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Annual Report 2024

Mercuries & Associates Holding, Ltd.

Address: No. 145, Section 2, Jianguo North Road, Taipei City
Telephone: (02) 2503-1111 (representative)

Annual Report Website:

Taiwan Stock Exchange Market Observation Post System : <https://mops.twse.com.tw>

Company Website : <http://www.mercuries.com.tw>

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Spokesperson

Name: Johnson Wang
Title: Vice President
Telephone: (02) 2503-1111
Email: johnson@mercuries.com.tw

Deputy Spokesperson

Name: TK Chin
Title: Vice President of Accounting
Telephone: (02) 2503-1111
Email: tk.chin@mercuries.com.tw

Stock Transfer Agent

Department of Stock Affairs and Transfer,
Horizon Securities Corp.
Address: 3F, No. 236, Section 4, Xinyi Road,
Taipei City
Telephone: (02) 7719-8899
Website: <http://www.honse.com.tw>

CPA

Name(s): Hsu, Kun-his , Chang , Shu-cheng
CPA Firm: BDO Taiwan
Address: 10F, No. 72, Section 2, Nanjing
East Road, Taipei City
Telephone: (02) 2564-3000
Website: <http://www.bdo.com.tw>

Address and telephone of the Company Headquarters**Headquarters**

Address: No. 145, Section 2, Jianguo North Road,
Taipei City
Telephone: (02) 2503-1111
FAX: (02) 2503-6396

Overseas Securities Exchange: None

Company Website : <http://www.mercuries.com.tw>

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I. Letter to Shareholders

Mercuries Life Insurance (hereinafter "the Company") is an industrial investment holding company primarily engaged in investments in life insurance, daily necessities and catering retail, pharmaceuticals, and information services. Its long-term development strategy focuses on optimizing the operations of its invested businesses, adapting to changing market demands, and striving for a diversified, multi-market business model to achieve professional division of labor and economies of scale, thereby enhancing operational performance.

I. 2024 Business Report

(I) Outcomes of Business Plan

The Company duly executed its investment strategies after prudent evaluation while aptly utilizing the Group's resources to form joint ventures and strategic partnerships with local and overseas business partners on an ongoing basis. The outcomes of the Company's 2024 business plan for its principal investments are detailed as follows:

1. Daily commodities and F&B retailing

In the daily necessities retail segment, the Company has expanded its customer base, leveraged member data to precisely understand consumer needs, increased the frequency of product adjustments, accelerated product turnover, and enhanced customer loyalty. By expanding its operational scale, it has improved procurement capabilities and reduced costs. Despite challenges such as labor shortages and rising personnel costs, both revenue and profits have grown compared to the previous year. In the catering retail segment, the total number of stores reached 423 by the end of 2024, and the business was listed on the stock exchange in 2024, with overall revenue and profits growing by approximately 10% and 13%, respectively. The rapid growth of online sales and takeout delivery services, coupled with rising raw material prices, personnel costs, and operating expenses, has posed significant challenges to physical retail channels. To enhance profitability, the Company closely monitors competitors' activities and market trends, adjusts product structures in line with consumer preferences, develops new products, leverages membership advantages to increase customer loyalty, and drives revenue and profit growth. Compared to 2023, the Company added 32 new outlets to its existing retail stores, thus bringing the total number to 1,516.

2. Life insurance

Mercuries Life Insurance's investment portfolio is heavily influenced by fluctuations in equity, bond, and foreign exchange markets, resulting in high hedging costs. In 2024, the Company flexibly adjusted its foreign exchange hedging ratios and allocations, effectively reducing hedging costs for the year. Adhering to prudent management principles, it continued to promote the sale of protection-oriented and investment-oriented products, securing stable fee income, mitigating interest rate-related risks, and emphasizing the essence of insurance protection to fully meet customer needs. In 2024, premiums income from new insurance policies reached

NT\$32.197 billion, and the total premiums income amounted to NT\$109.959 billion, ranking seventh in total.

As of the end of 2024, Mercuries Life Insurance's total assets reached NT\$1.63 trillion, an increase of approximately 6.8% compared to the end of 2023. The owner's equity stood at NT\$41.427 billion, up NT\$1.486 billion from the previous year. Net profit after tax for the period reached NT\$2.175 billion, achieving a turnaround from a loss to a profit, with a significant increase of NT\$11.691 billion compared to 2023, and earnings per share after tax of NT\$0.42.

3. Pharmaceuticals

SCI Pharmtech Inc. has essentially restored its plant facilities and various hardware and software to pre-disaster conditions, with GMP certificates for various products gradually taking effect. In 2024, glaucoma and depression medications contributed NT\$264 million to revenue, driving a 26% revenue increase compared to the previous year. Combined with NT\$430 million in insurance claim income, profits for the period grew by 81%.

4. Information services

Consolidated revenue for 2024 was NT\$4.873 billion, an increase of approximately 22.7% compared to 2023. However, costs for certain project-specific products rose due to exchange rate fluctuations, resulting in a lower gross margin than the previous year. High-margin maintenance income and gross profit amounted to approximately NT\$1.527 billion and NT\$688 million, respectively, both growing by about 6% compared to the previous year, reflecting the success of past sales efforts in generating stable maintenance income and profits.

(II) Budget Implementation, Income and Expenditure, and Profitability Analysis

In 2024, the Company posted a consolidated operating revenue of NT\$202.5 billion, an increase of approximately 22% compared with 2023, with a budget achievement rate of 121%. In terms of profit, the Company recorded NT\$1.518 billion in profit attributable to the parent company and NT\$1.42 in profit after tax per share. As reported in the parent company only financial statements, the Company's return on assets and return on equity were 6.69% and 9.04%, respectively.

(III) Research and Development

1. Daily commodities and F&B retailing

Faced with a highly volatile business environment and consumer demand and rising operating costs in the intensely competitive daily commodities and F&B retailing market, the Company incessantly adjusts its product lineup and marketing strategies based on market trends and demand while constantly optimizing its digitalization efforts and bolstering management, manufacturing, logistics, and marketing using big data. In addition, the Company develops differentiated marketing campaigns for individual stores to enhance the competitiveness of each outlet and increase customer stickiness. The Company also expands into niche markets to enhance its regional competitive advantage, thereby improving its brand image as a whole.

2. Life insurance

Mercuries Life Insurance's development strategy focuses primarily on

developing and promoting protection-oriented and investment-oriented products, particularly high-CSM products such as health and accident insurance. Sales of these products in 2024 grew by 12.2% compared to 2023, demonstrating significant growth and strong performance. In addition to continuing existing product strategies, the Company has responded to the advent of a super-aged society and heightened public awareness of healthcare by leveraging the core essence of insurance protection to offer differentiated products. In 2024, it completed the development of new versions of variable annuities and US dollar interest-sensitive products. It also updated underwriting rules to align with the digitalization trend, actively enhancing customer experience and operational efficiency to provide a more convenient and user-friendly service environment. The Company has strengthened its product lines across all channels, launching insurance technology services such as the “Policy Administration/Claims Alliance Chain,” “Claims Medical Connect,” and “Multi-Identity Verification.” Additionally, through an app system upgrade project, it optimized the user interface and operational processes to address user pain points. Enhance the Company’s competitiveness.

3. Pharmaceuticals

Countries are progressively implementing carbon fees and tariffs. To enhance energy efficiency and waste reduction, our R&D team continues to optimize existing product processes, such as Pentobarbital, while improving the manufacturing of successfully developed glaucoma drug Brinzolamide and Cannabidiol (CBD). Additionally, we are developing Benserazide, a downstream active pharmaceutical ingredient from intermediate PGA, to expand our product portfolio. Through our investment in HoneyBear Biosciences, Inc., we are entering the antibody drug market by supplying chemical linker UDP-Glc-NAz. We plan to scale up production as their new drug development progresses.

4. Information services

Mercuries Data Systems Ltd. (MDS) continues to turn its R&D achievements into patents to protect intellectual property, enabling the Company to actively accumulate competitive advantage while raising the competitive threshold as well.

II. Overview of 2025 Business Plan

(I) Operating Objectives

By focusing on core operations, strengthening capital structure, prioritizing regulatory compliance, and managing risks, we regularly identify and mitigate risk indicators. Diversified operations reduce investment risks, while integrating the operational expertise of our business units and extending collaboration with domestic and international partners allows us to prudently assess investment strategies, aiming to expand our business footprint and enhance company value.

(II) Key Production and Distribution Policies

1. Daily commodities and F&B retailing

Beyond opening new stores to achieve economies of scale, reduce

procurement costs, and sustain growth momentum, we also periodically close underperforming outlets. We are refining our product mix by phasing out low-performing items, increasing inventory turnover, and introducing higher-margin imported goods and private-label products to differentiate in the market. Increasing franchise ratios helps reduce labor and rental costs, while enhancing service staff professionalism and approachability creates a premium consumer environment. Building on the optimization of SAP, RPA, and BI systems, we began installing electronic shelf labels in 2024, reducing paper waste, contributing to sustainability, simplifying store operations, and enabling flexible promotional and pricing strategies. In the catering sector, with the expansion of our third central kitchen now complete, we have boosted in-house production rates, ensuring better control over delivery timelines and quality. We are also planning OEM business to create new revenue streams. To enhance customer loyalty, we are actively promoting the i-Gourmet Card membership growth plan, using check-in and stamp collection activities to drive cross-brand consumption and foster habitual spending for precise marketing. To increase penetration and adapt to changing consumer habits, we are strengthening partnerships with delivery platforms through varied models. Through diverse marketing channels, cross-industry brand collaborations, co-branded product development, and promotional campaigns, paired with social media and advertising, we aim to boost brand visibility, grow membership, and elevate brand and product attention to achieve new milestones.

2. Life insurance

We will further strengthen our capital structure, improve capital adequacy, reduce hedging costs, and refine asset-liability management to secure profitability and mitigate market volatility risks. Simultaneously, we are steadily aligning with IFRS 17 accounting standards and ICS solvency requirements to ensure compliant operations and enhance financial transparency and stability. Moreover, we are actively advancing ESG initiatives, implementing responsible investment, strengthening climate risk management, and promoting net-zero transformation. Talent development is integrated into our sustainable business strategy, with internal training and digital skill enhancement ensuring our competitive edge in the market.

3. Pharmaceuticals

The operating objectives for the Company's pharmaceutical business are listed as follows:

- (1) Maintain a close relationship with customers and establish business relationships with original medicine developers.
- (2) Diversify production sites, maintain operational flexibility, and develop the contract development and manufacturing company (CDMO) business model.
- (3) Promote circular economy, prioritizing energy conservation and waste reduction to contribute to global sustainability.

The Company's product-specific and client-specific policies on production and distribution are presented as follows:

- (1) Active pharmaceutical ingredients (APIs): Priority will be given to APIs

produced by original developers in the medicine supply. Popular products should be avoided, while existing APIs with higher safety criteria, stable sales, new uses or new dosage forms, that are involved in the R&D of new drugs, or that can be used as starting materials for new drugs will be included in the lineup.

(2) Intermediates: In principle, intermediates produced by original developers in the medicine supply will first be chosen, followed by intermediates for controlled medicines with high barriers to entry, key intermediates which are subject to strict regulations or quality management procedures, intermediates related to SCI Pharmtech's core technologies, intermediates from the Company's strategic partners, and intermediates involved in the R&D of new drugs. The aforementioned types of intermediates can help effectively segregate SCI Pharmtech from market competition and avoid price wars.

(3) Specialty chemicals: SCI Pharmtech produces and distributes electronic specialty chemicals that are of high standards in the pharmaceutical industry. It develops the production process for specialty chemicals, as well as customizes and mass-produces them according to customer requirements.

4. Information services

Adopting a customer-oriented approach, MDS carefully selects and undertakes large-scale public construction projects that generate substantial revenue from high-margin maintenance services and create related business opportunities subsequently. Furthermore, MDS continuously expands into new businesses to create differentiation value, and improves its software development capabilities, thus demonstrating its commitment to product development while increasing its competitiveness in the market.

III. Effects of External Competition, the Regulatory Environment, and the Economic Environment

(I) Effect of External Competition

With the widespread adoption of the internet and artificial intelligence, management, marketing, manufacturing, logistics, sales, payment systems, and R&D across industries are profoundly impacted by digitalization and cybersecurity. Across sectors like insurance, pharmaceuticals, consumer goods, food retail, and IT services, companies must offer differentiated products and high-quality, rapid services to meet rapidly changing industry structures. Facing dynamic market competition, labor shortages, inflationary pressures, and shifting consumer behaviors, we must identify and assess risks that could affect operations. Beyond implementing effective countermeasures to minimize adverse impacts, we aim to seize opportunities, expand business prospects, and mitigate the effects of external competitive pressures.

(II) Effect of the Regulatory Environment

The subjects of increasing corporate social responsibility, raising employee awareness, environmental protection, food safety, and corporate governance

have become more and more important in today's rapidly developing and ever-changing society. Personal insurance industry regulations prioritize strengthening financial stability. The full implementation of IFRS 17 accounting standards and the adoption of the next-generation ICS solvency framework increasingly emphasize insurance companies' capital adequacy and risk management capabilities. The competent authority continues to ensure stable industry integration through various regulatory indicators and directives, while companies must invest significant resources to strengthen internal system development. On the other hand, the Financial Supervisory Commission actively promotes ESG development, launching the "Sustainable Development Roadmap" for listed companies and the "Green Finance Action Plan 3.0" to guide insurance companies in adjusting their investment strategies. The pharmaceutical industry is governed by medical regulations such as the Pharmaceutical Affairs Act and Good Manufacturing Practices for Pharmaceuticals. The regulatory environment continues to evolve, with the EU, the United States, and Japan successively introducing and implementing stricter regulations to ensure drug quality and safety. Additionally, in 2024, the United States passed the BIOSECURE Act, which targets companies from China and other countries, restricting their participation in U.S. supply chains and market cooperation. The act imposes stringent requirements on data security and supply chain transparency, raising higher demands for business compliance capabilities. As for retail of daily commodities and food, besides regulations concerning the familiar food sanitation and safety or workplace fire safety inspections getting more stringent, matters relating to workplace sanitation and safety, consumer health and safety, site waste and wastewater disposal, greenhouse gas emission, and energy conservation and carbon reduction have also become important topics for businesses. All businesses of the Company have retained personnel knowledgeable in the pertinent areas of the laws. In addition to the routine handling of legal affairs and monitoring compliance with regulations, our legal affairs personnel also continually pay close attention to changes in government policies or regulations which might potentially affect the Company's finance or operations. We also regularly consult external legal professionals and reinforce compliance with governing legal standards through OTJ training to continue to enhance total quality management.

(III) Effect of the Macroeconomic Environment

Looking back at 2024, the International Monetary Fund's "World Economic Outlook" report estimated global economic growth at 3.2%, below the historical average of 3.7% (2000–2019). It also highlighted that near-term prospects are characterized by divergence risks, with upside risks potentially boosting the already robust U.S. economic growth in the short term, while other countries face downside risks amid significant policy uncertainty. As inflation gradually comes under control, central banks worldwide are beginning to enter a rate-cutting cycle, which is expected to inject new momentum into the economy and facilitate a soft landing. However, geopolitical tensions and U.S. policy uncertainties continue to pose uncertainties for future economic development. According to the February

2025 statistics from the Directorate-General of Budget, Accounting and Statistics, Taiwan's preliminary estimated economic growth rate for 2024 was 4.59%, significantly higher than the 1.12% in 2023. The growth rates for retail sales of general merchandise and food & beverage retail in 2024 were 4.42% and 3.58%, respectively.

Looking ahead to 2025, the International Monetary Fund's January 2025 forecast projects global economic growth at 3.3%, slightly higher than the 3.2% estimated for 2024. The Directorate-General of Budget, Accounting and Statistics' February 2025 forecast estimates Taiwan's economic growth for 2025 at 3.14%, lower than the preliminary 4.59% for 2024.

IV. Future Development Strategies

The Company has grown its principal businesses for more than 30 years. To grow its businesses steadily, the Company has actively adopted an innovative mindset and implemented innovative approaches to reduce operating risks. With a highly professional management team at the helm, the Company not only provides a wide array of services that meet the needs of society in relation to food, clothing, housing, transportation, education, and entertainment, but also endeavors to enhance the value of our brand as the provider of an enjoyable consumption environment for the population at large.

In that spirit, the Company will continue to integrate resources within the Group, uphold the core value of carefully evaluating investment strategies, as well as pursue investment opportunities under cross-industry partnerships and any possibilities for novel investment projects. At the same time, the Company strives to expand its businesses through vertical integration and diversification while assisting its subsidiaries in resource integration, so as to achieve business synergy, scale up its business operations, and maximize shareholder wealth. In addition, the Company will carry on fulfilling corporate social responsibility and realizing corporate sustainability in a proactive manner. Last but not least, the Company would like to express its utmost appreciation to all shareholders for their unwavering care and support.

Chairman and General Manager: Chen, Shiang-L

Chief Accountant: Chen, Te-Kai

II. Corporate Governance Report

1. Board of directors, independent directors, general managers, assistant general managers, deputy assistant general managers and the supervisors of all the Company's divisions and branch units.

(1) Directors and Independent Directors

April 15, 2025

Title	Nationality or place of registration	Name	Gender Age	Date of appointment	Length of term	Date of first appointment	Shares held when elected (*shares held by the individual and percentage of shares held)		Shares currently held (*shares held by the individual and percentage of shares held)		Shares held by spouse or minor children		Shares held in the name of other persons		Major experience / academic background Note (3)	Positions currently assumed in this company or other companies	Any managerial officer, director, or supervisor who is a spouse or relative within the second degree of kinship		
							Number of shares	Percentage of shares	Number of shares	Percentage of shares	Number of shares	Percentage of shares	Number of shares	Percentage of shares			Title	Name	Relations
Chairman	Republic of China	Chen, Shiang-Li	Male 60	2024.06.21	3 years	2000.05.26	25,337,407	2.26%	25,337,407	2.26%	0	0%	0	0%	MBA, Georgetown University. General Manager of Mercuries & Associates Holding, Ltd..	Chairman of Mercuries General Media Inc., Mercuries Leisure Co., Ltd., Shanghong Investment Co., Ltd., Director of Mercuries & Associates, Ltd., Mercuries Data Systems Ltd., SCI Pharmtech Inc., Mercuries Life Insurance Co., Ltd., Simple Mart Retail Co. Ltd., Mercuries F&B Co., Ltd., Shanglin Investment Co., Ltd., Mercuries Liquor & Food Co., Ltd., Simple Mart Plus Co., Ltd., Simple Mart Investment Co., Ltd., Foundation for Taiwan Masters Golf Tournament and Foundation of Chinese Dietary Culture. Executive director of the R.O.C Taiwan Teeball Association. Member of Risk Management Committee of Mercuries Life Insurance Co., Ltd.. Member and convener of the company's Sustainable Development Committee. General Manager of the Company. Note(1)	Director	Chen, Shiang-Chung, Chen, Shiang-Feng	Male sibling

Title	Nationality or place of registration	Name	Gender Age	Date of appointment	Length of term	Date of first appointment	Shares held when elected (*shares held by the individual and percentage of shares held)		Shares currently held (*shares held by the individual and percentage of shares held)		Shares held by spouse or minor children		Shares held in the name of other persons		Major experience / academic background Note (3)	Positions currently assumed in this company or other companies	Any managerial officer, director, or supervisor who is a spouse or relative within the second degree of kinship		
							Number of shares	Percentage of shares	Number of shares	Percentage of shares	Number of shares	Percentage of shares	Number of shares	Percentage of shares			Title	Name	Relations
Director	Republic of China	Representative of Shanglin Investment Co., Ltd.: Chen, Shiang-Chung	Male 58	2024.06.21	3 years	2014.01.15	202,867,944 *18,014,257	18.07% *1.60%	202,867,944 *18,014,257	18.07% *1.60%	1,012,805	0.09%	0	0%	Bachelor of Industrial Engineering, Purdue University. Departmental chief of Walsin Lihwa Corporation.	Chairman & General Manager of Mercuries Data Systems Ltd.. Chairman of Mercuries Life Insurance Agency Co. Ltd. and Mercuries Soft (Nanjing) Ltd.. Director of Mercuries Information Systems Internation Co., Ltd., Shanglin Investment Co., Ltd., Shanghong Investment Co., Ltd., EASYCARD CORPORATION, Yangzheng Investment Co., Ltd. and Sinox Co. LTD.. Independent director, Member of Audit Committee, Member of Remuneration Committee of My Humble House Hospitality Management Consulting Co., Ltd.. Chairman of the Police Friends Association of the Republic of China Police Friends Association, Security Police Third Corps.. Vice Chairman of The Association for the Criminal Defense of the Republic of China. Director of Association of Friends of the Police of the Republic of China.	Chairman, Director	Chen, Shiang-Li, Chen, Shiang-Feng	Male sibling

Title	Nationality or place of registration	Name	Gender Age	Date of appointment	Length of term	Date of first appointment	Shares held when elected (*shares held by the individual and percentage of shares held)		Shares currently held (*shares held by the individual and percentage of shares held)		Shares held by spouse or minor children		Shares held in the name of other persons		Major experience / academic background Note (3)	Positions currently assumed in this company or other companies	Any managerial officer, director, or supervisor who is a spouse or relative within the second degree of kinship		
							Number of shares	Percentage of shares	Number of shares	Percentage of shares	Number of shares	Percentage of shares	Number of shares	Percentage of shares			Title	Name	Relations
Director	Republic of China	Representative of Shuren Investment Co., Ltd. Wong, Wei-Chyun	Male 63	2024.06.21	3 years	2005.06.11	144,195,087 * 6,760,998	12.85% * 0.60%	145,095,087 *6,760,998	12.93% * 0.60%	126,026	0.01%	0	0%	Ph.D. in Chemistry, University of Pennsylvania. General Manager of SCI Pharmtech Inc..	Chairman of SCI Pharmtech, Shuren Investment Co., Ltd. , Shufeng Investment Co., Ltd. and Shui-Mu Foundation of Chemistry. Chairman and General Manager of Yushan Pharmaceuticals Inc.. Director of Mercuries Life Insurance Co., Simple Mart Retail Co., Ltd., Mercuries F&B Co., Ltd., Shurong Co., Ltd., Framosa Co., Ltd., Energenesis Biomedical Co., Ltd., Foundation for Taiwan Masters Golf Tournament and The Kaohsiung City Garden of Hope Foundation. Director of The Association for the Criminal Defense of the Republic of China.	-	-	-
Director	Republic of China	Representative of Shuren Investment Co., Ltd.: Cheng, I-Teng	Male 63	2024.06.21	3 years	2018.06.22	144,195,087 *0	12.85% * 0.62%	145,095,087 *0	12.85% *0%	2,757	0. %	0	0%	Bachelor of Banking, National Chengchi University. Director and general manager of First Worldsec Securities (Hong Kong). Consultant at Horizon Securities. Senior Vice President of Department of Capital Market, Horizon Securities. Director of Hongyuan Securities Investment Consulting Co., Ltd.. Director and general manager of Horizon Securities (Hong Kong). Vice General Manager of Lianghua Guigu Touzi Guanli Co., Ltd. (Ningbo).	Director of Dynacard Co., Ltd. and Sunhawk Vision Biotech, Inc.. Supervisor of Xubao Technology (Shanghai) Co., Ltd.	-	-	-

Title	Nationality or place of registration	Name	Gender Age	Date of appointment	Length of term	Date of first appointment	Shares held when elected (*shares held by the individual and percentage of shares held)		Shares currently held (*shares held by the individual and percentage of shares held)		Shares held by spouse or minor children		Shares held in the name of other persons		Major experience / academic background Note (3)	Positions currently assumed in this company or other companies	Any managerial officer, director, or supervisor who is a spouse or relative within the second degree of kinship		
							Number of shares	Percentage of shares	Number of shares	Percentage of shares	Number of shares	Percentage of shares	Number of shares	Percentage of shares			Title	Name	Relations
Director	Republic of China	Representative of Shanglin Investment Co., Ltd.: Chen, Shiang-Feng	Male 54	2024.06.21	3 years	2007.12.26 Note(2)	202,867,944 *17,393,810	18.07% * 1.55%	202,867,944 *17,393,810	18.07% *1.55%	693,349	0.06%	0	0%	Master of Science and Engineering, Cornell University, USA.	Chairman of Mercuries & Associates, Ltd., Mercuries F&B Co., Ltd., Mercuries Furniture Co., Ltd., M.T. I. CIGARS CO., LTD., Simple Mart Co., Ltd., Simple Mart Plus Co., Ltd., Mercuries Liquor & Food Co., Ltd., Mercuries F&B Consulting Co., Ltd., Mercuries Harvest Co., Ltd., Sanor Co., Ltd., Shang Rih Co., Ltd., Simple Mart Investment Co., Ltd. and Mercuries Social Welfare And Charity Foundation, Taoyuan County. Director of Mercuries General Media, Inc., Mercuries Leisure Co., Ltd. , Shanghong Investment Co., Ltd., Sanhui Co., Ltd. and Foundation for Taiwan Masters Golf Tournament. President of the Taiwan Chain and Franchise Association. Director of The Association for the Criminal Defense of the Republic of China. Independent director of Silicon Motion Technology Corporation(USA). General Manager of Mercuries F&B Co., Ltd..	Chairman, Director	Chen,Shiang-Li, Chen, Shiang-Chung	Male sibling
Director	Republic of China	Representative of Mega Prosper Investment Limited: Lee, Jiam-Hsiung	Male 64	2024.06.21	3 years	2024.06.21	112,000,000 *0	9.98% *0%	112,000,000 *0	9.98% *0%	0	0%	0	0%	Master of Information Science from Dartmouth College. Deputy General Manager of Bankers Trust. Vice President of Finance, Taiwan Mobile (Taiwan Telecom Group). Chief Financial Officer of CP Group (Telecom Indonesia).	Chairman of Mega Prosper Investment Limited, OAK Capital Group and DenseLight Semiconductor Pte Ltd.	-	-	-

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							Number of shares	Percentage of shares	Number of shares	Percentage of shares	Number of shares	Percentage of shares	Number of shares	Percentage of shares			Title	Name	Relations
Independent director	Republic of China	Lee, Mao	Male 81	2024.06.21	3 years	2015.06.24	0	0%	0	0%	0	0%	0	0%	Master in China Studies, Tamkang University. Director General & Vice Director General, Customs Administration, Ministry of Finance. Director General & Vice Director General, Taipei Customs. Vice Director General, Keelung Customs. Associate Professor, Chihlee University of Technology. Assistant Professor, National Taichung University of Science and Technology. Member and Chairman of Remuneration Committee, Taiwan Cooperative Financial Holding Co., Ltd.. Independent Director, Taiwan Cooperative Bank, Ltd.. Member and Chairman of Remuneration Committee, Taiwan Cooperative Bank, Ltd.. Member of the Board of Examiners for the 2006 and 2008 Professional and Technical Examinations.	Chairman of Allter Technology Co., Ltd.. Director of Pan German Universal Motors Ltd.. Independent director of Farglory Free Trade Zone Investment Holding Co., Ltd.. Member & Chairman of Audit Committee and Remuneration Committee of the Company.	-	-	-

Title	Nationality or place of registration	Name	Gender Age	Date of appointment	Length of term	Date of first appointment	Shares held when elected (*shares held by the individual and percentage of shares held)		Shares currently held (*shares held by the individual and percentage of shares held)		Shares held by spouse or minor children		Shares held in the name of other persons		Major experience / academic background Note (3)	Positions currently assumed in this company or other companies	Any managerial officer, director, or supervisor who is a spouse or relative within the second degree of kinship		
							Number of shares	Percentage of shares	Number of shares	Percentage of shares	Number of shares	Percentage of shares	Number of shares	Percentage of shares			Title	Name	Relations
Independent Director	Republic of China	Tzeng, Yu-Chiung	Female 72	2024.06.21	3 years	2024.06.21	0	0%	0	0%	0	0%	0	0%	Bachelor of Banking and Insurance, Feng Chia University. Director of the Insurance Bureau of the Financial Supervisory Commission. Chairman of the Corporate Insurance Development Center. Part-time associate professor level professional and technical personnel at Soochow University. Director of Residential Earthquake Insurance Fund. Member of the Management Committee of the Insurance Business Development Foundation.	Part-time associate professor level professional and technical personnel at Ming Chuan University. Supervisor of SSU-TE Enterprise Co., Ltd.. Member of Audit Committee and Remuneration Committee of the Company.	-	-	-
Independent director	Republic of China	Liu, Po-Liang	Male 68	2024.06.21	3 years	2024.06.21	0	0%	0	0%	0	0%	0	0%	Master's degree from the Institute of Mainland China, Chinese Culture University. Vice Director of the Police Department of the Ministry of Interior. Chief of the Kaohsiung City Government Police Department. Chief of Criminal Investigation Bureau.	Chairman of Quan'an Technology Property Co., Ltd.. Vice Chairman of Kee Tai Properties Co., Ltd.. Independent director of Quang Viet Enterprise Co., Ltd.. Director of Jarlytec Co., Ltd., Tatung Asset Development Company and Ksolar Co., Ltd.. Member of Audit Committee and Remuneration Committee of the Company.	-	-	-

Title	Nationality or place of registration	Name	Gender Age	Date of appointment	Length of term	Date of first appointment	Shares held when elected (*shares held by the individual and percentage of shares held)		Shares currently held (*shares held by the individual and percentage of shares held)		Shares held by spouse or minor children		Shares held in the name of other persons		Major experience / academic background Note (3)	Positions currently assumed in this company or other companies	Any managerial officer, director, or supervisor who is a spouse or relative within the second degree of kinship		
							Number of shares	Percentage of shares	Number of shares	Percentage of shares	Number of shares	Percentage of shares	Number of shares	Percentage of shares			Title	Name	Relations
Independent director	Republic of China	Chao, Yuan-Chi	Male 76	2024.06.21	3 years	2024.06.21	0	0%	0	0%	0	0%	0	0%	Master of Finance from New York University Director/Supervisor of Mercuries Data Systems Ltd. Independent Director of Taipei Fubon Commercial Bank. Acting Chairman and General Manager of First Financial Holdings Co., Ltd. and First Commercial Bank	Chairman of Concord Asia Finance Ltd.. Independent Director of Primasia Securities Company Limited. Director of Key Ware Electronics Co., Ltd., Taiwan Microloops Corp., Zhengqi Investment Co., Ltd., East Asia Real Estate Management Company, Shsnghai Village Culinary Co., Ltd., Tai'an Green Boat Co., Ltd., Dayu Optoelectronics Co., Ltd., Hanyou Investment Consulting Co., Ltd. And Tunghai University. Supervisor of Everlance Co., Ltd. and Heng Lang Co., Ltd.. General Manager of Chengda Financial Management Consulting Co., Ltd.. Member of Audit Committee and Remuneration Committee of the Company.	-	-	-

Note (1) : Currently, the Chairman and the President are served by the same person. The chairman served as the director of the former president's office of the company in 1998. He has been involved in the company's operation and management for more than 20 years. He is familiar with and has a good grasp of the company's investment business. Either experience, professional knowledge, or ability, he is competent and qualified. More than half of the company's directors do not concurrently serve as employees or managers, and there are four independent director seats on the board of directors.

Note (2) : Director Chen, Shiang-Feng resigned as a director on December 31, 2013, and was re-elected as a director on August 13, 2024.

Note (3) : No member of the board of directors has ever served in the company's auditing accounting firm.

(2) Major shareholders of the institutional shareholders

March 31, 2025

Name of the institutional shareholders	Major shareholders of the institutional shareholders	Shareholding percentage
Shanglin Investment Co., Ltd.	Chen, Shiang-Li	31.41%
	Chen, Shiang-Chieh	17.67%
	Chen, Shiang-Feng	17.67%
	Hsu, Chang-Hui	6.37%
	Chen, Shiang-Chung	13.54%
	Shanghong Investment Co., Ltd.	8.21%
	Wang, Te-Pin	5.13%
Shuren Investment Co., Ltd.	Wong, Wei-Chyun	27.89%
	Wong, Tsui-Chun	24.70%
	Shufeng Investment Co., Ltd.	15.39%
	Wong, Chau-Shi	14.39%
	Wong, I-Hsuan	17.55%
	Yang, Chun-Hui	0.06%
	Yang, Hsueh-Hui	0.02%
Mega Prosper Investment Limited	Mega Prosper International Limited (British Virgin Islands)	100.00%

Major shareholders of institutional shareholders who are major shareholders listed in the previous list

March 31, 2025

Name of the institutional shareholders	Major shareholders of the institutional shareholders	Shareholding percentage
Shanghong Investment Co., Ltd.	Chen, Shiang-Li	21.74%
	Shanglin Investment Co., Ltd.	32.61%
	Chen, Shiang-Chieh	13.48%
	Chen, Shiang-Feng	13.48%
	Chen, Shiang-Chung	9.56%
	Hsu, Chang-Hui	5.22%
	Wang, Te-Pin	3.91%
Shufeng Investment Co., Ltd.	Shuren Investment Co., Ltd.	67.95%
	Wong, Chau-Shi	14.62%
	Wong, Wei-Chyun	8.20%
	Wong, Tsui-Chun	8.20%
	Yang, Chun-Hui	0.46%
	Yang, Hsueh-Hui	0.26%
	Wong, I-Hsuan	0.26%
	Chen, Shiang-Feng	0.05%
Mega Prosper International Limited (British Virgin Islands)	Lee, Jiann-Hsiung	100.00%

(3) Information on Directors

A. Professional qualifications of Directors and independence information disclosure of Independent Directors:

March 31, 2025

Condition Name	Professional qualifications and experience	Independence	Currently serving as the independent director of other public companies
Director			
Chen, Shiang-Li (Note 1)	Since 1998, he has been the former President's Chief of Staff of the Company. He has been involved in the management of the Company for more than 20 years. As general manager of First Worldsec Securities, chairman of First Venture Capital, and current directors of subsidiary of the Company, Mercuries Life Insurance, Mercuries Fu Bao Ltd., Mercuries Liquor & Food Co., Ltd, Simple Mart Retail Co., Ltd, Mercuries Data Systems Ltd, SCI Pharmtech, Inc., and Mercuries F&B, etc. He has rich experience in corporate operations and has served as a director of the Company since May, 1997, and has reinvested in each of the Company's investments. He is familiar with and proficient in Business operation management, and his insurance professional qualifications are approved by the Financial Supervisory Commission FSCIB No. 10502137360 on December 16, 2016 approved.	-	0
Chen, Shiang-Chung (Note 1)	More than 20 years of work experience in business and business sector, specializing in business information service industry, in 2002 He has served as Chairman of the Board of Directors of Mercuries Data Systems Ltd., and he is currently an independent director of My Humble House Hospitality Management Consulting Co., Ltd. and TECO Electric & Machinery Co. Ltd.	-	1
Wong, Wei-Chyun (Note 1)	He holds a Ph.D in Chemistry, University of Pennsylvania, USA, and has worked as a researcher at Industrial Technology Research Institute, and he has served an Assistant General Manager and General Manager and Assistant Manager of the subsidiary SCI Pharmtech, Inc. with decades of experience in the pharmaceutical industry, leadership decision-making and operational management, currently serving as chairman of the subsidiary SCI Pharmtech, Inc.	-	0
Cheng, I-teng (Note 1)	With more than 20 years of experience in business and business sector, specializing in investment business, and having served as Director and General Manager of First Worldsec Securities (Hong Kong), Senior Vice President of Department of Capital Market in Horizon Securities Director, Horizon SICE, and Director and General Manager of Horizon Securities (Hong Kong).	-	0
Chen, Shiang-Feng (Note 1)	More than 10 years of work experience in business and business sector, specializing in consumer products and food and beverage retail business, currently serves as Chairman of the subsidiary Simple Mart Retail Co., Ltd, and Mercuries F&B Co., Ltd, and also serves as the Independent Director in Silicon Motion Technology Corporation.	-	1 (Note 3)
Lee, Jiann-Hsiung (Note 1)	With more than 20 years of experience in business and business sector, specializing in finance and investment business, and having served as the deputy general manager of Bankers Trust, and currently serves as the Chairman of Mega Prosper Investment Limited.	-	0

Condition Name	Professional qualifications and experience	Independence	Currently serving as the independent director of other public companies
Independent director			
Lee, Mao (Note 1)	He previously served as Director General & Vice Director General of the Customs Administration in Ministry of Finance, and Director General of Taipei Customs Bureau of the Ministry of Finance Vice Director of the Keelung Customs Bureau of the Ministry of Finance and independent director of Cooperative Treasury Commercial Bank (Stock) Co., Ltd., with extensive experience with tax finance. Currently serving as the chairman of Allter Technology Co., Ltd. and the director of Pan German Universal Motors Ltd., and independent director of Farglory Free Trade Zone	(Note 2)	1
Tzeng, Yu-Chiung (Note 1)	She holds a degree in Banking and Insurance from Feng Chia University and specializes in insurance business and insurance regulations. She has served as Director of the Insurance Bureau of the Financial Supervisory Commission and Chairman of the Insurance Business Development Center of the Financial Institution. She has leadership management, decision-making and crisis management capabilities.	(Note 2)	0
Liu, Po-Liang (Note 1)	He once served as Deputy Director of the Police Department of the Ministry of Interior, Chief of the Kaohsiung City Government Police Department and Chief of the Criminal Investigation Bureau. He has leadership management, decision-making and crisis management capabilities. He currently serves as the Chairman of Quan'an Technology Property Co., Ltd., Vice Chairman of Kee Tai Properties Co., Ltd., Independent Director of Quang Viet Enterprise Co., Ltd., Director of Jarllytec Co., Ltd., Tatung Asset Development Company and Ksolar Co., Ltd., familiar with the governance and operation management of the industry.	(Note 2)	1
Chao, Yuan-Chi (Note 1)	He holds a master's degree in finance from New York University and specializes in finance and investment fields. He has served as Director/Supervisor of Mercuries Data Systems Ltd., Independent Director of Taipei Fubon Commercial Bank, and Acting Chairman and General Manager of First Financial Holdings Co., Ltd. and First Commercial Bank, familiar with corporate governance and operation management.	(Note 2)	1

Note 1: The information has been regularly reviewed and none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.

Note 2: The independent directors have not had any of the following relevant conditions during the two years prior to their election and during their term of office:

- (1) Serve as a director, supervisor or employee of the Company or the Company's affiliated enterprises and certain affiliated companies with the Company.
- (2) Spouses, relatives within the second degree of kinship serve as directors, supervisors or employees of the Company or companies which the Company is affiliated.
- (3) A natural person shareholder who holds more than 1% of issued shares or is ranked top 10 in terms of the total quantity of shares held, including the shares held in the name of the person's spouse, minor children, or in the name of others.
- (4) Employed in the provision of the Company or any affiliate of the Company in commercial, legal, financial, accounting and related services.
- (5) Remuneration obtained by providing commercial, legal, financial, accounting and other services related to the Company or any affiliate of the Company.

Note 3: Serves as an independent director of a U.S. company and does not serve as an independent director of a domestic public company.

B. Board Diversity and Independence:

a. Diversity of the Board of Directors:

The professional qualifications and selection requirements of the directors and independent directors of the Company shall be in accordance with the Company Law, the Methods for the Establishment of Independent Directors of Public Offering Companies, and the Company has established the Method for the Selection of Directors, which regulates the selection of directors, shall consider the overall configuration of the board of directors, the composition of the board of directors shall consider diversification, and the appropriate diversification policy shall be formulated for the operation, operating model and development needs, and shall include but not be limited to the following four broadly oriented criteria:

- (1) Basic qualification and value: gender, age, nationality, and culture, etc., including at least one female director, and those with employee status shall not exceed one-third of the director seats.
- (2) Professional knowledge and skills: a professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience. The company is an industrial holding company. At present, important industries currently include life insurance, daily commodities and F&B retail, pharmaceutical industry and information services. Each industry should have at least one director member. Among them, life insurance involves important investment positions and financial issues, at least two directors must have this professional ability, and at least one independent director must have financial accounting expertise.
- (3) Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:
 - a. Business judgment ability.
 - b. Accounting and financial analysis ability.
 - c. Business management ability.
 - d. Crisis management ability.
 - e. Knowledge of the industry.
 - f. The ability to understand international markets.
 - g. Leadership.
 - h. Decision-making ability.
- (4) More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

The Company's diversification policy is as follows:

Director	Business management/ Judgment ability	Leadership/ Decision-Making	Crisis Management Capacity	International market perspective	International market perspective	Finance and Accounting	Employees of the company and affiliated companies
Chen, Shiang-Li	V	V	V	V	Investment, Life Insurance, and Retail of Daily Commodities and Food		Yes
Chen, Shiang-Chung	V	V	V	V	Information Services		Yes
Wong, Wei-Chyun	V	V	V	V	Pharmaceutical		Yes
Cheng, I-teng	V	V	V	V	Tax and Investment	V	No
Chen, Shiang-Feng	V	V	V	V	Retail of Daily Commodities and Food		Yes
Lee, Jiann-Hsiung	V	V	V	V	Finance and Investment	V	No
Lee, Mao	V	V	V	V	Tax and Finance	V	No
Tzeng, Yu-Chiung	V	V	V	V	Life Insurance		No
Liu, Po-Liang	V	V	V	V	Real estate and investment		No
Chao, Yuan-Chi	V	V	V	V	Finance and Technology	V	No

From the review of the implementation of the above-mentioned director diversity policy, it can be seen that the company's current board of directors complies with the board diversity policy, except that more than one-third of the company's board of directors are employee directors, which does not meet the regulations.

b. Independence of the Board of Directors:

If there are 4 independent directors accounting for 40%, and the directors are spouses or relatives within the second degree, there are no circumstances specified in paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.

(4) General Managers, assistant general managers, deputy assistant general managers, and the supervisors of all the Company's divisions and branch units.

April 15 2025

Title	Nationality	Name	Gender	Date of appointment	Shares held		Shares held by spouse or minor children		Shares held in the name of other persons		Major experience / academic background	Positions currently assumed in the Company	Any managerial officer who is a spouse or a relative within the second degree of kinship		
					Number of shares	Percentage of shares	Number of shares	Percentage of shares	Number of shares	Percentage of shares			Title	Name	Relations
General Manager	Republic of China	Chen, Shiang-Li	Male	Dec. 14, 2004	25,337,407	2.26%	0	0%	0	0%	MBA, Georgetown University General Manager, Mercuries & Associates Holding, Ltd.	Please refer to the Company Chairman 「Positions currently assumed in the Company」.	None	None	None
Assistant General Manager, Principle Financial Officer, Head of Corporate Governance Chief Information Security Officer Member of The Company's Sustainable Development Committee.	Republic of China	Wang, Chih-Hua	Male	Feb. 1, 2004 July 17, 2009 May 14, 2021 Nov.14,2023 July 31,2024	238,220	0.02%	0	0%	0	0%	Bachelor of Economics, Fu Jen Catholic University Manager, Corporate Services Department, Mercuries & Associates, Ltd.	Director of Mercuries Leisure, Mercuries General Media, Mercuries Life Insurance Co., Ltd., Jiahong Investment Co., Ltd., Mercuries Liquor & Food Japan Co., Ltd. and Mercuries Social Welfare And Charity Foundation, Taoyuan County. Supervisor of Mercuries & Associates, Ltd. and Like record Co., Ltd..	None	None	None
Assistant General Manager, Principle accounting officer Member of The Company's Sustainable Development Committee.	Republic of China	Chen, Te-Kai	Male	Nov. 14, 2014 July 30, 2009 July 31,2024	98,121	0.01%	0	0%	0	0%	Bachelor of Accounting, National Taiwan University Manager, BDO Taiwan Manager, Underwriting Department, KGI Securities	Director of Mercuries Social Welfare And Charity Foundation, Taoyuan County. Independent director of Good Way Technology Co., Ltd. Supervisor of Sanhui Co., Ltd.	None	None	None
Chief Legal Officer Chief Sustainability Officer.	Republic of China	Hsu, Chin-Hsin	Female	May 14, 2021 July 31,2024	0	0%	0	0%	0	0%	Master of Laws, Northwestern University, USA Attorney General of Mercuries & Associates, Ltd. Assistant partner and junior partner lawyer of Wanguo Law Firm Judge of Keelung District Court, Taiwan, assistant judge of Kaohsiung Branch of Taiwan High Court	Vice Director of Mercuries Life Insurance Co., Ltd.. Director of Cmg International One Co. Ltd., Cmg International Two Co. Ltd., Framosa Co., Ltd., SCI Pharmtech, Inc. and Yushan Pharmaceuticals, Inc. Independent director of Eastern Union Interactive Corp. and Orient Europharma Co., Ltd.. Director of Taiwan Bar Association.	None	None	None

2. Remuneration paid out to directors, Independent directors, the general managers, and assistant general managers

Due to one of the following circumstances in the Company, the directors' names and remuneration are revealed individually: (1) suffer losses after tax in individual financial reports in the last three years; (2) have insufficient shareholdings by Directors in the most recent year; (3) have the Directors' pledge ratio in either three months of the most recent year more than 50%; (4) have any Directors who received Directors' compensation accounting for more than 2% of the net profit after tax from companies listed in the financial report and individual Directors who received compensation of over NT\$15 million; (5) have the evaluation result of corporate governance in the most recent year at the last level two, neither has its trading method been changed, trading suspended, or public listing terminated, and the corporate governance evaluation committee did not pass a resolution that an evaluation of the Company would not be conducted in the most recent year and as of the printing date of this annual report; (6) have the fact that the average annual salary of full-time employees who are not holding managerial officer positions in the most recent year has not reached NT\$500,000 ; (7)The net profit after tax in the most recent year has increased by more than 10%, but the average annual salary of full-time employees who do not hold supervisory positions has not increased compared with the previous year ; (8) The after-tax profit and loss in the most recent year has declined by 10% and exceeded NT\$5 million, and the average remuneration of each director (excluding part-time employee compensation) has increased by 10% and exceeded NT\$100,000.

(1) Remuneration to Directors and Independent Directors

Unit: Thousand NT\$ / Thousand shares

Title	Name	Director's remuneration								Total amount & Proportion of net income after summing items A, B, C, and D		Total amount & Proportion of net income after summing items A, B, C, D, E, and F								Receives remuneration from other non-subsidiary companies that the Company has invested in or parent company		
		Remuneration (A) (Note 1)		Retirement pension (B)		Director's Remuneration (C)		Business execution fees (D)				Salaries, bonuses, and special expenses (E)		Retirement allowance (F)		Employee remuneration (G)						
		The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company		All companies listed in this Financial Report		The Company	All companies listed in this Financial Report			
														Sum of cash bonus	Sum of share bonus	Sum of cash bonus	Sum of share bonus					
Chairman	Chen, Shiang-Li	—	—	—	—	—	3,085	80	156	80	3,241	8,430	8,430	—	—	1,800	—	1,800	—	10,310	13,471	—
										0.01%	0.21%									0.68%	0.89%	
Director	Shanglin Investment	—	—	—	—	2,000	2,000	—	—	2,000	2,000	—	—	—	—	—	—	—	—	2,000	2,000	—
										0.13%	0.13%									0.13%	0.13%	
Director	Shanglin Investment Chen, Shiang-Chung	—	—	—	—	1,000	3,360	50	110	1,050	3,470	—	19,206	—	108	—	—	300	—	1,050	23,084	—
										0.07%	0.23%									0.07%	1.52%	
Director	Shuren Investment Wong, Wei-Chyun	—	5,077	—	—	1,000	4,496	80	753	1,080	10,326	—	—	—	—	—	—	—	—	1,080	10,326	—
										0.07%	0.68%									0.07%	0.68%	
Director	Shuren Investment Mao, Ming-Yu (Note3)	—	—	—	—	—	—	40	40	40	40	—	—	—	—	—	—	—	—	40	40	—
										0%	0%									0%	0%	
Director	Shuren Investment Cheng, I-teng (Note5)	—	—	—	—	1,000	1,000	80	80	1,080	1,080	—	—	—	—	—	—	—	—	1,080	1,080	—
										0.07%	0.07%									0.07%	0.07%	
Director	Shanglin Investment Chen, Shiang-Feng	—	—	—	—	1,000	4,861	80	100	1,080	4,961	—	7,006	—	—	—	—	2,590	—	1,080	14,557	—
										0.07%	0.33%									0.07%	0.96%	
Director	Lee, Jiann-Hsiung (Note4)	—	—	—	—	1,000	1,000	40	40	1,040	1,040	—	—	—	—	—	—	—	—	1,040	1,040	—
										0.07%	0.07%									0.07%	0.07%	

Title	Name	Director's remuneration								Total amount & Proportion of net income after summing items A, B, C, and D		Employee remuneration for other activities								Total amount & Proportion of net income after summing items A, B, C, D, E, and F		Receives remuneration from other non-subsidiary companies that the Company has invested in or parent company
		Remuneration (A) (Note 1)		Retirement pension (B)		Director's Remuneration (C)		Business execution fees (D)				Salaries, bonuses, and special expenses (E)		Retirement allowance (F)		Employee remuneration (G)						
		The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company		All companies listed in this Financial Report		The Company	All companies listed in this Financial Report			
Independent director	Lee, Mao	—	—	—	—	1,000	1,000	80	80	1,080	1,080	—	—	—	—	—	—	—	—	1,080	1,080	—
										0.07%	0.07%									0.07%	0.07%	
Independent director	Tu, Te-cheng (Note3)	—	2,614	—	—	—	500	40	40	40	3,204	—	—	—	—	—	—	—	—	40	3,204	—
										0%	0.21%									0%	0.21%	
Independent director	Liu, Han-Tsung (Note3)	300	2,570	—	—	—	—	40	40	340	2,610	—	—	—	—	—	—	—	—	340	2,610	—
										0.02%	0.17%									0.02%	0.17%	
Independent director	Jeffrey Chen (Note3)	—	—	—	—	—	—	20	20	20	20	—	—	—	—	—	—	—	—	20	20	—
										0%	0%									0%	0%	
Independent director	Tzeng, Yu-Chiung (Note4)	—	—	—	—	1,000	1,000	40	40	1,040	1,040	—	—	—	—	—	—	—	—	1,040	1,040	—
										0.07%	0.07%									0.07%	0.07%	
Independent director	Liu, Po-Liang (Note4)	—	—	—	—	1,000	1,000	40	40	1,040	1,040	—	—	—	—	—	—	—	—	1,040	1,040	—
										0.07%	0.07%									0.07%	0.07%	
Independent director	Chao, Yuan-Chi (Note4)	—	—	—	—	1,000	1,000	40	40	1,040	1,040	—	—	—	—	—	—	—	—	1,040	1,040	—
										0.07%	0.07%									0.07%	0.07%	
*Remuneration received in the most recent year by the directors of the Company for rendering services (such as serving as a non-employed consultant) to any company listed in the Financial Report: NT\$ 2,150,000. (Remuneration to the Remuneration Committee members of the Company).																						

*Remuneration received in the most recent year by the directors of the Company for rendering services (such as serving as a non-employed consultant) to any company listed in the Financial Report: NT\$ 2,150,000. (Remuneration to the Remuneration Committee members of the Company).

Note 1: In addition to Liu, Han-Tsung, the company's independent director, who receives a fixed monthly remuneration from the company, the other directors do not receive a salary and only receive travel expenses to attend the board of directors and participate in the distribution of director's remuneration distributed in accordance with the company's articles of association and approved by the board of directors. If there are no significant differences in the responsibilities, risks, time invested and other factors undertaken by independent directors, in principle the director's remuneration will be paid unanimously.

Note 2: Except for the disclosure in the table above, the Company's Directors did not receive remuneration for providing services for all companies listed in the financial report this year.

Note 3: The terms of Director Mao, Ming-Yu, Independent Directors Tu, Te-cheng, Liu, Han-Tsung and Jeffrey Chen ended on June 20, 2024.

Note 4: Director Lee, Jiann-Hsiung, Independent Directors Tzeng, Yu-Chiung, Liu, Po-Liang and Chao and Yuan-Chi took office on June 21, 2024.

Note 5: Director Cheng, I-teng was originally elected as a director as a natural person, but was elected as a director on behalf of a legal person on June 21, 2024.

