



2020

Stock code: 2511

Handbook of the Annual General Meeting of Shareholders

Date: 10 a.m. Thursday, June 18, 2020

Place: Parking Site, TS Mall

No. 366, Section 1, Zhonghua East Road, East District, Tainan City
(across from Dongguang Elementary School on Dongguang Road)

1F, No. 261, Nanmen Road, Tainan City.



太子建設開發股份有限公司
Prince Housing & Development Corp.

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Prince Housing & Development corp.

Meeting Procedures for the 2020 Annual General Meeting of Shareholders

Calling the Meeting to Order

Chairman Takes Chair

Chairman Remarks

Management Presentation

Ratifications

Discussions

Motions

Adjournment

Prince Housing and Development Corporation

Procedure of the 2020 Annual General Meeting of Shareholders

I. Time: 10.00 am, Thursday, June 18, 2020

II. Place: Parking Site, TS Mall

No. 366, Section 1, Zhonghua East Road, East District, Tainan City

(across from Dongguang Elementary School on Dongguang Road)

III. Calling the Meeting to Order (report on the shares held by attending shareholders)

IV. Chairman's Remarks

V. Management Presentation

(I) 2019 Business Report

(II) Audit Report of the 2019 Final Report by the Audit Committee

(III) Total Endorsement and Guarantee Amount Report 2017

(IV) Status Report on Capital Lending 2019

(V) Status Report on Corporate Bond Issuance

(VII) Report on the 2019 Distribution of Remuneration for Employees and Directors

(VIII) Report on Other Matters

VI. Ratifications

(I) Ratification of 2019 Business Report and 2019 Financial Statements

(II) Ratification of 2019 Earnings Distribution Proposal

VII. Discussions

(I) Amendment to the Procedures for Loaning of Funds to Others

(II) Amendment to the Regulations for Making of Endorsements/Guarantees

VIII. Motions

IX. Adjournment

Management Presentations

I. 2019 Business Report, please review.

Description: Please refer to Annex 1 for the 2019 Business Report (Handbook: 5).

II. 2019 Final Report audited by the Audit Committee, please review.

Description: Please refer to Annex 2 for the Audit Report of the Audit Committee (Handbook: 6).

III. 2019 Report on the Total Amount of Endorsements and Guarantees:

The details of the endorsements and guarantees for investees by December 31, 2019 are as follows.

(expressed in thousand NT Dollars)

Endorsed/guaranteed investee	Total amount of endorsements and guarantees at the end of the period	The amount of endorsements and guarantees actually disbursed.
The Splendor Hospitality International Co., Ltd.	2,150,000	1,900,000

IV. The details of loaning of funds to others in 2019 are as follows.

No capital lending was reported by December 31, 2019.

V. Status Report on Corporate Bond Issuance

(I) The first issuance amount of guaranteed ordinary corporate bonds in 2017 was NT\$2 billion which was approved by the Taipei Exchange on June 12, 2017, with Zheng-Gui-Zhai-Zi document No. 10600150871; and the fundraising process was completed on June 19, 2017.

(II) The first issuance amount of guaranteed ordinary corporate bonds in 2018 was NT\$2.5 billion which was approved by the Taipei Exchange on June 15, 2018, with Zheng-Gui-Zhai-Zi document No. 10700144711; and the fundraising process was completed on June 15, 2018.

VI. 2019 remuneration for Employees and Directors

(I) Proceed in accordance with Article 32 of the Articles of Incorporation.

(II) Three percent of the profit amounting to NT\$34,651,184 will be distributed in cash as remuneration for directors as recommended by the 2nd meeting of the 4th Remuneration Committee and resolved by the 5th meeting of the 16th Board of Directors.

(III) Not more than 10% of the net profit before tax in the profit distribution year amounting to NT\$101,853,482 will be distributed in cash as performance bonus and bonuses for employees as recommended by the 5th meeting of the 16th Board of Directors based on the resolution made by the 6th meeting of the 14th Board of Directors.

VII. Other matters

1. Related information of shareholders holding over one percent of the total

number of issued shares of the Group.

Description: Referring to Article 172-1 of the Company Act:

“Shareholder(s) holding more than one per cent (1%) of the total number of outstanding shares of a company may make a proposal for discussion at a general meeting of the shareholders” The proposal acceptance date for the current AGM will be April 10-20, 2020. No proposal was submitted by shareholders during the said period.

Ratifications

Proposal 1: Ratification of the 2019 Business Report and 2019 Financial Statements (Proposed by the Board of Directors)

Description: Ratification of the 2019 Final Report was approved by the 5th meeting of the 16th board of directors in 2020. The report has been submitted to the Audit Committee for audit.

(Please refer to Annex 1 and Annex 3 and Annex 4 (Handbook: 5 & 7-26).

Resolution:

Proposal 2: Ratification of the 2019 Earnings Distribution Proposal (Proposed by the Board of Directors)

Description: 1. The 2019 Earnings Distribution Proposal was approved by the 5th meeting of the 16th Board of Directors in 2020 and submitted to the Audit Committee for audit.

2. Cash dividends will be NT\$0.50 per share. The chairman shall be authorized to handle and adjusted changes in the dividend as a result of the impact on the number of shares circulated in the market due to share buyback; or transfer, conversion and cancellation of treasury shares, issuance of new shares for capitalization.

3. Please refer to the earnings distribution table for details regarding the 2019 Earnings distribution Proposal.

(Please refer to Annex 5 (Handbook: 27).

Resolution:

Discussions

Proposal 1: Amendments to the Procedures for Loaning of Funds to Others. Please refer to the cross reference in Annex 6 (Handbook: 28) (Proposed by the Board of Directors).

Resolution:

Proposal 2: Amendments to the Regulations for Making Endorsements/Guarantees. Please refer to the cross reference in Annex 7 (Handbook: 29-30) (Proposed by the Board of Directors).

Resolution:

Motions

Adjournment

Business Report

I. Business Report of the Previous Year

Looking back at 2019, the world was under the influence of the US-China trade war. However, as the return of Taiwanese investors and order switch effects continued, Taiwan became one of a few countries that benefited from the trade war, which brought new momentum to Taiwan's economic development. The increase in the home buying demand of people from Hong Kong as a result of the 2019 Hong Kong protests also boosted the buying heat. Unfortunately, people began sitting on the fence after the outbreak of the COVID-19 epidemic in China. All these have affected Taiwan's realty market in 2019.

In real estate, sub-replacement fertility and ageing have led to an increasing glut of unsold property to affect overall buying. However, we have been insisting on quality, credit and service and adhering to the "three goods and fair price" business spirit over time to launch elaborately planned and strictly constructed quality residential housing. In addition, based on the business philosophy of "one-year warranty and forever service," we provide sustainable after service to provide customers with protection and safety for half a century. In addition, while primary success gradually emerged in our diversification to the hotel and tourism industries and BOT projects in recent years, we have actively expanded our scope of business to make reliable income from leasing in addition to the construction core business.

Projects completed this year included the Taipei W The One, Pine Garden, Kaohsiung Prince Castle Townhouse. In 2019, the annual revenue was NT\$5.680 billion and the net profit of the period was NT\$952 million; the consolidated revenue was NT\$12.199 billion and the consolidated net profit was NT\$938 million.

II. Summary of the Current Business Plan

Looking out to 2020, as the domestic and US presidential elections will take place, further observation of the economic change is required. In addition, although an agreement has been signed by both countries to ease the US-China trade war, changes are always out there. As domestic economic recovery is taking place and Taiwanese investors are investing back in Taiwan, the economic outlook is worthy of expectations.

In real estate, housing justice was the key topic affecting voting before the presidential election, particularly the continued promotion of social (affordable) housing, full promotion of the sub-letting management scheme, acceleration of urban regeneration (renewal) and reconstruction of urban unsafe and old buildings and expansion of the scope of rent allowance and student hall upgrading. The progress implementation of these will affect the future development of the realty market. In addition, the government actively promotes sustainable architecture to address climate change and water resource problems. In response, we introduced the Architecture 7.0 sustainable design concept featuring "smart housing and healthy housing." Apart from energy and water conservation, this includes smart and healthy design by providing high-efficiency services and functions through the Internet of Things (IoT), in order to ensure home safety, convenience and health and reduce environmental impacts. Projects completed in 2020 will include the Prince Happy World in Taichung and the Prince Castle in Kaohsiung. In re-investment, apart from continuously optimizing suite and house operations, we will integrate the group resources to invest in investment-based real property and the hotel industry to enhance overall operating efficiency for long-lasting, stable income.

III. Future Development Strategy

Recognizing that buying a home is an important event in life, we spare no effort in maintaining product quality and innovation at the same time. In addition to maintaining the Company's inherit quality in structure and construction, we build smart and healthy housing through culture and creativity, technology and arts. In the future, we will expand to food, clothing, housing and transportation services to provide residents with quality living space. Currently, the board of directors have 15 directors, including 3 for independent directors, each with a term of 3 years. Each

board member is a specialist in individual areas, mainly from accounting and business administration and 7 of them hold a master's or PhD degree. The duty of the board of directors includes appointment and supervision of the Company's management team to ensure the rights and interests of stakeholders and maximize the interest of shareholders. In the future, first-time home buyers and home upgraders with a rigid demand for self-use will still be our target customer groups and land will be purchased in areas with major transportation projects in six municipalities. Apart from maximizing efficiency through the vertical integration of the group's resources, we will continue to fuse Chairperson Luo's "three Pin's enterprise" business philosophy with our long-term visions.

**Chairman:ALEX C. LO President:HSIEH, MING-FAN CAO:TAI, TA-
CHANG**

**Prince Housing & Development Corp.
Audit Report by the Audit Committee**

This is to approve that

The 2019 Business Report, 2019 Financial Statements, and 2019 Proposal for Earnings distribution prepared by the Board of Directors. The 2019 Financial Statements have been approved by CPA Chung-Yu Tien and CPA Chien-Chi Wu of PwC Taiwan who have also issued an audit report. After auditing the Business Report, Financial Statements and Proposal for Profit Distribution, this Committee found no non-conformities and thus issued this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the **Company Act**.

To

The 2020 Annual General Meeting of Shareholders of Prince Housing and Development Corporation

Prince Housing & Development corp.

Audit Committee Chairman PENG-LING NIEH

May 7, 2020

Prince Housing and Development Corporation:

Audit Opinion

We have audited the accompanying Consolidated Statement of Financial Position of Prince Housing and Development Corporation and subsidiaries (hereinafter referred to as the “Group”) for the years ended December 31, 2019 and December 31, 2018, and the related Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flow and the note (including a summary of important accounting policies) of the Consolidated Financial Statements for the years ended December 31, 2019 and December 31, 2018.

In our opinion, with respect to our audit results and the reports (please refer to the Others section) of other independent accountants, the important issues in the said consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, interpretations and interpretations approved by FSC and such statements can fairly disclose the consolidated financial position of Prince Housing and Development Corporation as of December 31, 2019 and December 31, 2018, and its consolidated financial performance and cash flows of Prince Housing and Development Corporation for the years ended December 31, 2019 and December 31, 2018.

Basis of Audit

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Generally Accepted Accounting Principles (GAAP) of the Republic of China. Under these standards, the accountants are responsible to further explain the accountability of the accountants on auditing the consolidated financial statements. In accordance with the independence requirements of the firm, we have required staff to maintained independence from Prince Housing Group and carried out their duties with respect to The Norm of Professional Ethics for Certified Public Accountant of ROC. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinions.

Key Audit Items

Key audit items refer to the professional judgement of auditing the most important items in the 2019 Consolidated Financial Statements of the Group. While such items have been addressed when auditing the overall consolidated financial statements and the formation opinions, we will not express opinions on any particular items.

The key audit items of the Group’s 2019 consolidated financial statements are as follows:

Recognition time point of realty sale revenue

Description

Please refer to item (32) in Note 4 of the Consolidated Financial Statements for the accounting policy of sales income and item (26) in Note 6 of the Consolidated Financial

Statements for the description of accounting items. The 2019 revenue from realty sale of the Group was NT\$5,182,052,000, commanding at 42.48% of the consolidated revenue.

Sales revenues of the Group were recognized after transferring into costs and recognizing as profit/loss after the ownership transfer and the actual handover of property. As properties are sold to individual buyers, the accounting workflow often involves various handbook operating procedures including the transfer of ownership transfer and handover data among departments. This results in the appropriate time point of recognition near the closing date of the financial report period. Hence, we have set the recognition time point of sales revenues as one of the important audit items.

Responsive Audit Procedures

In response to the said key audit items, we have implemented the following responsive procedures:

1. To discern and assess the internal control procedures for the management's recognition of revenue from realty sale; and to test if the process of recognition time point of realty sale is effectively implemented, including cross-examining the dates of ownership transfer and handover and the accuracy of accounting time point.
2. A cut-off test was conducted on the realty sale conducted within a particular period before and after the closing date of near the end of the financial report period. The test included cross-examining evidence including the land and building registration transcripts, realty deeds, and handover agreements signed by customers to verify if the revenue from realty sale was registered at the appropriate time.

