineering to related parties, Ta-Chen Construction Company, Prince Utility Company and Chen-Shi Construction Company. Under those subcontracts, acceptance would be done according to the progress of the construction and engineering; payments would be made based on agreed-upon terms of the two parties. Purchases from related parties, Prince Security Company, BioSun Technology Company and Prince Apartment, are based on negotiated terms because the related purchase transactions are unique and not available to third parties.

(b) As of December 31, 2013 and 2012, unsettled construction contracts that were signed by the Company and Chen-Shi Construction Company totaled \$1,154,432 and \$1,357,473, respectively; payments already made for those contracts amounted to \$193,590 and \$181,392, respectively; and future payments required under those contracts amounted to \$960,842 and

\$1,176,081, respectively.

(c) As of December 31, 2013 and 2012, unsettled construction contracts that were signed by the Company and Ta-Chen Construction Company totaled \$1,192,194 and \$427,810, respectively; payments already made for those contracts amounted to \$700 and \$1,000, respectively; and future payments required under those contracts amounted to \$1,191,494 and \$426,810, respectively.

(d) As of December 31, 2013 and 2012, unsettled construction contracts that were signed by the Company and Prince Utility Company totaled \$752,240 and \$372,413, respectively; payments already made for those contracts amounted to \$32,679 and \$9,641, respectively; and future payments required under those contracts amounted to \$719,561 and \$362,772, respectively.

C. Accounts receivable

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Associates	\$ 2,014	\$ -	\$ -
Close family members of the Chairman	-	185,560	-
	<u>2,014</u>	<u>\$ 185,560</u>	<u>\$ -</u>

D. Prepayment for land purchases

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Subsidiaries	\$ 239,116	\$ 238,163	\$ 237,350

E. Other assets

(a) On June 20, 2006, the Company and CHINA METAL PRODUCTS CO., LTD (“A party”) jointly signed a creditor’s rights transfer contract with AMIDA TRUSTLINK ASSETS MANAGEMENT CO., LTD. (“B party”). Under the contract, the Company and A party should pay \$2,100,000 each (totaling \$4,200,000) to jointly acquire whole creditor’s rights of mortgages, security interests and other dependent claims (collectively referred herein as the creditor’s rights) on the Splendor Hotel Taichung Building, and each bears 50% rights and obligations of this acquisition; when all creditor’s rights of this object turn into property rights, the Company and A party should pay B party totaling \$1,000,000 as the cost and reward of B party for it is entrusted with the task to help turn the creditor’s rights as stated above into property rights, but any excess cost over \$1,000,000 if incurred on this task shall be borne by B party on its own; the Company should pay B party \$300,000 before June 30, 2006, and the Company and A party should jointly issue a promissory note of \$1,800,000 to B party on the signing date; payment should be done before July 15, 2006. The title to the creditor’s rights as stated above had been transferred to the Company and A party on August 2, 2006. On December 29, 2006, the Company and A party signed an additional contract following the original contract with B party to raise total acquisition price of the creditor’s rights to \$4,750,000 (the Company and A party bear 50% of the price each). As of December

31, 2012, the Company had paid its price.

- (b) The Company and CHINA METAL PRODUCTS CO., LTD. jointly established The Splendor Hotel Chunggang (“A party”) by investing \$200,000 each. On November 1, 2006, A party signed a certain assets transfer contract with The Splendor Hotel Chunggang (“B party”). Under the contract, A party should pay B party \$352,310 for related employees’ service years, goods purchases and taxes, and A party should pay the shortfall, if any, up to the maximum of \$100,000, and B party does not need to return the remainder, if any, to A party. The above payments required of A party were made from the share capital of its initial establishment.
- (c) The Company’s creditor’s rights above amounting to \$2,375,000 were originally receivable from The Splendor Hotel Chung-gang. After The Splendor Hotel Chung-gang and The Splendor Hotel Taichung signed a certain assets transfer contract in December, 2006, the creditor’s right to the above receivables were transferred to The Splendor Hotel Taichung. As of December 31, 2013 and 2012, the Company’s creditor’s rights receivable from The Splendor Hotel Taichung both amounted to \$575,000.
- (d) On January 16, 2007, the Company acquired 99.62% ownership in Jin-Yi-Xing Plywood Co., Ltd. by cash. As of December 31, 2013 and 2012, the Company’s creditor’s rights receivable from Jin-Yi-Xing Plywood Co., Ltd. amounted to \$472,928 and \$480,186, respectively.

F. Accounts payable

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Subsidiaries	\$ 364,701	\$ 424,886	\$ 75,893

G. Financing

- (a) Loans payable to related parties (shown as “Other payables-related parties”)

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Subsidiaries	\$ -	\$ -	\$ 240,000

- (b) Interest expense

	<u>For the years ended December 31,</u>			
	<u>2013</u>		<u>2012</u>	
	<u>Amount</u>	<u>Interest rate</u>	<u>Amount</u>	<u>Interest rate</u>
Subsidiaries	<u>\$ -</u>	-	<u>\$ 4,474</u>	2.7%

H. The information of endorsement and guarantees and financial support commitment among related parties, please refer to Note 9(1) for details.

I. Certain short and long-term borrowings of the Company were guaranteed by its Chairman and General Manager.

(3) Key management compensation

	For the years ended December 31,	
	2013	2012
Salaries and other short-term employee benefits	\$ 107,978	\$ 169,840
Termination benefits	-	-
Post-employment benefits	1,395	-
Other long-term benefits	-	-
Share-based payments	-	-
	<u>\$ 109,373</u>	<u>\$ 169,840</u>

8. PLEGGED ASSETS

The Company's assets pledged as collateral are as follows:

Pledged asset	December 31, 2013	December 31, 2012	January 1, 2012	Purpose
Demand deposits, certificate of deposit and checking deposit (shown as "other financial assets - current" and "other financial assets - non-current")	\$ 3,213,846	\$ 1,590,949	\$ 233,627	To obtain a higher credit for client, performance gurantee and short-term and long-term borrowings
Financial assets at fair value through profit or loss	77,100	76,593	76,027	Long-term borrowings
Land held for construction	5,956,689	7,087,276	8,632,631	Short-term and long-term borrowings and notes and bills payable
Prepayment for land purchases	-	146,789	526,209	Short-term borrowings and notes and bills payable
Buildings and land held for sale	-	330,592	15,330	Short-term borrowings and notes and bills payable
Available-for-sale financial assets	1,592,080	1,282,523	843,516	Short-term borrowings and notes and bills payable
Financial assets carried at cost	575,426	575,426	575,426	Short-term borrowings and notes and bills payable
Investments accounted for using equity method	1,445,400	1,192,440	203,443	Short-term borrowings and notes and bills payable
Land	91,782	91,782	55,370	Short-term and long-term borrowings and notes and bills payable
Buildings	233,155	239,037	95,739	Short-term and long-term borrowings and notes and bills payable
Investment property	5,066,645	5,740,421	5,464,937	Short-term and long-term borrowings and notes and bills payable
Other assets (shown as "Other non-current assets")	1,047,928	1,055,186	1,065,338	Long-term borrowings
	<u>\$ 19,300,051</u>	<u>\$ 19,409,014</u>	<u>\$ 17,787,593</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Summary of endorsements and guarantees and financial support commitments is as follows:

A. Summary of endorsements and guarantees provided by the Company to subsidiaries is as follows:

Name of company	December 31, 2013		December 31, 2012		January 1, 2012	
	Total		Total		Total	
	endorsement amount	Amount drawn	endorsement amount	Amount drawn	endorsement amount	Amount drawn
The Splendor Hotel Taichung	\$ 2,000,000	\$ 1,734,573	\$ 2,000,000	\$ 1,717,720	\$ 2,000,000	\$ 1,456,547
Ta-Chen Construction & Engineering Corp.	1,900,000	678,906	1,900,000	309,084	1,900,000	478,389
Time Square International Co., Ltd.	-	-	1,200,000	-	1,200,000	305,290
Dong-Feng Enterprises Co., Ltd.	-	-	500,000	-	500,000	-
BioSun Technology Co., Ltd.	-	-	60,000	-	60,000	-
	<u>\$ 3,900,000</u>	<u>\$ 2,413,479</u>	<u>\$ 5,660,000</u>	<u>\$ 2,026,804</u>	<u>\$ 5,660,000</u>	<u>\$ 2,240,226</u>

B. Summary of endorsements and guarantees provided by subsidiaries to the Company is as follows:

Name of company	December 31, 2013		December 31, 2012		January 1, 2012	
	Total		Total		Total	
	endorsement amount	Amount drawn	endorsement amount	Amount drawn	endorsement amount	Amount drawn
Dong-Feng Enterprises Co., Ltd.	\$ 1,810,889	\$ 1,810,889	\$ 1,810,889	\$ 1,810,889	\$ 1,810,889	\$ 1,810,889
Jin Yi Xing Plywood Co., Ltd.	2,500,000	-	2,500,000	1,246,889	2,500,000	1,246,889
Ta-Chen Construction & Engineering Corp.	927,889	-	927,889	-	927,889	423,733
Prince Utility Co., Ltd.	900,000	-	900,000	540,651	900,000	540,651
	<u>\$ 6,138,778</u>	<u>\$ 1,810,889</u>	<u>\$ 6,138,778</u>	<u>\$ 3,598,429</u>	<u>\$ 6,138,778</u>	<u>\$ 4,022,162</u>

C. The accumulated operating losses of the subsidiary, the Splendor Hotel, had exceeded 50% of its paid-in capital and its current liabilities were greater than current assets. The Company was committed to give the Splendor Hotel financial support for its continuing operations for one year from the date of the financial support letter.