(2) Remuneration for general managers and assistant general managers

Unit: Thousand NT\$

Title	Name	Salary (A)		Retirement pension (B) (Note 1)		Bonuses and special expenses (C) (Note 2)		Employee's remuneration (D)				Total amount & Proportion of net income after summing items A, B, C, and D (%)		Receives remuneration from other non-subsidiary companies that the Company has invested in or parent company
		The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company		All companies listed in this Financial Report		The Company	All companies listed in this Financial Report	
								Cash Sum	Shares Sum	Cash Sum	Shares Sum			
General Manager	Chen, Shiang-Li	3,614	3,614	—	—	4,816	4,816	1,800	—	1,800	—	10,230	10,230	—
												0.67%	0.67%	
Assistant General Manager	Wang, Chih-Hua	3,254	3,254	108	108	4,000	4,457	420	—	420	—	7,782	8,239	—
												0.51%	0.54%	
Assistant General Manager	Chen, Te- Kai	1,754	1,754	106	106	1,400	1,583	420	—	420	—	3,681	3,864	—
												0.24%	0.25%	
Attorney General	Hsu, Chin-Hsin	3,233	3,233	108	108	4,500	7,526	420	—	420	—	8,261	11,287	—
												0.54%	0.74%	

Note 1: Refers to the number of withdrawals made for this year.

Note 2: The figure in this column includes book cost of the vehicle as well as rental expense for the assigned vehicle.

(3) The information of the top five managerial officers with the highest remuneration

The Company's top five managerial officers with the highest remuneration are as described above in 「(2) Remuneration for general managers and assistant general managers」.

(4) Names of managerial officers provided with employee's compensation and state of payments

Unit: Thousand NT\$

	Title	Name	Value of share payments	Value of cash payments	Total	Total payment as a proportion of net income (%)
Managerial officers	General Manager	Chen, Shiang-Li	0	1,800	1,800	0.12%
	Assistant General Manager	Wang, Chih-Hua	0	420	420	0.03%
	Assistant General Manager	Chen, Te-Kai	0	420	420	0.03%
	Attorney General	Hsu, Chin-Hsin	0	420	420	0.03%

Compare and analyze the total remuneration paid to each of the Company's directors, general managers, and assistant general managers in the 2 most recent fiscal years by all companies listed in the Company's individual and consolidated financial statement as a percentage of net income and describe the policies, standards, and packages for payment of remuneration, the procedures for determining remuneration, and its linkage to business performance and future risk exposure.

A. Total remuneration as a proportion of net income (loss) (%)

	The Company		All companies in the consolidated report	
	2024	2023	2024	2023
Directors and Independent director (Note)	0.79%	(0.04)%	2.38%	(0.59)%
General Managers 、 Assistant general managers and Attorney General	1.97%	(0.93)%	2.22%	(0.96)%

Note : Excludes remuneration received as an employee.

B. Directors' remuneration policy in this Corporation is prescribed within the Articles of Incorporation and has been approved by the Board of Shareholders. Directors of this Corporation do not receive any remuneration except for commuting expenses incurred while participating in Board meetings. Remuneration for directors is determined based on each director's level of participation in the Corporation's operations and their contribution value, considering the standard remuneration typically provided in the industry. Subject to review by the Remuneration Committee and submitted to the Board of Directors for resolution.

The components of managerial remuneration consist of a fixed salary (including base salary, meal allowances, position allowances, and other items) as well as a variable salary (year-end bonuses). Managers also participate in the distribution of employee remuneration, as stipulated in the Corporation by-laws and approved by the Board of Directors. The remuneration of managers is linked to their individual contributions, management performance, company operating performance, and ESG outcomes. It is reviewed by the Remuneration Committee and submitted to the Board of Directors.

Other than the aforementioned, the compensation for directors and managers excludes sign-on bonuses or recruitment incentives, severance payments, clawback mechanisms, or retirement benefits.

The proportion of directors' and managers' remuneration to after-tax profit increased in 2024, mainly because the current period's profit increased by approximately 153% compared with the previous period.

3. Implementation of corporate governance

(1) Implementation of Directors' Meetings

A. A total of 8 Directors' Meetings were held in the most recent fiscal year (2024).

The following lists the attendance of Directors in these meetings:

Title	Name	Attendance in person	Attendance by proxy	Attendance Rate in Percentage (%)	Note
Chairman	Shanglin Investment Chen, Shiang-Li	7	1	88%	—
Director	Shanglin Investment Chen, Shiang-Chung	5	0	63%	—
Director	Shuren Investment Wong, Wei-Chyun	8	0	100%	—
Director	Shuren Investment Mao, Ming-Yu (Note1)	4	0	100%	—
Director	Shuren Investment Cheng, I-teng (Note2)	8	0	100%	—
Director	Shanglin Investment Chen, Shiang-Feng	8	0	100%	—
Director	Lee, Jiann-Hsiung (Note3)	3	1	75%	—
Independent director	Lee, Mao	8	0	100%	—
Independent director	Tu, Te-cheng (Note1)	4	0	100%	—
Independent director	Liu, Han-Tsung (Note1)	4	0	100%	—
Independent director	Jeffrey Chen (Note1)	2	0	50%	—
Independent director	Tzeng, Yu-Chiung (Note3)	4	0	100%	—
Independent director	Liu, Po-Liang (Note3)	4	0	100%	—
Independent director	Chao, Yuan-Chi (Note3)	4	0	100%	—

Note 1 : The terms of Director Mao, Ming-Yu, Independent Directors Tu, Te-cheng, Liu, Han-Tsung and Jeffrey Chen ended on June 20, 2024.

Note 2 : Director Cheng, I-teng was originally elected as a director as a natural person, but was elected as a director on behalf of a legal person on June 21, 2024.

Note 3 : Director Lee, Jiann-Hsiung, Independent Directors Tzeng, Yu-Chiung, Liu, Po-Liang and Chao, Yuan-Chi took office on June 21, 2024.

Other items that shall be recorded:

1. For any item listed in Article 14 Paragraph 3 of the Securities and Exchange Act as well as any other issues where an independent director expressed a dissenting or qualified opinion that have been recorded or stated by writ, and have been submitted to the Directors' Meeting for resolution, the date, session, topic discussed, opinions of every independent directors, and the Companies' handling of the opinions of the independent directors:

(1) Any matter listed in Article 14-3 of the Securities and Exchange Act: Independent directors did not provide any opinions during the 8 board meetings held in 2024.

(2) In addition to the aforementioned matters, any other resolutions from the board meetings where an independent director expressed a dissenting or qualified opinion that have been recorded or stated by writ: None.

2. For the implementation and state of director's recusal for conflict of interest, the director's name, contents of the topic, reasons for the required recusal, and participation in the voting process:

(1) The discussion items in the Board meeting on January 23, 2024

For the proposal 1 : A proposal to issue year-end bonuses to managers, Directors Chen, Shiang-Li, Chen, Shiang-Chung and Chen, Shiang-Feng did not participate in the discussion and voting due to conflicts of interest.

(2) The discussion items in the Board meeting on April 26, 2024

For the proposal 4 : Review of the list of directors and independent director candidates nominated by the company's board of directors. Every nominee will be review and voted on one by one by the company's board of directors, every nominee and persons with interests in them did not participate in the discussion and voting due to conflicts of interest.

For the proposal 5 : The Company release the non-compete clause for directors. Every individual director will be voted on one by one by the company's board of director, every individual director and persons with interests in them did not participate in the discussion and voting due to conflicts of interest.

For the proposal 6 : The Company release the non-compete clause for managers. Every individual manager will be voted on one by one by the company's board of director, every individual manager and persons with interests in them did not participate in the discussion and voting due to conflicts of interest.

(3) The discussion items in the Board meeting on July 31, 2024

For the proposal 3 : Appointment of members of the Remuneration Committee of the company, and decide remuneration of the members. In this case, independent directors Lee, Mao, Tzeng, Yu-Chiung, Liu, Po-Liang and Chao, Yuan-Chi did not participate in the discussion and voting due to conflicts of interest.

For the proposal 5 : It is proposed to authorize independent director Lee Mao to sign the company's internal audit documents and the management of the audit department, independent director Lee, Mao did not participate in discussions and voting due to the conflict of interests.

3. Goals for enhancing the functions of the Board of Directors (such as establishing an Audit Committee or increasing information transparency) for the current fiscal year and most recent fiscal year as well as assessments of the actions implemented:

(1) For all Directors, the total number of training hours was 99 in 2024.

(2) State of communication between Independent Directors, the internal auditor officer, and the CPAs (shall include material matters, methods, and results of communication pertaining to corporate finances and business operations):

A. In 2024, the chief internal auditor attended 6 Board meetings as a nonvoting participant to report the results of internal audits and communicate with independent directors face-to-face. In 2024, independent directors provided no recommendations for internal controls. Independent Director Lee Mao discussed relevant audit matters face-to-face with the audit supervisor on

February 22, March 22, April 26, May 28, June 26, July 31, August 27, September 25, October 25, and November 27, 2024, and asked for a better understanding of the subsidiary's inventory and cash management.

B. The CPAs attended the Board meetings on March 15, May 15, August 14, and November 14, 2024, and the shareholders' meeting on June 21, 2024 as nonvoting participants to communicate with independent directors face-to-face about corporate governance, key audit items for the year, the operating status, and the independence of the CPAs. Independent directors made no comments on the aforesaid issues.

C. Contact information of independent directors, the internal auditor officer, and the CPAs is provided to facilitate communication.

B. Attendance of independent directors in board meetings in 2024:

◎:Attendance in person, ※:Attendance by proxy, *:Absence

2024	First Meeting	Second Meeting	Third Meeting	Fourth Meeting	Fifth Meeting	Sixth Meeting	Seventh Meeting	Eighth Meeting
Lee, Mao	◎	◎	◎	◎	◎	◎	◎	◎
Tu, Te-cheng (Note1)	◎	◎	◎	◎	-	-	-	-
Liu, Han-Tsung (Note1)	◎	◎	◎	◎	-	-	-	-
Jeffrey Chen (Note1)	*	◎	*	◎	-	-	-	-
Tzeng, Yu-Chiung (Note2)	-	-	-	-	◎	◎	◎	◎
Liu, Po-Liang (Note2)	-	-	-	-	◎	◎	◎	◎
Chao, Yuan-Chi (Note2)	-	-	-	-	◎	◎	◎	◎

Note 1 : The terms of Independent Directors Tu, Te-cheng, Liu, Han-Tsung and Jeffrey Chen ended on June 20, 2024.

Note 2 : Independent Directors Tzeng, Yu-Chiung, Liu, Po-Liang and Chao, Yuan-Chi took office on June 21, 2024.

C. The 2024 Board review was completed on March 14, 2025 as follows:

Evaluation cycle	During the evaluation	Scope	How to evaluate it	Content
Once a year	2024	1.Board of directors 2.Individual directors 3.Director Peers 3.Functional committee	1.Internal self-assessment by the Board of Directors 2.Self-assessment by members of the Board 3.Directors evaluate each other	The items for evaluating and evaluating vouchers shall be determined in accordance with the self-assessment or peer evaluation appraisal method of the Board of Directors. The content includes (1) participation in company operations, (2) improving the decision-making quality of the board of directors and functional committees, (3) awareness of the responsibilities of directors and functional committees, (4) mastery of company goals and tasks, (5) internal Relationship management and communication, (6) professional and continuing education and (7) internal control.

D. Results of 2024 years of internal self-evaluation of the board of directors, self-evaluation of director members and peer evaluation of directors:

Director	Evaluation result	Comments
Chen, Shiang-Li	Superior or above	None
Chen, Shiang-Chung	Superior or above	None
Wong, Wei-Chyun	Superior or above	None
Cheng, I-teng	Superior or above	None
Chen, Shiang-Feng	Superior or above	None
Lee, Jiann-Hsiung	Superior or above	None
Lee, Mao	Superior or above	None
Tzeng, Yu-Chiung	Superior or above	None
Liu, Po-Liang	Superior or above	None
Chao, Yuan-Chi	Superior or above	None

(2) Operations of the Audit Committee

A total of 6 Audit Committee meetings were held in 2024. The attendance of independent directors is as follows:

Title	Name	Times of in Person Attendance	Times of Proxy Attendance	Attendance rate of in Person (%)	Note
Independent Director	Lee, Mao	6	0	100%	-
Independent Director	Tu, Te-cheng (Note1)	3	0	100%	-
Independent Director	Liu, Han-Tsung (Note1)	3	0	100%	-
Independent Director	Jeffrey Chen (Note1)	2	0	67%	-
Independent Director	Tzeng, Yu-Chiung (Note2)	3	0	100%	
Independent Director	Liu, Po-Liang (Note2)	3	0	100%	
Independent Director	Chao, Yuan-Chi (Note2)	3	0	100%	

Note 1 : The terms of Independent Directors Tu, Te-cheng, Liu, Han-Tsung and Jeffrey Chen ended on June 20, 2024.

Note 2 : Independent Directors Tzeng, Yu-Chiung, Liu, Po-Liang and Chao, Yuan-Chi took office on June 21, 2024.

1. Items listed in Article 14-5 of the Securities and Exchange Act:

Date of Meeting	Term	Content of Proposal	Company's Disposal of Independent Directors' Opinions
2024.03.15	22th meeting of 2nd-term	(1) The Company's 2023 business report and financial statements. (2) The Company's statement of internal control for 2023. (3) To amend 「Articles of Incorporation」, 「Rules and Procedures of Shareholders Meeting」 and 「Audit Committee Charter」. (4) Review the internal audit report.	Passed by all present independent directors.
2024.04.26	23th meeting of 2nd-term	(1) The Company's 2023 Deficit Compensation. (2) The Company distribute cash dividend by capital surplus. (3) To approve endorsement and guarantee of the Company. (4) Review the internal audit report.	Passed by all present independent directors.
2024.05.15	24th meeting of 2nd-term	(1) To approve the Q1 2024 financial statements. (2) Appoint the company's certified public accountant and review audit fees. (3) By abolishing the company's original 「Information System Management」 and formulated 「Information System Control Operation」. (4) Review the internal audit report.	Passed by all present independent directors.

Date of Meeting	Term	Content of Proposal	Company's Disposal of Independent Directors' Opinions
2024.07.31	1st meeting of 3rd-term	(1) To approve the subscription of Mercuries Life Insurance Co., Ltd.'s capital increase. (2) To approve the authorization management of the company's internal audit operations. (3) Review the internal audit report.	Passed by all present independent directors.
2024.08.14	2nd meeting of 3rd-term	(1) To approve the Q2 2024 financial statements. (2) Review the internal audit report.	Passed by all present independent directors.
2024.11.14	3rd meeting of 3rd-term	(1) To approve the Q3 2024 financial statements. (2) To approve the subscription of Mercuries Life Insurance Co., Ltd.'s capital increase. (3) Formulate 「The Rules Governing the management of sustainability information」 and 「The Rules Governing the management of sustainability information」, to amend 「Regulations Governing of Internal Control System」 and 「Internal Audit Implementation Rules」. (4) To approve 2025 audit plan. (5) Review the internal audit report.	Passed by all present independent directors.

2. Proposals approved by two-thirds of the Board of Directors and yet to be passed by the Audit Committee: None.
3. Incidents where independent directors must implement recusal for conflicts of interest: None.
4. Communication among Independent Directors, internal audit Supervisors, and CPA (including important matters, methods, and results of the Company's finance and operations):
 - (1) The chief auditor communicates with the Audit Committee about the audit report on a regular basis and submits the internal audit report to the Audit Committee meeting. For special cases, the chief auditor reports to the Audit Committee immediately.
 - (2) Since the chairman of the company is also the general manager, in order to maintain the independence of the audit unit, the board of directors approved on July 31, 2025 to authorize independent director Lee, Mao to be responsible for the management of the audit unit and the signing of audit documents.
 - (3) The CPAs report the quarterly audit or review report in the Audit Committee meeting every quarter, including the application of new accounting principles and other statutory requirements. For special cases, the CPAs report to the Audit Committee immediately.

The independent directors, chief auditor, and CPAs communicate about the following:

Date of Meeting	Term	Communication with Chief Auditor	Communication with the CPAs
2024.03.15	22th meeting of 2nd-term	Review the internal audit report.	Discuss 2023 financial statements and communication matters during the completion phase.
2024.04.26	23th meeting of 2nd-term	Review the internal audit report.	None.
2024.05.15	24th meeting of 2nd-term	Review the internal audit report.	Discuss Q1 2024 financial statements and communication matters during the completion phase.
2024.07.31	1st meeting of 3rd-term	Review the internal audit report. To approve the authorization management of the company's internal audit operations.	None.
2024.08.14	2nd meeting of 3rd-term	Review the internal audit report.	Discuss Q2 2024 financial statements and communication matters during the completion phase.
2024.11.14	3rd meeting of 3rd-term	Review the internal audit report. To approve 2025 audit plan.	Discuss Q3 2024 financial statements and communication matters during the completion phase. Communication of the 2024 annual financial statements audit plan.

(3) The state of the Company's implementation of corporate governance, any departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such departure

Assessed Items	State of Operations			Gaps with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Causes of the Said Gaps
	Yes	No	Summary	
1. Did the Company stipulate and disclose the Corporate Governance Best Practice Principles according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	V		The Company has established the Corporate Governance Best Practice Principles according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and disclosed these Principles on the Market Observation Post System (MOPS) and its official website.	None.
2. Equity structure and shareholders' equity of the Company				
(1) Did the Company establish internal procedures for handling shareholders' proposals, inquiries, disputes, and litigation? Were such matters handled according to these internal procedures?	V		(1) A spokesperson system has been established. The dedicated personnel were assigned to handle shareholders' recommendations, disputes, and other questions. Matters related to the shareholders' meeting were implemented according to the Rules and Procedures of Shareholders Meeting.	None.
(2) Did the Company maintain a register of major shareholders with controlling power as well as a register of persons exercising ultimate control over those major shareholders?	V		(2) In compliance with the regulations, the Company disclosed changes in the shareholding of insiders on a monthly basis. During the book closure period, the stock agency will provide a list of shareholders to monitor changes in the shareholding of major shareholders.	None.
(3) Did the Company establish and enforce risk controls and firewall systems with its affiliated companies?	V		(3) Implement and comply with the company's 「Regulations Governing of Internal Control System」, 「Procedures for Acquisition and Disposal of Assets」, 「Rules Governing Financial and Business Matters Between this Corporation and its Related Parties」 and relevant laws and regulations..	None.
(4) Did the Company stipulate internal rules that prohibit insiders from trading securities using information not disclosed to the market?	V		(4) According to the internal control procedures and 「Procedures for Handling Material Inside Information and Management of the prevention of insider trading」 and related laws and regulations, the Company has prohibited any insiders from using undisclosed information for securities trading. Unannounced audits would also be conducted by the auditing departments. The company governance unit personnel notified the directors and managers by email 30 days/15 days before the financial report announcement, with the notification dates being April 29, 2024, July 26, 2024, October 29 2024 and February 7, 2025 respectively.	None.
3. Composition and responsibilities of the Board of Directors				
(1) Does the Board establish and implemented a diversity policy and specific management targets regarding its composition?	V		(1) The Company referred to the regulations of Article 20 of the Corporate Governance Best Practice Principles to ensure that members of the Board of Directors have work experiences and professional skills required for	None.

Assessed Items	State of Operations			Gaps with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Causes of the Said Gaps
	Yes	No	Summary	
(2) In addition to the Remuneration Committee and the Audit Committee established according to the law, has the Company voluntarily established other functional committees?	V		business, financial, accounting, and corporate operations. For the details of implementation, refer to Page 16-17 of this Annual Report. (2) A Sustainable Development Committee has been set up. Please see pages 43-77 of this annual report for details.	None.
(3) Has the company formulated the board of directors performance evaluation measures and method, conducted annual performance evaluation, and reported the performance evaluation results to the Board of Directors as a reference for individual directors' compensation and nomination?	V		(3) The Company referred to the Regulations Governing Self-Evaluation or Peer Evaluation of the Board of Directors to conduct annual performance evaluations. Results of the Directors' self-evaluations for 2024 were reported in the Board meeting on March 14 2025. A total of 8 Board meetings were convened in 2024 with the average in-person attendance of 91%, which is above the standard for the evaluation of the Board's performance (convention of 4 Board meetings with the average attendance of 75%). The Board of Directors operated and performed duties in accordance with the Company's Rules and Procedures of Board of Director Meetings. The Board of Directors performed well in 2024.	None.
(4) Did the Company regularly assess the independence of the CPAs?	V		(4) The Company, on the basis of Article 29 of the Corporate Governance Best Practice Principles, implements regular evaluations and acquires a statement of independence from the CPAs every year. The assessment on the independence of the CPAs was reviewed and passed in the Board meeting on May 15, 2024. Items assessed include: The CPA and his/her spouse or minor children shall not have any investment, sharing of financial interests, or capital loans, or any of the 22 related items with the Company. For details, please refer to the explanation of "II. Corporate Governance Report, 4. Information on the CPA's fees (4)" in this annual report.	None.

Assessed Items	State of Operations			Gaps with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Causes of the Said Gaps																																					
	Yes	No	Summary																																						
4. Is the company staffed with an appropriate number of qualified corporate governance personnel, does it designate a person as a corporate governance officer, responsible for matters related to corporate governance (including but not limited to providing directors and supervisors with the necessary information to perform business, assisting directors and supervisors in compliance, handling matters related to the Board of Directors meeting and the shareholders' meeting in accordance with the laws, handling company registration and registration of changes, and keeping minutes of the Board of Directors meeting and the shareholders' meeting)?	V		<p>Since May 2021, the Corporation has appointed a corporate governance officer responsible for corporate governance matters. These matters include providing information for directors to perform their functions; handling matters related to Board meetings and shareholders' meetings according to the law; handling company registration and changes to company registration; producing minutes of the Board meetings and shareholders' meetings; assisting directors in assuming their positions, ensuring legal compliance, and performing their duties; providing required information; arranging for directors to complete more than six hours of continuing education as required by law; handling Directors and Managers Liability Insurance, and reports to the Board of Directors.</p> <p>The company's corporate governance supervisor training status is as follows:</p> <table border="1"> <thead> <tr> <th colspan="2">Training Date</th><th rowspan="2">Organizer</th><th rowspan="2">Course Name</th><th rowspan="2">Number of Training Hours</th></tr> <tr> <th>Start Date</th><th>End Date</th></tr> </thead> <tbody> <tr> <td>2024.03.01</td><td>2024.03.01</td><td>Taiwan Corporate Governance Association</td><td>Corporate Governance and Securities Regulation</td><td>3</td></tr> <tr> <td>2024.05.30</td><td>2024.05.30</td><td>Taiwan Corporate Governance Association</td><td>Information security management under corporate governance and future development trends</td><td>3</td></tr> <tr> <td>2024.06.11</td><td>2024.06.11</td><td>Taiwan Corporate Governance Association</td><td>Discussion on the strategy and tool application of enterprise employee reward</td><td>3</td></tr> <tr> <td>2024.06.27</td><td>2024.06.27</td><td>Taiwan Securities Association</td><td>New forms of securities crime and market manipulation "Corporate Governance"</td><td>3</td></tr> <tr> <td>2024.09.26</td><td>2024.09.26</td><td>Taiwan Securities Association</td><td>The latest ESG trends and sustainability reporting framework</td><td>3</td></tr> <tr> <td colspan="4">Total</td><td>15</td></tr> </tbody> </table>	Training Date		Organizer	Course Name	Number of Training Hours	Start Date	End Date	2024.03.01	2024.03.01	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulation	3	2024.05.30	2024.05.30	Taiwan Corporate Governance Association	Information security management under corporate governance and future development trends	3	2024.06.11	2024.06.11	Taiwan Corporate Governance Association	Discussion on the strategy and tool application of enterprise employee reward	3	2024.06.27	2024.06.27	Taiwan Securities Association	New forms of securities crime and market manipulation "Corporate Governance"	3	2024.09.26	2024.09.26	Taiwan Securities Association	The latest ESG trends and sustainability reporting framework	3	Total				15	None.
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Assessed Items	State of Operations			Gaps with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Causes of the Said Gaps																					
	Yes	No	Summary																						
5.Has the Company established a communication channel with stakeholders (including but not limited to shareholders, employees, customers, and suppliers)? Has a stakeholders’ area been established on the company website? Has the Company addressed major corporate social responsibility (CSR) topics that the stakeholders are concerned in a proper manner?	V		<p>(1) The Company has established a spokesperson system and a stakeholders’ area on the official website, disclosed relevant contact information on the MOPS and its official website according to related regulations, and created good communication channels with investors.</p> <p>(2) After identifying material topics, the Company collects effective feedbacks from stakeholders in paper or through online questionnaire once every two years. According to the sorting results of 33 questionnaires filled out by senior executives, members of the ESG Committee, department heads, and stakeholders regarding “Degree of Impact” of 27 sustainability topics of the Company in 2024, a total of 14 material topics were identified; furthermore, since Mercuries & Associates Holding, Ltd. has always adhered to the initial intention of “Take from society, and pay back to society”, and has sponsored sports events and public welfare activities for many years, it was recognized by the senior executives that the topic of “Public Welfare and Community Engagement” also had a material impact on the Company, and therefore this topic was included among the material topics for disclosure. There are 15 material topics disclosed as follows:</p> <table><tr><th>Governance topics</th><th>Environmenttopics</th><th>Social topics</th></tr><tr><td>Operating Performance</td><td>Energy Management</td><td>Labor Relations and Communication</td></tr><tr><td>Corporate Sustainable Governance</td><td>Waste and Water Resource Management</td><td>Employee Remuneration and Welfare</td></tr><tr><td>Ethical Corporate Management</td><td>Climate Change Responsive Strategy</td><td>Talent Development and Cultivation</td></tr><tr><td>Regulatory Compliance</td><td>Leftover Management</td><td>Product Quality and Food Safety</td></tr><tr><td>Risk Management</td><td></td><td>Workplace Safety and Health</td></tr><tr><td></td><td></td><td>Public Welfare and Community Engagement</td></tr></table> <p>(3) Related departments of the Company have been assigned to be in charge of maintaining open communication channels with stakeholders that include shareholders, employees, government entities, local communities, correspondent banks, consumers, suppliers, and investors.</p>	Governance topics	Environmenttopics	Social topics	Operating Performance	Energy Management	Labor Relations and Communication	Corporate Sustainable Governance	Waste and Water Resource Management	Employee Remuneration and Welfare	Ethical Corporate Management	Climate Change Responsive Strategy	Talent Development and Cultivation	Regulatory Compliance	Leftover Management	Product Quality and Food Safety	Risk Management		Workplace Safety and Health			Public Welfare and Community Engagement	<p>None.</p> <p>None.</p>
Governance topics	Environmenttopics	Social topics																							
Operating Performance	Energy Management	Labor Relations and Communication																							
Corporate Sustainable Governance	Waste and Water Resource Management	Employee Remuneration and Welfare																							
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Regulatory Compliance	Leftover Management	Product Quality and Food Safety																							
Risk Management		Workplace Safety and Health																							
		Public Welfare and Community Engagement																							
6.Has the Company delegated a professional stock agency to handle shareholders’ meetings?	V		The Company has delegated the Shareholder Services Department of Horizon Securities Corp. to be in charge of handling affairs pertaining to shareholders’ meetings within the Company.	None.																					
7.Information disclosure (1)Did the Company establish a website to disclose information on financial operations and corporate governance?	V		(1) The Company has established the official website for disclosing information on finances, business operations, and corporate governance. Links with	None.																					

Assessed Items	State of Operations			Gaps with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Causes of the Said Gaps
	Yes	No	Summary	
<p>(2) Did the Company adopt other means of information disclosure (such as establishing an English language website, delegating a professional to collect and disclose company information, implementing a spokesperson system, and disclosing the process of investor conferences on the company website)?</p> <p>(3) Does the company publicly announce and declare the annual financial report within two months after the end of the fiscal year, and publicly announce and declare the financial reports for the first, second, and third quarters and the monthly operating status early before the specified deadline?</p>	V	V	<p>Taiwan Securities Exchange (TWSE) and Market Observation Post System (MOPS) have also been established to provide the prompt disclosure of information.</p> <p>(2) The Company has established a company website and assigned persons to maintain and disclose corporate information through the website. The Company has also established a spokesperson system, and assigned dedicated persons to collect and publish information.</p> <p>(3) The Company did not publicly announced and declared the annual financial report within two months after the end of the fiscal year, and publicly announce and declare the financial reports for the first, second, and third quarters operating status early before the specified deadline.</p>	<p>None.</p> <p>The Company will progressively publish financial reports in advance.</p>
<p>8. Has the Company provided important information to provide better understanding of the state of corporate governance (including but not limited to employees' rights, employee care, investor relations, supplier relations, stakeholders' rights, progress of training of Directors, risk management policy and state of implementing risk impact standards, state of implementing customer policies, and the Company's purchase of liability insurance for its Directors and Supervisors)?</p>	V		<p>(1) Employees' rights: The Company recruited employees in a fair manner and hired people with disabilities and re-employed women according to the Labor Standards Act and related regulations to protect employees' rights.</p> <p>(2) Employee care: The Company has established the Employee Welfare Committee to stipulate adequate employee welfare plans as well as provision of bonuses for marriage, funerals, childbirth, and other celebrations. On-job training for employees was also carried out on suitable occasions to generate positive relationships with employees.</p> <p>(3) Investor relations: The Company fully disclosed information on the company website to allow investors to understand its operation instantly. The Company communicated with investors through shareholders' meetings, investor conferences, and a spokesperson system.</p> <p>(4) Supplier relations: The Company has maintained business relationships with suppliers based on the principle of reciprocity and evaluated new suppliers' credit terms carefully. The Company managed the business dealings with suppliers in accordance with the Ethical Corporate Management Best Practice Principles under the supervision of the auditing department, which reports to the Board of Directors on a regular basis.</p>	None.

Assessed Items	State of Operations			Gaps with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Causes of the Said Gaps
	Yes	No	Summary	
			<p>(5) Stakeholders' rights: Customers: The Company provided quality products and services and listened and responded quickly to customers' opinions to meet their needs. Shareholders: The Company's ultimate goal is to fulfill its corporate social responsibility, while maintaining shareholders' interests.</p> <p>(6) Progress of training of Directors: The Company provided information or content updates on matters relating to corporate governance, finance, accounting, and laws for its Directors every now and then. Lawyers or CPAs would be engaged in cases where there are any impacts or areas that required clarification. For progress of training of Directors, refer to Page 81-82 of this Annual Report.</p> <p>(7) Risk management policy and state of implementing risk impact standards: The risk management policy of the Company was implemented through the Board of Directors in accordance with the relevant regulations. Various operational policies and internal regulations were also established for business units (BU) within the Company to follow. Operational risks shall be identified, assessed, monitored, avoided, and reported upon by managerial officers. Auditors shall evaluate process implementation and risk control measures taken by departments and regularly submit audit results to the Board of Directors and Audit Committee. The Chairman's Office has established the Emergency Response Task Force composed of members from each department to promptly and effectively respond to contingencies and reduce business risks. For risk assessments and responses, refer to Page 165-182 of this Annual Report.</p> <p>(8) State of implementing customer policies: The Company attaches great importance to consumer rights and has established a toll-free 0800 customer service hotline. Dedicated persons have been appointed to handle cases of complaints. A policy of product returns and replacement has also been established and implemented accordingly.</p> <p>(9) In May 2025, the purchase of liability insurance for directors will be completed for \$5 million, and the amount of insurance and coverage will be reported to the board of directors.</p> <p>(10) For details on employee personal health and safety and work environment protection measures and their implementation in each business sector, please refer to "IV. Operational Highlights, V. Labor relations, C. Employee</p>	

Assessed Items	State of Operations			Gaps with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Causes of the Said Gaps
	Yes	No	Summary	
			Personal Health and Safety and Work Environment Protection Measures and Their Implementation" in this annual report.	
9.Improvements made in the most recent year in response to the results of corporate governance evaluation conducted by the Corporate Governance Center of Taiwan Stock Exchange Corporation (TWSE), and prioritized matters and measures to be improved for matters that have not been improved.	V		<p>(1) According to the result of the 8th Corporate Governance Evaluation published by Taiwan Stock Exchange Corporation, the Company was ranked 66%~80%%.</p> <p>(2) Evaluation items where the Company did not gain any points and state of improvement:</p> <ol style="list-style-type: none"> 1. The company did not report the remuneration received by the directors, including the remuneration policy, content, or amount of individual remuneration, at the general shareholders meeting. Improvement status: The report will be submitted at the regular shareholders meeting held on June 13, 2025. 2. The Company's Board of Directors does not regularly refer to the Audit Quality Indicators (AQIs) to assess the independence and suitability of the CPA's, at least on an annual basis. Furthermore, the evaluation process is not disclosed in detail in the annual report. Improvement status: The Company will address this issue in accordance with the regulations in 2025. 3. The company's website does not disclose relevant information including financial, business and corporate governance. Improvement status: The Company will disclose the relevant information on its website in 2025. 4. The company has not set up a dedicated (or part-time) unit to promote sustainable development. Based on the principle of materiality, it conducts risk assessments on environmental, social or corporate governance issues related to the company's operations and formulates relevant risk management policies or strategies. The board of directors supervises the promotion of sustainable development and discloses it on the company's website and annual report. Improvement status: On July 31, 2024, the company's board of directors approved the establishment of a full-time (or part-time) unit to promote sustainable development. In 2025, the implementation status and evaluation results will be disclosed on the company's website or annual report. 	The Company will implement improvements according to the state of improvement specified in the summary.

Assessed Items	State of Operations			Gaps with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Causes of the Said Gaps
	Yes	No	Summary	
			<p>5. Whether the company has obtained ISO 14001, ISO50001 or similar environmental or energy management system certification. Improvement status: Subsidiary Mercuries & Associates, Ltd. obtained the ISO 50001:2018 transition certificate certified by the BSI verification agency in 2020, passed the re-examination on October 4, 2023, and the certificate is valid until November 9, 2026. Other subsidiaries are also gradually promoting ISO50001 energy management system certification.</p> <p>6. The Company's website or annual report does not disclose the identities of the stakeholders, the issues they are concerned about, the communication channels, and the response methods. Improvement status: The Company has disclosed the information in accordance with relevant regulations in fiscal year 2025.</p> <p>7. The Company has not invested in energy-saving or environmentally sustainable machinery and equipment, invest in Taiwan's green energy industry (such as renewable energy power plants), or issue or invest its funds in green or socially beneficial investment projects that have substantial benefits for sustainable development financial products, and disclose its investment situation and specific benefits. Improvement status: Subsidiary SCI Pharmtech, Inc. invests in energy-saving and green energy initiatives through environmentally sustainable equipment: (1)Energy conservation and carbon reduction management: Currently, the primary energy source is electricity, followed by gas steam. In 2024, it invested NT\$1.31 million to install a heat recovery device (economizer), which is expected to save 12,500 cubic meters of natural gas annually, translating to a cost reduction of NT\$180,000 per year and a carbon reduction impact of approximately 26 tons CO2e per year, significantly enhancing energy efficiency. (2)Investments in key environmental pollution prevention equipment and their uses:</p>	

Assessed Items	State of Operations				Gaps with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Causes of the Said Gaps			
	Yes	No	Summary					
			Equipment Name	Quantity		Acquisition Date	2024 Investment Cost	Purpose
			Low-pollution steam boiler	1 unit		2024.09.24	NT\$4,747 thousand	Procurement of boilers equipped with Flue Gas Recirculation (FGR) technology will significantly reduce the concentration of NOx emissions in combustion exhaust, thereby decreasing air pollution.
			8. The Company has not allocated resources to support domestic cultural development and discloses its support methods and results on the Company's website, annual report, or sustainability report. Improvement status: The Foundation of Chinese Dietary Culture and the Chinese Dietary Culture Library, both established entirely through donations from our Company, have been in operation for over 35 years. As of the end of 2024, the Library holds a collection of 32,025 books, 80 types of periodicals, 2,450 audiovisual materials, and 3,823 domestic and international menus. Its special collections include ancient culinary texts and state banquet menus. In 2024, the Group donated NT\$6 million to the Foundation. The main activities of the Foundation are as follows: (1)Publication of Ryori.Taiwan bimonthly magazine: First launched in January 2012, Ryori.Taiwan is a professional culinary magazine that covers dining trends, culinary expertise, developments in culinary education, and food culture. It is published every odd-numbered month and has released 78 issues over nearly 13 years. In 2024, Ryori.Taiwan received the Ministry of Culture’s 48th Golden Tripod Award in the Lifestyle Magazine category. (2)Academic journal Chinese Dietary Culture: Launched in 2005, this journal is published every April and October and has released 38 issues. In 2020, it was included in the Ministry of Science and Technology’s evaluation and listed as a core journal in both the Taiwan Humanities Core Index (THCI) and the Taiwan Social Sciences Core Index (TSSCI). It also received the National Central Library’s 2022 “Real-Time Communication Award” for the influence of Taiwan's academic resources. In 2024, Volume 20 Issue 1 focused					

Assessed Items	State of Operations			Gaps with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Causes of the Said Gaps
	Yes	No	Summary	
			<p>on “Flavor Construction and Identity in Tea Consumption,” and Issue 2 was themed “Chinese Food Practices: Nutrition and Wellness.”</p> <p>(3)The Symposium on Chinese Dietary Culture in 2024: Held at Kyoto University under the theme “Comparative Studies of Sustainable Food Cultures,” the event featured one keynote speech and 25 research paper presentations by domestic and international scholars. This conference not only deepened the influence of Chinese culinary culture in the field of sustainability research but also highlighted academia’s contributions to global sustainability initiatives.</p> <p>(4)Master’s and doctoral thesis scholarship program: Since 1991, the Foundation has awarded scholarships to encourage domestic and international graduate students to engage in systematic and in-depth research on Chinese culinary culture. To date, it has provided scholarships to 22 doctoral students totaling NT\$2.64 million, and 57 master’s students totaling NT\$3.99 million. In 2024, 25 papers were submitted. The awarded master’s thesis was by Lin, Yu-Chia from the Department of Geography at National Taiwan University, titled “Following Frozen Tuna: Fishing Technology, Ocean Governance, and the Fishing Enterprise-State Complex in Taiwan’s Distant-Water Fisheries,” receiving a NT\$70,000 scholarship.</p> <p>(5)International competition grants for Taiwanese chefs: To encourage young Taiwanese chefs to develop professional knowledge and skills through international competitions, and to enhance the quality and depth of Taiwan’s culinary culture, the Foundation has offered the Taiwan Chef Overseas Competition Grant since 2012. A total of NT\$625,000 has been awarded to date, supporting 14 individuals with pre-competition grants and 12 individuals with post-competition award funding.</p> <p>(3) Other items where the Company did not gain any points and state of improvement:</p> <ol style="list-style-type: none"> 1. The Company did not convene the annual shareholders' meeting before the end of May. 	

Assessed Items	State of Operations			Gaps with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Causes of the Said Gaps
	Yes	No	Summary	
			<p>2. The Company's shareholder meetings are not conducted via live online broadcast or recorded in full without interruption for upload after the meeting.</p> <p>3. The Chairman of the Company and the General Manager, or other equivalent positions (top executives), are either the same person or are spouses or first-degree relatives.</p> <p>4. More than two of the directors have spouses or were relatives within the second degree of kinship.</p> <p>5. The number of directors who are employees of the company, its parent company, its subsidiaries, or its brother companies shall not be less than one-third of the total number of director seats.</p> <p>6. The Company did not formulated succession plans for the Board members and management, and disclose its operation status on the company website or annual report.</p> <p>7. The company does not have any functional committees other than those required by law, such as a nomination committee, risk management committee or sustainable development committee.</p> <p>8. The Company neither formulated risk management policies and procedures approved by the Board nor disclosed the scope, structure, and operations of risk management.</p> <p>9. The regulations for the Board evaluations did not stipulate that external evaluations should be carried out at least once every three years.</p> <p>10. The Company has not developed an intellectual property management plan that is aligned with business objectives. In addition, the Company has not disclosed the status of its implementation on its website or in its annual report, nor has it reported to the Board of Directors at least annually.</p> <p>11. The Company did not publish annual financial statements within two months after the end of the fiscal year.</p> <p>12. The Company did not disclose interim financial statements in English within two months after the interim financial reporting period.</p> <p>13. The Company's annual report has not voluntarily disclosed the individual remuneration of the directors, but it has been disclosed in accordance with the relevant regulations.</p>	

Assessed Items	State of Operations			Gaps with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Causes of the Said Gaps
	Yes	No	Summary	
			<p>14. The Company's annual report does not disclose the link between the evaluation of the performance of directors and the managers and their compensation.</p> <p>15. The Company did not set up an English company website.</p> <p>16. The Company was not invited to hold or did not hold two investor conferences or more.</p> <p>17. The Company did not voluntarily disclose the individual remunerations of the President and Vice Presidents in its annual report, but it has been disclosed in accordance with the relevant regulations.</p> <p>18. The Company did not set up a dedicated (concurrent) unit in charge of promoting ethical corporate management, including formulating and supervising the implementation of ethical corporate management policies and prevention programs.</p> <p>19. The Company did not formulate human rights policies and specific management plans based on the International Bill of Human Rights.</p> <p>20. The company's website or annual report does not disclose ethical corporate management policies approved by the Board of Directors, along with specific practices and prevention programs, on its website or in its annual report, and does it detail their implementation.</p> <p>21. The company did not disclose its policy on linking senior executive compensation with ESG-related performance evaluations.</p> <p>Improvement status: The Company will, by considering internal policies and costs of implementation, take action to improve as required.</p>	

(4) Composition, duties, and operations of remuneration committee:

A. The Company does not has a nomination committee, following is the information of the members of the Remuneration Committee

Identity	Condition Name	Professional qualifications and experience	Independence	Number of remuneration committee memberships concurrently held in other public companies
Independent director (Convener)	Lee, Mao	Refer to Information on Directors	Refer to Information on Directors	Refer to Information on Directors
Independent director	Tzeng, Yu-Chiung	Refer to Information on Directors	Refer to Information on Directors	Refer to Information on Directors
Independent director	Liu, Po-Liang	Refer to Information on Directors	Refer to Information on Directors	Refer to Information on Directors
Independent director	Chao, Yuan-Chi	Refer to Information on Directors	Refer to Information on Directors	Refer to Information on Directors

B. Operations of remuneration committee

a. The remuneration committee composed of 3 members.

b. Duration of the current term of service: June 21, 2024 to June 20, 2027. In the latest fiscal year (2024), a total of 2 remuneration committee meetings were held. The following lists member qualifications and presence for these meetings:

Title	Name	Attendance in person	Attendance by proxy	Attendance Rate in person (%)	Note
Committee Chair	Lee, Mao	2	0	100%	-
Member	Tu, Te-cheng (Note1)	1	0	100%	-
Member	Jeffrey Chen (Note1)	0	0	0%	-
Member	Tzeng, Yu-Chiung (Note2)	1	0	100%	-
Member	Liu, Po-Liang (Note2)	1	0	100%	-
Member	Chao, Yuan-Chi (Note2)	1	0	100%	-

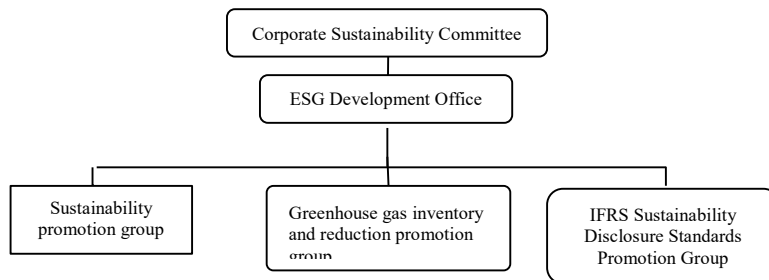
Note 1 : The terms of Independent Directors Tu, Te-cheng and Jeffrey Chen ended on June 20, 2024.

Note 2 : Independent Directors Tzeng, Yu-Chiung, Liu, Po-Liang and Chao, Yuan-Chi took office on June 21, 2024.

Other items that shall be recorded:

1. If the board of directors choose not to adopt or revise recommendations proposed by remuneration committee, the date, session, contents discussed, and resulting resolutions of the board meeting, and the Company's disposition of opinions provided by remuneration committee shall be described in detail (also, where the salary and remuneration approved by the board meeting is better than that recommended by remuneration committee, the differences and the reason for the approval shall be described in detail):
None.
2. Where resolutions of the remuneration committee include dissenting or qualified opinion which is on record or stated in a written statement, the date, session, contents discussed, opinions from every member, and disposition of the members' opinions shall be described in detail: None.

(5) Implementation of Sustainable Development, Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons Thereof

Assessed Items	State of Operations			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Root Causes
	Yes	No	Summary	
1. Does the Company establish a sustainability governance structure, set up a dedicated (concurrent) unit in charge of promoting sustainable development, and have the management account under the Board's supervision?	V		<p>(1) In accordance with the vision and mission of the ESG policy, a Corporate Sustainability Committee has been established, with the Chairman as the convener. The governance structure is as follows:</p>  <pre> graph TD CSC[Corporate Sustainability Committee] --> EDO[ESG Development Office] EDO --> SPG[Sustainability promotion group] EDO --> GGIRP[Greenhouse gas inventory and reduction promotion group] EDO --> IFRSPG[IFRS Sustainability Disclosure Standards Promotion Group] </pre> <p>1. The Board of Directors serves as the highest governance body, establishes the direction for the Corporation's sustainable development. The ESG Committee is responsible for formulating, promoting, and supervising the Corporation's sustainable development policies, systems or related management guidelines, and concrete implementation plans.</p> <p>2. On May 2, 2024, the ESG Committee established the Organizational Charter of the Sustainability Development Committee, which were approved by the Board of Directors on July 31, 2024. The Organizational Charter was subsequently revised and approved by the Board of Directors on March 14, 2025. On August 6, 2024, the ESG Committee convened and approved the 2023 ESG Report, which was subsequently approved by the Board of Directors on August 14, 2024. On November 6, 2024, the ESG Committee established the IFRS Sustainability Disclosure Standards Promotion Team and formulated the "Procedures for the Preparation and Assurance of the Sustainability Report" and the "Procedures for Management of Sustainability Information." These procedures were subsequently approved by the Board of Directors on November 14, 2024.</p> <p>3. The ESG Committee has established the Sustainability Promotion Team, the Greenhouse Gas Inventory and Reduction Implementation Team, and the IFRS Sustainability Disclosure Standards Promotion Team. Members of these teams</p>	None.

Assessed Items	State of Operations			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Root Causes
	Yes	No	Summary	
			<p>concurrently serve as employees of the Corporation and its subsidiaries. The job description of each team is as follows:</p> <p>(1) Sustainable Promotion Team:</p> <ul style="list-style-type: none"> a. Responsible for information on sustainability management policies, compliance with the disclosure of information on relevant regulations and international standards for sustainability, and fully disclosing relevant and reliable information on sustainability to enhance the transparency of such information. b. Responsible for managing policies and procedures related to human rights, compliance with human rights-related regulations and international standards, establishing internal and external communication among all members of the organization (including employees, subsidiaries, etc.) and key members in the value chain, assessing relevant risks and management mechanisms, as well as promoting community and cultural development, in order to achieve the goal of sustainable operations. c. Assist in ensuring legal compliance related to corporate governance, provide education and training, and support the operation of stakeholder communication mechanisms to fulfill the Corporation's sustainable development goals. <p>(2) Greenhouse Gas Inventory and Reduction Promotion Team:</p> <p>This team was established in May 2022 and is responsible for environmental management systems, compliance with relevant environmental regulations and international standards, assessing sustainability transitions, improving resource efficiency, implementing climate change response mechanisms, and establishing dedicated environmental management units or personnel to achieve environmental sustainability goals. Conduct monthly statistics on energy consumption, fuel expenses, and transportation costs from business travels for each company within the group, and compile a summary of greenhouse gas emissions.</p> <p>(3) IFRS Sustainability Disclosure Standards Promotion Team:</p> <p>Beginning from the fiscal year 2026, the Corporation will implement the IFRS Sustainability Disclosure Standards in its annual reports. This team was established in November, 2025 to ensure that all members of the Corporation and its organization (such as employees and subsidiaries), are responsible for adhering to the IFRS Sustainability Disclosure Standards in their reporting.</p>	

Assessed Items	State of Operations			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Root Causes
	Yes	No	Summary	
2. Does the Company conduct risk assessments on environmental, social, and corporate governance issues related to its operations in accordance with the materiality principle, and implement relevant risk management policies or strategies?	V		<p>Implement internal controls in accordance with the Sustainability Disclosure Standards, update the internal control manual related to information on IFRS sustainability, and conduct education and training.</p> <p>4. The status of implementation and progress of each team are reported quarterly to the ESG Committee for review and subsequently presented to the Board of Directors.</p> <p>5. 2024 and as of March 31, 2025, a total of seven participants from the team have completed 66 hours of courses related to the IFRS Sustainability Disclosure Standards.</p> <p>6. The Corporation and its listed subsidiaries have set up a sustainable development area on their official website to facilitate instant communication with stakeholders. The ESG Committee is responsible to respond to and process stakeholders' opinions quickly. The status of implementation by the Sustainability Committee was reported to the Board of Directors on November 14, 2024, and March 14, 2025, respectively. Report the progress of implementation of sustainability development to the Board of Directors</p> <p>7. The Corporation collects valid feedback from stakeholders once every two years through both paper surveys and online surveys. According to the ranking results from 33 questionnaires conducted in 2025, responded by senior managers, ESG committee members, head of departments, and stakeholders regarding the "level of impact" of the Corporation's 27 sustainability topics, a total of 14 material topics were identified. Furthermore, the Corporation has consistently adhered to the principle of "taking from society and giving back to society" by sponsoring sports events and social welfare activities for many years. Following a review and determination by senior managers, the topic of "social welfare and community engagement" was also recognized as having a significant impact on the Corporation and has therefore been included in the material topics for disclosure.</p> <p>(1)The scope of risk assessment is based on all subsidiaries of the Company, and the greenhouse gas inventory and verification are implemented according to the progress of the "Sustainable Development Roadmap for Listed Companies."</p> <p>(2)The Company attaches great importance to the opinions and expectations of stakeholders. The management and departments review the impacts of business activities on the environment, society, and corporate governance promptly regarding the business environment and risks of the industry; in addition, the Company conducts surveys with stakeholders every year to understand environmental, social, and governance (ESG) issues that stakeholders are concerned about; through internal</p>	None.