Recognition of revenues from construction projects—Assessment of completion schedule

Description

Please refer to items (32) in Note 4 and 5(2) of the Consolidated Financial Statements for the accounting policy for construction agreement and revenue recognition and items (26) in Note 6 of the Consolidated Financial Statements for the description of accounting items. The 2019 revenue from construction of the Group was NT\$3,212,214,000, amounting to 26% of the consolidated revenue.

The revenues of the construction service offered by the Group are recognized according to the status of completion during the contract period. The status of completion has been calculated according to the percentage in the estimated total construction cost of the incurred cost by the closing date of financial report period of each project. The estimated total construction cost is based on the cost breakdown sheet produced according to the owner's master design drawings and in consideration of increase or decrease of construction quantity resulted from an engineering change and the construction price and cost indices to estimate the costs invested in an outsourced contract, including labor and materials.

Due to the complexity of items for estimating the said total costs and frequent subjective judgments, high uncertainties are common, and the estimation of the total cost will affect the status of completion and the recognition of revenue from construction. Hence, we have set the

estimation of the status of completion as one of the important items for auditing the Group's revenue from construction.

Responsive Audit Procedures

In response to the above key audit items, this CPA has implemented the following countermeasures:

1. To discern the nature of operations and industry of the Group; assess the fairness of the internal operating procedures for estimating the total construction cost, including the procedures for determining the labor and material costs of individual project items; and examine the consistency of the estimation method.
2. To assess and test the internal control procedures affecting the change in the estimation of the total cost, including cross-examining the evidence regarding the increase or decrease of project items and important project estimates.
3. To interview supervisors and other appropriate staff for projects still under progress during the interview.
4. To obtain the profit and loss statement to implement related empirical procedures, including spot check of costs incurred in the period with the appropriate receipts (vouchers), spot check of the increase or decrease of project items with related evidence, and re-check of the percentage of project completion.

Others: Audits of other accountants

The financial reports of some investments accounted for under the equity method included in the Group's Consolidated Financial Statement were audited by other accountants. Hence, the opinions we expressed in the said Consolidated Financial Statement for the amounts listed in the financial statements of such companies has been made in accordance with the audit reports of other accountants. The total amount of the said assets (including investments accounted for under the equity method) for years ended December 31, 2019 and December 31, 2018 was NT\$571,669,000 and NT\$542,161,000, accounting for 1.04% and 1.07% of the total amount of consolidated assets, respectively. The net revenue for years ended December 31, 2019 and December 31, 2018 was NT\$48,980,000 and NT\$2,623,000, accounting for 4.79% and 0.25% of the total amount of consolidated net revenue, respectively.

Others: Individual Financial Statements

The Group has produced the individual financial statements for 2019 and 2018. We have audited and expressed an unqualified opinion for these financial statements.

Responsibility for the Consolidated Financial Statements of the Management and Governance Units

It is management's responsibility to produce fairly expressed consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, interpretations, and interpretations approved by FSC and to maintain the necessary internal controls relating to the production of such consolidated financial statements in order to ensure that no significant, untrue expressions as a result of corruption or errors are

found in the consolidated financial statements.

When producing consolidated financial statements, it is also the management's responsibility to assess the Group's capacity to maintain business continuity, disclosure of related information, and choice of accounting basis for business continuity, except when the Group intends to liquidate or shut down operations, or there is no other feasible alternative other than liquidation or closure.

It is the responsibility of the Group's governance units (including the Audit Committee) to supervise the workflow of financial reporting.

Accountant's responsibility for auditing consolidated financial statements

It is our responsibility to audit the Group's consolidated financial statements to provide reasonable assurance in an audit report that no significant, untrue expression as a result of corruption or errors is found in such consolidated financial statements. Reasonable assurance refers to high assurance. However, the detection of significant, untrue expressions in the consolidated financial statements is not guaranteed when audits are implemented based on the GAAP of the Republic of China. Untrue expression as a result of corruption or errors Untrue expressions of individual amounts or sums are significant when they can reasonably affect the economic policy made by the users off consolidated financial statements.

When auditing based on the GAAP of the Republic of China, we have applied professional judgments and maintained professional doubts. Other tasks of accountants

1. To identify and assess significant, untrue expressions of risks as a result of corruption or errors in consolidated financial statements; to plan and implement appropriate countermeasures for the risks assessed; and obtain adequate and appropriate audit evidence as the basis for making audit expressions. While corruption may involve collusions, forgeries, willful omissions, untrue declarations, or overstep of internal controls, the risk caused by significant, untrue expressions as a result of corruption is higher than that of errors.
2. To understand internal controls required for audits in order to design audit procedures appropriate to the situation of audit, provided that such an understanding does not intend to express opinions on the effectiveness of the Group's internal controls.
3. To assess the suitability of the accounting policy adopted by the management and the fairness of its accounting estimation and related disclosures.
4. To conclude if there are significant uncertainties regarding the suitability of the accounting basis adopted by the management to maintain business continuity and the potential significant doubtful incidents or situations within the Group's capacity to maintain business continuity based on the obtained audit evidence. After determining that there are significant uncertainties in such incidents or situations, we shall remind in the audit report the users of such consolidated financial statements to pay attention to related disclosures in such consolidated financial statements, or shall we express a modified opinion where such disclosures are inappropriate. We have made conclusions based on the audit basis obtained by the audit report date. However, future incidents or situations may incapacitate the Group from business continuity.
5. To assess the overall expression, structure and contents of consolidated financial

statements (including related notes) and the fair expression of related transactions and incidents in such consolidated financial statements.

6. To gather adequate and suitable audit evidence of the financial information of individuals within the Group to express opinions on the consolidated financial statements. We are responsible to instruct, supervise and implement the audit of the Group and conclude the audit opinions on the Group.

We have communicated the government units on items including the scope and time planned for the audit and important audit findings (including the significant defects identified through internal control during the audit).

We have also provided the governance units with the statement of independence of our staff made in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China. We have also communicated with the governance units on the relations and other items (including related protective measures) that may affect the independence of accountants.

We have determined the key audit items of the Group's 2019 Consolidated Financial Statements based on the communication items with the governance units. We have also specified in the audit report that we will not communicate specific items in the audit report when there are reasons to believe that such communication may cause negative impacts more than positive public interest, except for specific items not allowed for disclosures by law or under extremely rare circumstances.

P w C T a i w a n

TIEN, CHUNG-YU

CPA

WU, CHIEN-CHIH

Financial Supervisory Commission

Approval document: Jin-Guan-Zheng-Shen-Zi No. 1070323061

Jin-Guan-Zheng-Shen-Zi No. 1030027246

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Prince Housing and Development Corporation and Subsidiaries
Consolidated Statement of Financial Position
December 31, 2019 and December 31, 2018

(expressed in thousand NT Dollars)

	Assets	Note	D e c e m b e r 3 1 , 2 0 1 9		D e c e m b e r 3 1 , 2 0 1 8	
			A m o u n t	%	A m o u n t	%
Current Assets						
1100	Cash and cash equivalents	6(1)	\$ 5,673,754	10	\$ 3,968,253	8
1110	Financial assets at fair value through profit or loss, current	6(2) and 8	1,517,586	3	1,524,269	3
1136	Financial Assets Carried at Cost-Current	6(4) and 8	1,064,843	2	970,839	2
1140	Contract assets - current	6(26)	340,826	1	616,853	1
1150	Notes receivable net	6(5)	58,341	-	72,170	-
1170	Accounts receivable net	6(5)	751,147	1	1,715,273	4
1180	Accounts receivable net, related parties	6(5) and 7	3,696	-	27,793	-
1200	Other receivables		25,402	-	99,502	-
130X	Inventories	6(6) and 8	19,917,629	37	21,958,127	43
1410	Pre-payments		114,552	-	318,246	1
1479	Other current assets, others	6(7)	4,074	-	44,254	-
11XX	Total current assets		<u>29,471,850</u>	<u>54</u>	<u>31,315,579</u>	<u>62</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss, non-current	6(2) and 8	480,499	1	78,906	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(3) and 8	1,880,621	4	1,792,162	4
1535	Financial Assets Carried at Cost-Non-current	6(4) and 8	1,170,878	2	1,121,692	2
1550	Investments accounted for under the equity method	6(8) and 8	1,884,520	3	1,847,468	4
1600	Property, plant and equipment	6(9) and 8	5,995,879	11	6,226,443	12
1755	Right-of-use assets	6(10) and 7	5,682,287	10	-	-
1760	Investment property amount net	6(12) and 8	5,729,334	11	5,777,841	11
1780	Intangible assets	6(13)	2,056,927	4	2,118,323	4
1840	Deferred tax assets	6(31)	119,989	-	141,697	-
1920	Refundable deposits	7 and 9	161,987	-	255,028	1
1990	Other non-current assets, others		102,732	-	80,464	-
15XX	Total non-current assets		<u>25,265,653</u>	<u>46</u>	<u>19,440,024</u>	<u>38</u>
1XXX	Total assets		<u>\$ 54,737,503</u>	<u>100</u>	<u>\$ 50,755,603</u>	<u>100</u>

(Cont'd)

Prince Housing and Development Corporation and Subsidiaries
Consolidated Statement of Financial Position
December 31, 2019 and December 31, 2018

(expressed in thousand NT Dollars)

	Liabilities and Equity	Note	December 31, 2019		December 31, 2018	
			Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(14) and 8	\$ 1,979,000	4	\$ 990,000	2
2110	Short-term notes and bills payable	6(15) and 8	99,925	-	401,734	1
2130	Contract liability - current	6(26)	922,540	2	961,024	2
2150	Notes payable		2,523	-	4,885	-
2170	Accounts payable		2,035,430	4	2,804,917	6
2200	Other payables		780,329	1	1,083,613	2
2220	Other payables, related parties	7	83,349	-	85,953	-
2230	Current tax liabilities		19,135	-	68,155	-
2280	Lease liabilities - Current	7	373,742	1	-	-
2310	Unearned receipts	6(16)	66,793	-	64,175	-
2320	Current portion of long-term liabilities	6(18) and 8	4,679,401	8	3,643,297	7
2399	Other current liabilities, others		44,717	-	95,888	-
21XX	Total current liabilities		<u>11,086,884</u>	<u>20</u>	<u>10,203,641</u>	<u>20</u>
	Non-current liabilities					
2530	Bonds payable	6(17)	4,500,000	8	4,500,000	9
2540	Long-term loans	6(18) and 8	7,476,523	14	9,799,357	19
2550	Provisions, non-current	6(19)	102,554	-	87,196	-
2570	Deferred tax liabilities	6(31)	298,127	1	307,672	1
2580	Lease liabilities – Non-current	7	5,905,455	11	-	-
2610	Long-term notes and accounts payable		808,301	2	721,633	2
2620	Long-term notes and accounts payable, related parties	7	-	-	551,632	1
2640	Defined benefit liabilities net, non-current	6(20)	71,868	-	72,352	-
2645	Deposit received		148,959	-	136,162	-
2670	Other non-current liabilities, other	6(8)	194,020	-	198,077	-
25XX	Total non-current liabilities		<u>19,505,807</u>	<u>36</u>	<u>16,374,081</u>	<u>32</u>
2XXX	Total liabilities		<u>30,592,691</u>	<u>56</u>	<u>26,577,722</u>	<u>52</u>
	Equity attributed to the stockholders of the parent					
	Share capital	6(21)				
3110	Common stock		16,233,261	30	16,233,261	32
	Additional paid-in capital	6(22)				
3200	Additional paid-in capital		2,260,513	4	2,260,513	5
	Retained earnings	6(23)				
3310	Legal reserve		2,058,870	4	1,933,605	4
3350	Unappropriated earnings		2,428,513	4	2,660,209	5
	Other components of equity	6(24)				
3400	Other components of equity		876,490	2	788,031	1
3500	Treasury stocks	6(21)	(1,003)	-	(1,003)	-
31XX	Total equity attributed to the stockholders of the parent company		<u>23,856,644</u>	<u>44</u>	<u>23,874,616</u>	<u>47</u>
36XX	Non-controlling interest		<u>288,168</u>	<u>-</u>	<u>303,265</u>	<u>1</u>
3XXX	Total equity		<u>24,144,812</u>	<u>44</u>	<u>24,177,881</u>	<u>48</u>
	Significant contingent liabilities and unrecognized commitments	9				
3X2X	Total liabilities and equity		<u>\$ 54,737,503</u>	<u>100</u>	<u>\$ 50,755,603</u>	<u>100</u>

The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements. Please read together.