(2) Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Property, plant and equipment	<u>\$ 12,155</u>	<u>\$ 12,155</u>	<u>\$ 12,155</u>

(3) According to the sale contracts, the Company should provide warranty on the house structure and major facilities for one year from the handover day for the houses it sold. However, any damage to the houses caused by disasters, additions to the houses made by the buyers, or events that are not attributed to the Company is not included in the scope of warranty.

(4) Information on the commitments of the Company relating to financial support to related parties is described in Note 7(2).

(5) Information on the commitments of the Company on investments and related share capital payment status is described in Note 6(9).

(6) On March 17, 2005, the Company ("A party") signed a contract with National Taiwan University ("B party") relating to the construction and operation of dormitories on Chang-Hsing St. and Shui-Yuan Campus. The major terms of the contract are as follows:

- A. Under the contract, B party should be responsible for acquiring the ownership or land-use right for this project, and let A party use the land; A party must complete the construction within 3 years from the registration of the superficieses, and may operate the dormitories for 44 years, collect dormitory rentals and use fees of other facilities from students, and should return the related assets to B party on the expiry of the contract.
 - B. A party should give B party a performance guarantee of \$60,000 for the construction on the signing date and \$30,000 for operations before the start of operation. As of December 31, 2013, December 31, 2012 and January 1, 2012, A party had provided performance guarantee with a guarantee letter issued by the bank, both amounting to \$30,000.
 - C. A party should pay B party land rentals from the registration of the superficieses, according to the terms of the contract, and pay B party operating royalties from the third year of the operation, based on 0.5% of dormitory rentals and use fees of other facilities collected from students.
 - D. Terms of restrictions for A party:
 - (a) The ratio of A party's own capital utilized in this project to total construction cost of this project should be at least 30%;
 - (b) During the operation period, the ratio of shareholders' equity to total assets should be at least 25%; and current ratio (current assets/current liabilities) should be at least 100%;
 - (c) All rights acquired by A party under the contract, except for other conditions specified in the contract and approved by B party, should not be transferred, leased, registered as a liability/obligation or become an executed object of civil litigation.
- (7) On May 10, 2005, the Company ("A party") signed a contract with National Cheng Kung University ("B party") relating to the construction and operation of student dormitories and alumni hall. The major terms of the contract are as follows:
- A. Under the contract, B party should be responsible for acquiring the ownership or land-use right for this project, and let A party use the land by way of registration of the superficieses; A party must obtain the user license within 3 years after the signing date, and may operate the student dormitories and motorcycle parking lots for 35 years from the start of operation and collect dormitory rentals and use fees of other facilities from students for 50 years from the start of construction, and should return the related assets to B party on the expiry of the contract.
 - B. A party should give B party performance guarantee of \$50,000 for this project on the signing date, which will be returned in installment according to the contractual terms. As of December 31, 2013, December 31, 2012 and January 1, 2012, A party had provided performance guarantee with a guarantee letter issued by the bank, both amounting to \$20,000.
 - C. During the operation period, A party should pay B party dormitory operating royalties based on 2% of annual operating revenue of the dormitories and auxiliary facilities operating royalties

based on 4% of annual operating revenue of the auxiliary facilities. A party should pay such operating royalties for prior year before the end of June every year. Further, according to the superficies contract signed by the two parties, A party should pay B party land rentals from the registration of superficies.

D. All rights acquired by A party under the contract, except for other conditions specified in the contract and approved by B party, should not be transferred, leased, registered as a liability/obligation or become an executed object of civil litigation.

- (8) The Company signed a syndicated loan contract with 9 banks - Ta Chong Bank as the lead bank for a credit line of \$2.5 billion. The syndicated loans include medium-term (secured) loans, commercial paper guarantees and long-term (secured) loans. During the loan period, the Company should maintain financial commitments such as current ratio, liability ratio and interest coverage; those financial ratios/restrictions shall be reviewed at least once every year, based on the Company's audited annual non-consolidated financial statements. If the Company violates the above financial commitments, it might be requested to stop drawing down all or part of the loans, and all or part of the loans might be asked to mature early, as resolved by the majority of the consortium.
- (9) The Company signed a syndicated loan contract with 7 banks - Mega International Commercial Bank as the lead bank for a credit line of \$2.16 billion. The syndicated loans include long-term (secured) loans and guarantee payments receivable (secured), which are used to fund the construction of dormitories in Changxing St. Campus and Shuiyuan Campus of National Taiwan University. During the loan period, the Company should maintain financial commitments such as current ratio, liability ratio and interest coverage; those financial ratios/restrictions shall be reviewed at least once every year, based on the Company's audited annual non-consolidated financial statements. If the Company violates the above financial commitments, it shall improve its financial position by capital increase or other ways before the end of October of the following year from the year of violation; it would not be regarded as a default if the managing bank confirms that its financial position has improved completely. In case of violation, interest on the loans would be charged at the loan rate specified in the contract plus additional 0.25% per annum from the notification date of the managing bank to the completion date of financial improvement or to the date the Company gains the relief from the consortium for its violation.
- (10) The Company signed a loan contract with Mega International Commercial Bank for a credit line of \$785 million. The loans include long-term (secured) loans and guarantee payments receivable (secured), which are used to fund the construction of student dormitories and alumnus hall of National Cheng Kung University. During the loan period, the Company should maintain financial commitments such as current ratio, liability ratio and interest coverage; those financial ratios/restrictions shall be reviewed at least once every year. Current ratio and liability ratio shall be reviewed based on the Company's audited annual non-consolidated financial statements, and interest coverage based on the Company's revenue and expenditure table for the related project. If

the Company violates the above financial commitments, it shall improve its financial position by capital increase or other ways before the end of October of the following year from the year of violation; it would not be regarded as a default if the bank confirms that its financial position has improved completely. In case of violation, interest on the loans would be charged at the loan rate specified in the contract plus additional 0.25% per annum from the notification date of the bank to the completion date of financial improvement or to the date the Company obtains a waiver from the bank for its violation.

- (11) The Company signed a syndicated loan contract with 9 banks - Mega International Commercial Bank as the lead bank for a credit line of \$3.6 billion. The syndicated loans are medium-term (secured) loans. During the loan period, the Company should maintain financial commitments such as current ratio, liability ratio and interest coverage; those financial ratios/restrictions shall be reviewed at least once every year, based on the Company's audited annual non-consolidated financial statements. If the Company violates the above financial commitments, it shall improve its financial position before June 30 of the year when it presents the underlying financial statements; it would not be regarded as a default if the Company's semiannual non-consolidated financial statements of that year reviewed by independent auditors show that the financial ratios/restrictions conform to the commitments. In case of violation, interest on the loans would be charged at the loan rate of 0.80% per annum from the notification date of the managing bank to the completion date of financial improvement or to the date the Company obtains a waiver from the consortium for its violation.
- (12) The Company signed a syndicated loan contract with 10 banks - Bank of Taiwan Co., Ltd. as the lead bank for a credit line of \$2 billion. The syndicated loans are medium-term (secured) loans, and are used for residential building construction cooperated by the Company and Taiwan Sugar Corporation ("TSC") on Guo-An Sec., Xitun District, Taichung City. Furthermore, the Company shall repay in full for the balance of unpaid principal on maturity date. However, when the buildings in the case are completed and sold or when handling buyer's household debt, borrower should repay the balance of used and unpaid principal for the syndicated loans with 70% of selling consideration.
- (13) On May 18, 2007, the Company signed a contract with Taiwan Sugar Corporation ("TSC") in relation to cooperative construction of houses. According to the contract, TSC shall provide Lot Nos. 12-12 and 601-1, Guo-An Sec., Xitun District, Taichung City and Lot No. 44, He-Guan Sec., Annan District, Tainan City; the Company shall provide funding for those projects and repurchase houses and land allocated to TSC amounting to \$1,810,889 and \$927,889, respectively, and shall bear all improvement fees of houses, public facilities and land, selling expenses, and other expenses or contributed expenses required under the decrees. The Company shall not ask for any compensation for price fluctuations or other reasons. Further, under the contract, the Company shall give TSC performance guarantee amounting to \$181,090 and \$92,780, respectively, on the signing date, which will be returned in installments according to the contractual terms. The Company had provided performance guarantee with a guarantee letter of the bank as follows:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Lot Nos.12-12 and 601-1, Guo-An Sec., Xitun District, Taichung City	\$ 181,090	\$ 181,090	\$ 181,090
Lot No.44, He-Guan Sec., Annan District, Tainan City	-	-	24,160

Furthermore, the development of Lot No. 44, He-Guan Sec., Annan District, Tainan City has been postponed because of the consideration of capital planning, as approved by TSC. According to the Nan-Tu-Kai-Zi Letter No. 0980001113 of Tainan Office of TSC, the Company shall pay compensation fee amounting to \$6,344 for this postponed development. The Company had paid such fee in 2010.

