

**PRINCE HOUSING & DEVELOPMENT
CORP. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT
ACCOUNTANTS
JUNE 30, 2015 AND 2014**

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.

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

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

We have reviewed the accompanying consolidated balance sheets of Prince Housing & Development Corp. and its subsidiaries as of June 30, 2015 and 2014, and the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, as well as the statements of changes in equity and of cash flows for the six-month periods then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 36, "Engagements to Review Financial Statements" in the Republic of China. A review consists primarily of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards in the Republic of China, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

As explained in Note 4(3), we did not review the financial statements of insignificant consolidated subsidiaries, which statements reflect total assets of NT\$5,072,007 thousand and NT\$4,888,304 thousand, both constituting 9% of the consolidated total assets, and total liabilities of NT\$2,204,790 thousand and NT\$2,098,884 thousand, constituting 7% and 6% of the consolidated total liabilities as of June 30, 2015 and 2014, respectively, and total comprehensive income of NT\$62,266 thousand, NT\$110,586 thousand, NT\$140,022 thousand, and NT\$155,555 thousand, constituting 33%, 29%, 54% and 41% of the consolidated total comprehensive income for the three-month and six-month periods then ended, respectively. In addition, as explained in Note 6(10), we did not review the investments accounted for under equity method, which statements reflect share of profit of associates and joint ventures of NT\$31,971 thousand, NT\$16,174 thousand, NT\$69,221 thousand and NT\$36,072 thousand for the three-month and six-month periods ended June 30, 2015 and 2014, respectively. The related investment amount was NT\$2,195,824 thousand and NT\$2,136,209 thousand as of June 30, 2015 and 2014, respectively. These amounts and the information disclosed in Note 13 were based solely on the

unreviewed financial statements of these companies as of June 30, 2015 and 2014.

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of insignificant subsidiaries, investments accounted for under equity method and the information disclosed in Note 13 been reviewed by independent accountants, we are not aware of any material modifications that should be made to the consolidated financial statements referred to in the first paragraph for them to be in conformity with the “Rules Governing the Preparation of Financial Statements by Securities Issuers”, and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

PricewaterhouseCoopers, Taiwan

PricewaterhouseCoopers, Taiwan

August 3, 2015

The accompanying consolidated 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 consolidated 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. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of June 30, 2015 and 2014 are reviewed, not audited)

Assets	Notes	June 30, 2015		December 31, 2014		June 30, 2014		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
Cash and cash equivalents	6(1)	\$ 3,617,548	7	\$ 2,165,806	4	\$ 3,949,395	7	
Financial assets at fair value through profit or loss - current	6(2)	311,126	1	238,566	-	235,163	1	
Notes receivable, net	6(3)	95,385	-	148,412	-	120,887		
Accounts receivable, net	6(4)	654,386	1	5,355,359	10	799,982	2	
Accounts receivable - related parties	7	463,451	1	440,429	1	619,745	1	
Receivables from customers on construction contracts	6(5)	1,320,938	2	955,890	2	1,333,458	2	
Other receivables	9	74,611	-	285,144	-	274,281	1	
Inventories, net	5(2), 6(6) and 8	22,048,625	41	20,925,619	37	19,864,768	35	
Prepayments		423,820	1	429,857	1	455,532	1	
Other financial assets-current	8	2,741,398	5	2,772,959	5	4,098,714	7	
Other current assets, others	6(7)	618,736	1	521,804	1	783,528	1	
Total current Assets		<u>32,370,024</u>	<u>60</u>	<u>34,239,845</u>	<u>61</u>	<u>32,535,453</u>	<u>58</u>	
Non-current assets								
Financial assets at fair value through profit or loss - non-current	6(2) and 8	77,778	-	77,547	-	77,327	-	
Available-for-sale financial assets - non-current	5(2), 6(8) and 8	1,186,318	2	1,626,078	3	1,921,067	3	
Financial assets carried at cost - non-current	6(9) and 8	887,529	2	887,529	2	887,529	2	
Investments accounted for under equity method	5(2), 6(10) and 8	2,195,824	4	2,182,242	4	2,136,209	4	
Property, plant and equipment, net	6(11) and 8	6,839,177	13	6,957,966	12	7,042,879	12	
Investment property - net	6(12) and 8	6,027,323	11	6,075,555	11	7,638,170	14	
Intangible assets	6(13)	2,332,387	5	2,362,995	4	2,393,918	4	
Deferred income tax assets	5(2) and 6(32)	108,165	-	108,369	-	107,944	-	
Refundable deposits	7 and 9	621,866	1	537,377	1	519,815	1	
Other financial assets - non-current	8	1,058,489	2	911,988	2	898,376	2	
Other non-current assets, others		98,522	-	83,477	-	136,322	-	
Total non-current assets		<u>21,433,378</u>	<u>40</u>	<u>21,811,123</u>	<u>39</u>	<u>23,759,556</u>	<u>42</u>	
Total assets		\$ 53,803,402	100	\$ 56,050,968	100	\$ 56,295,009	100	

(Continued)

PRINCE HOUSING & DEVELOPMENT CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of June 30, 2015 and 2014 are reviewed, not audited)

Liabilities and Equity	Notes	June 30, 2015		December 31, 2014		June 30, 2014	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities							
Short-term borrowings	6(14) and 8	\$ 3,665,584	7	\$ 3,305,584	6	\$ 3,067,000	6
Short-term notes and bills payable	6(15) and 8	2,078,964	4	2,602,518	5	2,263,262	4
Notes payable		230,327	-	22,027	-	237,006	-
Accounts payable		3,058,336	6	4,262,318	8	2,494,547	5
Payables to customers on construction contracts	6(5)	492,474	1	350,959	1	660,769	1
Other payables		2,432,388	5	1,094,813	2	1,235,354	2
Other payables - related parties	7	77,597	-	194,001	-	93,804	-
Current income tax liabilities	6(32)	98,980	-	125,602	-	94,715	-
Receipts in advance	6(16)	2,869,232	5	3,037,135	5	4,054,613	7
Long-term liabilities, current portion	6(18) and 8	584,870	1	2,111,470	4	2,202,170	4
Other current liabilities, others		94,897	-	113,307	-	79,796	-
Total current Liabilities		<u>15,683,649</u>	<u>29</u>	<u>17,219,734</u>	<u>31</u>	<u>16,483,036</u>	<u>29</u>
Non-current liabilities							
Bonds payable	6(17)	4,500,000	9	4,500,000	8	4,500,000	8
Long-term borrowings	6(18) and 8	8,103,754	15	7,649,449	14	10,029,709	18
Provisions for liabilities - non-current	6(19)	83,472	-	81,720	-	84,401	-
Deferred income tax liabilities	6(32)	495,468	1	495,328	1	508,620	1
Long-term notes and accounts payable		1,355,512	3	1,457,251	3	1,461,216	3
Net defined benefit liability- non-current	5(2) and 6(20)	134,039	-	129,391	-	133,543	-
Guarantee deposits received		136,006	-	136,547	-	139,698	-
Other non-current liabilities, others		70,556	-	70,604	-	71,902	-
Total non-current liabilities		<u>14,878,807</u>	<u>28</u>	<u>14,520,290</u>	<u>26</u>	<u>16,929,089</u>	<u>30</u>
Total Liabilities		<u>30,562,456</u>	<u>57</u>	<u>31,740,024</u>	<u>57</u>	<u>33,412,125</u>	<u>59</u>
Equity attributable to owners of parent							
Share capital							
Common stock	6(22)	16,623,418	31	16,623,418	30	16,139,241	29
Stock dividends to be distributed		-	-	-	-	484,177	1
Capital surplus	6(23)	1,929,793	3	1,929,793	3	1,929,793	3
Retained earnings	6(24)(32)						
Legal reserve		1,420,796	2	1,180,924	2	1,180,924	2
Unappropriated retained earnings		1,995,429	4	2,854,738	5	1,132,827	2
Other equity interest	6(25)						
Other equity interest		987,610	2	1,436,219	3	1,725,976	3
Treasury stocks	6(22)	(60,440)	-	(60,440)	-	(60,440)	-
Equity attributable to owners of the parent		<u>22,896,606</u>	<u>42</u>	<u>23,964,652</u>	<u>43</u>	<u>22,532,498</u>	<u>40</u>
Non-controlling interest		<u>344,340</u>	<u>1</u>	<u>346,292</u>	<u>-</u>	<u>350,386</u>	<u>1</u>
Total equity		<u>23,240,946</u>	<u>43</u>	<u>24,310,944</u>	<u>43</u>	<u>22,882,884</u>	<u>41</u>
Total liabilities and equity		<u>\$ 53,803,402</u>	<u>100</u>	<u>\$ 56,050,968</u>	<u>100</u>	<u>\$ 56,295,009</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated August 3, 2015.

PRINCE HOUSING & DEVELOPMENT CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(UNAUDITED)

	Notes	Three-month periods ended June 30				Six-month periods ended June 30			
		2015		2014 (adjusted)		2015		2014 (adjusted)	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Operating revenue	6(27) and 7	\$ 3,015,255	100	\$ 4,142,792	100	\$ 5,731,241	100	\$ 6,669,434	100
Operating costs	6(6)(31)	(1,916,155)	(64)	(2,903,571)	(70)	(3,684,749)	(64)	(4,565,887)	(69)
Gross profit		<u>1,099,100</u>	<u>36</u>	<u>1,239,221</u>	<u>30</u>	<u>2,046,492</u>	<u>36</u>	<u>2,103,547</u>	<u>31</u>
Operating expenses	6(31)								
Selling expenses		(99,915)	(3)	(97,019)	(2)	(180,738)	(3)	(151,175)	(2)
General & administrative expenses		(616,164)	(21)	(654,344)	(16)	(1,197,733)	(21)	(1,331,885)	(20)
Total operating expenses		<u>(716,079)</u>	<u>(24)</u>	<u>(751,363)</u>	<u>(18)</u>	<u>(1,378,471)</u>	<u>(24)</u>	<u>(1,483,060)</u>	<u>(22)</u>
Operating profit		<u>383,021</u>	<u>12</u>	<u>487,858</u>	<u>12</u>	<u>668,021</u>	<u>12</u>	<u>620,487</u>	<u>9</u>
Non-operating income and expenses									
Other income	6(28)	161,878	6	129,800	3	209,173	4	326,307	5
Other gains and losses	6(2)(29)	93,280	3	(36,175)	(1)	44,495	1	(44,340)	(1)
Finance costs	6(30)	(83,449)	(3)	(97,763)	(2)	(177,802)	(3)	(194,548)	(3)
Share of profit/(loss) of associates and joint ventures accounted for under equity method	6(10)	<u>31,971</u>	<u>1</u>	<u>16,174</u>	<u>-</u>	<u>69,221</u>	<u>1</u>	<u>36,072</u>	<u>1</u>
Total non-operating income and expenses		<u>203,680</u>	<u>7</u>	<u>12,036</u>	<u>-</u>	<u>145,087</u>	<u>3</u>	<u>123,491</u>	<u>2</u>
Profit before income tax		586,701	19	499,894	12	813,108	15	743,978	11
Income tax expense	6(32)	(71,528)	(2)	(56,471)	(1)	(104,088)	(2)	(86,280)	(1)
Profit for the period		<u>\$ 515,173</u>	<u>17</u>	<u>\$ 443,423</u>	<u>11</u>	<u>\$ 709,020</u>	<u>13</u>	<u>\$ 657,698</u>	<u>10</u>
Other comprehensive income									
Components of other comprehensive income that will be reclassified to profit or loss									
Currency translation differences of foreign operations		(\$ 299)	-	(\$ 274)	-	(\$ 299)	-	\$ 1,626	-
Unrealized loss on valuation of available-for-sale financial assets	6(8)	(325,427)	(11)	(63,592)	(2)	(448,310)	(8)	(275,261)	(4)
Other comprehensive loss, net of tax		<u>(\$ 325,726)</u>	<u>(11)</u>	<u>(\$ 63,866)</u>	<u>(2)</u>	<u>(\$ 448,609)</u>	<u>(8)</u>	<u>(\$ 273,635)</u>	<u>(4)</u>
Total comprehensive income for the period		<u>\$ 189,447</u>	<u>6</u>	<u>\$ 379,557</u>	<u>9</u>	<u>\$ 260,411</u>	<u>5</u>	<u>\$ 384,063</u>	<u>6</u>
Profit (loss), attributable to:									
Owners of the parent		\$ 518,789	17	\$ 451,088	11	\$ 710,436	13	\$ 673,051	10
Non-controlling interest		(3,616)	-	(7,665)	-	(1,416)	-	(15,353)	-
		<u>\$ 515,173</u>	<u>17</u>	<u>\$ 443,423</u>	<u>11</u>	<u>\$ 709,020</u>	<u>13</u>	<u>\$ 657,698</u>	<u>10</u>
Total comprehensive income attributable to:									
Owners of the parent		\$ 193,063	6	\$ 387,196	9	\$ 261,827	5	\$ 399,416	6
Non-controlling interest		(3,616)	-	(7,639)	-	(1,416)	-	(15,353)	-
		<u>\$ 189,447</u>	<u>6</u>	<u>\$ 379,557</u>	<u>9</u>	<u>\$ 260,411</u>	<u>5</u>	<u>\$ 384,063</u>	<u>6</u>
Basic earnings per share (in dollars)	6(33)								
Basic earnings per share		<u>\$ 0.32</u>		<u>\$ 0.29</u>		<u>\$ 0.44</u>		<u>\$ 0.43</u>	
Diluted earnings per share		<u>\$ 0.32</u>		<u>\$ 0.29</u>		<u>\$ 0.44</u>		<u>\$ 0.43</u>	

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated August 3, 2015.

PRINCE HOUSING & DEVELOPMENT CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Equity attributable to owners of the parent										Non-controlling interest	Total equity
		Share capital			Retained earnings		Other equity interest		Treasury stocks	Total			
		Common stock	Stock dividends to be distributed	Capital surplus	Legal reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets					
<u>Six-month period ended June 30, 2014</u>													
Balance at January 1, 2014		\$ 13,139,241	\$ -	\$ 521,293	\$ 1,022,243	\$ 1,586,811	(\$ 859)	\$ 2,000,470	(\$ 60,440)	\$ 18,208,759	\$ 365,739	\$18,574,498	
Appropriations and distribution of 2013 retained earnings													
Legal reserve		-	-	-	158,681	(158,681)	-	-	-	-	-	-	
Cash dividends	6(24)	-	-	-	-	(484,177)	-	-	-	(484,177)	-	(484,177)	
Stock dividends	6(24)	-	484,177	-	-	(484,177)	-	-	-	-	-	-	
Profit (loss) for the period	6(33)	-	-	-	-	673,051	-	-	-	673,051	(15,353)	657,698	
Other comprehensive income (loss) for the period	6(8)(25)	-	-	-	-	-	1,626	(275,261)	-	(273,635)	-	(273,635)	
Share-based payment transactions	6(21)(23)	-	-	73,500	-	-	-	-	-	73,500	-	73,500	
Cash capital increase	6(22)(23)	<u>3,000,000</u>	<u>-</u>	<u>1,335,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,335,000</u>	<u>-</u>	<u>4,335,000</u>	
Balance at June 30, 2014		<u>\$ 16,139,241</u>	<u>\$ 484,177</u>	<u>\$ 1,929,793</u>	<u>\$ 1,180,924</u>	<u>\$ 1,132,827</u>	<u>\$ 767</u>	<u>\$ 1,725,209</u>	<u>(\$ 60,440)</u>	<u>\$ 22,532,498</u>	<u>\$ 350,386</u>	<u>\$22,882,884</u>	
<u>Six-month period ended June 30, 2015</u>													
Balance at January 1, 2015		\$ 16,623,418	\$ -	\$ 1,929,793	\$ 1,180,924	\$ 2,854,738	\$ 1,690	\$ 1,434,529	(\$ 60,440)	\$ 23,964,652	\$ 346,292	\$24,310,944	
Appropriations and distribution of 2014 retained earnings													
Legal reserve		-	-	-	239,872	(239,872)	-	-	-	-	-	-	
Cash dividends	6(24)	-	-	-	-	(1,329,873)	-	-	-	(1,329,873)	-	(1,329,873)	
Profit (loss) for the period	6(33)	-	-	-	-	710,436	-	-	-	710,436	(1,416)	709,020	
Other comprehensive loss for the period	6(8)(25)	-	-	-	-	-	(299)	(448,310)	-	(448,609)	-	(448,609)	
Changes in non-controlling interest		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(536)</u>	<u>(536)</u>	
Balance at June 30, 2015		<u>\$ 16,623,418</u>	<u>\$ -</u>	<u>\$ 1,929,793</u>	<u>\$ 1,420,796</u>	<u>\$ 1,995,429</u>	<u>\$ 1,391</u>	<u>\$ 986,219</u>	<u>(\$ 60,440)</u>	<u>\$ 22,896,606</u>	<u>\$ 344,340</u>	<u>\$23,240,946</u>	

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated August 3, 2015.