Chairman : ALEX C. LO

President: HSIEH, MING-FAN

CAO: TAI, TA-CHANG

Prince Housing and Development Corporation and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1-December 31, 2019 and January 1-December 31, 2018

(expressed in thousand NT Dollars)
(except for EPS expressed in NTD)

Item	Note	2019		2018	
		Amount	%	Amount	%
4000 Revenues	6(26) and 7	\$ 12,199,437	100	\$ 11,855,207	100
5000 Operating costs	6(6)(13) (30)	(9,136,983)	(75)	(8,492,700)	(72)
5900 Gross margin		<u>3,062,454</u>	<u>25</u>	<u>3,362,507</u>	<u>28</u>
Operating expenses	6(13)(30) and 7				
6100 Marketing expenses		(446,958)	(3)	(468,644)	(4)
6200 Administrative expenses		(1,825,411)	(15)	(1,835,151)	(15)
6450 Expected credit impairment profit	12(2)	11	-	121	-
6000 Total operating expenses		<u>(2,272,358)</u>	<u>(18)</u>	<u>(2,303,674)</u>	<u>(19)</u>
6900 Income from operations		<u>790,096</u>	<u>7</u>	<u>1,058,833</u>	<u>9</u>
Non-operating income and expenses					
7010 Others	6(27)	268,933	2	272,618	2
7020 Other gains and losses	6(2)(28)	232,529	2	217,279	2
7050 Financial costs	6(6)(29) and 7	(327,977)	(3)	(218,351)	(2)
7060 Share of profit of associates and joint ventures accounted for under the equity method	6(8)	98,487	1	39,029	1
7000 Total non-operating income and expenses		<u>271,972</u>	<u>2</u>	<u>310,575</u>	<u>3</u>
7900 Net income before tax		<u>1,062,068</u>	<u>9</u>	<u>1,369,408</u>	<u>12</u>
7950 Income tax expenses	6(31)	(123,318)	(1)	(125,531)	(1)
8200 Net income		<u>\$ 938,750</u>	<u>8</u>	<u>\$ 1,243,877</u>	<u>11</u>
Other comprehensive income					
Items that will not be re-classified into profit and loss					
8311 Re-measurement of defined benefit plans	6(20)	(\$ 3,028)	-	\$ 623	-
8316 Unrealized profit and loss on the equity instrument investments at fair value through other comprehensive income	6(3)(24)	88,459	-	(210,990)	(2)
8320 Share of other comprehensive income of affiliates and joint ventures accounted for under the equity method-Items that will not be re-classified into income		(960)	-	(255)	-
8349 Income tax relating to Items that will not be re-classified	6(31)	(48)	-	(136)	-
8310 Items that will not be reclassified into profit or loss		<u>84,423</u>	<u>-</u>	<u>(210,758)</u>	<u>(2)</u>
8300 Other comprehensive income (net)		<u>\$ 84,423</u>	<u>-</u>	<u>(\$ 210,758)</u>	<u>(2)</u>
8500 Total comprehensive income		<u>\$ 1,023,173</u>	<u>8</u>	<u>\$ 1,033,119</u>	<u>9</u>
Net profit (loss) attributed to:					
8610 Stockholders of the parent company		\$ 952,767	8	\$ 1,252,655	11
8620 Non-controlling interest		(14,017)	-	(8,778)	-
		<u>\$ 938,750</u>	<u>8</u>	<u>\$ 1,243,877</u>	<u>11</u>
Total comprehensive income attributed to:					
8710 Stockholders of the parent company		\$ 1,037,190	8	\$ 1,041,897	9
8720 Non-controlling interest		(14,017)	-	(8,778)	-
		<u>\$ 1,023,173</u>	<u>8</u>	<u>\$ 1,033,119</u>	<u>9</u>
EPS	6(32)				
9750 Basic		<u>\$</u>	<u>0.59</u>	<u>\$</u>	<u>0.77</u>
9850 Diluted		<u>\$</u>	<u>0.58</u>	<u>\$</u>	<u>0.76</u>

The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements. Please read together.

Chairman : ALEX C. LO

President: HSIEH, MING-FAN

CAO: TAI, TA-CHANG

Prince Housing and Development Corporation and Subsidiaries
Consolidated Statement of Changes in Equity
January 1-December 31, 2019 and January 1-December 31, 2018

(expressed in thousand NT Dollars)

Equity attributed to the stockholders of the parent												
	Note	Retained earnings				Other equity			Treasury stocks	Total	Non-controlling interest	Total equity
		Common stock	Additional paid-in capital	Legal reserve	Unappropriated earnings	The exchange difference in the conversion of financial statements of foreign business institutions	Unrealized profit and loss on the financial assets at fair value through other comprehensive income	Unrealized gain or loss on at fair value				
2018												
Balance, January 1, 2018		\$ 16,233,261	\$ 2,260,513	\$ 1,805,495	\$ 2,589,627	(\$ 48)	\$ -	\$ 974,425	(\$ 1,003)	\$ 23,862,270	\$ 314,382	\$ 24,176,652
Traceable adjustment effects	6(24)	-	-	-	-	-	1,000,036	(974,425)	-	25,611	-	25,611
Balance after adjustment on January 1, 2018		16,233,261	2,260,513	1,805,495	2,589,627	(48)	1,000,036	-	(1,003)	23,887,881	314,382	24,202,263
Net profit in 2018	6(32)	-	-	-	1,252,655	-	-	-	-	1,252,655	(8,778)	1,243,877
Other comprehensive income in 2018	6(3)(20)(24)	-	-	-	232	-	(210,990)	-	-	(210,758)	-	(210,758)
Total comprehensive income in 2018		-	-	-	1,252,887	-	(210,990)	-	-	1,041,897	(8,778)	1,033,119
Appropriation and distribution of retained earnings 2017:												
Legal reserve		-	-	128,110	(128,110)	-	-	-	-	-	-	-
Cash dividends	6(23)	-	-	-	(1,055,162)	-	-	-	-	(1,055,162)	-	(1,055,162)
Financial assets at fair value through disposition of other comprehensive income	6(3)(24)	-	-	-	967	-	(967)	-	-	-	-	-
Changes in non-controlling interest		-	-	-	-	-	-	-	-	-	(2,339)	(2,339)
Balance as of December 31, 2018		\$ 16,233,261	\$ 2,260,513	\$ 1,933,605	\$ 2,660,209	(\$ 48)	\$ 788,079	\$ -	(\$ 1,003)	\$ 23,874,616	\$ 303,265	\$ 24,177,881
2019												
Balance as of January 1, 2019		\$ 16,233,261	\$ 2,260,513	\$ 1,933,605	\$ 2,660,209	(\$ 48)	\$ 788,079	\$ -	(\$ 1,003)	\$ 23,874,616	\$ 303,265	\$ 24,177,881
Net income 2019	6(32)	-	-	-	952,767	-	-	-	-	952,767	(14,017)	938,750
Other comprehensive income 2019	6(3)(20)(24)	-	-	-	(4,036)	-	88,459	-	-	84,423	-	84,423
Total comprehensive income 2019		-	-	-	948,731	-	88,459	-	-	1,037,190	(14,017)	1,023,173
Appropriation and distribution of retained earnings 2018:												
Legal reserve		-	-	125,265	(125,265)	-	-	-	-	-	-	-
Cash dividends	6(23)	-	-	-	(1,055,162)	-	-	-	-	(1,055,162)	-	(1,055,162)
Changes in non-controlling interest		-	-	-	-	-	-	-	-	-	(1,080)	(1,080)
Balanced as of December 31, 2019		\$ 16,233,261	\$ 2,260,513	\$ 2,058,870	\$ 2,428,513	(\$ 48)	\$ 876,538	\$ -	(\$ 1,003)	\$ 23,856,644	\$ 288,168	\$ 24,144,812

The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements. Please read together.

Prince Housing and Development Corporation and Subsidiaries
Consolidated Statement of Cash Flows
January 1-December 31, 2019 and January 1-December 31, 2018

(expressed in thousand NT Dollars)

	Note	2019		2018
<u>Cash flows from operating activities</u>				
Profit before tax		\$ 1,062,068		\$ 1,369,408
Adjustments				
Income charges (credits)				
Financial assets at fair value through profit or loss, net income	6(2)(28)	(37,723 )	(	74,516)
Expected credit impairment profit	12(2)	(11 )	(	121)
Share of profit of associates and joint ventures accounted for under the equity method	6(8)	(98,487 )	(	39,029)
(Gain) Loss on disposition or scarp of property, plant and equipment		(1,375)		2,965
Gain on disposition of investment property		(182 )	(	602)
Disposition expenses of property, plant and equipment		1,358		39
Gain on lease modification		(12)	(-
Depreciation expense	6(9)(10)(12)(30)	729,711		342,937
Amortization expense	6(13)(30)	61,957		62,304
Interest expense	6(29)	326,777		217,151
Interest revenue	6(27)	(14,656 )	(	11,116)
Dividend revenue	6(3)(27)	(101,775 )	(	143,737)
Unrealized gain on foreign exchange		-	(	15,467)
Changes in assets/liabilities related to operating activities				
Changes in assets relating to operating activities net				
Financial assets at fair value through profit or loss, current		(357,187 )	(	611,000)
Contract assets - current		276,027	(	246,276)
Notes receivable		13,829		25,318
Accounts receivable		964,137	(	1,020,376)
Accounts receivable-related parties		24,097	(	13,603)
Other receivables		74,100		57,181
Inventories		2,040,345		106,162
Pre-payments		199,712	(	33,948)
Other current assets, others		40,180		186,391
Other non-current assets, others		(32,781 )	(	5,979)
Changes in liabilities relating to operating activities net				
Contract liability - current		(38,484 )	(	242,015)
Notes payable		(2,362 )	(	12,282)
Accounts payable		(769,487)		499,570
Other payables		(302,635 )	(	85,577)
Other payables, related parties		17,491		21,302
Unearned receipts		2,618	(	7,312)
Other current liabilities, others		(51,171)		43,486
Provisions, non-current		15,358	(	12,343)
Long-term notes and accounts payable, related parties		-	(	20,095)
Defined benefit liabilities net, non-current		(3,512 )	(	20,293)
Other non-current liabilities, other		156		1,730
Operating cash flow		4,038,081		491,411
Interest receivable		14,656		11,116
Dividends receivable		158,037		175,669
Interest payable		(323,444 )	(	256,705)
Income tax payable		(160,223 )	(	107,105)
Operating cash flow net		3,727,107		314,386

(Cont'd)

Prince Housing and Development Corporation and Subsidiaries
Consolidated Statement of Cash Flows
January 1-December 31, 2019 and January 1-December 31, 2018

(expressed in thousand NT Dollars)

	Note	2019	2018
<u>Operating Cash Flow</u>			
Increase (reduction) in Financial Assets Carried at Cost-			
Current		(\$ 94,004)	\$ 383,459
Financial assets at fair value through disposition of other	6(3)		
comprehensive income – non-current		-	1,786
Financial assets at fair value through other			
comprehensive income - non-current capital reduction			
refund		-	10,057
Increase in financial Assets Carried at Cost- Non-current		(49,186)	(310,635)
Acquisition of property, plant and equipment	6(9)	(53,030)	(61,662)
Disposition proceeds of property, plant and equipment		5,260	50
Disposition proceeds of investment property		1,855	4,345
Increase in intangible assets	6(13)	(640)	(1,154)
Refundable deposits reduction		93,041	342,708
(Outward)/Inward investment cash flow net		(96,704)	368,954
<u>Fundraiser Cash Flow</u>			
Short-term loans increase	6(35)	989,000	130,000
Reduction in short-term notes and bills payable	6(35)	(301,809)	(653,824)
Bond repayment	6(35)	-	(2,500,000)
Issuance of bonds	6(35)	-	2,500,000
Repayment of long-term loans	6(35)	(31,212,652)	(15,778,978)
Raising long-term loans	6(35)	29,925,922	16,437,157
Increase (reduction) in long-term bills and accounts	6(35)		
payable		86,668	(22,713)
Repayments of lease principal	6(35)	(368,586)	-
Increase (reduction) in deposit received	6(35)	12,797	(36)
Release of cash dividend	6(23)	(1,055,162)	(1,055,162)
Changes in non-controlling interest		(1,080)	(2,339)
Outward fundraising cash flow net		(1,924,902)	(945,895)
Exchange rate effects		-	8,959
Increase/(Reduction) in cash and cash equivalents		1,705,501	(253,596)
Balance of cash and cash equivalents, beginning of year		3,968,253	4,221,849
Balance of cash and cash equivalents, end of year		\$ 5,673,754	\$ 3,968,253

The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements. Please read together.

Chairman : ALEX C. LO

President: HSIEH, MING-FAN

CAO: TAI, TA-CHANG

Prince Housing and Development Corporation:

Audit Opinion

We have audited the accompanying Individual Statements of Financial Position of Prince Housing and Development Corporation for the years ended December 31, 2019 and December 31, 2018, and the related Individual Statement of Comprehensive Income, Individual Statement of Changes in Equity, and Individual Statement of Cash Flow, and the note (including a summary of important accounting policies) of the Individual Financial Statements during January 1-December 31, 2019 and January 1-December 31, 2018.