- (14) On July 11, July 22 and September 2, 2011, the Company signed a contract with Taiwan Sugar Corporation (“TSC”) in relation to cooperative construction of houses. According to the contracts, TSC shall provide Lot Nos. 11 and 12, Ming-Ding Sec., Fongshan District, Kaohsiung City and Lot Nos. 48 and 51, Hou-Bi-Tian Sec., Ciaotou District, Kaohsiung City and Lot Nos. 117 and 118, Qiao-Zhong Sec., Ciaotou District, Kaohsiung City, respectively; the Company shall provide funding for those projects and repurchase houses and land allocated to TSC amounting to \$273,680, \$634,880 and \$157,960, respectively, and shall bear all improvement fees of houses, public facilities and land, selling expenses, and other expenses or contributed expenses required under the decrees. The Company shall not ask for any compensation for price fluctuations or other reasons. Further, under the contract, the Company shall give TSC performance guarantee amounting to \$27,370, \$63,480 and \$15,790, respectively, on the signing date, which will be returned in installments according to the contractual terms. The Company had provided such performance guarantee with guarantee letter of the bank as follows:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Lot Nos. 11 and 12, Ming-Ding Sec., Fongshan District, Kaohsiung City	\$ -	\$ 27,370	\$ 27,370
Lot Nos. 48 and 51, Hou-Bi-Tian Sec., Ciaotou District, Kaohsiung City	63,480	63,480	63,480
Lot Nos. 117 and 118, Qiao-Zhong Sec., Ciaotou District, Kaohsiung City	-	-	15,790

- (15) The Company signed an agreement with Mr. Tsai Shuei-Pin on July 12, 2012 for joint construction of houses. Under those agreements, Mr. Tsai Shuei-Pin, the owner of land, shall provide the land located at No. 52 Yu-Shien Lot, Tai-Pian Dist. Taichung City, and the Company is responsible for the construction; the houses built would be allocated to both sides based on the specified proportion. In addition, the Company shall give performance bond in the amount \$83,930, which would be returned to the Company in installments. As of December 31, 2013, December 31, 2012 and January 1, 2012, balance of the performance bond was \$0, \$83,960 and \$66,000, respectively.

(16) The Company signed an agreement with Mr. Fang Tsai-Yuan and World Vision United Co., Ltd. on March 5, 2012 and July 17, 2012, respectively, for joint construction of houses. Under those agreements, Mr. Fang Tsai-Yuan and World Vision United Co., Ltd., the owners of land, shall provide the land located at Nos. 572 and 602, Sec. Zhi-Shan 1, Shilin District, Taipei City, respectively, and the Company is responsible for the construction; the houses built would be allocated to both sides based on the specified proportion. In addition, the Company shall give performance bond in the amount of \$350,000 and \$19,570 to Mr. Fang Tsai-Yuan and World Vision United Co., Ltd., respectively, which would be returned to the Company in installments. As of December 31, 2013, December 31, 2012 and January 1, 2012, balance of the performance bonds were as follows:

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Nos. 602, Sec. Zhi-Shan 1, Shilin District, Taipei City	\$ 350,000	\$ 350,000	\$ 350,000
Nos. 572, Sec. Zhi-Shan 1, Shilin District, Taipei City	19,570	19,570	19,570

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. Other

(1) Capital management

The Company's capital management is to ensure it has sufficient financial resource and operating plans to meet operational capital for future needs, capital expenditure, obligation repayment and dividend distribution. The Company adjusts borrowing amount in accordance with construction progress and capital needed for operating.

(2) Financial instruments

A. Fair value information of financial instruments

The carrying amount of cash and cash equivalents and financial instruments measured at amortised cost (including notes and accounts receivable, other receivables, short-term borrowings, short-term notes and bills payable, notes and accounts payable and other payables) are approximate to their fair values. Furthermore, the Company's management believes the carrying amounts of financial assets and liabilities not measured at fair value are approximate to their fair value or their fair value cannot be reliably measured. Thus, the carrying amount is the estimated fair value. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

B. Financial risk management policies

- (1) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance.
- (2) Risk management is carried out by a treasury department (Company's finance & accounting division) under policies approved by the Board of Directors. Company's finance & accounting division evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

The Company operates internationally and the currencies primarily used are NTD and USD. Foreign exchange risk arises from recognized assets and liabilities and net investments in foreign operations. Management has set up a policy to require the Company to manage its foreign exchange risk against its functional currency. The Company is required to manage its entire foreign exchange risk exposure with the Company treasury. Foreign exchange risk does not have significant impact to the Company.

Interest rate risk

The Company's interest rate risk arises from short-term and long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's borrowings at variable rate were denominated in the NTD. If interest rates on borrowings had been 0.1% basis point higher/lower with all other variables held constant, pre-tax profit for the years ended December 31, 2013 and 2012 would have been \$12,214 and \$14,436 lower/higher, respectively.

Price risk

The Company's investments in equity instruments, and the prices would change due to the change of the future value of investee companies. However, the Company has set a stop-loss and it was assessed that the Company was not exposed to significant price risk. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, pre-tax profit for the years ended December 31, 2013 and 2012 would have increased/decreased by \$7,600, as a result of gains/losses on equity securities classified as at

fair value through profit or loss. Other components of equity would have increased/decreased by \$17,543, as a result of gains/losses on equity securities classified as available-for-sale.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. Credit risk arises from cash and deposits with banks and financial institutions, including outstanding receivables.
- ii. The Company's receivables, which are the receivables from preselling of housing before completing construction and transferring the title, are installments received from customers of pre-construction real estate. Therefore, it was assessed that the Company was not exposed to significant credit risk from receivables.
- iii. For the years ended December 31, 2013 and 2012, the management does not expect any significant losses from non-performance by these counterparties.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company's finance & accounting division. Company's finance & accounting division monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times.
- ii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	December 31, 2013		
	<u>Within 1 year</u>	<u>Between 1 to 3 years</u>	<u>Over 3 years</u>
<u>Non-derivative financial liabilities:</u>			
Short-term borrowings	\$ 3,501,567	\$ -	\$ -
Short-term notes and bills payable	1,406,000	-	-
Notes payable	13,129	-	-
Accounts payable	1,776,060	656,272	-
Other payables	629,113	-	-
Guarantee deposits received	97,493	24,012	14,889
Bonds payable	65,350	130,700	4,565,350
Long-term borrowings (including current portion)	364,254	6,301,258	3,187,665

	December 31, 2012		
	<u>Within 1 year</u>	<u>Between 1 to 3 years</u>	<u>Over 3 years</u>
<u>Non-derivative financial liabilities:</u>			
Short-term borrowings	\$ 3,875,608	\$ -	\$ -
Short-term notes and bills payable	1,655,000	-	-
Notes payable	16,220	-	-
Accounts payable	1,734,665	782,308	-
Other payables	646,102	-	-
Guarantee deposits received	74,072	14,228	47,540
Bonds payable	26,600	53,200	2,039,900
Long-term borrowings (including current portion)	3,165,101	2,637,547	6,109,707

	January 1, 2012		
	<u>Within 1 year</u>	<u>Between 1 to 3 years</u>	<u>Over 3 years</u>
<u>Non-derivative financial liabilities:</u>			
Short-term borrowings	\$ 5,436,960	\$ -	\$ -
Short-term notes and bills payable	1,383,000	-	-
Notes payable	135,112	-	-
Accounts payable	635,791	190,789	-
Other payables	679,768	-	-
Guarantee deposits received	69,284	9,916	50,988
Long-term borrowings (including current portion)	3,841,940	7,628,748	3,855,879

(3) Fair value estimation

A. The table below analyses financial instruments measured at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

The following table presents the Company's financial assets that are measured at fair value at December 31, 2013, December 31, 2012 and January 1, 2012:

<u>December 31, 2013</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through profit or loss				
Equity securities	\$ 77,100	\$ -	\$ -	\$ 77,100
Available-for-sale financial assets				
Equity securities	<u>1,909,016</u>	<u>-</u>	<u>267,633</u>	<u>2,176,649</u>
	<u>\$ 1,986,116</u>	<u>-</u>	<u>\$ 267,633</u>	<u>\$ 2,253,749</u>
<u>December 31, 2012</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through profit or loss				
Equity securities	\$ 76,593	\$ -	\$ -	\$ 76,593
Available-for-sale financial assets				
Equity securities	<u>1,489,350</u>	<u>-</u>	<u>227,467</u>	<u>1,716,817</u>
	<u>\$ 1,565,943</u>	<u>\$ -</u>	<u>\$ 227,467</u>	<u>\$ 1,793,410</u>
<u>January 1, 2012</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through profit or loss				
Equity securities	\$ 76,027	\$ -	\$ -	\$ 76,027
Available-for-sale financial assets				
Equity securities	<u>971,816</u>	<u>-</u>	<u>360,002</u>	<u>1,331,818</u>
	<u>\$ 1,047,843</u>	<u>\$ -</u>	<u>\$ 360,002</u>	<u>\$ 1,407,845</u>

B. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange and regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the closing price or the net assets value. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity instruments classified as financial assets at fair value through profit or loss or available-for-sale financial assets.

C. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

D. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

E. The following table presents the changes in level 3 instruments for the years ended December 31, 2013 and 2012.

	<u>Equity securities</u>		<u>Equity securities</u>
At January 1, 2013	\$ 227,467	At January 1, 2012	\$ 360,002
Gains recognised in other comprehensive income	<u>40,166</u>	Losses recognised in other comprehensive income	<u>(132,535)</u>
At December 31, 2013	<u>\$ 267,633</u>	At December 31, 2012	<u>\$ 227,467</u>

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others:

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum	Balance at	Actual	Interest	Nature of	Amount of	Reason	Allowance	Collateral		Limit on loans	Ceiling on	Note
					outstanding balance during the year ended December 31, 2013								amount drawn down	rate			
0	Prince Housing & Development Corp.	Ta-Chen Construction & Engineering Corp.	Other receivables - related parties	Y	\$ 500,000	\$500,000	\$ -	2.7	Short-term financing	\$ -	Additional operating capital	\$ -	-	\$ -	\$ 500,000	\$ 7,283,504	Note 2
0	Prince Housing & Development Corp.	Prince Industrial Co., Ltd.	Other receivables - related parties	Y	500,000	500,000	-	2.7	Short-term financing	-	Additional operating capital	-	-	-	500,000	7,283,504	Note 2
0	Prince Housing & Development Corp.	Hsia-Hai re-planning district, re-planning committee, Ren-Wu District, Kaohsiung	Other receivables	N	1,350,000	-	-	2.7	Trading partner	-	None	-	-	-	1,400,000	7,283,504	Note 2
1	Ta-Chen Construction & Engineering Corp.	Prince Housing & Development Corp.	Other receivables - related parties	Y	300,000	-	-	2.7	Short-term financing	-	Additional operating capital	-	-	-	500,000	371,288	Note 3

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2 : In accordance with the Company's related regulations, the total amount for loan is 40% of its net worth.

Note 3 : In accordance with Ta-Chen Construction & Engineering Corp., Ltd. related regulations, the total amount for loan is 40% of its net worth. However, the total amount for loan cannot exceed 40% of its net worth for short -term financing.

B. Provision of endorsements and guarantees to others:

Number (Note 1)	Endorser/ guarantor	Company name	Party being endorsed/guaranteed		Maximum outstanding endorsement/ guarantee amount as of December 31, 2013	Outstanding endorsement/ guarantee amount at December 31, 2013	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Note
			Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party										
0	Prince Housing & Development Corp.	Ta-Chen Construction & Engineering Corp.	3	\$ 3,641,752	\$ 1,900,000	\$ 1,900,000	\$ 678,906	\$ -	10	\$ 9,104,380	Y	N	N	Note 3 and 4
0	Prince Housing & Development Corp.	Time Square International Co., Ltd.	2	3,641,752	1,200,000	-	-	-	-	9,104,380	Y	N	N	Note 3 and 4
0	Prince Housing & Development Corp.	The Splendor Hotel Taichung	6	3,641,752	2,000,000	2,000,000	1,734,573	-	11	9,104,380	Y	N	N	Note 3 and 4
0	Prince Housing & Development Corp.	Dong-Feng Enterprises Co., Ltd.	2	3,641,752	500,000	-	-	-	-	9,104,380	Y	N	N	Note 3 and 4
0	Prince Housing & Development Corp.	BioSun Technology Co., Ltd.	2	3,641,752	60,000	-	-	-	-	9,104,380	Y	N	N	Note 3 and 4
1	Dong-Feng Enterprises Co., Ltd.	Prince Housing & Development Corp.	4	2,000,000	1,810,889	1,810,889	1,810,889	-	636	4,000,000	N	Y	N	Note 5
2	Prince Utility Co., Ltd.	Prince Housing & Development	4	1,000,000	900,000	900,000	-	-	1,214	2,000,000	N	Y	N	Note 6
3	Jin-Yi-Xing plywood Co., Ltd.	Prince Housing & Development Corp.	4	2,500,000	2,500,000	2,500,000	-	-	763	5,000,000	N	Y	N	Note 7
4	Ta-Chen Construction & Engineering Corp.	Prince Housing & Development Corp.	4	1,500,000	927,889	927,889	-	-	100	3,000,000	N	Y	N	Note 8

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
- (4) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.
- (5) Mutual guarantee of the trade as required by the construction contract.
- (6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note 3 : In accordance with the company's related regulations, the total amount of transactions of endorsements and guarantees and the limit of endorsements and guarantees for any single of then entity is 20% of the Company's net worth.

Note 4 : In accordance with the Company's related regulations, the total accumulated amount of transactions of endorsements and guarantees cannot exceed 50% of the Company's net worth.

Note 5 : In accordance with Dong-Feng Enterprises Co., Ltd. related regulations, the limit of endorsements and guarantees for any single entity is \$2,000,000; the total accumulated amount is \$4,000,000.

Note 6 : In accordance with Prince Utility Co., Ltd. related regulations, the limit of endorsements and guarantees for any single entity is \$1,000,000; the total accumulated amount is \$2,000,000.

Note 7 : In accordance with Jin-Yi-Xing plywood Co., Ltd. related regulations, the limit of endorsements and guarantees for any single entity is \$2,500,000; the total accumulated amount is \$5,000,000.

Note 8 : In accordance with Ta-Chen Construction & Engineering Corp. related regulations, the limit of endorsements and guarantees for any single entity is \$1,500,000; the total accumulated amount is \$3,000,000.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures):

As of December 31, 2013									
Securities held by	Marketable securities	Name of investee companies	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership(%)	Fair value	Note
Prince Housing & Development Corp.	Stock	Nantex Industry Co., Ltd.	None	Available-for-sale financial assets - non-current	6,130,322	\$ 118,009	Note 1	\$ 19.25	Listed company, Note 3
	"	ScinoPharm Taiwan, Ltd.	"	"	20,178,441	1,767,631	Note 1	87.60	Listed company, Note 4
	"	Simple Technology Co., Ltd.	"	"	127,249	16,797	Note 1	132.00	OTC company
	"	Advanced Wireless Semiconductor Company	"	"	197,937	2,712	Note 1	13.70	OTC company
	"	Trade-Van Information Service Co., Ltd.	"	"	85,535	2,703	Note 1	31.60	Listed company
	"	Actherm Inc.	"	"	45,224	1,103	Note 1	24.40	OTC company
	"	Genome International Biomedical Co., Ltd.	"	"	1,311	61	Note 1	46.20	OTC company
	"	Universal Venture Capital Investment Corp.	"	"	1,400,000	13,902	Note 1	9.93	
	"	Grand Bills Finance Corp.	"	"	48,672	725	Note 1	15	
	"	Chipwell Tech. Corp.	"	"	887,970	2,957	Note 1	3.33	
	"	Nanmat Technology Co., Ltd.	"	"	1,198,956	11,989	Note 1	10.00	
	"	Southern Science Joint Development Co., Ltd.	"	"	167,700	213,600	10.00	1,270.48	
	"	Southern Science Joint Development Co., Ltd. - preferred	"	"	2,500,000	25,000	50.00	10.00	
	"	President Energy Development Ltd.	"	Financial assets measured at cost - non-current	1,190,000	34,523	Note 1	65.24	
	"	President International Development Corp.	"	"	87,745,770	841,520	6.63	10.44	Note 5
	"	Jia-Cheng Venture Capital Investment Co., Ltd.	"	"	759,024	-	Note 1	Note 2	
	"	Jia-Hua Venture Capital Investment Co., Ltd.	"	"	1,211,228	-	7.90	Note 2	
	"	Ever-Move Technology Co., Ltd.	"	"	15,381	-	Note 1	Note 2	