PRINCE HOUSING & DEVELOPMENT CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	2015	2014
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Consolidated profit before tax for the period		\$ 813,108	\$ 743,978
Adjustments to reconcile profit before tax to net cash (used in) provided by operating activities			
Income and expenses having no effect on cash flows			
Share-based compensation cost	6(21)	-	73,500
Net loss (gain) on financial assets at fair value through profit or loss	6(2)(29)	(110,456)	20,347
Provision for bad debts transferred to revenue	6(3)	-	(1,422)
Write-off of uncollectible accounts	6(4)	-	(306)
Share of profit of associates and joint ventures accounted for under equity method	6(10)	(69,221)	(36,072)
Loss (gain) on disposal of property, plant and equipment		(92)	12,804
Loss on disposal of investment property		315	705
Depreciation	6(31)	179,047	165,405
Amortization	6(13)(31)	30,892	31,505
Interest expense	6(30)	177,202	193,948
Interest income	6(28)	(4,707)	(8,901)
Dividend income	6(28)	(117,754)	(183,928)
Impairment loss on financial assets	6(8)(29)	-	11,814
Loss (gain) on unrealized foreign exchange		9,234	(613)
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		37,665	40
Notes receivable		53,027	(15,946)
Accounts receivable		4,700,973	2,936,920
Accounts receivable - related parties		(23,022)	163,658
Receivables from customers on construction contracts		(365,048)	(519,462)
Other receivables		223,516	33,859
Inventories		(1,186,116)	(3,460,418)
Prepayments		6,037	77,523
Other current assets, others		(96,932)	(57,940)
Other non-current assets, others		(15,045)	(16,272)
Net changes in liabilities relating to operating activities			
Notes payable		208,300	161,674
Accounts payable		(1,203,982)	(1,660,267)
Payables to customers on construction contracts		141,515	392,278
Other payables		7,702	(318,324)
Other payables-related parties		(116,404)	(160,795)
Receipts in advance		(167,903)	883,885
Other current liabilities, others		(18,410)	(19,220)
Provisions for liabilities - non-current		1,752	5,330
Net defined benefit liability - non-current		4,648	661
Other non-current liabilities, others		(48)	1,121
Cash generated from (used in) operations		3,099,793	(548,931)
Interest received		5,764	7,470
Cash dividend received		117,754	183,928
Interest paid		(143,477)	(160,453)
Income tax paid		(130,366)	(40,247)
Net cash provided by (used in) operating activities		2,949,468	(558,233)

(Continued)

PRINCE HOUSING & DEVELOPMENT CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease (increase) in other financial assets - current		\$ 31,561	(\$ 952,840)
Decrease in available-for-sale financial assets - non-current		26,580	-
Return of share capital from available-for-sale financial assets - non-current		-	25,000
Return of share capital from investments accounted for under equity method		30,057	30,361
Acquisition of property, plant and equipment	6(11)	(18,199)	(59,736)
Proceeds from disposal of property, plant and equipment		1,143	488
Acquisition of investment property	6(12)	-	(1,484)
Proceeds from disposal of investment property		1,075	-
Increase in intangible assets	6(13)	(284)	(407)
(Increase) decrease in refundable deposits		(84,489)	16,506
Increase in other financial assets - non-current		(146,501)	(417,808)
Net cash used in investing activities		(159,057)	(1,359,920)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term borrowings		360,000	(1,018,000)
Increase (decrease) in short-term notes and bills payable		(523,554)	119,601
Proceeds from of long-term borrowings		3,404,340	2,319,182
Repayments of long-term borrowings		(4,476,635)	(2,049,041)
Decrease in long-term notes and accounts payable		(101,739)	(3,492)
Decrease in guarantee deposits received		(541)	(4,430)
Proceeds from cash capital increase		-	4,335,000
Changes in non-controlling interest		(536)	-
Net cash (used in) provided by financing activities		(1,338,665)	3,698,820
Effect of exchange rate changes on cash and cash equivalents		(4)	(2)
Increase in cash and cash equivalents		1,451,742	1,780,665
Cash and cash equivalents at beginning of period		2,165,806	2,168,730
Cash and cash equivalents at end of period		<u>\$ 3,617,548</u>	<u>\$ 3,949,395</u>

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated August 3, 2015.

PRINCE HOUSING & DEVELOPMENT CORP. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

(UNAUDITED)

1. HISTORY AND ORGANIZATION

A. 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.

B. The main activities of the Company and its subsidiaries (collectively referred herein as the “Group”) are provided in Note 4(3)B.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on August 3, 2015.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued by FSC on April 3, 2014, commencing 2015, companies with shares listed on the TWSE or traded on the Taipei Exchange or Emerging Stock Market shall adopt the 2013 version of IFRS (not including IFRS 9, ‘Financial instruments’) as endorsed by the FSC and Regulations Governing the Preparation of Financial Reports by Securities Issuers effective January 1, 2015 (collectively referred herein as the “2013 version of IFRSs”) in preparing the consolidated financial statements. The impact of adopting the 2013 version of IFRSs is listed below:

A. IAS 19 (revised), ‘Employee benefits’

The revised standard makes amendments that net interest amount, calculated by applying the discount rate to the net defined benefit asset or liability, replaces the finance charge and expected return on plan assets. The revised standard eliminates the accounting policy choice that the actuarial gains and losses could be recognized based on corridor approach or recognized in profit or loss. The revised standard requires that the actuarial gains and losses can only be recognized immediately in other comprehensive income when incurred. Past service cost will be recognized immediately in the period incurred and will no longer be amortized using

straight-line basis over the average period until the benefits become vested. An entity is required to recognize termination benefits at the earlier of when the entity can no longer withdraw an offer of those benefits and when it recognizes any related restructuring costs, rather than when the entity is demonstrably committed to a termination. Based on the Group's assessment, the adoption of the standard has no significant impact on its consolidated financial statements, and the Group has disclosed additional information about defined benefit plans accordingly.

B. IAS 1, 'Presentation of financial statements'

The amendment requires entities to separate items presented in OCI classified by nature into two groups on the basis of whether they are potentially reclassifiable to profit or loss subsequently when specific conditions are met. If the items are presented before tax then the tax related to each of the two groups of OCI items (those that might be reclassified and those that will not be reclassified) must be shown separately. Accordingly, the Group has adjusted its presentation of the statement of comprehensive income.

C. IFRS 12, 'Disclosure of interests in other entities'

The standard integrates the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. Also, the Group has disclosed additional information about its interests in consolidated entities and unconsolidated entities accordingly.

D. IFRS 13, 'Fair value measurement'

The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard sets out a framework for measuring fair value from market participants' perspective, and requires disclosures about fair value measurements. For non-financial assets only, fair value is determined based on the highest and best use of the asset. Based on the Group's assessment, the adoption of the standard has no significant impact on its consolidated financial statements, and the Group has disclosed additional information about fair value measurements accordingly.

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

None.

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

New standards, interpretations and amendments issued by IASB but not yet included in the 2013 version of IFRSs as endorsed by the FSC:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
IFRS 9, 'Financial instruments'	January 1, 2018
Sale of contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	January 1, 2016
Investment Entities: Applying the Consolidation Exception (IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Disclosure Initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortization (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

The Group 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 consolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for compliance statement, basis of preparation and basis of consolidation, and certain significant accounting policies as follows, the rest are in agreement with Note 4 in the consolidated financial statements for the year ended December 31, 2014. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IAS 34, 'Interim Financial Reporting' as endorsed by the FSC.
- B. These consolidated financial statements should be read along with the consolidated financial statements for the year ended December 31, 2014.

(2) Basis of preparation

- A. Except for the following items, these 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 recognized based on the net amount of pension fund assets less unrecognized actuarial gains and present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:

Basis for preparation of these consolidated financial statements is the same as that for the preparation of the consolidated financial statements as of and for the year ended December 31, 2014.

- B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			June 30, 2015	December 31, 2014	
Prince Housing & Development Corp.	Prince Property Management Consulting Co., Ltd.	Real estate managers	100	100	Note 2
	Cheng-Shi Investment Holdings Co., Ltd.	General investments	100	100	
	Prince Housing Investment Co., Ltd.	Overseas investment	100	100	Note 2
	BioSun Technology Co., Ltd.	Anti-mildew's import and export	100	100	Note 2
	Prince Ta-Chen Investment Co., Ltd.	General investments	-	99.97	Notes 2 and 4
	Dong-Feng Enterprises Co., Ltd.	Housebuilders and sales	100	100	Note 2
	The Splendor Hotel Taichung	Hotels and catering	50	50	Note 1
	Time Square International Co., Ltd.	Hotels and catering	100	100	Note 2
	Jin-Yi-Xing Plywood Co., Ltd.	Manufacture of plywood	99.65	99.65	Note 2

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			June 30, 2015	December 31, 2014	
Prince Housing & Development Corp.	Early Success Investments Ltd.	Overseas investment	100	100	Note 2
	Prince Industrial Co., Ltd.	Development of public housing and building	100	100	Note 2
Prince Property Management Consulting Co., Ltd.	Prince Apartment Management Maintain Co., Ltd.	Management of apartment	100	100	Note 2
	Prince Security Co., Ltd.	Security	100	100	Note 2
Cheng-Shi Investment Holdings Co., Ltd.	Ta-Chen Construction & Engineering Corp.	Construction	100	100	
	Prince Utility Co., Ltd.	Electricity and water pipe maintenance	100	100	Note 2
	Cheng-Shi Construction Co., Ltd.	Construction	100	100	Note 2
Prince Ta-Chen Investment Co., Ltd.	Prince Capital Inc.	Overseas investment	100	100	Notes 2, 4 and 5
Ta-Chen Construction & Engineering Corp.	Ta-Chen International (Brunei) Corp.	Overseas investment	100	100	Note 2
Prince Capital Inc.	Prince Ventures USA Inc.	Overseas investment	100	100	Notes 2, 4 and 5
Ta-Chen International (Brunei) Corp.	Ta Chen Construction & Engineering (Vietnam) Corp.	Construction	100	100	Note 2

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			June 30, 2014		
Prince Housing & Development Corp.	Prince Property Management Consulting Co., Ltd.	Real estate managers	100		Note 2
	Cheng-Shi Investment Holdings Co., Ltd.	General investments	100		
	Prince Housing Investment Co., Ltd.	Overseas investment	100		Note 2
	BioSun Technology Co., Ltd.	Anti-mildew's import and export	100		Note 2
	Prince Ta-Chen Investment Co., Ltd.	General investments	99.97		Note 2
	Dong-Feng Enterprises Co., Ltd.	Housebuilders and sales	100		Note 2
	The Splendor Hotel Taichung	Hotels and catering	50		Note 1
	Time Square International Co., Ltd.	Hotels and catering	100		Note 2
	Jin-Yi-Xing Plywood Co., Ltd.	Manufacture of plywood	99.65		Note 2
	Early Success Investments Ltd.	Overseas investment	100		Note 2
	Splendor Assets Management Co., Ltd.	Management consulting	50		Notes 1,2 and 3
	Prince Industrial Co., Ltd.	Development of public housing and building	100		Note 2

Name of investor	Name of subsidiary	Main business activities	Ownership (%)	Description
			June 30, 2014	
Prince Property Management Consulting Co., Ltd.	Prince Apartment Management Maintain Co., Ltd.	Management of apartment	100	Note 2
	Prince Security Co., Ltd.	Security	100	Note 2
Cheng-Shi Investment Holdings Co., Ltd.	Ta-Chen Construction & Engineering Corp.	Construction	100	
	Prince Utility Co., Ltd.	Electricity and water pipe maintenance	100	Note 2
	Cheng-Shi Construction Co., Ltd.	Construction	100	Note 2
Prince Ta-Chen Investment Co., Ltd.	Prince Capital Inc.	Overseas investment	100	Note 2
Ta-Chen Construction & Engineering Corp.	Ta-Chen International (Brunei) Corp.	Overseas investment	100	Note 2
Prince Capital Inc.	Prince Ventures USA Inc.	Overseas investment	100	Note 2
Ta-Chen International (Brunei) Corp.	Ta Chen Construction & Engineering (Vietnam) Corp.	Construction	100	Note 2

Note 1: The Group does not directly or indirectly own above 50% of voting shares of The Splendor Hotel Taichung and Splendor Assets Management Co., Ltd. However, as the Group has control over the finance and operations of the two companies, they are included in the consolidated financial statements.

Note 2: As the subsidiaries do not meet the definition of significant subsidiaries, their financial statements as of and for the six-month periods ended June 30, 2015 and 2014 were not reviewed by independent accountants.

Note 3: Liquidation was completed in the fourth quarter of 2014.

Note 4: The Company entered into a merger agreement with its subsidiary, Prince Ta-Chen Investment Co., Ltd. in May 2015. Under the merger, the Company has been the surviving company while Prince Ta-Chen Investment Co., Ltd. has been the dissolved company.

Note 5: Prince Capital Inc. and Prince Ventures USA Inc. are now in the dissolution process.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

The Group's non-controlling interest is not material and thus, is not applicable.

(4) Employee benefits

A. Pensions – Defined benefit plans

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

B. Employees', directors' and supervisors' remuneration

Employees', directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated.

(5) Income tax

The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group'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. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The above information is addressed below:

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

There is no significant change during the period. Please refer to Note 5 of the 2014 consolidated financial statements.

(2) Critical accounting estimates and assumptions

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

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

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

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

As of June 30, 2015, the Group's investments accounted for under the equity method, net of impairment loss, amounted to \$2,195,824.

C. Realisability of deferred income tax assets

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be

utilized. 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.

As of June 30, 2015, the Group recognized deferred income tax assets amounting to \$108,165.

D. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group 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 June 30, 2015, the carrying amount of inventories was \$22,048,625.

E. Calculation of net defined benefit liabilities

When calculating the present value of defined pension obligations, the Group 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 June 30, 2015, the carrying amount of accrued pension obligations was \$134,039.

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

The fair value of unlisted stocks held by the Group that are not traded in an active market is determined considering those companies' recent fund 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 June 30, 2015, the carrying amount of unlisted stocks was \$235,076.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2014</u>
Cash on hand and revolving funds	\$ 81,176	\$ 55,943	\$ 124,550
Checking accounts and demand deposits	3,221,872	1,642,033	3,254,845
Time deposits	314,500	387,825	500,000
Repurchase bonds	-	80,005	70,000
	<u>\$ 3,617,548</u>	<u>\$ 2,165,806</u>	<u>\$ 3,949,395</u>

A. The Group 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.

B. Details of the Group'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>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2014</u>
Current items:			
Financial assets held for trading			
Listed (TSE and OTC) stocks	\$ 264,520	\$ 264,520	\$ 264,520
Mutual funds	-	37,665	17,665
	<u>264,520</u>	<u>302,185</u>	<u>282,185</u>
Financial assets held for trading valuation adjustments	<u>46,606</u>	<u>(63,619)</u>	<u>(47,022)</u>
	<u>\$ 311,126</u>	<u>\$ 238,566</u>	<u>\$ 235,163</u>
Non-current items:			
Financial assets held for trading			
Mutual funds	\$ 76,000	\$ 76,000	\$ 76,000
Financial assets held for trading valuation adjustments	<u>1,778</u>	<u>1,547</u>	<u>1,327</u>
	<u>\$ 77,778</u>	<u>\$ 77,547</u>	<u>\$ 77,327</u>

A. The Group recognized net (loss) gain of \$104,366, (\$15,787), \$110,456 and (\$20,347) for the three-month and six-month periods ended June 30, 2015 and 2014, respectively.