Assessed Items	State of Operations			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Root Causes						
	Yes	No	Summary							
			<p>questionnaires and discussions, the Company then assesses the internal and external impacts and effects of each issue. The Company will formulate management approaches and evaluation mechanisms for material sustainability topics identified, follow up on the achievement of targets every year, and disclose the evaluation results in the sustainability report. The Company also reviews risks and the completeness of risk management mechanisms and monitors the risks associated with each department according to risk management decisions and regulations.</p> <p>(3)The risk assessment standards, process, results, and risk policies or strategies for identifying major issues related to the environment, society, and corporate governance are as follows:</p> <table> <tr> <th>Dimension</th> <th>Risk assessment items</th> <th>Description</th> </tr> <tr> <td>Environment</td> <td>Environmental management system Energy efficiency</td> <td> <p>1.All operating sites of the Company and its subsidiaries must be legally established according to the government agencies' standards for reducing environmental impacts. In the case of climate change, the greenhouse gas inventory and verification are implemented according to regulations, and carbon emissions of all sites are inventoried. Each department shall identify how its operations may impact the climate based on its business scope, assess its risks, propose countermeasures, and set carbon reduction targets for future greenhouse gas emissions. The relevant environmental management systems are expected to be gradually introduced as needed.</p> <p>Climate change has led to an increasing frequency and intensity of extreme weather events, such as heavy rainfall, typhoons, floods, droughts, or earthquakes and other natural disasters. These events can result in casualties, property damage, supply chain disruptions, or disruption of business operations and production activities, causing severe losses to business operations. Response measures</p> </td> </tr> </table>	Dimension	Risk assessment items	Description	Environment	Environmental management system Energy efficiency	<p>1.All operating sites of the Company and its subsidiaries must be legally established according to the government agencies' standards for reducing environmental impacts. In the case of climate change, the greenhouse gas inventory and verification are implemented according to regulations, and carbon emissions of all sites are inventoried. Each department shall identify how its operations may impact the climate based on its business scope, assess its risks, propose countermeasures, and set carbon reduction targets for future greenhouse gas emissions. The relevant environmental management systems are expected to be gradually introduced as needed.</p> <p>Climate change has led to an increasing frequency and intensity of extreme weather events, such as heavy rainfall, typhoons, floods, droughts, or earthquakes and other natural disasters. These events can result in casualties, property damage, supply chain disruptions, or disruption of business operations and production activities, causing severe losses to business operations. Response measures</p>	
Dimension	Risk assessment items	Description								
Environment	Environmental management system Energy efficiency	<p>1.All operating sites of the Company and its subsidiaries must be legally established according to the government agencies' standards for reducing environmental impacts. In the case of climate change, the greenhouse gas inventory and verification are implemented according to regulations, and carbon emissions of all sites are inventoried. Each department shall identify how its operations may impact the climate based on its business scope, assess its risks, propose countermeasures, and set carbon reduction targets for future greenhouse gas emissions. The relevant environmental management systems are expected to be gradually introduced as needed.</p> <p>Climate change has led to an increasing frequency and intensity of extreme weather events, such as heavy rainfall, typhoons, floods, droughts, or earthquakes and other natural disasters. These events can result in casualties, property damage, supply chain disruptions, or disruption of business operations and production activities, causing severe losses to business operations. Response measures</p>								

Assessed Items	State of Operations			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Root Causes
	Yes	No	Summary	
				<p>include insuring commercial property insurance, inventory insurance, business interruption insurance, and public liability insurance to reduce business losses caused by natural disasters. The Corporation also conducts natural disaster risk assessments and has established emergency response and disaster recovery plans to ensure timely resumption of operations after a disaster. Routine automated inspections are carried out, such as retail building inspections, electrical safety checks, and regular maintenance and servicing of equipment. In addition, a major incident reporting mechanism has been established, along with logistical personnel support.</p> <p>2.The Investment Department shall assess whether relevant measures have been taken to mitigate or adapt to climate-related risks before investing in companies in high-carbon emission industries, regularly track the implementation and improvement status after investment, and encourage investment in low-carbon emission industry companies.</p>
			<p>Social</p> <p>Employee care Consumer protection Supplier management Active social participation</p>	<p>1.Comply with relevant labor laws and regulations, using them as standards for governance risk assessment. Create a diverse, inclusive workplace that prioritizes safety and equality, ensuring equal pay for equal work irrespective of gender, while promoting gender equality in the workplace. The risks include potential litigation, financial losses, and reputational damage if labor-related laws and regulations are not complied. Additionally, the retail industry is highly competitive with high employee turnover, which may lead to declines in service quality and employee satisfaction.</p> <p>The management strategies include a comprehensive talent development system; establishing systematic or digitalized education and training, providing</p>

Assessed Items	State of Operations			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Root Causes
	Yes	No	Summary	
			<div>diverse education and training opportunities to ensure employees have easy access to resources that improve their competitiveness. Additionally, the Corporation seeks to gradually improve employee benefits and satisfaction to reduce turnover and improve service quality; and establish a labor-management grievance mechanism to offer employees a friendly communication channel.</div> <div>2.In addition to rigorously monitoring the sources of products and services to manage food safety risks and protect consumer rights and health, a dedicated consumer service hotline and a complaint resolution mechanism are also provided. Regulations related to food imposed by competent authorities are becoming increasingly stringent. Failure to comply may result in fines and reputational damage to the Corporation. If suppliers have inadequate control processes result in a decline in product quality, there is a risk that the products provided will not meet established standards.</div> <div>The management strategy includes establishing a standardized product safety management process with autonomous random sampling of products; implementing a standardized process for handling problematic products, immediate reporting and removal from shelves. It also includes insuring relevant financial insurance for products to mitigate risks, such as product liability insurance; strengthening supplier management mechanisms, and strictly enforcing supplier evaluation and selection (with alcoholic products managed as specialized business, procurement for alcoholic products is relatively concentrated, while procurement for other products are highly decentralized, reducing the risk of concentration). In</div>	

Assessed Items	State of Operations			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Root Causes
	Yes	No	Summary	
				<p>2023, the Central Kitchen of Mercuries F&B completed the expansion of its Factory No. 3 and began operations, which will not only increase the Corporation's self-manufacturing rate of products but also ensure better quality control.</p> <p>3.The Company's subsidiaries have formulated supplier management systems applicable to their industries according to the quality management model to ensure that the supplier's product manufacturing and supply comply with the relevant laws and regulations while meeting social and environmental expectations such as workplace health and safety, environmental protection, labor human rights, and moral requirements.</p> <p>4.By upholding the spirit of "giving what you have earned from society back to society," the Company and its subsidiaries have actively paid attention to public issues, cared for disadvantaged groups, actively organized and participated in public welfare events, fulfilled the corporate citizen responsibility, and give back to the society. Please see Chapter Seven's description for details.</p>
			Corporate Governance	<p>Emphasis on corporate governance Comply with integrity management Risk management</p> <p>1.Formulate the company's 「 Ethical Corporate Management Best Practice Principles 」 , 「 Codes of Ethical Conduct 」,「 Procedures for Handling Material Inside Information and Management of the prevention of insider trading 」 and 「 Regulations Governing of Whistleblowing system 」 . The Company aims to protect the rights and interests of shareholders, creditors, and employees. We have also strengthened the functions of the board of directors, purchased director liability insurance, and regularly arranged for directors and supervisors to participate in corporate governance-related advanced courses and ensure directors' professionalism, independence,</p>

Assessed Items	State of Operations			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Root Causes
	Yes	No	Summary	
			<p>and diversity. Directors, managers, and employees are subject to these corruption and bribery prevention provisions.</p> <p>2. Respect the stakeholders' rights and interests, comprehend the issues of concern to various stakeholders via every two years questionnaire surveys, and reveal the evaluation results in the sustainability report to improve information transparency.</p> <p>3. Conduct dishonesty risk assessment, analyze and evaluate business activities with a higher risk of dishonesty within the scope of operations, and analyze and review accordingly.</p> <p>4. Identify and analyze financial, operational, transformation, and other risks.</p> <p>(1) The Corporation's subsidiary, Mercuries Life Insurance Inc., made substantial investments in financial assets, with over 80% of these assets denominated in foreign currencies, primarily in U.S. dollars. Therefore, fluctuations in domestic and international stock and bond markets, interest rates, and the exchange rate of the U.S. dollar against the New Taiwan dollar significantly impact the Corporation's capital structure, financial structure, and operational performance, creating market risks (exchange rate risk, interest rate risk, price risk), credit risk, liquidity risk, and operational risk.</p> <p>The management strategy includes monitoring changes in interest rates and exchange rates, and utilizing forward foreign exchange contracts and other methods to hedge against exchange rate risks. The management of credit risk is based on limit control, with separate limits set for industry, issuer, and country risk exposure,</p>	

Assessed Items	State of Operations					Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Root Causes
	Yes	No	Summary			
					<p>which are continuously monitored to avoid excessive concentration of risks. For short-term liquidity risk management, liquidity ratios for assets are established as measurement and control indicators. Relevant departments have implemented an immediate fund reporting mechanism and use appropriate money market instruments for daily fund allocation. Medium- and long-term liquidity risk management involves regular reviews of assets and liabilities, using cash flow analysis models to monitor the alignment of assets and liabilities and to plan for the reduction of related risks. In terms of market liquidity risk, considerations include the correlation between market trading volume and held positions, as well as the impact of large trading positions on market prices. Relevant monitoring mechanisms have been established, along with regulations on daily trade concentration, investment position limits, and allocation of current asset to prevent the occurrence of market liquidity risks. The objective of operational risk management is to establish and effectively implement sound operational risk management and monitoring mechanisms across all investment units.</p> <p>(2)The retail industry for consumer goods and food and beverages faces sale of homogeneous products and high substitutability, as well as risks such as price-cutting competition among peers and market encroachment by businesses from different sectors (such as convenience stores and street vendors entering the food service market). These factors have resulted in market fragmentation and a decline in company</p>	

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					profits. Furthermore, the fixed costs associated with operating physical stores are relatively high, including personnel expenses, rent, and depreciation. During economic downturn or changes in business districts, there is a risk of incurring losses. Additionally, the retail industry's limited scale of logistics affects the Corporation's overall efficiency of expansion. The management strategy for the consumer goods retail industry includes introducing new products from both domestic and international markets, as well as developing private-label products. The Corporation aims to strengthen customer relationship management (CRM) through data analysis to understand the consumption characteristics of various sales regions, thereby meeting the diverse needs for consumer goods and services within local residents and deepening its community presence. Marketing activities are used to strengthen member relationships and increase consumer recognition of the brand, avoiding participation in price wars. Simple Mart operates 51 outlets, where Tomod’s shelves have been introduced to enrich the categories of pharmaceutical and cosmetic product, creating a synergistic advantage in customer acquisition. In 2024, In 2024, Simple Mart Retail Co., Ltd. integrated resources from Simple Mart, Simple Mart+, and Happy Pet, establishing dedicated pet product sections in up to 65 outlets to expand the pet retail ecosystem. The Corporation continues to optimize its warehouse management system, introduce electronic label to assist picking systems, implement automatic	

Assessed Items	State of Operations				Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Root Causes
	Yes	No	Summary		
					<p>sorting systems, and introduce paper press machines and other automated equipment to reduce warehouse management costs and improve the efficiency of logistics operations. The market strategy for the food and retail businesses is to launch new styles or services as market demands change and continue to improve the taste of existing products. The Corporation has also completed the construction of a central kitchen to increase the self-manufacturing rate and maintain quality control.</p> <p>(3)As modern enterprises have become highly reliant on digital technologies and information systems to support business operations, there is a risk of facing attacks from hackers, ransomware, or theft of consumer's personal information or consumption data.</p> <p>The management strategy aims to strengthen the information security management of our company and ensure the security of personal data, core systems, and networks, we have established the Information Security Office as a dedicated unit responsible for information security in 2023. This office includes a Chief Information Security Officer, a dedicated information security manager, and at least two information security officers, who are responsible for the planning and execution of information security affairs.</p> <p>● The Corporation has established an information security maintenance plan and regularly reviews the plan to ensure the confidentiality, integrity, availability, and legality of information, as well as compliance with relevant legal requirements. This</p>

Assessed Items	State of Operations			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Root Causes
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				<p>reduces the risk of information operations and protects information assets from intentional or accidental internal and external threats. It also maintains the security of data, systems, equipment, and networks to safeguard the Corporation's interests and ensure the sustainable operation of the information systems of all units.</p> <ul style="list-style-type: none"> ● The "Information Assets and Risk Assessment Management Guidelines" have been established to inventory information assets, conduct risk assessments, and implement risk management for core business systems at risk. Regular vulnerability scanning, penetration testing, and other security reviews are conducted to identify and remediate vulnerabilities. Risk control and continuous improvement measures reduce the threat of intrusion by hacking groups and human error, ensuring a secure environment for the protection of consumers' personal data and sensitive business information. ● Join TWCERT Information Security Alliance to receive periodic cybersecurity intelligence and strengthen collaborative defense against cyber threats. ● Annual training on personal data protection and information security, totaling 3 hours, was attended by 121 employees, with regular information security awareness campaigns to enhance employee awareness. ● We have conducted annual email-based social engineering drills. In 2024, the drill targeted 157 users, with a total of 314 emails sent. The results showed a 10% open rate and a 1%

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	Yes	No	Summary			
					<p>click rate. Employees who failed the drill underwent additional information security training.</p> <ul style="list-style-type: none">● Establish a backup mechanism for core systems and establish offsite backup and replication at the IDC data center to improve cybersecurity resiliency.● Implementing an EDR threat visibility analysis and response platform to continuously predict future attacks based on data information, monitor abnormal behavior in real-time, and prevent advanced persistent threats (APT) and ransomware.● Establishing procedures for reporting and responding to information security incidents.● Introducing a Security Operations Center (SOC) for threat detection and management to identify security incidents, issue warnings, or detect abnormal connections.● The Mercuries Card app and online ordering platform have officially adopted the ISO 27001 management system, comprehensively enhancing the protection of information security. This ensures the safety and privacy of member data and transactions on platform, along with regular vulnerability scanning and risk assessments. <p>5.Please refer to the corporate governance operations and integrity management performance-related chapters.</p>	
3.Environmental issues (1) Does the Company establish proper environmental management systems based on the characteristics of their industries?	V		(1) The Company complies with relevant regulations, including the Energy Administration Act, the Waste Disposal Act, the Regulations Governing General Waste Recycling, Clearance and Disposal, and the Water Pollution Control Act. Currently, Mercuries & Associates, Ltd. has introduced the ISO 50001 energy		None.	

Assessed Items	State of Operations			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Root Causes						
	Yes	No	Summary							
(2) Does the Company improve energy efficiency and use renewable materials with reduced environmental impacts?	V		<p>management system and passed the re-examination on October 4, 2024. The certificate is valid until November 9, 2026.</p> <p>(2) The Company gives priority to the purchase of energy efficiency labeled equipment and products, such as continuous replacement with and use of energy-efficient lamps, selection of environmentally friendly toner and green building materials, and replacement with new refrigerant switches, to reduce the production of toxic waste and improve resource efficiency.</p> <p>In recent years, the waste (sewage) water treatment equipment has been continuously updated, aiming to reduce the burden on the environment with an efficient treatment method.</p> <p>The Company's energy-saving results in 2024 are as follows:</p> <p>1.In early 2021, the old chiller in Jianbei Building was replaced. Using the whole building's total electricity consumption in 2020 as the baseline, the total electricity consumption in 2021 decreased by 10.2% compared to the baseline after the replacement of the chiller. In 2022, it decreased by 11.4% compared to the baseline; in 2023, by 9%; and in 2024, by 10%. On average, the annual energy savings benefits maintained at approximately 10%.</p> <p>2.The energy-saving measures and achievements of the stores are as follows:</p> <table><tr><th>Company</th><th>Energy saving strategy</th><th>2024-year project results</th></tr><tr><td>Mercuries & Associates, Ltd.</td><td><p>1. Conduct energy management and analysis according to the ISO 50001, the Corporation plans and implements annual energy-saving action plans, and is gradually replicating this management model across all outlets.</p><p>2. The implementation plan involves replacing all non-energy-saving LED light fixtures and old air conditions across all stores.</p><p>3. Regular cleaning and maintenance of the cooling towers and air condition are carried out at stores.</p></td><td><p>1. Total number of air conditions replaced in 2024:</p><p>Air Conditioners - A total of 12 units in 7 stores.</p><p>Cooling Towers - A total of 3 units in 3 stores.</p><p>2. In 2024, a total of 6 stores have their lighting equipment replaced, and there are plans to upgrade energy-efficient light fixtures in 30 outlets in 2025.</p><p>3. Total number of air conditions cleaned and maintained in 2024:</p><p>Air Conditioners - A total of 209 units in 97 stores.</p><p>Indoor Air Blowers - A total of 133 units in 19 stores.</p><p>Cooling Towers - A total of 93 units in 82 stores.</p></td></tr></table>	Company	Energy saving strategy	2024-year project results	Mercuries & Associates, Ltd.	<p>1. Conduct energy management and analysis according to the ISO 50001, the Corporation plans and implements annual energy-saving action plans, and is gradually replicating this management model across all outlets.</p> <p>2. The implementation plan involves replacing all non-energy-saving LED light fixtures and old air conditions across all stores.</p> <p>3. Regular cleaning and maintenance of the cooling towers and air condition are carried out at stores.</p>	<p>1. Total number of air conditions replaced in 2024:</p> <p>Air Conditioners - A total of 12 units in 7 stores.</p> <p>Cooling Towers - A total of 3 units in 3 stores.</p> <p>2. In 2024, a total of 6 stores have their lighting equipment replaced, and there are plans to upgrade energy-efficient light fixtures in 30 outlets in 2025.</p> <p>3. Total number of air conditions cleaned and maintained in 2024:</p> <p>Air Conditioners - A total of 209 units in 97 stores.</p> <p>Indoor Air Blowers - A total of 133 units in 19 stores.</p> <p>Cooling Towers - A total of 93 units in 82 stores.</p>	None.
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			<div>Mercuries F&B Co., Ltd.</div> <div><div>1. Procurement of energy-saving equipment.</div><div>2. Utilization of energy-efficient light fixtures and air conditioning equipment.</div><div>3. Installation of a variable frequency drive for the exhaust fan motor.</div><div>4. Selection of green building materials for interior decoration.</div></div> <div><div>1. In 2024, a total of 108 variable frequency air conditioners was installed. A total of 12 outlets (equipped with level one energy-efficient air conditioners) replaced their old air conditioners with new ones.</div><div>2. The outlets have also achieved an 88% adoption rate of energy-saving LED lighting fixtures.</div><div>3. The outlets have achieved a 9% adoption rate of installing variable frequency drive for the exhaust fan motor.</div><div>4. For interior decoration projects, the utilization rate of green building materials reached over 60%.</div></div>																																		
			<div>Simple Mart Retail Co., Ltd.</div> <div><div>1. A comprehensive optimization of outlets fixtures by replacing outdated lighting and air conditioning equipment. (replace old T8 light tubes with "flat panel lights"; on average, one 32W flat panel light can replace 1.83 units of 20W T8 light tubes while enhancing the average illumination by 150 lumens.)</div><div>2. Application for the procurement of small-scale green electricity.</div></div> <div><div>1. In the entire year of 2024, all newly opened and renovated stores have fully adopted and replaced flat panel lights. A total of 43 stores were renovated, installing 1,191 flat panel lights (an average of 27.7 units per store). The use of energy-saving LED lighting fixtures in stores has reached 100%.</div><div>2. In 2024, the Corporation participated in the Taiwan Power Company's small-scale green electricity sales pilot program, selling 10,000 kWh of electricity (at NT\$ 4.9 per kWh, totaling NT\$ 49,000), and receiving 10 renewable energy certificates. It is estimated that this will save 4,940 kg of carbon emissions. (Data referenced from the announcement by the Energy Administration of the Ministry of Economic Affairs on December 9, 2024 regarding the 2023 electricity carbon emission factor)</div></div>																																		
			3.Mercuries F&B Co., Ltd.'s Taoyuan Central Kitchen is divided into the "Production Center" and the "Logistics Center",The analysis of electricity consumption in 2024 and 2023 is as follows:																																		
			<table><tr><th rowspan="2">Factory</th><th colspan="2">Electricity consumption in 2024 years</th><th rowspan="2">Density</th><th colspan="3">Energy saving/carbon reduction compared to 2023 (Scope 2)</th></tr><tr><th>kWh</th><th>GJ</th><th>kWh</th><th>GJ</th><th>tCO2e</th></tr><tr><td>Production Center</td><td>6,762,200</td><td>24,343.92</td><td>328</td><td>+2,107,000</td><td>+7,585.20</td><td>1,040.858</td></tr><tr><td>Logistics Center</td><td>4,796,400</td><td>17,270.64</td><td>408</td><td>-299,300</td><td>-1,077.48</td><td>-147.854</td></tr><tr><td>Total</td><td>11,558,600</td><td>41,614.56</td><td>357</td><td>+1,807,700</td><td>+6,507.72</td><td>893.004</td></tr></table>	Factory	Electricity consumption in 2024 years		Density	Energy saving/carbon reduction compared to 2023 (Scope 2)			kWh	GJ	kWh	GJ	tCO2e	Production Center	6,762,200	24,343.92	328	+2,107,000	+7,585.20	1,040.858	Logistics Center	4,796,400	17,270.64	408	-299,300	-1,077.48	-147.854	Total	11,558,600	41,614.56	357	+1,807,700	+6,507.72	893.004	
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Assessed Items	State of Operations			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Root Causes
	Yes	No	Summary	
(3) Has the company assessed the potential risks and opportunities arising from climate change at present and in the future and taken relevant response measures?	V		<p>Note: The production centers are factory no. 2 and factory no. 3. The electricity consumption at the production center in 2024 has increased compared to last year due to the gradual startup of production lines at factory no. 3, including the addition of cutting of pork chops and OEM of dumplings. Additionally, factory no. 2's production capacity has significantly increased, leading to a rise in electricity consumption compared to last year.</p> <p>(3) The Company analyzed climate risks based on four core TCFD pillars: governance, strategy, risk management, and metrics and targets, and incorporated crises and opportunities arising from climate change into business strategies to achieve sustainable development. With the recognition of the violent impact of climate change on human life, the Company is committed to raising employees' awareness of environmental protection, along with implementation of environmental protection measures at the Company, including replacing old lamps, actively implementing a non-return policy to suppliers in order to reduce pollution caused by the scrapping of products, and reducing the greenhouse gas emissions during transportation and waste processing in the process of product returning. The Greenhouse Gas Inventory and Reduction Implementation Committee established in 2022 conducted a greenhouse gas inventory and verification according to the "Sustainable Development Roadmap for Listed Companies." It shall report the implementation status and progress to the board of directors each quarter.</p>	None.
(4) Has the company the calculated the greenhouse gas emissions, water consumption, and total weight of waste over the past two years and established the policies with regard to energy conservation and carbon reduction, greenhouse gas reduction, water consumption, and waste management?	V		<p>(4) The Company always views waste reduction and recycling as part of its commitment to environmental protection. Through a sound waste management system, the waste management procedures are implemented to improve the efficiency of recycling. With such stringent control, there has been no significant pollution incidents in recent years. We will also continuously adopt innovative and efficient treatments to reduce environmental pollution.</p> <p>At present, our subsidiaries manage waste in outlets in two main categories: general industrial waste and recyclable waste. General industrial waste is mainly treated by incineration, while recyclable waste is regularly removed by legal contractors for recycling. Ongoing efforts will be made by all subsidiaries to protect the environment. Mercuries & Associates, Ltd. and Simple Mart Retail Co., Ltd. have voluntarily implemented the carton recycle system at stores, cooperating with the logistics and cargo transportation system as a long-term practice. After goods are shipped to the logistics center, the logistics center will pack the goods with the vendors' cartons and delivery them to the outlets; after receiving the goods, the staff will keep the usable cartons and send them back to the logistics center for reuse on a weekly basis. According to the recycling rate calculated by the logistics center, in 2024, 19.2 metric tons and 368 metric tons of cartons were recycled respectively. The number of times the cardboard boxes recycled in 2024 of Mercuries & Associates, Ltd. can be reused</p>	None

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	Yes	No	Summary	
			<p>is approximately 4 to 6 times.</p> <p>Simple Mart Retail Co., Ltd. recycled 6,545,520 empty bottles in 2024, about 294.55 metric tons.</p> <p>To avoid pollution and effectively classify and recycle waste, Mercuries F&B Co. has set up recycling facilities and signs for recycling in its outlets. It has filled in the "Industrial Waste Disposal Plan" and submitted it to local environmental protection departments according to the Regulations for Recycling, Removal, and Disposal of General Waste promulgated by the Environmental Protection Administration. Mercuries F&B Co. has also entered into waste disposal contracts and waste oil agreements with the waste disposal companies approved by the competent environmental authority, requiring that the contractors should collect waste at its outlets every month and remove, dispose, and transport the waste in compliance with statutory requirements. In 2024, the waste oil of Mercuries F&B Co. outlets amounted to 474.025 metric tons, a 4.14% decrease from last year.</p> <p>In 2024, the total amount of waste transported from the central kitchen was approximately 422.384 metric tons, including 167.648 metric tons of general industrial waste, and approximately 254.736 metric tons of recyclable waste. In particular, wastepaper is pressed first into bricks through a paper press; plastic bottles, glass bottles, iron and aluminum cans, iron cans, and plastic films are classified and packaged into FIBC bags before being removed by legal contractors. Kitchen waste and expired food ingredients are transported by qualified waste disposal operators to legal livestock farms (pig farmers) for processing. All recyclable waste from the central kitchen in 2024 was recycled 100%.</p>	
4. Social Issues				
(1) Has the Company referred to relevant laws and international human rights instruments to stipulate relevant management policies and procedures?	V		(1) The Company recruited employees in a fair manner and hired people with disabilities and re-employed women according to the Labor Standards Act and related regulations to protect employees' rights. The Company respects the basic human rights of employees. The Company hires employees based on their education and work experience and treats every employee fairly regardless of nationality, political party, race, religion, gender, age, and disability. The Company bans the use of child labor or employees under 16 years old in compliance with related labor laws and regulations. The Company recruits employees through open channels, such as job banks, and fully discloses job vacancies to fulfill its policy of equal employment.	None.
(2) Does the company establish and implement reasonable employee welfare programs (including salary, leave, and other benefits) and adjust employee remuneration according to business performance?	V		(2) The Company has set up a salary and reward system that is in line with market competitiveness and employee career development according to employees' position ranking and job duties while providing leave benefits in accordance with the Labor	None.

Assessed Items	State of Operations			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Root Causes
	Yes	No	Summary	
(3) Has the Company provided employees safe and healthy working environments? Are employees given regular training courses on health and safety?	V		<p>Standards Act and providing benefits, including employee group insurance, festive gift certificates, various allowances, and long-term employment rewards. The Company has also formulated performance appraisal reward and promotion system, providing substantial rewards and promotion opportunities to employees with high performance and high potential so as to promote talent retention</p> <p>(3) Every company has established the Occupational Safety and Health Committee and the Employee Welfare Committee in accordance with the regulations. Each quarter, labor-management meetings and occupational safety and health committees are held, and various communication channels (such as company intranet, regular meetings, chairman's mailbox, etc.) are provided to enhance communication between labor and management.</p> <p>The Group strives to create a safe and healthy workplace by reviewing and improving the working environment regularly and preventing occupational diseases. To control and promote occupational safety and health in each business unit, the Company meets with each contact window every three months to understand the progress and propose corrective measures. The Occupational Safety and Health Management Office develops an annual Occupational Safety and Health Management Plan, conducts occupational safety and health education and training, promotes health through campaigns and seminars, arranges on-site medical and nursing services, analyzes and prevents occupational accidents, and monitors the working environment.</p> <p>For details on employee personal health and safety and work environment protection measures and their implementation in each business sector, please refer to "IV. Operational Highlights, V. Labor relations, C. Employee Personal Health and Safety and Work Environment Protection Measures and Their Implementation" in this annual report.</p> <p>No fire incidents occurred in our company in the 2023 fiscal year.</p>	None.
(4) Has the Company established effective career and competence development and training plans?	V		<p>(4) Employees are provided with an open channel of promotion and comprehensive training programs, allowing them to perform duties required of their positions while acquiring necessary skills needed for promotion.</p> <p>Employees are provided with training courses based on their positions, and training courses are developed based on the organizational development, including internal lecturer training, management training, and professional training. Training is provided based on the concept of lifelong learning. Through a series of in-service training courses, employees can acquire core functions required for promotion. In addition, an</p>	None.

Assessed Items	State of Operations			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Root Causes
	Yes	No	Summary	
(5) Does the Company follow relevant laws, regulations, and international guidelines for the customer health and safety, customer privacy, and marketing and labeling of its products and services and formulate consumer protection policies and grievance procedures?	V		<p>e-learning platform is established to offer diverse and flexible learning environments that improve efficiency and competence.</p> <p>(5) The Company takes responsibility for its products and services, and take marketing ethics seriously. The process of procurement, production, operation, and service is all aimed at ensuring the information transparency and safety of products and services as well as quality service experience, and the consumer rights policy have been formulated, disclosed, and implemented in various operational activities, to prevent products or services from damaging consumers' rights, customer privacy health, and safety. Every product has passed inspection standards established by the relevant inspection agencies and is covered by liability insurance. The Company also upholds the customer-first approach, and has established a 0800 customer service hotline to respond to feedback immediately, improve the quality of service, and ultimately maximize customer satisfaction.</p> <p>The strategies for the quality control of retail products are as follows:</p> <ol style="list-style-type: none"> 1. Mercuries F&B Co., Ltd.'s Central Kitchen Dayuan Factory was completed in July 2019 and obtained FSSC/ISO 22000:2018 and HACCP certification. We also completed the follow-up inspection was completed and passed in June 2023. In addition, the noodle plant of Central Kitchen Dayuan Factory also passed the TQF renewal review in July 2023 and obtained the verification certificate. 2. Strengthen independent inspection capabilities: The personnel of Mercuries F&B Co., Ltd. participated in the TAF-accredited microbiological proficiency test, Taiwan-US Inspection (SuperLab) Proficiency Test, in December 2023. The total viable count (AOAC 990.12), coliform group (AOAC 991.14), and Escherichia coli (AOAC 991.14) all passed the test. Through annual participation in proficiency testing organized by accredited laboratories, the testing capabilities of the inspectors are tested and understood to ensure the safety and quality of ingredients and final products. To enhance its self-inspection capabilities, Mercuries F&B obtained ISO/IEC 17025 Laboratory Quality Management System certification on December 23, 2020, and completed the extension certification on December 2024 to ensure the compliance of the certification system, personnel capabilities, and testing instruments. The laboratory also underwent equipment upgrades in the same year, including the replacement of probe thermometers, sugar meters, and electronic scales. Additionally, new equipment such as dial thickness gauges and pipettes were purchased to enhance the efficiency and quality of self-inspection. 	None.

Assessed Items	State of Operations			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Root Causes
	Yes	No	Summary	
			<p>3.The Central Kitchen conducts monthly self-hygiene inspections in five categories: (1) finished products, (2) water quality and ice, (3) environmental bacteria in the factory area, (4) equipment surfaces, and (5) hand hygiene of employees. In 2024, a total of 287 sampling points were inspected (an increase of 35% compared to last year), with a total of 2,556 self-inspections conducted (an increase of 13% compared to last year), and a 100% pass rate.</p> <p>4.The central kitchen implemented the monitoring plan. In 2024, a total of 33 types of raw materials (accounting for 21% of all raw materials), 128 types of finished products (accounting for 76% of all finished products), and 5 water quality samples, a total of 190 samples were collected and tested by a third-party impartial organization. The test results were all 100% qualified. The number of samples will be adjusted based on the number of new products or abnormal conditions that occur each year.</p> <p>5.To achieve effective traceability at every stage from raw materials entering the factory to product delivery, Mercuries F&B records basic information such as raw materials, products, and suppliers through its internal ERP system. It also provides functions such as procurement and sales management, traceability management, order verification, production history logging, and uploading to the public cloud. Through systematic management, not only can manual and paper-based operations be reduced, but it also strengthens the traceability mechanism of raw materials for food suppliers.</p> <p>6.A total of 318 food ingredients and 120 non-food ingredients in compliance with Taiwan's food regulations were identified in 2024. 100% of the food ingredients and 98% of the non-food ingredients were traceable through the supply chain. The remaining 2% consisted of non-food ingredients packaged in bundled bags that were not traceable.</p> <p>7.Labeling: To protect consumers' rights, each product is clearly labeled to let consumers understand the product information according to the Commodity Labeling Act.</p> <p>8.Procedures for handling defective products: Products that are deemed by the procedures to be defective are immediately removed for return or retirement.</p> <p>9.The Company monitors products strictly by regularly performing sampling and inspections to ensure the stable supply of goods in compliance with laws and</p>	

Assessed Items	State of Operations			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Root Causes
	Yes	No	Summary	
			<p>regulations. The quality of imported goods is also subject to strict control, which involves border inspections, customs clearance, and internal review of the Company.</p> <p>10.All products sold are labeled with necessary information such as place of origin, manufacturing date, ingredients, and materials. When selecting suppliers, the Company checks whether their products comply with the Commodity Labeling Act, Act Governing Food Safety and Sanitation, and other relevant regulations; suppliers are also required to enter into agreements to ensure that their ingredients, manufacturing, labeling, and advertising are in compliance with regulatory requirements and that their materials and products meet the quality standards and do not infringe on intellectual property rights of others.</p> <p>11.Simple Mart Retail Co., Ltd. has included labeling (including barcodes, dates, and Chinese labeling) in the checklist for inbound inspection and acceptance by the logistics center. Labels of its products are managed in accordance with the Internal Control and Design Management System for Packaging to ensure that all products are clearly labeled from manufacturing to transportation and even to selling.</p> <p>Customer privacy :</p> <p>a. The Corporation has established internal notification system for personal data protection management. Externally, the Corporation includes personal protection clauses in contracts to ensure that all operational units, suppliers, and customers are personal data is protected. In addition, we utilize internal evaluation programs and external verification mechanisms to support each department in continuously reviewing the effectiveness of information security protection systems, with proper records maintained. The Corporation has also established appropriate disciplinary measures for personnel who violate its personal data protection management regulations.</p> <p>b.Mercuries Life Insurance Inc. has obtained certification for the ISMS Information Security Management System (ISO 27001) and the PIMS Personal Information Management System (BS 10012), to ensure the delivery of high-quality services to customers and the proper protection of their personal data. To protect the rights and interests of consumers and customers, the Corporation implements financial consumer protection measures according to the Financial Consumer Protection Act. Following the Financial Supervisory Commission's "Implementation of Treating Customers Fairly Principles by Financial Institutions," we have built a</p>	

Assessed Items	State of Operations			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Root Causes
	Yes	No	Summary	
			<p>corporate culture centered on "treating customers fairly" to enhance customers experiences. We have established "Operational Guidelines for Fair Customers Treatment Management Meetings" and hold meetings on fair customers treatment management quarterly. In 2024, a total of 4 meetings were held. Through these meetings, we jointly formulate implementation plans and measures to implement the ten principles of fair treatment for customers. Following each meeting, the matters discussed are reported to the Board of Directors to ensure the effectiveness of the execution. The involvement of the Board of Directors helps to cultivate fair treatment in the top-down culture within the Corporation.</p> <p>c. In 2024, Mercuries conducted information security assessments, including website, webpage, and app vulnerability scans, as well as penetration testing, to promptly identify issues and immediately schedule for resolution. Additionally, the Corporation planned the construction of a cloud network environment for the AWS system, demonstrating its commitment to maintaining the security of member data. In terms of enhancing the information security of the app: member passwords are encrypted, including database encryption. The password recovery process has been adjusted from previously sending passwords via SMS to sending verification codes via SMS. Members can use the code received to reset their password before logging in. This adjustment improves the security of member data during transmission.</p> <p>d. Mercuries F&B has established internal regulations on information security management, which include guidelines for reporting and handling information security incidents. When the 0800 customer service receives a complaint, it will either provide an immediate response or delegate the matter to the store for resolution. Only the content of the complaint will be recorded, and no personal customer information will be retained. The call records stored in the voicemail system are managed by designated personnel and included in the personal data inventory. For the Mercuries Card app, when a member applies for an account, the only required personal information is the mobile phone number and the date of birth in the Gregorian calendar. Registration can only be completed after the member selects and agrees to the service terms and privacy policies. To ensure the comprehensive protection of members' personal data, all information is stored in the Corporation's system and managed by designated personnel, with no</p>	

Assessed Items	State of Operations			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Root Causes
	Yes	No	Summary	
			<p>physical records retained. In the event of relevant marketing activities, lottery events that require the announcement of list of names, personal data will be de-identified. Once the retention period expires or the specific purpose no longer applies, personal data will be destroyed according to the Personal Data Destruction Process.</p> <p>e. Simple Mart Retail Co., Ltd. has established a personal data protection management procedure according to the Personal Data Protection Act. In 2023, a dedicated personal data management unit was established, responsible for promoting personal data protection management matters. This includes regularly conducting personal data inventory, risk analysis, internal assessments, notification revisions, data destruction, and education and training. In accordance with human resource training requirements, both headquarters and store employees are required to complete mandatory online personal data courses and regularly conduct information security and social engineering drills. These efforts ensure the operation of the cybersecurity management system, covering areas such as network protection, protection of software and hardware, regular testing of cybersecurity environment, testing mobile apps, and social engineering drills through emails. Additionally, internal and external information security management training courses, education and advocacy programs on information security are conducted.</p> <p>Grievance procedures and process :</p> <p>a. The complaint process for Mercuries Life Insurance Inc. requires policyholders to submit their complaints in writing (mail to the Policyholder Complaint Center at No. 58, Shitan Road, Neihu District, Taipei City), by telephone (customer service hotline at 0800-022-258), by fax (02-2345-5747), or via email (callcenter@mail.mli.com.tw). Once a complaint is submitted, a designated personnel will accept and handle the case, and the complainant will be notified either by telephone or through a formal letter. All relevant information is disclosed on the Corporation's official website.</p> <p>b. In 2024, Mercuries handled a total of 548 customer service cases through the 0800 consumer service hotline and the email on the official website. All cases were properly addressed and resolved. In addition, the e-commerce department also provides customer service through platform systems and dedicated service</p>	

Assessed Items	State of Operations			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Root Causes
	Yes	No	Summary	
(6) Has the company established the supplier management policies requesting suppliers to comply with laws and regulations related to environmental protection, occupational safety and health, or labor rights, as well as supervised their compliance?	V		<p>hotlines. For instance, as of December 2024, Shopee Mall has received a total of 56,127 customer reviews, with approximately 96% of these being five-star ratings.</p> <p>c. In 2024, Mercuries F&B handled approximately 86,916 customer service cases through the 0800 consumer service hotline. The services covered a range of inquiries, including store promotions, store addresses and contact details, product recommendations, and the Mercuries Card app. Among these, approximately 70 cases were related to customer complaints, representing a 6% increase compared to the previous year. The main categories of complaints included the quality of food preparation, service procedures, service attitude, environmental hygiene, and others. All cases were properly handled through the customer service process and responded to accordingly.</p> <p>d. Simple Mart Retail Co., Ltd. has established a customer service center where consumers can submit complaints and feedback through the customer service hotline and email. All cases are handled and responded uniformly by the customer service center, and the case is closed only after providing a satisfactory response to the consumer, ensuring the protection of consumer rights. In 2024, a total of 18,606 customer service cases were handled, all of which have been fully responded to.</p> <p>(6)Managing quality from the source, each subsidiary has established a supplier management and evaluation system applicable to its industry to ensure that its suppliers comply with laws and regulations in the process of manufacturing and providing products and services and also live up to the social expectations such as workplace health and safety, environmental protection, labor rights and ethics. Aiming for sustainable development and prosperity, the Company has also taken the initiative in guiding suppliers through standardization and computerized operations to improve their production capacities and yields. The establishment of long-term, close business relationships with suppliers can help both the Company and suppliers integrate the resources and competitive strengths required to tap into new markets. Therefore, our subsidiaries regularly hold supplier conferences each year to exchange ideas with suppliers, hoping to innovate together and provide customers with premium products and services.</p>	None.

Assessed Items	State of Operations			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Root Causes																																			
	Yes	No	Summary																																				
			<p>Mercuries F&B Co., Ltd. starts with food safety control from the source, the Company insists on selecting qualified suppliers and conducts an evaluation of new and existing suppliers every year. Through rigorous supplier evaluation and audit systems, the Company can ensure that the raw materials and the products produced are safe. Before developing new suppliers or engaging in new raw material transactions, Simple Mart follows a rigorous evaluation process. This process assesses suppliers based on various certifications of their factories and evaluation grades in the product inspection reports, such as whether they have complied with relevant domestic regulations and standards and whether they have obtained the Good Hygiene Practices (GHP) food certification. In 2024, Simple Mart conducted on-site factory visits to six new suppliers, all of which received an evaluation grade of A (85 points or higher). Additionally, three new suppliers passed the written evaluation. The evaluation items are presented in the table below.</p> <table><tr><td></td><td>Written Evaluation</td><td>On-site factory visit</td></tr><tr><td>Product Liability Insurance Insured</td><td>v</td><td>v</td></tr><tr><td>Certifications related to Food Safety Management</td><td>v</td><td>v</td></tr><tr><td>Food Safety (Import Permit and Inspection Report)</td><td>v</td><td>v</td></tr><tr><td>Labor Health Examination Records</td><td>v</td><td>v</td></tr><tr><td>Factory Water Quality Inspection Records</td><td>v</td><td>v</td></tr><tr><td>Disinfection and Pest Control Records</td><td>v</td><td>v</td></tr><tr><td>Traceability Management</td><td>v</td><td>v</td></tr><tr><td>Control of Temperature and Humidity in Warehouse</td><td>v</td><td rowspan="5">-</td></tr><tr><td>Management of Chemicals and Facilities/Equipment</td><td>v</td></tr><tr><td>Factory Area and Environmental Hygiene</td><td>v</td></tr><tr><td>Calibration Records of Measurement Instruments</td><td>v</td></tr><tr><td>Personnel Education and Training Records</td><td>v</td></tr></table> <p>Mercuries F&B Co., Ltd. 's supplier selection must be a legally registered company (agencies or importers) or factories; in addition, ingredients or suppliers certified, by Certified Agricultural Standards (CAS), Traceable Agriculture Product (TAP), Taiwan Quality Food Association (TQF), or the food safety management system of FSSC/ISO22000 & HACCP, are prioritized to ensure food safety together. In 2024, the Company had 101 suppliers (97 registered food suppliers in Taiwan and 4 HSCCP certified foreign suppliers). At least 64 suppliers (64% of domestic suppliers) obtained one type of system certification. In addition, 36 food ingredient suppliers and 1 non-</p>		Written Evaluation	On-site factory visit	Product Liability Insurance Insured	v	v	Certifications related to Food Safety Management	v	v	Food Safety (Import Permit and Inspection Report)	v	v	Labor Health Examination Records	v	v	Factory Water Quality Inspection Records	v	v	Disinfection and Pest Control Records	v	v	Traceability Management	v	v	Control of Temperature and Humidity in Warehouse	v	-	Management of Chemicals and Facilities/Equipment	v	Factory Area and Environmental Hygiene	v	Calibration Records of Measurement Instruments	v	Personnel Education and Training Records	v	
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	Yes	No	Summary	
			<p>food-grade consumable supplier such as packing tape were yet to obtain system certification (36% of the total purchases). Most of them were middlemen or distributors. Considering costs and inventories, the Company chose to buy directly from middlemen. At present, these suppliers are actively introducing food safety systems.</p> <p>Mercuries & Associates, Ltd. divides the shoe supplier evaluation results into four levels: A (95 points or more) classified as excellent suppliers, B (94~85 points or more) as qualified suppliers, C (84~60 points) as suppliers which the division plans to reduce business dealings with and coaches, and D (less than 60 points) as suppliers that are not recommended for cooperation.</p> <p>The target evaluation rate is set at 40% annually based on different product requirements. In 2024, Family Shoes conducted the evaluation for 51 out of 96 suppliers (accounting for 53.1% of total suppliers), an 0.5% increase from last year. Among them, there are 20 rated grade-A excellent manufacturers (accounting for 39%); 30 grade-B qualified suppliers (accounting for 59%); 1 rated grade-C manufacturer (accounting for 2%); no grade-D suppliers. Family Shoes had ceased cooperation with suppliers below grade-C as their products did not meet the requirements.</p> <p>In addition to providing cheap and fine products for customers, Simple Mart Retail Co., Ltd. rolls out its own products through the careful selection of quality manufacturers. In addition to announcing the basic information on qualified vendors, it has also established product specifications and appointed lead auditors with international ISO 9001 and ISO 22000 certificates to audit the products. Simple Mart Retail Co., Ltd. has stipulated in the supplier contract that suppliers of its own products should comply with its audit terms and conditions. Suppliers are divided into five levels from A to E for audit management. It will visit suppliers once every year to conduct an audit based on the level of suppliers (once every three years for Level A suppliers, twice every year for Level B suppliers, once every year for Level C suppliers, a six-month period for improvement for Level D suppliers, and re-evaluation or discontinuance for Level E suppliers).</p> <p>In 2024, Simple Mart cooperated with 61 OEM suppliers, conducted the evaluation for 58 out of 61 suppliers (95% evaluation rate). Among them, there were 32 grade-A excellent manufacturers (accounting for 55%); 13 grade-B qualified suppliers (accounting for 22%); 11 grade-C suppliers (accounting for 19%), 2 grade-D suppliers (accounting for 3%), and 0 grade-E suppliers.</p>	

Assessed Items	State of Operations			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Root Causes
	Yes	No	Summary	
			To maintain effective communication with the suppliers, our subsidiaries held 1,617 supplier meetings (63 by Mercuries & Associates, Ltd. and 1,554 by Simple Mart Retail Co., Ltd.) in 2024. In addition to regular and constructive communication with suppliers, the Company publishes the latest information on the Supply Chain Management (SCM) platform from time to time to respond to suppliers efficiently and effectively. The introduction of an electronic procurement system also streamlined the supplier workflows, achieving rapid, accurate supplier management.	
5. Does the Company refer to the internationally accepted report preparation standards or guidelines to disclose its non-financial information in sustainability reports? Has the Company received assurance or certification of the aforesaid reports from a third-party accreditation institution?	V		5. Sustainability Report is compiled in accordance with the GRI:2021 Sustainability Reporting Guidelines issued by the Global Reporting Initiative (GRI) and the AA1000:2018 Accountability Principles (AA1000AP Account Ability Principles); at the same time Conforms to the standard disclosure content of the "Operational Measures for the Preparation and Submission of Sustainability Reports of Listed Companies" revised by the Taiwan Stock Exchange on January 26, 2024. In addition, Corporate Governance 3.0 requires listed companies to refer to the disclosure standards issued by the Sustainability Accounting Standards Board (SASB) to enhance the disclosure of information in sustainability reports. Mercuries & Associates Holding, Ltd.'s main revenue industry falls under the SASB standard category of 'FN-IN Insurance Industry'. For more details, please refer to the sustainability report of Mercuries Life Insurance. The Company's 2023 Sustainability report was reviewed by BSI Taiwan in accordance with the Core option of the GRI Standards, and an audit statement was obtained, indicating that the Sustainability published by the Company was in line with the GRI Standards and that the self-certification conformed to the Core option of the GRI Standard, at the same time, the AA 1000 AS guarantee standard is obtained, and approved by the Board of Directors on August 14, 2024. The 2024 Sustainability report is currently under review by BSI Taiwan and is expected to be completed in June 2025. The Company has set up a website and will disclose the Sustainability Report and relevant ESG information in the ESG section of the website.	None.
6. Where the Company has stipulated its own sustainable development best practices according to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any gaps between the prescribed best practices and actual activities taken by the Company: None.				
7. Other important information useful for understanding the state of sustainable development: Based on the intention of "Taken from society. Give back to society", the Company and subsidiaries pay attention to public issues, care for the underprivileged, actively organize and participate in public welfare activities, fulfill the responsibility of corporate citizens and give back to the society. The relevant information is summarized below: (1) To fulfill the principle of giving back to society, the Company calls on employees to participate in social welfare activities as volunteers. (2) The Company organizes the Mercuries Cup Road Race, the Mercuries Taiwan Masters Invitational Golf Tournament, and Chinese Slow Pitch Softball Association events with its sponsors every year to promote sports activities.				