As of December 31, 2013

Securities held by	Marketable securities	Name of investee companies	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership(%)	Fair value	Note
Prince Housing & Development Corp.	Stock	Chuang-Jing Technology Co.,	None	Financial assets measured at cost - non-current	12,645	\$ -	Note 1	Note 2	
	"	Bao-Mao Technology Co., Ltd.	"	"	27,933	-	Note 1	Note 2	
	"	Jie-Lun Technology Co., Ltd.	"	"	17,280	-	Note 1	Note 2	
	"	Quan-Mao Technology Inc.	"	"	341,745	-	Note 1	Note 2	
	"	Wei-Jun Technology Co., Ltd.	"	"	1,846	-	Note 1	Note 2	
	"	Chieh-Cheng Technology Co., Ltd.	"	"	41,343	-	Note 1	Note 2	
	Fund	Mega Diamond Money Market Fund	"	Financial assets at fair value through profit or loss - non-current	6,301,406	77,100	Note 1	12.24	
Ta-Chen Construction & Engineering Corp.	Stock	Prince Housing & Development Corp.	Parent company	Financial assets at fair value through profit or loss - current	37,879,292	664,782	Note 1	\$ 17.55	Note 6
	"	Nantex Industry Co., Ltd.	None	"	10,799,983	207,900	Note 1	19.25	Note 7
	Fund	Yuanta Global Realty & Infrastructure Acc.	"	"	1,000,000	7,670	Note 1	7.67	
	Stock	Chipwell Tech. Corp.	"	Available-for-sale financial assets - non-current	1,113,000	5,565	Note 1	3.33	
	"	Nanmat Technology Co., Ltd.	"	"	1,344,624	12,000	5.09	10.00	
Prince Housing Investment Co., Ltd.	"	Tou Itsu Investments Inc.	"	"	600	US\$0.6	15.00	US\$1.00	
Prince Ta-Chen Investment Co., Ltd.	"	Da-Hung Technology Co., Ltd.	"	Financial assets measured at cost - non-current	300,000	-	Note 1	Note 2	
	"	Ever-Move Technology Co., Ltd.	"	"	395,890	-	Note 1	Note 2	
	"	Ke-Ya Technology Co., Ltd.	"	"	23,156	-	Note 1	Note 2	
	"	President Energy Development Ltd.	"	"	490,000	11,486	Note 1	65.24	
	"	Jia-Cheng Venture Capital Investment Co., Ltd.	"	"	291,000	-	Note 1	Note 2	
	"	Jia-Hua Venture Capital Investment Co., Ltd.	"	"	480,000	-	Note 1	Note 2	
	"	Quan-Mao Technology Inc.	"	"	9,897	-	Note 1	Note 2	

As of December 31, 2013

Securities held by	Marketable securities	Name of investee companies	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership(%)	Fair value	Note
Prince Ta-Chen Investment Co., Ltd.	Stock	Chieh-Cheng Technology Co., Ltd.	None	Financial assets measured at cost - non-current	41,434	-	Note 1	Note 2	
	"	Bao-Mao Technology Co., Ltd.	"	"	960,697	-	Note 1	Note 2	
	"	Universal Chu-Ching Co., Ltd.	"	"	71,923	-	Note 1	Note 2	
	"	Chuang-Jing Technology Co.,	"	"	4,842	-	Note 1	Note 2	
	"	Wei-Jun Technology Co., Ltd.	"	"	707	-	Note 1	Note 2	
	"	Jie-Lun Technology Co., Ltd.	"	"	6,617	-	Note 1	Note 2	
	"	Actherm Inc.	"	Available-for-sale financial assets - non-current	17,317	423	Note 1	\$ 24.40	
	"	Chipwell Tech. Corp.	"	"	207,536	653	Note 1	3.33	
	"	Chuang-Ching Software Co.,	"	"	116,741	819	Note 1	13.60	
	"	Formosoft International Inc.	"	"	53,258	366	Note 1	6.91	
	Fund	Taiwan Best Selection	"	Financial assets at fair value through profit or loss - current	500,000	7,260	Note 1	14.52	
	Stock	Genome International Biomedical C	"	"	92	-	Note 1	46.20	
	"	Holux Technology Inc.	"	"	279,509	6,303	Note 1	22.55	
Prince Apartment Management Maintain Co., Ltd.	Stock	Prince Housing & Development Corp.	Parent company	Available-for-sale financial assets - non-current	636,335	11,168	Note 1	17.55	
	"	Tainan Spinning Co., Ltd.	None	"	115,733	2,473	Note 1	21.05	
Dong-Feng Enterprises Co., Ltd.	"	Synta Pharmaceuticals Corp.	"	"	180,000	28,159	Note 1	US\$5.24	
	"	Nantex Industry Co., Ltd.	"	"	157,439	3,031	Note 1	19.25	
	"	Sung Gang Asset Management Co., Ltd.	"	"	130,208	1,380	Note 1	10.00	
Prince Security Co., Ltd.	"	Nanmat Technology Co., Ltd.	"	"	179,283	1,600	Note 1	10.00	
Early Success Investments Ltd.	"	Synta Pharmaceuticals Corp.	"	Financial assets at fair value through profit or loss - current	154,800	811	Note 1	US\$5.24	

Note 1 : Percentage of company's ownership is less than 5%.

Note 2 : We have not received the financial statements from management. Thus the net value cannot be measured.

Note 3 : 4,088,451 shares of outstanding common stock were used as collateral for loan.

Note 4 : 17,276,000 shares of outstanding common stock were used as collateral for loan.

Note 5 : 60,000,000 shares of outstanding common stock were used as collateral for loan.

Note 6 : 31,763,397 shares of outstanding common stock were used as collateral for loan.

Note 7 : 7,715,980 shares of outstanding common stock were used as collateral for loan.

D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital:

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2013		Addition		Disposal			December 31, 2013		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Book value	Number of shares	Amount
Prince Housing & Development Corp.	FSITC Money Market Fund.	Financial assets at fair value through profit or loss - current	-	-	-	\$ -	3,798,547	\$660,150	3,798,547	\$ 660,150	\$ 660,150	\$ 119	-	\$ -

E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more:

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:					Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount	Amount			
Prince Housing & Development Corp.	Taoyuan Qing Sun Lot No.446	2013/9/17 (Note 1)	\$ 899,582	\$ 899,582	Chaofu Real Estate Management Co., Ltd.	Third parties	-	-	-	\$ -	-	Market value	For operating use	None
"	Ren Wu Dist. Xia Hai Lot No. 978, etc.	2013/6/14 (Note 2)	(Note 3)	1,097,898	Hsia-Hai re-planning district, re-planning committee, Ren-Wu District, Kaohsiung City.	"	-	-	-	-	(Note 3)	"	"	"

Note 1: The transfer of title took place on September 17, 2013.

Note 2: The signing date of the contract.

Note 3: In order to purchase 67.13% of areas from the north side of the offset-expenditure land in the redevelopment zone, the transaction amount was the expected price including compensation for demolition to all land owners of north side of the offset-expenditure land, compensation for demolition to owners of parkland to be (67.13%), construction expenses in all regions (67.13%) and interests arising from re-planning committee's borrowing from the Company to pay aforementioned expenses.

F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more:

Real estate disposed by	Real estate	Date of the event	Date of acquisition	Book value	Disposal amount	Status of collection of proceeds	Gain (loss) on disposal	Counterparty	Relationship with the seller	ason fordispc	Basis or reference used in setting the price	Other commitments
Prince Housing & Development Corp.	Nei Hu Tanmei Lot No.47	2013/8/5 (Note 1)	2007/7/9	Note 2	\$ 3,250,490	\$ 482,937	Note 2	Pro-Partner Ltd.	Third parties	Increase capital	Appraisal report	None

Note 1: The signing date of the contract.

Note 2: The sale is for pre-selling presale and currently under construction. Actual cost and disposal gain or loss is undeterminable until the construction is completed.

G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more:

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		Note
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts Purchaser/seller Counterparty receivable (payable)	
Prince Housing & Development Corp.	Cheng-Shi Construction Co., Ltd.	Subsidiary	Purchases	\$ 876,091	11%	Note 1	Note 2	Note 2	(\$ 184,597)	(8%)	
"	Prince Utility Co., Ltd.	"	"	366,390	4%	"	"	"	(126,750)	(5%)	
"	Ta-Chen Construction & Engineering Corp.	"	"	201,776	3%	"	"	"	(41,532)	(2%)	
Ta-Chen Construction & Engineering Corp.	Tainan Spinning Co., Ltd.	Affiliated company	(Sales)	(1,865,038)	(36%)	"	"	"	(773,771)	50%	

Note 1: Progress payments were made in accordance with the contract terms.

Note 2: It is reasonable compared to the normal trading terms.

H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more:

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2013	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Prince Housing & Development Corp.	The Splendor Hotel Taichung	Subsidiary	Other assets - obligation receivables	-	\$ -	-	\$ -	\$ -
"	Jin Yi Xing Plywood Co., Ltd.	"	\$ 575,000 Other assets - obligation receivables					
Ta-Chen Construction & Engineering Corp.	Tainan Spinning Co., Ltd.	Affiliated company	\$ 472,928 Accounts receivable	-	-	-	-	-
Cheng-Shi Construction Co., Ltd.	Prince Housing & Development Corp.	Ultimate parent company	\$ 773,771 Accounts receivable	4.82	-	-	693,331	-
Prince Utility Co., Ltd.	Prince Housing & Development Corp.	"	\$ 184,597 Accounts receivable	4.22	-	-	175,031	
			\$ 126,750	3.21	-	-	76,981	-

I. Derivative financial instruments undertaken during the year ended December 31, 2013: None.

J. Significant inter-company transactions during the year ended December 31, 2013:

Transactions amount between the Company and subsidiaries exceeding \$100 million or 2% of the Company's contributed capital are as follows:

Number	Company name	Counterparty	Relationship	General ledger account	Transaction		Percentage of consolidated total operating revenues or total assets
					Amount	Transaction terms	
0	Prince Housing & Development Corp.	Ta-Chen Construction & Engineering Corp.	The Company to the consolidated subsidiaries	Purchases	\$ 201,776	Negotiated terms	1.17%
0	"	Ta-Chen Construction & Engineering Corp.	"	Endorsement and guarantee	678,906	In accordance with endorsement and guarantee procedures	Note 1
0	"	Prince Utility Co., Ltd.	"	Purchases	366,390	Negotiated terms	2.12%
0	"	Prince Utility Co., Ltd.	"	Accounts payable	126,750	-	0.24%
0	"	Cheng-Shi Construction Co., Ltd.	"	Purchases	876,091	Negotiated terms	5.08%
0	"	Cheng-Shi Construction Co., Ltd.	"	Accounts payable	184,597	-	0.35%
0	"	The Splendor Hotel Taichung	"	Endorsement and guarantee	1,734,573	In accordance with endorsement and guarantee procedures	Note 2
0	"	The Splendor Hotel Taichung	"	Other assets - obligation receivables	575,000	Creditor's rights purchase contract	1.09%
0	"	Jin Yi Xing Plywood Co., Ltd.	"	Other assets - obligation receivables	472,928	Creditor's rights purchase contract	0.90%
0	"	Jin Yi Xing Plywood Co., Ltd.	"	Prepayment for Land	239,116	Negotiated terms	0.45%
1	Dong-Feng Enterprises Co., Ltd.	Prince Housing & Development Corp.	The consolidated subsidiaries to the Company	Endorsement and guarantee	1,810,889	In accordance with endorsement and guarantee procedures	Note 3

Note: One side of transactions are disclosed among the company and subsidiaries.