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

(3) Notes receivable, net

	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2014</u>
Notes receivable	\$ 95,925	\$ 148,952	\$ 123,168
Less: Allowance for doubtful accounts	(540)	(540)	(2,281)
	<u>\$ 95,385</u>	<u>\$ 148,412</u>	<u>\$ 120,887</u>

- A. The Group's notes receivable that were neither past due nor impaired were fully performing in line with the credit standards prescribed based on counterparties' industrial characteristics, scale of business and profitability.
- B. Movement analysis of financial assets that were impaired (allowance for doubtful accounts of notes receivable) is as follows:

	<u>For the six-month periods ended June 30</u>	
	<u>2015</u>	<u>2014</u>
At January 1	\$ 540	\$ 3,703
Reversal of impairment	-	(1,422)
At June 30	<u>\$ 540</u>	<u>\$ 2,281</u>

- C. The Group does not hold any collateral as security.

(4) Accounts receivable, net

	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2014</u>
Accounts receivable	\$ 661,431	\$ 5,362,404	\$ 807,122
Less: Allowance for doubtful accounts	(7,045)	(7,045)	(7,140)
	<u>\$ 654,386</u>	<u>\$ 5,355,359</u>	<u>\$ 799,982</u>

- A. The Group's accounts receivable that were neither past due nor impaired were fully performing in line with the credit standards prescribed based on counterparties' industrial characteristics, scale of business and profitability. Accounts receivable are classified into 3 categories:

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

(b) Construction contracts and sales of service: from customers with optimal collection record.

(c) 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>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2014</u>
Up to 60 days	\$ 23,228	\$ 37,257	\$ 33,663
61 to 120 days	4,524	2,996	4,189
121 to 180 days	1,114	866	1,053
Over 180 days	<u>5,227</u>	<u>1,836</u>	<u>2,508</u>
	<u>\$ 34,093</u>	<u>\$ 42,955</u>	<u>\$ 41,413</u>

The above is analyzed based on number of days overdue.

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

	<u>For the six-month periods ended June 30</u>	
	<u>2015</u>	<u>2014</u>
At January 1	\$ 7,045	\$ 7,446
Write-offs during the period	-	(306)
At June 30	<u>\$ 7,045</u>	<u>\$ 7,140</u>

The Group 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 Group does not hold any collateral as security.

(5) Construction contracts receivable (payable)

	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2014</u>
Aggregate cost incurred plus recognized profits (less recognised losses)	\$ 24,910,845	\$ 24,567,420	\$ 22,853,958
Less: progress billings	(24,082,381)	(23,962,489)	(22,181,269)
Net balance sheet position for construction in progress	<u>\$ 828,464</u>	<u>\$ 604,931</u>	<u>\$ 672,689</u>
Presented as:			
Due from customers for contract work	\$ 1,320,938	\$ 955,890	\$ 1,333,458
Due to customers for contract work	(492,474)	(350,959)	(660,769)
	<u>\$ 828,464</u>	<u>\$ 604,931</u>	<u>\$ 672,689</u>

As at June 30, 2015, December 31, 2014 and June 30, 2014, the retainage relating to construction contracts amounted to \$1,015,558, \$1,517,237 and \$1,173,344 respectively; the advances received before the related construction contracts are performed amounted to \$719,619.

(6) Inventories

June 30, 2015			
	Cost	Allowance for valuation loss	Book value
Land held for construction site	\$ 13,097,786	(\$ 65,372)	\$ 13,032,414
Construction in progress	3,600,453	-	3,600,453
Buildings and land held for sale	2,983,466	(49,432)	2,934,034
Prepayment for land	1,426,038	-	1,426,038
Prepayment for buildings and land	1,022,458	-	1,022,458
Merchandise	33,228	-	33,228
	<u>\$ 22,163,429</u>	<u>(\$ 114,804)</u>	<u>\$ 22,048,625</u>
December 31, 2014			
	Cost	Allowance for valuation loss	Book value
Land held for construction site	\$ 12,227,731	(\$ 65,372)	\$ 12,162,359
Construction in progress	2,407,057	-	2,407,057
Buildings and land held for sale	4,357,942	(51,446)	4,306,496
Prepayment for land	1,509,913	-	1,509,913
Prepayment for buildings and land	510,880	-	510,880
Merchandise	28,914	-	28,914
	<u>\$ 21,042,437</u>	<u>(\$ 116,818)</u>	<u>\$ 20,925,619</u>
June 30, 2014			
	Cost	Allowance for valuation loss	Book value
Land held for construction site	\$ 11,916,916	(\$ 75,799)	\$ 11,841,117
Construction in progress	4,010,205	-	4,010,205
Buildings and land held for sale	1,106,670	(57,465)	1,049,205
Prepayment for land	2,026,802	-	2,026,802
Prepayment for buildings and land	916,115	-	916,115
Merchandise	21,324	-	21,324
	<u>\$ 19,998,032</u>	<u>(\$ 133,264)</u>	<u>\$ 19,864,768</u>

A. The cost of inventories recognized as expense for the three-month and six-month periods ended June 30, 2015 and 2014, was \$1,916,155, \$2,903,571, \$3,684,749 and \$4,565,887, respectively, including the amount of \$0, \$2,651, \$2,014 and \$5,312, respectively that the Group wrote down from cost to net realizable 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 is as follows:

	Three-month periods ended June 30,	
	2015	2014
Interest paid before capitalization	\$ 115,305	\$ 142,590
Interest capitalized	\$ 32,156	\$ 45,127
Annual interest rate used for capitalization	1.98%-2.82%	1.63%-2.81%
	Six-month periods ended June 30,	
	2015	2014
Interest paid before capitalization	\$ 239,288	\$ 282,038
Interest capitalized	\$ 62,086	\$ 88,090
Annual interest rate used for capitalization	1.61%-3.20%	1.32%-2.83%

D. Details of significant inventories:

(a) Buildings and land in progress

<u>Taipei branch</u>	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2014</u>
Prince Yun Ding (XinZhuang Fuduxin)	\$ 1,636,963	\$ 1,501,814	\$ 1,441,232
Prince Fu II (Taoyuan Qing Xi Section No. 462)	1,432,422	1,230,016	930,445
Ling Ko Dist. Li Shing Section No. 1209, etc.	1,335,150	1,322,911	1,322,353
Prince Fu III (Taoyuan Qing Sun Section No. 446)	1,029,070	971,180	925,532
New Taipei City Shing Jheng Section No. 883, etc.	947,178	945,978	786,665
Bali Dist Chung Chang section No.2222 and 211-1,etc.	685,087	-	-
Jhong Li City Shuang Ling Section No. 1449, etc.	298,986	297,100	293,916
Prince Hua Wei (Shilin Dist. Zhishan Section No. 602, etc.)	52,452	48,855	32,594
Nei Hu Tanmei Section	-	-	3,377,082
Others	-	30	-
	<u>7,417,308</u>	<u>6,317,884</u>	<u>9,109,819</u>

<u>Taichung branch</u>	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2014</u>
The Cloud Century (Kao An Section No. 12-12, etc.)	\$ 1,022,389	\$ 698,226	\$ 838,558
Ping Hsin Section No. 694, etc.	858,750	858,448	-
Chin Fon Gin (Tu Ku Section No. 8-2, etc.)	684,269	575,092	483,007
Prince Yu Ding (Hui Li Section No. 195)	666,229	620,697	580,356
Hai Yan (Tai Huo Section No. 29)	577,460	489,564	397,303
Chaotun Section No. 755, etc.	249,557	249,147	-
Jin Shuei Dist. Wu Show Section No. 1037, No. 1038, No.1040, etc.	195,947	195,758	-
Chaotan Township Hsinfuliao Section No.1097,etc.	156,580	-	-
Jing Yun Sian (Tu Ku Section No. 73-11, etc.)	-	-	920,953
Others	<u>28,387</u>	<u>27,422</u>	<u>37,862</u>
	<u>4,439,568</u>	<u>3,714,354</u>	<u>3,258,039</u>
<u>Tainan branch</u>	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2014</u>
Jin Hua Section No. 1361	\$ 687,247	\$ 687,232	\$ 686,013
Hsin Ying Section No. 841-9	492,185	485,101	483,990
Flower Bo Five (Hou Guan Section No. 34, No. 34-1, etc.)	305,356	51,010	6,628
Jum Fon Huei (Yu Ming Section No. 681-8)	216,626	183,812	180,264
Bei An Lot No. 56-10, etc.	62,073	62,073	62,073
Prince WIN-I Mansion (Chin An Section No. 373, etc.)	-	-	399,743
Prince WIN-W Suite (A) (Shan Chia Section No. 923, etc.)	-	-	288,365
Ren Wu Dist. Xia Hai Lot	-	-	15,229
Chin An Section NO.387	-	-	17,930
Others	<u>7,598</u>	<u>7,364</u>	<u>3,524</u>
	<u>1,771,085</u>	<u>1,476,592</u>	<u>2,143,759</u>
<u>Kaohsiung branch</u>			
Nanzi subsection No.158	\$ 31,745	\$ -	\$ -
New Hougang West Section (No. 39-No. 76)	4,221	3,736	2,650
Others	<u>-</u>	<u>-</u>	<u>220</u>
	<u>35,966</u>	<u>3,736</u>	<u>2,870</u>
Total buildings and land in progress	<u>\$ 13,663,927</u>	<u>\$ 11,512,566</u>	<u>\$ 14,514,487</u>

(b) Land held for construction site

<u>Taipei branch</u>	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2014</u>
Zhong Li Pu Ren Lot No. 720, etc.	\$ 140,156	\$ 140,156	\$ 140,156
Shi Lin, Chih Cheng Road, Lot subsection NO.169	-	-	14,819
Others	5,978	6,274	6,274
	<u>146,134</u>	<u>146,430</u>	<u>161,249</u>
<u>Taichung branch</u>			
Song Quan Lot No. 164 etc.	176,296	176,296	176,296
Wu Feng Lot No. 365~855 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
Others	24,134	24,134	24,134
	<u>407,944</u>	<u>407,944</u>	<u>407,944</u>
<u>Tainan branch</u>			
Shan Zhong Lot No. 1468, 1475 & 1476 etc.	234,699	234,699	234,699
Shan Chia Section No. 939, etc.	142,789	108,111	-
New Hougang West Section No. 69, No. 70, etc.	112,876	112,876	112,876
Chin An Section No. 297, etc.	78,955	78,928	-
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 Section No. 54-3, etc.	15,344	15,344	15,344
Chin An Section No. 373, etc.	15,139	15,139	-
Bao An Lot No. 882, etc.	10,325	10,325	10,325
Others	22,058	19,360	20,615
	<u>711,593</u>	<u>674,190</u>	<u>473,267</u>
<u>Kaohsiung branch</u>			
Da Hua Lot No. 434 & 436	13,923	13,923	13,923
Qian Jin Section Whn Dong Lot No. 16	-	-	14,964
	<u>13,923</u>	<u>13,923</u>	<u>28,887</u>
Total land held for construction site	<u>\$ 1,279,594</u>	<u>\$ 1,242,487</u>	<u>\$ 1,071,347</u>

(c)Buildings and land held for sale

<u>Taipei branch</u>	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2014</u>
Prince Tanmei	\$ 2,270,855	\$ 2,458,201	\$ -
Taipei Shinyi	106,741	178,874	178,874
Prince Central Park	56,530	56,530	120,648
Prince Dragon House III	42,432	42,432	44,859
Prince Da Din	12,446	12,657	12,657
Prince Guo Boa	5,738	5,738	10,476
Prince Fu	-	-	67,162
Others	546	546	727
	<u>2,495,288</u>	<u>2,754,978</u>	<u>435,403</u>
<u>Taichung branch</u>			
The Cloud Century B	148,742	441,774	-
The Cloud Century C	99,477	374,356	-
Jing Yun Sian	58,019	458,590	-
Prince Fu	51,994	67,815	119,683
Others	10,889	10,889	10,889
	<u>369,121</u>	<u>1,353,424</u>	<u>130,572</u>
<u>Tainan branch</u>			
Tun Sha Building III	28,376	28,376	28,376
Jun Chan LV	19,725	19,725	19,725
Prince Golden Age	19,572	19,572	19,572
Prince WIN-I Mansion	10,581	61,350	-
Prince WIN-W Suite (A)	7,402	10,439	-
Prince WIN-W Suite (B)	-	-	168,783
Prince Dragon	-	1,081	5,403
Prince i-Cloud	-	-	60,847
Others	2,188	11,961	11,961
	<u>87,844</u>	<u>152,504</u>	<u>314,667</u>
<u>Kaohsiung branch</u>			
Prince Hua Yang	79,875	156,111	256,723
Prince Dai Din	10,431	11,736	12,387
	<u>90,306</u>	<u>167,847</u>	<u>269,110</u>
Total buildings and land held for sale	<u>\$ 3,042,559</u>	<u>\$ 4,428,753</u>	<u>\$ 1,149,752</u>

(d)Prepayment for land

	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2014</u>
<u>Taipei branch</u>			
Bail Dist. Chung Chang Section No. 222	\$ -	\$ 66,260	\$ -
<u>Taichung branch</u>			
Chaotun Section NO.755,etc.	\$ -	\$ -	\$ 244,439
Jin Shue Dist Wu show sation No. 1037, 1038&1040, etc.	-	-	191,423
Ping Hsin Section NO.694,etc.	-	-	170,000
Chaotun Township HsinFuLiao Section No. 1097, etc.	-	16,000	-
	-	16,000	605,862
<u>Tainan branch</u>			
Ren Wu Dist. Xia Hai Lot No. 978, etc.	1,689,936	1,685,715	1,590,342
Others	-	2,665	49,000
	1,689,936	1,688,380	1,639,342
Total prepayment for land	\$ 1,689,936	\$ 1,770,640	\$ 2,245,204

(e)Prepayment for buildings and land

	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2014</u>
Taisugar Kao An Section	\$ 523,731	\$ 252,098	\$ 756,571
Taisugar He Guan Section	272,455	158,042	83,262
Taisugar Nanzi Section	188,472	62,940	-
Prince Yun Ding	37,800	37,800	-
Others	-	-	6
	\$ 1,022,458	\$ 510,880	\$ 839,839

E. Disclosure of significant constructions:

(a) As of June 30, 2015, significant constructions are set forth below:

Name of construction contract	Contract amount	Estimated construction cost	Percentage of completion	Accumulated construction profit/(loss)
Tainan Spinning Dream Mall	\$ 5,029,591	\$ 4,898,454	88.23%	\$ 115,702
Taipei City Hall Bus Station	4,785,639	4,677,757	99.86%	107,731
New Construction of Chaozhou Railway Station	4,217,480	4,049,711	93.28%	156,495
Tseng-Wen Reservoir	3,010,793	2,834,474	99.20%	174,908
West Coast Expressway 130K FangLi to Dia An Construction	2,058,381	1,969,741	24.25%	21,495
Taoyuan MRT Airport Line - CU03	1,627,671	1,558,409	99.80%	69,123
San Bau Bei Tou DaYe - New Construction	1,521,905	1,430,405	30.97%	28,338
Improvement plan for High Speed Railway ground access road in Changhua	1,210,476	1,156,005	45.76%	24,926

(b) As of December 31, 2014, significant constructions are set forth below:

Name of construction contract	Contract amount	Estimated construction cost	Percentage of completion	Accumulated construction profit/(loss)
Tainan Spinning Dream Mall	\$ 5,029,591	\$ 4,898,454	86.39%	\$ 113,289
Taipei City Hall Bus Station	4,785,639	4,677,757	99.86%	107,731
New Construction of Chaozhou Railway Station	3,888,161	3,698,014	91.50%	173,985
Tseng-Wen Reservoir	3,010,793	2,834,474	98.52%	173,709
West Coast Expressway 130K FangLi to Dia An Construction	2,058,381	1,969,741	13.02%	11,541
Taoyuan MRT Airport Line - CU03	1,595,537	1,554,941	99.85%	40,536
San Bau Bei Tou DaYe - New Construction	1,521,905	1,430,405	17.49%	16,003
Western Coast Express - WH53-1	1,307,465	1,310,496	100.00%	(3,031)
Improvement plan for High Speed Railway ground access road in Changhua	1,210,476	1,156,005	20.15%	10,976

(c) As of June 30, 2014, significant constructions are set forth below:

<u>Name of construction contract</u>	<u>Contract amount</u>	<u>Estimated construction cost</u>	<u>Percentage of completion</u>	<u>Accumulated construction profit/(loss)</u>
Tainan Spinning Dream Mall	\$ 5,029,591	\$ 4,898,454	69.00%	\$ 90,485
Taipei City Hall Bus Station	4,611,635	4,503,753	99.84%	107,709
New Construction of Chaozhou Railway Station	3,888,161	3,698,014	79.43%	151,034
Tseng-Wen Reservoir	3,010,793	2,792,474	97.60%	213,079
West Coast Expressway 130K FangLi to Dia An Construction	2,058,381	1,969,741	0.53%	470
Taoyuan MRT Airport Line - CU03	1,595,537	1,554,941	99.60%	40,434
San Bau Bei Tou Da Ye - New Construction	1,521,905	1,430,405	7.88%	7,210
Western Coast Express - WH53-1	1,307,465	1,298,411	100.00%	9,054
Improvement plan for High Speed Railway ground access road in Changhua	1,210,476	1,156,005	0.74%	403

(7) Other current assets

Items	June 30, 2015	December 31, 2014	June 30, 2014
Deferred sales commission	\$ 584,918	\$ 507,245	\$ 753,579
Others	33,818	14,559	29,949
	<u>\$ 618,736</u>	<u>\$ 521,804</u>	<u>\$ 783,528</u>

(8) Available-for-sale financial assets

Items	June 30, 2015	December 31, 2014	June 30, 2014
Non-current items:			
Listed (TSE and OTC) stocks	\$ 121,851	\$ 153,845	\$ 213,136
Emerging stocks	-	3,940	7,341
Unlisted stocks	<u>49,455</u>	<u>40,101</u>	<u>38,849</u>
	171,306	197,886	259,326
Adjustment of financial assets held for trading	<u>1,015,012</u>	<u>1,428,192</u>	<u>1,661,741</u>
	<u>\$ 1,186,318</u>	<u>\$ 1,626,078</u>	<u>\$ 1,921,067</u>

A. The Group recognized \$325,427, \$63,592, \$448,310 and \$275,261 in other comprehensive loss for fair value change for the three-month and six-month periods ended June 30, 2015 and 2014, respectively.