In our opinion, with respect to our audit results and the reports (please refer to the Others section) of other independent accountants, the important issues in the said individual financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers can fairly disclose the individual financial position of Prince Housing and Development Corporation for the years ended December 31, 2019 and December 31, 2018, and its individual financial performance and cash flows of Prince Housing & Development Corporation January 1-December 31, 2019 and January 1-December 31, 2018.

Basis of Audit

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Generally Accepted Accounting Principles (GAAP) of the Republic of China. Under these standards, the accountants are responsible to further explain the accountability of the accountants on auditing the consolidated financial statements. In accordance with the independence requirements of the firm, we have required staff to maintained independence from Prince Housing and Development Corporation and carried out their duties with respect to The Norm of Professional Ethics for Certified Public Accountant of the Republic of China. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinions.

Key Audit Items

Key audit items refer to the professional judgment of auditing the most important items in the 2019 Individual Financial Statements of Prince Housing and Development Corporation. While such items have been addressed when auditing the overall individual financial statements and the formation opinions, we will not express opinions on any particular items.

The key audit items of the 2019 individual financial statements of Prince Housing and Development Corporation are as follows:

Recognition time point of realty sale revenue

Description

Please refer to item (31) in Note 4 of the Individual Financial Statements for the accounting policy of sales income and item (26) in Note 6 of the Individual Financial Statements for the description of accounting items. The 2019 revenue from realty sale of Prince Housing and Development Corporation was NT\$4,917,111,000, commanding at 86.57% of the revenue.

Sales revenue of Prince Housing and Development Corporation was recognized after

transferring into costs and recognizing as profit/loss after the ownership transfer and the actual handover of property. As property of Prince Housing and Development Corporation are sold to individual buyers, the accounting workflow often involves various handbook operating procedures including the transfer of ownership transfer and handover data among departments. This results in the appropriate time point of recognition near the closing date of the financial report period. Hence, we have set the recognition time point of sales revenues as one of the important audit items.

Responsive Audit Procedures

In response to the said key audit items, we have implemented the following responsive procedures:

1. To discern and assess the internal control procedures for the management's recognition of revenue from realty sale; and to test if the process of recognition time point of realty sale is effectively implemented, including cross-examining the dates of ownership transfer and handover and the accuracy of accounting time point.
2. A cut-off test was conducted on the realty sale conducted within a particular period before and after the closing date of near the end of the financial report period. The test included cross-examining evidence including the land and building registration transcripts, realty deeds, and handover agreements signed by customers to verify if the revenue from realty sale was registered at the appropriate time.

Investments accounted for under the equity method: The income from construction projects is recognized by assessing the percentage of completion of projects undertaken by Ta Cheng Construction and Engineering Corporation, a subsidiary in possession of subsidiary Honest Investment Holdings Co., Ltd.

Description

Please refer to item (14) of Note 4 of the Individual Financial Statements for the accounting policy of investments accounted for under the equity method and item (8) of Note 6 for the description off accounting items.

While Ta Cheng Construction and Engineering Corporation is an important subsidiary of Prince Housing and Development Corporation invested via subsidiary Honest Investment Holdings Co., Ltd., the financial performance of Ta Cheng Construction and Engineering has important influence on the financial statements of Prince Housing and Development Corporation.

The revenue of the construction service offered by Ta Cheng Construction and Engineering is recognized according to the status of completion during the contract period. The status of completion has been calculated according to the percentage in the estimated total construction cost of the incurred cost by the closing date of financial report period of each project. The estimated total construction cost is based on the cost breakdown sheet produced according to the owner's master design drawings and in consideration of increase or decrease of construction quantity resulted from an engineering change and the construction price and cost indices to estimate the costs invested in an outsourced contract, including labor and materials.

Due to the complexity of items for estimating the said total costs and frequent subjective judgments, high uncertainties are common, and the estimation of the total cost will affect the status of completion and the recognition of revenue from construction. Hence, we have set the

estimation of the status of completion as one of the important items for auditing the revenue from construction of Ta Cheng Construction and Engineering.

Responsive Audit Procedures

In response to the said key audit items, we have implemented the following responsive procedures:

1. To discern the nature of operations and industry of Ta Cheng Construction and Engineering; assess the fairness of the internal operating procedures for estimating the total construction cost, including the procedures for determining the labor and material costs of individual project items; and examine the consistency of the estimation method.
2. To assess and test the internal control procedures affecting the change in the estimation of the total cost of Ta Cheng Construction and Engineering, including cross-examining the evidence regarding the increase or decrease of project items and important project estimates.
3. To interview supervisors and other appropriate staff of Ta Cheng Construction and Engineering for projects still under progress during the interview.
4. To obtain the profit and loss statement of Ta Cheng Construction and Engineering to implement related empirical procedures, including spot check of costs incurred in the period with the appropriate receipts (vouchers), spot check of the increase or decrease of project items with related evidence, and re-check of the percentage of project completion.

Others: Audits of other accountants

The financial reports of investments accounted for under the equity method included in the Individual Financial Statement of Prince Housing and Development Corporation not audited by this firm were audited by other accountants. Hence, the opinion we express in the said Individual Financial Statement for the amounts listed in the financial statements of such companies has been made in accordance with the audit reports of other accountants. The total amount of the said investments accounted for under the equity method for years ended December 31, 2019 and December 31, 2018 was NT\$307,140,000 and NT\$285,763,000, commanding at 0.73% and 0.66% of the total amount of individual assets respectively. The comprehensive income recognized by the same company during January 1-December 31, 2019 and January 1-December 31, 2018 was NT\$21,377,000 and (NT\$12,014,000), commanding at 2.06% and (1.15%) of the total amount of comprehensive income, respectively.

Responsibility for the Individual Financial Statements of the Management and Governance Units

It is the management's responsibility to produce fairly expressed individual financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and to maintain the necessary internal controls related to the production of such individual financial statements in order to ensure that no significant, untrue expression as a result of corruption or errors is found in individual financial statements.

When producing individual financial statements, it is also the management's responsibility to assess the capacity to maintain business continuity, disclosure of related information, and choice of accounting basis for business continuity of Prince Housing and Development Corporation, except when Prince Housing and Development Corporation intends to liquidate or shut down operations, or there is no other feasible alternative other than liquidation or closure.

It is the responsibility of the governance units (including the Audit Committee) of Prince Housing and Development Corporation to supervise the workflow of financial reporting.

Accountant's responsibility for auditing individual financial statements

It is our responsibility to audit the individual financial statements of Prince Housing and Development Corporation to provide reasonable assurance in an audit report that no significant, untrue expression as a result of corruption or errors is found in such individual financial statements. Reasonable assurance refers to high assurance. However, the detection of significant, untrue expressions in the individual financial statements is not guaranteed when audits are implemented based on the GAAP of the Republic of China. Untrue expression as a result of corruption or errors Untrue expressions of individual amounts or sums are significant when they can reasonably affect the economic policy made by the users off consolidated financial statements.

When auditing based on the GAAP of the Republic of China, we have applied professional judgments and maintained professional doubts. Other tasks of accountants:

1. To identify and assess significant, untrue expressions of risks as a result of corruption or errors in individual financial statements; to plan and implement appropriate countermeasures for the risks assessed; and obtain adequate and appropriate audit evidence as the basis for making audit expressions. While corruption may involve collusions, forgeries, willful omissions, untrue declarations, or overstep of internal controls, the risk caused by significant, untrue expressions as a result of corruption is higher than that of errors.
2. To understand internal controls required for audits in order to design audit procedures appropriate to the situation of audit, provided that such an understanding does not intend to express opinions on the effectiveness of the internal controls of Prince Housing and Development Corporation.
3. To assess the suitability of the accounting policy adopted by the management and the fairness of its accounting estimation and related disclosures.
4. To conclude if there are significant uncertainties regarding the suitability of the accounting basis adopted by the management to maintain business continuity and the potential significant doubtful incidents or situations within the capacity to maintain business continuity of Prince Housing and Development Corporation based on the obtained audit evidence. After determining that there are significant uncertainties in such incidents or situations, we shall remind in the audit report the users of such individual financial statements to pay attention to related disclosures in such individual financial statements, or shall we express a modified opinion where such disclosures are inappropriate. We have made conclusions based on the audit basis obtained by the audit report date. However, future incidents or situations may incapacitate Prince Housing and Development Corporation from business continuity.
5. To assess the overall expression, structure and contents of individual financial statements (including related note) and the fair expression of related transactions and incidents in such individual financial statements.
6. To gather adequate and suitable audit evidence of the financial information of individuals

within Prince Housing and Development Corporation to express opinions on the individual financial statements. We are responsible to instruct, supervise and implement the audit of Prince Housing and Development Corporation and conclude the audit opinions on the company

We have communicated the government units on items including the scope and time planned for the audit and important audit findings (including the significant defects identified through internal control during the audit).

We have also provided the governance units with the statement of independence of our staff made in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China. We have also communicated with the governance units on the relations and other items (including related protective measures) that may affect the independence of accountants.

We have determined the key audit items of the 2019 Individual Financial Statements of Prince Housing and Development Corporation based on the communication items with the governance units. We have also specified in the audit report that we will not communicate specific items in the audit report when there are reasons to believe that such communication may cause negative impacts more than positive public interest, except for specific items not allowed for disclosures by law or under extremely rare circumstances.

P w C T a i w a n

TIEN, CHUNG-YU

CPA

WU, CHIEN-CHIH

Financial Supervisory Commission

Approval document: Jin-Guan-Zheng-Shen-Zi No. 1070323061

Jin-Guan-Zheng-Shen-Zi No. 1030027246

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Prince Housing and Development Corporation
Individual Statement of Financial Position
December 31, 2019 and December 31, 2018

(expressed in thousand NT Dollars)

	Assets	Note	December 31, 2019		December 31, 2018	
			Amount	%	Amount	%
Current Assets						
1100	Cash and cash equivalents	6(1)	\$ 4,113,430	10	\$ 2,103,964	5
1110	Financial assets at fair value through profit or loss, current	6(2)	904,894	2	533,083	1
1136	Financial Assets Carried at Cost-Current	6(4) and 8	-	-	240,251	1
1150	Notes receivable net	6(5)	56,998	-	70,659	-
1170	Accounts receivable net	6(5)	88,426	-	1,071,244	3
1200	Other receivables		1,963	-	88,134	-
1220	Current tax assets		7,128	-	-	-
130X	Inventories	6(6), 7 and 8	19,335,331	46	21,310,383	49
1410	Pre-payments		91,063	-	240,890	1
1479	Other current assets, others	6(7)	40	-	41,096	-
11XX	Total current assets		<u>24,599,273</u>	<u>58</u>	<u>25,699,704</u>	<u>60</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss, non-current	6(2) and 8	79,342	-	78,906	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(3) and 8	1,795,634	4	1,708,278	4
1535	Financial Assets Carried at Cost-Non-current	6(4) and 8	910,538	2	877,248	2
1550	Investments accounted for under the equity method	6(8) and 8	5,600,351	13	5,560,664	13
1600	Property, plant and equipment	6(9) and 8	484,710	1	530,320	1
1755	Right-of-use assets	6(10) and 7	182,672	1	-	-
1760	Investment property amount net	6(12) and 8	5,740,842	14	5,789,684	13
1780	Intangible assets	6(13)	2,055,428	5	2,116,681	5
1840	Deferred tax assets	6(31)	471	-	26,332	-
1920	Refundable deposits	9	13,067	-	113,156	-
1990	Other non-current assets, others	7	636,640	2	636,640	2
15XX	Total non-current assets		<u>17,499,695</u>	<u>42</u>	<u>17,437,909</u>	<u>40</u>
1XXX	Total assets		<u>\$ 42,098,968</u>	<u>100</u>	<u>\$ 43,137,613</u>	<u>100</u>

(Cont'd)

Prince Housing and Development Corporation
Individual Statement of Financial Position
December 31, 2019 and December 31, 2018

(expressed in thousand NT Dollars)

Liabilities and Equity	Note	December 31, 2019		December 31, 2018		
		Amount	%	Amount	%	
Current liabilities						
2100	Short-term loans	6(14) and 8	\$ 1,949,000	5	\$ 730,000	2
2110	Short-term notes and bills payable	6(15) and 8	49,925	-	201,734	1
2130	Contract liability - current	6(26)	551,520	1	487,975	1
2150	Notes payable		1,940	-	4,528	-
2170	Accounts payable		941,127	2	1,345,204	3
2180	Accounts payable-Related parties	7	31,006	-	120,236	-
2200	Other payables		375,656	1	540,685	1
2230	Current tax liabilities		-	-	41,994	-
2280	Lease liabilities - Current	7	29,698	-	-	-
2310	Unearned receipts	6(16)	66,565	-	64,060	-
2320	Current portion of long-term liabilities	6(18) and 8	4,629,401	11	3,643,297	9
2399	Other current liabilities, others		31,513	-	79,131	-
21XX	Total current liabilities		<u>8,657,351</u>	<u>20</u>	<u>7,258,844</u>	<u>17</u>
Non-current liabilities						
2530	Bonds payable	6(17)	4,500,000	11	4,500,000	11
2540	Long-term loans	6(18) and 8	4,326,523	10	6,910,357	16
2550	Provisions, non-current	6(19)	102,554	-	87,196	-
2580	Lease liabilities – Non-current	7	155,362	1	-	-
2640	Defined benefit liabilities net, non-current	6(20)	61,556	-	61,115	-
2645	Deposit received		141,469	-	129,655	-
2670	Other non-current liabilities, other	6(8)	297,509	1	315,830	1
25XX	Total non-current liabilities		<u>9,584,973</u>	<u>23</u>	<u>12,004,153</u>	<u>28</u>
2XXX	Total liabilities		<u>18,242,324</u>	<u>43</u>	<u>19,262,997</u>	<u>45</u>
Equity						
Share capital						
3110	Common stock	6(21)	16,233,261	39	16,233,261	38
Additional paid-in capital						
3200	Additional paid-in capital	6(22)	2,260,513	5	2,260,513	5
Retained earnings						
3310	Legal reserve	6(23)	2,058,870	5	1,933,605	4
3350	Unappropriated earnings		2,428,513	6	2,660,209	6
Other components of equity						
3400	Other components of equity	6(24)	876,490	2	788,031	2
3500	Treasury stocks	6(21)	(1,003)	-	(1,003)	-
3XXX	Total equity		<u>23,856,644</u>	<u>57</u>	<u>23,874,616</u>	<u>55</u>
Significant contingent liabilities and unrecognized commitments						
3X2X	Total liabilities and equity		<u>\$ 42,098,968</u>	<u>100</u>	<u>\$ 43,137,613</u>	<u>100</u>

The Note to Individual Financial Statements appended to the statements form part of the Consolidated Financial Statements. Please read together.