Note 1: Percentage of consolidated total stockholders' equity is 3.66%.

Note 2: Percentage of consolidated total stockholders' equity is 9.34%.

Note 3: Percentage of consolidated total stockholders' equity is 9.75%.

(2) Information on investees

Information of investee companies and locations, etc. (not including investees in Mainland China) as December 31, 2013 is disclosed below:

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2013			Net profit (loss) of the investee for the year ended December 31, 2013	Investment income (loss) recognized by the Company for the year ended December 31, 2013	Note
				Balance as at December 31, 2013	Balance as at January 1, 2013	Number of shares	Ownership	Book value			
Prince Housing & Development Corp.	Cheng-Shi Investment Holdings Co., Ltd.	Taiwan	General investments	\$ 1,381,950	\$ 1,379,950	121,007,230	100.00	\$ 343,692	(\$ 217,119)	(\$ 178,334)	Note 1 and 2
	Prince Property Management Consulting Co., Ltd.	Taiwan	Management and consulting	181,000	181,000	17,146,580	100.00	244,248	20,329	22,851	Note 1 and 2
	Geng-Ding Co., Ltd.	Taiwan	Hotels and catering	120,000	120,000	18,000,000	30.00	319,672	71,916	21,660	
	Prince Housing Investment Co., Ltd.	British Virgin Islands	Overseas investment	140,413	140,413	428	100.00	338,295	17,111	17,111	Note 2
	BioSun Technology Co., Ltd.	Taiwan	Anti-mildew's import and export	46,880	46,880	4,688,000	100.00	23,487	(660)	(636)	Note 2
	Prince Ta-Chen Investment Co., Ltd.	Taiwan	General investments	198,940	198,940	12,270,100	99.97	47,445	5,301	5,369	Note 2
	Dong-Feng Enterprises Co., Ltd.	Taiwan	Housebuilders and sales	876,431	965,034	17,300,000	100.00	88,497	(3,206)	(3,206)	Note 1 and 2
	Uni-President Development Corp.	Taiwan	Leasing of buildings	1,080,000	1,080,000	108,000,000	30.00	1,232,815	199,149	59,751	
	The Splendor Hotel Taichung	Taiwan	Hotels and catering	975,000	975,000	97,500,000	50.00	364,215	(34,604)	(17,302)	Note 2
	Time Square International Co., Ltd.	Taiwan	Hotels and catering	600,000	600,000	60,000,000	100.00	137,159	149,555	149,555	Note 2
	Jin Yi Xing Plywood Co., Ltd.	Taiwan	Manufacture of plywoods	636,194	636,194	151,468	99.65	667,796	6,438	6,415	Note 2
	Early Success Investments Ltd.	British Virgin Islands	Overseas investment	33,018	33,018	1,554,660	100.00	24,167	(17,422)	(17,422)	Note 2
	Ming-Da Enterprise Co., Ltd.	Taiwan	Real estate trading	127,400	127,400	4,084,080	20.00	143,618	180,252	14,569	
	Splendor Assets Management Co., Ltd.	Taiwan	Management consulting	500	500	50,000	50.00	483	(8)	(4)	Note 2
	Prince Industrial Co., Ltd.	Taiwan	Development of public housing and building	10,000	-	1,000,000	100.00	9,656	(344)	(344)	Note 2
	Ta-Chen Construction & Engineering Corp.	Taiwan	Construction	1,191,591	1,191,591	124,000,000	100.00	928,221	(264,229)	-	Note 2
Prince Utility Co., Ltd.	Taiwan	Electricity and water pipe maintenance	56,025	56,025	3,070,000	100.00	74,126	18,101	-	Note 2	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2013			Net profit (loss) of the investee for the year ended December 31, 2013	Investment income (loss) recognized by the Company for the year ended December 31, 2013	Note
				Balance as at December 31, 2013	Balance as at January 1, 2013	Number of shares	Ownership	Book value			
Cheng-Shi Investment Holdings Co., Ltd.	Cheng-Shi Construction Co., Ltd.	Taiwan	Construction	\$ 108,027	\$ 108,027	10,100,000	100.00	\$ 135,874	\$ 27,847	-	Note 2
Ta-Chen Construction & Engineering Corp.	Ta-Chen International (Brunei) Corp.	Brunei	Overseas investment	9,257	5,916	316,000	100.00	4,326 (4,173)	-	Note 2
Prince Housing Investment Co., Ltd.	PPG Investment Inc.	USA	Overseas investment	56,945	56,945	273	27.27	57,358 (4,618)	-	
	Queen Holdings Ltd.	British Virgin Islands	Overseas investment	122,034	122,034	2,730	27.27	296,727	50,279	-	
Prince Ta-Chen Investment Co., Ltd.	Prince Capital, Inc.	British Virgin Islands	Overseas investment	26,727	26,727	1	100.00	2,617	-	-	Note 2
Prince Property Management Consulting Co., Ltd.	Prince Apartment Management Maintain Co., Ltd.	Taiwan	Management of apartments	67,853	67,853	3,000,000	100.00	69,801	2,008	-	Note 2
	Prince Security Co., Ltd.	Taiwan	Security	159,611	159,611	13,172,636	100.00	180,470	18,676	-	Note 2
Dong-Feng Enterprises Co., Ltd.	Amida Trustlink Assets Management Co., Ltd.	Taiwan	Development of public housing and building and its rental	392,649	459,295	30,361,012	45.21	232,949 (40,877)	-	
Prince Capital, Inc.	Prince Ventures USA Inc.	British Virgin Islands	Overseas investment	20,511	20,511	1	100.00	3,308	-	-	Note 2
Ta-Chen International (Brunei) Corp.	Ta Chen Construction & Engineering (Vietnam) Corp.	Vietnam	Construction	9,440	5,996	-	100.00	3,110 (2,259)	-	Note 2

Note 1 : The difference between the income (loss) of the investee and the investment income (loss) of the investee recognized by the Company is the investment income (loss) of the investee recognized by the Company in proportion to the share ownership and unrealized gain (loss) from elimination of inter-company transactions.

Note 2 : Subsidiary.

(3) Information on investments in Mainland China

None.

14. INITIAL APPLICATION OF IFRSs

These non-consolidated financial statements are the first non-consolidated financial statements prepared by the Company in accordance with the IFRSs. The Company has adjusted the amounts as appropriate that are reported in the previous R.O.C. GAAP non-consolidated financial statements to those amounts that should be presented under IFRSs in the preparation of the opening IFRS balance sheet. Information about exemptions elected by the Company, exceptions to the retrospective application of IFRSs in relation to initial application of IFRSs, and how it affects the Company's financial position, operating results and cash flows in transition from R.O.C. GAAP to the IFRSs is set out below:

(1) Exemptions elected by the Company

A. Business combinations

The Company has elected not to apply the requirements in IFRS 3, 'Business Combinations', retrospectively to business combinations that occurred prior to the date of transition to IFRSs ("the transition date"). This exemption also applies to the Company's previous acquisitions of investments in associates and joint ventures.

B. Share-based payment transactions

The Company has elected not to apply the requirements in IFRS 2, 'Share-based Payment', retrospectively to equity instruments that were vested arising from share-based payment transactions prior to the transition date.

C. Deemed cost

The Company has revalued property, plant and equipment under R.O.C. GAAP before the transition date, but for land with undecided purpose listed as "inventory" which was reclassified to investment property at the date of transition, the Company has elected to use the revalued amount under R.O.C. GAAP at the date of the revaluation as the 'deemed cost' of these assets under IFRSs.

D. Employee benefits

The Company has elected to recognise all cumulative actuarial gains and losses relating to all employee benefit plans in 'retained earnings' at the transition date, and to disclose the information of present value of defined benefit obligation, fair value of plan assets, gain or loss on plan assets and experience adjustments under the requirements of paragraph 120A (P), IAS 19, 'Employee Benefits', based on their prospective amounts for financial periods from the transition date.