B. The fair value of the Group's certain available-for-sale financial assets declined significantly below its initial investment cost. The Group therefore recognized impairment loss of \$11,814 for the six-month period ended June 30, 2014, including the amount of \$11,814 that was transferred from equity to profit or loss.

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

(9) Financial assets measured at cost

Items	June 30, 2015	December 31, 2014	June 30, 2014
Non-current items:			
Unlisted stocks	<u>\$ 887,529</u>	<u>\$ 887,529</u>	<u>\$ 887,529</u>

A. Based on the Group'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 Group classified those stocks as 'financial assets measured at cost'.

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

(10) Investments accounted for under equity method

Name of subsidiaries and	June 30, 2015		December 31, 2014		June 30, 2014	
	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership
Geng-Ding Co., Ltd.	\$ 341,122	30.00%	\$ 326,959	30.00%	\$ 332,380	30.00%
Uni-President Development Corp.	1,331,597	30.00%	1,311,431	30.00%	1,263,624	30.00%
Amida Truslink Assets Management Co., Ltd.	6,686	45.21%	36,198	45.21%	27,038	45.21%
PPG Investment Inc.	12,511	27.27%	17,859	27.27%	59,858	27.27%
Queen Holdings Ltd.	337,186	27.27%	338,663	27.27%	303,074	27.27%
Ming-Da Enterprise Co., Ltd.	<u>166,722</u>	20.00%	<u>151,132</u>	20.00%	<u>150,235</u>	20.00%
	<u>\$ 2,195,824</u>		<u>\$ 2,182,242</u>		<u>\$ 2,136,209</u>	

Associates

A. The basic information of the associates that are material to the Group is as follows:

Company name	Principal place of business	Nature of relationship	Methods of measurement
Uni President Development Corp.	Taiwan	The Group holds more than 20% of voting rights	Equity method

B. The summarized financial information of the associates that are material to the Group is as follows:

Balance sheet

	Uni-President Development Corp.		
	June 30, 2015	December 31, 2014	June 30, 2014
Current assets	\$ 383,289	\$ 1,157,049	\$ 1,310,933
Non-current assets	9,840,518	9,209,813	9,415,472
Current liabilities	(3,035,065)	(2,898,391)	(2,995,805)
Non-current liabilities	(2,750,085)	(3,097,036)	(3,478,889)
Total net assets	<u>\$ 4,438,657</u>	<u>\$ 4,371,435</u>	<u>\$ 4,251,711</u>
Share in associate's net assets	<u>\$ 1,331,597</u>	<u>\$ 1,311,431</u>	<u>\$ 1,263,624</u>

Statements of comprehensive income

	Uni-President Development Corp.	
	Three-month periods ended June 30,	
	2015	2014
Revenue	\$ 258,202	\$ 257,759
Profit for the period from continuing operations	\$ 52,627	\$ 48,518
Total comprehensive income	\$ 52,627	\$ 48,518

	Uni-President Development Corp.	
	Six-month periods ended June 30,	
	2015	2014
Revenue	\$ 523,159	\$ 522,355
Profit for the period from continuing operations	\$ 109,834	\$ 102,695
Total comprehensive income	\$ 109,834	\$ 102,695

- C. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarized below:

As of June 30, 2015, December 31, 2014 and June 30, 2014, the carrying amount of the Group's individually immaterial associates amounted to \$864,227, \$870,811 and \$872,585, respectively.

	Three-month periods ended June 30,	
	2015	2014
Profit or loss for the period from continuing operations	\$ 54,365	\$ 74,955
Total comprehensive income	\$ 54,365	\$ 74,955

	Six-month periods ended June 30,	
	2015	2014
Profit or loss for the period from continuing operations	\$ 246,016	\$ 133,390
Total comprehensive income	\$ 246,016	\$ 133,390

- D. The Group's investments had no quoted market price.
- E. Investments accounted for using equity are based on unreviewed financial statements of each investee. Share of profit of associates recognized was \$31,971, \$16,174, \$69,221 and \$36,072 for the three-month and six-month periods ended June 30, 2015 and 2014, respectively. Balance of investments was \$2,195,824 and \$2,136,209 as of June 30, 2015 and 2014, respectively. Certain investments accounted for under equity method as of December 31, 2014 are based on financial statements audited by other independent accountants, and related investments amounted to \$719,679.

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

(11) Property, plant and equipment

A. Information of book values are as follows:

	June 30, 2015	December 31, 2014	June 30, 2014
Land	\$ 2,858,947	\$ 2,858,947	\$ 2,859,896
Buildings	3,472,975	3,557,664	3,543,093
Machinery and equipment	9,091	9,809	10,325
Computer and communication equipment	16,693	19,727	22,118
Transportation equipment	4,052	4,333	4,033
Office equipment	399,716	434,321	388,861
Leasehold improvements	-	-	-
Other equipment	69,059	70,571	78,324
Construction in progress and prepayments for equipment	8,644	2,594	136,229
	<u>\$ 6,839,177</u>	<u>\$ 6,957,966</u>	<u>\$ 7,042,879</u>

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

Cost	Six-month period ended June 30, 2015				
	Opening net book amount	Additions	Disposals	Reclassifications	Closing net book amount
Land	\$ 2,858,947	\$ -	\$ -	\$ -	\$ 2,858,947
Buildings	4,465,549	1,248	(1,692)	-	4,465,105
Machinery and equipment	14,476	-	-	-	14,476
Computer and communication equipment	59,714	-	-	-	59,714
Transportation equipment	11,729	-	(271)	-	11,458
Office equipment	788,300	8,680	(1,016)	-	795,964
Leasehold improvements	47,000	-	-	-	47,000
Other equipment	90,999	2,221	(1,231)	42	92,031
Construction in progress and prepayments for equipment	2,594	6,050	-	-	8,644
	<u>\$ 8,339,308</u>	<u>\$ 18,199</u>	<u>(\$ 4,210)</u>	<u>\$ 42</u>	<u>\$ 8,353,339</u>

Six-month period ended June 30, 2014					
Cost	Opening net book amount	Additions	Disposals	Reclassifications	Closing net book amount
Land	\$ 2,790,924	\$ -	(\$ 255)	\$ 69,227	\$ 2,859,896
Buildings	4,355,227	7,033	(3,110)	35,789	4,394,939
Machinery and equipment	14,286	-	-	-	14,286
Computer and communication equipment	52,016	7,419	-	-	59,435
Transportation equipment	11,587	-	-	-	11,587
Office equipment	785,304	5,767	(92,374)	2,436	701,133
Leasehold improvements	47,000	-	-	-	47,000
Other equipment	95,208	2,539	(3,292)	1,762	96,217
Construction in progress and prepayments for equipment	105,344	36,978	-	(6,093)	136,229
	<u>\$ 8,256,896</u>	<u>\$ 59,736</u>	<u>(\$ 99,031)</u>	<u>\$ 103,121</u>	<u>\$ 8,320,722</u>

Six-month period ended June 30, 2015					
Accumulated depreciation	Opening net book amount	Additions	Disposals	Reclassifications	Closing net book amount
Buildings	\$ 907,885	\$ 85,937	(\$ 1,692)	\$ -	\$ 992,130
Machinery and equipment	4,667	718	-	-	5,385
Computer and communication equipment	39,987	3,034	-	-	43,021
Transportation equipment	7,396	470	(460)	-	7,406
Office equipment	353,979	43,276	(1,007)	-	396,248
Leasehold improvements	47,000	-	-	-	47,000
Other equipment	20,428	2,544	-	-	22,972
	<u>\$ 1,381,342</u>	<u>\$ 135,979</u>	<u>(\$ 3,159)</u>	<u>\$ -</u>	<u>\$ 1,514,162</u>

Six-month period ended June 30, 2014					
Accumulated depreciation	Opening net book amount	Additions	Disposals	Reclassifications	Closing net book amount
Buildings	\$ 769,370	\$ 85,501	(\$ 3,025)	\$ -	\$ 851,846
Machinery and equipment	3,255	706	-	-	3,961
Computer and communication equipment	34,673	2,644	-	-	37,317
Transportation equipment	7,182	372	-	-	7,554
Office equipment	363,515	31,033	(82,276)	-	312,272
Leasehold improvements	47,000	-	-	-	47,000
Other equipment	17,003	1,328	(438)	-	17,893
	<u>\$ 1,241,998</u>	<u>\$ 121,584</u>	<u>(\$ 85,739)</u>	<u>\$ -</u>	<u>\$ 1,277,843</u>

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

(12) Investment property

A. Information of book values are as follows:

	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2014</u>
Land	\$ 203,494	\$ 203,494	\$ 1,721,268
Leased assets-land	2,592,263	2,592,342	2,593,366
Leased assets-buildings	<u>3,231,566</u>	<u>3,279,719</u>	<u>3,323,536</u>
	<u>\$ 6,027,323</u>	<u>\$ 6,075,555</u>	<u>\$ 7,638,170</u>

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

<u>Six-month period ended June 30, 2015</u>					
	Opening net				Closing net
<u>Cost</u>	<u>book amount</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclassifications</u>	<u>book amount</u>
Land	\$ 203,494	\$ -	\$ -	\$ -	\$ 203,494
Leased assets-land	2,592,342	-	(22)	(57)	2,592,263
Leased assets-buildings	<u>3,941,750</u>	<u>-</u>	<u>(1,632)</u>	<u>(4,401)</u>	<u>3,935,717</u>
	<u>\$ 6,737,586</u>	<u>\$ -</u>	<u>(\$ 1,654)</u>	<u>(\$ 4,458)</u>	<u>\$ 6,731,474</u>

<u>Six-month period ended June 30, 2014</u>					
	Opening net				Closing net
<u>Cost</u>	<u>book amount</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclassifications</u>	<u>book amount</u>
Land	\$ 1,741,924	\$ -	\$ -	(\$ 20,656)	\$ 1,721,268
Leased assets-land	3,204,530	-	-	(611,164)	2,593,366
Leased assets-buildings	<u>3,949,804</u>	<u>1,484</u>	<u>(8,442)</u>	<u>-</u>	<u>3,942,846</u>
	<u>\$ 8,896,258</u>	<u>\$ 1,484</u>	<u>(\$ 8,442)</u>	<u>(\$ 631,820)</u>	<u>\$ 8,257,480</u>

<u>Six-month period ended June 30, 2015</u>					
	Opening net				Closing net
<u>Accumulated depreciation</u>	<u>book amount</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclassifications</u>	<u>book amount</u>
Leased assets-buildings	<u>\$ 662,031</u>	<u>\$ 43,068</u>	<u>(\$ 264)</u>	<u>(\$ 684)</u>	<u>\$ 704,151</u>

<u>Six-month period ended June 30, 2014</u>					
	Opening net				Closing net
<u>Accumulated depreciation</u>	<u>book amount</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclassifications</u>	<u>book amount</u>
Leased assets-buildings	<u>\$ 583,226</u>	<u>\$ 43,821</u>	<u>(\$ 7,737)</u>	<u>\$ -</u>	<u>\$ 619,310</u>

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

	Three-month periods ended June 30,	
	2015	2014
Rental revenue from the lease of the investment property	\$ 101,537	\$ 93,662
Direct operating expenses arising from the investment property that generated rental income in the period	\$ 38,637	\$ 42,141
Direct operating expenses arising from the investment property that did not generate rental income in the period	\$ -	\$ -
	Six-month periods ended June 30,	
	2015	2014
Rental revenue from the lease of the investment property	\$ 187,643	\$ 186,539
Direct operating expenses arising from the investment property that generated rental income in the period	\$ 76,249	\$ 79,106
Direct operating expenses arising from the investment property that did not generate rental income in the period	\$ -	\$ -

D. As of June 30, 2015, December 31, 2014 and June 30, 2014, the Group's investment property was \$12,927,253 \$12,935,936 and \$14,402,398, respectively. The Group's 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.

(13) Intangible assets

A. Information of book values are as follows:

	June 30, 2015	December 31, 2014	June 30, 2014
Service concession	\$ 2,331,066	\$ 2,361,692	\$ 2,392,319
Software	944	803	919
Licences	377	500	641
Others	-	-	39
	<u>\$ 2,332,387</u>	<u>\$ 2,362,995</u>	<u>\$ 2,393,918</u>

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

Cost	Six-month period ended June 30, 2015				
	Opening net book amount	Additions	Disposals	Reclassifications	Closing net book amount
Service concession	\$ 2,868,372	\$ -	\$ -	\$ -	\$ 2,868,372
Software	19,559	284	(17,169)	-	2,674
Licences	3,139	-	-	-	3,139
	<u>\$ 2,891,070</u>	<u>\$ 284</u>	<u>(\$ 17,169)</u>	<u>\$ -</u>	<u>\$ 2,874,185</u>

Six-month period ended June 30, 2014					
Cost	Opening net book amount	Additions	Disposals	Reclassifications	Closing net book amount
Service concession	\$ 2,868,372	\$ -	\$ -	\$ -	\$ 2,868,372
Software	18,189	364	-	-	18,553
Licences	3,139	-	-	-	3,139
Others	-	43	-	-	43
	<u>\$ 2,889,700</u>	<u>\$ 407</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,890,107</u>
Six-month period ended June 30, 2015					
Accumulated Amortization	Opening net book amount	Additions	Disposals	Reclassifications	Closing net book amount
Service concession	\$ 506,680	\$ 30,626	\$ -	\$ -	\$ 537,306
Software	18,756	143	(17,169)	-	1,730
Licences	2,639	123	-	-	2,762
	<u>\$ 528,075</u>	<u>\$ 30,892</u>	<u>(\$ 17,169)</u>	<u>\$ -</u>	<u>\$ 541,798</u>
Six-month period ended June 30, 2014					
Accumulated Amortization	Opening net book amount	Additions	Disposals	Reclassifications	Closing net book amount
Service concession	\$ 445,427	\$ 30,626	\$ -	\$ -	\$ 476,053
Software	16,902	732	-	-	17,634
Licences	2,355	143	-	-	2,498
Others	-	4	-	-	4
	<u>\$ 464,684</u>	<u>\$ 31,505</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 496,189</u>

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

Three-month periods ended June 30,			
	2015		2014
Operating costs	\$ 15,313	\$	15,312
Administrative expenses	131		151
	<u>\$ 15,444</u>	<u>\$</u>	<u>15,463</u>
Six-month periods ended June 30,			
	2015		2014
Operating costs	\$ 30,626	\$	30,626
Administrative expenses	266		879
	<u>\$ 30,892</u>	<u>\$</u>	<u>31,505</u>

(14) Short-term borrowings

	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2014</u>
Unsecured borrowings	\$ 2,255,584	\$ 1,623,084	\$ 1,815,000
Secured borrowings	<u>1,410,000</u>	<u>1,682,500</u>	<u>1,252,000</u>
	<u>\$ 3,665,584</u>	<u>\$ 3,305,584</u>	<u>\$ 3,067,000</u>
Interest rate range	<u>1.92%~2.51%</u>	<u>1.92%~2.59%</u>	<u>1.92%~2.70%</u>

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

(15) Short-term bills payable

	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2014</u>
Commercial papers	\$ 2,080,000	\$ 2,605,000	\$ 2,266,000
Less: Unamortized discount	(1,036)	(2,482)	(2,738)
	<u>\$ 2,078,964</u>	<u>\$ 2,602,518</u>	<u>\$ 2,263,262</u>
Interest rate range	<u>0.63%~2.48%</u>	<u>0.79%~2.48%</u>	<u>0.73%~2.46%</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.