Assessed Items	State of Operations			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Root Causes
	Yes	No	Summary	
<p>(3) Mercuries Life Insurance Co., Ltd. has long devoted in social welfare activities, paid attention to the underprivileged, and continued to spread warmth and care to every corner of the society.</p> <p>1. Focusing on the prevention of "health risks" for the population, we have provided long-term support for the development of domestic sports, which in turn helps cultivate a strong physique, raise awareness of health risk management, and promote various sports events for over 10 years. We make every effort to promote sports-oriented atmosphere. In 2024, an investment of NT\$28.76 million was made, benefiting 89,000 individuals. The goal is to promote health risk management awareness by encouraging participation in sports events, thereby promoting the development of national health. Provision of Campus Internships: We aim to provide academic and practical exchanges by offering internship programs with multiple universities for university students and collaborating with departments related to insurance, finance, banking and other relevant fields. Our goal is to reduce the gap between education and application while promoting the connection between students and practical work.</p> <p>2. Caring for the physical and mental well-being of children</p> <p>Children are the seedlings of future hope. For 15 consecutive years, we have organized the "Mercuries Life Insurance Inc. National Teeball Tournament Cup," a tournament designed specifically for elementary school students to instill a lifelong habit of exercise and foster physical health from a young age. Additionally, through the "Policyholder Children’s Outdoor Drawing Competition," which has been held for 21 years, we encourage policyholders to spend quality weekend time with their children through outdoor sketching activities. This initiative not only enhances parent-child bonding but also promotes children’s physical and mental development, assists families in nurturing more healthy and happy children, thereby laying a more solid foundation for the country's development. In 2024, a total of 9,951 children participated in the Teeball Tournament and the Drawing Competition.</p> <p>3. Promoting Education on Financial Inclusion</p> <p>We actively develop financial products tailored to the needs of the elderly and disadvantaged groups while leveraging our professional expertise, to organize a variety of financial education activities, including financial education courses for elementary schools in remote areas, financial planning seminars for policyholders, summer camps focused on financial management for policyholders’ children, public welfare activities focused on elderly care, public lectures on fraud preventions at universities, and interactive fraud prevention activities. These initiatives aim to foster sound financial management principles and enhance fraud awareness among students, policyholders, university students, seniors, and the general public. In 2024, a total of 60 events were held, benefiting 5,540 individuals.</p> <p>4. Promoting the Academic Development of Insurance</p> <p>(1) Supporting Academic Development: For 11 consecutive years, we have sponsored the Risk and Insurance Research Center at National Chengchi University to invest in academic research in insurance. Additionally, for 7 consecutive years, we have supported the FinTech Industry-Academia Collaboration Alliance at National Chengchi University to support innovation in financial technology and to promote knowledge related to finance.</p> <p>(2) Provision of Campus Internships: We aim to provide academic and practical exchanges by offering internship programs with multiple universities for university students and collaborating with departments related to insurance, finance, banking and other relevant fields. Our goal is to reduce the gap between education and application while promoting the connection between students and practical work.</p> <p>(3) Promoting Microinsurance: Since 2014, we have been actively promoting microinsurance by collaborating with universities, the Child Welfare League Foundation, the Association for Victims Support, Nantou County Government, and other schools, social welfare organizations, and local governments. Through the donation of insurance premiums, we provide one-year micro personal injury insurance to economically disadvantaged individuals and students who are exempted from tuition and miscellaneous fees at universities. The maximum coverage per person can reach NT\$500,000, which assists in alleviating the economic impact on families caused by unexpected accidents. In 2024, the recipients included 16 universities, 2 senior high (or vocational) schools, 3 social welfare organizations, and 1 county/city government. A total of 22,608 individuals were insured, with donated premiums exceeding NT\$5.03 million. As of 2024, a total investment exceeding NT\$39 million has been made, with the cumulative number of insured individuals surpassing 150,000. The total donations for microinsurance premiums and the sponsorship for Ming Chuan University Deep Engagement Program exceeded NT\$5.18 million in 2024. The "Deep Engagement Program" aligns with the policies of</p>				

Assessed Items	State of Operations			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Root Causes
	Yes	No	Summary	
<p>the Ministry of Education and supports the university in enhancing its financial aid and counseling mechanisms for disadvantaged students. This initiative ensures that students are not burdened by tuition and living expenses, allowing them to focus entirely on their studies and fully engage in their academic pursuits, thereby empowering them to transform their futures through education. Enhancing Participation in Sports Activities</p> <p>5. Engaging in Ecological Conservation and Community Service</p> <p>We continue to encourage employees to participate in public welfare, focusing on ecological conservation and supporting disadvantaged groups in need of assistance, in order to fulfill corporate sustainability. In 2024, a total of 114 public welfare activities were conducted, with 2,792 individuals volunteering. Based on an estimated 3 hours of service per person, the total service hours amounted to 8,376 hours.</p> <p>(1) Volunteers to care for Vulnerable Groups: A total of 27 events were conducted with 637 volunteers. Volunteers took part in public welfare activities initiated by NGOs such as the Eden Social Welfare Foundation, Huashan Social Welfare Foundation, Bade Institute for Caring the Disabled, and Genesis Social Welfare Foundation. For 26 years, we have sponsored the "Yate Cup Games for Individuals with Intellectual Disabilities" to provide insurance coverage to protect students with physical and mental disabilities. This initiative allows students to participate in sports, enhancing their physical fitness and self-confidence, thereby enabling them to better integrate into society.</p> <p>(2) Volunteers for Promoting Financial Education: A total of 60 events were held, with 503 volunteers. Employees leveraged their financial expertise to serve as volunteers in various activities, including financial education courses in remote areas, summer camps focused on financial management for policyholders' children, elderly care, public lectures on fraud preventions at universities, and interactive fraud prevention activities, serving as group leaders and activity station facilitators during the activities. These initiatives aim to foster sound financial management principles and enhance fraud awareness among students, policyholders, university students, seniors, and the general public.</p> <p>(3) Ecological and Environmental Conservation Volunteers: A total of 10 events were conducted, with 468 volunteers. In 2024, the Corporation focused on three aspects, which are waste reduction, plastic reduction, and carbon reduction, by organizing large-scale ecological conservation events. These activities included removing weeds from rice paddies in Guandu Wetland in Taipei, tree planting at the Qieding Wetlands in Kaohsiung, and beach clean-ups along the Shengang Wetlands in Changhua and the Kejian Coast in Xinwu. As a result, 1,018 kilograms of marine waste were removed, and 100 native coastal tree saplings were planted. Additionally, employees were encouraged to volunteer at Tzu Chi Environmental Education Stations around Taiwan to help sort recyclable resources or to form volunteer teams to participate in public service activities such as mountain and beach clean-ups, thereby contributing to environmental protection and ecological conservation.</p> <p>(4) Animal Protection Volunteer Activities: A total of 2 events were held, with 31 volunteers. For the first time, we collaborated with the Volunteer Service Promotion Centers of the New Taipei City Social Affairs Bureau and the Kaohsiung City Social Affairs Bureau. Employees were invited to visit the Banqiao Animal Shelter to accompany and care for stray animals. In collaboration with the Taiwan Macaque Coexistence Promotion Association, volunteers also engaged with visitors at the Shoushan Zoo in Kaohsiung to promote the "Keep Food Out of Sight" educational campaign and the monkey-proof bag rental service, conveying correct conservation concepts and promoting harmonious coexistence between humans and wildlife.</p> <p>(5) "Mercuries with Love, Always Passionate" Blood Donation Campaign: A total of 8 events were held, with 311 participants. We maintain a long-standing partnership with the Taiwan Blood Services Foundation, conducting annual blood donation activities. In 2024, a donation of NT\$100,000 was also made to the Taiwan Foundation for Rare Disorders. Additionally, individuals with rare diseases were invited to participate in charity sales at our headquarters and events in Taichung and Kaohsiung. This initiative encourages the public to support patients with rare disease through both blood donation and spreading love through acts of charity. A total of 5,233 bags of blood were donated across Taiwan in 2024, with the cumulative total exceeding 55,000 bags over the years.</p> <p>(6) "Mercuries Life Shoe Power Transmits Love to Africa" Old Shoes Collection Activity: A total of 7 events were held, with 842 participants. The campaign was conducted in partnership with the "Step30 International Ministries", combining public welfare with the promotion of eco-friendly values such as waste reduction, carbon reduction, and resource reuse. Employees were encouraged to donate their unused old shoes from home to help people in Africa to stay free from the infestation of tungiasis. A total of 3,908 pairs of second-hand shoes were collected, and a donation of NT\$50,000 was made to "Step30 International Ministries", demonstrating international care through concrete actions.</p>				

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	Yes	No	Summary	
6. Cultural and Arts Promotion				
<p>(1) Promotion of Arts and Culture on Campus: Since 2019, we have sponsored the "iLook Film Party Campus Event" for 16 consecutive years, conducting film exhibition activities at various universities across Taiwan. Employees have also set up booths at the events to interact with the university students, further enriching their engagement with arts and culture on campus. Provide high-quality artistic films and engage with the younger audience. In 2024, a total of 32 events were held, with approximately 4,084 individuals engaged and 219 employees participated.</p>				
<p>(2) Promotion of Cultural and Creative Industries: The Corporation sponsored two lantern installations at the 2024 Taiwan Lantern Festival in Tainan, namely "Infinite Circle" in the Anping Lantern Area and "Forest of Light" in the High-Speed Rail Lantern Area. In celebration of the Lantern Festival, and in keeping with the traditional custom of carrying lanterns, an interactive quiz and lucky draw was held via the official LINE account. This initiative helped create a pervasive festive atmosphere and brought artistic beauty into everyday life.</p>				
<p>(4) Mercuries F&B Co., Ltd. collaborated with social service agencies to hold charity cooking activities in friendly restaurants. In 2024, we served approximately 1,000 students and teachers.</p>				
<p>(5) The 'Hope Good Cafeteria' of Mercuries F&B and other industry partners are working together to promote the upgrade of compassionate meals 2.0. They are assisting vulnerable groups in need by providing meal exchanges and designing customized meals for this project, taking into consideration the nutritional needs of disadvantaged citizens. They are also incorporating the 'support the promotion of vegetarianism' meal resource to cater to the needs of vegetarians. Since its inception and up until the end of 2024, a total of over 20,244 meals were provided.</p>				
<p>(6) Mercuries F&B Co., Ltd. also responded to the 'New Taipei City Good Day Love Big Platform Dining Plan' and joined the meal supply team in September 2022 in collaboration with the New Taipei City Government Social Affairs Bureau. They sponsored love meal vouchers and provided a variety of rich lunch boxes to help vulnerable populations have enough to eat. As of the end of 2024, they have assisted over 16,531 individuals.</p>				
<p>(7) Mercuries F&B Co., Ltd.'s also joined the eFOOOD Food Sharing Map in 2022 year, integrating 358 stores across Taiwan to provide abundant dining resources from local non-profit organizations and share warmth with vulnerable groups in need. As of the end of 2024, Mercuries F&B has provided over 3,788 meals.</p>				
<p>(8) Mercuries & Associates, Ltd. has long sponsored charitable organizations by providing shoe vouchers to children from disadvantaged families. In 2024, the sponsorship amount reached NT\$3.42 million. Additionally, we have long sponsored the Single-Shoes Bank, donating a total of 1,078 single-legged shoes to foot-disabled consumers in 2024.</p>				
<p>(9) In 2024, Simple Mart Retail Co., Ltd. collaborated with the Taiwan Women’s Development Association to jointly promote the initiative "Preparing a More Hopeful Future for the World" which aims to care for women and children in vulnerable situations. This initiative included various sharing and advocacy activities, such as “Point Collections to Share Love” charity campaign launched by Simple Mart Retail Co., Ltd, which successfully raised a total of NT\$350,000 in donations. In addition, two employee advocacy seminars were conducted, helping them better understand the challenges faced by vulnerable families, gender equality issues, and the importance of health and human rights.</p>				
<p>(10)The Foundation of Chinese Dietary Culture provided scholarships for master and doctoral papers.</p>				
<p>(11)The "Ryori.Taiwan" bimonthly magazine, published by the Foundation of Chinese Dietary Culture in 2024, has been awarded the 48th Golden Tripod Award in the magazine category for lifestyle by the Ministry of Culture. This prestigious award, regarded as the highest official recognition in publishing industry, symbolizes strong affirmation of the magazine’s cultural and content innovation.</p>				
<p>(12)Charity donations were held every now and then to care for the underprivileged. The Corporation actively worked with the government to promote various policies in environmental protection as well as energy saving and carbon reduction measures to fulfill CSR requirements.</p>				

(6) Implementation of Climate-related Information

Item	State of Implementation	
1. The supervision and governance of climate-related risks and opportunities by the Board of Directors and management.	Board of Directors	The Corporation's Board of Directors is the highest decision-making body for enterprise risk management. It has established the Committee for ESG to allocate responsibilities and duties. The Board is responsible for overseeing the improvement and effectiveness of climate-related risks and opportunities, and bears ultimate responsibility for climate change risk management. On July 31, 2024, the Board of Directors established the "Organizational Charter of the Sustainability Development Committee", appointed members to the Sustainable Development Committee, and designated a Chief Sustainability Officer. On the same date, the Board of Directors established the "Procedures for the Preparation and Assurance of the Sustainability Report" and the "Procedures for Management of Sustainability Information.", revised the "Regulations Governing Implementation of Internal Control System" and the "Internal Audit Implementation Rules". On August 14, 2024, the Board of Directors approved the 2023 Sustainability Report.
	ESG Committee	The committee is responsible for formulating, promoting, and strengthening the Corporation's policies on sustainable development. The "Greenhouse Gas Inventory and Reduction Implementation Team," which operates under its jurisdiction is responsible for supervising and managing the annual climate-related risks and opportunities, as well as overall strategies. The team regularly reviews, monitors, and adjusts the implementation of related matters, and report the progress of the greenhouse gas inventory and verification schedule to the Board of Directors on March 15, August 14, and November 14, 2024, and March 14, 2025.
2. Explanation of how the identified climate risks and opportunities affect the business, strategy, and finances of the company (short-term, medium-term, long-term).	Short-term	<ul style="list-style-type: none"> (1) Extreme weather events may result in short-term heavy rainfall, leading to damage to store equipment and production output, increased operating costs due to equipment repairs, interruptions in the supply of raw materials, and temporary suspension of store operations, resulting in reduced revenue. (2) Implement daily automatic inspection operations, such as store building inspections, electrical safety inspections, regular equipment maintenance and servicing, to ensure equipment operational efficiency and reduce emergency hazards and maintenance costs. (3) Establish a mechanism for reporting major incidents and providing logistical support, conduct risk assessments for natural disasters, and develop emergency response plans and disaster recovery plans to ensure timely resumption of business operations following climate disasters.
	Mid-term	<ul style="list-style-type: none"> (1) Subsidiaries in the retail industry should improve transportation methods and distribution processes, increase local procurement ratios, implement automated operations, and transition to high-energy resource-efficient buildings or hardware equipment. (2) In the future, we will gradually evaluate the introduction of a 'carbon footprint' label for our company's products/services to enhance consumer recognition and further drive revenue growth. (3) The food and beverage industry and the retail industry of daily necessities support local small farmers, enhancing their positive image and stimulating demand growth. (4) Establish a dedicated unit to coordinate with government departments on policy implementation, explore opportunities for carbon emission reduction offsetting, and continuously monitor regulatory trends to avoid any risk of non-compliance penalties.
	Long-term	<ul style="list-style-type: none"> (1) Preemptively implement corporate energy management and energy-saving and carbon reduction plans to gradually reduce greenhouse gas emissions (such as establishing an energy management system, implementing energy-saving initiatives, gradually replacing energy-consuming equipment, increasing resource waste recycling rates, and procuring green energy) in order to mitigate the financial impact of future carbon fees on the company. (2) Actively invest in sustainable investment targets and develop a circular economy to achieve sustainability goals. (3) Seeking feasible solutions to the increasing cost of electricity for air conditioning and refrigeration equipment in stores due to the rising global average temperature. (4) In recent years, the increasing environmental awareness among consumers has led to changes in consumer habits. Only by developing sustainable products early and diversifying operations can we promptly respond to consumer expectations and maintain and increase business revenue. (5) Reducing the risk of climate change that may lead to changes in the production cycle and quality of food raw materials resulting in unstable market supply and increased procurement costs.

Item	State of Implementation	
3. Explain the impact of extreme weather events and transition actions on finance.	Policy and Regulations	<p>(1) The government will impose carbon fees/taxes on businesses in the future, leading to increased operating costs.</p> <p>(2) According to the Climate Change Response Act and the Sustainable Development Roadmap, our company is required to conduct an annual inventory of greenhouse gases starting from 2023.</p> <p>(3) Third-party verification will increase related administrative expenses.</p> <p>(4) With the increasing stringency of global climate policies, it is expected that our company will face more climate regulations in the future. Failure to respond in a timely manner may result in penalties for non-compliance and a decline in corporate reputation.</p>
	Technology	<p>(1) Enterprises need to engage in activities such as replacing outdated energy-saving equipment, maintaining equipment, and cultivating talent for green economy transformation, which may lead to an increase in operating costs.</p> <p>(2) In recent years, in order to achieve a circular economy and sustainable business model, pharmaceutical companies have been investing in product purification outsourcing technology. However, if there are errors in positioning or investment targets, or if they encounter technical bottlenecks, it may result in investment losses.</p>
	Market	<p>(1) Extreme climate change could potentially lead to changes in consumer behavior in the long term. If businesses do not undergo timely operational transformation, they may face the risk of being eliminated from the market and experiencing a decline in revenue.</p> <p>(2) In the process of transitioning to a sustainable product business model, the competitiveness of purchasing environmentally friendly raw materials or ingredients is easily affected by market prices, resulting in increased operating costs and profit impact.</p>
	Honor	Due to the rising awareness of sustainability among the general public, stakeholders (customers/shareholders/non-profit organizations/media/community) may have negative opinions and messages about our products or services, which could potentially impact the reputation of our company.
4. How to integrate the process of identifying, assessing, and managing climate risks into the overall risk management system.	Introduction of TCFD	The company has developed a climate risk management process based on the TCFD framework, which discloses four core elements: governance, strategy, risk management, and metrics and targets, as well as the framework for assessing climate-related risks, opportunities, and financial impacts. The company identifies climate risks and opportunities, sets energy-saving and carbon reduction targets, and regularly reports on them to the Corporate Sustainability Committee for approval by senior executives.
	Process of Climate Risk Identification and Management	<p>(1) Each department of the company identifies climate risks and opportunities that may have a significant impact on operations, based on their respective business scopes.</p> <p>(2) The various departments of the company assess operational and financial impacts based on identified significant climate risks and opportunities, and propose response strategies and objectives.</p> <p>(3) The Corporate Sustainability Development Committee is responsible for consolidating and verifying the operational, financial, strategic, and regulatory compliance of each business department. It communicates with and supervises each department's performance in accordance with risk management measures, and regularly reports to the Board of Directors. This information is disclosed in the Corporate Sustainability Report.</p>
5. If using scenario analysis to assess resilience to climate change risks, the context, parameters, assumptions, analysis factors, and major financial impacts should be explained.	The company has not yet used scenario analysis to assess resilience to climate change risks.	

Item	State of Implementation
6. If there is a transformation plan to address climate-related risks, please explain the content of the plan, as well as the indicators and objectives used to identify and manage physical risks and transition risks.	<p>(1) In order to achieve a circular economy and sustainable business model, the pharmaceutical factory invests in product purification outsourcing technology: SCI Pharmtech, Inc., a subsidiary of the Veolia Group, established Framosa Co., Ltd. in 2020, introducing advanced in-process product purification outsourcing technology to effectively enhance the utilization rate of the pharmaceutical industry's production capacity.</p> <p>(2) SCI Pharmtech, Inc. is currently constructing a new raw material drug manufacturing plant in the Guanyin Industrial Zone, with plans to begin trial production in 2025. In the future, steam supply and solvent treatment in the production process will be outsourced to the neighboring Framosa facility, in accordance with GMP regulations, for purification. After the outsourcing is completed, the purified materials will be returned to SCI Pharmtech, Inc. for use. It is estimated that the annual solvent recovery volume will reach approximately 15,000 tons, with a recovery rate of up to 85%.</p>
7. If internal carbon pricing is used as a planning tool, the basis for price determination should be explained.	Our company has not yet used internal carbon pricing as a planning tool.
8. If climate-related goals are set, the activities covered, greenhouse gas emissions scope, planning schedule, annual progress, and other information should be explained. If carbon offsetting or renewable energy certificates (RECs) are used to achieve the goals, the source and quantity of carbon offset or the quantity of RECs should be specified.	<p>(1) According to the Financial Supervisory Commission's roadmap for sustainable development, our company has completed the greenhouse gas inventory and third-party verification for the individual company in 2024. The subsidiary's consolidated financial statements are expected to complete the greenhouse gas inventory in 2025 and verification in 2027. Priority should be given to the investigation/verification of Category 1 and Category 2, and the investigation of Category 3 emissions sources should be gradually included based on the significance of operations in different subsidiaries.</p> <p>(2) Please refer to Table 1-2 for climate-related goals.</p> <p>(3) Currently, there are no carbon offset or renewable energy certificate (REC) usage.</p>
9. Inventory of greenhouse gases and confirmation of the situation, reduction targets, strategies, and specific action plans (to be filled in 1-1 and 1-2).	Check and confirm the information and reduction goals, as detailed in Table 1-1 and 1-2.

Instructions for filling out the form:

- The information in Categories 1 and 2 of this form shall be processed in accordance with the schedule prescribed in Article 10, Paragraph 2 of these regulations. Category 3 information may be voluntarily disclosed by the enterprise.
- The company can conduct a greenhouse gas inventory according to the following criteria:
 - Greenhouse Gas Protocol (GHG Protocol).
 - ISO 14064-1, published by the International Organization for Standardization (ISO).
- The institution should comply with the relevant regulations of the Taiwan Stock Exchange Corporation and the GreTai Securities Market Foundation for the preparation of sustainability reports.
- Subsidiaries can report individually, report collectively (e.g., by country or region), or report in consolidated form (Note 1).
- The intensity of greenhouse gas emissions can be calculated per unit of product/service or revenue, but at least the data calculated based on revenue (in million New Taiwan Dollars) should be disclosed (Note 2).
- The proportion of emissions from operational sites or subsidiaries that are not included in the investigation calculation shall not exceed 5%. The aforementioned total emissions refer to the emissions calculated based on the mandatory investigation scope as described in Form 1.
- The explanation of the circumstances of assurance should summarize the content of the assurance report of the assurance institution and attach the complete assurance opinion letter to the annual report (Note 3).

1-1 Company Greenhouse Gas Inventory and Verification Status in the Past Two Years

1-1-1 Greenhouse Gas Inventory Information

The emissions (in metric tons of CO₂e), intensity (in metric tons of CO₂e per million dollars), and data coverage of greenhouse gases in the past two years are presented.

Year	2023		2024	
Category 1	Total Emissions (metric tons CO ₂ e)	Intensity (metric tons CO ₂ e/million dollars)	Total Emissions (metric tons CO ₂ e)	Intensity (metric tons CO ₂ e/million dollars)
The Company	1.2555	-	1.0909	-
Subsidiary	-		14,851.4906	
Sub-total	1.2555		14,852.5815	
Category 2	Total Emissions (metric tons CO ₂ e)		Total Emissions (metric tons CO ₂ e)	
The Company	93.7530		97.2879	
Subsidiary	-		104,690.2715	
Sub-total	93.7530		104,787.5594	
Total	95.0085		119,640.1409	
		0.0006		0.5908

Note 1: The benchmark year for the subsidiary inventory is 2024. The audit has been completed for Mercuries Life Insurance Co., Ltd., and the other subsidiaries will disclose the audit data for 2026 in 2027.

Note 2: Consolidated operating revenue for the 2023 year was NT\$166,301 million; consolidated operating revenue for the 2024 year was NT\$202,518 million.

Note 1: Direct emissions (Category 1, emissions directly from sources owned or controlled by the company), energy indirect emissions (Category 2, emissions resulting from the use of purchased electricity, heat, or steam).

Note 2: The data on direct emissions and energy indirect emissions should be reported in accordance with Article 4.1, Item 2 of the Operating Rules for the Preparation and Submission of Sustainability Reports by Listed Companies of the Taiwan Stock Exchange (hereinafter referred to as the 'Operating Rules'). Other information on indirect emissions may be disclosed voluntarily.

Note 3: Greenhouse gas inventory standard: Greenhouse Gas Protocol (GHG Protocol) or International Organization for Standardization (ISO) published ISO 14064-1.

Note 4: The intensity of greenhouse gas emissions can be calculated per unit of product/service or revenue, but at least the data calculated based on revenue (in million New Taiwan Dollars).

1-1-2 Greenhouse Gas Confirmation Information

Describe the status of assurance for the most recent 2 fiscal years , including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.

Year	2023		2024	
Parent company	Confirming institution	Explanation of the situation	Confirming institution	Explanation of the situation
Categories 1, 2	BSI British Standards Institution	Obtain BSI Reasonable Assurance Statement in accordance with GHG Protocol standards.	BSI British Standards Institution	Obtain BSI Reasonable Assurance Statement in accordance with GHG Protocol standards.

Note 1: According to the schedule of the 'Sustainable Development Roadmap for Listed Companies,' our company's individual parent company completed verification in the 2024 year; the consolidated financial statements subsidiary will complete verification in the 2027 year.

Note 1: The process should be carried out in accordance with the schedule specified in Article 4, Section 1, Item 3 of these operating procedures.

Note 2: The confirming institution should comply with the relevant regulations of the Taiwan Stock Exchange Corporation and the GreTai Securities Market Foundation for the preparation of sustainability reports.

Note 3: For disclosure details, please refer to the Best Practice Reference Examples on the Taiwan Stock Exchange Corporate Governance Center website.

1-2 Greenhouse Gas Reduction Goals, Strategies, and Specific Action Plans

Explanation of the baseline year and data, reduction targets, strategies, specific action plans, and the achievement of reduction targets for greenhouse gas emissions.

Greenhouse Gas Reduction Target (Individual Parent Company Baseline Year: 2023)

Risk/Opportunity Indicators	Achievement in 2023 year	Achievement in 2024 year	Short-term Goals for 2025-2027	Mid-term Goals for 2028-2034	Long-term goal for 2035 and beyond
Greenhouse Gas Emissions from Operations (Scope 1 & 2)	In 2023, the total carbon emissions of our company were 95.009 metric tons of CO ₂ e.	In 2024, the total carbon emissions of our company were 98.3788 metric tons of CO ₂ e.	Based on the year 2024 as the reference year, the total carbon emissions will be reduced by 3% over the next 3 years.	Setting a 10% cumulative reduction in carbon emissions for 2034 relative to the baseline year of 2024.	Setting a 20% cumulative reduction in carbon emissions for 2035 relative to the baseline year of 2024.
Self-energy consumption (electricity usage)	For the company's individual inventory, the baseline year is 2023, and the total electricity consumption is 189,400 kilowatt-hours.	For the company's individual inventory, the baseline year is 2024, and the total electricity consumption is 196,939 kilowatt-hours.	Using the baseline year 2024, the goal is to reduce electricity consumption by 3% over the next 3 years.	Using the baseline year 2024, the goal is to reduce electricity consumption by 10% in 2034.	Using the baseline year 2024, the goal is to reduce electricity consumption by 20% in 2035.
Self-resource usage (water consumption)	For the company's individual inventory, the baseline year is 2023, and the total water consumption is 1,616 cubic meters.	For the company's individual inventory, the baseline year is 2024, and the total water consumption is 2,086.5 cubic meters.	Using the baseline year 2024, the goal is to reduce water consumption by 3% over the next 3 years.	Using the baseline year 2024, the goal is to reduce water consumption by 10% in 2034.	Using the baseline year 2024, the goal is to reduce water consumption by 20% in 2035.
Renewable Energy Usage Ratio	Currently, our company has a 0% utilization rate of renewable energy.	Currently, our company has a 0% utilization rate of renewable energy.	Assessing the feasibility of utilizing renewable energy in the headquarters building: considerations and planning.	In 2034, the renewable energy usage rate reaches 30%.	The renewable energy usage rate is expected to reach 100% by the year 2050.

Note: Since the annual greenhouse gas inventory of the subsidiary companies merged by our company is for the year 2024, the complete reduction target of the San Shang Group will be disclosed in the 2024 annual report. This year, we will first disclose the reduction data and targets of our individual parent company.

Note 1: The process should be carried out in accordance with the schedule specified in Article 4, Section 1, Item 4 of these operating procedures.

Note 2: The reference year should be the year in which the boundary of the consolidated financial report is completed. For example, according to Article 4, Section 1, Item 2 of these operating procedures, companies with a capital of over 10 billion NT dollars should complete the investigation of the consolidated financial report for the year 2025 in 2024. Therefore, the reference year is 2024. If the company has completed the investigation of the consolidated financial report in advance, the earlier year can be used as the reference year. In addition, the data for the reference year can be calculated as a single year or as an average of multiple years.

Note 3: For disclosure details, please refer to the Best Practice Reference Examples on the Taiwan Stock Exchange Corporate Governance Center website.

(7) Implementation of Ethical Corporate Management, Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons Thereof

Assessed Items	State of Operations			Gaps with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and Causes of the Said Gaps
	Yes	No	Summary	
1. Stipulating policies and plans for ethical corporate management				
(1) Has the company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies, practices, as well as the commitment of the board of directors and the senior management to rigorous and thorough implementation of such policies?	V		(1) The Ethical Corporate Management Best Practice Principles has been established and approved by the Board of Directors. Both the Board of Directors and the management of the Company have attached importance to ethical conduct and adhered to the business philosophy of integrity, transparency, and responsibility, to implement the integrity policy so as to create a business environment for sustainable development. The Company's contracts and regulations for internal employees and external business partners all require the implementation of the good faith principle.	None.
(2) Has the company established a risk assessment mechanism against unethical conduct, analyzed and assessed on a regular basis business activities within its business scope which are at a higher risk of unethical conduct, and established prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	V		(2) The Company has established the Ethical Corporate Management Best Practice Principles and promoted how to prevent unethical conduct at its meetings or education and training from time to time. The Company's internal control system, the Work Rules, and the Codes of Ethical Conduct also constantly reminds the good faith principle and the implementation.	None.
(3) Has the company specified in its prevention programs the operating procedures, guidelines, disciplinary measures for violations, and a grievance system, and implemented them and reviewed the prevention programs on a regular basis?	V		(3) The company has established the Ethics Regulations for Procurement Personnel for employees to comply with. And there are also formulated 「 Regulations Governing of Whistleblowing system 」 for interested parties to report dishonest behavior. To fulfill internal requirements and laws stipulated by the competent authorities, audit plans with higher frequencies and stringency were conducted for high risk business activities by the personnel of the auditing department. Senior supervisors also initiate unannounced visits with the suppliers to prevent or uncover similar accidents.	None.
2. Implementing ethical corporate management				
(1) Has the Company evaluated ethical records of its counterpart? Does the contract signed by the Company and its trading counterpart clearly provide terms on ethical conduct?	V		(1) The Company tends to blacklist any supplier without ethical conduct. All external contracts are reviewed by our legal department. All contractual terms are also stipulated according to ethical principles.	None.
(2) Has the company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once a year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?		V	(2) The Company has not set up a dedicated corporate governance unit to implement ethical corporate management and report to the Board of Directors regularly. However, the head of each unit still abide by and implement ethical corporate management and prevent unethical conduct, and internal auditors also audit each business cycle regularly or from time	The Company will prudently conduct evaluation and plan to set up a dedicated unit to promote ethical corporate management.

Assessed Items	State of Operations			Gaps with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and Causes of the Said Gaps
	Yes	No	Summary	
(3) Has the Company established policies preventing conflicts of interests, provided proper channels of appeal, and enforced these policies and channels accordingly?	V		to time to understand the implementation of relevant systems. (3) The Company upholds the Ethical Corporate Management Best Practice Principles and the ICS to meet independence and mutual auditing requirements, plan the employees' duties and responsibilities, and properly prevent any conflict of interest.	None.
(4) Has the company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted CPAs to conduct the audit?	V		(4) The Company has established an effective accounting system and internal control system for business activities with a higher risk of unethical conduct, and strictly prohibits two sets of books or secret accounts, while conducting reviews regularly, to ensure that the design and implementation of the systems are continuously effective. Internal auditors perform regular or unannounced audits of every business cycle to assess the fulfillment of relevant systems.	None.
(5) Does the Company regularly organize internal and external training courses on ethical corporate management?	V		(5) To ensure the proper implementation of ethical corporate management and to ensure that such principles are ingrained within the corporate culture, the Company has uploaded relevant regulations to the intranet to be perused by employees, and constantly announces regulations pertaining to ethical corporate management in meetings.	None.
3. Status for enforcing whistle-blowing systems in the Company				
(1) Has the Company established concrete whistle-blowing and reward systems and accessible whistle-blowing channels? Does the Company assign a suitable and dedicated individual for the case reported by the whistle-blower?	V		(1) The company's Board of Directors has established specific procedures for implementing the reporting system on November 14, 2023. The unit responsible for receiving reports is the Legal Affairs Office of the company's General Administration Department. The investigating unit is also the Legal Affairs Office of the General Administration Department, the Audit Department, or other investigation departments or teams assigned based on the nature of the case. The company's Legal Affairs Director serves as the dedicated contact for receiving reports, and their contact information has been published on the company's website. Anyone can report on the company's directors, managers, or employees at any time.	None.
(2) Has the company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and relevant confidentiality mechanisms?	V		(2) The investigation standard operating procedure for handling reported matters is to handle the cases as confidential. Upon receiving a reported case, it should be registered and checked for acceptance based on the content of the report and relevant information. After verifying the accepted case, it is necessary to confirm the investigating unit and transfer the case to the appropriate investigating unit or form an investigation team for further investigation. The result of the	None.

Assessed Items	State of Operations			Gaps with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and Causes of the Said Gaps
	Yes	No	Summary	
(3) Has the Company adopted protection against inappropriate disciplinary actions against the whistle-blower?	V		<p>investigation of the reported case should be promptly communicated to the reporter. The entire process of receiving the report, conducting the investigation, and the investigation results should be documented in written form or electronic files, and kept for a minimum of five years. Upon investigation, it has been confirmed that the reported individual has indeed violated the relevant regulations. Therefore, they should be dealt with or disciplined according to the applicable rules. The relevant department should also submit a written review of improvement measures, which will be monitored by the investigating unit until completion. If any illegal or criminal activities are involved, they should be referred to the judicial authorities or relevant agencies for handling. If necessary, legal procedures should be initiated to seek compensation for damages and hold the responsible parties accountable. The identity information of the informant should be kept confidential and should not be disclosed in a way that allows for identification or inference of their identity. Those who verify the reported cases to be true may be rewarded according to the severity of the reported situation.</p> <p>(3) The identity of the whistleblower should be kept confidential. The whistleblower should not be terminated, dismissed, demoted, or have their salary reduced as a result of the whistleblower case. Their rights and benefits, as provided by laws and contracts, should not be compromised or subjected to any other adverse actions.</p>	None.
<p>4. Improvement of information disclosure</p> <p>(1) Has the Company disclosed the contents of its best practices for ethical corporate management and the effectiveness of relevant activities on its official website or the Market Observation Post System (MOPS)?</p>	V		<p>(1) The Board of Directors of the Company has stipulated the Ethical Corporate Management Best Practice Principles and disclosed these principles on its official website and the MOPS.</p>	None.
5. Where the Company has stipulated its own best practices on ethical corporate management according to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any gaps between the prescribed best practices and actual activities taken by the Company: None.				
6. Any important information to better understand the Company's implementation of ethical corporate management (for example, any review or amendment to best practices for ethical corporate management of the Company): In addition to complying with statutory regulations, the Company also required suppliers to fulfill the principle of good faith during routine business activities and management practice.				

(8) Other important information on the state of corporate governance activities:

A. Risk management policy

The risk management policy of the Company is based on corporate operation guidelines. Under the pretext of achieving a balance between risk-taking and potential returns as well as the principle of optimizing resource allocation and benefits, the Company aims to prevent any losses and seek to maximize the shareholders' interests under acceptable risk levels.

B. Structure of the risk management organization:

Risk management within the Company was assigned to relevant management departments according to their respective duties and roles:

- a. Chairman's Office: Responsible for business decision-making and planning to achieve the desired business results and efficiency and reduce strategic risks; responsible for managing legal risks, ensuring compliance with supervisory policies, and handling relevant contractual disputes and litigation to reduce legal risks.
- b. General Administration Division: Responsible for managing corporate asset risks, evaluating mid-term and long-term investment benefits, financial operations, and allocations, and establishing hedging systems to ensure the reliability of financial statements; responsible for maintaining compliance with government regulations to ensure sustainable management and integrity of corporate assets.

C. Training of the Company's directors in 2024:

Title	Name	Date of Appointment	Date of First Appointment	Training Date		Organizer	Course Name	Number of Training Hours	Total Training Hours
				Start Date	End Date				
Director	Chen, Shiang-Li	2024/06/21	2000/5/26	2024/05/09	2024/05/09	Corporate Operating and Sustainable Development Association	Listed company information disclosure system and related regulations	3	9
				2024/05/30	2024/05/30	Taiwan Corporate Governance Association	Information security governance and future development trends under corporate governance	3	
				2024/12/05	2024/12/05	Insurance Business Development Center	International Anti-Corruption and Whistleblower Protection Practices and Discussion on Money Laundering Prevention	3	
Corporate Director Representative	Chen, Shiang-Chung	2024/06/21	2014/1/15	2024/04/30	2024/04/30	Securities & Future Institute	The risks of company implementation of sustainable development brings to directors and supervisors and the opportunities it brings to the company	3	6
				2024/08/13	2024/08/13	Taiwan Corporate Governance Association	Trends and risk management of digital technology and artificial intelligence	3	
Corporate Director Representative	Wong, Wei-Chyun	2024/06/21	2005/6/11	2024/03/01	2024/03/01	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulation	3	18
				2024/05/30	2024/05/30	Taiwan Corporate Governance Association	Information security governance and future development trends under corporate governance	3	
				2024/06/19	2024/06/19	Taiwan Institute of Directors	Exploring the international competitiveness of Taiwanese enterprises in the context of global competition and cooperation	3	
				2024/08/21	2024/08/21	Taiwan Corporate Governance Association	ESG-related legal issues that chairman should consider	3	
				2024/08/21	2024/08/21	Taiwan Corporate Governance Association	Business considerations and legal risk analysis for business decision-making	3	
				2024/12/05	2024/12/05	Insurance Business Development Center	International Anti-Corruption and Whistleblower Protection Practices and Discussion on Money Laundering Prevention	3	
Corporate Director Representative	Chen, Shiang-Feng	2024/06/21	2007/12/26	2024/03/01	2024/03/01	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulation	3	6
				2024/06/11	2024/06/11	Taiwan Corporate Governance Association	Discussion on enterprise employee reward strategies and tool application	3	

Title	Name	Date of Appointment	Date of First Appointment	Training Date		Organizer	Course Name	Number of Training Hours	Total Training Hours
				Start Date	End Date				
Corporate Director Representative	Cheng, I-teng	2024/06/21	2018/06/22	2024/06/27	2024/06/27	Taiwan Securities Association	New forms of securities crime and market manipulation	3	9
				2024/07/03	2024/07/03	Taiwan Stock Exchange Corporation	2024 Cathay Sustainable Finance and Climate Change Summit Forum	6	
Corporate Director Representative	Lee, Jiann-Hsiung	2024/06/21	2024/6/21	2024/10/23	2024/10/23	The Greater China Financial Development Association	How does the board of directors ensure the sustainable operation of the enterprise - starting from the discovery and cultivation of talents	3	12
				2024/11/22	2024/11/22	The Greater China Financial Development Association	New trends in circular economy and sustainable management	3	
				2024/12/05	2024/12/05	The Greater China Financial Development Association	Global and Taiwan Economic Outlook	3	
				2024/12/17	2024/12/17	The Greater China Financial Development Association	The global challenge of Trump 2.0	3	

Title	Name	Date of Appointment	Date of First Appointment	Training Date		Organizer	Course Name	Number of Training Hours	Total Training Hours
				Start Date	End Date				
Independent Director	Lee, Mao	2024/06/21	2015/06/24	2024/06/11	2024/06/11	Taiwan Corporate Governance Association	Discussion on enterprise employee reward strategies and tool application	3	12
				2024/06/27	2024/06/27	Taiwan Securities Association	New forms of securities crime and market manipulation	3	
				2024/08/29	2024/08/29	Taiwan Corporate Governance Association	How directors and supervisors review internal control and internal audit	3	
				2024/10/07	2024/10/07	Taiwan Corporate Governance Association	Analyze the operational practices of the board of directors and shareholders' meeting from indicator cases	3	
Independent Director	Tzeng, Yu-Chiung	2024/06/21	2024/06/21	2024/09/26	2024/09/26	Taipei Financial Research and Development Foundation	The latest trends in ESG and the framework for preparing sustainability reports	3	12
				2024/12/02	2024/12/02	Taipei Financial Research and Development Foundation	Corporate Governance-Principles of Fair Hospitality in the Financial Services Industry Course	3	
				2024/12/09	2024/12/09	Taipei Financial Research and Development Foundation	Corporate Governance-Information Security-Personal Information Security Audit	3	
				2024/12/16	2024/12/16	Taipei Financial Research and Development Foundation	Corporate Governance-Key Indicators and Trend Analysis of International Situation Observation in 2025	3	
Independent Director	Liu, Po-Liang	2024/06/21	2024/06/21	2024/04/10	2024/04/10	Taiwan Institute of Directors	Helming the voyage of enterprise wisdom, corporate governance leads the way forward	3	9
				2024/09/10	2024/09/10	Taipei Exchange	Insider Equity Promotion Briefing	3	
				2024/11/06	2024/11/06	Taiwan Corporate Governance Association	2024 Global Economic Outlook and Industrial Trends	3	
Independent Director	Chao, Yuan-Chi	2024/06/21	2024/06/21	2024/09/20	2024/09/20	Taiwan Institute of Directors	Legal Liabilities of Directors and Supervisors of Publicly Offering Companies	3	6
				2024/09/20	2024/09/20	Taiwan Institute of Directors	ESG/CSR and sustainable governance, the general trend in 2024	3	

D. Certificates obtained by persons concerning the transparency of financial information as required by the competent authorities:

Title	Name	Training Date		Organizer	Course Name	Training Hours	Total Training Hours in that year
		Start Date	End Date				
Principle accounting officer	Chen, Te-Kai	2024/07/11	2024/07/12	Accounting Research and Development Foundation	Continuing Training Class for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	12	12

(9) Implementation of the internal control system

A. Statement on internal controls

MERCURIES & ASSOCIATES HOLDING, LTD.
Statement of Internal Control System

Date: March 14, 2025

The Company makes the following statement according to the self-evaluation conducted of its internal control system of 2024:

1. The Company has achieved full understanding that the establishment, implementation, and maintenance of the internal control system (ICS) are the responsibilities of the Company's Board of Directors and managerial officers, and have established the said system accordingly. The objectives of ICS include achieving various objectives in business benefits and efficiency (including profitability, performance, and protection of assets and safety); ensuring the reliability, timeliness, transparency, and regulatory compliance of reporting; and providing reasonable assurance.
2. All ICS are bound by natural limitations and regardless of the robustness of designs, effective ICS can only provide reasonable assurance for the 3 objectives listed above. Changes to the environment and status will also affect the effectiveness of internal control systems. However, The Company's internal control system has been furnished with self-monitoring systems. The Company shall also initiate corrective actions for any verified defects.
3. The Company shall refer to the *Regulations Governing Establishment of Internal Control Systems by Public Companies* (hereinafter referred to as "ICS Regulations") to stipulate assessment items for determining the effectiveness of the ICS as well as the performance of the designs and implementation of the system. The ICS is divided into 5 key components according to the process of management control to generate ICS assessment items used by ICS Regulations, namely: (1) Control environment; (2) risk assessment; (3) control activities; (4) information and communications and; (5) monitoring activities. Each key component also includes a number of sub-items. For the aforementioned items, please refer to the provisions provided in the ICS Regulations.
4. The Company has already adopted the aforementioned ICS assessment items to *evaluate* the effectiveness of ICS design and implementation.
5. The Company has referred to the results of the aforementioned assessments and *determined* that the Company's ICS of December 31, 2024(including monitoring and management of its subsidiaries), including the Company's understanding of the level of effectiveness and efficiency of business operations achieved, the reliability, timeliness, transparency, and regulatory compliance of reporting, the compliance with applicable laws, regulations, and by laws, are effectively designed and implemented and capable of reasonably ensuring the attainment of the aforementioned objectives.
6. This Statement shall be a major content of the Company's annual report and prospectus, and shall be publicly disclosed. Where any of the disclosed content contain misrepresentations, nondisclosures, or other illegal acts, the Company shall be subject to legal responsibilities provided in Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. We hereby declare that this Statement has been approved by the Board of Directors on March 14, 2025. Amongst the 10 Directors present in the meeting, none (0) held dissenting opinions, and the remaining have all agreed with the contents of this Statement.

Mercuries & Associates Holding, Ltd.

Chairman and General Manager: Chen, Shiang-Li

B. Any CPAs commissioned according to the requirements of the Securities and Futures Bureau to conduct a project review of the ICS shall disclose the CPA audit report:
None.

(10) In the most recent year and as of the printing date of this annual report, where the Company and its internal personnel were imposed with penalties according to laws, or the Company imposed penalties on its internal personnel for violating the internal control system, or the results of the penalties may have a significant impact on shareholders' equity or securities prices, the content of the penalties, major deficiencies, and improvement shall be specified:
None.

(11) Major resolutions and state of implementation of the shareholders' meeting and the Board of Directors in the most recent year up to the printing date of this Annual Report:

A. Major resolutions of the shareholders' meeting and state of implementation in 2024:

The 2024 annual general meeting of the Company was held on June 21, 2024 on 20F., No.145, Section 2, Jianguo North Road, Taipei City. The following lists the resolutions by the shareholders present in the meeting and corresponding state of implementation:

I. Ratification Items

Propose 1

Proposal: Please ratify the 2023 business report and financial statements.

Resolution: This proposal has been voted and ratified by the shareholders present in the meeting.

Propose 2

Proposal: Please ratify the 2023 deficit compensation.

Resolution: This proposal has been voted and ratified by the shareholders present in the meeting.

II. Discussion Items:

Propose 1

Proposal: The Company distribute cash dividend by capital surplus.

Resolution: This case has been voted and ratified by the shareholders present in the meeting.

Propose 2

Proposal: Amendments of 「The Articles of Incorporation」.

Resolution: This case has been voted and ratified by the shareholders present in the meeting.

Propose 3

Proposal: Amendments of 「Rules of Procedure for Shareholders Meetings」.

Resolution: This case has been voted and ratified by the shareholders present in the meeting.

III. Election matters:

Election of 10 directors (include 4 independent directors) of the company's 21st.
Election completed.

IV. Other matters:

The Company releases the non-compete clause for directors.

Resolution: This case has been voted and ratified by the shareholders present in the meeting.

Note: For the complete minutes, meeting manual and meeting supplementary materials of the Company, please visit the Public Information Observatory.

Website: <http://mops.twse.com.tw>.

B. Review of the state of implementation of resolutions from the previous annual shareholders' meeting:

All resolutions from the 2024 annual shareholders' meeting have been implemented accordingly.

C. List of key resolutions of the Board meeting

Date of Key Resolution	Content of Key Resolution	Result of Resolution
22th Meeting of the 20th Board of Directors January 23, 2024	Report Items (1) Mercuries Data Systems Ltd. Stock Disposal Report. Discussion Items (1) The Company's Manager Remuneration Case. (2) Application for line of credit with the bank.	Unanimously approved by all directors present in the meeting. (Proposal 1 : Directors Chen, Shiang-Li, Chen, Shiang-Chung and Chen, Shiang-Feng did not participate in the discussion and voting due to conflicts of interest.) Opinions of independent directors: None. Disposal of opinions of independent directors: None.
23th Meeting of the 20th Board of Directors March 15, 2024	Report Items (1) Internal audit report. (2) Progress report on the implementation of the greenhouse gas inventory and verification schedule of the Company. (3) Board of Directors evaluation report. (4) Mercuries Data Systems Ltd. Stock Disposal Report. Discussion Items (1) The Company's 2023 business report and financial statements. (2) The Company's statement of internal control for 2023. (3) The Company's budget for 2024. (4) Application for line of credit with the bank. (5) Election of directors (including independent directors) of the company (6) Formulation of and amendments to internal policies in accordance with related laws and regulations and practical needs. (7) Convention of the 2024annual shareholders' meeting.	Unanimously approved by all directors present in the meeting. Opinions of independent directors: None. Disposal of opinions of independent directors: None.
24th Meeting of the 20th Board of Directors April 26, 2024	Report Items (1) Internal audit report. (2) Mercuries Data Systems Ltd. Stock Disposal Report. (3) Shareholders' meeting proposals and independent director candidate nomination reports. Discussion Items (1) The Company's 2023Deficit Compensation. (2) The Company distribute cash dividend by capital surplus. (3) To approve endorsement and guarantee of the Company. (4) Review of the list of directors and independent directors candidates nominated by the company's board of directors. (5) The Company release the non-compete clause for directors. (6) The Company release the non-compete clause for managers. (7) Supplementary information on the convening of the company's 2024th regular shareholders' meeting.	Unanimously approved by all directors present in the meeting. (Proposal 4 : Every nominee will be review and voted on one by one by the company's board of directors, every nominee and persons with interests in them did not participate in the discussion and voting due to the conflict of interest.) (Proposal 5 : Every individual director will be voted on one by one by the company's board of director, every individual director and persons with interests in them did not participate in the discussion and voting due to conflicts of interest.) (Proposal 6 : Every individual manager will be voted on one by one by the company's board of director, every individual manager and persons with interests in them did not participate in the discussion and voting due to conflicts of interest.) Opinions of independent directors: None. Disposal of opinions of independent directors: None.

Date of Key Resolution	Content of Key Resolution	Result of Resolution
25th Meeting of the 20th Board of Directors May 15, 2024	<p>Report Items</p> <p>(1) Internal audit report.</p> <p>(2) Progress report on the implementation of the greenhouse gas inventory and verification schedule of the Company and its subsidiaries.</p> <p>(3) The report of "Director Supervisors and Important Staff Liability Insurance".</p> <p>(4) Mercuries Data Systems Ltd. Stock Disposal Report.</p> <p>Discussion Items</p> <p>(1) To approve the Q1 2024 financial statements.</p> <p>(2) Appoint the company's certified public accountant and review audit fees.</p> <p>(3) By abolishing the company's original 「Information System Management」 and formulated 「Information System Control Operation」 ..</p>	<p>Unanimously approved by all directors present in the meeting.</p> <p>Opinions of independent directors: None.</p> <p>Disposal of opinions of independent directors: None.</p>
1st Meeting of the 21st Board of Directors June 21, 2024	<p>Discussion Items</p> <p>(1) Election of the company's new chairman.</p>	<p>Unanimously approved by all directors present in the meeting.</p> <p>Opinions of independent directors: None.</p> <p>Disposal of opinions of independent directors: None.</p>
2nd Meeting of the 21st Board of Directors July 31, 2024	<p>Report Items</p> <p>(1) Internal audit report.</p> <p>(2) Mercuries Data Systems Ltd. Stock Disposal Report.</p> <p>Discussion Items</p> <p>(1) To approve the subscription of Mercuries Life Insurance Co., Ltd.'s capital increase.</p> <p>(2) Set the ex-dividend base date for the distribution of cash from the company's capital surplus.</p> <p>(3) Appointment of members of the Remuneration Committee of the company, and decide remuneration of the members.</p> <p>(4) Formulate the "Organizational Rules of the Sustainable Development Committee", the appointment of members of the Sustainable Development Committee and the appointment of the chief sustainability officer.</p> <p>(5) To approve the authorization management of the company's internal audit operations.</p> <p>(6) Application for line of credit with the bank.</p>	<p>Unanimously approved by all Directors present in the meeting.</p> <p>(Proposal 3 : Independent directors Lee, Mao, Tzeng, Yu-Chiung, Liu, Po-Liang and Chao, Yuan-Chi did not participate in the discussion and voting due to conflicts of interest.)</p> <p>(Proposal 5 : Independent director Lee, Mao did not participate in discussions and voting due to the conflict of interests.)</p> <p>Opinions of Independent Directors: None.</p> <p>Disposal of opinions of Independent Directors: None.</p>
3rd Meeting of the 21st Board of Directors August 14, 2024	<p>Report Items</p> <p>(1) Internal audit report.</p> <p>(2) Progress report on the implementation of the greenhouse gas inventory and verification schedule of the Company and its subsidiaries.</p> <p>(3) Mercuries Data Systems Ltd. Stock Disposal Report. .</p> <p>Discussion Item</p> <p>(1) To approve the Q2 2024 financial statements.</p> <p>(2) To approve the company's 2023 sustainability report.</p> <p>(3) Application for line of credit with the bank.</p>	<p>Unanimously approved by all directors present in the meeting.</p> <p>Opinions of independent directors: None.</p> <p>Disposal of opinions of independent directors: None.</p>

Date of Key Resolution	Content of Key Resolution	Result of Resolution
4th Meeting of the 21st Board of Directors November 14, 2024	<p>Report Items</p> <ol style="list-style-type: none"> (1) Internal audit report. (2) Progress report on the implementation of the greenhouse gas inventory and verification schedule of the Company and its subsidiaries. (3) Implementation report of the company's sustainable development committee. (4) Report on the over-allotment of the Company's participation in the stock listing of Mercuries F&B Co., Ltd.. (5) Report on the simple merger of the subsidiary Mercuries Liquor & Food Co., Ltd. and the subsidiary Mercury Fu Bao Co., Ltd.. (6) Mercuries Data Systems Ltd. Stock Disposal Report. . <p>Discussion Items</p> <ol style="list-style-type: none"> (1) To approve the Q3 2024 financial statements. (2) To approve the subscription of Mercuries Life Insurance Co., Ltd.'s capital increase. (3) Formulate 「The Rules Governing the management of sustainability information」 and 「The Rules Governing the management of sustainability information」, to amend 「Regulations Governing of Internal Control System」 and 「Internal Audit Implementation Rules」. (4) Guaranteed syndicated bank loan originated by O-Bank. (5) Application for line of credit with the bank. (6) To approve 2025 audit plan. (7) The Company's 2025 Board meeting schedule. 	<p>Unanimously approved by all Directors present in the meeting.</p> <p>Opinions of Independent Directors: None.</p> <p>Disposal of opinions of Independent Directors: None.</p>
5th Meeting of the 21st Board of Directors January 17, 2025	<p>Report Items</p> <ol style="list-style-type: none"> (1) Internal audit report. (2) Mercuries Data Systems Ltd. Stock Disposal Report. . <p>Discussion Items</p> <ol style="list-style-type: none"> (1) The Company's Manager Remuneration Case. (2) Application for line of credit with the bank. 	<p>Unanimously approved by all directors present in the meeting.</p> <p>(Proposal 1 : Directors Chen, Shiang-Li, and Chen, Shiang-Feng did not participate in the discussion and voting due to conflicts of interest.)</p> <p>Opinions of independent directors: None.</p> <p>Disposal of opinions of independent directors: None.</p>
6th Meeting of the 21st Board of Directors March 14, 2025	<p>Report Item</p> <ol style="list-style-type: none"> (1) Internal audit report. (2) Implementation report of the company's sustainable development committee. (3) Progress report on the implementation of the greenhouse gas inventory and verification schedule of the Company and its subsidiaries. (4) The company's "International Financial Reporting Standards" sustainable disclosure implementation progress report. (5) Board of Directors evaluation report. (6) Report on the company's specific measures to enhance corporate value. (7) Mercuries Data Systems Ltd. Stock Disposal Report. <p>Discussion Items</p> <ol style="list-style-type: none"> (1) Remuneration distribution case for employees and directors of the Company. (2) The Company's Manager Remuneration Case. (3) The Company's 2024 business report and financial 	<p>Unanimously approved by all directors present in the meeting.</p> <p>(Proposal 2 : Directors Chen, Shiang-Li, and Chen, Shiang-Feng did not participate in the discussion and voting due to conflicts of interest.)</p> <p>Opinions of independent directors: None.</p> <p>Disposal of opinions of independent directors: None.</p>

Date of Key Resolution	Content of Key Resolution	Result of Resolution
	statements. (4) The company's 2024 earnings distribution plan. (5) The Company distribute cash dividend by capital surplus. (6) The Company's statement of internal control for 2024. (7) The Company's budget for 2025. (8) Application for line of credit with the bank. (9) Amendments to internal policies in accordance with related laws and regulations and practical needs. (10) The scope of the company's grassroots employees. (11) Convention of the 2025 annual shareholders' meeting.	

(12) Any dissenting opinions on record or stated in a written statement made by Directors regarding key resolutions of the Directors' Meeting in the most recent year up to the publication date of this report: None.