Chairman : ALEX C. LO

President: HSIEH, MING-FAN

CAO: TAI,TA-CHANG

Prince Housing and Development Corporation
Individual Statement of Comprehensive Income
January 1-December 31, 2019 and January 1-December 31, 2018

(expressed in thousand NT Dollars)
(except for EPS expressed in NTD)

Item	Note	2019		2018	
		Amount	%	Amount	%
4000 Revenues	6(26) and 7	\$ 5,680,054	100	\$ 6,485,290	100
5000 Operating costs	6(6)(13) (30) and 7	(4,299,848)	(76)	(4,877,308)	(76)
5900 Gross margin		<u>1,380,206</u>	<u>24</u>	<u>1,607,982</u>	<u>24</u>
Operating expenses	6(30) and 7				
6100 Marketing expenses		(325,022)	(6)	(334,206)	(5)
6200 Administrative expenses		(750,591)	(13)	(780,567)	(12)
6450 Losses on expected credit impairments	12(2)	(29)	-	-	-
6000 Total operating expenses		<u>(1,075,642)</u>	<u>(19)</u>	<u>(1,114,773)</u>	<u>(17)</u>
6900 Income from operations		<u>304,564</u>	<u>5</u>	<u>493,209</u>	<u>7</u>
Non-operating income and expenses					
7010 Others	6(27)	140,963	3	199,505	3
7020 Other gains and losses	6(2)(28)	130,789	2	146,831	2
7050 Financial costs	6(6)(29) and 7	(185,984)	(3)	(173,469)	(2)
7070 Share of profit of subsidiaries, associates and joint ventures accounted for under the equity method	6(8)	<u>628,202</u>	<u>11</u>	<u>665,802</u>	<u>10</u>
7000 Total non-operating income and expenses		<u>713,970</u>	<u>13</u>	<u>838,669</u>	<u>13</u>
7900 Net income before tax		<u>1,018,534</u>	<u>18</u>	<u>1,331,878</u>	<u>20</u>
7950 Income tax expenses	6(31)	(65,767)	(1)	(79,223)	(1)
8000 Net income from continuing operation		<u>952,767</u>	<u>17</u>	<u>1,252,655</u>	<u>19</u>
8200 Net income		<u>\$ 952,767</u>	<u>17</u>	<u>\$ 1,252,655</u>	<u>19</u>
Other comprehensive income					
Items that will not be re-classified into profit and loss					
8311 Re-measurement of defined benefit plans	6(20)	(\$ 295)	-	(\$ 129)	-
8316 Unrealized profit and loss on the equity instrument investments at fair value through other comprehensive income	6(3)(24)	87,356	1	(255,628)	(4)
8330 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under the equity method- Items that will not be re-classified into income		(2,638)	-	44,999	1
8310 Items that will not be reclassified into profit or loss		<u>84,423</u>	<u>1</u>	<u>(210,758)</u>	<u>(3)</u>
8300 Other comprehensive income (net)		<u>\$ 84,423</u>	<u>1</u>	<u>(\$ 210,758)</u>	<u>(3)</u>
8500 Total comprehensive income		<u>\$ 1,037,190</u>	<u>18</u>	<u>\$ 1,041,897</u>	<u>16</u>
EPS	6(32)				
9750 Basic		<u>\$</u>	<u>0.59</u>	<u>\$</u>	<u>0.77</u>
9850 Diluted		<u>\$</u>	<u>0.58</u>	<u>\$</u>	<u>0.76</u>
Data to be prepared when the investment of subsidiaries in the stock of this company is not considered as treasury stocks.					
Net income		<u>\$ 952,767</u>		<u>\$ 1,252,655</u>	
EPS					
Basic		<u>\$ 0.59</u>		<u>\$ 0.77</u>	

The Notes to Individual Financial Statements appended to the statements form part of the Consolidated Financial Statements. Please read together.

Chairman : ALEX C. LO

President: HSIEH, MING-FAN

CAO: TAI,TA-CHANG

Prince Housing and Development Corporation
Individual Statement of Changes in Equity
January 1-December 31, 2019 and January 1-December 31, 2018

(expressed in thousand NT Dollars)

	Note	Retained earnings				Other equity				Total equity
		Common stock	Additional paid-in capital	Legal reserve	Unappropriated earnings	The exchange difference in the conversion of financial statements of foreign business institutions	Unrealized profit and loss on the financial assets at fair value through other comprehensive income	Unrealized gain or loss on at fair value	Treasury stocks	
<u>Year 2018</u>										
Balance, January 1, 2018		\$ 16,233,261	\$ 2,260,513	\$ 1,805,495	\$ 2,589,627	(\$ 48)	\$ -	\$ 974,425	(\$ 1,003)	\$ 23,862,270
Traceable adjustment effects	6(24)	-	-	-	-	-	1,000,036	(974,425)	-	25,611
Balance after adjustment on January 1, 2018		<u>16,233,261</u>	<u>2,260,513</u>	<u>1,805,495</u>	<u>2,589,627</u>	<u>(48)</u>	<u>1,000,036</u>	<u>-</u>	<u>(1,003)</u>	<u>23,887,881</u>
Net profit in 2018	6(32)	-	-	-	1,252,655	-	-	-	-	1,252,655
Other comprehensive income in 2018	6(3)(20)(24)	-	-	-	232	-	(210,990)	-	-	(210,758)
Total comprehensive income in 2018		-	-	-	<u>1,252,887</u>	-	<u>(210,990)</u>	-	-	<u>1,041,897</u>
Appropriation and distribution of retained earnings 2017:										
Legal reserve		-	-	128,110	(128,110)	-	-	-	-	-
Cash dividends	6(23)	-	-	-	(1,055,162)	-	-	-	-	(1,055,162)
Financial assets at fair value through disposition of other comprehensive income	6(3)(24)	-	-	-	967	-	(967)	-	-	-
Balance as of December 31, 2018		<u>\$ 16,233,261</u>	<u>\$ 2,260,513</u>	<u>\$ 1,933,605</u>	<u>\$ 2,660,209</u>	<u>(\$ 48)</u>	<u>\$ 788,079</u>	<u>\$ -</u>	<u>(\$ 1,003)</u>	<u>\$ 23,874,616</u>
<u>2019</u>										
Balance as of January 1, 2019		\$ 16,233,261	\$ 2,260,513	\$ 1,933,605	\$ 2,660,209	(\$ 48)	\$ 788,079	\$ -	(\$ 1,003)	\$ 23,874,616
Net income 2019	6(32)	-	-	-	952,767	-	-	-	-	952,767
Other comprehensive income in 2019	6(3)(20)(24)	-	-	-	(4,036)	-	88,459	-	-	84,423
Total comprehensive income 2019		-	-	-	<u>948,731</u>	-	<u>88,459</u>	-	-	<u>1,037,190</u>
Appropriation and distribution of retained earnings 2018:										
Legal reserve		-	-	125,265	(125,265)	-	-	-	-	-
Cash dividends	6(23)	-	-	-	(1,055,162)	-	-	-	-	(1,055,162)
Balanced as of December 31, 2019		<u>\$ 16,233,261</u>	<u>\$ 2,260,513</u>	<u>\$ 2,058,870</u>	<u>\$ 2,428,513</u>	<u>(\$ 48)</u>	<u>\$ 876,538</u>	<u>\$ -</u>	<u>(\$ 1,003)</u>	<u>\$ 23,856,644</u>

The Notes to Individual Financial Statements appended to the statements form part of the Consolidated Financial Statements. Please read together.

Chairman : ALEX C. LO

President: HSIEH, MING-FAN

CAO: TAI, TA-CHANG

Prince Housing and Development Corporation
Individual Statement of Cash Flows
January 1-December 31, 2019 and January 1-December 31, 2018
(expressed in thousand NT Dollars)

	Note	Year 2019	Year 2018
<u>Cash flows from operating activities</u>			
Profit before tax		\$ 1,018,534	\$ 1,331,878
Adjustments			
Income charges (credits)			
Financial assets at fair value through profit or loss, net income	6(2)(28)	(4,059)	(1,817)
Losses on expected credit impairments	12(2)	29	-
Share of other profit of subsidiaries, associates and joint ventures accounted for under the equity method	6(8)		
Loss on disposition or scrap of property, plant and equipment	6(28)	(628,202)	(665,802)
Gain on disposition of investment property	6(28)	80	19
Disposition expenses of property, plant and equipment	6(28)	(182)	(602)
Depreciation expense	6(9)(10)(12)(30)	278	-
Amortization expense	6(13)(30)	141,763	110,893
Interest expense	6(29)	61,253	61,253
Interest revenue	6(27)	185,984	173,469
Dividend revenue	6(3)(27)	(4,099)	(4,169)
Unrealized gain on foreign exchange	6(28)	(74,866)	(112,484)
Changes in assets/liabilities related to operating activities			
Changes in assets relating to operating activities net			
Financial assets at fair value through profit or loss, current		368,188	(431,000)
Notes receivable		13,661	15,103
Accounts receivable		982,789	(986,368)
Other receivables		86,171	43,228
Inventories		1,975,052	(64,035)
Pre-payments		139,235	(23,125)
Other current assets, others		41,056	172,462
Changes in liabilities relating to operating activities net			
Contract liability - current		63,545	(337,303)
Notes payable		(2,588)	(1,265)
Accounts payable		(404,077)	261,415
Accounts payable-Related parties		(89,230)	103,845
Other payables		(164,345)	6,799
Unearned receipts		2,505	(53,027)
Other current liabilities, others		(47,618)	47,447
Provisions, non-current		15,358	(12,343)
Defined benefit liabilities net, non-current		146	(15,887)
Cash (outflow) inflow of business operations		2,939,985	(396,883)
Interest receivable		4,099	4,169
Dividends receivable		642,422	1,060,297
Interest payable		(186,668)	(165,298)
Income tax payable		(89,028)	(42,046)
Operating cash flow net		<u>3,310,810</u>	<u>460,239</u>

(Cont'd)

Prince Housing and Development Corporation
Individual Statement of Cash Flows
January 1-December 31, 2019 and January 1-December 31, 2018
(expressed in thousand NT Dollars)

	Note	2019	2018
<u>Operating Cash Flow</u>			
Reduction in Financial Assets Carried at Cost- Current		\$ 240,251	\$ 234,595
investment Increment using the equity method		-	(221,000)
Acquisition of property, plant and equipment	6(9)	(6,870)	-
Disposition proceeds of property, plant and equipment		20	-
Disposition proceeds of investment property		1,855	4,345
Refundable deposits reduction		100,089	307,892
Financial assets at fair value through disposition of other comprehensive income – non-current	6(3)	-	1,786
Financial assets at fair value through other comprehensive income - non-current capital reduction refund of subscription		-	10,057
Increase in financial Assets Carried at Cost- Non- current		(33,290)	(206,702)
Inward investment cash flow net		<u>302,055</u>	<u>130,973</u>
<u>Fundraiser Cash Flow</u>			
Short-term loans increase	6(35)	1,219,000	40,000
Reduction in short-term notes and bills payable	6(35)	(151,809)	(653,824)
Bond repayment	6(35)	-	(2,500,000)
Issuance of bonds	6(35)	-	2,500,000
Repayment of long-term loans	6(35)	(31,212,652)	(15,682,269)
Raising long-term loans	6(35)	29,614,922	16,437,157
Increase (reduction) in deposit received	6(35)	11,814	(41)
Repayments of lease principal	6(35)	(29,512)	-
Release of cash dividend	6(23)	(1,055,162)	(1,055,162)
Outward fundraising cash flow net		(1,603,399)	(914,139)
Increase/(Reduction) in cash and cash equivalents		2,009,466	(322,927)
Balance of cash and cash equivalents, beginning of year		<u>2,103,964</u>	<u>2,426,891</u>
Balance of cash and cash equivalents, end of year		<u>\$ 4,113,430</u>	<u>\$ 2,103,964</u>

The Notes to Individual Financial Statements appended to the statements form part of the Consolidated Financial Statements. Please read together.