(16) Receipts in advance

<u>Items</u>	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2014</u>
Advance real estate receipts	\$ 2,644,151	\$ 2,728,482	\$ 3,835,310
Advance rent	93,224	192,169	110,020
Other advance receipts	<u>131,857</u>	<u>116,484</u>	<u>109,283</u>
	<u>\$ 2,869,232</u>	<u>\$ 3,037,135</u>	<u>\$ 4,054,613</u>

(17) Bonds payable

	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2014</u>
2012 1st secured ordinary bonds payable	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
2013 1st secured ordinary bonds payable	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,500,000</u>
	<u>\$ 4,500,000</u>	<u>\$ 4,500,000</u>	<u>\$ 4,500,000</u>

A. The Group 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 Group 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.

(18) Long-term borrowings

	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2014</u>
Secured bank borrowings	\$ 8,338,624	\$ 9,313,419	\$ 11,961,879
Unsecured bank borrowings	<u>350,000</u>	<u>447,500</u>	<u>270,000</u>
	8,688,624	9,760,919	12,231,879
Less: Current portion	(<u>584,870</u>)	(<u>2,111,470</u>)	(<u>2,202,170</u>)
	<u>\$ 8,103,754</u>	<u>\$ 7,649,449</u>	<u>\$ 10,029,709</u>
Range of maturity dates	<u>2015.11.23~2027.11.02</u>	<u>2015.03.18~2027.11.02</u>	<u>2014.07.29~2027.11.02</u>
Range of maturity rates	<u>1.82%~2.76%</u>	<u>1.82%~3.16%</u>	<u>1.82%~3.16%</u>

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

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

(19) Provisions-replacement cost

	Six-month periods ended June 30,	
	2015	2014
At January 1	\$ 81,720	\$ 79,071
Additions	15,046	13,509
Used	(13,294)	(8,179)
At June 30	<u>\$ 83,472</u>	<u>\$ 84,401</u>

(20) Pension

A.(a)The Company and its domestic subsidiaries have 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 and its domestic subsidiaries contribute 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)For the aforementioned pension plan, the Group recognized pension costs of \$948, \$1,192, \$1,896 and \$2,384 for the three-month and six-month periods ended June 30, 2015 and 2014, respectively.

(c)Expected contributions to the defined benefit pension plans of the Group for the year ended December 31, 2016 amounts to \$3,793.

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 the defined contribution pension plans of the Company and its domestic subsidiaries for the three-month and six-month periods ended June 30, 2015 and 2014 were \$13,941, \$16,137, \$28,162 and \$31,470, respectively.

(21) Share-based payment-employee compensation plan

- A. For the six-month period ended June 30, 2015, the Group's share-based payment: None.
- B. For the six-month period ended June 30, 2014, the Group's share-based payment arrangement were as follows:

Type of arrangements	Grant date	Quantity granted	Contract period	Vesting conditions
Cash capital increase reserved for employees	2014.01.13	30,000	NA	Immediately

(In thousand shares)

- C. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Arrangement type	Grant date	Stock price	Exercise price	Expected volatility	Expected duration	Expected dividend	Riskless rate	Fair price per unit
Capital increase in cash reserved for employees	2014.01.13	16.85NT	14.45NT	23.50% (Note)	0.19 year	-	0.40%	2.45NT

Note: Expected volatility is estimated based on the Company's average stock price for the latest year before the grant date.

- D. For the six-month period ended June 30, 2014, the Group's salary expense arising from share-based payment transactions of cash capital increase reserved for employees pre-emption was \$73,500.

(22) Share capital

- A. Movements in the number of the Company's ordinary shares outstanding are as follows:
(Units: in thousand shares)

	Six-month periods ended June 30,	
	2015	2014
At January 1	1,662,342	1,313,924
Capital increase	-	300,000
At June 30	1,662,342	1,613,924

- B. On January 13, 2014, the Board of Directors has resolved to increase capital by \$3,000,000 with a par value of NT\$10. The issuance price is NT\$14.45. The capital increase was approved by the Financial Supervisory Commission and the registration was completed.
- C. On June 20, 2014, the shareholders have resolved to issue new shares amounting to 48,418 thousand shares using unappropriated retained earnings of \$484,117. The capital increase was approved by the Financial Supervisory Commission and the registration was completed.
- D. As of June 30, 2015, the Company's authorized capital was \$20,000,000, and the paid-in capital was \$16,623,418 with a par value of NT\$10 (in dollars) per share, consisting of 1,662,342 thousand shares of ordinary stock.

E. As of June 30, 2015, December 31, 2014 and June 30, 2014, the Company's subsidiaries – Ta-Chen Construction & Engineering Corp. and Prince Apartment Management Maintain Co., Ltd. held the Company's stocks for maintaining equity interest in the Company. The amount of shares held by the subsidiaries was 39,671 thousand, 39,671 thousand and 38,516 thousand, the average par value was NT\$1.52, NT\$1.52 and NT\$1.57 per share, and the fair value was NT\$11.65, NT\$12.70 and NT\$13.40 per share, respectively.

(23) 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 Group 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.

	Capital surplus				
2015	Share premium	Trading treasury stock	Others	Total	
At January 1, 2015 (At June 30, 2015)	\$ 1,408,500	\$ 514,061	\$ 7,232	\$ 1,929,793	
	Capital surplus				
	Share premium	Trading treasury stock	Treasury share transactions	Others	Total
2014					
At January 1, 2014	\$ -	\$ 514,061	\$ -	\$ 7,232	\$ 521,293
Share-based payment of cash capital increase reserved for employee pre-emption	-	-	73,500	-	73,500
Cash capital increase	1,408,500	-	(73,500)	-	1,335,000
At June 30, 2014	\$ 1,408,500	\$ 514,061	\$ -	\$ 7,232	\$ 1,929,793

(24) 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 deficit, 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 or reversed as special reserve in accordance with applicable legal or regulatory requirements, along with prior years' accumulated unappropriated retained earnings, and then distribution should be in the following order: stock dividend and bonus to shareholders are 50%~100% of the accumulated distributable earnings, and cash dividend is at least 30% of the total stock dividend and bonus; except for dividend distribution, the appropriation of earnings is proposed by the Board of Directors and resolved by the

shareholders. The remuneration to directors and supervisors is 3% of the distributable earnings and the bonus to employees is at least 2% of the distributable earnings. The receipts of the above employees' bonus must include employees who satisfy certain conditions and are qualified as the Company's employees.

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 Group 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. The Company recognized dividends distributed to owners amounting to \$1,329,873 (\$0.8 (in dollars) per share) and \$968,354 (\$0.6 (in dollars) per share) for the six-month periods ended June 30, 2015 and 2014, respectively. On June 17, 2015, the stockholders resolved that total dividends for the distribution of earning for the year of 2014 were \$1,329,873 with \$0.8 (in dollars) per share.

E. For information relating to employees' remuneration (bonuses) and directors' and supervisors' remuneration, please refer to Note 6(31).

(25) Other equity items

	Available-for-sale investment	Currency translation	Treasury stock	Total
At January 1, 2015	\$ 1,434,529	\$ 1,690	(\$ 60,440)	\$ 1,375,779
Available-for-sale investment:				
-Loss on fair value	(448,310)	-	-	(448,310)
Currency translation differences:				
-Group	-	(299)	-	(299)
At June 30, 2015	<u>\$ 986,219</u>	<u>\$ 1,391</u>	<u>(\$ 60,440)</u>	<u>\$ 927,170</u>

	Available-for-sale investment	Currency translation	Treasury stock	Total
At January 1, 2014	\$ 2,000,470	(\$ 859)	(\$ 60,440)	\$ 1,939,171
Available-for-sale investment:				
-Loss on at fair value	(275,261)	-	-	(275,261)
Currency translation differences:				
-Group	-	1,626	-	1,626
At June 30, 2014	<u>\$ 1,725,209</u>	<u>\$ 767</u>	<u>(\$ 60,440)</u>	<u>\$ 1,665,536</u>

(26) 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:

	Within 12 months	Over 12 months	Total
<u>June 30, 2015</u>			
Assets			
Notes receivable, net	\$ 80,364	\$ 330	\$ 80,694
Accounts receivable, net (including related parties)	134,702	850,575	985,277
Inventories	7,042,266	14,973,131	22,015,397
Construction contract receivables	522,848	798,090	1,320,938
	<u>\$ 7,780,180</u>	<u>\$ 16,622,126</u>	<u>\$ 24,402,306</u>
	Within 12 months	Over 12 months	Total
<u>June 30, 2015</u>			
Liabilities			
Notes payable	\$ 7,145	\$ -	\$ 7,145
Accounts payable	1,990,467	970,318	2,960,785
Construction contract payables	214,341	278,133	492,474
	<u>\$ 2,211,953</u>	<u>\$ 1,248,451</u>	<u>\$ 3,460,404</u>

	<u>Within 12 months</u>	<u>Over 12 months</u>	<u>Total</u>
<u>December 31, 2014</u>			
Assets			
Notes receivable, net	\$ 123,283	\$ 247	\$ 123,530
Accounts receivable, net (including related parties)	4,832,468	813,984	5,646,452
Inventories	7,115,640	13,781,065	20,896,705
Construction contract receivables	<u>496,106</u>	<u>459,784</u>	<u>955,890</u>
	<u>\$ 12,567,497</u>	<u>\$ 15,055,080</u>	<u>\$ 27,622,577</u>
Liabilities			
Notes payable	\$ 10,437	\$ -	\$ 10,437
Accounts payable	2,087,175	2,060,403	4,147,578
Construction contract payables	<u>26,829</u>	<u>324,130</u>	<u>350,959</u>
	<u>\$ 2,124,441</u>	<u>\$ 2,384,533</u>	<u>\$ 4,508,974</u>
	<u>Within 12 months</u>	<u>Over 12 months</u>	<u>Total</u>
<u>June 30, 2014</u>			
Assets			
Notes receivable, net	\$ 68,646	\$ 10,370	\$ 79,016
Accounts receivable, net (including related parties)	326,793	952,687	1,279,480
Inventories	7,695,589	12,147,855	19,843,444
Construction contract receivables	<u>531,690</u>	<u>801,768</u>	<u>1,333,458</u>
	<u>\$ 8,622,718</u>	<u>\$ 13,912,680</u>	<u>\$ 22,535,398</u>
	<u>Within 12 months</u>	<u>Over 12 months</u>	<u>Total</u>
<u>June 30, 2014</u>			
Liabilities			
Notes payable	\$ 14,282	\$ -	\$ 14,282
Accounts payable	1,476,222	906,094	2,382,316
Construction contract payables	<u>134,477</u>	<u>526,292</u>	<u>660,769</u>
	<u>\$ 1,624,981</u>	<u>\$ 1,432,386</u>	<u>\$ 3,057,367</u>

(27) Operating revenue

		Three-month periods ended June 30,	
		2015	2014
Sales revenue	\$	1,478,616	\$ 2,188,991
Service revenue		148,848	121,011
Construction contract revenues		1,293,327	1,739,184
Service concession revenue			
-Operating service revenue		94,464	93,606
	\$	<u>3,015,255</u>	<u>\$ 4,142,792</u>
		Six-month periods ended June 30,	
		2015	2014
Sales revenue	\$	3,104,247	\$ 3,697,631
Service revenue		272,185	250,507
Construction contract revenues		2,169,821	2,537,628
Service concession revenue			
-Operating service revenue		184,988	183,668
	\$	<u>5,731,241</u>	<u>\$ 6,669,434</u>

(28) Other income

		Three-month periods ended June 30,	
		2015	2014
Interest income	\$	3,458	\$ 7,909
Dividend income		89,526	7,489
Others		68,894	114,402
	\$	<u>161,878</u>	<u>\$ 129,800</u>
		Six-month periods ended June 30,	
		2015	2014
Interest income	\$	4,707	\$ 8,901
Dividend income		117,754	183,928
Others		86,712	133,478
	\$	<u>209,173</u>	<u>\$ 326,307</u>

(29) Other gains and losses

	Three-month periods ended June 30,	
	2015	2014
Net (losses) gains on financial assets at fair value through profit or loss	\$ 104,366	(\$ 15,787)
Net currency exchange gains (losses)	(5,204)	(15,740)
Reversal of arbitration expenses and compensation loss (Note 1)	25,235	-
Others	(31,117)	(4,648)
	<u>\$ 93,280</u>	<u>(\$ 36,175)</u>

Note 1 : Please refer to Note 9(14) for details

	Six-month periods ended June 30,	
	2015	2014
Net (losses) gains on financial assets at fair value through profit or loss	\$ 110,456	(\$ 20,347)
Net currency exchange losses	(9,234)	(7,430)
Arbitration expenses and compensation loss (Note 1)	(26,100)	-
Impairment of financial assets (Note 2)	-	(11,814)
Others	(30,627)	(4,749)
	<u>\$ 44,495</u>	<u>(\$ 44,340)</u>

Note 1: Please refer to Note 9(14) for details.

Note 2: Please refer to Note 6(8) for details.

(30) Finance costs

	Three-month periods ended June 30,	
	2015	2014
Interest expense:		
Bank borrowings	\$ 47,494	\$ 72,045
Commercial paper	4,994	11,517
Ordinary bond	30,372	13,901
Others	289	-
Other finance expenses	300	300
	<u>\$ 83,449</u>	<u>\$ 97,763</u>

	Six-month periods ended June 30,	
	2015	2014
Interest expense:		
Bank borrowings	\$ 100,217	\$ 125,295
Commercial paper	15,187	23,813
Ordinary bond	60,566	44,095
Others	1,232	745
Other finance expenses	600	600
	<u>\$ 177,802</u>	<u>\$ 194,548</u>

(31) Expenses by nature

	Three-month period June 30, 2015		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 217,322	\$ 164,806	\$ 382,128
Labor and health insurance fees	17,711	13,175	30,886
Pension costs	7,746	7,143	14,889
Other employee benefit expense	<u>2,864</u>	<u>12,938</u>	<u>15,802</u>
	<u>\$ 245,643</u>	<u>\$ 198,062</u>	<u>\$ 443,705</u>
Depreciation charges	<u>\$ 21,597</u>	<u>\$ 67,578</u>	<u>\$ 89,175</u>
Amortization charges	<u>\$ 15,314</u>	<u>\$ 130</u>	<u>\$ 15,444</u>

	Three-month period June 30, 2014		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 223,879	\$ 219,273	\$ 443,152
Labor and health insurance fees	17,016	14,105	31,121
Pension costs	9,094	8,235	17,329
Other employee benefit expense	<u>1,755</u>	<u>8,965</u>	<u>10,720</u>
	<u>\$ 251,744</u>	<u>\$ 250,578</u>	<u>\$ 502,322</u>
Depreciation charges	<u>\$ 21,805</u>	<u>\$ 67,057</u>	<u>\$ 88,862</u>
Amortization charges	<u>\$ 22,202</u>	<u>\$ 152</u>	<u>\$ 22,354</u>

Six-month period June 30, 2015			
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense			
Wages and salaries	\$ 440,111	\$ 304,540	\$ 744,651
Labor and health insurance fees	35,095	25,572	60,667
Pension costs	15,701	14,357	30,058
Other employee benefit expense	<u>4,050</u>	<u>24,263</u>	<u>28,313</u>
	<u>\$ 494,957</u>	<u>\$ 368,732</u>	<u>\$ 863,689</u>
Depreciation charges	<u>\$ 43,068</u>	<u>\$ 135,979</u>	<u>\$ 179,047</u>
Amortization charges	<u>\$ 30,627</u>	<u>\$ 265</u>	<u>\$ 30,892</u>
Six-month period June 30, 2014			
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense			
Wages and salaries	\$ 446,908	\$ 425,196	\$ 872,104
Labor and health insurance fees	35,069	26,292	61,361
Pension costs	18,227	15,627	33,854
Other employee benefit expense	<u>4,008</u>	<u>17,468</u>	<u>21,476</u>
	<u>\$ 504,212</u>	<u>\$ 484,583</u>	<u>\$ 988,795</u>
Depreciation charges	<u>\$ 43,821</u>	<u>\$ 121,584</u>	<u>\$ 165,405</u>
Amortization charges	<u>\$ 31,505</u>	<u>\$ -</u>	<u>\$ 31,505</u>

A. According to the Articles of Incorporation of the Company, details of the percentage of earnings that shall be distributed as employees' bonus and directors' and supervisors' remuneration are provided in Note 6(24).

