

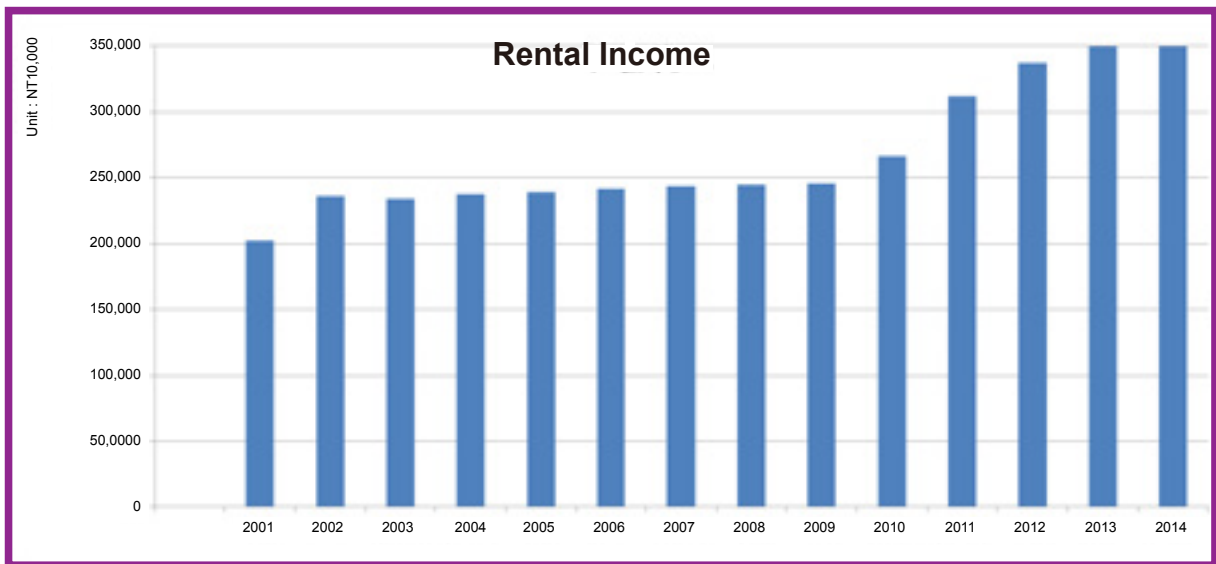
# Replacement Fund and Asset Management

## Taipei MRT Fixed Asset Replacement Funds

### 1. Fund Income

As of December 31, 2014, rental income totaled NT\$38,017,246,010. Historic rental income is shown in the following chart:

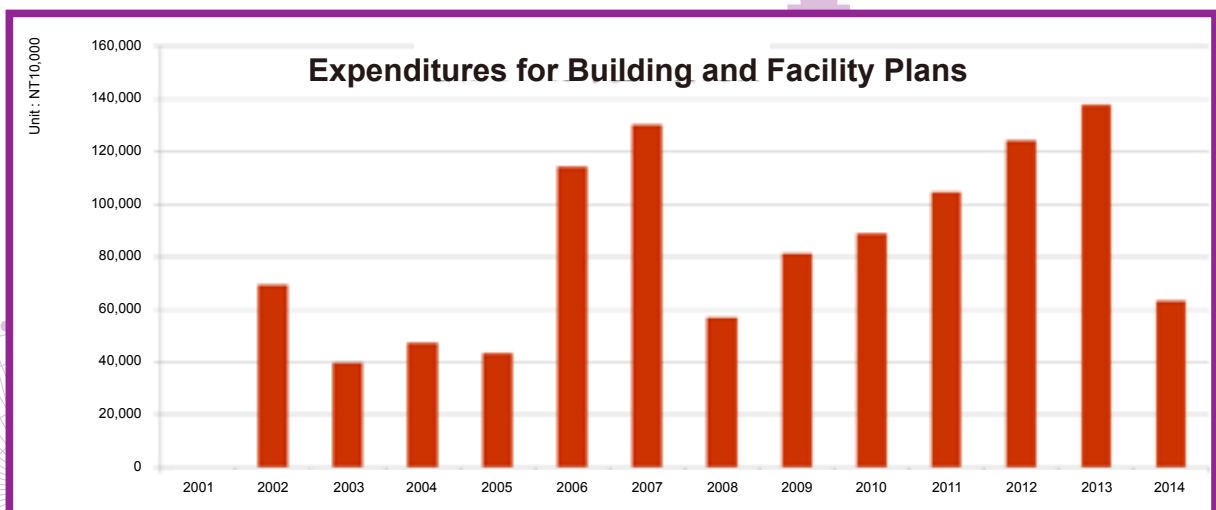
Chart 1



### 2. Fund Expenditures

As of December 31, 2014, expenditures on MRT and building facility replacements amounted to NT\$11,014,725,914. Historic rental income is shown in the following chart:

Chart 2

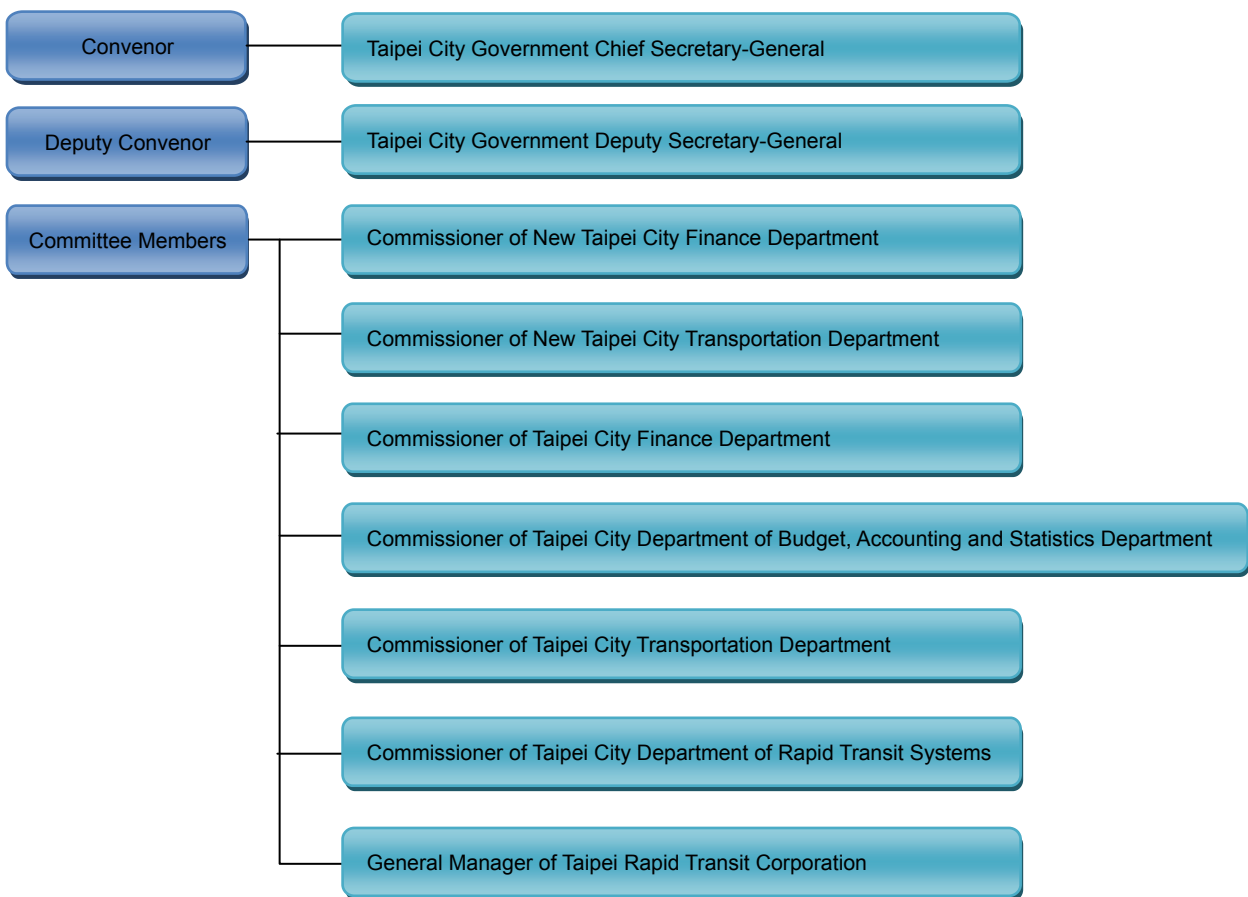


### 3. Operation Status

(1) Duties of Fund Management Committee:

- a. Deliberation of systemwide facility replacement plan
- b. Supervision of systemwide facility replacement of in-service routes to meet operation needs
- c. Deliberation of external financing of the fund
- d. Deliberation of other major businesses associated with fund management and operation

(2) Organization of Fund Management Committee



### 4. Business Performance Review

- (1) A total of NT\$4,161,028,248, including NT\$3,995,898,870 for rental income, NT\$155,129,378 for interest income, and NT\$10,000,000 for miscellaneous income, was arranged for the fund in 2014.
- (2) Fund purposes: In 2014, the fund was mainly spent on replacement of equipment and civil works facilities of the MRT Muzha, Zhonghe, Xindian, Nangang, and Banqiao lines, as well as administrative business associated with the fund. A total of NT\$1,346,853,413, including NT\$,23,108,400 for the MRT facility replacement plan, NT\$144,800 for general administrative management businesses, and NT\$1,323,600,213 for building and facility plans, was arranged. According to the

resolution of the first committee meeting in 2014, DORTS' subordinate project offices and Taipei Rapid Transit Corporation (TRTC) were commissioned to conduct budget performance of fixed asset purchases.

(3) Annual Performance:

a. Business Plans:

- (a) Scheduled Plans: A total of 40 capital expenditure plans (including continual and new plans) in 2014.
- (b) Non-scheduled Plans: A total of 13 capital expenditure plans in 2014 was subject to procurement of facilities/assets, domestic/foreign import and market prices.

b. Budget Performance:

(a) Fund Sources:

- I. Asset Revenues: Compared with the 2014 statutory budget of NT\$4,151,028,248, actual performance was NT\$4,173,070,750, an increase of 0.53%, or NT\$22,042,502.
- II. Other Revenues (Miscellaneous Revenues): Compared with the 2014 statutory budget of NT\$10 million, actual performance was NT\$15,781,844, an increase of 57.82%, or NT\$5,781,844.

(b) Fund Uses:

- I. MRT Facilities: Compared with the 2014 statutory budget of NT\$23,108,400, actual expenditures were NT\$22,640,399, a decrease of NT\$468,001.
- II. Regular Administrative Plans: Compared with the 2014 statutory budget of NT\$144,800, actual expenditures were NT\$13,815,801, an increase of NT\$13,671,001.
- III. Building and Facility Plans: Compared with the 2014 statutory budget of NT\$1,027,739,694, actual expenditures were NT\$611,821,921, a decrease of NT\$415,917,773.

(c) Budget Surplus

Compared with the 2014 statutory budget surplus of NT\$3,110,035,354, the actual surplus was NT\$3,540,574,473, an increase of NT\$430,539,119.

(d) Reasons for the Preceding Discrepancies Are Summarized as Follows:

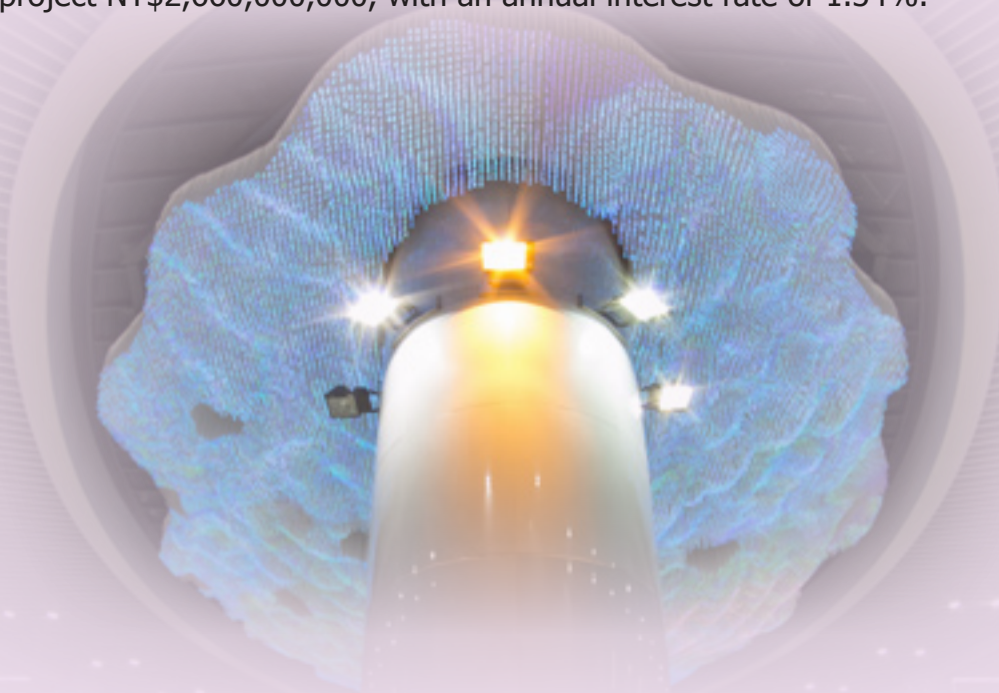
- I. Rental income: Compared with the 2014 statutory budget, actual income was 4,020,652,109, an increase of NT\$24,753,239. The increase can be attributed to more actual revenue than the expected revenue.
- II. Interest income: Compared with the 2014 statutory budget, actual income was NT\$152,418,641. The decrease can be attributed to less interest income from the loan to the Taiwan Taoyuan International Airport line construction than the expected income.
- III. Miscellaneous Revenues: Actual performance was NT\$15,781,844, a surplus of NT\$5,781,844 compared to the 2014 statutory budget. The surplus can be attributed to revenues from MRT asset scrap/sale and excess overdue fines, sale of tender document and retrieval of previous air pollution fines.
- IV. MRT Facility Replacement Plans: Actual expenditures were NT\$22,640,399, a decrease of NT\$468,001 compared to the 2014 statutory budget.

V. Regular Administrative Plans: Actual expenditures were NT\$13,815,801, a surplus of NT\$13,671,001 compared to the 2014 statutory budget. The increase can be attributed to settlement of noise pollution measures along the Tamsui line elevated and ground-level sections as well as mediation of a Wenhua line elevator and escalator replacement dispute that led to the return of past breach of contract penalties to contractors.

VI. Building and Facility Plans: Actual expenditures were NT\$611,821,921, a decrease of NT\$415,917,773 compared to the 2014 statutory budget. The decrease can be attributed to administrative price estimation, receipt, and contract performance delays. These were postponed to 2015.

c. Financial Management:

- (a) The primary source of the fund is facility replacement and flexible rent allocations made by TRTC, which includes 2% of annual business revenue and 50% of profits, with the total not to exceed 4% of revenues. The fund is used for short-, mid-, and long-term replacement. To alleviate financial difficulties for fund implementation and municipal treasury distribution demands, DORTS acted in accordance with a resolution of the Taipei MRT Fixed Asset Replacement Fund Management Committee's first meeting (held on April 23, 2008) by submitting an official notice to Taipei City Government on June 13, 2008. It received approval for MRT fixed asset replacement fund management to be transferred to the Department of Finance on the provision that the exclusive fund account establishment purpose should not be violated.
- (b) The fund had borrowed NT\$23,178,810,000 (with an annual interest rate of 0.51%) from the municipal treasury as of December 31, 2014. The first meeting of the Taipei MRT Fixed Asset Replacement Fund Management Committee reached a resolution to make a loan to the Taiwan Taoyuan International Airport Access MRT System (Sancong Station to Taipei Main Station) from the fund, using the Taipei MRT Land Development Fund name. As of December 31, 2014, the fund had loaned the project NT\$2,660,000,000, with an annual interest rate of 1.34%.