4. Information on the CPA's fees:

(1) The amount of audit fees and non-audit fees and the content of non-audit services for the accountant and his affiliates:

Unit: Thousand NT\$

Accounting Firm	Accountants	Audit period	Audit Fees	Non-audit Fees	Total	Remark
BDO Taiwan	Hsu, Kun-Hsi Chang, Shu-cheng	2024	3,640	(1) Tax Audit 550. (2) Financial reports in English 400. (3) Other 370.	4,960	

(2) Where accounting firm was replaced and the accounting fee paid for the year was less than that of the previous year: None.

(3) The audit fee decreased by more than 10% compared with the previous year: None.

(4) The company will evaluate the independence of certified public accountants every year. The accountants reported to the Audit Committee on May 15, 2024 that they met the "Audit Quality Index (AQI)" requirements. Its independence was evaluated and approved by the Audit Committee and submitted to the Board of Directors for approval on May 15, 2024. The assessment items are as follows:

Item	Assessment Item	Assessment results	Is it consistent with independence
1	Whether the accountant and his or her second degree of kinship have direct or indirect significant financial interests in the company.	No	Yes
2	Whether the accountant and his or her second degree of kinship have any business relationship with the company or the company's directors and managers that affect their independence.	No	Yes
3	Whether the accountant currently serves or has served as a director, manager, or a position that has significant influence on the company in the past two years; whether the accountant is committed to holding the above-mentioned relevant positions.	No	Yes
4	Whether the accountant has performed management consulting or other non-auditing work for the company may affect independence.	No	Yes
5	Whether the accountant has get involved in brokered stocks or other securities issued by the company.	No	Yes
6	Whether the accounting firm has complies with the regulations of the authority responsible for business events regarding rotation of accountants, handling accounting affairs on behalf of others, or other regulations that may affect independence.	Yes	Yes
7	Whether the accountant audit team has implemented necessary independence and conflict of interest procedures, and there are no violations of independence or unresolved conflicts of interest.	Yes	Yes
8	Whether to obtain a declaration of independence from an accountant.	Yes	Yes

5. Replacement of accountants: There was no change of accountant during the year.
6. Company's chairman, general manager, or any managerial officer in charge of finance or accounting matters who has, in the most recent year, held a position at the accounting firm of its CPA or at an affiliated enterprise: None.
7. Equity transfer or changes to equity pledge of directors, managerial officers, or shareholders holding more than 10% of company shares in the most recent year to the publication date of this report:

(1) List of changes to the equity of directors, managerial officers, and major shareholders

Title	Name	2024		As of March 31, 2025	
		Additional (reduction) of shares held	Additional (reduction) of shares pledged	Additional (reduction) of shares held	Additional (reduction) of shares pledged
Chairman / Major shareholders	Shanglin Investment	-	(12,300,000)	-	22,354,000
Corporate representative of the chairman / Managerial officer	Chen, Shiang-Li	-	-	-	-
Corporate representative of the director	Chen, Shiang-Chung	-	-	-	-
Corporate representative of the director	Chen, Shiang-Feng	-	-	-	-
Director / Major shareholders	Shuren Investment	-	12,000,000	-	-
Corporate representative of the director	Wong, Wei-Chyun	-	-	-	-
Corporate representative of the director	Mao, Ming-Yu (Note1)	-	-	-	-
Corporate representative of the director	Cheng, I-teng	-	-	-	-
Director / Major shareholders	Mega Prosper Investment Limited	-	-	-	-
Corporate representative of the director	Lee, Jiann-Hsiung(Note2)	-	-	-	-
Independent director	Lee, Mao	-	-	-	-
Independent director	Tu, Te-cheng (Note1)	-	-	-	-
Independent director	Liu, Han-Tsung (Note1)	-	-	-	-
Independent director	Jeffrey Chen (Note1)	-	-	-	-
Independent director	Tzeng, Yu-Chiung(Note2)	-	-	-	-
Independent director	Liu, Po-Liang (Note2)	-	-	-	-
Independent director	Chao, Yuan-Chi(Note2)	-	-	-	-
Managerial officer	Wang, Chih-Hua	-	-	-	-
Managerial officer	Chen, Te-Kai	-	-	-	-
Managerial officer	Hsu, Chin-Hsin	(20,000)	-	-	-

Note1: The terms of Director Mao, Ming-Yu, Independent Directors Tu, Te-cheng, Liu, Han-Tsung and Jeffrey Chen ended on June 20, 2024.

Note2: Director Lee, Jiann-Hsiung, Independent Directors Tzeng, Yu-Chiung, Liu, Po-Liang and Chao, Yuan-Chi took office on June 21, 2024.

(2) Information of the counterparty of equity transfers in the event that the said counterparty is a related party: None

(3) Information of the counterparty of equity pledge in the event that the said counterparty is a related party: None.

8. Relationship information, if among the 10 largest shareholders any one is a related party, or is the spouse or a relative within the second degree:

Relationship information between the 10 largest shareholders

April 15, 2025

Name (Note 1)	Shares held by the person (Note 2)		Shares held by spouse or minor children (Note 2)		Shares held in the name of other persons (Note 2)		Title or name and relationships of the 10 largest shareholders where they are related parties, spouses, or relatives within the second degree of kinship. (Note 3)		Notes
	Number of shares	Percentage of shares	Number of shares	Percentage of shares	Number of shares	Percentage of shares	Name	Relationship	
Shanglin Investment Representative: Hsu, Chang-Hui	202,867,944	18.07%	-	-	-	-	(1)Shanghong Investment Representative: Chen, Shiang-Li (2)Pension fund management committee of Mercuries & Associates, Ltd. Representative: Chen, Shiang-Li (3)Mercuries Liquor & Food Co., Ltd. Representative: Chen, Shiang-Feng (4)Chen, Shiang-Li, Chen, Shiang-Chung Chen, Shiang-Feng,	(1)(2)(3)The representative is within the first degree of kinship. (4)Within the first degree of kinship with the representative of the company.	-
Shuren Investment Representative: Wong, Wei-Chyun	145,095,087	12.93%	-	-	-	-	(1)Shufeng Investment Representative: Wong, Wei-Chyun (2)Wong, Chau-Shi	(1)Same person as the chairman (2)Within the first degree of kinship with the representative of the company.	-
Mega Prosper Investment Ltd. Representative: Lee, Jiann-Haiung	112,000,000	9.98%	-	-	-	-	-	-	-
Shufeng Investment Representative: Wong, Wei-Chyun	56,114,477	5.00%	-	-	-	-	(1)Shuren Investment Representative: Wong, Wei-Chyun (2)Wong, Chau-Shi	(1)Same person as the chairman. (2)Within the first degree of kinship with the representative of the company.	-

Name (Note 1)	Shares held by the person (Note 2)		Shares held by spouse or minor children (Note 2)		Shares held in the name of other persons (Note 2)		Title or name and relationships of the 10 largest shareholders where they are related parties, spouses, or relatives within the second degree of kinship. (Note 3)		Notes
	Number of shares	Percentage of shares	Number of shares	Percentage of shares	Number of shares	Percentage of shares	Name	Relationship	
Shanghong Investment Representative: Chen, Shiang-Li	54,292,706	4.84%	-	-	-	-	(1)Shanglin Investment Representative: Hsu, Chang-Hui (2)Pension fund management committee of Mercuries & Associates, Ltd. Representative: Chen,Shiang-Li (3)Mercuries Liquor & Food Co., Ltd. Representative: Chen, Shiang-Feng (4)Chen, Shiang-Chung Chen, Shiang-Feng	(1)Within the first degree of kinship with the representative of the company. (2)Same person as the chairman. (3)Within the second degree of kinship with the representative of the company. (4)The representative is within the second degree of kinship.	-
Mercuries Liquor & Food Co., Ltd.(Note 4) Representative: Chen, Shiang-Feng	46,968,515	4.18%	-	-	-	-	(1)Shanghong Investment Representative: Chen, Shiang-Li (2)Shanglin Investment Representative: Hsu, Chang-Hui (3)Pension fund management committee of Mercuries & Associates, Ltd. Representative: Chen,Shiang-Li (4)Chen, Shiang-Li Chen, Shiang-Chung	(1)(3)Within the second degree of kinship with the representative of the company. (2)Within the first degree of kinship with the representative of the company. (4)The representative is within the second degree of kinship.	-
Chen, Shiang-Li	25,337,407	2.26%	-	-	-	-	(1)Shanghong Investment Representative: Chen, Shiang-Li (2)Shanglin Investment Representative: Hsu, Chang-Hui (3)Pension fund management committee of the Mercuries & Associates, Ltd. Representative: Chen,Shiang-Li (4)Chen, Shiang-Chung Chen, Shiang-Feng	(1)Chairman of this company. (2)The representative is within the first degree of kinship of this company (3)Representative of the committee. (4)Second degree of kinship.	-

Name (Note 1)	Shares held by the person (Note 2)		Shares held by spouse or minor children (Note 2)		Shares held in the name of other persons (Note 2)		Title or name and relationships of the 10 largest shareholders where they are related parties, spouses, or relatives within the second degree of kinship. (Note 3)		Notes
	Number of shares	Percentage of shares	Number of shares	Percentage of shares	Number of shares	Percentage of shares	Name	Relationship	
Pension fund management committee of Mercuries & Associates, Ltd. Representative: Chen, Shiang-Li	20,869,315	1.86%	-	-	-	-	(1)Shanglin Investment Representative: Hsu, Chang-Hui (2)Shanghong Investment Representative: Chen, Shiang-Li (3)Chen, Shiang-Chung Chen, Shiang-Feng	(1)The representative is within the first degree of kinship of this company. (2)Same person as the chairman. (3)The representative is within the second degree of kinship.	-
Wong, Chau-Shi	19,885,349	1.77%	7,766,818	0.69%	-	-	(1))Shuren Investment and Shufeng Investment Representative: Wong, Wei-Chyun	(1)The representative is within the first degree of kinship of this company.	-
Chen, Shiang-Chung	18,014,257	1.60%	1,012,805	0.09%	-	-	(1)Shanghong Investment Representative: Chen, Shiang-Li (2)Shanglin Investment Representative: Hsu, Chang-Hui (3)Pension fund management committee of the Mercuries & Associates, Ltd. Representative: Chen, Shiang-Li (4)Chen, Shiang-Li, Chen, Shiang-Feng	(1)Within the second degree of kinship with the representative of the company. (2)Within the first degree of kinship with the representative of the company. (3)Within the second degree of kinship with the representative of the committee. (4)Second degree of kinship.	-

Note 1: The 10 largest shareholders shall be listed. For corporate shareholders, the title of the corporate shareholder as well as the name of the representative shall be indicated.

Note 2: Shareholding percentage is calculated using the proportion of shares held in the person's own name, the name of his or her spouse, minor children, or in the name(s) of other persons.

Note 3: Shareholders to be disclosed in the preceding item shall include institutional shareholders and natural persons. Relationships between shareholders shall be disclosed according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Note 4: Mercuries Liquor & Food Co., Ltd. and Mercury Fu Bao Co., Ltd. merged on January 1, 2025. Mercuries Liquor & Food Co., Ltd. is the surviving company and Mercury Fu Bao Co., Ltd. is the eliminated company. The change registration was completed on February 17, 2025.

9. Number of shares held and percentage of stake of investment in other companies by the company, the company's director, managerial officer, or an entity directly or indirectly controlled by the company, and calculations for the consolidated shareholding percentage of the above categories.

Consolidated shareholding percentage

Unit: 1,000 shares; %

March 31, 2025 Other companies invested by the Company (Note1)	Investments by the Company		Investments by the Directors, managerial officers, and companies directly or indirectly controlled by the Company		Total investments	
	Shares	Percentage of shares	Shares	Percentage of shares	Shares	Percentage of shares
Mercuries & Associates, Ltd.	40,000	100%	0	—	40,000	100%
Mercuries Data Systems Ltd.	95,255	48.28%	0	—	95,255	48.28%
Mercuries General Media, Inc.	4,200	86.96%	0	—	4,200	86.96%
Mercuries Life Insurance Co., Ltd.	1,796,520	31.52%	687,464	12.06%	2,483,984	43.58%
Mercuries Harvest Co., Ltd.	9,000	100%	0	—	9,000	100%
Mercuries F&B Co., Ltd.	38,236	57.87%	0	—	38,236	57.87%
Mercuries Leisure Co., Ltd.	45,608	60.59%	24,086	32.00%	69,694	92.59%
SCI Pharmtech Inc.	35,591	29.78%	2,032	1.70%	37,623	31.48%
Mercuries Furniture Co., Ltd.	13,000	100%	0	—	13,000	100%
M. T. I. CIGARS CO., LTD.	3,209	100%	0	—	3,209	100%
Mercuries Liquor & Food Co., Ltd.	246,760	100%	0	—	246,760	100%
Mercuries Insurance Agency Co. Ltd.	500	100%	0	—	500	100%
Sanyou Drugstores, Ltd.	4,900	24.50%	15,100	75.50%	20,000	100%
Simple Mart Retail Co., Ltd.	41,019	60.77%	63	0.09%	41,082	60.86%
Framosa Co., Ltd.	8,625	15.00%	14,375	25.00%	23,000	40.00%

Note1: The equity method was used to evaluate the Company's long-term investments.

III. Capital Overview

1. Capital and shares

(1) Source of shares

Units: Shares / NTD thousands

Year and month	Price at issuance	Authorized stock		Paid-in capital		Notes		
		Number of shares (shares)	Sum (thousand dollars)	Number of shares (shares)	Sum (thousand dollars)	Source of shares	Equity contributions made in the form of assets other than cash	Other
May 2015	-	900,000,000	9,000,000	681,358,902	6,813,589	Cancellation of restricted employee stocks for a capital reduction of NT\$ 100	None	Note 1
July 2015	-	900,000,000	9,000,000	681,348,902	6,813,489	Cancellation of restricted employee stocks for a capital reduction of NT\$ 100	None	Note 2
December 2015	-	900,000,000	9,000,000	681,340,902	6,813,409	Cancellation of restricted employee stocks for a capital reduction of NT\$ 80	None	Note 3
March 2016	-	900,000,000	9,000,000	681,339,902	6,813,399	Cancellation of restricted employee stocks for a capital reduction of NT\$ 10	None	Note 4
June 2016	-	900,000,000	9,000,000	681,338,902	6,813,389	Cancellation of restricted employee stocks for a capital reduction of NT\$ 10	None	Note 5
August 2016	-	900,000,000	9,000,000	681,333,902	6,813,339	Cancellation of restricted employee stocks for a capital reduction of NT\$ 50	None	Note 6
August 2016	NT\$ 10	900,000,000	9,000,000	715,400,897	7,154,009	Recapitalization of retained earnings NT\$340,670	None	Note 7
December 2016	-	900,000,000	9,000,000	715,398,897	7,153,989	Cancellation of restricted employee stocks for a capital reduction of NT\$ 20	None	Note 8
January 2017	-	900,000,000	9,000,000	715,397,897	7,153,979	Cancellation of restricted employee stocks for a capital reduction of NT\$ 10	None	Note 9
May 2017	-	900,000,000	9,000,000	715,394,897	7,153,949	Cancellation of restricted employee stocks for a capital reduction of NT\$ 30	None	Note 10
June 2017	-	900,000,000	9,000,000	715,392,897	7,153,929	Cancellation of restricted employee stocks for a capital reduction of NT\$ 20	None	Note 11
August 2017	-	900,000,000	9,000,000	715,389,897	7,153,899	Cancellation of restricted employee stocks for a capital reduction of NT\$ 30	None	Note 12
August 2017	NT\$ 10	900,000,000	9,000,000	765,467,749	7,654,677	Recapitalization of retained earnings NT\$500,778	None	Note 13
December 2017	-	900,000,000	9,000,000	765,461,749	7,654,617	Cancellation of restricted employee stocks for a capital reduction of NT\$ 60	None	Note 14
April 2018	-	900,000,000	9,000,000	765,458,749	7,654,587	Cancellation of restricted employee stocks for a capital reduction of NT\$ 30	None	Note 15
May 2018	-	900,000,000	9,000,000	765,454,749	7,654,547	Cancellation of restricted employee stocks for a capital reduction of NT\$ 40	None	Note 16
July 2018	-	900,000,000	9,000,000	765,450,749	7,654,507	Cancellation of restricted employee stocks for a capital reduction of NT\$ 40,000	None	Note 17
August 2018	NT\$ 10	900,000,000	9,000,000	826,687,688	8,266,877	Recapitalization of retained earnings NT\$612,370	None	Note 18
September 2018	-	900,000,000	9,000,000	826,684,688	8,266,847	Cancellation of restricted employee stocks for a capital reduction of NT\$ 30	None	Note 19
December 2018	-	900,000,000	9,000,000	826,682,688	8,266,827	Cancellation of restricted employee stocks for a capital reduction of NT\$ 20	None	Note 20
September 2020	NT\$ 10	1,200,000,000	12,000,000	909,350,956	9,093,510	Recapitalization of retained earnings NT\$826,683	None	Note 21
November 2021	-	1,200,000,000	12,000,000	913,106,748	9,131,667	Convertible corporate bonds conversion	None	Note 22
January 2022	-	1,200,000,000	12,000,000	913,362,083	9,133,621	Convertible corporate bonds conversion	None	Note 23
September 2022	NT\$ 10	1,400,000,000	14,000,000	922,495,703	9,224,957	Recapitalization of retained earnings NT\$91,336	None	Note 24
October 2023	NT\$ 10	1,400,000,000	14,000,000	1,122,495,703	11,224,957	Cash capital increase NT\$2,000,000	None	Note 25

Note 1: Approved by the MOEA Ching-Shou-Shang-Tzu Document No. 10401076760 of May 7, 2015; approved by Tai-Cheng-Shang-Yi-Tzu Document No. 10400091241 of May 15, 2015.

Note 2: Approved by the MOEA Ching-Shou-Shang-Tzu Document No. 10401148210 of July 23, 2015; approved by Tai-Cheng-Shang-Yi-Tzu Document No. 1040015590 of July 31, 2015.

Note 3: Approved by the MOEA Ching-Shou-Shang-Tzu Document No. 10401258180 of December 14, 2015; approved by Statement No. 104122101 of December 21, 2015.

Note 4: Approved by the MOEA Ching-Shou-Shang-Tzu Document No. 10501040650 of March 3, 2016; approved by Statement No. 105031001 of March 10, 2016.

Note 5: Approved by the MOEA Ching-Shou-Shang-Tzu Document No. 10501118170 of June 13, 2016; approved by Statement No. 105062101 of June 21, 2016.

Note 6: Approved by the MOEA Ching-Shou-Shang-Tzu Document No. 10501209420 of August 25, 2016; approved by Statement No. 105083101 of August 31, 2016.

Note 7: Statement entered into force by the Financial Supervisory Commission (FSC) on July 15, 2016; approved by the MOEA Ching-Shou-Shang-Tzu Document No. 10501230250 of September 20, 2016.

Note 8: Approved by the MOEA Ching-Shou-Shang-Tzu Document No. 10501278260 of December 5, 2016; approved by Statement No. 105121301 of December 13, 2016.

Note 9: Approved by the MOEA Ching-Shou-Shang-Tzu Document No. 10601006150 of January 17, 2017; approved by Statement No. 106012401 of January 24, 2017.

Note 10: Approved by the MOEA Ching-Shou-Shang-Tzu Document No. 10601056540 of May 1, 2017; approved by Statement No. 106050801 of May 8, 2017.

Note 11: Approved by the MOEA Ching-Shou-Shang-Tzu Document No. 10601072230 of June 8, 2017; approved by Statement No. 106061901 of June 19, 2017.

Note 12: Approved by the MOEA Ching-Shou-Shang-Tzu Document No. 10601117060 of August 18, 2017; approved by Statement No. 106082401 of August 24, 2017.

Note 13: Statement entered into force by the Financial Supervisory Commission (FSC) on July 11, 2017; approved by the MOEA Ching-Shou-Shang-Tzu Document No. 10601127890 of September 5, 2017.

Note 14: Approved by the MOEA Ching-Shou-Shang-Tzu Document No. 10601163570 of November 30, 2017; approved by Statement No. 106120601 of December 6, 2017.

Note 15: Approved by the MOEA Ching-Shou-Shang-Tzu Document No. 10601040020 of April 18, 2018; approved by Statement No. 107042601 of April 26, 2018.

Note 16: New restricted employee stocks amounting to NT\$ 40,000 was extinguished on May 11, 2018 following a Board Meeting resolution. This change has yet to be registered before the publication date of this report..

Note 17: Approved by the MOEA Ching-Shou-Shang-Tzu Document No. 10701095780 of August 8, 2018; approved by Statement No. 107081601 of August 16, 2018.

Note 18: Statement entered into force by the Financial Supervisory Commission (FSC) on July 3, 2018; approved by the MOEA Ching-Shou-Shang-Tzu Document No. 10701104380 of August 17, 2018.

Note 19: Approved by the MOEA Ching-Shou-Shang-Tzu Document No. 10701095780 of September 6, 2018; approved by Statement No. 107091401 of September 14, 2018.

Note 20: Approved by the MOEA Ching-Shou-Shang-Tzu Document No. 10701149540 of December 3, 2018; approved by Statement No. 107120701 of December 7, 2018.

Note 21: Statement entered into force by the Financial Supervisory Commission (FSC) on July 8, 2020; approved by the MOEA Ching-Shou-Shang-Tzu Document No. 10901158640 of September 1, 2020.

Note22 : Approved by the MOEA Ching-Shou-Shang-Tzu Document No. 11001222780 of December 2, 2021

Note23 : Approved by the MOEA Ching-Shou-Shang-Tzu Document No. 11101017770 of February 10, 2022.

Note24 : Approved by the MOEA Ching-Shou-Shang-Tzu Document No. 11101184600 of September 28, 2022.

Note25 : Approved by the MOEA Ching-Shou-Shang-Tzu Document No. 112301885300 of October 20, 2023.

(2) Category of shares

April 15, 2025 Unit: Shares

Category of shares	Authorized stock			Note
	Outstanding shares	Unissued shares	Total	
Registered common shares	1,122,495,703	277,504,297	1,400,000,000	

(3) List of major shareholders

April 15, 2025 Unit: Shares

Shares	Shares held	Shareholding percentage (%)
Name of major shareholder		
Shanglin Investment Co., Ltd.	202,867,944	18.07%
Shuren Investment Co., Ltd.	145,095,087	12.93%
Mega Prosper Investment Ltd.	112,000,000	9.98%
Shufeng Investment Co., Ltd.	56,114,477	5.00%
Shanghong Investment Co., Ltd.	54,292,706	4.84%
Mercuries Liquor & Food Co., Ltd.	46,968,515	4.18%
Chen, Shiang-Li	25,337,407	2.26%
Pension fund management committee of Mercuries & Associates, Ltd.	20,869,315	1.86%
Wong, Chau-Shi	19,885,349	1.77%
Chen, Shiang-Chung	18,014,257	1.60%

(4) Dividend policy of the company and its implementation

A. Dividend policy:

According to Article 25 of the Company's Articles of Incorporation:

In case profit is made by the Company for the period, no less than 1% of the said profit shall be set aside for employees' compensation. The Board of Directors shall determine whether to issue the compensation in shares or cash. Recipients of the said compensation

shall include Company employees that satisfy specific criteria. The Company permits the Board of Directors to set aside no more than 1% of the sum of the aforementioned profit as compensations for the Directors. Proposals for the distribution of employees' compensation as well as Directors' compensation shall be submitted to the shareholders' meeting and presented accordingly.

According to Article 25-1 of the Company's Articles of Incorporation:

If earnings are found after closing the fiscal year, the Company shall first pay income taxes and make up for any accumulated losses and then report 10% as statutory surplus reserve. However, when the statutory surplus reserve has reached the paid-in capital of the Company, the Company no longer has to report, and the rest could be reported or reversed into special surplus reserve. If undistributed earnings are still present, these will be combined with accumulated undistributed earnings and the Board of Directors will propose the distribution of earnings and ask the shareholders' meeting to resolve on the proposal for shareholders' dividends.

The Company's dividend policy is in line with current and future development plans, in consideration of the investment environment, capital needs, and domestic and overseas competition, on top of shareholders' interests. The amount of cash dividends distributed shall be no less than 10% of all dividends distributed for the year.

As for the distribution of dividends to shareholders based on the current development of the Company, under the normal circumstances, the net profit after tax for the current year will make up for the accumulated loss first, and after the legal surplus and special capital reserve are deducted, not less than 40% of the remaining balance is allocated as dividends; the cash dividends to be distributed shall not be less than 10% of the total amount of dividends paid.

B. Dividend payout plans proposed during the most recent shareholder's meeting:

The company's 2024 earnings distribution plan was approved by the board of directors on March 14, 2025. The earnings distribution is as follows:

2024 Earnings Distribution Table

Unit: NTD

Item	Amount	
Undistributed earnings at the beginning of the period	0	
Minus: Revalued property disposed by the investee company	(40,422)	
Minus: Changes in undistributed earnings of invested companies (Note 1)	(9,169,032)	
Add: Net profit after tax for the year (Note 2)	1,517,530,065	
Minus: Legal reserve appropriated	(150,832,061)	
Minus: Special surplus reserve appropriated	(1,357,488,550)	
Undistributed earnings at the end of the period	0	

Note1: The change in undistributed earnings of the investee company includes (1) changes in undistributed earnings, (2) changes in ownership percentage, and (3) actuarial gains and losses from defined benefit plans.

Note2: Employees' compensation of NT\$16 million and directors' remuneration of NT\$11 million have been deducted..

C. Explanation of expected major changes in dividend policy: The company does not expect major changes in dividend policy.

- (5) Impact to the company's business performance and earnings per share (EPS) for free allotment of shares proposed by this shareholder's meeting

The Company has neither compiled nor announced financial forecast for 2025.

- (6) Compensation for employees and directors

- A. Quantity or scope of compensation for employees and directors as prescribed by the articles of association:

If the Company has made a profit, no less than one percent (1%) of the said profit shall be set aside for employees' compensation. A Board Meeting resolution shall determine whether to issue the compensation in stocks or cash. Recipients of the said compensation shall include company employees who satisfy specific criteria. A Board Meeting resolution may set aside no more than one percent (1%) of the amount of the said profit as remuneration for the directors.

- B. The basis for estimating the amount of employees' and Directors' compensations and for calculating the number of shares to be distributed as employees' compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimate for the current period:

Employees' compensation and the directors' remuneration of 2023 to be paid by the Company shall be issued in accordance with the Articles of Incorporation of the Company. Where the Company makes a profit for the year, no less than one percent (1%) of that profit shall be set aside for employees' compensation, and no more than one percent (1%) of that profit may also be set aside for the directors' remuneration. Where the amount of board resolutions subsequently fluctuates significantly, the expenses for the current year should be adjusted. Where the issued sum in the shareholders' meeting of the following year, the figures shall be adjusted and entered into account according to the resolutions made during the shareholders' meeting. Since the company had an operating loss in 2023, the company did not estimate employee compensation and director remuneration.

- C. Distribution of 2023 compensation and results as reported at the shareholders' meeting:

The Company reported on the compensation paid to directors and employees for 2023 to the shareholders' meeting on June 21, 2024, and no shareholder made an objection.

- D. Actual distribution of the compensation to employees and Directors for 2023:

The Company did not distributed employee and director remuneration for 2023 in 2024.

- (7) Repurchase by the Company of its own shares during the most recent fiscal year up on the publication date of this report: None.

2. Corporate bond:

Corporate bond type		First Offering of Domestic Unsecured Convertible Bond
Date released		Jan. 25, 2021.
Par value		NT\$100,000 per note.
Location of issuance and trading		Not applicable.
Issuing price		NT\$100,500 per note.
Aggregate amount of issuance		NT\$2.3 billion.
Coupon rate		0%.
Maturity		Term: 5 years. Maturity date: Jan. 25, 2026.
Guarantee agency		Not applicable.
Trustee		Hua Nan Commercial Bank, Ltd., Department of Trusts
Underwriter		Hua Nan Securities Co., Ltd.
Certifying attorney		Not applicable.
Certifying CPA		Not applicable.
Terms of repayment		Unless converted to shares, or redeemed or bought back by the Company at securities firms in advance pursuant to the established procedures, the bond will be repaid upon maturity to the bondholders in cash, commensurate with the face values of the notes they hold.
Outstanding principle		NT\$0.2547 billion. (As of March 31, 2025)
Provision of prepayment and redemption		See Policies on Issuance and Conversion.
Restrictive covenant		None.
Credit rating agency name, date of rating, and corporate bond rating result		No credit rating.
Other information	Amount converted to common shares as of the date of Annual Report	NT\$86,400,000
	Policies on Issuance and Conversion	Please refer to Attachment (1).
Potential dilution of shares and impact on the existing shareholders equity due to the issuance and conversion policies and terms and conditions		Based on the current conversion price of NT\$19.69, the maximum rate of dilution when the remaining convertible bond is converted in its entirety will be 1.14%, which will not cause serious concerns.
Name of exchange		Not applicable.

Convertible Corporate Bonds

Corporate bond type		First Offering of Domestic Unsecured Convertible Bonds
Year		From January 1, 2024 to March 31, 2025
Description Price of convertible corporate bond	Maximum	NT\$103 thousand
	Minimum	NT \$98 thousand
	Average	NT\$99.9 thousand
Conversion price		It was adjusted to NT\$19.69 from September 2, 2024
Date released and conversion price when released		Issued Jan. 25, 2021; conversion price: NT\$22.5.
Conversion obligation fulfilled by		Issuance of new shares.

3. Preferred shares: Not issued.
4. Global depositary receipt: Not issued.
5. Employee stock options: Not issued.
6. Status of restricted employee shares: Not issued.
7. Issuance of new shares in connection with the merger or acquisition of other companies: None.
8. Financing Plans and Implementation:

On January 25, 2021, convertible corporate bonds were issued, and on September 19, 2023, new shares were issued through cash capital increase.

Date on which the aforementioned Implementation of Capital Allocation Plan was uploaded to the Market Observation Post System: April 7, 2021 and October 5, 2023

Financing Plans and Implementation please refer to:

Index path: Market Observation Post System (MOPS) > Individual Company > Equity Changes / Securities Issuance > Capital Raising > Implementation of Capital Raising Plan

https://mopsov.twse.com.tw/mops/web/bfhtm_q2 °

IV. Operational Highlights

The Company is an integrated service provider. Primary invested businesses include the retail of daily commodities and food, life insurance, pharmaceuticals, and information services. The following outlines the operation of the aforementioned business.

1. Business activities

(1) Business scope

A. Primary business operated by the Company: General investments.

B. Primary businesses of companies invested by the Company:

a. Retail of daily commodities and food

- Convenience stores.
- Restaurants.
- Purchase and sale of shoes and accessories.
- Sale and decoration of furniture, cabinets, kitchen utensils, and mattresses.
- Import and export of the aforesaid products.

b. Life insurance

- Services pertaining to personal insurance listed within the provisions of the Insurance Act, including life insurance, health insurance, personal injury insurance, annuity insurance, universal insurances, as well as personal and group insurance policies for investment purposes. To properly use the premiums and obtain good returns, the premiums are used for investment for a stable and reasonable rate of returns.

c. Pharmaceuticals

- Research and development, production, and sales of active pharmaceutical ingredients (API), API intermediates, and specialized and fine chemicals.
- Quotation, bidding, and distribution of products at home and abroad as well as research and development of the aforesaid products.

d. Information services

- Planning, development and installation of information system software and hardware.
- Planning and operation of information management systems.
- Analysis and development of automated integration system; production planning, production and technology transfer of products.
- System integration and technical support for the aforementioned services.

C. Proportion of business

Business Item	2023		2024	
	Business Revenue	Business Revenue Proportion	Business Revenue	Business Revenue Proportion
Retail of Daily Commodities and Food	24,451,297	14.70%	25,525,001	12.60%
Life insurance	135,179,452	81.29%	168,588,237	83.52%
Pharmaceuticals	1,418,840	0.85%	1,979,096	0.98%
Information Services	4,090,448	2.46%	4,943,645	2.44%
Others	1,160,715	0.70%	1,482,214	0.73%
Total	166,300,752	100%	202,518,193	100%

Note: Business revenue includes other income.

D. Current products (services) offered by the Company

a. Retail of daily commodities and food

- Purchasing and sales of daily commodities and food, pet supplies, alcohols, beverages, tobacco, daily necessities, cooked food, fresh foods, medical supplies (excluding Chinese medicine and Western medicine), infant products, cosmetics and beauty products (excluding those with pharmaceutical effects).
- Serving of fast food, including noodles, rice, fried pork chops, Japanese bento sets, and pizzas.
- Branded footwear, apparel, and accessories at home and abroad.
- Sale and decoration of furniture, cabinets, kitchen utensils, and mattresses.

b. Life insurance

- Personal insurance: Lifetime insurance, pension, pension in foreign currencies, lifetime insurance in foreign currencies, whole life insurance, and whole life insurance in foreign currencies, etc.
- Personal health insurance: Hospitalization and medical care insurance, cancer insurance, long-term care lifetime insurance, disability care lifetime health insurance, and whole life medical and healthcare insurance, etc.
- Personal accident insurance: personal accident insurance, travel insurance, and online accident insurance.
- Personal pension insurance: immediate annuity insurance, pension insurance with floating interest rates, and deferred annuity insurance.
- Investment insurance: variable annuity insurance, variable annuity insurance in foreign currencies, and variable life insurance.
- Group insurance: 1-year term group life insurance, group health insurance, and group accident insurance.

c. Pharmaceuticals

- API: Valporic acid (VA) and Allopurinol.
- API intermediates: Diethyl dipropyl malonate (DEDPM) and PENT-2 Ethyl 2-allyl-2-cyano-3-methylhexanoate.
- Specialty chemicals: 7 chemicals, including diethyl ketone (DEK)

d. Information services

- Financial business (financial information system software and hardware planning, development, and establishment services), public utilities (project information system software and hardware planning, development, and establishment services), engineering maintenance business (information system software and hardware maintenance), as well as China and overseas business related business.

E. Development projects for new products (services)

a. Retail of daily commodities and food

1. Simple OFFICE Mart: The office mini-store Simple Office offers a seamless shopping experience through the Simple Mart App, featuring an optimized user interface and support for multiple payment methods. It eliminates the wait time of physical store shopping, allowing office workers to purchase popular snacks from physical stores right in their workplace, satisfying afternoon cravings. Simple Office has successfully expanded to companies and organizations such as Far EasTone Telecommunications, iRent, First Financial Holding, Mitsubishi UFJ Financial Group, Hong Yuan Securities, Justina Foundation, Kaohsiung Startup Center, Nangang Startup Center, Chinese Software Association, Ruten Marketplace, Global Shopping Center, and Chi Mei Hospital, with over 100 locations nationwide. In the future, it aims to provide convenient services to more office workers and employee welfare committees.

2. Go Simple Mart: This e-shopping platform supports multiple payment options and point collection services across channels. During the pandemic, consumers can purchase daily necessities and some products that are unavailable in retail stores such as those with larger volumes and high unit prices on this platform, and ship them to their homes, in the future, through continuous optimization of the platform, marketing automation tools will be introduced to more accurately deliver marketing activities to appropriate members, thereby increasing click-through rates and order rates.
3. Pre-orders: The Company plans to work with local SMEs and vendors in traditional markets based on the schedule of different activities to provide members with a variety of products through pre-orders.
4. Catering and Retail Sector: The focus is on innovating menu items and flavors while strictly managing ingredient quality, emphasizing “care” and “deliciousness.” A central kitchen has been established to streamline product development, ingredient procurement, production management, and warehousing logistics, ensuring rigorous oversight and adherence to food safety policies. With integrity and meticulous processes, every food safety detail is prioritized. Additionally, continuous innovation drives the development of high-quality products, enhancing meal flavors while maintaining high standards to safeguard customer health and safety, fulfilling commitments to consumers.

b. Life insurance

Most Recent Annual Plan	Current Progress	R&D Expense to Be Further Invested	Expected Time to Complete Mass Production	Main Factor in Success in Future R&D
Anxin Medical Inpatient Regular Health Insurance (Type A)	Expected to be available in the February 2025	About NT\$1,000,000	Q1 2025	Whether it meets channel demands and the Company's risk management requirements.
Anxin Medical Inpatient Regular Health Insurance (Type B)	Expected to be available in the February 2025	About NT\$1,000,000	Q1 2025	Whether it meets channel demands and the Company's risk management requirements.
SuperRich USD Variable Rate Lifetime Insurance (Periodic Payment Type)(CDS)	Expected to be available in the February 2025	About NT\$500,000	Q1 2025	Is the product structure competitive?
RichPlus USD Variable Rate Lifetime Insurance (Periodic Payment Type)(TDS)	Expected to be available in the February 2025	About NT\$500,000	Q1 2025	Is the product structure competitive?

c. Pharmaceuticals

New Product Name	New Product Description
Benserazide	APIs(Parkinson's disease treatment medication)
ADC	API intermediates(Antineoplastic Drugs)
Iron sucrose	Iron deficiency anemia
CDMO-HMTM	Alzheimer's disease drugs
CDMO-X project	Narcolepsy drugs
CDMO-N Project	Anti-cancer drug intermediates
CDMO-A Project	Immunosuppressant intermediates

Note: Only the aforementioned R&D projects will go forward, all production lines for the existing products will undergo replacement and modification.

d. Information services

With more than 40 years of experience and achievements in the development of financial system software products and customized designs, we provide financial customers with the best products and solutions. In order to facilitate the integration of various businesses for our customers, to achieve the purpose of customers to save manpower and costs, and to enhance the competitiveness of the company's products and services, the company in the past four decades, we continue to introduce a variety of ATMs, passbook entry machines, coin deposit machines and cash deposit machines, and the corresponding hardware monitoring, accounting and clearing systems.

In response to the ongoing trend of reducing manpower in branches, our company will focus on the development of automated branch solutions, such as Smart Teller Machines (STM), Teller Cash Recyclers (TCR), automated passbook printers, teller identification systems using fingerprint recognition, etc.

As part of the system engineering integration business, our company has developed and specialized in areas including communications (TETRA, DMR, P25), microwave (radar), ticketing equipment and systems (AG/VAM), database (DB) and server (Server) software and hardware integration development, equipment and environment monitoring solutions (DMS), multimedia (Digital Signage) services, and ServiceJDC's SAAS service, etc.

In the future, the Company will continue to actively develop various application systems and platforms integrating software and hardware equipment, and focus on R&D of products and innovation to meet the customer's satisfactions. The customer's needs shall be the focus while the aim is to improve the customer's operational capacity to develop customized systems to improve information flow, reduce human resource waste, improve overall corporate performance and benefits of the customer, and build highly efficient IT-based services.

(2) State of the industry

A. Current state and development of the industry

a. Retail of daily commodities and food

According to the "2024 Retail Turnover Overview" of the Department of Statistics, Ministry of Economic Affairs, the turnover of the retail industry in 2024 was NT\$4,854.3 billion, a 2.63% increase from 2023. In 2024, the turnover of retail sale in non-specialized stores reached NT\$1,543.3 billion, accounting for 31.79% of the overall retail industry with an annual growth rate of 4.51%. Compared to other industries, the retail sector continues to exhibit gradual growth. However, domestic chain supermarkets and convenience stores, after years of operation, have seen a steady increase in store numbers, and their share of retail turnover continues to rise. Additionally, the rise of online shopping trends, improvements in e-commerce platforms, and advancements in logistics infrastructure have impacted physical retail revenues to varying degrees. This has affected the performance of hypermarkets, chain supermarkets, and convenience stores, with the convenience store sector nearing market saturation in recent years. New stores have gradually shifted from street-side locations to deeper community penetration, intensifying competition in the retail market.

In the F&B retail industry, According to the "2024 Retail Turnover Overview" of the Department of Statistics, Ministry of Economic Affairs, the turnover of the catering industry in 2024 was NT\$1,037.8 billion, an increase of 3.58% from 2023, growth is no longer what it was in 2023 years The Company has been striving to create a quality customer experience through virtual and physical integration to meet the needs of the

digital age. Each brand develops meals with new flavors. As for enhancing customers' stickiness, the app of i-Food Card is actively promoted to increase brand exposure in cooperation with multiple payment service providers and electronic ticket providers, including the original JKOS Pay, Line Pay, Easy Card, and iPASS Card; other common tools will be added based on market conditions. The Company also cooperates with UberEats and Foodpanda in response to consumers' dependence on delivery service providers. The Company will cooperate with middlemen in different marketing media and with businesses in different industries, to bring attention to its brands and products so as to achieve revenue growth.

It has become highly competitive in the F&B retail industry. Faced with the highly volatile operating environment and consumer demand, the Company has continuously adjusted its product structures and marketing strategies based on the market demand and trends and continues to optimize digitization and adopt big data to strengthen management and marketing. The Company further has developed differentiated marketing campaigns for individual stores to enhance each's competitiveness, facilitated market segmentation, strengthened regional competitive advantages, and optimized the brand image as a whole.

b. Life insurance

Although export performance fell short of expectations in 2023, Taiwan still achieved growth exceeding 1%. The financial sector (banking, insurance, and securities) recorded pre-tax profits exceeding NT\$700 billion in 2023, reflecting strong growth momentum. In particular, the insurance industry rebounded from a pre-tax loss of NT\$18.6 billion in 2022 to a pre-tax profit of NT\$98.1 billion in 2023, primarily due to the alleviation of pandemic-related claim pressures and the stabilization of investment markets.

However, the insurance industry continues to face challenges such as declining premium income and rising hedging costs. Amid these challenges, the insurance industry has demonstrated strong adaptability, with performance gradually recovering against the backdrop of sustained global economic growth. In 2024, Taiwan's insurance industry further benefited from market recovery, with pre-tax profits continuing to grow and premium income showing a rebound. growth. The United States began cutting interest rates in the second half of 2024, and the market environment gradually shifted toward easing, which is a favorable development for insurance companies holding fixed-income investments.

Looking ahead to 2025, Taiwan's insurance industry will face a year of both challenges and opportunities. With the gradual adoption of IFRS 17 and the implementation of next-generation solvency regulations, the industry is expected to encounter a transitional adjustment period. These changes will enhance the industry's transparency, stability, and international competitiveness, but the adjustments during the transition may create short-term operational pressures for the insurance sector. On the eve of adoption, insurance companies are preparing rigorously and actively adjusting capital structures, product strategies, and Financial Statements to ensure smooth compliance with the new regulations. It is expected that the government will introduce a series of transitional measures to assist insurance companies in adopting the new standards while minimizing related impacts. If insurance companies can maintain stable sales momentum and effectively address the challenges posed by IFRS 17 and the new solvency regime, the insurance industry is expected to achieve stable growth in the coming years.

Traditionally, Taiwanese people look to depend on their children when they

become old. However, due to the falling birth rate and the prolonging life expectancy, families have been unable to take care of the elderly alone, and have turned to rely on individuals, the state, and the government to share the responsibilities caused by the aging population. For this reason, the government has actively invested in more resources and implemented social insurance, welfare, and policies related to senior citizens in the past 20 years. For example, senior citizens have benefited the most under the National Health Insurance Act of 1995 that has improved citizen health nationally. Both the Labor Pension Act of 2005 and the National Pension Act of 2008 were enacted to implement social insurance systems to cope with the prolonging life expectancy of Taiwanese citizens. Nevertheless, as the coverage of the nation's social welfare comes out short in places, citizens' reliance on insurance has continued to rise. Subsistence-related types of insurance, such as retirement-related annuity insurance, medical insurance, and long-term care insurance, have increased in demand each year, indicating that Taiwan citizens have turned gradually from death insurance to use insurance to secure welfare and security in their retirement plan. According to the latest statistics from the Taiwan Insurance Institute and the Life Insurance Association of the Republic of China, the current domestic insurance coverage ratio is showing a year-on-year growth trend. With the steady increase in the insurance coverage ratio, each person has two life insurance policies or annuity insurance policies. In recent years, what is worth attention is that the penetration rate seems to have slowed down. The challenge for insurance companies is to make the general public understand the true meaning and importance of insurance, and actively develop insurance products that meet policyholders' needs while continuing to expand the insurance market.

According to the statistics of the Taiwan Insurance Institute (detailed in the table below), as for the growth rate of the total premium income of domestic life insurance from 2015 to 2024, benefiting from the U.S. Federal Reserve (Fed) launching an interest rate cut cycle in September 2024 and the booming capital market, the total premium income increased by 11.53% in 2024 as compared to the same period in 2023.

Statistics on Premium Income in Taiwan

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Premium Income (NT\$100 million)	29,267	31,334	34,202	35,116	34,667	31,640	29,711	23,344	21,879	24,402
Growth Rate (%)	5.61	7.06	9.16	2.67	(1.28)	(8.73)	(6.10)	(21.43)	(6.27)	11.53

Source: Taiwan Insurance Institute (TII).

The market penetration of Taiwan's life insurance companies (as assessed by the proportion of premium income as part of the GDP) is remarkably high. Despite this, average coverage per individual remained low, showing that most people still preferred insurance products that offered return on principals or functioned like a fixed deposit. However, such products offered lower levels of insurance payments and lacked adequate protection. Families are having fewer children and society is aging rapidly. There are still opportunities in Taiwan's life insurance market. Insurance companies will continue to actively invest in R&D to develop traditional life and health insurance products to cater to the segregated market requirements and pension insurance products that cater to the aging society. All these are key areas of product development efforts within the insurance industry.

c. Pharmaceuticals

According to IQVIA, the global pharmaceutical market, including spending on COVID-19 vaccines and therapies, was approximately \$1.61 trillion in 2023, representing a growth of 8.4% from \$1.48 trillion in 2022, in which the market size in developed countries was approximately \$1.28 trillion, accounting for approximately 79.38% of the global pharmaceutical market. Among the top 10 developed countries, the pharmaceutical market size in 2023 was approximately \$1.08 trillion, accounting for 67.31% of the global pharmaceutical market. The pharmaceutical market size of emerging countries in 2023 was \$303.7 billion, accounting for about 18.90% of the global pharmaceutical market. As for low-income countries, their pharmaceutical sales amounted to \$27.6 billion.

According to a survey conducted by IQVIA, the global pharmaceutical market is projected to grow at a compound annual growth rate of 5% to 8% over the next five years, reaching an estimated \$2.3 trillion in 2028. Growth is expected to slow in North America, Western Europe and Japan, while the growth in China, India and the Asia-Pacific region will exceed 3%. In addition, the ability of the healthcare system to withstand cost increases, financial pressures and cost controls by commercial insurers and governments, increased scrutiny of the value of pharmaceuticals, and the investment of more resources in preventive medicine and early detection of population aging and epidemic infectious diseases are among the key factors influencing the development of the pharmaceutical industry.

The scope of Taiwan's biopharmaceutical industry mainly covers the five major areas of pharmaceutical industry, medical equipment industry, applied biotechnology industry, health, wellbeing industry and digital medicine industry. As Taiwan's biopharmaceutical suppliers continue to develop new products and develop business layout in the international market, Taiwan's biopharmaceutical industry exports have increased accordingly, further expanding the scale of our country's biopharmaceutical industry. In 2023, the revenues for the domestic biotech and pharmaceutical industry totaled NT\$758.8 billion, which increase 8.12% from the NT\$700.9 billion in 2022. Among them, the pharmaceutical industry has actively expanded the export market in recent years, resulting in a continuous growth of 34.34% in revenue in 2023, from 96.1 billion in 2022 to 129.1 billion in 2023.

Taiwan's pharmaceutical industry, which comprises the western medicine preparation, the Chinese medicine preparation, biopharmaceutical, and the active pharmaceutical ingredient (API) segments, has grown stably for years thanks to the growth in demand in the domestic market and the success in developing the export market. The scale of our nation's active pharmaceutical ingredient (API) market is small, and most domestic active pharmaceutical ingredient (API) companies mainly export. According to the Import and Export Statistical Data of the Republic of China's Customs, our nation exported active pharmaceutical ingredient (API) to 66 countries in 2023, with an export value of NT\$5.145 billion, a decrease of 5.02% compared to 2022. Japan, mainland China, India, the United States and Germany are among the top five countries in our country's exports of active pharmaceutical ingredients (APIs). Among them, only the amount exported to mainland China and Germany increased. In 2023, the import value of active pharmaceutical ingredient (API) was NT\$6.629 billion, representing a growth of 9% compared to 2022. The top five importing countries were Mainland China, Japan, India, Italy and South Korea. Among them, the import value from Italy increased significantly by 137.36%.

Statistics on Import and Export Value of Taiwan's API Industry

Unit: NT\$100 million; %

Item \ Year	Export Value				
	2019	2020	2021	2022	2023
APIs	40.5	44.9	48.2	54.2	51.5

Item \ Year	Import Value				
	2019	2020	2021	2022	2023
APIs	63.2	65.4	56.7	58.5	66.3

Source: Import and Export Statistical Data of the Republic of China's Customs.

Note: The import and export value of active pharmaceutical ingredients (APIs) is represented by the Harmonized System code corresponding to the specific product category of active pharmaceutical ingredients (APIs).

According to statistics from the Biotechnology and Pharmaceutical Industries Promotion Office of MOEA in Taiwan, investments made by Taiwan's biotechnology and pharmaceutical industry in 2023 were NT\$55.055 billion, which decreased by 1.74% compared to NT\$56.029 billion in 2022. By industry segment, the pharmaceutical sector remained the largest, with NT\$28.167 billion invested in 2023, down 8.91% from NT\$30.922 billion in 2022, primarily due to sustained investments by domestic private companies. Additionally, despite global economic challenges in 2023 stemming from U.S.-China tensions, inflation, and geopolitical instability, Taiwan's pharmaceutical industry still attracted NT\$28.167 billion in investments, indicating strong confidence among investors in the sector's future prospects.

Our government has continued to support the biotechnology industry. In 2017, Taiwan proposed a 5+2 industrial innovation plan to drive the growth of Taiwan's next-generation industry via the biomedical industry. The goal was to expand the application fields in biotechnology, medical care, ICT, and emerging technologies to strengthen the development momentum for the biomedical industry, ignite domestic industrial transformation and innovation, and continue to focus on the integration of cross-domain technology to promote innovative emerging technologies and improve the ecosystem construction. The efforts were designed to assist Taiwan's biotechnology and pharmaceutical industry to flourish and innovate. The ecological environment created by the "5+2 Industrial Innovation Plan" was extended and expanded in 2021 in light of Taiwan's advantages, such as the world's top medical system, complete health insurance database, abundant human resources, and good R&D environment. The goal is to introduce digital and technological elements into the existing biotechnology and pharmaceutical industry; strengthen our nation's biotechnology-information and communication technologies (Bio-ICT); guide the domestic industry to tap into the opportunities of emerging technology development; and promote development towards the vision of healthcare, prevention, diagnosis, treatment, and care for citizens of all ages. The efforts aim to enhance the industry's international competitiveness while increasing the citizens' positive feedback on healthcare. Finally, we hope to achieve the vision of health for all ages by 2040.

d. Information services

In the field of FinTech, innovative technologies and services are constantly emerging, including disruptive payment innovations, platform as a service, blockchain technology, digital assistants, fully automation, FinTech incubators, digital banks, business alliances, advanced credit models, and Internet security.

In the era of marginalized profit, automation has become inevitable as financial institutions constantly look for means to reduce cost. ATMs have replaced manual

procedure in processing simple deposits, withdrawals, payments, and money transfers, so the financial institutions can turn their manpower to transactions in personal finance and private banking that have higher added values. Accordingly, the demand by financial institutions for ATMs will only increase, and the customers in choosing financial institutions will also consider whether they have sufficient ATMs for convenience. Therefore, how to provide customers with faster, more convenient, more reliable, and multifunctional automated services has become the key to the competition in the banking and financial services industry. With the technological advancement that includes the rapid development of information technology, the ways in which customers and banks interact have continued to change. Young people rarely go to the bank in person for financial transactions, and the conventional over-the-counter services have gradually been taken over by online banking. For example, online account inquiries, transfers, and payments are the transaction methods born from the banks' transformation in response to finance digitization. With the maturity of the mobile application technology and the prevalence of smartphones, financial life has been made available in the everyday life, in that the customers can access various banking services via the Internet at any time and in any place, leading to the thriving development of mobile banking and mobile payment. In response to the Bank 4.0 era, the financial institutions have strived to increase self-service banking and enhance over-the-counter transaction services in recent years, and while the old machines are being replaced and the functions of the new machines enhanced, there will be uncountable business opportunities in the market for automated financial services equipment.