However, in accordance with the Company Act amended in May 20, 2015, a company shall distribute employee remuneration, based on the current year's profit condition, in a fixed amount or a proportion of profits. If a company has accumulated deficit, earnings should be channeled to cover losses. Aforementioned employee remuneration could be paid by cash or stocks. Specifics of the compensation are to be determined in a board meeting that registers two-thirds of directors in attendance, and the resolution must receive support from half of participating members. The resolution should be reported to the shareholders' meeting. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation.

B. For the three-month and six-month periods ended June 30, 2015 and 2014, employees' bonus was accrued at \$9,031, \$8,478, \$12,922 and \$11,723, respectively; directors' and supervisors' remuneration was accrued at \$13,547, \$12,717, \$19,383 and \$17,585, respectively. The

expenses recognized were accrued based on the net income and the percentage specified in the Articles of Incorporation of the Company (2% and 3% for employees and directors/supervisors, respectively), taking into account other factors such as legal reserve.

Employees' bonus and directors' and supervisors' remuneration of 2014 as resolved by the stockholders were in agreement with those amounts recognized in the 2014 financial statements. The calculation difference between employees' bonus and directors' and supervisors' remuneration as resolved by the stockholders and the amount recognized in the 2013 financial statements by \$2,976 had been adjusted in the 2014 statement of comprehensive income. As of the date of report, earnings for the year ended December 31, 2014 have not been distributed yet.

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.

(32) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three-month periods June 30,	
	2015	2014
Current tax:		
Current tax on profits for the period	\$ 27,010	(\$ 4,649)
Tax on undistributed surplus earnings	82,522	45,977
Effects of investment tax credit	(50,179)	-
Under (over) provision of prior period's income tax	11,665	(1,804)
Land value increment tax recognized in income tax of the period	565	3,810
Total current tax	71,583	43,334
Deferred tax:		
Origination and reversal of temporary differences	4,735	13,137
Net operating loss carryforward	(4,790)	-
Total deferred tax	(55)	13,137
Income tax expense	\$ 71,528	\$ 56,471

	Six-month periods June 30,	
	2015	2014
Current tax:		
Current tax on profits for the period	\$ 46,403	\$ 13,522
Tax on undistributed surplus earnings	82,522	45,978
Effects of investment tax credit	(51,616)	-
Under (over) provision of prior period's income tax	19,138	(1,265)
Land value increment tax recognized in income tax of the period	7,297	14,614
Total current tax	103,744	72,849
Deferred tax:		
Origination and reversal of temporary differences	8,947	13,431
Net operating loss carryforward	(8,603)	-
Total deferred tax	344	13,431
Income tax expense	\$ 104,088	\$ 86,280

B. As of June 30, 2015, the Company's income tax returns through 2013 have been assessed and approved by the Tax Authority. However, the National Taxation Bureau has assessed and deducted the investment loss stated in the 2013 income tax returns. The Company believes there is a miscalculation and has filed for reassessment. However, as the Company adopts conservatism principle, the related income tax expense has been accrued.

C. Unappropriated retained earnings:

	June 30, 2015	December 31, 2014	June 30, 2014
Earnings generated in and after 1998	\$ 1,995,429	\$ 2,854,738	\$ 1,132,827

D. As of June 30, 2015, December 31, 2014 and June 30, 2014, the balance of the imputation tax credit account was \$51,565, \$9,524 and \$14,410, respectively. The creditable tax rate was 1.79% for 2013 and is estimated to be 1.81% for 2014. 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 2013 undistributed earnings will be based on the imputation tax credit account balance up to the date of distribution of the dividends.

(33) Earnings per share

Earnings per share of ordinary share

<u>Three-month period ended June 30, 2015</u>			
		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>	<u>Amount after tax</u>		
Profit attributable to ordinary shareholders of the parent	<u>\$ 518,789</u>	<u>1,622,671</u>	<u>\$ 0.32</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 518,789	1,622,671	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	899	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 518,789</u>	<u>1,623,570</u>	<u>\$ 0.32</u>
<u>Three-month period ended June 30, 2014</u>			
		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>	<u>Amount after tax</u>		
Profit attributable to ordinary shareholders of the parent	<u>\$ 451,088</u>	<u>1,549,262</u>	<u>\$ 0.29</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 451,088	1,549,262	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	674	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 451,088</u>	<u>1,549,936</u>	<u>\$ 0.29</u>

<u>Six-month period ended June 30, 2015</u>			
		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>	<u>Amount after tax</u>		
Profit attributable to ordinary shareholders of the parent	<u>\$ 710,436</u>	<u>1,622,671</u>	<u>\$ 0.44</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 710,436	1,622,671	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	1,286	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 710,436</u>	<u>1,623,957</u>	<u>\$ 0.44</u>

<u>Six-month period ended June 30, 2014</u>			
		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>	<u>Amount after tax</u>		
Profit attributable to ordinary shareholders of the parent	<u>\$ 673,051</u>	<u>1,549,262</u>	<u>\$ 0.43</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 673,051	1,549,262	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	933	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 673,051</u>	<u>1,550,195</u>	<u>\$ 0.43</u>

(34) Operating leases

The Company's subsidiary leases in office and business office under non-cancellable operating lease agreements. The lease terms are between 2011 and 2035, and all these lease agreements are renewable at the end of the lease period. Rental payment is calculated based on an agreed upon rate of revenue. The Company's subsidiary recognized rental expenses of \$96,811 and \$193,623 for the three-month and six-month periods ended June 30, 2015 and 2014, respectively. The future

aggregate minimum lease payments under non-cancellable operating leases are as follows:

	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2014</u>
Not later than one year	\$ 398,868	\$ 397,174	\$ 390,553
Later than one year but not later than five years	2,029,079	2,023,995	2,018,700
Later than five years	6,282,134	6,388,205	6,688,070
	<u>\$ 8,710,081</u>	<u>\$ 8,809,374</u>	<u>\$ 9,097,323</u>

(35) Non-cash transactions

Investing and financing activities with no cash flow effects:

	<u>For the six-month periods ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
1. Investment property reclassified to construction -use land	<u>\$ -</u>	<u>\$ 631,820</u>
2. Investment property reclassified to buildings and land held for sale	<u>\$ 3,774</u>	<u>\$ -</u>
3. Buildings and land held for sale reclassified to property, plant and equipment	<u>\$ -</u>	<u>\$ 103,121</u>
4. Merchandise inventory reclassified to property, plant and equipment	<u>\$ 42</u>	<u>\$ -</u>
5. Declared cash dividends yet to be distributed	<u>\$ 1,329,873</u>	<u>\$ 484,177</u>

7. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions and balances

A. Sales of goods:

(a) Rental income:

	<u>Three-month periods ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
Construction subcontracting — Associates	<u>\$ 66,834</u>	<u>\$ 1,048,810</u>
	<u>Six-month periods ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
Construction subcontracting — Associates	<u>\$ 158,474</u>	<u>\$ 1,484,471</u>

The prices of construction for related parties are based on expected construction cost plus reasonable management expenses and profit, and are determined based on mutual agreements. The construction payments are collected based on the contract terms.

As of June 30, 2015, December 31, 2014 and June 30, 2014, the status of the construction of the associates undertaken by the Group was as follows:

	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2014</u>
Associates:			
Total amount of construction contracts that were signed but had not been settled yet	\$ 11,078,673	\$ 11,073,692	\$ 11,073,692
Construction payments received	(10,189,585)	(9,882,922)	(9,188,829)
Construction payments receivable	<u>\$ 889,088</u>	<u>\$ 1,190,770</u>	<u>\$ 1,884,863</u>

(b)

	<u>Three-month periods ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
Rental income:		
— Associates	<u>\$ 11,557</u>	<u>\$ 11,274</u>
	<u>Six-month periods ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
Rental income:		
— Associates	<u>\$ 24,052</u>	<u>\$ 23,382</u>

Rent is determined by mutual agreements and is collected monthly.

B. Accounts receivable

	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2014</u>
Accounts receivable-related parties:			
— Associates	<u>\$ 463,451</u>	<u>\$ 440,429</u>	<u>\$ 619,745</u>

C. Other payables

	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2014</u>
Rental payable:			
— Associates	<u>\$ 77,597</u>	<u>\$ 194,001</u>	<u>\$ 93,804</u>

D. Others

(a)

	<u>Three-month periods ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
Rental expenses:		
— Associates	<u>\$ 114,054</u>	<u>\$ 136,777</u>
	<u>Six-month periods ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
Rental expenses:		
— Associates	<u>\$ 257,943</u>	<u>\$ 280,850</u>

(b)

	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2014</u>
Refundable deposits:			
— Associates	<u>\$ 67,591</u>	<u>\$ 65,695</u>	<u>\$ 67,020</u>

E. On June 20, 2006, the Company and CHINA METAL PRODUCTS CO., LTD. (“A party”) jointly signed a creditor’s rights transfer contract with AMIDA TRUST LINK ASSETS MANAGEMENT CO., LTD. (“B party”). Under the contract, the Group 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 share.

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

(2)Key management compensation

	<u>Three-month periods ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
Salaries and other short-term employee benefits	\$ 70,684	\$ 65,446
Termination benefit	-	-
Post-employment benefits	-	-
Other long-term benefits	-	-
Share-based payment	-	-
	<u>\$ 70,684</u>	<u>\$ 65,446</u>
	<u>Six-month periods ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
Salaries and other short-term employee benefits	\$ 77,827	\$ 71,839
Termination benefit	-	-
Post-employment benefits	-	-
Other long-term benefits	-	-
Share-based payment	-	35,403
	<u>\$ 77,827</u>	<u>\$ 107,242</u>

8. PLEDGED ASSETS

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

Pledged asset	June 30, 2015	December 31, 2014	June 30, 2014	Purpose
Demand deposits, certificate of deposit and checking deposit (shown as "other financial assets - current" and "other financial assets - non-current")	\$ 3,799,887	\$ 3,684,947	\$ 4,997,090	To obtain a higher credit for client, performance guarantee, construction performance guarantee, short-term and long-term borrowings, short-term commercial papers issue, member reward points and gift coupons trust account
Financial assets at fair value through profit or loss	77,778	77,547	77,327	Construction performance guarantees, short-term and long-term borrowings
Land held for construction	8,119,709	6,300,506	6,246,096	Short-term borrowings, notes and bills payable and long-term borrowings
Construction in progress	434,288	1,275,593	2,752,873	Short-term borrowings, notes and bills payable and long-term borrowings
Available-for-sale financial assets	720,501	1,033,280	1,350,585	Short-term borrowings, notes and bills payable
Financial assets carried at cost	575,426	575,426	575,426	Short-term borrowings, notes and bills payable
Investments accounted for using equity method	1,559,040	1,120,379	1,485,240	Short-term borrowings, notes and bills payable
Land	2,883,788	2,883,788	2,884,737	Construction performance guarantees, short-term borrowings, notes and bills payable and long-term borrowings
Buildings	2,058,641	2,103,423	2,134,562	Short-term borrowings, notes and bills payable and long-term borrowings
Investment property	4,782,486	4,807,921	5,687,539	Construction performance guarantees, short-term borrowings, notes and bills payable and long-term borrowings
	<u>\$ 25,011,544</u>	<u>\$ 23,862,810</u>	<u>\$ 28,191,475</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED 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	June 30, 2015		December 31, 2014		June 30, 2014	
	Total endorsement	Amount	Total endorsement	Amount	Total endorsement	Amount
	amount	drawn	amount	drawn	amount	drawn
The Splendor Hotel Taichung	\$ 2,000,000	\$ 1,751,247	\$ 2,000,000	\$ 1,773,973	\$ 2,000,000	\$ 1,789,540
Ta-Chen Construction & Engineering Corp.	1,900,000	-	1,900,000	160,256	1,900,000	447,001
	<u>\$ 3,900,000</u>	<u>\$ 1,751,247</u>	<u>\$ 3,900,000</u>	<u>\$ 1,934,229</u>	<u>\$ 3,900,000</u>	<u>\$ 2,236,541</u>

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

Name of company	June 30, 2015		December 31, 2014		June 30, 2014	
	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	2,086,198	2,500,000	2,086,198	2,500,000	830,889
Ta-Chen Construction & Engineering Corp.	927,889	-	927,889	-	927,889	-
Prince Utility Co., Ltd.	900,000	638,763	900,000	638,763	900,000	638,763
	<u>\$ 6,138,778</u>	<u>\$ 4,535,850</u>	<u>\$ 6,138,778</u>	<u>\$ 4,535,850</u>	<u>\$ 6,138,778</u>	<u>\$ 3,280,541</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 expenditures contracted for at the balance sheet date but not yet incurred are as follows:

	June 30, 2015	December 31, 2014	June 30, 2014
Property, plant and equipment	<u>\$ 175,526</u>	<u>\$ 337,710</u>	<u>\$ 67,175</u>

(3) Operating leases agreements:

Please refer to Note 6 (34) for details.

(4) 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.

(5) 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 superficies, 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 June 30, 2015, December 31, 2014 and June 30, 2014, A party had provided performance guarantee with a guarantee letter issued by the bank, all amounting to \$30,000.

C. A party should pay B party land rentals from the registration of the superficies, 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.

(6) 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 superficies; 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 June 30, 2015, December 31, 2014 and June 30, 2014, 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.
- (7) 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.
- (8) 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.
- (9) 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.

- (10) 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 No. 12-12, Guo-An Sec., Xitun District, Taichung City; the Company shall provide funding for those projects and repurchase houses and land allocated to TSC amounting to \$1,810,889 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, 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>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2014</u>
Lot No.12-12 , and No.601-1 Guo- An			
Sec., Xitun District, Taichung City	<u>\$ 181,090</u>	<u>\$ 181,090</u>	<u>\$ 181,090</u>

- (11) On January 20, February 10 and December 27, 2014, the Company signed a contract with Taiwan Sugar Corporation (“TSC”) in relation to cooperative construction of houses. According to the contracts, TSC shall provide Taichung City Koan An Section No.591-1 and Tainan City Hou Guan Section No.34 and Nanzi Dist., Kaohsiung City Nanzi 1st section No.158, etc; the Company shall provide funding for those projects and repurchase houses and land allocated to TSC amounting to \$638,763, \$830,889 and \$1,255,300, 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 \$63,880, \$83,080 and \$125,540, respectively, on the signing date, which will be returned in instalments according to the contractual terms. The Company had provided such performance guarantee with guarantee letter of the bank as follows:

	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2014</u>
Taichung City Koan An Section No.591-1	<u>\$ 63,880</u>	<u>\$ 63,880</u>	<u>\$ 63,880</u>
Tainan City Hou Guan Section No.34	<u>\$ 83,100</u>	<u>\$ 83,100</u>	<u>\$ 83,100</u>
Nanzi Dist., Kaohsiung City Nanzi 1st section No.158, etc	<u>\$ 125,600</u>	<u>\$ -</u>	<u>\$ -</u>

- (12) 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 Group in installments. As of June 30, 2015, December 31, 2015 and June 30, 2014, balance of the performance bonds were as

follows:

	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2014</u>
No. 602, Sec. Zhi-Shan 1, Shilin District, Taipei City	<u>\$ 350,000</u>	<u>\$ 350,000</u>	<u>\$ 350,000</u>
No. 572, Sec. Zhi-Shan 1, Shilin District, Taipei City	<u>\$ 19,570</u>	<u>\$ 19,570</u>	<u>\$ 19,570</u>

(13)As of June 30, 2015, December 31, 2014 and June 30, 2014, performance guarantee letters issued for construction undertaking, warranty and leases of subsidiary, Ta-Chen Construction & Engineering Corp., amounted to \$781,141, \$780,581 and \$11,282,291, respectively.