Chairman : ALEX C. LO

President: HSIEH, MING-FAN

CAO: TAI, TA-CHANG

Prince Housing & Development corp.

Profit Distribution Table

January 1-December 31, 2019

(expressed in thousand NTD)

I.	Available distribution	
	1. Beginning unappropriated earnings	1,479,781,226
	2. Add: 2019 net profit after tax	952,767,844
	3. Less: Re-measurement of defined benefit plans	(4,035,941)
	4. Less: Legal reserve	<u>(94,873,190)</u>
	5. Distributable net profit	2,333,639,939
II.	Distribution items	
	Cash dividend (NT\$0.5 per share)	(811,663,074)
III.	III. Accumulated unappropriated earnings	1,521,976,865

Description:

1. Unappropriated earnings at the end of 2019 will first be distributed.
2. The fractional shares held by shareholders after profit distribution will be transferred to the employee welfare committee of this company.

Chairman: ALEX C. LO President: HSIEH, MING-FAN CAO: TAI, TA-Chang

Prince Housing & Development corp.
Amendment to Procedures for Loaning of Funds to Others
Cross Reference

After Amendment	Existing Laws and Regulations	Description
<p>Article 5 Procedures for Loaning of Funds for Others 1. When loaning funds to others, after the review of this Company’s responsible unit, determine the credit line and submit to the president for approval and the board of directors for passage through resolution before implementation. For lending between this Company and subsidiaries or between subsidiaries, the chairperson may be authorized to disburse loans in different times or revolve loans for the same borrower at the same credit limit with one year approved by the board of directors. The limit and term of lending of funds between this Company and an overseas company directly or indirectly wholly-owned by this Company shall be stated in the SOP of such subsidiaries. 2. In a board discussion, the opinion of each independent director shall be fully considered, and <u>decisions and reasons for or against the application of independent directors shall be explicitly retained in the minutes of board meeting.</u> 3. The financial department shall maintain a record on the lending of funds. After the approval of the board, the borrower and amount of lending, date of board approval, the date of</p>	<p>Article 5 Procedures for Loaning of Funds for Others 1. When loaning funds to others, after the review of this Company’s responsible unit, determine the credit line and submit to the president for approval and the board of directors for passage through resolution before implementation. For lending between this Company and subsidiaries or between subsidiaries, the chairperson may be authorized to disburse loans in different times or revolve loans for the same borrower at the same credit limit with one year approved by the board of directors. The limit and term of lending of funds between this Company and an overseas company directly or indirectly wholly-owned by this Company shall be stated in the SOP of such subsidiaries. 2. In a board discussion, the opinion of each independent director shall be fully considered, and <u>their decisions and reasons for or against the application shall be explicitly retained in the minutes of board meeting.</u> 3. The financial department shall maintain a record on the lending of funds. After the approval of the board, the borrower and amount of lending, date of board approval, the date of disbursement, and a full</p>	<p>Text adjustment according to the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.”</p>

<p>disbursement, and a full record of the items accessed according to related regulations.</p> <p>4. Every month a record of when the lending occurred and cancelled shall be maintain in detail to facilitate control, follow-up, reporting and declaration.</p> <p>5. If lending exceeds the approved limit after a change, an improvement plan shall be made and submitted to the audit committee and implemented as scheduled.</p> <p>6. Internal auditors of this Company shall audit the Procedures for Loaning of Funds to Others and the status of implementation quarterly and maintain a written record. Internal auditors immediately report serious breaches, where detected, to the audit committee.</p>	<p>record of the items accessed according to related regulations.</p> <p>4. Every month a record of when the lending occurred and cancelled shall be maintain in detail to facilitate control, follow-up, reporting and declaration.</p> <p>5. If lending exceeds the approved limit after a change, an improvement plan shall be made and submitted to the audit committee and implemented as scheduled.</p> <p>6. Internal auditors of this Company shall audit the Procedures for Loaning of Funds to Others and the status of implementation quarterly and maintain a written record. Internal auditors immediately report serious breaches, where detected, to the audit committee.</p>	
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Prince Housing & Development corp.
Amendments to the Regulations for the Making of
Endorsements/Guarantees
Cross Reference

After Amendment	Existing Laws and Regulations	Description
<p>Article 3 This Company may make endorsements/guarantees for the following companies:</p> <ol style="list-style-type: none"> 1. Companies having business with this Company. 2. Subsidiaries of which this Company holds directly more than 50 percent of the common shares. 3. Investees of which the parent company and subsidiaries hold together over 50% of the common shares. 4. The parent holds directly or indirectly through subsidiaries over 50% of the common shares of this Company. 5. All capital contributing shareholders make endorsements/ guarantees for their jointly investees in proportion to their shareholding percentages 6. Mutual endorsements/guarantees provided for another company in the same industry or for joint builders to undertake a construction project. 7. Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes <p>Subsidiaries of which this Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees</p>	<p>Article 3 This Company may make endorsements/guarantees for the following companies:</p> <ol style="list-style-type: none"> 1. Companies having business with this Company. 2. Subsidiaries of which this Company holds directly more than 50 percent of the common shares. 3. Investees of which the parent company and subsidiaries hold together over 50% of the common shares. 4. The parent holds directly or indirectly through subsidiaries over 50% of the common shares of this Company. 5. All capital contributing shareholders make endorsements/ guarantees for their jointly investees in proportion to their shareholding percentages 6. Mutual endorsements/guarantees provided for another company in the same industry or for joint builders to undertake a construction project. 7. Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes <p>Subsidiaries of which this Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees</p>	<p>Text adjustment according to the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.”</p>

<p>for each other and the amount of endorsements/guarantees shall not exceed 10% of this Company's net worth of the public company with the approval of the board of directors; Except for subsidiaries, directly or indirectly, wholly owned by this Company. Before making endorsements/guarantees for others, the opinion of each independent director shall be fully considered, and <u>the decisions and reasons for or against the application of independent directors shall be explicitly retained in the minutes of board meeting.</u></p>	<p>for each other and the amount of endorsements/guarantees shall not exceed 10% of this Company's net worth of the public company with the approval of the board of directors; Except for subsidiaries, directly or indirectly, wholly owned by this Company. Before making endorsements/guarantees for others, the opinion of each independent director shall be fully considered, and <u>their decisions and reasons for or against the application shall be explicitly retained in the minutes of board meeting.</u></p>	
<p>Article 6 This Company's procedures for making endorsements/guarantees for others are as follows: 1. Assess the risk and set the guarantee limit based on the needs of applicants and submit to the board of directors for approval before implementation. However, to meet the timeliness need, the board of directors may authorize the chairperson to approve endorsements/guarantees within a certain amount before reporting to the board of directors for ratification and reporting the status and related details to the AGM for recordation. 2. In a board discussion, the opinion of each independent director shall be fully considered, and <u>decisions and reasons for or against the application of independent directors shall be explicitly retained</u></p>	<p>Article 6 This Company's procedures for making endorsements/guarantees for others are as follows: 1. Assess the risk and set the guarantee limit based on the needs of applicants and submit to the board of directors for approval before implementation. However, to meet the timeliness need, the board of directors may authorize the chairperson to approve endorsements/guarantees within a certain amount before reporting to the board of directors for ratification and reporting the status and related details to the AGM for recordation. 2. In a board discussion, the opinion of each independent director shall be fully considered, and <u>their decisions and reasons for or against the application shall be explicitly retained in the</u></p>	

<p><u>in the minutes of board meeting.</u></p> <p>3. When the endorsed/guaranteed company disburses the sum within the endorsement/guarantee limit, the amount and term of loan and the nature of endorsements/guarantees of this company shall be reported to the financial department for approval before submitting to the president for authorization.</p> <p>4. When repaying the loan, the endorsed/guaranteed company shall notify this Company to relieve the guarantee.</p> <p>5. When making endorsements/guarantees, a record shall be maintained with information including the name of the applicant, the details of endorsement/guarantees, the results of risk assessment, the amount of endorsement/guarantees, the contents of acquired collaterals and the terms and dates for relief of endorsements/guarantees for recordation.</p> <p>6. If the recipient qualified for endorsement/guarantee according to Article 3 becomes unqualified afterwards, or the amount of endorsement/guarantee is over the limit after a change in the calculation basis, the over-limit part of endorsement/ guarantee shall be cancelled after the endorsement/guarantee contract expires or after a specified period within the <u>plan</u>. The situation shall be reported to the board of directors.</p> <p>7. Internal auditors of this Company shall audit the</p>	<p><u>minutes of the board meeting.</u></p> <p>3. When the endorsed/guaranteed company disburses the sum within the endorsement/guarantee limit, the amount and term of loan and the nature of endorsements/guarantees of this company shall be reported to the financial department for approval before submitting to the president for authorization.</p> <p>4. When repaying the loan, the endorsed/guaranteed company shall notify this Company to relieve the guarantee.</p> <p>5. When making endorsements/guarantees, a record shall be maintained with information including the name of the applicant, the details of endorsement/guarantees, the results of risk assessment, the amount of endorsement/guarantees, the contents of acquired collaterals and the terms and dates for relief of endorsements/guarantees for recordation.</p> <p>6. If the recipient qualified for endorsement/guarantee according to Article 3 becomes unqualified afterwards, or the amount of endorsement/guarantee is over the limit after a change in the calculation basis, the over-limit part of endorsement/ guarantee shall be cancelled after the endorsement/guarantee contract expires or after a specified period within the <u>plan</u>. The situation shall be reported to the board of directors.</p> <p>7. Internal auditors of this</p>	
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<p>endorsement/guarantee procedures and the status of implementation quarterly and maintain a written record. Internal auditors immediately report serious breaches, where detected, to the audit committee.</p> <p>8. If a subsidiary with a net worth below one half of its paid-in capital is the recipient of endorsement/guarantee, this Company or a subsidiary shall review its financial statements quarterly and request it to submit a financial improvement report.</p>	<p>Company shall audit the endorsement/guarantee procedures and the status of implementation quarterly and maintain a written record. Internal auditors immediately report serious breaches, where detected, to the audit committee.</p> <p>8. If a subsidiary with a net worth below one half of its paid-in capital is the recipient of endorsement/guarantee, this Company or a subsidiary shall review its financial statements quarterly and request it to submit a financial improvement report.</p>	
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Prince Housing and Development Corporation Rules of Procedure for Shareholders Meetings.

Article 1. To establish a strong governance system and sound supervisory capabilities for the meeting of shareholders of this Corporation, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.

Article 2. The rules of procedures for the meeting of shareholders of this Corporation, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 3. Unless the laws and regulations otherwise require, the meeting of shareholders of this Corporation shall be convened by the board of directors.

This Corporation shall prepare an electronic version of the notice of meeting of shareholders and the proxy form, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) 30 days before the date of an annual general meeting of shareholders (AGM) or 15 days before the date of a provisional meeting of shareholders. This Corporation shall prepare an electronic version of the handbook of meeting of shareholders and supplemental meeting materials and upload them to MOPS 21 days before the date of the AGM or 15 days before the date of a provisional meeting of shareholders. In addition, 15 days before the date of the shareholders meeting, this Corporation shall prepare the handbook of a meeting of shareholders and supplemental meeting materials and make them available for review by shareholders at any time. The meeting handbook and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.

The reasons for convening a meeting of shareholders shall be specified in the meeting notice and public announcement. With the consent of the addressee, such can be made electronically

Elections or dismissal of directors, amendments to the articles of incorporation, the dissolution, merger, or spin-off of the corporation or any matter under paragraph 1, Article 185, of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be listed in the reasons for convening column of the notice of meeting of shareholders. None of the above matters may be raised by an extraordinary motion.

A shareholder holding 1% or more of the total number of issued shares may submit to this Corporation a written proposal for discussion at an AGM. The principle of one proposal for one topic shall apply, and a proposal containing more than one item will not be discussed. In addition, the board of directors may not list in the handbook for discussion a proposal under any one of the circumstances specified in paragraph 4 of Article 172-1, of the Company Act.

Prior to the final date of stock transfer before an AGM is held, this Corporation shall announce the place and period of proposal acceptance for a minimum of 10 days.