With the rapid advancement of technology, financial automation equipment has evolved from the previous cash dispenser (CD) and automated deposit machine (ADM) to the recycler ATM (RATM). RATM not only significantly meets customers' deposit and withdrawal needs and improves cash management efficiency for banks but also enables banks to save on high cash transportation costs by utilizing the recycling function. Since its introduction, RATM has transformed the ATM market, gradually replacing CD, ADM, and other devices. Today, RATM accounts for more than 70% of the market.

The evolution of ATM screens is also one of the industry trends. The new generation of ATM screens has evolved from the previous 15-inch horizontal screens to 19-inch vertical screens, similar to cell phones. The screens allow users to swipe and tap, similar to mobile phone usage habits. The user interface has been upgraded to provide a more intuitive operation process, and users can instantly check their balance during transactions. It is anticipated that, in post-pandemic Taiwan, there likely will still be ample room for growth as we continue to innovate the ATM's functionality to secure the citizens' preference of using it.

According to the "Investigation Analysis of Mobile Payment Consumers" released by the Market Intelligence & Consulting Institute (MIC), the proportion of cash payments by Taiwanese people is 60%, indicating that cash is still the most commonly used payment tool for the general public. In the process of cash payment, there will inevitably be change, but too much change often also leads to the need to deposit the change or exchange it for bills, and for small businesses and vendors that often receive many coins, whenever they intend to deposit money at the bank, the coins are heavy and inconvenient. Therefore, in order to quickly meet needs of the public and businesses, the ATM for coin change has been introduced. As long as the coins are poured into the machine, the coin deposit machine will automatically count the amount and complete the deposit, and the operation is very convenient. This is sufficient to meet the needs of the public and those businesses while reducing the number of visits to banks for the businesses and the operating cost for banks. Moreover, the Financial Supervisory Commission has approved the launch

of change deposit machines since 2017, many banks are interested in launching this product and service, and also set up the machine at various points across Taiwan to attract consumers.

In addition, in recent years, the financial industry has followed the trend of Fintech 2.0 and introduced various solutions that combine biometric identification technology with financial automation equipment to achieve cardless cash withdrawal and password-free identity verification functions. One example is China Trust Business Bank (CTBC Bank), a market leader. They have introduced the “finger vein scan RATM.” This technology allows people to withdraw money easily with just one finger. In the future, in compliance with the relaxation of relevant financial laws and regulations, finger veins can also be used for online account opening, loans, and other services, providing more convenient financial services in conjunction with other emerging technologies. In addition, cardless cash withdrawal integrated with mobile devices allows users to simply “scan” the QR code on the ATM and enter their password to withdraw cash. Other banking institutions have also introduced various identification methods. For example, Bank SinoPac, Cathay United Bank, and Taishin International Bank have all launched mobile cardless cash withdrawal services. Cathay United Bank also offers QR code cash withdrawals. These convenient cash withdrawal options have been made possible by new technologies.

In the financial automation systems services field, the Company conducts mainly as an agent of Hitachi-Omron products. We are Hitachi-Omron’s sole agent distributing its financial automation products in Taiwan, and in that role, has contributed immensely to the promotion of financial automation for over 40 years here. Simply put, the Company is the leader in the ATM and financial terminal system businesses in the country. Our cash deposit/recycler ATMs have steadily occupied the largest market share in Taiwan.

In recent years, due to the increasing complexity of social, economic, and environmental systems, such as environmental pollution, population growth, traffic accidents, and arms races, people are facing more and more complex problems in organizing, managing, coordinating, planning, predicting, and controlling large-scale systems. Solving such highly complex problems based solely on human experience has proven to be inadequate. It requires the application of scientific methods to improve the ability to collect, store, transmit, and process information. Systems engineering integration has gradually become larger and more specialized in response to this situation.

Due to this trend, the company focuses on high-value-added system engineering integration businesses such as communication, microwave, wide-range equipment monitoring and management, high-tech database design and maintenance, and design and development of large-scale systems. This has led to projects such as the Taiwan Railway Administration (TRA) Train Dispatching Radio System, Taiwan Power Company User Electricity Service Big Data Platform, Coastal Surveillance Radar System, and 911 Fire Department Dispatch System. With over 15 maintenance centers across Taiwan and more than 300 maintenance engineers, the company is able to provide professional and timely repair services to customers. As a result, it has gained the trust of government agencies, banks, post offices, telecommunications companies, and educational institutions. This trust is key to the company’s sustained market competitiveness and has allowed it to establish another core business outside the financial automation field. The company has become the preferred partner for many government and corporate organizations.

B. Correlation with upstream, midstream, and downstream sections of the industry

Category		Upstream	Midstream	Downstream
Retail of Daily Commodities		Manufacturers, agents, distributors, and logistics service providers	Retailers	End consumers: companies or individuals
Retail of Food		Raw material suppliers	Research and development, production, and sales of food and beverages	End consumers: companies or individuals
Life Insurance		Individuals or groups' direct purchase of insurance with personal insurance industry, or procurement of insurance policies from insurance agents or proxies	Personal insurance	After acquiring insurance payments, part of the capital will be re-insured for risk diversification. Other capital will be invested in financial markets to acquire profits.
Pharmaceuticals		Pharmaceutical APIs include natural products and general chemicals, Cells, Microorganisms, and Genetically Modified Animals and Plants	API companies usually synthesize APIs using chemical means, extraction, purification, biological fermentation, microbial fermentation, and genetic engineering.	Pharmaceutical preparation companies would process APIs into various dosage forms such as capsules or creams for easier consumption or application
Information Services	Automated Financial Services	Deposits, withdrawals, cash recycling modules as well as cash boxes, safes, and industrial computers.	Manufacturing and testing of ATMs and other products	Setup, installation, connection, testing, and maintenance services for banks and financial companies
	System Integration Services	Software development, product agency, solution provision, and supply of IT-related equipment	System analysis and testing	System setup, maintenance, and training → Financial institutions and government agencies
	Repairs and Maintenance	System setup, equipment provision, and maintenance personnel	-	Regular maintenance and repair services → Banks and Department of Rapid Transit Systems

C. Product development trends and competition

a. Retail of daily commodities and food

In addition to continuing to provide freshly brewed coffee sales, various collection services will be gradually introduced to provide community residents with more convenience. Based on core competencies, we will continue to improve and adjust the content of the products sold, such as starting from 2023 to create 「alley wine cellar」, and continue to expand the sales of spirits, red wine and other products. We also continue to enhance the functionality of our app, such as introducing transaction details for convenient member inquiries about the content of in-store and online transactions at Simple Mart, launching a grab-and-go service that allows consumers to pick up their ordered coffee or related products at any store, and continually optimizing the online picture purchase and pre-order features to ensure a smooth consumer journey.

Despite increase in basic wages, labor costs continue to rise, the retail prices cannot be adjusted proportionally. Thus retailers tend to scale, franchise, and differentiate their businesses and products. In particular, scaling up helps to spread fixed costs and gain economies of scale to increase bargaining power and lower the costs of materials purchased; franchise helps to standardize the establishment of new outlets to facilitate expedient expansion and immediate profitability while lowering the administrative costs for running individual outlets; and differentiation helps to establish niches in market segments under the intense competition to secure operating profit. In addition to

continuously developing its own products to reduce costs and attract customers with high-quality goods and affordable prices, our company also actively seeks high-quality products from various countries to obtain low-cost procurement through self-importation and pass the savings on to consumers.

In the restaurant industry, the pursuit of “convenient” mobile payment consumption is leading to a new lifestyle trend. Aiming at the “fintech (beep)” economy and snatching the “stay-at-home” economy, Mercuries F&B Co., Ltd. has entered the e-payment ecosystem to create a diversified range of services. Multiple electronic payment methods have been introduced to provide non-cash payment services in addition to credit cards and electronic tickets. In addition to its own Napoli Co., Ltd. delivery fleet, Mercuries F&B Co., Ltd. also partners with third-party delivery platforms to effectively allocate labor while developing delivery services that cater to both “dine-in” customers who value the on-site experience and “delivery” consumers who seek efficiency and convenience. Consolidate the restaurant business entity and provide diversified and convenient consumption choices to create a win-win situation.

The food and beverage retail sector continuously innovates and improves its products and operations, prioritizing food safety, implementing employee training, and maintaining store hygiene to provide consumers with the most comprehensive and considerate products and services, earning public trust and recognition. It aspires every store to serve as a foundation for sustainable business operations. Through a strategy of “diverse services and localized operations,” the sector continues to develop various store formats to offer more high-quality, convenient service locations, such as “residential and commercial office stores” integrated into daily life, “department and mall stores” targeting shopping crowds, and “highway service area stores” providing reliable dining options for travelers. With nationwide store expansion and diverse business models, the sector penetrates every city, town, and community in Taiwan, meeting the needs of consumers dining out.

In the overall service industry market, both service output and employment continue to increase. In order to strengthen their competitive advantage, businesses are moving towards larger scale, chain operations, and differentiation. Economies of scale would allow companies to pursue long-term development provided that capital is not a problem. These approaches allow companies to introduce overseas technologies and lower operational costs. Franchise development establishes a standard procedure for creating new storefronts to achieve rapid expansion to the desired business scale and reduce goods purchasing costs. Differentiation, on the other hand, refer to identifying target and niche markets in a competitive environment to sustain business profitability.

b. Life insurance

(a) Development trends of life insurance products (source: Life Insurance Association R.O.C.)

The total premium revenue of the life insurance industry for 2024 amounted to NT\$2.2182 trillion, an increase of 9.6% from NT\$2.024 trillion in the previous year, of which the revenue from the initial annual premiums was NT\$0.6403 trillion, an increase of 24% from NT\$0.5164 trillion in the previous year. The revenue from annual renewal premiums was NT\$1.5779 trillion, an increase of 4.7% from NT\$1.5076 trillion in the previous year.

In order to reasonably evaluate the overall commodity operation status, as for whether the investment profit or loss is borne by the insurance company, another analysis is made to distinguish between traditional products and investment-linked

products. The premium revenue from of traditional products amounted to NT\$1.9954 trillion, an increase of 8.5% compared with last year's NT\$1.8389 trillion, of which the revenue from the initial annual premiums was NT\$5.015 billion, an increase of 20.9% from the previous year, and the revenue from annual renewal premiums was NT\$1.4939 trillion, an increase of 4.9% from the previous year. The revenue from investment-linked insurance product premiums was NT\$222.8 billion, accounting for 10.04% of the total premium revenue, of which, the revenue from the initial annual premiums was NT\$1.387 billion while and the revenue from annual renewal premiums was NT\$84 billion.

(b) Development trend of channels

According to the statistics of the Life Insurance Association of the Republic of China, the annual premium revenue at the beginning of 2024 was NT\$640.27 billion, of which the life insurance companies' own marketing system amounted to NT\$260 billion, accounting for 40.61% and banks' channels reached NT\$247.395 billion, accounting for 38.64%, while traditional insurance brokers and insurance agents only arrived at NT\$128.408 billion, accounting for 20.06%. Life insurance company channels are currently the primary source of premium income. In recent years, influenced by macroeconomic downturns and low bank deposit rates, variable-rate products and investment-linked products have gained significant popularity among the public. By product type, first-year premium income from general life insurance has surpassed bank channels for life insurance companies. In contrast, traditional products like health and accident insurance continue to be primarily sold through life insurance company channels. To maintain stability and growth in new contract premiums, companies are sparing no effort in developing and maintaining their distribution channels. The following describes the trends in sales channel development:

① Sales representatives

In response to the financial crisis and IFRS4, European insurance companies are facing massive pressure due to large withdrawals from their liability reserves. Since 2008, a number of overseas insurance companies, such as ING, Prudential, TransGlobe, and MetLife began initiating partial or complete withdrawals of their operations in Taiwan. Faced with the withdrawal and resale of overseas insurance companies, as well as the development of various marketing channels in recent years through cross-sector alliances and cross-marketing in the group, the survival space of business personnel has been significantly reduced. However, for life insurance companies, talent management is the key to sustainable development. Moreover, the higher profit contribution from the insurance policies brought by salespeople still cannot to be underestimated. Therefore, life insurance companies have offered various financial subsidies and actively launched advertisements to shape their images, hoping to attract young salespeople to join. Currently, the life insurance industry still requires a constant supply of new employees to effectively improve the competitiveness of performance.

② Banks

Rapidly growing premium income from banking channels could be primarily attributed to the impact caused by the financial crisis. Public attitude toward investments became increasingly conservative. In view of this, banks launched short-term insurance policies with relatively low risk, such as pension insurance and savings insurance, interest-sensitive products, investment-linked products, and mortgage life insurance. The public also demonstrated increasing acceptance for insurance products and proactively inquired into related insurance products with banks. Therefore, it is easier to

sell insurance products through bank clerks. Products marketed through banks were no longer restricted to investment or financial products. This made sales channels through banks a lot more flexible while allowing insurance companies to market products that benefit financial structures more, providing improvements to consumers, banks, and insurance companies alike. As the insurance market continues to mature and as we enter an aging society, more post-retirement plans and products as well as long-term care insurance will be released. Advantages of both banks and insurance companies shall be leveraged to attract an increasing number of clients.

(c) Competitive situations

As for investment insurance, the investment-linked products have seen remarkable growth driven by the steady growth of the global economy and the stock markets continually record new heights. However, as the Taiwanese turned attention to their health and medical needs due to prolonged life expectancy, lifelong medical insurance, cancer insurance, and long-term care insurance have become key products that the customers look for to complement other policies. These policies drive the Company's growth while meeting the customers' needs.

Statistics from the Life Insurance Association R.O.C. showed that the Company had market share of 4.51% in terms of total premium income in 2024, ranking No.7 among 21 life insurance companies in Taiwan.

c. Pharmaceuticals

(a) Production development trends

The overall demand for pharmaceuticals is closely related to population growth. There has been a steady growth in sales of pharmaceuticals which are less affected by the overall economic environment. Besides, the emerging countries have rapidly developed their economies in which the medical care expenses grew alongside the GDP. Therefore, driven additionally by the demand of the emerging countries, it is anticipated that the global pharmaceutical market will continue to grow. The global sales of pharmaceutical products in 2023 was US\$1.62 trillion, which represented a growth of 8.4% compared to 2022. According to Fitch Solutions, the 2024 to 2028 CAGR for pharmaceutical sales will be about 5% to 8%, reaching US\$2.3 trillion in 2028.

(b) Conditions of competition

By 2028, the global pharmaceutical production is projected to reach US\$2.3 trillion, with generic drugs accounting for at least 60-70%. The generic drug market grows annually, driven by the expiration of patented drugs, which allows generics to capture market share, and by healthcare institutions adopting generics to reduce costs. Mergers and acquisitions have become a key competitive strategy for major pharmaceutical companies to bolster R&D pipelines and enter new fields. In 2024, the largest acquisition was Novo Nordisk's US\$17.6 billion purchase of Catalent to enhance production capacity for its blockbuster drugs, followed by Johnson & Johnson's US\$13.1 billion acquisition of Shockwave Medical to expand its medical device portfolio.

(c) Intense competition in the pharmaceutical preparations market also affected the development of API companies. The primary cause was price competitions between Chinese and Indian API companies. Companies from both countries enjoy advantages of a massive domestic market and planned support from the government, and their price competition may lead to reduced sales and competitiveness of API companies in other countries.

d. Information services

(a) Financial Automation System Business

In recent years, the Company has actively promoted to clients the latest generation of cash recycling ATM manufactured by Japan's Hitachi. In addition to the low energy consumption, feature recirculation and a large-capacity bill hopper that reduces the number of times an operator must unload and replace bills. The thoughtful design of the guide screen also reduces the operator's difficulty in removing obstructions, allowing the staff to identify problems easily and quickly to troubleshoot them, shorten the machine downtime, and improve the efficiency of the machine. There are currently approximately 17,271 ATMs in the market, accounting for 52.1% of the total number of ATMs in the market. Thanks to the Company's active marketing efforts, the recycler ATM has gradually become the most popular model in the market, thereby increasing the Company's recycler ATM market share. To introduce products with differentiating advantages, the Company has also actively promoted deposit machines that could connect logistics, department stores, or franchises with banks to settle the daily account in their stores and deposit revenue in cash immediately through the system. Cash is in the custody of the security personnel. This deposit machine is the only model in the market to take both coins and banknotes, and could help customers reduce expenses incurred by providing needed security for physical banknotes.

In addition, in order to meet the uninterrupted demand for services 7X24 in the financial industry, the introduction of STM is a smart bank service. Banking customers can interact and cooperate with tellers through the dedicated STM equipment and operation interface to avoid multiple filling of personal data, and reduce the waste of paper, so that customers can quickly complete the account opening process. In the future, it can combine New eID (chip ID) and finger-vein to simplify the mechanism of identity verification, such as agreed account application and online banking password reset. STM can be used in addition to identity verification to facilitate the operation of people, make the branch services more and more intelligent, and satisfy the uninterrupted service direction of the branch 7x24, so STM will be the target of the future intelligent branch prepare.

To help financial companies develop digital financing and smart branches, the Company has also actively developed total solutions for branch expansions. The proprietary branch reception system and smart branch solution helped branch tellers gain the understanding of customer requirements before they arrived at the branch. Interactive multimedia visual displays could also be used to improve the promotion of financial products and the image of banking services.

Teller Cash Recycler (TCR) was also introduced as an answer for convoluted cash handling in branch offices. TCR equipment allows tellers to quickly authenticate banknotes, calculate the total value, and arrange them accordingly. TCRs could also promptly determine current banknote levels in various branches and notify the headquarters of this information to achieve more efficient cash management and deployment.

Finger vein ATM identifies finger veins instead of traditional ATM card identification. Customers could withdraw money by placing the finger on the reader and entering the password. Card-free RATMs that use the finger-vein authentication have been highly recognized in the market, and many banks have

launched RATMs, showing unlimited business opportunities in the future.

"Taiwanese dollar and foreign currency cash exchange machines" are the extension of RATMs, with the functions of document scanning and identification and foreign exchange and change making. Banks can extend the NT. dollar and foreign currency cash exchange machines to the two-way Taiwanese dollar and foreign currency cash exchange business, providing citizens or international travelers safe and convenient foreign exchange services.

According to the 2024 Financial Supervisory Commission's report on Taiwan's financial inclusion scorecard, Taiwan outperformed global averages in seven indicators in 2023. Notably, Taiwan has an average of 168 ATMs per 100,000 adults, 3.28 times the global average, and 95.5% of Taiwanese adults use non-cash payments, compared to a global average of 64%. Taiwan currently has 32,993 ATMs, far exceeding the global per capita average. This is driven not only by Taiwanese consumer habits but also by domestic banks partnering with convenience stores to install ATMs widely. In Taiwan's six major cities, high population density and widespread convenience stores further boost this metric. Banks are actively promoting financial inclusion, introducing voice-guided ATM deposit services for the visually impaired, further enhancing accessibility. Voice-guided ATMs for the visually impaired offer basic functions like withdrawals, transfers, balance inquiries, and password changes. Tailored to their needs, these ATMs feature the industry's first voice-guided deposit service, allowing users to operate via headphones and follow voice prompts to complete deposits or other transactions, reducing privacy concerns and addressing the financial needs of visually impaired individuals. This also creates business opportunities for our company's software services.

In response to evolving fraud tactics and government anti-fraud policies, banks are investing heavily in anti-fraud software for ATMs. With millions of daily transactions, relying on manual reviews or experience to detect suspicious activities is challenging. By leveraging AI, proprietary bank models, knowledge bases, and big data integration, banks can intercept fraudulent activities and protect customer assets, creating demand for our company's related software services.

Taiwan's banking market is becoming increasingly saturated and competitive for financial service providers, leading to reduced profitability. Future trends will therefore include integration and total solutions for comprehensive financial service provision for financial companies.

(b) System Engineering Integration Business

The system integration business centers on finance, transportation, telecommunications, education, and fire protection. To provide better services for customers, Major Account has been introduced. Aiming for total solutions, we offer integrated services to major accounts and continue to grow in the business cycle of installation, warranty, and maintenance.

As a seasoned system integrator, Mercuries Data Systems Ltd. has extensive experience in field services such as maintenance, sales, construction supervision, commercial collaboration, and equipment inspections. This led to the development of a one-stop management system, "Service JDC," offered as a cloud-based service to accommodate the limited resources of SMEs, allowing businesses to adopt new technology without incurring significant upfront system costs. Managers and field staff can use a mobile app and web portal for attendance tracking, GPS check-ins,

shift scheduling, leave requests, payroll calculations, task assignments, work reporting, electronic forms, mobile approvals, customer management, mileage tracking, equipment maintenance, contract management, scheduling, data collection, BI analytics, and multi-language support, enabling efficient cross-border management and remote work. “Service JDC” uniquely includes dedicated consulting, offering one-on-one support to understand each business’s needs, pain points, and use cases, followed by tailored implementation planning. Service JDC website: <https://www.servicejdc.com/>.

The company’s innovative research and development of the “Service JDC” was recognized in the “Young Generation - 2017 Golden Young Award - Young Fun” competition organized by the Industrial Development Bureau of the Ministry of Economic Affairs. In addition, “Service JDC” was launched at the 22nd World Congress on Information Technology (WCIT 107) in Hyderabad, India’s emerging technology city. With the support of the Technology Department and the Industrial Development Bureau, Ministry of Economic Affairs and the referral by the Information Service Industry Association of R.O.C., “Service JDC” won the Mobile Excellence Award.

(c) Repairs and maintenance

Many automated equipment or systems in the market have been used for many years. Regular maintenance and repair is a prerequisite for the normal and stable operation of automated equipment. Increasing reliance on automated equipment also means growing dependence on maintenance and repair services. The market for such services will only increase as customers in various industries, such as finance, transportation, and telecommunications, pursue a greater degree of automation. The Company strives to control the service lifecycle of customers' products by providing consultancy services for equipment replacement and building long-term partnerships. The understanding of automated equipment and systems and their structure, the supply of spare parts, and the quality and staffing of the maintenance personnel are the factors in the quality of maintenance and repair services. Therefore, a large part of maintenance and repair services for equipment and systems depends on equipment providers or installers, so competition is relatively low. The Company has over 40 years of experience in maintenance and repair services and established 15 service stations nationwide (including Kinmen and Penghu). The comprehensive repair and maintenance network is capable of providing prompt services for customers to secure greater market share.

(3) Technologies and R&D efforts

A. R&D investments made in the most recent year up to the printing date of this annual report

		Unit: Thousand NT\$	
Category \ Year	2024	As of March 31, 2025	
Retail of Daily Commodities and Food	22,963	3,224	
Life Insurance	37,325	12,692	
Pharmaceuticals	42,680	9,810	
Information Services	233,114	56,223	
Total	336,082	81,949	

B. Technologies or products successfully developed in the most recent year up to the printing date of this annual report

a. Retail of daily commodities and food

(a) As a seasoned system integrator, Mercuries Data Systems Ltd. has extensive experience in field services such as maintenance, sales, construction supervision, commercial collaboration, and equipment inspections. This led to the development of a one-stop management system, “Service JDC,” offered as a cloud-based service to accommodate the limited resources of SMEs, allowing businesses to adopt new technology without incurring significant upfront system costs. Managers and field staff can use a mobile app and web portal for attendance tracking, GPS check-ins, shift scheduling, leave requests, payroll calculations, task assignments, work reporting, electronic forms, mobile approvals, customer management, mileage tracking, equipment maintenance, contract management, scheduling, data collection, BI analytics, and multi-language support, enabling efficient cross-border management and remote work. “Service JDC” uniquely includes dedicated consulting, offering one-on-one support to understand each business’s needs, pain points, and use cases, followed by tailored implementation planning. Service JDC website: <https://www.servicejdc.com/>.

(b) Ordering Recommendation System and Demand Forecasting System

The core brand, Simple Mart, is a community-based mini supermarket. Due to the large number of merchandise items, it takes a lot of time to accurately complete the daily ordering and replenishment operations. Through the self-developed ordering recommendation system, we calculate the most appropriate ordering quantity based on the historical sales data and the store inventory, merchandise delivery cycle, promotional period, and other parameters, which effectively assists and improves the efficiency of the store staff’s ordering operations and achieves effective inventory management, as well as reduces the risk of out-of-stock and backlog of inventory. Due to the rapidly changing retail environment, the boundaries of retail districts have been broken by the widespread adoption of delivery services, making it more difficult to predict product sales. Additionally, unstable seasonal temperatures and unpredictable weather conditions can lead to store shortages, which can impact company performance. The company continuously adjusts relevant parameters to adapt to environmental changes and invests resources in demand forecasting systems. With the core premise of maintaining sufficient store inventory, artificial intelligence is used to estimate the impact of various factors on store orders, reducing store inventory pressure and minimizing the financial costs associated with inventory backlog.

(c) Consumer Data Analysis

Since its establishment, we have accumulated consumer shopping information for many years. By establishing a data warehouse and using information reporting tools, we analyze the distribution of members in each store, category sales, regional consumption characteristics, and member consumption profile labels to understand the consumption profile of the core customer group. This

allows us to provide the necessary products and services and flexibly design various marketing activities to meet consumer experience. The company plans to introduce more efficient data analysis tools in the future to assist in operational decision-making.

- (d) In the food and beverage sector, a consumer-centric approach drives collaboration with third-party platforms to integrate innovative technologies and offer diverse payment methods, including credit cards, EasyCard, iPASS, Line Pay, and JKO Pay. Additionally, with growing reliance on food delivery, partnerships with delivery services like Uber Eats, Foodpanda, and Lalamove have been established. Implementing online ordering, delivery integration, and fast self-service kiosks to provide customers with a superior and more satisfying dining experience.
- (e) The first store of Mercuries F&B's new brand, Mercuries Cloud Kitchen, was established in Banqiao District, New Taipei City. It opened with four major direct-operated brands of Mercuries F&B: Sanshang Qiaofu, Napoli Fried Chicken, TonKa Tsu, and Sanshang DonMono stationed in. The Cloud Kitchen can adapt to changes in market dining habits and consumer behavior, strengthen the cross-regional delivery market, allow good products to have good business models and quickly share good products with more places.
- (f) In 2024, the cloud-based brand Curry - Curry Specialty Store, which began as an online cloud kitchen in 2022 focusing on takeout and delivery, leverages the immediacy and flexibility of online channels to gather consumer feedback and enable rapid market entry. In 2024, it established its first physical store, adopting an integrated online-offline business model to offer consumers a more comprehensive experience.

b. Life insurance

The life insurance business is an element of the financial services industry. The design and R&D of the Company's major products are the responsibilities of the Product Development Department, which has five divisions, namely Product Development Section I, Product Development Section II, Product Development Section III, Investment Product Section, and Product Analytics. The Product Development Sections I, II, and III are mainly responsible for the traditional life insurance, interest-sensitive annuity insurance, health insurance, accident insurance, and group insurance; the Investment Product Section is mainly responsible for investment-based life and investment-linked annuity insurances; and the Product Analytics Division handles IFRS17-related matters. Each section is responsible for conducting market research and surveys, product development, presale, and after-sales management, and other relevant works specific to the types of insurance or projects for which it is responsible.

As of February 28, 2025, there were 33 employees (including department supervisors) at the Department of Products, accounting for approximately 1.8% of the total office personnel; 26 had a master's degree; and 1 obtained recognition from Fellow of the Society of Actuaries (FSA) 4 employees acquired recognition of Associate of the Society of Actuaries (ASA) ; 7 employees have worked at MLI for less than 2 years, another 10 for 2 to 5 years, another 7 for 5 to 8 years, and the remaining 9 for more than 8 years.

The successfully developed products are as follows:

Year	Name of Insurance
2024	Mercuries Life Insurance Hao Jia Bei Lifetime Insurance (Periodic Payment Type)
	Mercuries Life Insurance Zeng Jia Bei Lifetime Insurance (Periodic Payment Type)
	Mercuries Life Insurance Zeng Duo Li USD Variable Rate Enhanced Lifetime Insurance (Periodic Payment Type)
	Mercuries Life Insurance Bao Wan Li USD Variable Rate Lifetime Insurance (Periodic Payment Type)
	Mercuries Life Insurance Zeng Ji Li USD Variable Rate Enhanced Lifetime Insurance (Periodic Payment Type)
	Mercuries Life Insurance Jin Shi Ji Duo Li Foreign Currency Variable Annuity Insurance
	Mercuries Life Insurance Jin Shi Ji Duo Li Variable Annuity Insurance
	Mercuries Life Insurance Go Health One-Year Term Cancer Defense Health Insurance Rider
	Mercuries Life Insurance Xin Bao Jian Kang Hospitalization Medical Health Insurance Rider
	Mercuries Life Insurance Xin Xiang Le Huo Long-Term Care Term Health Insurance
	Mercuries Life Insurance Man Jian Kang Lifetime Medical Health Insurance
	Mercuries Life Insurance Children's Travel Accident Medical Insurance
	Mercuries Life Insurance Remaining Waiver Period Insurance Expense Payment Endorsement Clause

c. Pharmaceuticals

A. Research and development

As countries begin imposing carbon fees and tariffs, R&D teams continue to optimize existing product processes, such as Pentobarbital, to enhance energy efficiency and waste reduction. Additionally, previously developed and highly regarded glaucoma drugs Brinzolamide and Cannabidiol (CBD) are steadily scaling up production, with the R&D department assisting in identifying and resolving process issues. Meanwhile, development continues on the PGA downstream API Benserazide to expand the product line.

Since 2023, through the subsidiary Honeybear Biosciences, the Company has entered the antibody-drug conjugate (ADC) field, currently supplying the chemical linker UDP-Glc-NAz. Following tests to identify more effective small-molecule drugs (Payload), production scale-up will proceed.

B. R&D goals

① Establish self-developed technologies to create entry barriers and enhance competitiveness.

Self-developed technologies mostly take a form of trade secrets. Considering business strategies, SCI Pharmtech, Inc. applies for patents on some technologies.

Existing patents are as follows:

No.	Product Name	Patent No.	Country	Patent Period
1	(s)-MMAA	US 7,829,731 B2	USA	2020/11/09~2028/08/14
2	Duloxetine	EP 2,228,372 B1	European Union	2022/02/29~2030/03/10 Exit UPC(2023/06/27) Give up maintenance (2025/03/10)
3	Duloxetine	US 8,148,549 B2	USA	2013/04/03~2030/05/06
4	(S)-MMAA	US 8,168,805 B2	USA	2012/05/01~2030/01/13
5	Baclofen	US 8,273,917 B2	USA	2012/09/25~2031/01/27
6	Atomoxetine	US 8,299,305 B2	USA	2012/10/30~2030/12/16
7	Duloxetine	JP 5,143,167 B2	Japan	2010/3/11~2030/03/11
8	(S)-MMAA	US 8,420,832 B2	USA	2013/04/16~2027/10/29
9	Di-VANa	US 8,729,300 B2	USA	2014/05/20~2030/05/14
10	Duloxetine	US 8,530,674 B2	USA	2013/09/10~2031/06/02
11	Duloxetine	US 8,614,336 B2	USA	2013/12/24~2031/10/16
12	Duloxetine	EP 2,386,549 B1	European Union	2014/03/19~2030/05/10 Exit UPC(2023/6/27)
13	Duloxetine	US 8,957,227 B2	USA	2015/02/17~2030/05/05
14	Duloxetine	JP 5,830,245 B2	Japan	2015/10/30~2031/01/04
15	PR-038	US 9,718,765 B1	USA	2017/08/01~2036/06/21 Give up maintenance (2025/02/01)
16	PR-038	EP 3,260,442 B1	European Union	2019/05/01~2037/06/21 Give up maintenance (2021/02/01)
17	MARAVIROC	US 10,556,899 B2	USA	2020/02/11~2038/02/09
18	CANNABIDIOL	US10,981,849 B1	USA	2021/04/20~2040/02/20
19	CANNABIDIOL	1,738,586	ROC	2021/09/01~2040/12/10
20	CANNABIDIOL	JP 6,984,054 B2	Japan	2021/11/26~2041/02/10
21	PMDOL	1828123	ROC	2022/04/25~2042/04/24
22	PMDOL	EP 4144717	European Union	2022/03/31~2042/03/31
23	CANNABIDIOL	EP 3,868,736 B1	European Union	2021/11/30~2040/2/21 Exit UPC(2023/07/07)
24	PMDOL	JP 7,367,147 B2	Japan	2023/10/13~2042/08/15
25	CANNABIDIOL	CA 3093271 C	Canada	2022/11/30-2040/09/16
26	(S)-MMAA	In Application	European Union	
27	Lisdexamfetamine	US 11608312 B1	USA	2023/03/21-2041/11/10
28	Lisdexamfetamine	US 4122914 B1	European Union	2023/08/16-2041/07/22
29	PMDOL	US 11739050 B2	USA	2023/08/29-2041/10/08
30	Lisdexamfetamine	In Application	European Union	

②Respond to customers' questions and provide effective solutions quickly.

③Seek for R&D projects with potential and commercialize them efficiently.

C. R&D strategies

①Recruit experienced R&D personnel to improve the capacity for R&D.

②Seek for complementary partners to expand the R&D fields and strengthen cooperation.

③Cooperation with the new drug development companies to enter the development of pharmaceutical products in their early stage.

D. Key R&D projects

①Develop the manufacturing processes and technologies of niche products.

②Expand and commercialize manufacturing processes of new drugs under R&D.

E. Products successfully developed in the most recent year up to the date of publication of the Annual Report

Trial Production of New Product	Commercialized Mass Production of New Product	Improvement in Production Process
Adenine LMTM UDP-Glu-NAz	Buprenorphine Cannabidiol	PGA Pentobarbital Pimobendan Buprenorphine Brinzolamide

d. Information services

Since the installation of the first automated crane in the Bank of Taiwan in 1978, it has been committed to developing the system sales and maintenance of integrated products and solutions such as the bank's automated equipment operation system and the branch counter terminal connection system. In addition to crossing the financial information field, the company has gradually entered the system integration and development of public utility systems such as telecommunications, transportation and education, and, in line with customer needs, has completed the development of application systems such as the servo main trading platform and decentralized mobile monitoring and management in the past 40 years. Whether it is bank automation equipment or system engineering integration, there are integration issues from various aspects, such as hardware, user interface, core system software, network architecture and information security. Therefore, the technical level of Mercuries Data System's business is highly complex and requires the ability to guarantee stable operation. As a result, the company's maintenance service team is distributed throughout the province, providing uninterrupted service 24 hours a day, 7 days a week.

In addition to developing software to meet user needs, the R&D department is constantly taking the future development trend of the market as its main development direction. Currently, the main products and systems completed are as follows:

- (a) Procurement of Oracle WebLogic Application Server License for Direction-Finding Assembly.
- (b) Police Radio System Upgrade Project.
- (c) Financial Automation Equipment Sales and Maintenance.
- (d) Replacement of Fortinet Firewall for the Core System of the Radar Monitoring System Upgrade Project in Eastern, Southern, and Outlying Island Regions.
- (e) Procurement of 224 Vehicle-Mounted Wireless Dispatch Telephones (Including Installation).
- (f) Four-Year Maintenance and Operational Management of Wireless Dispatch Telephone System Equipment.
- (g) Software and Hardware Upgrades and Functional Expansion for the Electricity Billing System.
- (h) Maintenance and Equipment Replacement for the New Distribution Construction Information System (NDCIS).
- (i) Ministry of National Defense Medical Bureau - Server Procurement and Setup for Military Hospitals.
- (j) Software and Hardware for the Centralized Management System of ATMs.
- (k) Digital signage push ads.

(4) Short-term & Long-term business development plans

A. Retail of daily commodities and food

a. Short-term plans

- (a) Use flexible and diversified marketing activities to stimulate consumers to visit the store for consumption.
- (b) Communicate with consumers about Simple Mart's selected products and latest promotions through social networking sites and media activities.
- (c) Increase the proportion of frozen and fresh food sales, build a granary in every alley, and become consumers' most trusted retail brand.
- (d) Continue cooperating with food delivery platforms to expand the scope of service businesses, attract new customers, and increase turnover.
- (e) Adjust the product categories and shelving frequency to meet the needs of consumers.
- (f) Conduct regular surveys according to consumer needs and track improvements.
- (g) Continue to renovate the store to provide a clean and bright shopping space and stock the required products.
- (h) Integrate the subsidiary Tomod's procurement and logistics operations to enhance overall supply chain efficiency and effectiveness.
- (i) Continuously optimizing the Simple Mart's app to provide consumers with an OMO integrated shopping experience.
- (j) Testing a new store format to increase the variety of directly imported and private-label products.
- (k) Introducing the exclusive wine shelf "Lane Cellars" to offer a diverse selection of alcoholic beverages.
- (l) Expanding the range of pet-related food and supplies products to capitalize on the business opportunities in the pet industry.
- (m) Developing a real-time inventory system to support flexible operational decision-making.
- (n) Continuously optimizing self-service systems and enhancing features of the Gourmet Card App to drive smart operations and increase customer loyalty.
- (o) Continuing to expand the number of brand stores nationwide to boost market share, leveraging economies of scale to increase operating revenue and enhance bargaining power with suppliers.

b. Long-term plans

- (a) Add neighborhood-based business depots, expand the economic scale, and substantially increase turnover. In addition, large-scale procurement can also increase the suppliers' bargaining power, strengthen commodity price competitiveness, and return profits to consumers. In addition to constructing its stores, the Company embraces the prospect of merging existing retail outlets for rapid scale expansion.
- (b) We also encourage outstanding employees to join us in addition to attracting partners who are interested in running retail businesses. We aim to accelerate store developments, improve each store's performance and operating efficiency, and create a win-win by increasing the proportion of franchisees.
- (c) In addition to selling domestic brand products familiar to consumers, we will

introduce differentiated products such as private brands and imported products from other channels to ensure price image and stable profit. The goal is to attract visitors, increase customer cohesion, and avoid price competition pitfalls.

- (d) We have improved the overall supply chain efficiency by introducing automated equipment and the logistics optimization system to reduce unnecessary loss and scrap. Invest in cold chain logistics and effectively control the quality of cold chain logistics.
- (e) We also introduced the pre-order, group purchase, Go Simple Mart, and OFFICE Mart E-commerce business APPs to supplement the physical stores, enhance membership cohesion, and achieve online and offline integration. The goal is to integrate the various digital tools to transcend the store area and size restrictions, create a shopping area that can meet the needs of consumers at any times and anywhere, and meet the various needs of consumers in life to become a virtual community shopping center. Moreover, the Company has also adjusted the membership system to enable members to create loyalty value for every dollar.
- (f) Strengthen personnel training, improve service quality and store operation capabilities, cultivate management executives, and reserve workforce for the enterprise's diversified development in the future.
- (g) Improving central kitchen production efficiency and expanding product offerings to mitigate cost pressures from inflation.
- (h) Continuously identifying new products and developing new brands while adjusting product structures to improve profitability and diversify risks.
- (i) Strengthening customer relationship management to enhance satisfaction and loyalty.

B. Life insurance

a. Short-term plans

In addition to providing customers with comprehensive life insurance products and services, we are also committed to meeting their diverse protection and financial needs, while staying abreast of market trends. In response to market demand, we will discuss with the marketing department and continue to develop supplementary products for regular guarantee-type products and investment-type products. For example, we will develop regular guarantee-type products (health insurance, accident insurance, life insurance) that meet customer needs, as well as develop regular guarantee-type products suitable for attachment to investment-type products. We will also enhance the competitiveness of our products and examine the leading products in the industry in order to design products that can increase mortality and expense differentials. For instance, we will continue to promote the sale of health insurance with the feature of walking exercise, and continuously develop different types of spill-over policies. We will also continue to expand the applicable product categories (such as life insurance). We will conduct research on retirement products that are popular among competitors to provide products that meet customer needs. We will design products suitable for new sales agents to help them explore the market. Additionally, we will regularly track the transformation of

major competitors' product strategies under IFRS17 and ICS through conferences, news, and public information.

b. Long-term plans

In response to government policies and market needs, the Company will continue to develop new products, including foreign currency policies, accident insurance, medical insurance, and investment-linked insurance/annuity insurance, and promote products with strategic value or high contribution; in addition, the Company will employ 3 primary sales channels, namely sales representatives, banks, and diverse marketing, to improve the competitiveness and performance of marketing channels when pursuing the business objective of steady and sustainable growth. As cloud technology becomes more prevalent, the Company will actively develop digital and cloud-based services for building a highly efficient organization armed with marketing tools to generate higher levels of effectiveness and competitive advantages.

C. Pharmaceuticals

a. Short-term plans

- (a) Plan production scheduling to fulfill current orders.
- (b) Maintain good relations with the existing customer base and actively develop new customers to increase each product's growth momentum.
- (c) Completed the construction of Guanyin factory and improved production capacity utilization.

b. Mid-term plan

- (a) Continue to introduce more intermediates and APIs and reinforce the development of APIs because APIs have high entry barriers and are subject to stringent regulations so that further development of the API market will increase the Company's competitiveness in the future.
- (b) Optimize the product lineup and eliminate products that contribute little.
- (c) Optimize the production process, lower costs, and increase competitiveness.
- (d) Optimize production scheduling and reduce production line replacement items' maintenance costs.
- (e) Promoting a circular economy to reduce the environmental impact of operations while lowering operating costs and boosting competitiveness.

c. Long-term plans

- (a) Develop and secure new businesses related to new drugs, capturing business opportunities from the early stage of development.
- (b) Develop new production capacities while growing the business and introduce the latest technologies and equipment.
- (c) Continue to improve and refine the production process and secure patents on those for niche products to improve production efficiency.
- (d) Cultivate talents with global perspectives for the Company's future growth.

D. Information services

Business Development	Short-term Plans	Mid-term and Long-term Plans
Customer Aspect	<ul style="list-style-type: none"> ◎ Carefully screen for first rate customers and major projects. ◎ Provide customers with solutions and support package requirements to improve customer satisfaction. 	<ul style="list-style-type: none"> ◎ Continue to develop and manage Major Accounts. ◎ Setup customer-oriented and customized systems to establish a comprehensive system database.
Product Aspect	<ul style="list-style-type: none"> ◎ Expand distribution rights for product categories. ◎ Reduce costs and strengthen risk control to foster competitiveness. ◎ Improve the executive ability for various products. ◎ Improve core competitive advantages of quality, date of delivery, and cost. ◎ Include international goods to provide products with competitive pricing. 	<ul style="list-style-type: none"> ◎ Improve the proportion of domestically produced parts for ATMs. ◎ Promote core products and core services to provide better professionalism and added value. ◎ Improve R&D standards and capabilities to support new product development. ◎ Provide a diverse selection of cloud applications and services. ◎ Continue to expand and develop new business models to create product differentiation and value.
Market Aspect	<ul style="list-style-type: none"> ◎ Current performance and lessons of success shall be replicated for other customers with similar requirements. ◎ Improve technical exchanges with other companies to promote technological development, product applications, and satisfy market requirements. ◎ Actively support new product development to expand upon the existing scope of business. ◎ Actively participate in international exhibits to gain familiarity over the latest developments and trends of the market. 	<ul style="list-style-type: none"> ◎ Identify long-term strategic partnerships with domestic and overseas companies to access market resources on information and technology. ◎ Form strategic alliances with both competing and non-competing companies to improve profitability of core businesses. ◎ Promote competitiveness in response to globalization and to promote strategic alliances with local and overseas companies. ◎ Establish cross-Strait work specialization and continue to expand the overseas market.

2. Market and sales overview

(1) Market analysis

A. Areas of sales (provision) of primary products (services):

a. Retail of daily commodities and food

The scope of business includes the sale of daily commodities, food, shoes, alcohols, tobacco, catering, furniture, and kitchenware.

Sales Performance (by Region) in 2024

Unit: Thousand NT\$

Region	Retail of Daily Commodities and Food	(%)
Taipei, Keelung, Yilan, and Hualien	11,679,397	45.75%
Taoyuan, Hsinchu, and Miaoli	4,621,389	18.11%
Taichung, Changhua, and Nantou	3,727,547	14.60%
Yunlin, Chiayi, and Tainan	2,178,684	8.54%
Kaoshiung and Pingtung	2,574,027	10.08%
Overseas	14,196	0.06%
Subtotal	25,795,240	97.14%
Other Income	729,761	2.86%
Total	25,525,001	100%

b. Life insurance

Headquartered in Taipei City's Neihu District, the Company operates 5 branches across Taiwan in Taipei, Taichung, Chiayi, Tainan, and Kaohsiung, as well as 2 service centers in Zhongli and Changhua, with services covering the entire country. It will continue to deepen its presence in Taiwan's insurance market. Listed on December 18, 2012, it primarily offers protection-oriented and investment-linked products. With a high-quality, high-performance sales team and an exceptional administrative team, it consistently delivers comprehensive products and innovative services, creating long-term value for policyholders, shareholders, and employees while contributing to society and the nation.

The exceptional sales team is the Company's most valuable asset. As of December 2024, the sales force totals 8,611 members, ranking 6th in the industry, with high productivity and strong competitiveness in the central and southern markets. Additionally, the Taoyuan-Hsinchu Division was established in November 2011, and the Chiayi and Tainan Divisions were set up in August 2016, strengthening regional capabilities. Nearly 90% of the sales team holds licenses to sell investment-linked products, and the Company supports team members in obtaining professional certifications such as AFP, CFP, and RFA.

c. Pharmaceuticals

Sales Performance (by Region) of SCI Pharmtech, Inc.

Unit: Thousand NT\$

Year		2023		2024	
		Sales	(%)	Sales	(%)
Business Areas	Europe	636,052	52.82	936,951	61.49
	Americas	183,510	15.24	212,603	13.95
	Asia	246,601	20.48	190,638	12.51
	Others	41,758	3.47	39,016	2.56
	Subtotal	1,107,921	92.01	1,379,208	90.51
Domestic Sales		96,238	7.99	144,530	9.49
Total		1,204,159	100	1,523,738	100

d. Information services

The product sales in the 3 most recent years were primarily achieved in the domestic market. In 2024, domestic sales revenue accounted for 98.95% of total operating revenue, while export revenue accounted for 1.05%, largely from Mainland China and Southeast Asia. If sales regions were defined using product

categories, then sales and services of automated financial services and system integration would be scattered throughout the entire country. Major clients include banks, government agencies, public and private enterprises throughout the country, and other sales systems.

B. Market share

a. Retail of daily commodities and food

According to data from the Ministry of Economic Affairs' Department of Statistics, cumulative retail turnover in 2024 for textiles and apparel, supermarkets, convenience stores, pharmaceuticals and medical supplies, cosmetics, household appliances and goods, other specialty retail, and food and beverage retail reached NT\$352.9 billion, NT\$259.8 billion, NT\$423.5 billion, NT\$213.2 billion, NT\$234.3 billion, NT\$76.1 billion, and NT\$1.0378 trillion, respectively, totaling NT\$2.5976 trillion. Consumer goods and food and beverage retail income in 2024 was NT\$25.5 billion, representing a market share of approximately 0.98%.

b. Life insurance

The Taiwan Insurance Institute's statistics concerning the market shares of domestic life insurance companies' premium incomes showed the Company's market shares in the last two years as follows:

Premium Income and Market Share of Local Insurance Companies

Unit: NT\$100 Million

Year	Total premium income for the life insurance industry	Premium Income	Market share(%)
2023	21,879	1,136	5.19
2024	24,402	1,100	4.51

c. Pharmaceuticals

- The world's leading manufacturers are BZA, Probucol, PF, HCI, PEB.Na, PGA, VA, NaVA, Di-VNa and HOCLQ.
- The Company is a small number of producers of intermediates for controlled drugs, such as Pent-2, NBE, S-2, AL-1, and EPMA.
- Due to limited information, it is difficult to estimate market share of other products.

d. Information services

Statistics from the Banking Bureau of the Financial Supervisory Commission, Executive Yuan, showed that there are currently 33,148 ATMs in Taiwan. ATMs provided by MDS account for 52.1%, making MDS the primary supplier of ATMs in the market. System integration and maintenance services vary significantly by industry, nature, or product type, making it difficult to define a clear market scope or market share.

C. State and growth of market supply and demand

a. Retail of daily commodities and food

The core brand Simple Mart primarily engages in the retail of tobacco, alcohol, and food products, with turnover split roughly equally between household and individual demand. With recent price increases, consumers are expected to cook more at home, driving continued growth in retail business tied to household demand. Furthermore, convenience stores have continued to expand in recent years. In the future, beyond opening new locations in developing metropolitan areas, traditional individually operated grocery stores are expected to transition into chain store formats, benefiting smaller-scale chain supermarkets like Simple Mart and convenience stores in their store expansion.

As the economy grows and industries evolve, the population dining out has surged,

creating significant opportunities in the catering market. The primary customers of fast-food chains are office workers. Western and Asian fast-food brands, including McDonald's, KFC, Pizza Hut, Mos Burger, Yoshinoya, and Formosa Chang, face competition from a growing number of international cuisine providers, such as Japanese ramen, tonkatsu, Vietnamese, and Thai restaurants. Additionally, convenience store chains like 7-Eleven and FamilyMart, which offer seating and fresh food, have emerged as competitors. The rise of takeout and delivery services, combined with e-commerce marketing models, along with increasing transportation and labor costs, has significantly impacted the pricing structure of the catering industry, intensifying market competition.

b. Life insurance

Year	2020	2021	2022	2023	2024
Population (1,000 people)	23,582	23,468	23,265	23,420	23,396
National Income (NT\$ Million)	17,232,544	18,806,943	19,372,225	19,937,565	22,068,751
Number of Effective Contracts (in Thousand)	61,376	61,900	61,904	61,721	61,469
Coverage of Effective Contracts (NT\$ Million)	50,171,227	52,196,193	52,929,660	53,941,117	55,834,822
Total Premium Income (NT\$ Million)	3,163,957	2,971,092	2,334,389	2,187,947	2,440,153
Insurance Coverage (Note)	260.27%	263.76%	266.08%	263.54%	262.73%
Prevalence (Note)	292.14%	277.54%	273.22%	270.55%	253.00%
Premium as a Proportion of National Income	18.36%	15.80%	12.05%	10.97%	11.06%
Economic Growth	3.39%	6.53%	2.45%	1.31%	4.59%

Source:

Population, national income, and economic growth: Directorate-General of Budget, Accounting and Statistics (DGBAS) of the Executive Yuan. Information as of March 7, 2025.

Number and coverage of effective contracts, and total premium income: Taiwan Insurance Institute (TII).

Note: Number and coverage of effective contracts: Only life insurance and annuity insurance were included.

Insurance coverage: Number of effective contracts (only including life insurance and annuity insurance) / Population.

Prevalence: Coverage of effective contracts (only including life insurance and annuity insurance) / National Income.

According to the above table, it can be seen that in terms of growth, the insurance coverage rate in 2024 decreased slightly compared to 2023. It is necessary to continue observing the trend of insurance demand among the population. In addition to traditional products, new investment-linked insurance products as well as principal guaranteed products were constantly developed to supply market demands. The aging population and changing demographics will also lead to a gradual and inevitable increase for medical insurance and home care insurance products. Designing first-rate insurance products whenever appropriate will benefit both the insured and the life insurance companies.

c. Pharmaceuticals

Overall demand for pharmaceuticals will continue to grow given the medical advances and increasing population in emerging countries as well as aging populations and rising medical expenses in developed countries. The compound annual growth rate is estimated at 5% to 8% from 2024 to 2028, and the scale of the global pharmaceutical market is estimated to reach US\$2.3 trillion in 2028. Currently, the biggest market remains North America. API are active chemical components with pharmacological action, and the chemical structure must conform to the pharmacopoeia. Pharmaceuticals are basically composed of APIs and excipients. Operational strategies for this year as well as short-term and mid-term business plans of SCI Pharmtech focus on APIs, key intermediates, and other upstream products of the pharmaceutical industry. SCI Pharmtech will optimize product portfolio, develop new products, expand customer base, and develop extensive partnerships in order to reduce the impact of business fluctuations, achieve better profitability, and improve its position within the sector.

d. Information services

With the rapid development of technology, financial automation equipment has evolved from the past CD, ADM, ATM to RATM, which has greatly met customers' needs for deposit and withdrawal and improved the efficiency of banks' capital operation and management; therefore, the old ATMs that banks need to replace every year and the market demand for new ATMs for locations newly established every year will continue to increase. Furthermore, with the trend of streamlining and automation in domestic banks, the demand for automated equipment continues to increase. In response to this demand, Mercuries Data Systems has been continuously introducing updated and smarter financial equipment, such as biometric identity authentication systems, next-generation paperless smart terminal systems, STM, and TCR. They also assist banks in planning for the future appearance of branches, which is expected to drive another wave of growth.