(14)The Subsidiary, Ta-Chen Construction & Engineering Corp. (“Ta-Chen”), Hung-Yi Construction Corp. and Evergreen International Engineering Corp. (“Evergreen”) (collectively referred herein as the “joint contractors”) jointly undertook the construction of the new office building of the American Institute in Taiwan. As the joint contractors and the owner of this project both claim the counterparty defaulted on the contract, they terminated the contract and referred the dispute to arbitration. A settlement was reached in August 2013, and the joint contractors would together pay a reconciliation payment amounting to US\$16.4 million, which Ta-Chen pays 68.24%. Ta-Chen has estimated and recognized related arbitration expenses, reconciliation payment and construction loss.

Furthermore, Ta-Chen has paid the settlement on behalf of the joint contractors. Ta-Chen planned to request Evergreen to pay all payments on behalf of other joint contractors. As of December 31, 2014, payments on behalf of other joint contractors recognized as other receivables were \$221,100. As the joint contractors have disagreements regarding the contract, Ta-Chen has filed an arbitration application with the Chinese Arbitration Association, Taipei, and received an arbitration award on March 27, 2015 which, Evergreen International Engineering shall pay Ta-Chen a total amount of \$169,765 along with interest at 5% per annum from December 17, 2013 until the date of payment. Additionally, on June 5, 2015, the arbitration court corrected the payment to \$201,427. Ta-Chen reached an agreement with Evergreen on June 18, 2015 that Evergreen shall pay \$195,000 and both sides shall withdraw revocation proceedings or application for compulsory enforcement. Therefore, Ta-Chen has written off other receivables and recognized loss of \$ 26,100 in the first half of the year (shown as other gains and losses).

Ta-Chen received the above payment of \$195,000 from Evergreen and the case was closed.

(15)Certain construction contracts undertaken by subsidiary, Ta-Chen Construction & Engineering Corp., specify that default penalty shall be computed according to the contractual terms if the construction is not completed in the prescribed period.

(16)On May 27, 2011, subsidiary, The Splendor Hotel Taichung, signed a syndicated loan contract with 3 banks, SinoPac Bank, etc., in the amount of \$3.3 million, with Prince Housing & Development Corp. and China Metal Products Co., Ltd. as guarantors. Under the contract, the subsidiary promised its tangible net equity shall not be negative and current ratio, liability ratio, tangible net equity and interest coverage of Prince Housing & Development Corp. and China Metal Products Co., Ltd. shall conform to certain criteria as specified in the contract. If the subsidiary violates above financial commitments, the managing bank has the right to take the following actions, including but not limited, according to the contract or the resolution of majority of the consortium: 1) request the subsidiary to stop drawing down all or part of the loans; 2) cancel all or part of the credit line of the contract which has not been drawn down yet; 3) announce that all outstanding principal, interest and other accrued expenses payable to the consortium in relation to the loan contract should mature immediately; 4) demand the subsidiary’s payment of the promissory note acquired under the loan contract; 5) exercise creditor’s right of mortgage, pledge right, other rights or contract transfer right; 6) exercise other rights given by the

laws, the loan contract and other relevant documents; 7) take other actions as resolved by the majority of the consortium.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors resolved the following on August 3, 2015:

- A. The Company plans to acquire Kaohsiung City New Hougang West Section No. 52, etc. for \$829,021 from its subsidiary, Jin Yi Xing Plywood Co., Ltd.
- B. In order to coordinate with the Group reorganization and increase operational performance, the Company plans to divide land and establish a new company after selling its subsidiary, Jin Yi Xing Plywood Co., Ltd.
- C. Ta-Chen Construction & Engineering Corp. ("Ta-Chen"), the Company's subsidiary, originally has planned to purchase the Company's stocks through the open market in order to maintain the rights of the Company's shareholders. For strengthening governance and eliminating interlocking shareholdings, Ta-Chen plans to return all proceeds from capital reduction of the Company's shares to Cheng-Shi Investment Holdings Co., Ltd. ("Cheng-Shi"), which then returns all proceeds from capital reduction to the Company. The Company then retires the treasury stock.

12. OTHERS

(1) Capital management

The Group'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 Group 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 Group'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

(a) The Group'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 Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group's finance & accounting division) under policies approved by the Board of Directors. Group's finance & accounting division evaluates and hedges financial risks in close cooperation with the Group'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 Group 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 Group entities to manage their foreign exchange risk against their functional currency. The Group entities are required to manage their entire foreign exchange risk exposure with the Group finance & accounting division. Foreign exchange risk does not have significant impact to the Group.

Interest rate risk

The Group's interest rate risk arises from short-term and long-term borrowings. Borrowings issued at variable rates expose the Group 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 Group to fair value interest rate risk. The Group'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 six-month periods ended June 30, 2015 and 2014 would have been \$12,354 and \$15,299 lower/higher, respectively.

Price risk

The Group's investments in equity instruments, and the prices would change due to the change of the future value of investee companies. However, the Group has set a stop-loss point and it was assessed that the Group 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 six-month periods ended June 30, 2015 and 2014 would both have increased/decreased by \$34,052 and \$35,819, respectively, 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 \$17,131 and \$25,933, respectively, 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 Group 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 Group's receivables, which are the receivables from pre-selling 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 Group was not exposed to significant credit risk from receivables.
- iii. For the six-month periods ended June 30, 2015 and 2014, 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 Group and aggregated by Group's finance & accounting division. Group's finance & accounting division monitors rolling forecasts of the Group'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 Group'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.

June 30, 2015			
	Within 1 year	Between 1 to 3 years	Over 3 years
<u>Non-derivative financial liabilities:</u>			
Short-term borrowings	\$ 3,706,017	\$ -	\$ -
Short-term notes and bills payable	2,080,000	-	-
Notes payable	230,327	-	-
Accounts payable	2,093,423	374,394	590,519
Other payables	2,508,025	1,870	90
Guarantee deposits received	83,848	20,868	31,290
Bonds payable	65,350	2,065,350	2,538,750
Long-term borrowings (including current portion)	590,383	2,301,612	6,750,499
December 31, 2014			
	Within 1 year	Between 1 to 3 years	Over 3 years
<u>Non-derivative financial liabilities:</u>			
Short-term borrowings	\$ 3,347,853	\$ -	\$ -
Short-term notes and bills payable	2,605,000	-	-
Notes payable	22,027	-	-
Accounts payable	2,043,595	1,479,166	739,557
Other payables	1,287,066	1,638	110
Guarantee deposits received	90,482	14,355	31,710
Bonds payable	65,350	2,119,617	2,535,521
Long-term borrowings (including current portion)	2,195,189	2,301,089	6,218,921
June 30, 2014			
	Within 1 year	Between 1 to 3 years	Over 3 years
<u>Non-derivative financial liabilities:</u>			
Short-term borrowings	\$ 3,086,345	\$ -	\$ -
Short-term notes and bills payable	2,266,000	-	-
Notes payable	237,006	-	-
Accounts payable	1,647,099	845,215	2,233
Other payables	1,328,896	184	78
Guarantee deposits received	88,948	16,143	34,607
Bonds payable	65,350	130,700	4,565,350
Long-term borrowings (including current portion)	2,241,963	1,439,549	8,839,576

(3) Fair value estimation

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at

fair value are provided in Note 12(2)A. Details of the fair value of the Group's investment property measured at cost are provided in Note 6(12).

B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks and beneficiary certificates is included in Level 1

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at June 30, 2015, December 31, 2014 and June 30, 2014 is as follows:

<u>June 30, 2015</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	\$ 388,904	\$ -	\$ -	\$ 388,904
Available-for-sale financial assets				
Equity securities	951,242	-	235,076	1,186,318
	<u>\$ 1,340,146</u>	<u>-</u>	<u>\$ 235,076</u>	<u>\$ 1,575,222</u>
<u>December 31, 2014</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	\$ 316,113	\$ -	\$ -	\$ 316,113
Available-for-sale financial assets				
Equity securities	1,349,481	-	276,597	1,626,078
	<u>\$ 1,665,594</u>	<u>-</u>	<u>\$ 276,597</u>	<u>\$ 1,942,191</u>

<u>June 30, 2014</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	\$ 312,490	\$ -	\$ -	\$ 312,490
Available-for-sale financial assets				
Equity securities	<u>1,669,673</u>	<u>-</u>	<u>251,394</u>	<u>1,921,067</u>
	<u>\$ 1,982,163</u>	<u>-</u>	<u>\$ 251,394</u>	<u>\$ 2,233,557</u>

D. The methods and assumptions the Group used to measure fair value are as follows:

(a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Net asset value

(b) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

E. For the six-month periods ended June 30, 2015 and 2014, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the six-month periods ended June 30, 2015 and 2014:

	<u>Six-month periods ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
	<u>Non-derivative equity instruments</u>	<u>Non-derivative equity instruments</u>
At January 1	\$ 276,597	\$ 285,365
Gains and losses recognised in other comprehensive income (Note)	(41,521)	(8,971)
Proceeds from capital reduction	-	(25,000)
June 30	<u>\$ 235,076</u>	<u>\$ 251,394</u>
Movement of unrealised gain or loss in profit or loss of assets and liabilities held as at June 30, 2015	<u>\$ -</u>	<u>\$ -</u>

Note: Recorded as unrealised valuation gain or loss of available-for-sale financial assets.

G. For the six-month periods ended June 30, 2015 and 2014, there was no transfer into or out from Level 3.

H. Finance and Accounting segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently assessing valuation results and making any other necessary adjustments to the fair value.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	<u>Fair value at June 30, 2015</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity					
Unlisted shares	\$ 235,076	Net asset value	Net asset value	N/A	The higher the net asset value, the higher the fair value

J. The Group has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in difference measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

June 30, 2015						
	<u>Input</u>	<u>Change</u>	<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income</u>	
			<u>Favourable change</u>	<u>Unfavourable change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets						
Equity instruments	49,455	±1%	\$ -	\$ -	\$ 495	(\$ 495)
December 31, 2014						
	<u>Input</u>	<u>Change</u>	<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income</u>	
			<u>Favourable change</u>	<u>Unfavourable change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets						
Equity instruments	44,041	±1%	\$ -	\$ -	\$ 440	(\$ 440)
June 30, 2014						
	<u>Input</u>	<u>Change</u>	<u>Recognised in profit or loss</u>		<u>Recognised in other comprehensive income</u>	
			<u>Favourable change</u>	<u>Unfavourable change</u>	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets						
Equity instruments	46,190	±1%	\$ -	\$ -	\$ 462	(\$ 462)

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to table 4.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 5.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 6.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 8.

(3) Information on investments in Mainland China

None.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The Group's corporate composition, basis for segmentation, and basis for measurement of segment's information had no significant changes for the period. The chief operating decision-maker considers the business from a product perspective.

(2) Measurement of segment information

The chief operating decision-maker assesses the performance of the operating segments based on the profit (loss) before taxes. This measurement basis excludes the effects of non-recurring revenues/expenditures from the operating segments. Accounting policies of operating segments are the same as the summary of significant accounting policies in Note 4 to the consolidated financial statements.

(3) Information about segment profit or loss and assets

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

For the six-month period June 30, 2015					
Item	Construction	Hotel	Others	Write-off and Adjustment	Total
External operating revenue-net	\$ 3,661,049	\$ 1,706,746	\$ 363,446	\$ -	\$ 5,731,241
Internal operating revenue-net	461,836	-	20,067	(481,903)	-
Total segment revenue	4,122,885	1,706,746	383,513		5,731,241
Costs and expenses	(3,818,590)	(1,473,437)	(281,368)	510,175	(5,063,220)
Segment income	304,295	233,309	102,145		668,021
Other income	206,221	6,160	17,204	(20,412)	209,173
Other gains and losses	35,556	(352)	(19,585)	28,876	44,495
Finance costs	(164,301)	(31,918)	(108)	18,525	(177,802)
Share of (loss)/profit of associates and joint ventures accounted for under equity method	381,794	-	5,261	(317,834)	69,221
Segment income before tax	763,565	207,199	104,917		813,108
Income tax expense	(80,830)	(20,638)	(2,620)		(104,088)
Net income for the period	\$ 682,735	\$ 186,561	\$ 102,297		\$ 709,020
Segment assets	\$ 48,553,276	\$ 7,632,593	\$ 2,573,952	(4,956,419)	\$ 53,803,402

For the six-month period June 30, 2014

Item				Write-off and	
	Construction	Hotel	Others	Adjustment	Total
External operating revenue-net	\$ 4,584,702	\$ 1,725,633	\$ 359,099	\$ -	\$ 6,669,434
Internal operating revenue-net	383,211	-	36,183	(419,394)	-
Total segment revenue	4,967,913	1,725,633	395,282		6,669,434
Costs and expenses	(4,604,360)	(1,489,403)	(391,095)	435,911	(6,048,947)
Segment income	363,553	236,230	4,187		620,487
Other income	329,021	1,724	16,902	(21,340)	326,307
Other gains and losses	(226,703)	(918)	(26,483)	209,764	(44,340)
Finance costs	(175,023)	(32,162)	(2)	12,639	(194,548)
Share of (loss)/profit of associates and joint ventures accounted for under equity method	221,681	-	9,749	(195,358)	36,072
Segment income before tax	512,529	204,874	4,353		743,978
Income tax expense	(60,602)	(21,129)	(1,790)	(2,759)	(86,280)
Net income for the period	<u>\$ 451,927</u>	<u>\$ 183,745</u>	<u>\$ 2,563</u>		<u>\$ 657,698</u>
Segment assets	<u>\$ 50,619,427</u>	<u>\$ 7,502,814</u>	<u>\$ 2,635,716</u>	(4,462,948)	<u>\$ 56,295,009</u>

(4) Reconciliation for segment income (loss) and assets

The revenue from external parties, segment income and segment assets reported to the chief operating decision-maker are measured in a manner consistent with the revenue, profit before taxes, and total assets in the financial statements. Information on adjusted consolidated total profit (loss), reportable segment profit after taxes and total assets, and reconciliation for reportable segment assets for this period is provided in Note 14(3).

Prince Housing & Development Corp.
Loans to others
Six-month period ended June 30, 2015

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the six-month periods ended	Balance at June 30, 2015	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful account	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Note
					June 30, 2015								Item	Value			
0	Prince Housing & Development Corp.	Ta-Chen Construction & Engineering Corp.	Other receivables - related parties	Y	\$ 200,000	\$ 200,000	\$ -	2.7	Short-term financi	\$ -	Additional operating capital	\$ -	None	\$ -	\$ 500,000	\$ 9,158,642	Note 2
1	Prince Security Co., Ltd.	Prince Property Management Consulting Co., Ltd.	Other receivables - related parties	Y	15,000	15,000	10,000	2.7	Short-term financi	-	Additional operating capital	-	None	-	30,000	77,060	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 Group's related regulations, the total amount for loan is 40% of its net worth.

Note 3: In accordance with Prince Security Co., Ltd.'s related regulations, the total amount for loan is 40% of its net worth; limit on loans as short-term financing to any single entity with is \$30,000.

Prince Housing & Development Corp.
Provision of endorsements and guarantees to others
Six-month period ended June 30, 2015

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser guarantor	Party being endorsed/guarantored		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of June 30, 2015	Outstanding endorsement/ guarantee amount at June 30, 2015	Actual amount drawn down	Amount of endorsement/ guarantees secured with collateral	Ratio of 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 endorsement s/guarantees to the party in the Mainland China	Footnote
		Company name	Relationship with the endorser /guarantor (Note 2)											
0	Prince Housing & Development Corp.	Ta-Chen Construction & Engineering Corp.	3	\$ 4,579,321	\$ 1,900,000	\$ 1,900,000	\$ -	\$ -	8	\$ 11,448,303	Y	N	N	Note 3 and 4
0	Prince Housing & Development Corp.	The Splendor Hotel Taichung	6	4,579,321	2,000,000	2,000,000	1,751,247	-	9	11,448,303	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	-	672	4,000,000	N	Y	N	Note 5
2	Prince Utility Co.,Ltd.	Prince Housing & Development Corp.	4	1,000,000	900,000	900,000	638,763	-	980	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	2,086,198	-	749	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	-	-	94	3,000,000	N	Y	N	Note 8
5	Prince Apartment Management Maintain Co., Ltd.	Prince Security Co., Ltd.	3	20,000	20,000	20,000	10,000	-	28	50,000	N	N	N	Note 9

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 Group's related regulations, the total amount of transactions of endorsements and guarantees and the limit of endorsements and guarantees for any single entity is 20% of the Company's net worth.