E. Cumulative translation differences

The Company has elected to reset the cumulative translation differences arising on the translation of the financial statements of foreign operations under R.O.C. GAAP to zero at the transition date, and to deal with translation differences arising subsequent to the transition date in accordance with IAS 21, 'The Effects of Changes in Foreign Exchange Rates'.

F. Designation of previously recognised financial instruments

The Company has elected to designate investments, which were originally measured at cost, as 'available-for-sale financial assets' at the transition date.

G. Borrowing costs

The Company has elected to apply the transitional provisions in paragraphs 27 and 28 of IAS 23, 'Borrowing Costs', amended in 2007 and apply IAS 23 from the transition date.

(2) Except for hedge accounting to which exceptions to the retrospective application of IFRSs specified in IFRS 1 are not applied as they have no relation with the Company, other exceptions to the retrospective application are set out below:

A. Accounting estimates

Accounting estimates made under IFRSs on January 1, 2012 are consistent with those made under R.O.C. GAAP on that day.

B. Derecognition of financial assets and financial liabilities

The derecognition requirements in IAS 39, 'Financial Instruments: Recognition and Measurement' shall be applied prospectively to transactions occurring on or after January 1, 2004.

C. Non-controlling interest

Requirements of IAS 27 (amended in 2008) that shall be applied prospectively are as follows:

- (a) Requirements concerning total comprehensive income (loss) attributed to owners of the parent and non-controlling interest, even which results in a loss to non-controlling interest;
- (b) Requirements that change in interest ownership of the parent in a subsidiary while control is retained is accounted for as an equity transaction with the parent; and
- (c) Requirements concerning the parent's loss of control over a subsidiary.

(3) Requirement to reconcile from R.O.C. GAAP to IFRSs at the time of initial application

IFRS 1 requires that an entity should prepare make reconciliations for equity, comprehensive income and cash flows for the comparative periods. Reconciliations for equity and comprehensive income for the comparative periods as to transition from R.O.C. GAAP to IFRSs is shown below:

A. Reconciliation for equity on January 1, 2012:

	Effect of transition from		IFRSs	Remark
	R.O.C GAAP	R.O.C GAAP to IFRSs		
Current assets				
Cash and cash equivalents	\$ 281,987	\$ -	\$ 281,987	
Financial assets at fair value through profit or loss - current	76,027	-	76,027	
Notes receivable, net	47,031	-	47,031	
Accounts receivable, net	573,674	-	573,674	
Other receivables	958,531	-	958,531	
Inventories	22,594,959	(5,548,154)	17,046,805	(a)(c)
Prepayments	301,607	(91,061)	210,546	(a)
Other financial assets - current	85,644	-	85,644	
Other current assets - others	-	688,395	688,395	(a)
Total current assets	24,919,460	(4,950,820)	19,968,640	
Non-current assets				
Available-for-sale financial assets – nono-current	971,816	360,002	1,331,818	(b)
Financial assets measured at cost – non-current	999,664	(118,690)	880,974	(b)
Investments accounted for under equity method	4,053,492	(148,406)	3,905,086	(e)
Property, plant and equipment	9,943,368	(9,375,447)	567,921	(c)(d)
Investments in real estate	271,118	(271,118)	-	(c)
Investment property, net	-	7,134,763	7,134,763	(c)
Intangible assets	-	2,545,450	2,545,450	(d)
Refundable deposits	85,860	-	85,860	
Other financial assets – non-current	147,983	-	147,983	
Other non-current assets - others	1,126,978	-	1,126,978	
Total non-current assets	17,600,279	126,554	17,726,833	
Total assets	42,519,739	(4,824,266)	37,695,473	
Liabilities				
Current liabilities				
Short-term loans	5,367,400	-	5,367,400	
Short-term notes and bills payable	1,380,669	-	1,380,669	
Notes payable	135,112	-	135,112	
Accounts payable	826,580	-	826,580	
Other payables	680,904	(1,136)	679,768	
Current income tax liabilities	3,001	7,300	10,301	
Receipts in advance	4,819,011	-	4,819,011	
Long-term liabilities - current portion	3,812,079	-	3,812,079	
Other current liabilities - others	34,388	-	34,388	
Total current liabilities	17,059,144	6,164	17,065,308	
Non-current liabilities				
Long-term loans	10,102,875	-	10,102,875	
Provisions for liabilities – non-current	-	51,464	51,464	
Accrued pension liabilities	58,682	15,732	74,414	
Guarantee deposits received	130,187	-	130,187	
Credit balance of investment accounted for under equity method	-	44,433	44,433	(e)
Total non-current liabilities	10,291,744	111,629	10,403,373	
Total liabilities	27,350,888	117,793	27,468,681	
Equity				
Share capital				
Common stock	10,858,877	-	10,858,877	
Capital surplus				
Capital surplus	521,293	-	521,293	
Retained earnings				
Legal reserve	612,237	-	612,237	
Accumulated earnings (deficit)	2,448,137	(5,246,617)	(2,798,480)	(a)(d)(e)(f)
Other equity				
Currency translation differences	(30,317)	30,317	-	(f)
Net loss on unrecognized pension cost	(32,928)	32,928	-	
Unrealised gain (loss) on available -for-sale financial assets	851,992	241,313	1,093,305	(b)
Treasury stock	(60,440)	-	(60,440)	
Total equity	15,168,851	(4,942,059)	10,226,792	
Total liabilities and equity	42,519,739	(4,824,266)	37,695,473	

B. Reconciliation for equity on December 31, 2012:

	R.O.C GAAP	Effect of transition from R.O.C GAAP to IFRSs	IFRSs	Remark
Current assets				
Cash and cash equivalents	\$ 3,611,373	\$ -	\$ 3,611,373	
Notes receivable, net	120,032	-	120,032	
Accounts receivable, net	1,593,326	-	1,593,326	
Other receivables	1,233,941	-	1,233,941	
Inventories	13,041,773	-	13,041,773	
Prepayments	618,921	(532,596)	86,325	(a)
Other financial assets - current	782,612	-	782,612	
Other current assets - others	-	494,014	494,014	(a)
Total current assets	21,001,978	(38,582)	20,963,396	
Non-current assets				
Financial assets at fair value through profit or loss – non-	76,593	-	76,593	
Available-for-sale financial assets – nono-current	1,489,350	227,467	1,716,817	(a)
Financial assets measured at cost – non-current	932,135	(53,626)	878,509	(a)
Investments accounted for under equity method	4,331,179	(272,249)	4,058,930	(e)
Property, plant and equipment	9,660,797	(9,121,647)	539,150	(c)(d)
Investments in real estate	271,118	(271,118)	-	(c)
Investment property, net	-	6,956,219	6,956,219	(c)
Intangible assets	-	2,484,197	2,484,197	(d)
Refundable deposits	492,761	-	492,761	
Other financial assets – non-current	808,337	-	808,337	
Other non-current assets - others	1,116,826	-	1,116,826	
Total non-current assets	19,179,096	(50,757)	19,128,339	
Total assets	40,181,074	(89,339)	40,091,735	
Liabilities				
Current liabilities				
Short-term loans	3,820,000	-	3,820,000	
Short-term notes and bills payable	1,653,227	-	1,653,227	
Notes payable	16,220	-	16,220	
Accounts payable	2,516,973	-	2,516,973	
Other payables	686,828	(40,726)	646,102	
Current income tax liabilities	37,775	49,930	87,705	
Receipts in advance	1,611,334	-	1,611,334	
Long-term liabilities - current portion	3,094,284	-	3,094,284	
Other current liabilities	69,076	-	69,076	
Total current liabilities	13,505,717	9,204	13,514,921	
Non-current liabilities				
Bonds payable	2,000,000	-	2,000,000	
Long-term loans	7,522,182	-	7,522,182	
Provisions for liabilities – non-current	-	73,062	73,062	
Accrued pension liabilities	67,507	16,850	84,357	
Guarantee deposits received	135,841	-	135,841	
Credit balance of investment accounted for uder equity	-	12,398	12,398	(e)
Total non-current liabilities	9,725,530	102,310	9,827,840	
Total liabilities	23,231,247	111,514	23,342,761	
Equity				
Share capital				
Common stock	11,944,765	-	11,944,765	
Capital surplus				
Capital surplus	521,293	-	521,293	
Retained earnings				
Legal reserve	843,650	-	843,650	
Unappropriated retained earnings	2,364,465	(455,206)	1,909,259	(a)(d)(e)(f)
Other equity				
Currency translation differences	(43,643)	43,643	-	(f)
Net loss on unrecognized pension cost	(36,870)	36,870	-	
Unrealised gain (loss) on available-for-sale financial assets	1,416,607	173,840	1,590,447	(b)
Treasury stock	(60,440)	-	(60,440)	
Total equity	16,949,827	200,853	16,748,974	
Total liabilities and equity	40,181,074	(89,339)	40,091,735	