With the government's efforts toward comprehensive information and actively improving convenient services, it is necessary to have a company like Mercuries Data Systems that can integrate complex software and hardware equipment, information security technology, and provide maintenance services 24/7 throughout the year. Therefore, in recent years, Mercuries Data Systems has been involved in the implementation or integration of large-scale systems in government agencies such as transportation, information and communication, national defense, and power sectors. Mercuries Data Systems has accumulated extensive expertise and technology in these fields, which will enable it to continue participating in the country's major information infrastructure projects and contribute to its limitless future development.

Market suppliers of automated teller machines include NCR, Diebold Nixdorf, OKI and Hyosyng, and our company, Hitachi. Mercuries Data Systems is the sole agent of Hitachi in Taiwan. With 45 years of experience in financial automation services, it is also the main driver behind Hitachi's equipment capturing over 50% market share in Taiwan. As a result, the two parties have a close collaboration and are continuously promoting the development of bank automation.

Participants in large-scale system integration projects not only require good engineering management skills and sound financial planning, but most importantly, they need to possess the Domain Knowhow required for the project. This expertise needs to be accumulated over the long term, resulting in a limited number of competent vendors in the market, with a growing trend towards consolidation. Mercuries Data Systems has extensive experience in large-scale system integration, primarily focusing on areas such as communication, microwave, rail, fire protection, and power. Due to years of dedicated effort, the company has accumulated a significant track record and expertise, resulting in very few competitors. Aiming for total solutions, we offer integrated services to major accounts and continue to grow in the business cycle of installation, warranty, and maintenance.

According to the latest statistics from the Financial Supervisory Commission, as of December 2024, the number of ATMs reached 33,148 across Taiwan, representing an 6.19% growth rate over the past five years and the highest density in the world. To meet the different needs of customers, banks unveiled ATMs with new and larger screens, along with their innovative financial services. Innovative devices for ATMs, including 19-inch multi-touch screens, enabled customers to operate ATMs like smart phones. Bigger than the former model (15-inch screen), this new model was user-friendly with streamlined operating procedures and enhanced ATM functions. It is anticipated that, in post-pandemic Taiwan, there likely will still be ample room for growth as we continue to innovate the ATM's functionality to secure the citizens' preference of using it.

In the field of information technology, system integration refers to the process of linking different information and communication system devices, along with their

software and applications, together to form a unified system. The purpose is to make them functionally or physically appear as a single system. The former includes civil and electromechanical integration projects for the MRT and airports, while the latter includes integrated systems for intelligent solutions such as transportation tolling systems or integration systems for the financial, retail or manufacturing industries. With continued government and corporate investment in information technology infrastructure, as well as the development of trends in cloud services, big data and mobility in technology applications, the size of the market continues to grow steadily.

D. Positive and negative factors affecting competitive niches and long-term development, as well as response strategies

a. Retail of daily commodities and food

(a) Competitive niches

- ① Unlike other supermarkets or convenience stores, we have elected to sell supermarket specifications and pricing products within walking distance of convenience stores to suit the livelihood needs of neighborhoods. One of the Company's key operating elements is commodity selection positioning and business base expansion. The Company's stores are leased to ensure lower operating costs, and we can provide a comprehensive and convenient shopping environment through years of experience in store operations and product selections. Our thorough assessment and planning for business circles, market research, personnel training, target markets, etc., enable the Company to grasp the main consumer groups, create a stable performance, and solidify the market position. Our business model is between large supermarkets and small convenience store chains. We provide consumers with a convenient shopping experience by setting up shops near their homes and offering the goods they require for their livelihood at supermarket rates.
- ② The Company is positioned as a micro-supermarket with fewer commodity items and lower capital expenditures than other supermarkets in the peer industry. We aim to satisfy the community's shopping habits without opening 24 hours. Our moderate threshold for franchised stores also helps the Company to increase the franchise ratio, reduce the pressure of workforce shortage, and expand the business bases.
- ③ The development of stores is one of the keys to business success. All stores are rented, or set up within various market place, so the operating costs are lower. With years of experience and technology, the Company has evaluated and planned shopping districts, market survey, employee training, and target markets in detail to target consumers, achieve outstanding performance, and secure market presence. As the number of stores grows, the Company's procurement bargaining power strengthens, enabling it to offer customers higher-quality, cost-effective products and services.

(b) Positive Factors

- ① With rising health awareness, demand for home cooking continues to grow. Coupled with inflation reducing real personal income, consumers are becoming more cost-conscious, supporting the promotion and sales of affordable, high-quality products. The performances of communication and smart mobile devices have continued to improve and become more popular among people of all ages. Simple Mart's proximity to homes, combined with the fact that it primarily sells basic livelihood commodities, will absorb new business opportunities due to the preceding consuming habit changes and communication tool improvements. We will continue to provide products and services tailored to consumers' needs to achieve new market niches,

such as expanding the categories of imported and private label products, increasing the sales of freshly brewed coffee outlets, and expanding package delivery and pickup services in the outlets. Frozen and fresh products are flexibly imported based on the characteristics of the business district. Consumer adhesion to Simple Mart is increased through continuous product and service optimizations, making Simple Mart the most trusted retail brand for consumers.

- ② Simple Marts are located in the hearts of neighborhoods and closer to home than other supermarkets or supermarkets. Since the end of 2021, Simple Mart has cooperated with Shopee Mall and officially entered the store-to-store package delivery and pickup services field. In addition to directly injecting package delivery and pick-up service fees into income, such services also attract young individuals who rarely purchase at Simple Mart. We will continue to match product promotions and expand different types of e-commerce platforms in the future to seize new online shopping business opportunities, become a new choice for sellers to ship products and consumers to pick up online shopping and complete the last milestone of e-commerce.
- ③ Our catering brands have developed brand awareness and consumer trust, through the current physical channels and online third-party platforms for purchasing and exposure, we are able to reach a more diverse range of consumers and achieve economies of scale, as well as a profitable business model with years of expertise.

(c) Negative factors

- ① Due to changes in labor laws, personnel costs continue to rise; in addition, talent recruitment and training are challenging, which affects the opening of new stores.
- ② High homogeneity and replaceable of products have led to intense competition between different companies.
- ③ In the food and beverage retail sector, the rise of delivery services has significantly increased commission expenses. Changing labor conditions have driven up personnel costs, and recruitment and training challenges hinder new store openings. High operational costs (labor, rent, depreciation) make stores vulnerable to losses during economic downturns, market shifts, or worsening pandemics.

(d) Response strategies

- ① To address labor shortages, the Company continues to invest in recruitment advertising, partnerships with local colleges for internships or cooperative education programs, and participation in public and private recruitment events to attract suitable talent. Beyond resolving staffing issues, the Company is refining employee benefits, adjusting salaries, and using digital tools to enhance learning engagement and efficiency, aiming to improve retention rates. Simultaneously, elevating brand recognition helps shape Simple Mart's image among consumers and employees, supporting future talent acquisition.
- ② In 2024, a strategic partnership with E Ink Holdings Inc. and M2COMM was established, collaborating on electronic paper and system integration to introduce electronic shelf labels across all Simple Mart stores in Taiwan. This positions Simple Mart as the retail channel with the most stores adopting electronic shelf labels, addressing labor shortages, enhancing store staff operational efficiency, and advancing toward the goal of a fully low-carbon, paperless store environment.

- ③ Simple Mart continues to increase its franchise ratio to mitigate the impact of labor shortages on new store openings.
- ④ By introducing internationally recognized products and expanding service offerings, such as increasing frozen food and fresh produce categories, adding freshly brewed coffee sales, and offering parcel pickup and drop-off services, the Company drives higher store visit frequency and improves per-square-meter efficiency.
- ⑤ Through various marketing campaigns, the Company actively attracts new members and offers daily membership discounts to enhance loyalty, increasing member visit frequency and per-customer spending.
- ⑥ Beyond effective market segmentation, the Company focuses on improving service quality by adopting innovative approaches to create differentiation and add value. It carefully selects store locations, explores cost-reduction strategies, strengthens staff training, enhances employee benefits, and reduces turnover.

b. Life insurance

(a) Competitive niches

- ① Established brand awareness and benchmark for new life insurance companies

MLI is committed to offering a full range of products and services with its outstanding sales and administration teams, creating long-lasting value for policyholders, shareholders, and employees, and contributing to society and national development. Continuous improvement is the core ethos of our company. At the 26th Faith, Hope & Love Awards of Insurance in 2024, hosted by the Modern Insurance Education Foundation, we were honored with 14 awards, including the “Best Social Responsibility Award” and the “Best Integrated Communication Award.” The National Brand Yushan Award, organized by the Republic of China National Enterprise Competitiveness Development Association, annually selects outstanding enterprises, products, popular brands, and business leaders based on rigorous standards. At the 21st National Brand Yushan Award, Mercuries Life Insurance Xin Xiang An Cancer Term Health Insurance once again won the “Best Product Award,” showcasing the Company’s exceptional performance in insurance product development and design. This recognition underscores our innovative and steadfast image, establishing us as a model for new life insurance companies.

- ② Goal of stable business growth and achievements

Stable growth and continuous profitability are the goals that the Company strives for. In 2024, MLI’s new contract premium income was NT\$32.2 billion, total premium income was NT\$110 billion, disposable funds were NT\$1,373.2 billion, and total assets were NT\$1,625.1 billion. It is one of the top new life insurance companies whose total assets crossed over NT\$1 trillion in 2017 to become a trillion-dollar company.

- ③ Complete product lines to provide customers with complete protection

The Company continued to pursue innovative and complete insurance products and services, it was the first in the market to launch universal life insurance in 2005, the first Excellent Life Insurance policy in 2008, the first profit-taking mechanism for investment products in 2009, the industry’s first RMB-denominated whole life insurance policy was launched in 2013. In addition, we have won the “Best Product Creativity Award” many times in the

Insurance Trust, Hope and Love Awards from 2007 to 2011 and 2014 to 2024. Our products were also listed in the Smart Wealth Monthly and Modern Insurance, Health and Financial Management Magazine from 2015 to 2017 and 2020. This proves that we use innovative thinking to develop insurance products that meet market demand and aim to become the most valuable life insurance company.

(b) Positive factors

- ①Diversified marketing channels expand both the quantity and quality of customer exposure interfaces for life insurance products.
- ②Loosen restrictions for capital utilization among life insurance companies improve capital utilization rates and competitiveness of the life insurance companies.
- ③Simplified review processes of insurance companies by the competent authorities will expedite the release of new products.
- ④Growing demand for medical and healthcare products and services will lead to potentially high demands for medical insurance as well as home care insurance.
- ⑤Release of new investment-type products will satisfy the requirements of the insured with varying degrees of risk tolerance.
- ⑥The era of the Internet will lead to increases in digital sales and service requirements.
- ⑦Issues caused by aging society and low birth rates will continue, the pension market will become a key focus, increased demand for elderly protection

(c) Negative factors

- ①Liberalization of fees has intensified competition among life insurance companies and increased the burden of operational expenses.
- ②The era of low assumed interest rates and high premiums will lead to increased difficulty in marketing traditional life insurance products.
- ③Competent authorities may establish increasingly stringent regulatory requirements for products.

(d) Response strategies

- ①Improve asset and liability coordination and management to reduce potential financial and sales risks.
- ②Promote diversification of sales channels and expand the sources of sales contact and interfaces.
- ③Release a diverse and comprehensive selection of life insurance products so that the insured could acquire the needed protection within a single purchase.
- ④Uphold the corporate culture and principle of "Commitment and Friendship for Life" to acquire the support of the insured.

c. Pharmaceuticals

(a) Competitive niches

①Professional R&D team

The R&D personnel specializes in chemical synthesis. SCI Pharmtech's R&D team is capable of timely developing the products within the stringent requirements as demanded by the customers, which helps the Company to innovate and capture business opportunities.

②Quality products

The quality of products must meet the requirements of health authorities and customers. As the business success and performance depends on the quality of

products, the Company has strived to improve the quality management system and obtained ISO9001 verification in 2001. APIs and intermediates are produced based on the GMP standards, and products are reviewed and licensed by the Ministry of Health and Welfare, FDA of the U.S., EDQM in Europe, and health authorities in other countries. In 2024, 33 customers conducted audits and were satisfied with the auditing results.

③Advanced production technology and equipment

The Company has laid a solid foundation for establishment of plants, such as API plants. Currently, the plant establishment team is able to add and expand production lines in the most efficient way at any time within the given time limit and cost. With more than 30 years of experience in production research and development, the Company has established operating technologies, such as alkylation, hydrogenation, condensation, Fridel-Crafts, Chapman, and Dieckmann reaction, and developed dozens of products. The solid foundation for technology is beneficial to the development of future business opportunities.

④Adequate cost management

SCI Pharmtech has developed and refined process technologies to achieve competitive costs and has patented some of the technologies in the US and Europe to gain competitive advantages in those markets. Assisted by a complete supply chain, SCI Pharmtech timely meets the customers' demands.

⑤Marketing

Products were mainly exported to Europe, the U.S., Japan, India, and Taiwan. Over the past 30 years, the international business network has been established. The Company worked with international drug manufacturers to develop new drugs, which was highly beneficial to the future development of international markets.

(b) Positive factors

①Aging population and gradually increasing living standards

The world's population is moving toward aging society. Demand for various drugs will continue to increase as the population ages, providing API companies located upstream or mid-stream of the pharmaceutical supply chain with a growing market scale. More and more countries are placing greater importance on healthcare. Governments had enacted policies or legislation to lower and control drug prices and medical expenses, so as to improve the overall medical quality. Such policies and legislation will lead to increased demands for generic drugs. API developers would also continue to search for low cost solutions and collaborate with API producers that could achieve processing quality that complies with international standards. This measure would help future marketing and development efforts within SCI Pharmtech.

②Government focus and consultation

To enhance the quality of active pharmaceutical ingredient (API) supply, governments worldwide have tightened regulations. Both the United States and mainland China have implemented DMF and GMP requirements for APIs, significantly raising the barriers to entry for API manufacturing. Overall, global API manufacturers will inevitably face accelerated consolidation in the future, phasing out smaller firms lacking international competitiveness and leaving enterprises with superior manufacturing standards and economies of scale. Additionally, developing countries (Middle East and Southeast Asia) are implementing pharmaceutical policies to support domestic formulations, which is expected to benefit our API supply.

③Friendly drug review environment of FDA

The FDA provides a supportive drug review environment, fostering the growth of the healthcare industry. With the U.S. FDA continuing to expedite drug approvals, the number of new drugs approved in 2024 reached as high as 50. Meanwhile, the U.S. Trade Agreements Act (TAA) mandates that the U.S. government procures only end products manufactured in the U.S. or designated countries. Taiwan is included in the positive list, indirectly restricting the procurement of APIs from China, India, and other production regions.

④The United States government has proposed the "Biosafety Act."

The U.S. market is a key target for our company's expansion, and we cautiously view the "Biosafety Act" as an opportunity to deepen and expand our presence in the U.S. market over the long term.

(c) Negative factors

①The small scale of API companies in Taiwan and the limited capacity of the domestic market meant that the competitive niche offered in Taiwan could not compare to competitors from Mainland China or India.

②APIs face increasingly stringent requirements, stricter inspections, heightened environmental awareness, rising development and production costs, intensifying industry competition, raw material price increases, and limited room for product price hikes. These challenges will force smaller manufacturers lacking international competitiveness to reduce or halt production. Additionally, global CDMO capacity is currently oversupplied, leading to price wars that depress market prices.

③Large-molecule drugs (proteins, RNA/DNA) are becoming mainstream, reducing opportunities for traditional small-molecule drug development and compressing overall market sales value.

④Growing global political tensions have fueled scientific isolationism, adversely affecting research, medical collaboration, and mobility.

⑤The new U.S. administration has introduced higher tariffs on pharmaceuticals.

(d) Response strategies

①Establish a quality system compliant to international quality standards and select products carefully to segregate the market.

②Work with the original drug developers to enter the patented drug market which offered greater profits.

③Recruit R&D talents around the world and solidify capability in R&D to meet customers' needs.

④The Company should sign the API production contracts with new drug developers to increase long-term cooperation in clinical experiments.

⑤The Company has set up a new business and introduced the advanced Veolia technology to purify and reuse the chemical solvents used in the pharmaceutical process, while promoting the development of a circular economy and reducing the impact of operations on the environment, so as to increase the Company's operating capacity while reducing operating costs.

⑥Continually evaluate the raw materials supply chain and establish alternative suppliers in different countries to avoid the risk of supply chain interruption.

⑦Emphasize the concept of automated and smart factories when planning for new production lines to increase production efficiency.

⑧Communicate with customers proactively and timely on the increase in selling prices to reflect the increase in production costs.

d. Information services

(a) Competitive niches

① A strong corporate image and reputation

Since the installation of the first automated crane in the Bank of Taiwan in 1978, it has been committed to developing the system sales and maintenance of integrated products and solutions such as the bank's automated equipment operation system and the branch counter terminal connection system. In addition to crossing the financial information field, the Mercuries Data Systems has gradually entered the system integration and development of public utility systems such as telecommunications, transportation and education, and, in line with customer needs, has completed the development of application systems such as the servo main trading platform and decentralized mobile monitoring and management in the past 40 years. The Company has extensive technical foundations for the development of ATM software as well as technical competences required for independent design and manufacture of ATMs. These features allow this Company to fulfill the customers' standards and requirements for technical support, product functions, and operational reliability.

② Stable Agent Relationship with Suppliers

In the field of financial automation systems, we primarily represent HITACHI products, and Mercuries Data Systems is the sole agent for HITACHI's financial automation products in Taiwan. For more than forty years, the Company has made significant contributions to the advancement of financial automation. It holds a prominent leadership position in Taiwan's automated teller machines (ATMs) and financial terminal systems. Its ATM recyclers and passbook entry machines have consistently maintained the highest market share in Taiwan.

③ A diverse product portfolio

The information service industry market is becoming increasingly competitive. Traditional hardware and software sales are experiencing declining profits as competitors enter the market and share market share. To counter this, Mercuries Data Systems builds customer loyalty and trust by providing comprehensive solutions and excellent after-sales service. They drive IT product sales through their Total Solution professional services and lead the system integration business with their expertise. Mercuries Data Systems has obtained certifications such as ISO9001:2015, CMMI Level III, and ISO/IEC27001, internationally recognizing their quality control and execution capabilities. They have been recognized for their ability to deliver large systems integration projects.

④ Comprehensive Technical Service Team

Customers are looking for the means of improving efficiency and lowering costs, leading to a growing demands for system integration at increasingly larger scales. Many projects will involve installation throughout Taiwan. A comprehensive service network in various areas (including remote islands) will provide accessible and quick services and improve customer reliance and confidence.

⑤ Excellent Research and Development Team

To improve its software development capabilities, Mercuries Data Systems passed the re-certification for CMMI Level 3 software development capabilities. To standardize the engineering and management activities for

computer software development for the Mercuries Data Systems, so that all software development and maintenance are formulated and executed based on this standard, and during the process improvement, Mercuries Data Systems has integrated the process of investment in Mercuries Soft (Nanjing) Ltd. This integration also contributes to the joint development of software systems across the Taiwan Strait, reduces development time and cost, and enhances customer satisfaction, thus laying a good foundation for its software business in Greater China.

(b) Positive factors

① Competitiveness of Financial Technology Transformation

The replacement of manpower with automated equipment has become the primary strategy for banks to reduce costs, which in turn has increased the demand for automated equipment such as ATM machines and automatic passbook printers. The company has been committed to promoting the evolution of financial technology and accelerating the digital transformation of banks. It has not only introduced various new technologies and models, but also integrated multiple financial systems and automation services to create competitiveness in the financial market.

② System Integration Creating a New Generation

With experience in the planning, design, and implementation of software/hardware integration for national large-scale projects, the nature of government projects can be divided into communication RF, system integration, hardware sales and maintenance, electric power or radio waves, multimedia, etc. The projects cover the National Police Agency, Taiwan Railways Administration MOTC, Directorate General of Highways, National Fire Agency/Fire Department, Coast Guard Administration, and National Chung-Shan Institute of Science & Technology (NCSIST). The completion of the aforementioned large-scale integration projects also strengthens the track record of system integration by Mercuries Data Systems. Moreover, it can compete for subsequent maintenance under the most advantageous conditions, thereby increasing maintenance revenue and creating better profits.

(c) Negative factors

① Development of Electronic Payments and Online Banking

Due to the impact of the pandemic, in order to reduce the risk of infection and maintain a safe social distance, the proportion of mobile payments that can be completed without any physical medium has significantly increased. In addition, the maturity of digital financial technology has improved, driving the popularity and application speed of mobile payments and electronic payments in Taiwan in 2020. The amendment to The Act Governing Electronic Payment Institutions implemented in 2021 has given electronic payment providers a broader business development space and service flexibility, resulting in increasing attention and market competition intensity in the electronic payment industry.

② Long-term Planning for Large-scale Public Projects

System public works, regardless of pre-project preparation, bidding/contracting conditions, bidding evaluation methods, contract contents, negotiation strategies, and even award criteria, must be tailored to each case. As projects become increasingly complex, long-term investment

benefits are easily influenced by economic conditions, environmental regulations, and contractual conditions, deepening the unpredictability of risks. Moreover, due to the longer investment and recovery period, comprehensive financial planning is necessary to reduce financial pressure during the project period and ensure the return on investment.

(d) Response strategies

① Due to the ability of ATMs in convenience stores to replace the need to open branches and improve service quality, as well as the increased exposure of the bank's brand with each installed machine, which deepens customer loyalty and attracts more customers, the market share of financial automation machines has reached a considerable level. The Bank actively invests in online banking and the development of faster and more convenient banking service systems. It is also integrating certain online banking functions into CD/ATMs and continuing to develop differentiated products such as cash deposit machines, extended coin modules for ATM applications, card-less withdrawal using finger vein recognition, and foreign currency exchange machines. These efforts are aimed at enhancing industry competitiveness and seeking long-term cooperative relationships with customers, building mutual trust and fostering growth. In addition, in response to the trend of insufficient manpower in branches, we have introduced Teller Cash Recyclers (TCRs), automatic passbook printing machines, and developed a paperless branch terminal system with automated form filling. By simplifying the workload of branch staff and speeding up the operational process, the number of branch employees has been reduced, gradually moving toward the realm of fully unmanned branches. These applications also represent the transformation and development of Mercuries Data Systems in the post-pandemic era.

② Mercuries Data Systems Ltd. carefully selects and undertakes large-scale public works projects, primarily government contracts. These projects can be categorized into communication RF, system integration, hardware sales and maintenance, radar or radio waves, and multimedia. Through years of collaborative experience, we strengthen project management to constantly monitor project progress and control resources, ensuring timely delivery and quality to meet customer needs. We also require our partner vendors to provide a certain percentage of their sales amount, such as performance bonds and warranty bonds, to mitigate potential risks from the vendors. Furthermore, these engineering projects can generate new construction and optimization cases each year, creating subsequent high-margin maintenance revenue and related business opportunities.

(2) Major uses and production process of the primary products

A. Retail of daily commodities and food

Primary focuses include food services as well as retail sales of daily commodities and food products. In addition to the catering part, which has a central kitchen raw material processing capacity and increases the number of homemade products, all other products are considered finished goods that do not require further processing and therefore will not involve any production process.

B. Life insurance

a. Major uses of the primary products:

The first step was to plan for different types of insurance products. Clients facing potential life or financial risks could use these products to alleviate the burden or financial loss resulting from the said risks if they actually occur.

Type of Insurance	Product Description	Major Use or Function
Personal Life Insurance	A contract where payment is provided upon the death or survival of the insured.	Payments for insurance claims or mitigation of economic losses were provided for the death or survival of the insured.
Personal Health Insurance	A contract where payment is provided if the insured experience any financial loss resulting from disease or medical procedures.	Provide indemnities for the insured for any loss of income or medical expenses incurred as a result of disease or medical procedures.
Personal Accident Insurance	A contract where payment is provided if the insured is involved in an accidental injury that result in bodily harm.	Provide indemnities for the insured for any disability, death, loss of income, or medical expenses incurred as a result of accidental injury.
Personal Pension Insurance	A contract where payments at regular intervals are to be provided to the insured while he or she lives or during other specified periods.	The contract can be divided into the accumulation period and the annuity distribution period. The insured must provide payments during the accumulation period to build the value of the policy. The insured will then start to receive annuity payments (distribution period) after a certain number of years have passed or when the insured reaches a certain age. Such payments help to provide economic protection and quality of life of the insured (annuitant).
Investment Insurance	A contract where the insured invests in a valued investment fund or structural bond with the value of his or her insurance policy. Payments will be provided to the insured according to the contractual terms after the contractual period has been met or when an insurance peril has occurred.	Payments for insurance claims or mitigation of economic losses were provided for the death or survival of the insured. The amount covered will be affected by the performance of the investment made by the insured.
Group Insurance	A contract where a group was regarded as the insured in order to cover the personal safety of every member within the group.	This provides a fair and reasonable distribution of insurance payments and economic loss for members of any group that share common interests to provide economic protection and safeguard the quality of life of the insured.

b. Production process:

- (a)Initial ideas: The Product Development Consultation Committee (PDCC) would reflect gaps in the product portfolio or market trends of the Company to sales supervisors or their representatives in order to revise products currently being marketed or provide a reference for designing new products.
- (b)Evaluating the potential for commercialization : Initial ideas must thoroughly evaluate statutory regulations, product positioning, sales channels, profit analysis, actuarial studies, and re-insurances to determine the feasibility of creating a viable product based upon the idea.
- (c)Submitting results to the internal product evaluation task force meeting to finalize product details: Once product proposals have been finalized, they will be submitted to the internal product evaluation task force meeting for discussion. Necessary revisions would then be carried out to finalize the payment details, product characteristics, and name of the new insurance product.
- (d)Formulating contractual terms and description of the calculations: Contractual terms and calculation descriptions shall be formulated according to relevant laws and product designs, and must be reviewed and approved by qualified members of the actuarial, approval, security, claims, legal, and investment departments as part of the stringent product quality controls.

- (e)Product review and submission to the competent authorities for approval or filing:
The approved product must then be reviewed and ratified by the competent authorities before it may be marketed and sold. For use-and-file products, the product must be submitted to the competent authority for review within 15 working days after the product has been sold.
- (f)Preparation for sales: Before the new insurance product can be released, the sales departments (banking insurance department for banking insurance products, group insurance department for group insurance products, and diverse marketing department for products sold at airports, e-business, or telemarketing) shall hold a product management task force meeting. Meeting agenda will include a review of contractual problems and coordination of activities with various departments.
- (g)Sales preparations (applicable for investment-linked policies connected to overseas structured products): Before investment-linked policies connected to overseas structured product can be sold, a product review task force shall be responsible for holding and recording a product review meeting for the structured product according to the Review Standards for Overseas Structured Products stipulated by the Company. The distributor or general representative of the overseas structured product shall be notified after review and approval. If non-professional investors was commissioned or targeted for sales, the distributor or general representative shall provide a public announcement 2 business days before actual sales in compliance with the relevant regulations.

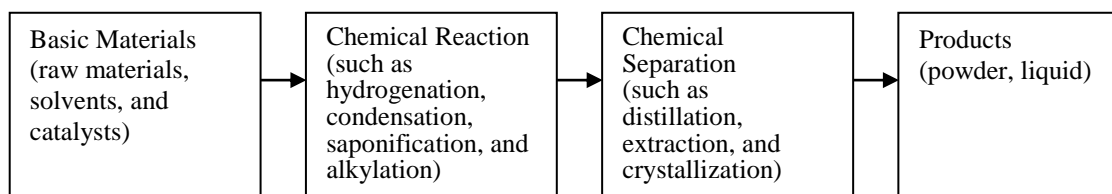
C. Pharmaceuticals

a. Major uses of the primary products:

	Name of Primary Product	Primary Purpose
APIs	VA	Antiepileptic and anticonvulsant
	ProbucoI	Antiatherosclerosis
	Divalproate Sodium	Antiepileptic and anticonvulsant
	Propafenone Hydrochloride	Arrhythmia
	Duloxetine Hydrochloride	Anti-depression
	Allopurinol	Gout
	Clindamycin palmitate HCl	Antibiotics
	Articaine Hydrochloride	Anesthetics
	HOCLQ-Sulfate	Malaria, rheumatoid arthritis, and lupus erythematosus
	Brinzolamide	Glaucoma
	Sodium Valproate	Antiepileptic and anticonvulsant
	Pentobarbital Sodium	Anesthetics
	Methylphenidate HCl	Anti-ADHD
	Biso-FA	High blood pressure and angina pectoris
	Thiopental acid	Anesthetics
	Loxoprofen Sodium Hydrate	Heat-relieving pain relief
	Atomoxetine HCl	ADHD
	Cannabidiol	Epilepsy and multiple sclerosis are rare in children
	Buprenorphine	Acute and Chronic Pain
	Adenine	Leukopenia
	Pimobendan	Heart failure(General medicine for humans and animals)
API Intermediate	Pent-2	Anesthetics
	PGA	Antiparkinson medication
	NBE	Sleeping pills and anesthetics for surgical use
	5-HMT	Anti-AIDS
	BOV	Steroid
	(S)-MMAA	Anti-depression
	HOCLQ	Anti-malaria
	Prop-3	Heart rhythm disintegration
	Thiazole acid	Antitumor agent
	Olivetol	Antiepileptic
	PMDOL	Antiepileptic

b. Production process:

All these products were produced using chemicals available on the market as raw materials. Various chemical processing (such as hydrogenation, alcoholysis, esterification, saponification, and alkylation) were employed to create unrefined products which would then undergo purification (such as distillation, extraction, and crystallization) to create purified products of an acceptable grade. The following describes the production process:



D. Information services

Product Name	Primary Purpose
Automated Financial Services (ATM system)	Automation services for financial institutions such as deposits, withdrawals, printing of passbook entries, and transfers to improve customer service efficiency and quality.
System Integration Services	Provide customized software programming services to build a communication channel between the hardware and user and to provide specialized functions desired by the customer.
Maintenance and Repairs	Provide customers with user support and post-sales services for products sold by Mercuries Data Systems Ltd. (MDS).

Note: According to the industry categories of Taiwan Stock Exchange (TWSE), MDS is considered an IT service provider in this sector and therefore has no production process.

(3) Supply of primary raw materials:

A. Retail of daily commodities and food

There is no shortage in the supply of products in stores. Primary products are daily commodities that are highly interchangeable. The risk of shortage in supply may be reduced by looking for other sources of supply.

There is no shortage in the supply of raw materials for the food service sector (such as flour, meat, cheese, canned goods and frying oil, etc.).

B. Life insurance

Not applicable for the insurance sector.

C. Pharmaceuticals

Raw materials used by SCI Pharmtech are chemicals sold in the market without any risk of supply monopoly. The following table shows the supply of main materials:

Main Material	Name of the Main Supplier	State of Supply
Chemical raw materials	Company AA	Fair enough
Chemical raw materials	Company BB	Fair enough

D. Information services

Name	Main Source	State of Supply
Automated Financial Services, Automatic Teller System (ATM)	Import agent	Normal
System Integration Services	Import agent or local purchase	Normal
Maintenance and Repairs	Local purchase	Normal

(4) A list of any suppliers and customers accounting for 10 percent or more of the Company's total procurement (sales) in either of the 2 most recent fiscal years, the percentage of total procurement (sales), and an explanation of the reason for changes in these figures:

A. Retail of daily commodities and food

a. Primary customers

End consumers for the retail of daily commodities and food would be general customers. No single customer accounted for more than 10% of merchandise sales.

b. Primary goods supplier

Unit: Thousand NT\$

Item	2023				2024				As of Q1 2025			
	Name	Amount	Percentage of Net Purchase for the Year (%)	Relationship with the Issuer	Name	Amount	Percentage of Net Purchase for the Year (%)	Relationship with the Issuer	Name	Amount	Percentage of Net Purchase for the Current Year up to Q1 2025(%)	Relationship with the Issuer
1	Taiwan Tobacco and alcohol	1,642,185	10.64	None	Taiwan Tobacco and alcohol	1,410,322	8.80	None	Taiwan Tobacco and alcohol	330,478	8.42	None
2	Others	13,797,724	89.36	None	Others	14,613,458	91.20	None	Others	3,595,490	91.58	None
	Net Purchase	15,439,909	100		Net Purchase	16,023,780	100		Net Purchase	3,925,968	100	

c. Reason for changes:

The Company operates as a retailer and distributor with extremely distributed purchasing. Given the popular sales of Taiwan Beer and tobacco products, net purchase of these products accounted for over 10% of total purchase throughout the year.

B. Life insurance

MLI has no applicable supplier for analysis. No premium income from any single policy holder accounted for over 10% of total annual premium income.

C. Pharmaceuticals

a. Primary customers

Unit: Thousand NT\$

Item	2023				2024				As of Q1 2025			
	Name	Amount	Percentage of Net Purchase for the Year (%)	Relationship with the Issuer	Name	Amount	Percentage of Net Purchase for the Year (%)	Relationship with the Issuer	Name	Amount	Percentage of Net Purchase for the Current Year up to Q1 2025(%)	Relationship with the Issuer
1	Customer C	305,762	25.39	None	Customer C	274,726	18.03	None	Customer C	74,522	20.06	None
2	Customer W								Customer Z	38,162	10.59	None
3	Others	898,397	74.61	None	Others	1,249,012	81.97	None	Others	247,608	69.35	None
	Net Sales	1,204,159	100		Net Sales	1,523,738	100		Net Sales	360,292	100	

Note: Where sales to the customer exceed 10% of the total sales value in the most recent 2 years, the name, sales value, and proportion of the said sales shall be disclosed. However, contractual terms dictate that the names of such customer or trading counterparty cannot be disclosed if the said customer or trading counterparty is an individual and unrelated party, and may be suitably replaced by codes.

b. Reason for changes: Customer Z is a new customer for the project in the first quarter of 2025.

c. Primary goods supplier

Unit: Thousand NT\$

2023					2024				As of Q1 2025			
Item	Name	Amount	Percentage of Net Purchase for the Year (%)	Relationship with the Issuer	Name	Amount	Percentage of Net Purchase for the Year (%)	Relationship with the Issuer	Name	Amount	Percentage of Net Purchase for the Current Year up to Q1 2025 (%)	Relationship with the Issuer
1	DD	81,921	23.68	None	AA	139,777	30.07	None	BB	21,437	27.24	None
2	AA	48,435	14.00	None	BB	95,174	20.48	None	AA	11,737	14.92	None
3	BB	36,875	10.66	None								
4	Others	178,780	51.66	None	Others	229,843	49.45	None	Others	45,516	57.84	None
	Net Purchase	346,011	100		Net Purchase	464,794	100		Net Purchase	78,690	100	

Note: Where procurement acquired from a supplier exceed 10% of total net procurement for the most recent two years, the name of the said supplier, procurement value, and proportion of the procurement shall be disclosed. However, contractual terms dictate that the name of such a supplier or trading partner cannot be disclosed if the said supplier or trading partner is an individual and unrelated party, and codes may be used to replace the names instead.

d. Reason of change: Reason for change: In 2023, the largest supplier, SCI Pharmtech, Inc., reverted to the original production process for PGA in 2024, eliminating the need to purchase PGA crude, resulting in a decrease in procurement costs.

D. Information services

List of Major Customers for the Most Recent Two Years

Unit: Thousand NT\$

2023					2024				As of Q1 2025			
Item	Name	Amount	Percentage of Net Sales for the Year (%)	Relationship with the Issuer	Name	Amount	Percentage of Net Sales for the Year (%)	Relationship with the Issuer	Name	Amount	Percentage of Net Sales for the Current Year up to Q1 2025(%)	Relationship with the Issuer
1	Customer A	0	-		Customer A	626,663	12.86	None	Customer A	480,131	31.68	None
2	Customer B	0	-		Customer B	487,589	10.01	None	Customer B	321,814	21.23	None
3	Others	3,971,077	100	None	Others	3,759,098	77.13	None	Others	713,625	47.09	None
	Net Sales	3,971,077	100		Net Sales	4,873,350	100		Net Sales	1,515,570	100	

Reason for changes: Based upon business needs.

List of Major Suppliers in the Most Recent Two Years

Unit: Thousand NT\$

2023					2024				As of Q1 2025			
Item	Name	Amount	Percentage of Net Purchase for the Year (%)	Relationship with the Issuer	Name	Amount	Percentage of Net Purchase for the Year (%)	Relationship with the Issuer	Name	Amount	Percentage of Net Purchase for the Current Year up to Q1 2025(%)	Relationship with the Issuer
1	Oracle TaiwanLLC, Taiwan Branch (U.S.A.)	451,667	15.44	None	Motorola Solutions Inc.	1,500,662	32.13	None	Motorola Solutions Inc.	470,022	36.80	None
2									Rohde & Schwarz Asia Pte. Ltd.	201,668	15.79	None
3	Others	2,474,121	84.56	None	Others	3,169,647	67.87	None	Others	605,401	47.41	None
	Net Purchase	2,925,788	100		Net Purchase	4,670,309	100		Net Purchase	1,277,091	100	

Reason for changes: Based upon business needs.

3. Information of employees for the 2 most recent years

Major Invested Company	Year		2023	2024	(Note)
	Item				
Retail of Daily Commodities and Food	Number of Employees	General Employees	4,781	4,910	4,724
		Hourly Employees	5,796	6,144	6,048
		Total	10,577	11,054	10,772
	Average Age		31.66	32.19	32.50
	Average Years of Service		3.37	3.46	3.42
	Education Distribution (%)	PhD	0.04%	0.03%	0.03%
		Master	0.92%	0.90%	1.05%
		University/College	56.22%	54.84%	55.42%
		High School	40.31%	41.42%	40.73%
		Below High School	2.51%	2.81%	2.78%
Life Insurance	Number of Employees	Office Staff	1,818	1,802	1,802
		Field Staff	9,000	8,611	8,480
		Total	10,818	10,413	10,282
	Average Age		40.73	42.99	43.16
	Average Years of Service		11.38	13.29	13.42
	Education Distribution (%)	PhD	0.02%	0.02%	0.02%
		Master	8.11%	8.57%	8.60%
		University/College	71.75%	71.57%	71.52%
		High School	19.72%	19.45%	19.46%
		Below High School	0.40%	0.39%	0.40%
Pharmaceuticals	Number of Employees	Managerial Level or Above	14	14	14
		General Employees	240	257	256
		Total	254	271	270
	Average Age		41.76	42.47	42.56
	Average Years of Service		10.13	10.40	10.68
	Education Distribution (%)	PhD	3.54%	2.95%	2.96%
		Master	16.54%	18.08%	18.52%
		University/College	50.39%	49.45%	49.26%
		Senior or Vocational High School	13.39%	12.92%	12.59%
		Below High School	16.14%	16.60%	16.67%
Information Services	Number of Employees	Sales	111	97	94
		Hardware Services	391	388	388
		Software Services	270	255	258
		Administration	102	108	105
		Total	874	848	845
	Average Age		40.51	41.53	40.83
	Average Years of Service		9.76	10.52	10.63
	Education Distribution (%)	PhD	0%	0%	0%
		Master	7.97%	8.06%	7.67%
		University/College	88.01%	86.76%	85.79%
		High School	3.93%	3.15%	2.95%
		Below High School	0.09%	2.03%	3.59%

Note: For Life Insurance was acquired as of Feb. 28, 2025 ; for Pharmaceuticals, Retail of Daily Commodities & Food, Information Services, information were acquired as of March 31, 2025.

4. Environmental protection expenditure

In the most recent year and up to the printing date of this annual report, the losses incurred due to environmental pollution (including compensation and violation of environmental protection laws and regulations in environmental protection audit results; the date of penalty, the penalty official letter number, the provisions of the regulations, the content of the regulations, and the content of the penalty shall be specified) and the possible amounts estimated for the present and the future as well as response measures shall be disclosed. If it cannot be reasonably estimated, the reason that it cannot be reasonably estimated shall be specified.

A. Retail of daily commodities and food

a. The Company has environmental pollution concerns in retail of daily commodities; thus, no expenses was incurred in environmental protection. All wastewater, garbage, and air pollution generated have undergone anti-contamination treatments. A subcontracting fee amounting to NT\$9,098 thousand was paid to the service provider to handle wastes produced from business.

b. Losses incurred for environmental pollution:

Unit: NTD

Date	Penalty Fine No.	Regulation Violated	Description of the Violation	Disposition
2024/1/17	41-113-010663	Paragraph 11, Article 27 of the Waste Disposal Act	Due to a dengue fever case among nearby residents, we were required to spray disinfectant. During the process, standing water was found on the rooftop, resulting in a fine for water accumulation under a cooling tower.	Per Article 50, Subparagraph 3 of the Waste Disposal Act, a fine of NT\$1,200 was imposed.
2024/5/13	41-113-05118	Paragraph 2, Article 27 of the Waste Disposal Act	Store wastewater was discharged into a stormwater drain when it should have been directed to a sewage drain.	Fined pursuant to Article 50, Subparagraph 3 of the Waste Disposal Act. A fine of NT\$2,400 was imposed.
2024/11/13	41-113-100024	Clause 1, Paragraph 1, Article 31 of the Waste Disposal Act	The Toufen store operated without an approved industrial waste disposal plan from the competent authority.	Per Article 52 and Article 63-1, Subparagraph 1 of the Waste Disposal Act, and the penalty criteria for violations, a fine of NT\$12,000 was imposed.
2024/11/13	40-113-110033	Paragraph 2, Article 27 of the Waste Disposal Act	Garbage was placed on the sidewalk, reported by the public.	Per Article 50, Subparagraph 3 of the Waste Disposal Act, a fine of NT\$2,400 was imposed.
2024/11/19	40-113-100052	Clause 1, Paragraph 1, Article 31 of the Waste Disposal Act	The Miaoli Carrefour store operated without an approved industrial waste disposal plan from the competent authority.	Per Article 52 and Article 63-1, Subparagraph 1 of the Waste Disposal Act, and the penalty criteria for violations, a fine of NT\$12,000 was imposed.

c. Response/solution (including remedial measures) and potential costs:

To maintain store sanitation, the personnel involved have been required to conduct tighter inspections and regular cleanup of the premises and to have regular checkup on the wastewater and sewage flows, and contracts have been entered into with the waste disposal companies for regular waste removal services, so further citations for environmental pollution can be avoided.

B. Life insurance

- a. There was no compensation or penalty for losses caused by environment pollution.
- b. In the selection of suppliers, We evaluate suppliers based on their integrity, commitment to ESG principles, environmental and social responsibility, absence of environmental pollution, adherence to international human rights, protection of labor rights, compliance with labor laws, and transparency in corporate governance. Only those meeting these criteria qualify as long-term suppliers. Suppliers failing to meet our evaluation standards cannot be prioritized for collaboration and must wait until the following year after improvements to reapply. This reflects our commitment to holding suppliers accountable. When signing contracts, we require suppliers to sign an “Integrity and Ethics Commitment.” Any violation of our supplier selection principles or dishonest behavior will result in immediate contract termination, ensuring selected suppliers align with our goal of sustainable development and work together toward a better future.
- c. We systematically replace outdated, high-energy-consumption equipment annually to reduce carbon emissions while purchasing low-impact, recyclable, resource-efficient, and low-pollution products. Investments in energy-saving and eco-friendly equipment totaled NT\$45.6 million.
- d. In 2024, the cost of purchasing energy-saving equipment reached approximately NT\$22.64 million, which was for the gradual replacement of energy-saving lamps and air-conditioning equipment. The investment in replacing energy-saving lamps was approximately NT\$2.28 million, which can save more than NT\$580,000 in electricity bills each year and reduce carbon emissions by approximately 84 metric tons CO₂e/year; the purchase of energy-saving air-conditioning equipment throughout the year was approximately NT\$20.36 million. Replacing old high-energy-consuming equipment can improve electricity efficiency, save electricity bills and reduce carbon emissions. In 2024, the scope of green procurement projects was expanded, with a total of NT\$22.64 million for the whole year, an increase of approximately NT\$8.43 million from NT\$14.21 million in 2023. The projects were also expanded from information products to other projects. In addition to NT\$12 million in personal computers, there were also NT\$3.31 million in environmentally friendly building materials, NT\$2.76 million in energy-saving air conditioners and refrigerators, etc. Prioritizing the purchase of green and environmentally friendly equipment is the direction we will work harder in, and we also expect to have continuous growth every year.

C. Pharmaceuticals

- a. SCI Pharmtech is a professional API manufacturer and focuses greatly on environmental protection. Waste reduction processing would be considered as early as the process development phase. All controlled chemical ingredients, unless required, would be avoided in order to reduce the potential sources of pollution. Disposal of any waste generated during production would be undertaken by processing equipment and professional personnel, or subcontracted to professional waste management agencies. The following describes the details of waste management:
 - (a) Status on applications for setup permits for polluting facilities or pollution release permits

(aa) Wastewater treatment

Part of the waste generated in the production process was processed by an in-house wastewater treatment system operated by specialty personnel, and once processed past the regulatory standard, the effluent would then be released to the water cycle outside the factory. SCI Pharmtech has obtained a wastewater/sewage release permit from the Taoyuan County government, numbered "Fu-Huan-Shui-Tzu No. 1090199881, Tao-Hsien-Huan-Pai-Hsu-Tzu No. H0558-07," effective from Aug. 11, 2020, to Aug. 10, 2025. SCI Pharmtech has also laid underground wastewater pipelines so that the wastewater would not contaminate the irrigation ditches for the farmlands.

(bb) Exhaust gas treatment

Fixed source of pollution	Permit No./ Valid date	Validity period
Pharmaceutical production/general production process M01	Fu-Huan-Kong-Tzu No.1130000585, permit number for operations: H6175-02	2024.1.4-2029.1.3
Boiler and steam generating processes M02	Fu-Huan-Kong-Tzu No.1120071733, permit number for operations: H4714-06	2023.6.12-2028.6.11
Pharmaceutical production/general production process M04	Fu-Huan-Kong-Tzu No.1130161698, permit number for operations: H7365-00	2024.6.13-2029.6.12

(cc) Waste solvent handling

- ①The Company has established solvent distillation and recycling towers in order to recover as much organic solvent as possible from the various processes for recycling and reuse. The treatment of un-recyclable waste was subcontracted to qualified and professional agencies.
- ②The Company has set up a new business and introduced the advanced Veolia technology to purify and reuse the chemical solvents used in the pharmaceutical process, while promoting the development of a circular economy and reducing the impact of operations on the environment, so as to increase the Company's operating capacity while reducing operating costs.

(dd) General waste

Treatment of general wastes produced during the production process was subcontracted to qualified professional agencies for regular handling.

(b)Payment of pollution prevention fees

In 2024, fees paid totaled NT\$420 thousand, the subcontracting processing expenses amounted to NT\$74.11 million, and the internal self-processing expenses amounted to NT\$31.41million.

(c)Conditions for setting up dedicated units for environmental protection

A total of 12 employees were assigned to the environmental protection department.

Item	Description
Air Pollution Control Specialists	Class A Air Pollution Control Specialist (85) EPA Training Permit No. FA090525 Class B Air Pollution Control Specialist (92) EPA Training Permit No. FB010012 Class B Air Pollution Control Specialist (98) EPA Training Permit No. FB080462 Class B Air Pollution Control Specialist (98) EPA Training Permit No. FB020221
Wastewater And Sewage Treatment Specialists	Class A Wastewater And Sewage Treatment Specialist (85) EPA Training Permit No. GA120070 Class A Wastewater And Sewage Treatment Specialist (92) EPA Training Permit No. GA060315 Class A Wastewater And Sewage Treatment Specialist (94) EPA Training Permit No. GA060315 Class A Wastewater And Sewage Treatment Specialist (100) EPA Training Permit No. GA450783 Class A Wastewater And Sewage Treatment Specialist (112) EPA Training Permit No. GA010524 Class B Wastewater And Sewage Treatment Specialist (106) EPA Training Permit No. GB210745 Class B Wastewater And Sewage Treatment Specialist (111) EPA Training Permit No. GB060553
Toxic Chemical Control Specialists	Class B Permit for the Professional and Technical Control of Toxic Chemicals (89) Huan-Shu-Hsun-Cheng-Tzu (EPA Training Permit) No. JB280970 Professional Technical Manager for Class A Toxic and Concerned Chemical Substances (2024) Environmental Department Certification No. JA030064
Waste Processing Specialist	Class A Waste Disposal Technician (92) Huan-Shu-Hsun-Cheng-Tzu (EPA Training Permit) No. HA020737 Class A Waste Disposal Technician (94) Huan-Shu-Hsun-Cheng-Tzu (EPA Training Permit) No. HA170156 Class A Waste Disposal Technician (101) Huan-Shu-Hsun-Cheng-Tzu (EPA Training Permit) No. HA260997 Class A Waste Disposal Technician (109) Huan-Shu-Hsun-Cheng-Tzu (EPA Training Permit) No. HA500397 Class A Waste Disposal Technician (112) Huan-Shu-Hsun-Cheng-Tzu (EPA Training Permit) No. HA271123

- b. Total losses (including fines) caused by environmental pollution for the most recent fiscal year up to the printing date of this annual report: None.
- c. Possible disbursements for future responsive measures (including corrective measures):
 - (a) SCI Pharmtech attaches great importance to environmental protection and has invested no small efforts in the setup of pollution prevention facilities, employee training programs for improving awareness for environmental protection, active provision of on-job training, and development of waste reduction processes for the purposes of preventing environmental protection issues.
 - (b) SCI Pharmtech has made relevant preparations as the government established stronger controls for various sources of pollution. We are technically capable of fulfilling these requirements, and provided the needed budgetary allocations to setup relevant equipment.
 - (c) Environmental protection expenses have always been part of operational costs and were adequately reflected in product sales prices.
 - (d) Seek support from external research institutions and adopt advanced treatment equipment to improve waste treatment capabilities at lower costs.
 - (e) Use equipment that consumes clean energies to reduce the impact and effects upon the environmental and business aspect of the pollution.
 - (f) The Company has set up a new business and introduced the advanced Veolia technology to purify and reuse the chemical solvents used in the pharmaceutical process, while promoting the development of a circular economy and reducing the impact of operations on the environment, so as to increase the Company's operating capacity while reducing operating costs.
 - (g) Potential current and future losses: NT\$0.

- d. Response to RoHS: Products are not affected by the Restrictions of Hazardous Substances Directive (RoHS) of the EU.

D. Information services

MDS engages in product testing, installation, and sales and would not generate any pollution or disrupt the ecological environment. Proper environmental protection has been enforced, resulting in zero pollution or pollution prevention issues. Products sold to Europe would not be within the scope of the RoHS regulations.