## MRT Property Management

### 1. MRT Property

Charts 3 and 4 show the amounts of MRT properties and replaced properties for each of the MRT routes as of December 2014:

Chart3

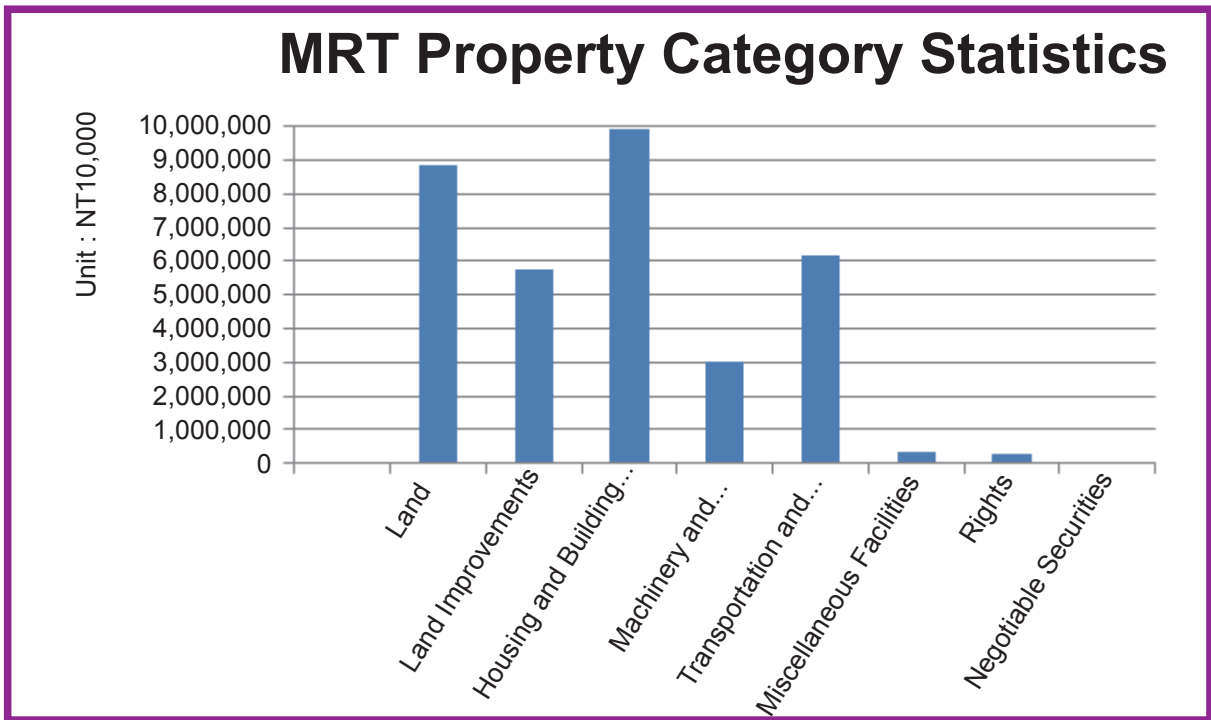


Chart 4



## Property Handover Process

The Songshan line opened to the public on November 15, 2014. In accordance with the "Regulations on Handover of Facilities/Equipment of Taipei MRT Routes," the aforesaid route was handed over to TRTC for operation.

### 1. Property Check Process

In order to manage MRT property thoroughly and effectively, DORTS checks MRT property annually with designated staff members from subordinate project offices. These checks allow DORTS to understand how TRTC manages, uses, and maintains the city-owned properties which are commissioned by DORTS, and how TRTC handles illegally occupied or idled land and buildings along MRT routes. Staff members from DORTS' associated offices conducted a routine check from December 15 - December 27, 2014. Results were sent to TRTC for improvement and follow-up.

### 2. Insurance

Taipei MRT Insurance Claims Statistics

Claims Statistics as of December 31, 2014

Route	Claims Amount Prior to Dec. 31, 2014	Claims Amount from Jan. 1, 2014 – Dec. 31, 2014	Total (Unit: NT\$)
Xinzhuang Line	183,336,659	16,730,202	200,066,861
Luzhou Line	257,192,062	-	257,192,062
Neihu Line	98,967,383	45,034,404	144,001,787
Xinyi Line	17,180,518	47,126,988	64,307,506
Songshan Line	25,635,597	11,355,575	36,991,172
Circular Line Phase I	675,240	9,154,121	9,829,361
Total	582,987,459	129,401,290	712,388,749