C. Reconciliation for comprehensive income for the year ended December 31, 2012:

	Effect of transition from			Remark
	R.O.C GAAP	R.O.C GAAP to IFRSs	IFRSs	
Operating Revenue	\$ 7,892,497	\$ 10,972,512	\$ 18,865,009	(a)
Operating Costs	(4,676,377)	(5,426,947)	(10,103,324)	(a)(d)
Gross profit	3,216,120	5,545,565	8,761,685	
Operating Expenses				
Selling expenses	(534,567)	(635,916)	(1,170,483)	(a)
General & administrative expenses	(1,121,742)	245,628	(876,114)	(d)(g)
Total operating expenses	(1,656,309)	(390,288)	(2,046,597)	
Operating profit	1,559,811	5,155,277	6,715,088	
Non-operating revenue and expenses				
Other income	223,768	2,897	226,665	(a)
Other gains and losses	1,133	(17,931)	(16,798)	(f)
Finance costs	(397,688)	-	(397,688)	
Share of (loss)/profit of subsidiaries, associates and joint ventures accounted for under equity method	448,949	(87,467)	361,482	(e)
Total non-operating revenue and expenses	276,162	(102,501)	173,661	
Profit before income tax	1,835,973	5,052,776	6,888,749	
Income tax expense	(50,043)	(249,873)	(299,916)	(g)
Profit for the year	1,785,930	4,802,903	6,588,833	
Other comprehensive income				
Unrealised gain on valuation of available-for-sale financial assets	517,534	(67,471)	450,063	
Actuarial loss on defined benefit plan	-	(9,775)	(9,775)	
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under equity method	47,081	(1,719)	45,362	
Other comprehensive income for the year, net of tax	564,615	(78,965)	485,650	
Total comprehensive income for the year	2,350,545	4,723,938	7,074,483	

Reasons for reconciliation are outlined below:

- (a) If the Company is required to provide construction services together with construction materials in order to perform its contractual obligation to deliver real estate to the buyers, the revenue from the 'off plan' houses sale transactions is recognised on a percentage-of-completion basis, simultaneously when it meets the recognition criteria specified in EITF 78-099. An agreement for the construction of real estate is a construction contract within the scope of IAS 11, "Construction Contracts", and IAS 11 applies only when the buyer is able to specify the major structural elements of the design of the real estate before construction begins and/or specify major structural changes once construction is in progress. The buyers of the Company's 'off plan' houses sale contracts have only limited ability to affect the design of the real estate or have ability to specify minor changes to the basic design of the real estate only. Therefore, in accordance with IFRIC 15, 'Agreements for the Construction of Real Estate', the Company's 'off plan' houses sale contracts are the agreements of sale of goods, which are within the scope of IAS 18, 'Revenue' and, accordingly, revenue from those 'off plan' houses sale contracts is accounted for as sale of goods under IAS 18. In addition, in accordance with EITF 74-083 and EITF 84-025, selling expenses the Company paid for the construction contract shall be deferred first, and then shall be reclassified as expenses on a percentage-of-completion basis. Those selling expenses which are not probable to produce the inflow of future economic benefit shall be expensed as incurred.
- i. The Company decreased "inventories" (construction in progress) by \$5,548,154, decreased "prepayments" (deferred selling expenses) by \$91,061, increased "other current assets - others" (deferred sales commission) by \$688,395, and decreased "unappropriated retained earnings" by \$4,950,820 at the transition date.
 - ii. As of December 31, 2012, the Company decreased "prepayments"(deferred sales and marketing expense) by \$532,596, increased "other current assets - others" (deferred sales commission) by \$494,014, decreased "unappropriated retained earnings" by \$4,950,820; for the completed project transferred to customers during the year ended December 31, 2012, the Company increased "operating income" by \$10,972,512, increased "operating cost" by \$5,422,649, increased "operating expenses" by \$635,916, and decreased "other revenues" by \$1,709.
- (b) In accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" before amendment on July 7, 2011, unlisted stocks and emerging stocks held by the Company were measured at cost and recognised as 'Financial assets measured at cost'. However, in accordance with IAS 39, 'Financial Instruments: Recognition and Measurement', investments in equity instruments without an active market but with reliable fair value measurement (i.e. the variability in the range of reasonable fair value estimates is insignificant

for that instrument, or the probabilities of the estimates within the range can be reasonably assessed and used in estimating fair value) should be measured at fair value.

- i. In accordance with the “Rules Governing the Preparation of Financial Statements by Securities Issuers”, amended at December 22, 2011, the Company, at the transition date, decreased “financial assets measured at cost – non-current” and increased “available-for-sale financial assets – non-current” by \$360,002, and increased “available-for-sale financial assets – non-current” and “shareholders’ equity – unrealised profit or loss from available-for-sale financial assets” by \$241,313 based on the difference between the fair value and carrying amount.
 - ii. As of December 31, 2012, the Company decreased “financial assets measured at cost – non-current”, and increased “available-for-sale financial assets – non-current” by \$227,467, and increased “available-for-sale financial assets – non-current” and “shareholders’ equity – unrealised profit or loss from available-for-sale financial asset” by \$173,840 based on the difference between the fair value and carrying amount.
- (c) In accordance with R.O.C. GAAP, the Company’s real estate that is leased to others and land held for gaining long-term capital increment and not for normal business or sale in short-term and are presented in the “fixed assets” and “investment in real estate” accounts accordingly. In accordance with IAS 40, “Investment Property”, property that meets the definition of investment property is classified and accounted for as “investment property”.
- i. The Company reclassified “fixed assets – property held for lease – land” amounting to \$3,243,202, “fixed assets – property held for lease – buildings” by \$3,620,443 and “investment in real estate” amounting to \$271,118 to “investment property” amounting to \$7,134,763 at the transition date.
 - ii. As of December 31, 2012, the Company reclassified “fixed assets-property held for lease – land” amounting to \$3,181,239, “fixed assets – property held for lease – buildings” by \$3,503,862 and “investment in real estate amounting to \$271,118 to “investment property” by \$6,956,219.
- (d) The Company contracted with National Taiwan University to provide construction of the government’s infrastructure assets for public services and operate those assets for Chang Hsing St. Campus for 44 years and 6 months, and for Shui Yuan Campus for 44 years and 4 months after construction is completed. When the term of operating period expires, the underlying infrastructure assets will be transferred to National Taiwan University without consideration. R.O.C. GAAP regulates that costs incurred in the construction shall be recognised as acquisition costs of fixed assets and amortized over the operating period. In accordance with IFRIC 12, “Service Concession Arrangements”, construction costs of a service concession arrangement shall be allocated to construction services and operating services based on their

relative fair values, and the operator subsequently recognises and measures revenue in accordance with IAS 11, “Construction Contracts”, and IAS 18, “Revenue”, respectively, for the services it performs. The fair values are determined based on the way the grantor pays considerations to the operator specified in the agreement, and are recognised as intangible assets.

- i. The Company reclassified “fixed assets – property held for lease – buildings” amounting to \$2,361,657, and “fixed assets – office equipment” amounting to \$150,146 to “intangible assets” by \$2,545,450 and increased “unappropriated retained earnings” by \$33,647 at the transition date.
 - ii. As of December 31, 2012, the Company reclassified “fixed assets – property held for lease – buildings” amounting to \$2,304,701 and “fixed asset – office equipment” amounting to \$131,846 to “intangible assets” by \$2,484,197, increased “unappropriated retained earnings” by \$33,647, increased “operating costs” by \$4,299, and decreased “operating expense” by \$18,302.
- (e) In accordance with R.O.C. GAAP, for the long-term lease contracts of the Company’s subsidiaries with variable rents which are adjusted year by year, the lease payment is recognised as an expense for each period based on each rent agreement. However, in accordance with IAS 17, ‘Leases’, all lease payments stipulated in the lease contracts should be recognised as an expense over the lease term on a straight-line basis.
- i. The Company decreased “investments accounted for under equity method” and “unappropriated retained earnings” both by \$335,738 at the transition date.
 - ii. As of December 31, 2012, the Company decreased “investments accounted for under equity method” by 450,587, decreased “unappropriated retained earnings” by \$335,738 and decreased “share of (loss)/profit of subsidiaries, associates and joint ventures accounted for under equity method” by \$114,849.
- (f) The Company has elected to reset the cumulative translation differences arising on the translation of the financial statements of foreign operations under R.O.C. GAAP to zero at the transition date. Translation differences arising subsequently are handled in accordance with IAS 21, ‘The Effects of Changes in Foreign Exchange Rates’.
- i. The Company increased “cumulative translation adjustment” by \$30,317, and decreased “unappropriated retained earnings” by \$30,317 at the transition date.
 - ii. As of December 31, 2012, the Company increased “cumulative translation adjustment” by \$43,643, decreased “unappropriated retained earnings” by \$30,317, and increased “exchange loss” by \$13,326.

(g) R.O.C. GAAP requires that the land revaluation increment tax paid by the Company for the sale of land should be presented under “operating expenses”. However, in accordance with IAS 12 “Income Taxes”, land revaluation increment tax is within the scope of income taxes, and should be presented under “income tax expense”. As of December 31, 2012, the Company increased “income tax expense, and decreased “operating expenses” by \$249,872.

D. Major adjustments for the non-consolidated statements of cash flows for the year ended December 31, 2012:

- (a) The transition from R.O.C. GAAP to IFRSs has no effect on the Company’s cash flows reported.
- (b) The reconciliation between R.O.C. GAAP and IFRSs has no net effect on the Company’s cash flows reported.