Each proposal submitted by shareholders shall not exceed 300 words. Proposals longer than 300 words will not be listed in the handbook for discussion. Shareholders making

proposals shall be present in person or represented by a proxy at the general meeting of shareholders and take part in proposal discussion.

Prior to the date of issuance of a meeting notice, this Corporation shall inform shareholders who have submitted proposals of the results of proposal processing and shall list in the meeting notice proposals conforming with the provisions of this article. At the meeting of shareholders, the board of directors shall explain the exclusion of any shareholder proposals in the handbook.

Article 4. Shareholders may appoint a proxy to represent them in a meeting by submitting the proxy form issued by this Corporation and by stating the scope of authorization for the proxy.

Each shareholder shall deliver to this Corporation one proxy form for one proxy only five days prior to a meeting of shareholders. When more than one proxy forms are received, only the earliest one will be accepted, except with a declaration to relieve the previous proxy.

After a proxy form is delivered to this Corporation, should a shareholder intend to attend the meeting in person or to exercise its voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation 2 business days before the meeting date. Should the cancellation notice be delivered after that time, votes cast at the meeting by the proxy shall prevail.

Article 5. A meeting of shareholders shall be held in the region where this Corporation is located or a venue that can be easily accessed by shareholders and suitable for a meeting of shareholders. The meeting shall be held between 9.00 a.m. and 3.00 p.m. Full consideration shall be given to the opinions expressed by independent directors with respect to the place and time of the meeting.

Article 6. This Corporation shall specify in meeting notice the check in time, registration location and related notices to inform shareholders.

The said shareholder check in time shall begin at least 30 minutes before the meeting commences. The registration shall be readily identified, and sufficient competent staff shall be assigned to process shareholder registration.

Shareholders or their proxies (collectively called "shareholders") shall attend the meeting of shareholders with an admission pass, check-in pass, or other admission documents.

Under no circumstances shall this Corporation arbitrarily add requirements for other documents grating admission to a meeting of shareholders. Those recruiting proxy forms shall also bring their identity cards for verification.

This Corporation shall furnish a registry for shareholders check in or shareholders the meeting may hand in a check-in card to substitute check-in procedure.

This Corporation shall provide a AGM handbook, annual report, admission pass, speech note, vote, and other meeting materials for shareholders attending AGM, and a ballot for election, if any.

When the government or an institution is a shareholder, it may be represented by more than one representative at a meeting of shareholders. When an institution is appointed to attend the meeting as a proxy, it may designate only one person to represent it in the meeting.

Article 7. If a meeting of shareholders is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. Should the chairperson of the board be on leave or unable to exercise the powers of a chairperson for whatever reasons, the vice chairperson shall take its place to chair the meeting. Should there be no vice chairperson or the vice chairperson be on leave or unable to exercise the powers of a chairperson for whatever reasons, the chairperson shall appoint a managing director represent him/her or

a director shall be when there is no managing director. Should no representative is appointed by the chairperson, managing directors or directors may elect one of them chair the meeting.

When a managing director or director is assigned to chair a meeting of shareholders, this managing director or director must have worked at this Corporation for a minimum of six months and must understand the financial status of this Corporation. The same shall apply to an institutional representative.

It is advisable that a meeting of shareholders convened by the board of directors shall be chaired by the chairperson of the board in person and attended by majority directors and at least one member of each functional committee. Their attendances shall be recorded in the meeting minutes.

If a meeting of shareholders is convened by a party with convening power other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall select a chair from among themselves.

This Corporation may appoint its attorneys at law, certified public accountants, or related staff to attend a meeting of shareholders.

Article 8. This Corporation shall maintain a full video and audio recordings of the meeting starting from the check-in and registration, during the meeting and the election.

The said audiovisual data shall be retained for at least one year. Should a law suit be filed according to Article 189 of the Company Act, the said audiovisual data shall be retained until the end of the suit.

Article 9. Attendance of the meeting of shareholders shall be calculated based on numbers of shares. The number of shares for voting in writing or electronically shall be calculated based on shares shown in the check-in register or the check-in pass.

The chair shall call the meeting to order at the scheduled meeting time. However, when the shareholders in attendance do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, and the total length of postponements shall not exceed one hour. If the quorum does is not met after two postponements and the shareholders in attendance still represent less than one third of the total number of issued shares, the chair shall adjourn the meeting.

If the quorum is not met after two postponements mentioned in the preceding paragraph, but the number of shares represented by shareholders in attendance commands at a third or more of the total number of issued shares, a tentative resolution may be adopted in accordance with paragraph 1, Article 175, of the Company Act. All shareholders shall be notified of the tentative resolution and another meeting of shareholders shall be convened within one month.

Should the number of shareholders in attendance represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for voting at the meeting of shareholders according to Article 174 of the Company Act.

Article 10. The board of directors shall plan the agenda for meetings of shareholders it convenes and shall proceed such meetings as planned. Under no circumstances shall the board of directors alter the agenda without the resolution of the meeting of shareholders. The provisions in the preceding paragraph shall apply *mutatis mutandis* to meetings of shareholders convened by parties other than the board of directors.

Unless a resolution is otherwise made, under no circumstances shall the chairperson adjourn a meeting of shareholders without going through the entire agenda (including extraordinary motions). Should the chairperson violate this rule, other board members

shall assist shareholders in attendance to immediately elect a new chairperson with their majority consent according to the statutory procedures.

A chairperson shall grant ample opportunities for the full explanation and discussion of proposals and amendments or extraordinary motions put forward by the shareholders. A chairperson may end the discussion and call for a vote of sufficiently discusses proposals.

Article 11. Before speaking, a shareholder in attendance of shareholders must specify on a speaker's slip the subject matter of the speech, his/her shareholder account number (or admission pass number), and account name. The order in which shareholders speak will be set by the chairperson.

A shareholder in attendance who does not speak after submitting a speaker's slip is considered as silent. Should the content of a speech does not correspond to the subject matter in the speaker's slip, the speech content shall prevail.

Except with the consent of the chairperson, a shareholder shall speak more than twice in the same proposal, and each speech shall not exceed five minutes. Should a shareholder make a speech in violation of related rules or irrelevant to the subject matter, the chairperson may request such a shareholder to terminate the speech

Except with the approval of the chairperson or the speaking shareholder, under no circumstances shall other shareholders interrupt the speech of a shareholder at the meeting.

When an institutional shareholder appoints two or more representatives to attend a meeting of shareholders, only one of such representatives may speak for the same proposal.

After a shareholder finishes a speech, the chairperson may personally or direct relevant staff to respond to such a speech.

Article 12. Voting at a meeting of shareholders shall be calculated based the number of shares. With respect to the resolutions made by the meeting of shareholders, the stake of a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

Should a shareholder be a stakeholder of a handbook item and should such a relationship prejudice the interest of this Corporation, that shareholder shall neither vote on that item nor exercise the voting rights as proxy for any other shareholders.

The number of shares not allowed for excising the voting rights according to the preceding paragraph will not be considered in the voting shares of shareholders in attendance.

Except for a trust enterprise or a shareholder services agent approved by the securities competent authority, when a person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by such a proxy shall not exceed 3% of the voting rights represented by the total number of issued shares, and the percentage of voting rights exceeding such a limit will not be considered.

Article 13. Each shareholder is entitled to one vote for each share held, except for restricted shares or non-voting shares under paragraph 2, Article 179, of the Company Act. When holding a meeting of shareholders, this Corporation may allow shareholders to exercise voting rights by correspondence or electronically, provided that the methods of voting shall be specified in the meeting notice. When exercising voting rights by correspondence or electronically, a shareholder shall be deemed as present in the meeting personally. However, such a shareholder shall be considered as a waiver when voting for extraordinary motions and amendments to original proposals. It is therefore advisable

that this Corporation shall avoid extraordinary motions and amendments to original proposals at the meeting.

A shareholder intending to exercise voting rights by correspondence or electronically under the preceding paragraph shall deliver a written declaration of intent to this Corporation two days before the date of the meeting of shareholders. When repeat declarations of intent are delivered, the one received earliest shall prevail, except for a declaration made to revoke the previous declaration of intent.

A shareholder wishing to attend a meeting of shareholders after exercising voting rights by correspondence or electronically shall delivered a notice to retract the said voting rights made with the same method as exercising the voting rights in writing two business days before the date of the meeting of shareholders. The voting rights exercised by correspondence or electronically shall prevail for failure to make retraction by the said deadline. When a shareholder exercises voting rights both by correspondence or electronically and by appointing a proxy to attend a meeting of shareholders, the voting rights exercised by the proxy in the meeting shall prevail.

Except the Company Act and the articles of incorporation of this Corporation otherwise require, a proposal shall be passed by an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, the chairperson or staff the chairperson designates shall first announce the total number of voting rights represented by the attending shareholders of each proposal before allowing for shareholders to vote. The outcomes of voting, including the number of votes in favor and against, and the number of abstentions shall be posted on MOPS on the same day after the meeting is adjourned.

When there is an amendment or an alternative to a proposal, the chairperson shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

The chairperson shall appoint staff to supervise and count the votes if a proposal, provided that the appointed person shall be a shareholder of this Corporation.

Vote counting for proposals or elections in a meeting of shareholders shall be conducted in a common area of the meeting venue. The outcomes, including the statistical tallies of the numbers of votes shall be announced immediately after counting is completed, and records shall be maintained.

Article 14. Directorial elections shall be implemented in accordance with related election and appointment rules established by this Corporation, and the voting results shall be announced on-site immediately, including the list of directors elect and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the supervising person and retained properly for at least one year. Should a law suit be filed according to Article 189 of the Company Act, the said audiovisual data shall be retained until the end of the suit.

Article 15. Resolutions made by the meeting of shareholders shall be maintained in the meeting minutes. The meeting minutes shall be signed or sealed by the chairperson of the meeting and a copy distributed to each shareholder within 20 days after meeting adjournment. The meeting minutes may be produced and distributed electronically. This Corporation may distribute the meeting minutes mentioned in the preceding paragraph positing it on MOPS.

The meeting minutes shall contain the accurate year, month, day, and place of the meeting, the full name off the chairperson, the methods by which resolutions were made,

and a summary of the deliberations and their results, and shall be retained permanently during the existence of this Corporation.

Article 16. On the day of a meeting of shareholders, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the meeting of shareholders. If matters put to a resolution at a meeting of shareholders constitute material information under applicable laws or regulations or under the regulations specified by Taiwan Stock Exchange Corporation, this Corporation shall upload the content of such resolution to MOPS by the deadline.

Article 17. Staff handling the administrative affairs of a meeting of shareholders shall wear an identification card or an armband.

The chair may direct proctors or security guards to help maintain order at the meeting place. When maintaining order at the meeting place, proctors or security guards shall wear an identification card or armband bearing the word "Proctor."

Should a shareholder attempt to speak through devices other than the public-address equipment prepared by this Company in a meeting, the chairperson may stop such a shareholder.

When a shareholder violates the rules of procedure and defies the chairperson's correction, obstructs the proceedings and refuses to heed calls to stop, the chairperson may direct proctors or security guards to escort that shareholder to leave the meeting.

Article 18. The chairperson may announce a break, where appropriate, in the middle of the meeting. The chairperson may also temporarily hold the meeting for force majeure or an act of God and resume the meeting wherever the situation allows.

Should the meeting venue be no longer available for continued use and not all items (including extraordinary motions) in the meeting handbook are addressed, the meeting of shareholders may adopt a resolution to continue the meeting at another venue.

Shareholders may postpone or continue the meeting within five days through resolution in accordance with Article 182 of the Company Act.

Article 19. Matters not provided for in these Rules shall be handled in accordance with the Company Act or the articles of incorporation of this Corporation.

Article 20. These Rules, and any amendments hereto, shall be implemented after adoption by meeting of shareholders.

Articles of Incorporation of Prince Housing and Development Corporation

Chapter 1. General Provisions

- Article 1. This Company is incorporated as a company limited by shares in accordance with the Company Act in the name of Prince Housing and Development Corporation in Chinese or Prince Housing and Development Corp. in English.
- Article 2. The scope of business of this Company is as follows:
1. The development, operation, lease, and sale of farms, forests, and animal and aquaculture farms.
 2. Commissioned construction, management, lease, and sale of public housing and commercial buildings, tourisms hostels, tourism and recreational industries (children's theme parks and water parks), indoor and outdoor sports facilities, car parks and multistory car parks, supermarkets, harbor and inland bag or bulk warehouses.
 3. Development, operations, lease and sale of industrial parks and residential areas.
 4. Manufacture and trading of construction materials, and agency and promotion of construction technologies.
 5. Estate lease and sale agent.
 6. Distribution, import, manufacture, and trading to sports equipment.
 7. Commissioned zoning.
 8. E201010 Landscape Engineering
 9. I503010 Landscape and Interior Designing
 10. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3. This Company may invest in other industries for business needs regardless of the total investment limit of not more than 40% of the company's paid-up capital set forth in Article 13 of the Company Act.
- Article 4. This Company is headquartered in Tainan City, Republic of China. With the resolution made by the board of directors, this Company may establish branches and factories anywhere inside and outside the territory of the Republic of China. They shall apply to the withdrawal or relocation of such.