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

Note 9: In accordance with Prince Apartment Management Maintain Co., Ltd.'s related regulations, the limit of endorsements and guarantees for any single entity is \$20,000; the total accumulated amount is \$50,000.

Prince Housing & Development Corp.
Holding of marketable securities at the end of the year (not including subsidiaries, associates and joint ventures)
Six-month period ended June 30, 2015

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Name of investee companies	Relationship with the securities issuer	General ledger account	As of June 30, 2015				Footnote
					Number of shares	Book value	Ownership (%)	Fair value	
Prince Housing & Development Corp.	Stock	Nantex Industry Co., Ltd.	None	Available-for sale financial assets-non-current	6,375,534	\$ 176,602	Note 1	\$ 27.70	Listed company, Note 3
	Stock	ScinoPharm Taiwan, Ltd.	None	Available-for sale financial assets-non-current	20,985,578	737,643	Note 1	35.15	Listed company, Note 4
	Stock	Simplo Technology Co., Ltd.	None	Available-for sale financial assets-non-current	127,249	18,197	Note 1	143.00	OTC company
	Stock	Trade-Van Information Service Co., Ltd.	None	Available-for sale financial assets-non-current	85,535	2,215	Note 1	25.90	Listed company
	Stock	Actherm Inc.	None	Available-for sale financial assets-non-current	34,441	885	Note 1	25.70	OTC company
	Stock	Genome International Biomedical Co.,Ltd.	None	Available-for sale financial assets-non-current	1,311	47	Note 1	36.00	OTC company
	Stock	Universal Venture Capital Investment Corp.	None	Available-for sale financial assets-non-current	1,400,000	13,687	Note 1	9.78	
	Stock	Grand Bills Finance Corp.	None	Available-for sale financial assets-non-current	48,672	751	Note 1	15.43	
	Stock	Chipwell Tech.Corp.	None	Available-for sale financial assets-non-current	344,488	1,946	Note 1	5.65	
	Stock	Nanmat Technology Co., Ltd.	None	Available-for sale financial assets-non-current	1,198,956	14,945	Note 1	12.46	
	Stock	Southern Science Joint Development Co.,Ltd.	None	Available-for sale financial assets-non-current	167,700	190,227	10.00	1,134.33	
	Stock	Changing Information Technology Co., Ltd.	None	Available-for sale financial assets-non-current	116,741	1,297	Note 1	11.11	
	Stock	Formosoft International Co., Ltd.	None	Available-for sale financial assets-non-current	55,920	389	Note 1	6.96	
	Stock	President Energy Development Corp.	None	Financial assets measured at cost-non-current	1,680,000	46,009	Note 1	59.28	
	Stock	President International Development Corp.	None	Financial assets measured at cost-non-current	87,745,770	841,520	6.63	10.77	Note 5
	Stock	Jia-Cheng Venture Capital Investment Co., Ltd.	None	Financial assets measured at cost-non-current	759,024	-	Note 1	Note 2	
	Stock	Jia-Hua Venture Capital Investment Co., Ltd.	None	Financial assets measured at cost-non-current	1,211,228	-	7.90	Note 2	
	Stock	Ever-Move Technology Co., Ltd.	None	Financial assets measured at cost-non-current	3,076	-	Note 1	Note 2	
	Stock	Chuang-Jing Technology Co., Ltd.	None	Financial assets measured at cost-non-current	12,645	-	Note 1	Note 2	
	Stock	Bao-Mao Technology Co., Ltd.	None	Financial assets measured at cost-non-current	27,933	-	Note 1	Note 2	
	Stock	Jie-Lun Technology Co., Ltd.	None	Financial assets measured at cost-non-current	17,280	-	Note 1	Note 2	
	Stock	Quan-Mao Technology Co., Ltd.	None	Financial assets measured at cost-non-current	341,745	-	6.79	Note 2	
	Stock	Wei-Jun Technology Co., Ltd.	None	Financial assets measured at cost-non-current	1,846	-	Note 1	Note 2	
	Stock	Chieh-Cheng Technology Co., Ltd.	None	Financial assets measured at cost-non-current	41,343	-	Note 1	Note 2	
	Fund	Mega Diamond Money Market Fund	None	Financial assets at fair value through profit or loss-non-current	6,301,406	77,778	Note 1	12.34	
	Stock	Prince Housing & Development Corp.	Parent Company	Fiancial assets at fair value through profit or loss-current	39,015,670	454,533	Note 1	11.65	Note 6
Ta-Chen Construction & Engineering Corp.	Stock	Nantex Industry Co., Ltd.	None	Financial assets at fair value through profit or loss-current	11,231,982	311,126	Note 1	27.70	Note 7
	Stock	Chipwell Tech. Corp.	None	Available-for sale financial assets-non-current	349,990	1,978	Note 1	5.65	
	Stock	Nanmat Technology Co., Ltd.	None	Available-for sale financial assets-non-current	1,344,624	18,180	5.52	12.46	
Prince Housing Investment Co., Ltd.	Stock	Tou Itsu Investments Inc.	None	Available-for sale financial assets-non-current	600	18	15.00	USD 1	
Prince Apartment Management Maintain Co., Ltd.	Stock	Prince Housing & Development Corp.	Parent Company	Available-for sale financial assets-non-current	655,424	8,324	Note 1	11.65	
Dong-Feng Enterprises Co., Ltd.	Stock	Tainan Spinning Co., Ltd.	None	Available-for sale financial assets-non-current	120,992	2,250	Note 1	15.80	
	Stock	Nantex Industry Co., Ltd.	None	Available-for sale financial assets-non-current	163,736	2,636	Note 1	27.70	
	Stock	Sung Gang Asset Management Co., Ltd.	None	Available-for sale financial assets-non-current	47,968	825	Note 1	21.40	
Prince Security Co., Ltd.	Stock	Nanmat Technology Co., Ltd.	None	Available-for sale financial assets-non-current	179,283	1,600	Note 1	12.46	

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 : 33,763,397 shares of outstanding common stock were used as collateral for loan

Note 7 : 10,000,000 shares of outstanding common stock were used as collateral for loan

Prince Housing & Development Corp.
Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more
Six-month period ended June 30, 2015

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

If the counterparty is a related party, information as to last transaction of the real estate is disclosed below:													
Real estate acquired by	Real estate acquired	Date of the event	Status of payment	Transaction amount	Counterparty	Relationship with the counterparty	Original owner who sold the real estate to the counterparty	Relationship between the original owner and acquirer	Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate	Other commitments
Prince Housing & Development Corp.	Bail Dist. Chung Chang Section No. 222	2015/03/03 (Note 1)	664,098	\$ 664,098	New Taipei City Government	Third party	-	-	-	\$ -	Market value	For operating use	None
Prince Housing & Development Corp.	Ren Wu Dist. Xia Hai Lot No. 978, etc.	2013/06/14 (Note 2)	Note 3	1,107,567	Redevelopment zone of Xia Hai Term, Renwu District, Kaohsiung City	Third party	-	-	-	-	Note 3	For operating use	None

Note 1: The transfer of title took place on settlement date.
Note 2: The signing date of the contract
Note 3: In ordering 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 includes 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 Group to pay aforementioned expenses.

Table 5

Prince Housing & Development Corp.
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
Six-month period ended June 30, 2015

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Prince Housing & Development Corp.	Cheng-Shi Construction Co., Ltd.	Subsidiary	Purchases	\$ 306,565	12%	Progress payments were made in accordance with the contract terms.	It is reasonable compared to the normal trading terms.	It is reasonable compared to the normal trading terms.	(\$ 21,142)	1%	
Prince Housing & Development Corp.	Prince Utility Co., Ltd.	Subsidiary	Purchases	109,017	4%	Progress payments were made in accordance with the contract terms.	It is reasonable compared to the normal trading terms.	It is reasonable compared to the normal trading terms.	(54,212)	3%	

Prince Housing & Development Corp.
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
Six-month period ended June 30, 2015

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at June 30, 2015	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Amount action taken		
Prince Housing & Development Corp.	The Splendor Hotel Taichung	Subsidiary	Other assets - obligation receivable \$ 575,000	-	\$ -	-	\$ -	\$ -
Prince Housing & Development Corp.	Jin Yi Xing Plywood Co., Ltd.	Subsidiary	Other assets - obligation receivable \$ 458,329	-	-	-	-	-
Ta-Chen Construction & Engineering Corp.	Tainan Spinning Co., Ltd.	Affiliated company	Accounts receivable \$ 429,697	0.22	-	-	40,700	-

Prince Housing & Development Corp.
Significant inter-company transactions during the reporting periods
Six-month period ended June 30, 2015

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

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.	Prince Utility Co., Ltd.	The Company to the consolidated subsidiaries	Purchases	\$ 109,017	Negotiated terms	1.90%
0	Prince Housing & Development Corp.	Cheng-Shi Construction Co., Ltd.	The Company to the consolidated subsidiaries	Purchases	306,565	Negotiated terms	5.35%
0	Prince Housing & Development Corp.	Cheng-Shi Construction Co., Ltd.	The Company to the consolidated subsidiaries	Construct in progress	571,172	-	1.06%
0	Prince Housing & Development Corp.	The Splendor Hotel Taichung	The Company to the consolidated subsidiaries	Endorsement and guarantee	1,751,247	In accordance with endorsement and guarantee procedures	3.25%
0	Prince Housing & Development Corp.	The Splendor Hotel Taichung	The Company to the consolidated subsidiaries	Other assets	575,000	Creditor's rights purchase contract	1.07%
0	Prince Housing & Development Corp.	Jin Yi Xing Plywood Co., Ltd.	The Company to the consolidated subsidiaries	- obligation receivables	458,329	Creditor's rights purchase contract	0.85%
0	Prince Housing & Development Corp.	Jin Yi Xing Plywood Co., Ltd.	The Company to the consolidated subsidiaries	Other assets			
0	Prince Housing & Development Corp.	Jin Yi Xing Plywood Co., Ltd.	The Company to the consolidated subsidiaries	- obligation receivables			
1	Dong-Feng Enterprises Co., Ltd.	Prince Housing & Development Corp.	The consolidated subsidiaries to the Company	Prepayment for land	263,898	Negotiated terms	0.49%
1	Prince Utility 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	3.37%
1	Jin Yi Xing Plywood Co., Ltd.	Prince Housing & Development Corp.	The consolidated subsidiaries to the Company	Endorsement and guarantee	638,763	In accordance with endorsement and guarantee procedures	1.19%
1	Jin Yi Xing Plywood Co., Ltd.	Prince Housing & Development Corp.	The consolidated subsidiaries to the Company	Endorsement and guarantee	2,086,198	In accordance with endorsement and guarantee procedures	3.88%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

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

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on

Table 8

Prince Housing & Development Corp.
Information on investees
Six-month period ended June 30, 2015

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2015			Net profit (loss) of the investee for the six-month period ended June 30, 2015	Investment income (loss) recognised by the Company for the six-month period ended June 30, 2015	Footnote
				Balance as at June 30, 2015	Balance as at January 1, 2015	Number of shares	Ownership (%)	Book value			
Prince Housing & Development Corp.	Cheng-Shi Investment Holdings Co., Ltd.	Taiwan	General investment	\$ 1,381,950	\$ 1,381,950	121,007,230	100%	\$ 663,474	\$ 155,566	\$ 203,634	Note 1 and 2
	Prince Property Management Consulting Co., Ltd.	Taiwan	Management and consulting	181,000	181,000	17,146,580	100%	267,659	10,515	10,562	Note 1 and 2
	Geng-Ding Co., Ltd.	Taiwan	Hotels and catering	120,000	120,000	18,000,000	30%	341,122	47,209	14,163	Note 4
	Prince Housing Investment Co., Ltd.	British Virgin Islands	Overseas investment	140,413	140,413	428	100%	340,900	4,717	4,717	Note 2
	BioSun Technology Co., Ltd.	Taiwan	Anti-mildew's import and export	1,000	1,000	100,000	100%	1,005	1	1	Note 2
	Prince Ta-Chen Investment Co., Ltd.	Taiwan	General investment	-	198,940	-	0%	-	7,606	6,139	Note 6
	Dong-Feng Enterprises Co., Ltd.	Taiwan	Housebuilders and sales	876,431	876,431	17,300,000	100%	38,516 (	13,851) (	13,851)	Note 2
	Uni-President Development Corp.	Taiwan	Leasing of buildings	1,080,000	1,080,000	108,000,000	30%	1,331,597	109,834	34,206	Note 5
	The Splendor Hotel Taichung	Taiwan	Hotels and catering	975,000	975,000	97,500,000	50%	343,148 (	3,921) (	1,961)	Note 2
	Time Square International Co.,	Taiwan	Hotels and catering	600,000	600,000	73,830,000	100%	365,105	100,836	100,836	Note 2
	Jin Yi Xing Plywood Co., Ltd.	Taiwan	Manufacture of plywoods	636,194	636,194	151,468	99.65%	680,836	6,871	6,847	Note 2
	Early Success Investments Ltd.	British Virgin Islands	Overseas investment	33,018	33,018	1,554,660	100%	13,585	930	930	Note 2
	Ming-Da Enterprise Co., Ltd.	Taiwan	Real estate trading	127,400	127,400	7,024,618	20%	166,722	183,820	15,591	
	Prince Industrial Co., Ltd.	Taiwan	Development of public housing and building	10,000	10,000	1,000,000	100%	9,595 (	20) (	20)	Note 2
Cheng-Shi Investment Holdings Co., Ltd.	Ta-Chen Construction & Engineering Corp.	Taiwan	Construction	1,191,591	1,191,591	124,000,000	100%	976,908	139,351	-	Note 2 and 3
	Prince Utility Co., Ltd.	Taiwan	Electricity water pipe	56,025	56,025	3,070,000	100%	92,327	5,457	-	Note 2 and 3
	Cheng-Shi Construction Co.,	Taiwan	Construction	108,027	108,027	10,100,000	100%	157,385	10,275	-	Note 2 and 3
Ta-Chen Construction & Engineering Co., Ltd.	Ta-Chen International (Brunei) Corp.	Brunei	Overseas investment	9,316	9,316	318,000	100%	4,203	17	-	Note 2 and 3
Prince Housing Investment Co., Ltd.	PPG Investment Inc.	U.S.A	Overseas investment	56,945	56,945	273	27.27%	12,511 (	18,065)	-	Note 3
	Queen Holdings Ltd.	British Virgin Islands	Overseas investment	122,034	122,034	2,730	27.27%	337,186	31,895	-	Note 3

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2015			Net profit (loss) of the investee for the six-month period ended June 30, 2015	Investment income (loss) recognised by the Company for the six-month period ended June 30, 2015	Footnote
				Balance as at June 30, 2015	Balance as at January 1, 2015	Number of shares	Ownership (%)	Book value			
Prince Ta-Chen Investment Co., Ltd.	Prince Capital, Inc.	British Virgin Islands	Overseas investment	\$ -	\$ 26,727	1	100%	\$ -	\$ -	\$ -	Note 6 and 7
Prince Property Management Consulting Co., Ltd.	Prince Apartment Management Maintain Co., Ltd.	Taiwan	Management of apartments	67,853	67,853	3,000,000	100%	73,471	1,019	-	Note 2 and 3
	Prince Security Co., Ltd.	Taiwan	Security	159,611	159,611	13,172,636	100%	198,677	9,024	-	Note 2 and 3
Dong-Feng Enterprises Co., Ltd.	Amida Trustlink Assets Management Co., Ltd.	Taiwan	Development of public housing and building	332,231	362,288	24,319,171	45.21%	159,865	1,064	-	Note 3
Prince Capital, Inc.	Prince Ventures USA Inc.	British Virgin Islands	Overseas investment	-	20,511	1	100%	-	-	-	Note 6 and 7
Ta-Chen International (Burnei) Corp.	Ta Chen Construction & Engineering (Vietnam) Corp.	Vietnam	Construction	9,440	9,440	-	100%	1,287	24	-	Note 2 and 3

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

Note 2: Subsidiary.

Note 3: The amount has been included in the profit (loss) of the Company's investee accounted using equity method and has been recognised as gain (loss) on investment.

Note 4: Provided 12 million shares as collateral

Note 5: Provided 108 million shares as collateral

Note 6: The Company has entered a merger agreement with its subsidiary, Prince Ta-Chen Investment Co., Ltd. in May 2015. Under the merger, the Company will be the surviving company while Ta-Chen Construction & Engineering Corp. will be the dissolved company.

Note 7: Prince Capital Inc. and Prince Ventures USA Inc. are in the dissolution process.