Article 5. This Company shall disclose information in accordance with Article 28 of the Company Act.

Chapter 2 Shares

Article 6. The total authorized capital of this Company is New Taiwan Dollar Twenty Billion (NTD20 billion) divided into New Taiwan Dollar Two Thousand Million (NTD2,000,000,000) shares with a par value at New Taiwan Dollar Ten (NTD10) each. The board of directors is authorized to issue such shares serially.

Article 7. After being approved for establishment or registration change, shares of this Company are issued in registered stocks signed or stamped by a minimum of three directors and certified by competent authorities or the organizations for stock issuance and registration designated by such authorities. When issuing shares publicly, this Company may exempt from printing the stocks for such shares or print stocks combining with the total number of shares issued, provided registration to the centralized securities depository enterprises shall be made.

Article 8. This Company shall handle stock affairs in accordance with the regulations of competent authorities and related laws and regulations.

Article 9. No name changes or share transfer is allowed within 60 days prior to an annual general meeting of shareholders, within 30 days prior to a provision meeting of shareholders, or within 5 days prior to the base date for distributing dividends, bonuses, or other benefits.

Article 10. This Company may charge the printing fee and pay the stamp tax for renewal or reissuance of new stocks.

Chapter 3. Meeting of Shareholders

Article 11. Meetings of shareholders include the general meeting of shareholders and the provisional meeting of shareholders. The former shall be held at least once a year within six months after the end of each accounting year; and the latter shall be held by law where necessary.

Article 12. A shareholder unable to attend a meeting of shareholders may appoint a proxy to attend the meeting in accordance with Article 177 of the Company Act. Unless the Company Act otherwise requires, proxy appointments shall be made in accordance with the Regulations Governing the Use of

Proxies for Attendance at Shareholder Meetings of Public Companies promulgated by competent authorities.

- Article 13. Unless the Company Act otherwise requires, the chairperson of this Company shall chair a meeting of shareholders. The chairperson who is absent with apologies or unable to carry out his duties for some reason shall appoint a proxy in accordance with Article 208 of the Company Act.
- Article 14. Unless the law otherwise requires, resolutions of a meeting of shareholders shall be made with the approval of over half of shareholders in a meeting attended by shareholders representing over half of the total number of shares issued.
This Company shall include electronic voting as a way to exercise voting rights in a meeting of shareholders, and exercising voting rights by correspondence may also be accepted.
- Article 15. Each shareholder of this Company is entitled to one vote for each share held, except for restricted shares or non-voting shares under the Company Act.
- Article 16. Resolutions made in a meeting of shareholders shall be taken in the meeting minutes that contain the year, month, day, and place of the meeting, the full name of the chairperson, the methods by which resolutions are made, and a summary of the deliberations and their results. The meeting minutes shall be signed or sealed by the chairperson and a copy distributed to each shareholder within 20 days after meeting adjournment. The meeting minutes may be distributed by means of an announcement. The meeting minutes, the shareholder attendance list, and the power of attorney shall all be retained by this Company for reference and recording.

Chapter 4. Board of Directors and Audit Committee

- Article 17. The board of directors of this company consists of 15 directors, including 3 independent directors. Candidates are nominated from among competent shareholders. A director can hold a term of 3 years and is valid for re-election. The total number of shares held by all directors shall be handled in accordance with the regulations of the securities management authority. In a directorial election, each share is entitled to voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates. Those candidates receiving more voting rights shall be elected as directors.

The professional qualifications, stake, concurrent job limitation, nomination, election, and other matters relating to independent shareholders shall be subject to the related regulations of the security's competent authority.

The board of directors is authorized to determine the compensation, honorarium, and administrative expense of directors with respect to their involvement in organizational operations and contributions and the standard in the business. However, Article 32 of the Company Act shall also apply to the compensation for directors.

- Article 18. The board of directors shall be formed by directors. The chairperson is elected with the approval of over half of directors in a board meeting attended by over two thirds of all director. The same method shall apply to elect a vice president. The chairperson represents this Company externally and administer the Company in the assistance of the vice chairperson in accordance with related laws and regulations and the resolutions made by the meeting of shareholders. Should the chairperson be absent or unable to carry out his/her duties for some reasons, the proxy shall be appointed in accordance with the Company Act.
- Article 19. The chairperson shall chair a board meeting. The chairperson who is absent with apologies or unable to carry out his duties for some reason shall appoint a proxy in accordance with Article 208 of the Company Act.
- Article 20. Directors shall attend a board meeting in person. A director who is absent with apologies may assign another director to represent him in a board meeting by issuing a power of attorney specifying the scope of authorization. One on one representation shall apply. A board meeting may be implemented by a conference call. Directors attending a board meeting by conference call are considered as present.
- Article 21. The roles and responsibilities of a board are as follows: 1. Review and determine various rules for business operations. 2. Determine business orientation. 3. Review annual budgets. 4. Draw up profit distribution and profit compensation plans. 5. Draw up capital increase and reduction plans. 6. Determine the appointment and dismissal of important staff. 7. Implement resolutions made by the meeting of shareholders. 8. Discuss and determine external investments. 9. Assume other responsibilities under the law and assigned by the meeting of shareholders. Except for the above matters and matters to be resolved by the meeting of shareholders as specified by the Company Act, all matters shall be implemented with

the board resolutions.

- Article 22. A board meeting shall be held at least once year. Unless the law otherwise requires, the chairperson shall convene a board meeting, specify the purpose of meeting, and notify all directors 7 days in advance. Provisional board meetings may be convened at any time in case of an emergency.
The meeting notice of the said meetings may be made by correspondence, by fax or electronically.
- Article 23. The chairperson shall carry out the resolutions on all business affairs made by the board meeting. Unless the Company Act otherwise requires, resolutions shall be made by over half of directors in a board meeting attended by over half of the directors. The minutes, the sign-in list and power of attorney of a board meeting shall all be retained by this Company for reference and recording.
- Article 24. This Company establishes an audit committee with all independent directors in accordance with the Securities and Exchange Act. The organization, roles and responsibilities, rules of procedures and other duties of the audit committee shall be subject to the regulations promulgated by the security's competent authority.
- Article 25. The roles and responsibilities of supervisors under the Company Act, Securities and Exchange Act and other related laws and regulations shall apply *mutatis mutandis* to the audit committee as of the day of committee establishment.
- Article 26. This Company may establish other functional committees with articles of organization established by the board of director according to related laws and regulations.
- Article 27. This Company may purchase liability insurance for directors and other important staff during their term through the board of directors.

Chapter 5. Managers and Employees

- Article 28. The appointment, dismissal and compensation of managers shall be subject to Article 29 of the Company Act. The board of directors shall resolve the responsibility and authority and their scope of managers subject to the functions and duties of individual departments.

Chapter 6. Accounting

Article 29. The accounting year of this Company commences on January 1 and ends on December 31 each year. This Company shall prepare a final account report at the end of each accounting year.

Article 30. At the end of each accounting year, the board of directors shall prepare the following reports and submit them to the meeting of shareholders for recognition.

1. Business report.
2. Financial statements.
3. Profit distribution and deficit compensation proposals.

Article 31. The industry in which this Company operates has entered the mature period with keep competitions. When drawing up profit distribution proposals, the board of directors shall consider the capital expenditure and budget and capital needs in the future and measure the need to fulfill the capital needs with earnings before determining the percentage of capital reserve and profit distribution and the amount of dividends or bonuses distributed in cash.

Should there be net profit after the account is closed of every accounting year, apart from paying the business income tax and compensating for the deficits in previous years, the Company shall first appropriate ten per cent (10%) as the legal reserve, except when the accumulated amount of legal reserve equals the amount of the paid-up capital. Then, after appropriating or reversing the special reserve by law, the remaining amount will be the distributed earnings. By adding up the cumulative earnings of the previous years, the sum will be the cumulative distributable earnings. The dividend and bonuses of shareholders can be appropriated with the cumulative distributable earnings, with a minimum of 20% of distributable earnings of the year and the minimum cash dividend of 30% of the total amount appropriated for dividends and bonuses for the shareholders of the year. In addition to dividends, the board of directors shall draw up a proposal for profit distribution and submit it to the meeting of shareholders for resolution before distribution.

Article 32. This Company shall distribute a minimum of 2% of the profits in a year as compensation for employees and a minimum of 3% as compensation for directors. However, cumulative deficits, if any, shall be compensated for first. Compensation for employees can be distributed in the form of

stocks or in cash and such employees may include employees of subsidiaries complying with the related requirements.

The status of annual profit in paragraph 1 refers to the profit after deducting the compensation for employees and directors from the profit before tax in the year.

The distribution of compensation for employees and directors shall be resolved by over half of directors in a board meeting attended by over two thirds of all directors and reported to the meeting of shareholders.

Chapter 7. Addendum

- Article 33. The charter of organization and rules for business operations of this Company shall be determined by the board of directors separately.
- Article 34. This Company may provide endorsements and guarantees for third parties for business purposes.
- Article 35. Matters not provided for in these Articles of Incorporation shall be handled in accordance with the Company Act and other laws and regulations.
- Article 36. These Articles of Incorporation were established on August 23, 1973; 1st amendment was made on November 20, 1974; 2nd amendment was made on February 10, 1976; 3rd amendment was made on March 8, 1977; 4th amendment was made on April 28, 1980; 5th amendment was made on May 2, 1981; 6th amendment was made on November 4, 1982; 7th amendment was made on May 16, 1984; 8th amendment was made on April 26, 1986; 9th amendment was made on April 3, 1989; 10th amendment was made on December 27, 1990; 11th amendment was made on June 18, 1991; 12th amendment was made on April 23, 1992; 13th amendment was made on May 7, 1993; 14th amendment was made on May 10, 1994; 15th amendment was made on June 5, 1995; 16th amendment was made on May 24, 1996; 17th amendment was made on June 17, 1997; 18th amendment was made on May 19, 1998; 19th amendment was made on June 9, 1999; 20th amendment was made on June 9, 2000; 21st amendment was made on June 20, 2002; 22nd amendment was made on June 26, 2003; 23rd amendment was made on June 15, 2004; 24th amendment was made on June 27, 2005;

25th amendment was made on June 14, 2006; 26th amendment was made on June 15, 2007; 27th amendment was made on June 13, 2008; 28th amendment was made on June 19, 2009; 29th amendment was made on June 24, 2010; 30th amendment was made on June 17, 2011; 31st amendment was made on June 20, 2012; 32nd amendment was made on June 18, 2013; 33rd amendment was made on June 20, 2014; 34th amendment was made on June 17, 2015; 35th amendment was made on June 21, 2016; 36th amendment was made on June 22, 2017. All amendments are implemented with the resolution of the meeting of shareholders.

Prince Housing & Development corp.

Chairman: ALEX C. LO

Stake of Directors of Prince Housing and Development Corporation

Title	Name	The number of shares held as of the deadline for stock transfer	Remarks
Chairperson	ALEX C. LO	162,743,264	Representative of Uni-President Enterprises Corporation
Director	WU, TSUNG-PIN		
Director	JACK HOU	26,471,128	Representative of Xin Yong Xing Investment Co., Ltd.
Director	WU TSENG, CHAO-MEI	42,956,030	
Director	CHUANG, SHIH-HUNG	2,346,491	Representative of Hong Yao Investment Co., Ltd.
Director	KAO, HSIU-LING	57,207,308	Representative of Kao Chuan Investment Co., Ltd.
Director	HOU, PO-MING	669,975	Representative of Yu Peng Investment Co., Ltd.
Director	HOU, PO-YI	2,086,986	Representative of Sheng Yuan Investment Co., Ltd.
Director	WU, CHUNG-HAN	15,501,463	Representative of Yong Yuan Investment Co., Ltd.
Director	CHUANG, YING-CHIH	46,023,139	Representative of Guang Wei Investment Co., Ltd.
Director	WU, CHIEN-TE	96,250,587	Representative of Tai Bo Investment Co., Ltd.
Director	WU, PING-CHIH		
Independent Director	NIEH, PENG-LING	16,954	
Independent Director	HOU, HSIEN-JUNG	0	
Independent Director	HUNG, HE-YI	0	
Total of Directors		452,273,325	

With respect to Article 26 of the Securities and Exchange Act:
The minimum stake of all directors is 38,959,827 shares.

The Impact of Stock Dividend Issuance on Business Performance, EPS, and ROE:

There will be no impact on business performance, EPS, and ROE as no stock dividend was issued in 2019.

We shape our buildings, and afterwards our buildings shape us.



Handbook information enquiry website
Prince Housing & Development Corporation website:
<http://www.prince.com.tw>
Market Observation Post System: <http://mops.twse.com.tw>
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