5. Labor relations

- A. Employee benefits, continuing education, training, and retirement systems and the implementation situations, employer-employee agreements, and measures taken to safeguard employees' interests:
 - a. Each company have established the Employee Welfare Committee to stipulate adequate employee welfare plans as well as provision of bonuses for marriage, funerals, childbirth, and other personal celebrations. Each company also holds occasional tours, vacations, and various cultural and welfare events. Annual year-end bonuses and employee bonuses are released according to overall business performance.
 - b. Each company should continue to promote preliminary training for newly hired staff and continuing training for employees to strengthen their professional competences and management skills. Actual requirements were reviewed to dispatch employees to attend professional training courses, so as to acquire the latest information. In 2014, the total number of employees who participated in pre-employment training, internal and external training was 177,636, total training expenses amounted to NT\$22,367 thousand. The number of life insurance personnel who received the employment examination assistance in 2024 was 216, the subsidy amount total was NT\$2,420 thousand.
 - c. Regulations governing employee retirement have been stipulated according to the Labor Standards Act. A fraction of the total monthly salary would be set aside for the retirement reserve fund. This sum would be deposited in the Department of Trusts of the Bank of Taiwan to gain interest, while retirement pensions would also be transferred to the employees' personal bank accounts on a monthly basis according to the Labor Pension Act.
 - d. Each company, as required, establishes an Occupational Safety and Health Committee, holding meetings every 3 months. Representatives from labor, management, and safety discuss workplace conditions in accordance with the occupational disaster management plan, conduct follow-up improvements, continuously enhance employee safety and workplace protections, care for employees' physical and mental health, uphold workplace gender equality, promote gender equality, and fulfill corporate social responsibilities. Each subsidiary also employed, as necessary, on-site specialty physicians to serve the employees. The nurses regularly scheduled employees, drivers, middle-aged or senior employees, employees with high cardiovascular risk or who were pregnant, and female employees within one year of giving birth, with priority given in the reverse order, for consultation. Employees could also request appointments for physical or mental health in-person consultations.
 - e. Each company has established the working rules, regulations for rewards and disciplinary actions, and regulations for sexual harassment prevention according to the regulations and needs to urge all employees to follow the business ethics and conduct. The life insurance business has also established the code of conduct and ethics to urge all employees to follow the business ethics and conduct.
 - f. Each company provides labor insurance and health insurance for employees according to the regulations and needs; in addition, group insurance, annuity insurance, and mortgages are also offered.

- g. The Company publishes policies and communicates with employees openly, and convenes management and labor councils on schedule to maintain harmonious management-union relation; therefore, no labor dispute has ever occurred.
- h. Implementation situations: In 2024, employee benefits, continuing education, training, and retirement systems were well implemented according to the regulations.
- B. In the most recent year and up to the printing date of this annual report, the losses incurred due to labor disputes (including violations of the Labor Standards Act in labor inspection results; the date of penalty, the penalty official letter number, the provisions of the regulations, the content of the regulations, and the content of the penalty shall be specified) and the possible amounts estimated for the present and the future as well as response measures shall be disclosed.

a. Retail of daily commodities and food

(a) Loss incurred as a result of labor disputes in the most recent year:

Disposition date	Disposition order number	Regulation violated	Description of the Violation	Disposition
2024.01.14	Taiwan Taipei District Court Labor Court	Violation of Article 10-1 and 11 of the Labor Standards Act	Payment of severance pay and other events	Settlement payment of NT\$45,500
2024.02.23	Fu-Lao-Zi-Zi No. 1133931002	Labor Standards Act Article 32, Paragraph 2	Employee Overtime Work	NT\$20,000 fine
2024.04.03	Bei-Shi-Lao-Jiu-Zi No. 11261024941	Gender Equality in Employment Act Article 21, Paragraph 2, Article 38, Paragraphs 1 and 2	Non-compliance with parental leave procedures	NT\$100,000 fine
2024.06.27	Nan-Shi-Lao-An-Zi No. 1130885519	Labor Standards Act Article 22, Paragraph 2, Article 79, Paragraph 1, Subparagraph 1	Wage deductions for uniforms resulting in non-full direct payment to employees	NT\$50,000 fine
2024.07.11	Fu-She-Lao-Zi No. 1131550539	Labor Standards Act Article 24, Paragraph 2; Article 79, Paragraph 1, Subparagraph 1	Wages for extended work hours on regular workdays	NT\$50,000 fine
2024.07.12	Fu-Lao-Jian-Zi No. 1130187065	Labor Standards Act Article 30, Paragraph 6	Failure to record employees' daily attendance down to the minute	NT\$20,000 fine
2024.09.11	Hsin-Bei-Fu-Lao-Jian-Zi No. 1134659537	Labor Standards Act Article 30, Paragraph 6	Attendance records not recorded daily down to the minute as required	NT\$40,000 fine
2024.11.04	Fu-Lao-Jian-Zi No. 1130305088	Labor Standards Act Article 35	Employers requiring employees to work continuously for 4 hours without at least 30 minutes of rest, with no exceptions as per Article 35	NT\$50,000 fine
2025.02.17	Fu-Lao-Jian-Zi No. 1140038406	Labor Standards Act Article 24, Paragraph 2; Article 79, Paragraph 1, Subparagraph 1	Failure to pay wages for extended work hours on regular workdays as required	NT\$50,000 fine
2025.02.17	Fu-Lao-Jian-Zi No. 11400384061	Labor Standards Act Article 32, Paragraph 2; Article 79, Paragraph 1, Subparagraph 1	Employee Overtime Work	NT\$50,000 fine

(b) Potential current and future losses: Within NT\$100,000.

(c) Response measures: Managers are requested to inform employees that overtime and scheduling must follow relevant procedures to protect their work rights. Starting from August 2024, uniform fees for new employees are no longer deducted from salaries..

b. Life insurance

(a) Loss incurred as a result of labor disputes in the most recent year.

Unit: NT\$ thousand

Item	2024	As of the February 28 in 2025
(1) Labor disputes (cases)	11	11
(2) Incurred loss amount	5,078	30
(3) Estimated potential loss in the future	1,538	2,233
(4) Response measures by the Company	Seven labor disputes were settled, answers are being filed for four cases.	Two labor disputes were settled, answers are being filed for seven cases.

(b) Violation of the Labor Standards Act in labor inspection:

Wages are paid in full based on the agreed salary items and calculation methods in employment contracts. However, due to concerns over non-full wage payments caused by allowance adjustments, penalties were imposed. The allowance adjustment method was discontinued in September 2023 to comply with legal requirements, and no similar issues have resulted in penalties in 2024.

c. Pharmaceuticals

(a) Violation of the Labor Standards Act in labor inspection : None.

(b) The Company always attaches great importance to employee benefits, two-way communication, and compliance with relevant laws and regulations; therefore, the labor-management relations are quite harmonious. Since the incorporation of the Company, there has been no labor dispute resulting in any loss. In the future, the Company will continue to improve labor-management communication and do its best to provide employee benefits properly to enhance the harmony of labor-management relations.

(c) Potential current and future losses: NT\$0.

(d) Response measures: N/A.

d. Information services

There was no loss incurred due to labor disputes; the Company will continue to take care of employees and share benefits, while fully communicating with employees in order to maintain the currently positive labor-management relations.

C. Employee personal safety, health, and workplace protection measures and their implementation:

Each company, as required, establishes an Occupational Safety and Health Committee to assess workplace risks for employees and develop effective measures to mitigate risks. In addition to passing regular public safety inspections annually, companies purchase public liability insurance and enhance group insurance for employees. Periodic health checkups are arranged for employees, and employee welfare committees provide benefits such as injury compensation. Implementation details are as follows:

a. The catering and retail industry has taken the lead in adopting ISO 45001: Occupational Health and Safety Management System. By selecting seed personnel to serve as safety and health representatives, enhancing employee safety awareness and capabilities through training, and ensuring system effectiveness through internal and external audits, the

PDCA cycle management is implemented. In 2022, the first ISO 45001 certification was obtained from a third-party organization, with recertification completed in December 2024. In 2024, the number of central kitchen personnel trained for occupational safety and health certifications is as follows:

Certification Type	Initial Training Attendees	Refresher Training Attendees	Refresher Frequency
Occupational Safety and Health Management Personnel	1	0	12 hours every 2 years
Class C Occupational Safety and Health Supervisor	1	1	6 hours every 2 years
Specific Chemical Substances Operation Supervisor	0	1	6 hours every 3 years
Forklift Operator	7	3	3 hours every 3 years
Fire Prevention Manager	1	2	6 hours every 3 years

- b. Occupational safety and health certification training for daily necessities and catering retail industries, with a total training expense of approximately NT\$807,000 :

Certification Type	Initial Training Attendees	Refresher Training Attendees	Refresher Frequency
Class C Occupational Safety and Health Supervisor	67	169	6 hours every 2 years
Paramedic	55	158	3 hours every 3 years

- c. Internal workplace safety and health education training for daily necessities and catering retail industries is as follows:

Course Name		Sessions	Attendees	Total Hours
General Safety and Health Education Training	In-person Courses	908	7,005	49,321
	Online Course		1,538	2,544
Regional Supervisor/Manager Safety and Health Briefing		26	26	50
Store Manager and Assistant Manager Safety and Health Briefing		12	355	355
Fire Prevention and Response		29	1,256	2,038.5
Workplace Health Promotion Course		21	462	495

- d. Safety and workplace protection measures for employees in stores, central kitchens, and logistics for daily necessities and catering retail industries are identified through hazard identification and risk assessment forms. Hardware: Emergency evacuation route maps are prominently displayed in work areas, and alarm systems, fire extinguishers, and escape equipment are installed. Disaster prevention measures include:
- (a) Smoking is strictly prohibited in indoor offices, electrical rooms, central kitchens, logistics warehouses, stores, or areas with hazardous materials, and open flames are not permitted without authorization.
 - (b) Fire and electrical equipment must be inspected before use to ensure no flammable materials are nearby. After use, they must be stored in appropriate safe locations.
 - (c) Safety doors must remain closed and unlocked to prevent fire spread, and no items should obstruct their closure.
 - (d) Emergency exits, corridors, stairwells, and safety doors must remain clear of items to avoid hindering evacuation.
- e. The catering retail industry launched free after-work exercise classes in 2023, to encourage employees to prioritize health. Employees from different companies can

participate starting in 2024. The courses are diverse, including strength training, aerobic or interval training, and equipment-assisted fitness. Approximately 24 exercise classes are offered each quarter, with 20 spots per class and a quarterly expenditure expense of about NT\$60,000.

f. Workplace health care for daily necessities and catering retail industries is as follows:

Item	Description
On-Site Physician Services	1–2 times/month, totaling 39 sessions. 610 consultations
Medical Room Utilization and Consultations	A total of 100 consultations were provided for categories such as abnormal health checkup results, maternal health care (for pregnant and postpartum employees), physical discomfort, and assistance with dressing cuts and abrasions, accidental cuts, falls or bruises, dizziness, fever, and postoperative wound care. All cases received wound assessment, disinfection, dressing changes, health education, and ongoing care.
Health Checkup Anomaly Tracking and Management Measures	Health checkup classification: 303 employees at levels 3 and 4. Follow-up management: On-site physicians and occupational nurses conduct phone follow-ups to provide disease-related health education; employees requiring further tracking are arranged for consultations with on-site physicians or recommended for outpatient follow-up re-examinations, with improvements implemented based on physician advice, along with relevant medical guidance and health education. Ongoing health tracking every 3 to 6 months.
Overload Survey	Level 2: 159 employees. On-site physicians or occupational nurses provide health education guidance and regular follow-ups. For employees recommended for psychological counseling by physicians, the Company assists in referrals to partnered counseling services.
Maternal Health Protection Plan	This year, 119 employees were under the maternal health protection period, with 117 completing health assessments, all classified as level 1 management. Based on each employee's condition, occupational nurses monitor prenatal and postpartum health, arrange physician consultations, and provide appropriate health guidance and work recommendations. Two employees declined consultations. For maternal employees, physician consultations are arranged to monitor conditions during pregnancy and postpartum, with reminders to avoid prolonged standing, heavy lifting, and other precautions.
Prevention of Musculoskeletal Disorders from Repetitive Tasks	Using a musculoskeletal symptom survey, 161 employees scored 3 for discomfort this year. They were arranged for physician consultations or received health education via phone, with ongoing care and tracking.
Annual Health Checkups	A total of 3,242 people participated, with an investment of approximately NT\$2.465 million.

- g. The 2024 Simple Mart Cup Sports Event for the catering retail industry was held on October 26 at Zhunan Sports Park, with 409 employees participating.
- h. In alignment with the group's sustainable operations plan, Simple Mart Retail Co., Ltd. held the Simple Mart Cup Charity Run on November 30, 2024, with a total of 2,538 participants, including group employees.
- i. For non-employees whose workplaces are controlled by the Company or its subsidiaries, such as subcontractors or contractors, the "Contractor Management Regulations" and related provisions require them to provide proof of occupational safety and health training for workers entering the site, as well as certifications for qualified occupational safety and health personnel or special operation personnel during the contract signing stage. Hazard

notifications are provided before work begins, detailing potential environmental hazards in the workplace.

- j. For new hires in the life insurance industry, a 3-hour online course is arranged, along with participation in in-person training sessions, where occupational safety and health education is provided to familiarize new employees with the Company's labor safety measures and health education services. Additionally, an occupational safety and health section is available in the Company's automated office system, providing all employees with the "Safety and Health Work Guidelines" and periodically updating information on occupational safety and health education. In 2024, to continuously improve workplace safety, health, and related measures, over NT\$5.3 million was invested.
- k. The life insurance industry employs occupational health service personnel to provide health guidance and health checkup services exceeding regulatory requirements. Four major health plans are formulated and implemented, particularly providing fresh milk or soy milk weekly to female employees during pregnancy or within 1 year postpartum and setting up breastfeeding/pumping rooms for employees in need. On-site physician services are organized, with nurses evaluating employees' health checkup results. They assist and continuously follow up with medium- and high-risk employees.
- l. The life insurance industry provides a gym with professional equipment available for use after work or during breaks, helping employees balance work and life. Automated External Defibrillators (AEDs) are installed in office buildings and customer service counters, with security personnel deployed to ensure the safety of employees and visitors. Through comprehensive prevention and emergency response capabilities, critical rescue moments are seized to reduce occupational risks and create a safe, healthy work environment.
- m. The pharmaceutical industry is a chemical industry. In the manufacturing process, failure to follow standard operating procedures may cause employees' personal injury; therefore, the following measures are taken to safeguard the personal safety of employees:
 - (a) Conduct preventive maintenance every month.
 - (b) Carry out hazard awareness training for new employees.
 - (c) Write up SOPs and strictly require employees and contractors to follow.
 - (d) Require employees to wear protective devices, such as goggles, safety shoes, and safety helmets.
 - (e) Set up emergency rescue devices, such as eye wash devices and AED.
 - (f) Conduct industrial safety training every half a year.
 - (g) Promote environmental protection, safety, and health.
 - (h) Organize the employee health examination in the middle of every year and arrange special examinations for employees working in special operations.
 - (i) Hold an environmental safety meeting every two weeks to review deficiencies found in the environmental safety and health inspections.
 - (j) Organize a meeting of the Occupational Safety and Health Committee every quarter to assess the risks of occupational safety and health.
 - (k) Conduct the survey of musculoskeletal symptoms, personal overwork scale, and survey of violence and risk assessment every two years.
 - (l) Encourage employees to provide recommendations for improvement through the environmental feedback form.
 - (m) The were pedestrian passes laid out in each factory to separate pedestrians from vehicle traffic.
 - (n) Implementation status: In 2024, all the above-mentioned measures were taken in accordance with the regulations.

- n. Other employee safety and health measures in the pharmaceutical industry include:
 - (a) Promoting physical and mental health (e.g., health checkups, hosting health seminars, establishing indoor sports facilities).
 - (b) Providing a gender-friendly environment: setting up breastfeeding rooms, offering maternity leave, paternity leave, and parental leave, and formulating a “Maternal Health Protection Plan” to address employees’ physical and mental needs. In 2024, six employees applied for parental leave.
 - (c) Anti-sexual harassment policy: Establishing regulations for the prevention, reporting, and disciplinary actions related to sexual harassment, with a dedicated committee to prevent workplace safety and harassment incidents and uphold gender equality and personal dignity. In 2024, no employee complaints regarding sexual harassment were received.
- o. Employee safety and health measures in the information services industry include:
 - (a) Establish 4 major occupational health protection plans (maternal health protection, ergonomic hazard prevention, prevention of diseases caused by excessive workload, and protection from unlawful harm during duties), available on the Company intranet and publicly announced.
 - (b) A physician contracted under regulations to provide occupational health services conducts on-site health services at the company. One occupational health nurse is dedicated to managing employee health classification, consultations, and organizing health promotion activities, with a total of 144 health consultations and care sessions provided throughout the year.
 - (c) Long-term emphasis on employee workplace safety and health includes outsourcing workplace environmental monitoring twice annually at office premises and organizing employee health checkups every two years.
 - (d) During the year, general safety and health education training was conducted, with 788 employees trained. Occupational safety and health personnel, first-aid personnel, and others participated in mandatory on-the-job training as required.
 - (e) In accordance with occupational safety and health regulations and guidance from competent authorities, the company completed the implementation of an Occupational Safety and Health Management System in 2022. Following internal audits and cross-audits in 2023 and 2024, the system is scheduled for its first ISO 45001 Occupational Safety and Health Management System certification by a third-party organization in the first half of 2025.
 - (f) Establish a dedicated breastfeeding/pumping room, which proactively participated in the Taipei City Health Bureau’s Breastfeeding Room Certification in 2023, receiving an “Excellent” rating (valid from September 1, 2023, to August 31, 2026).
 - (g) Prohibit any instances of sexual harassment in the workplace.

6. Information Security Management

A. Describe the information security management frameworks, policies, specific management plans, and resources invested in information security management.

a. Information security management structure:

To strengthen the information security management of our company and ensure the security of personal data, core systems, and networks, we have established the Information Security Office as a dedicated unit responsible for information security. This office includes a Chief Information Security Officer, a dedicated information security manager, and at least two information security officers, who are responsible for the planning and execution of information security affairs.

b. Information security management policy:

In order to maintain the normal and secure operation of our information systems, and to provide reliable information services, we ensure the confidentiality, integrity, availability, and legality of the information, as well as compliance with relevant regulations. We aim to reduce operational risks, protect information assets from internal and external threats, and maintain the security of data, systems, equipment, and networks. We align our information service objectives with our operational strategies, and assist in achieving these strategies based on the implementation of information security goals. This is to safeguard the interests of the company and ensure the sustainable operation of all information systems. The relevant policies are as follows:

- (a) Regularly assess relevant laws and regulations and operational requirements, conduct asset risk assessments, confirm information operation security requirements, establish standard operating procedures, and implement appropriate information security controls.
- (b) Regularly conduct information security audit operations to assess the implementation of the information security management system.
- (c) Establish an information security incident management process to ensure proper response, control, and handling of incidents.
- (d) Develop and regularly practice a business continuity plan to ensure the timely recovery of critical operations in the event of a disaster.
- (e) Employees receive information security education and training as well as awareness campaigns in accordance with regulations to enhance information security awareness.
- (f) Recognition should be given to personnel who have made significant contributions to the conduct of information and communications security operations.
- (g) Violations of this policy and related information security regulations will result in disciplinary action in accordance with the Company's disciplinary procedures, and violations of laws and regulations will result in civil and criminal liability in accordance with applicable laws.

c. Information Security Risk Management and Control Mechanism:

The Company has established the "Information Assets and Risk Assessment Management Guidelines" to inventory information assets, conduct risk assessments, and implement risk management for core business systems at risk. Regular vulnerability scanning, penetration testing, and other security reviews are conducted to identify and remediate vulnerabilities. Risk control and continuous improvement measures reduce the threat of intrusion by hacking groups and human error, ensuring a secure environment for the protection of consumers' personal data and sensitive business information.

d. Specific information security management plan

(a) Network Security Planning

① The computer network is designed as internal, DMZ, and external network segments separated by a firewall.

② The internal network segment is completely isolated from the outside world, and the external network segment is not permitted to directly access the internal network segment. Access to the internal network segment from the DMZ area

network segment is restricted to a single point-to-point communication protocol (through the firewall) connection.

③The network segment of the DMZ area must clearly define the communication protocols (such as HTTP and FTP) that are permitted to be accessible to the Internet.

④Regularly review the records and files related to network security.

⑤Cybersecurity-related records must be able to track hacking evidence.

⑥Regularly review the network security control execution matters.

(b) Network Services Management

①Designate network system administrators to take charge of network management.

②Network system administrators are in charge of system security, system management tool configurations and operations, as well as system and data security and integrity.

③In case of a network security incident, the relevant network system management personnel must be notified immediately to resolve the matter, and the case shall be reported to the supervisor. If the matter cannot be handled independently, contact the relevant manufacturer or other computer security incident emergency response team immediately to resolve the matter.

(c) Internet User Management

①Employees must abide by the relevant provisions of the Company's network security regulations and truly understand their responsibilities to avoid network security violations and the relevant disciplinary actions.

②Employees shall not provide their login identification and network password to others.

③Employees shall not steal other people's network login identification and password by any means.

④Employees shall not establish pornographic files using the Company's network or disseminate illegal or inappropriate information such as pornographic text, pictures, videos, or audio online.

(d) Server Security Protection

①The main system is placed in the Far EasTone IDC computer room for 24-hour personnel monitoring.

②The system is protected using PURE Disk Cabinet Snapshots.

(e) Firewall Security Management

①Firewalls are installed in the outlets connected to the external network to control data transmission and resource access between the external and internal networks.

②The firewall log files (log) must be inspected and analyzed by firewall administrators for abnormalities and backed up regularly.

③Purchase firewall system software updates to deal with various network attacks.

④The firewall only opens the required communication protocols to the outside world.

(f) Software Utilization and Control

①Employee computers must use anti-virus software and update virus codes in real-time.

②Announce the latest virus information in real-time.

③Check the software used on all PCs to ensure that only legitimate software is installed.

- (g) Network Information Management
 - ①The server of the open information system is set up in the DMZ and is separated from the Company's internal network by a firewall to improve internal network security.
 - ②All confidential and sensitive data or documents shall not be stored via information systems open to the outside world.
- (h) Email Security Management
 - ①Use SPAM software filters, and disable the server's forwarding function to prevent malicious acts of using public mail servers to forward illicit letters.
 - ②Non-company employees are restricted from applying for Company email accounts.
 - ③Properly manage resigned personnel, and the general management office must delete their accounts upon their resignation.
 - ④Prohibit using Outlook to send or receive letters outside the Company, and SSL VPN must be used to send and receive Emails externally.
- (i) Network Intrusion Handling
 - ①Close the external router's leased line.
 - ②Back up the compromised server system at that time for future inspection.
 - ③Contact the manufacturer to determine the degree of the breach and how to proceed.
 - ④Comprehensively review network security measures and modify firewall settings to prevent similar intrusions and attacks
 - ⑤Present the full intrusion review report.
- (j) Data Backup Management
 - ①Off-site backup mechanism: Two copies of data shall be stored on this backup system (one is stored in the local node, and the other is in the Banqiao remote computer room).
 - ②Two types of backup methods, RMAN and snapshot, shall be adopted.
 - ③Record backup E-MAIL notifications.
- (k) System Recovery Plan
 - ①Publish the system maintenance announcement, and indicate the expected repair completion date and time.
 - ②When the system server fails to operate normally, use the snapshot restoration method.
 - ③The backup data version and the hardware equipment specifications must be verified during system restorations.
- e. Resources for investment in information and communication security management:
 - (a) Join TWCERT Information Security Alliance to receive periodic cybersecurity intelligence and strengthen collaborative defense against cyber threats.
 - (b) Conduct regular vulnerability scans, penetration tests, and email social engineering exercises to continually strengthen our information security defense capabilities.
 - (c) We have conducted annual email-based social engineering drills. In 2024, the drill targeted 157 users, with a total of 314 emails sent. The results showed a 10% open rate and a 1% click rate. Employees who failed the drill underwent additional information security training. Annual training on personal data protection and

information security, totaling 3 hours, was attended by 121 employees, with regular information security awareness campaigns to enhance employee awareness.

- (d) Establish a backup mechanism for core systems and establish offsite backup and replication at the IDC data center to improve cybersecurity resiliency.
- (e) Implementing an EDR threat visibility analysis and response platform to continuously predict future attacks based on data information, monitor abnormal behavior in real-time, and prevent advanced persistent threats (APT) and ransomware.
- (f) Establishing procedures for reporting and responding to information security incidents.
- (g) Introducing a Security Operations Center (SOC) for threat detection and management to identify security incidents, issue warnings, or detect abnormal connections.
- (h) The Company's status of education and training for information security personnel in 2024 and up to March 31, 2025 is as follows:

Trainees	Organizer	Course Content	Hours
Chief Information Security Officer	Taiwan Corporate Governance Association	1.Information security governance and future development trends under corporate governance	3
Dedicated Information Security Manager	Taiwan Academy of Banking and Finance	1.E-course on Information Security Awareness, Essential Knowledge and Responsibilities 2.E-Course on the Explanation and Prevention Measures of Information Security Incidents 3.E-Course on Cybersecurity Security Control Guidelines for TWSE/TPEX Listed Companies	2 2.5 1.5
Dedicated Information Security Personnel (1)	Taiwan Academy of Banking and Finance Information Service Industry Association of R.O.C.	1.E-course on Information Security Awareness, Essential Knowledge and Responsibilities 2.E-Course on the Explanation and Prevention Measures of Information Security Incidents 3.E-Course on Cybersecurity Security Control Guidelines for TWSE/TPEX Listed Companies 4.Education and Training Course on Personal Data Promotion and Security Maintenance Plan (Beginner Level)	2 2.5 1.5 8
Dedicated Information Security Personnel (2)	Information Service Industry Association of R.O.C.	1.Education and Training Course on Personal Data Promotion and Security Maintenance Plan (Beginner Level)	8

- B. List the losses, possible impacts, and countermeasures due to major information security incidents in the most recent year and as of the publication date for this annual report. If it cannot be reasonably estimated, state why it cannot be reasonably estimated: None.

7. Important contracts:

The parties, major contents, restrictive terms, and start/end dates of major contracts that could affect the shareholders' equity, such as supply contracts, technical partnership contracts, construction contracts, and long-term loan contracts that are still effective by the printing date of this annual report or have expired in the most recent fiscal year, shall be listed below:

Nature of the Contract	Party	Start/End Dates of the Contract	Major Content	Restrictive Terms
Loan contract	Hua Nan Bank	2024.10~2027.10	Long-term loan to support operation capital and improve financial structure	None
Loan contract	Bank SinoPac	2024.05~2026.05	Long-term loan to support operation capital and improve financial structure	None
Loan contract	Shin Kong Bank	2024.03~2026.03	Long-term loan to support operation capital and improve financial structure	None
Loan contract	First Bank	2024.12~2026.12	Long-term loan to support operation capital and improve financial structure	None
Loan contract	Mega Bills	2024.12~2026.12	Short-term loan to support operation capital and improve financial structure	None
Loan contract	Dah Chung Bills	2024.12~2025.12	Short-term loan to support operation capital and improve financial structure	None
Loan contract	International Bills	2025.01~2026.01	Short-term loan to support operation capital and improve financial structure	None
Loan contract	Ta Ching Bills	2024.08~2025.08	Short-term loan to support operation capital and improve financial structure	None
Loan contract	Grand Bills	2025.03~2026.03	Short-term loan to support operation capital and improve financial structure	None
Loan contract	Taishin International Bank	2024.05~2025.05	Short-term loan to support operation capital and improve financial structure	None
Loan contract	Taipei Fubon Bank	2025.01~2027.01	Long-term loan to support operation capital and improve financial structure	None
Loan contract	E. Sun Bank	2024.06~2026.06	Long-term loan to support operation capital and improve financial structure	None
Loan contract	O-Bank	2024.07~2026.07	Long-term loan to support operation capital and improve financial structure	None
Loan contract	Taiwan SME Bank	2024.12~2026.12	Long-term loan to support operation capital and improve financial structure	None
Loan contract	Land Bank	2024.06~2026.06	Long-term loan to support operation capital and improve financial structure	None
Loan contract	En Tie Bank	2024.09~2026.09	Long-term loan to support operation capital and improve financial structure	None
Loan contract	Cathay United Bank	2025.02~2027.02	Long-term loan to support operation capital and improve financial structure	None
Loan contract	Taichung Commercial Bank	2024.12~2026.12	Long-term loan to support operation capital and improve financial structure	None
Loan contract	Far Eastern International Bank	2025.03~2027.03	Long-term loan to support operation capital and improve financial structure	None
Warranted syndicated loan agreements	O-Bank and 13 other banks participating in the warranted syndicated loan	2021.12~2026.11	Syndicated loan in response to medium-term working capital and improvement in the financial structure	Note 1
Warranted syndicated loan agreements	O-Bank and 13 other banks participating in the warranted syndicated loan	2024.12~2029.11	Syndicated loan in response to medium-term working capital and improvement in the financial structure	Note 1

Note 1: Syndicated loans based upon long-term credit would be syndicated bank loans jointly provided by O-Bank, and other financial institutions that have been taken in response to medium-term working capital and improvements in financial structure of the Company. Terms of the syndicated loan contract stipulated that the Company must maintain a specified current ratio, tangible net worth ratio, and interest coverage ratio every year for the duration of the loan.

Note 2: The Company applies for long-term commercial promissory notes and credit loans from some banks to meet the Company's mid-term working capital needs and improvement of financial structure. According to the provisions of the loan contract, the company shall maintain the debt ratio, net worth amount and interest coverage ratio every year during the term of the loan.

V. Review of Financial Conditions, Operating Results and Risk Management

1. Financial position:

Any material change in the company's assets, liabilities, or equity during the 2 most recent fiscal years, the main reasons for the material change, and the effect thereof.

Unit: Thousand NT\$

Item \ Year	2024	2023	Difference	Proportion of change %	Notes
Current assets	125,547,721	157,897,394	(32,349,673)	(20.49)	1
Property, plant and equipment					
Right-of-use assets	24,855,450	24,085,946	769,504	3.19	
Intangible assets	511,062	267,031	244,031	91.39	2
Other assets	1,506,887,301	1,370,268,782	136,618,519	9.97	
Total assets	1,657,801,534	1,552,519,153	105,282,381	6.78	
Current liabilities	20,473,141	18,277,578	2,195,563	12.01	1
Non-current liabilities	1,587,149,068	1,485,930,104	101,218,964	6.81	
Total liabilities	1,607,622,209	1,504,207,682	103,414,527	6.88	
Common stock	11,224,957	11,224,957	0	-	
Capital surplus	4,456,229	4,730,938	(274,709)	(5.81)	
Retained earnings	4,899,582	3,078,543	1,821,039	59.15	3
Other equity	(3,327,357)	(1,542,701)	(1,784,656)	(115.68)	4
Treasury stock	(592,930)	(592,930)	0	-	
Non-controlling interest	33,518,844	31,412,664	2,106,180	6.70	
Total equity	50,179,325	48,311,471	1,867,854	3.87	
Analysis of changes in ratios: (analysis is exempted if the increase or decrease does not reach 20% or the amount of change does not exceed NT\$10 million) 1. Mainly due to the decrease in bank deposits and reverse repurchase agreement during the period. 2. The main reason is the increase in trademark rights and goodwill due to the merger of Pet Wonderland Co., Ltd. in this period 3. Mainly due to profit in this period. 4. The main reason is the decrease in reclassification to other comprehensive income due to the Overlay Approach.					

2. Financial performance:

Main reasons for any material changes in operating revenue, operating profit, and profit before tax in the most recent 2 years and sales volume forecast and its basis, and possible impact on the future finance of the Company and response measures:

(1) Analysis of financial performance:

Unit: Thousand NT\$

Item	2024	2023	Difference	Proportion of change (%)	Item analyzed
Total operating revenue	202,518,193	166,300,752	36,217,441	21.78	1
Total operating cost	(201,139,182)	(178,045,424)	(23,093,758)	12.97	
Profit(loss) before tax from continuing operations	1,379,011	(11,744,672)	13,123,683	111.74	1
Income tax (expenses) benefits	2,139,214	3,227,491	(1,088,277)	(33.72)	2
Net Profit(loss) from continuing operations	3,518,225	(8,517,181)	12,035,406	141.31	1
Analysis of changes in ratios: (analysis is exempted if the increase or decrease does not reach 20% or the amount of change does not exceed NT\$10 million) 1. Mainly due to the increase in gain on foreign exchange in this period. 2. The decrease in income tax benefits was due to the decrease in net loss before tax in the current period.					

(2) Estimated sales volume and its basis:

Except that the pharmaceutical industry estimated the sales volume, the rest of the industries did not estimate the sales volume. The estimated sales volume of the pharmaceutical industry and its basis are as follows:

A. Estimated sales volume:

Item	Sales Volume (Ton)
APIs	297
API Intermediate	116
Others	225
Total	638

B. Basis:

The expected sales figures in the table above are based on the summary of the Company's 2025 budget as approved by the Board of SCI Pharmtech, Inc. The estimates are primarily based on customer demand and the reconstruction schedule of production lines. As operations gradually resume and production capacity recovers, sales are expected to grow compared to the previous fiscal year.

(3) Possible impact on the future finance of the Company and response measures:

The production capacity of the Luzhu plant of the Pharmaceutical Division was fully restored in early 2024, and the Guanyin plant is expected to start trial production in the second half of 2025. It is currently facing challenges such as increased depreciation costs and intensified market price competition, how to improving capacity utilization is a top priority.

The response measures are as follows:

- A. Maintain close relationships with existing customers while actively expanding our customer base is essential for sustaining the growth momentum of our products.
- B. Establish business relationships with drug inventors, expand into CDMO business, extend the reach of operations, and continuously improve and optimize product processes to enhance production efficiency.
- C. Promote circular economy and reduce the environmental impact of business operations while lowering operating costs and increasing competitiveness.

3. Cash flow:

(1) Analysis and explanations of changes in cash flow in the 2 most recent fiscal years

Items	Years		Proportion of change %
	December 31, 2024	December 31, 2023	
Cash flow ratio %	—	—	—
Cash flow adequacy ratio %	634.32	1,176.73	53.91
Cash reinvestment ratio %	(0.03)	(0.01)	(200)
Analysis of the proportion of change: Cash flow adequacy ratio decreases: The main reason is that the cash flow from operating activities in this period is still outflow, resulting in a continuous decrease in net cash flow from operating activities in the past five years.			

(2) Analysis of cash liquidity in 2024:

Unit: Thousand NT\$

Cash at beginning of year①	Cash flows from operating activities for the entire year②	Other cash outflow for the entire year③	Sum of cash surplus (inadequacy) ①+②-③	Remedial measures for cash inadequacy	
				Investment plan	Financial plan
64,773,024	(38,504,905)	5,211,657	31,479,776	None	None
<p>1. Analysis of changes to cash flow for this year:</p> <p>(1) Operating activities: This is mainly due to the increase in assets related to operating activities in the current period increased compared with the previous period, resulting in an increase in cash outflow from operating activities in the current period compared with the previous period.</p> <p>(2) Investing activities: This is mainly due to the decrease in disposal of financial assets in this period, which resulted in a decrease in cash inflow from investing activities in this period compared with the previous period.</p> <p>(3) Financing activities: This is mainly due to the decrease in the amount of cash increase in this period, which resulted in a decrease in cash inflow from financing activities in this period compared with the previous period.</p> <p>2. Remedial measures and liquidity analysis for cash inadequacy: There is no cash inadequacy currently.</p>					

(3) Cash liquidity analysis for the following year:

Unit: Thousand NT\$

Cash at beginning of year①	Expected cash flows from operating activities for the entire year②	Expected cash outflow for the entire year③	Expected sum of cash surplus (or inadequacy) ①+②-③	Remedial measures for expected cash inadequacy	
				Investment plan	Financing plan
31,479,776	30,534,147	30,765,248	31,248,675	—	—
<p>1. Analysis of changes in cash flows for the year:</p> <p>(1) Operating activities: Considering that the U.S. Federal Reserve has initiated a cycle of interest rate cuts in 2024, the interest rate gap between Taiwan and the U.S. is expected to gradually narrow, and the number of policyholders canceling their contracts will also continue to slow. It is estimated that the net cash flow from operating activities in 2025 will increase compared to 2024.</p> <p>(2) Investing activities: In order to meet investment needs, the company plans to increase its stock investment positions in 2025 and adjust bond investment simultaneously. It is expected that the cash outflow from investment activities in 2025 will be the same as that in 2024.</p> <p>2. Remedial measures and liquidity analysis for expected cash inadequacy: There is no current issue of cash inadequacy.</p>					

4. Major capital expenditure items:

(1) Retail of daily commodities and food

This year, in addition to the expansion of the central kitchen, the total investment amount is estimated to be about NT\$805 million. It is mainly used for production and processing, low-temperature freezing warehouse and normal temperature raw material storage. It has been completed and put into use to improve the product self-production rate, and to comprehensively control product quality and shorten delivery time. The remaining investment will be on furnishing the new retail outlets, with no other significant capital expenditures.

(2) Life insurance

There was no significant capital expenditure in 2024.

(3) Pharmaceuticals

2024's main capital expenditures: Establishment of Guanyin plant and the reconstruction of Luzhu plant B.

A. Expected benefits:

1. Considering the growth demand in the pharmaceutical market and the risk of a single plant, a decision was made to establish the Guanyin Plant to maintain the momentum of sustainable development. The new Guanyin Plant will incorporate automated warehousing and packaging equipment, which will be smarter than the Luzhu Plant. Four production lines are scheduled to be constructed currently, with a maximum capacity equivalent to approximately 50% of the capacity of the Luzhu plant. Production is expected to commence in the second half of 2025.
2. Continuing the reconstruction of the factory buildings and equipment damaged by the fire, at the beginning of 2024, the Luzhu factory had completed reconstruction and its production capacity was restored to 100%.

B. Possible risks:

Suboptimal capacity utilization after the production line is put into operation will affect the profitability of the company's main businesses.

C. Response measures:

Strengthening the business team, expanding operational reach, expanding into CDMO business, and optimizing product portfolio to enhance profitability.

(4) Information services

There was no material capital expenditure in 2024.

5. Policy on investment in other companies, main reasons for profit / losses resulting therefrom, improvement plan, and investment plans for the upcoming fiscal year:

(1) Policy on investments in other companies

The Company continued to integrate group resources and restructure, evaluate investment strategies with prudence and seek new opportunities for cross-industry alliances and investment projects, and expand the scale of business through vertical integration and diversified business models.

(2) Main reasons for profit / loss resulting therefrom

The overall performance of investments has turned profitable, primarily due to the life insurance business benefiting from the Taiwan stock market index rising for the second consecutive year in 2024, with market consensus forecasting the index to reach a new historical high in 2025. Additionally, the Legislative Yuan extending the tax reduction for day trading by 3 years until the end of 2027 will support continued profitability in the securities proprietary trading and brokerage businesses. Meanwhile, flexible adjustments to foreign exchange hedging ratios and allocations in 2025 will reduce hedging costs, promote sales of protection and investment-linked products, secure stable fee income, mitigate interest rate risks, and aim to maintain profitability. However, subsidiaries, including Tomod's, Mercuries Food Service Japan Ltd., Mercuries F&B Consulting Co., Ltd., and MDS-SN have not yet reached economies of scale and continue to incur significant losses. Efforts are underway to actively adjust business models and seek and expand business opportunities to improve operational results. Details of the profit or loss status of the company's invested companies in 2024 are provided on pages 192–193 of this annual report.

(3) The Company no individual investment project in the following year accounts for more than 5% of the Company's paid-in capital. The Company will maintain a policy on stable investment to improve the effect of asset allocation; in addition, the Company is still actively expanding its market and looking for domestic and overseas investment partners for joint venture opportunities and its business scope. In addition to achieving the objectives of diversification, the Company will also leverage professionalism and other advantages of its partners in their respective sectors

to expand the scope of business, continue to establish foundations in various industries, and maintain high levels of competitiveness.

Looking ahead to 2025, the life insurance business faces uncertainties from U.S. policies amid global economic momentum. Still, inflation has been gradually controlled, and the interest rate cut cycle is expected to continue, supporting the market. For securities-related businesses, a prudent investment strategy will be maintained. In urban renewal projects, the focus remains on executing statutory procedures and maintaining a stable investment policy to optimize asset allocation efficiency.

6. For risks, the following items shall be analyzed and assessed for the most recent year up to the printing date of this annual report:

The businesses, based on individual types and organizational management structures, have established risk management policies according to the Company's operating policies to identify, assess, supervise, and control existing and potential risks through risk management systems. The goal is to achieve a reasonable balance between risks and return within the scope of tolerable risks.

- (1) Changes in interest rates, exchange rates, and inflation and how these may impact the Company's profit or loss and future response measures:

A. Changes in interest rates

According to the International Monetary Fund's (IMF) World Economic Outlook released in January 2025, global economic growth for 2025 and 2026 is projected at 3.3%. However, short-term risks vary by region, leading to increasingly divergent economic trends. The U.S. economy is expected to remain robust, the Eurozone's growth will slightly stagnate, and China will face significant challenges due to deflation and slowing domestic demand. The IMF estimates U.S. economic growth at 2.7% in 2025 and 2.1% in 2026, both surpassing the average for developed nations, driven by reduced monetary tightening and favorable financial conditions that sustain strong underlying demand. The IMF also projects U.S. inflation in 2025 to approach the 2% target. The U.S. Federal Reserve cut the benchmark interest rate by 25 basis points to 4.25%–4.50% in December 2024 and is expected to cut rates by an additional 50 basis points in both 2025 and 2026. The anticipated accommodative monetary policy is expected to gradually lower U.S. Treasury yields. The company will closely monitor interest rate trends, adjust investment portfolios in a timely manner, and formulate appropriate investment strategies.

a. Retail of daily commodities and food

The net interest income (expenditure) in 2024 was (NT\$75,646) thousand; the proportion to the industry's income and net profit before tax was around (0.3)% and (11.31)%, respectively; the Company will continue to observe the interest rate trend. Moreover, the Company has always maintained a good relationship with its correspondent banks, with financial stability and good loan credits; thus, it can also obtain a better interest rate for loans. It is expected that future interest rate changes will not have a significant impact on the Company's overall operations.

b. Life insurance

Net income from interest on investments in 2024 amounted to NT\$37,740,689 thousand, accounting for 27.58% and (13,500)% of net operating revenue and loss before tax specified in the financial statements of the business unit, respectively. The Company will continue to observe trends of interest rates, timely adjust investment portfolios, and adopt appropriate strategies for investment.

c. Pharmaceuticals

The capitalized interest on the five-year loan from Mega Bank in 2024 amounted to approximately NT\$28 million, which will be amortized after the operation of the Guanyin Plant. The interest expense for 2024 was approximately NT\$5.54 million.

d. Information services

The net interest income (expenditure) for 2024 was NT\$(38,776) thousand, accounting for approximately (0.8)% and (10.97)% of the industry's income and net profit before tax, respectively. Due to the nature of the industry in which the Company operates, the business cycle is longer. As a result, with the growth of revenue, the bank loan balance has also increased to meet the demand for funds. In addition, since last year, global interest rates have been rising. In the fiscal year 2023 and 2024, the average borrowing interest rates from banks were approximately 2.21% and 2.08% respectively, which has also increased the Company's net interest expenses. However, the Company estimates that the global interest rate hike cycle is coming to an end and the probability of interest rates rising sharply again is not high. It is estimated that the future net interest expense amount can be controlled within a reasonable range.

B. Changes in exchange rates

Looking to 2025, investors are refocusing on potential changes and impacts from policy developments, becoming more sensitive to political signals, which may increase overall market volatility. Regarding the impact of the exchange rate, the U.S.'s stance on trade and diplomacy will be the primary driver. Aggressive tariff threats could further weaken other countries' currencies, while the Federal Reserve's cautious approach to easing, influenced by political dynamics, will moderate its path. Observing U.S. economic fundamentals, the scale of rate cuts is expected to converge, with minimal changes in the Taiwan-U.S. interest rate differential. The U.S. dollar is likely to remain supported, and the New Taiwan Dollar (NTD) may consolidate in a weaker range. The rate-cut cycle is expected to boost end demand in the U.S. and Europe, benefiting Taiwan's export performance and potentially making the NTD outperform other Asian currencies. The company will continue to flexibly adjust hedging ratios in response to NTD trends and market volatility, pursuing more synergistic hedging strategies.

a. Retail of daily commodities and food

The products were mainly for domestic sales, and the gain on exchange caused by purchase was about NT\$8,217 thousand, accounting for around 0.03% and 1.23% of the industry's income and net profit before tax, respectively. The proportions were not large, so the impact of exchange rate changes was not significant.

b. Life insurance

The net exchange loss in 2024 was NT\$42,070,957 thousand, which accounted for around 30.74% and (15,050)% of the industry's income and net loss before tax, respectively, accounted for a considerable proportion. In the future, we will continue to closely monitor the trend of the New Taiwan Dollar and flexibly adjust the hedging ratio to save hedging costs.

c. Pharmaceuticals

2024 saw gained a foreign exchange gain of NT\$2.26 million, which had an impact of approximately NT\$0.19 on the after-tax EPS. The exchange rate fluctuation has a significant impact on profitability, and the exchange rate will be closely monitored. The company will use forward foreign exchange contracts and other means to hedge against exchange rate risk and reasonably reflect unfavorable exchange rate changes in our product pricing to our customers.

d. Information services

The exchange gain in 2024 was NT\$45,055 thousand, which accounted for about 0.92% and 12.75% of the industry's income and net profit before tax, respectively. The Company's main business activities include selling financial automation equipment and undertaking government system integration and engineering projects. Therefore, sales are primarily domestic, with little impact from exchange rate fluctuations. However, there is a small portion of purchases in Japanese yen, US dollars, and euros. In the future, the company will continue to collect information on exchange rate changes from various sources, summarize and analyze exchange rate trends, keep track of the time and amount of foreign currency demand, and perform appropriate hedging operations to reduce the impact of exchange rate fluctuations on the company.

C. Inflation

Taiwan's CPI annual growth rate saw an uptick in the second half of 2024, largely due to higher vegetable and fruit prices caused by frequent typhoons, leading to significant fluctuations in the consumer price index. However, as vegetables were replanted and essential goods prices eased, inflation gradually converged to around 2%. Looking to 2025, despite increases in minimum wages, military and public sector salaries, and the introduction of carbon fees, major institutions predict a decline in international oil prices, with domestic service price increases expected to slow. Overall, 2025 inflation is projected to be lower than in 2024. The company will continue to monitor inflation trends as a reference for asset purchases to prevent investment returns from being eroded by inflation.

D. Operational risks

The operational risks of the pharmaceutical operations include:

a. Supply chain risks:

- (a) Risks: ①Due to factors such as unstable policies, China often experiences factory shutdowns and closures, resulting in unstable supply and delayed delivery times.
- ②Petrochemical raw materials remain oversupplied, and fine chemicals are affected by weak domestic demand in China, though Trump's election may introduce variables. Raw material prices are likely to remain stable in the first half of 2025.
- ③Since October 2024, the Highway Bureau of the Ministry of Transportation has strictly enforced container weight restrictions, which will limit the import volume of full-container raw materials, potentially increasing raw material costs.
- (b) Impact: Raw material prices remained at low levels with fluctuations in the second half of 2024, and they are expected to remain stable or rise slightly in 2025.
- (c) Response: ①Safety stock levels have been established for materials with unstable delivery schedules.
- ②Secure customer approval for additional supply sources.
- ③Closely monitor suppliers' operational conditions, adjusting inventory based on order demand and market trends.

b. EHS risks:

- (a) Risks: ①The company operates in the chemical manufacturing industry, where fire and toxic disasters are high-probability risks.

- ②Operational errors may cause equipment damage, personnel injuries, or production halts.
 - ③Operational errors may lead to environmental pollution or production halts.
 - ④Impact of net-zero carbon emissions.
- (b) Impact: ① An insurance claim income of NT\$430 million was recognized in 2024.
- ②Fire insurance premiums totaled approximately NT\$28.3 million, with a current coverage rate of 84.5% (deductible of 15%).
 - ③ If the Ministry of Environment expands carbon fee collection in the future, costs will increase by NT\$6.6 million (based on 2020 carbon emissions estimates).
 - ④Products exported to Europe are subject to carbon tariffs, with European carbon taxes approximately ten times higher than Taiwan's.
- (c) Response: ①To execute standard operational procedures faithfully , ensuring adherence to ISO45000 and ISO14000.
- ②To conduct educational training and fire drills and include environmental pollution and work safety incidents as factors for performance awards and punishments.
 - ③The company has purchased fire insurance, with the current total insured amount being approximately NT\$4.75 billion(including business interruption insurance).
 - ④To have Insurances for public accident liability and employer liability.
 - ⑤Established the Greenhouse Gas Inventory Team to gradually conduct inventory and internal and external verification, and subsequently formulate policy objectives and control mechanisms.
- c. Quality risks:
- (a) Risks: Failing a client audit or health authority inspection or receiving warning letters, which create issues in product quality that necessitate remake or scrapping.
- (b) Impact: In 2024, the company incurred inventory write-offs of approximately NT\$35.96 million and product returns and allowances of approximately NT\$10 million. PGA sulfur content exceeded standards, with the supplier compensating USD 300,000 for rework costs and shipping fees.
- (c) Response: ①Implement quality policies and GMP manufacturing to ensure the effective operation of the ISO 9000 system.
- ②To address data integrity, SAP ERP, Master Control, and Laboratory Information Management Systems have been introduced.
 - ③Product liability insurance of USD 2 million has been secured.
- (2) Policies on high risk, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives trading, main reasons for the profits or losses generated thereby, and future response measures:
- The Company does not engage in high-risk, high-leverage investments, fund lending, or derivative trading. Under "Endorsement Guarantee Procedure," the Company provided joint guarantees for the subsidiaries Sanyou Drugstores Ltd. and Mercuries Liquor & Food Co., Ltd. loans of NT\$100 million and NT\$50 million, respectively, based on the capital contribution ratio, a joint guarantee will be provided to Framosa Co., Ltd. within the bank loan credit range of NT\$240 million. Due to business operation needs, each of the company's reinvestment companies is engaged in endorsement guarantees, loan funds and derivatives trading, details are as follows:

A. Retail of daily commodities and food

Loans to other parties, endorsements/guarantees, and derivatives trading were performed by the Company based on the policies and response measures stipulated in the Procedures for Acquisition and Disposal of Assets, the Procedures Endorsement and Guarantee, and the Procedures for Lending Funds to Other Parties. Simple Mart Retail Co., Ltd. provided loan facilities of NT\$50 million, NT\$30 million and NT\$30 million to Sanyou Drugstores Ltd., Simple Mart Plus Co., Ltd. and Pet Wonderland Co., Ltd. respectively; and provided endorsement guarantee facilities of NT\$20 million and NT\$50 million to Simple Mart Plus Co., Ltd. and Pet Wonderland Co., Ltd. respectively.

B. Life insurance

- a. The Company did not engage in highly-leveraged investments, loaning funds to others, and endorsements/guarantees.
- b. The Company only engaged in the derivatives trading already approved by the competent authority mainly for the purpose of hedging. The profit or loss of such trading was hedged against the hedged item. The profit or loss of such trading was regularly evaluated by related procedures to control the effect of fluctuations in exchange rates, interest rates, and market prices.
- c. In the future, the Company will make proper use of adequate hedging instruments and strictly abide by the related regulations to achieve risk diversification, improve the stability of investment income, and maximize its interests.

C. Pharmaceuticals

- a. Policy: The Company always focuses on its scope of business and does not engage in high-risk or highly-leveraged investment activities, we have never loaned funds to others. All derivatives trading were carried out for the purpose of hedging. The Company will continue to strictly abide by related procedures for derivatives trading stipulated by both the competent authorities and the Company, thoroughly review any associated activities and strengthen the controls. Based on the capital contribution ratio, a joint guarantee will be provided to Framosa Co., Ltd. within the bank loan credit range of NT\$400 million.
- b. Cause of profit or loss: N/A.
- c. Future response measures: None.

D. Information services

- a. High risk and highly leveraged investments, and derivatives trading:
Our financial policy is based on prudence and conservatism, and we do not engage in high-risk or high-leverage investments. Engagement in derivatives transactions is governed by the Company's procedures for acquiring or selling assets (including derivatives transactions). In addition to avoiding the foreign currency-denominated asset (liability) market risks due to exchange rate fluctuations, we also do not engage in arbitrage and speculation. We will adjust the risk-avoidance strategy in a timely manner according to the Company's operating conditions and market trends, regularly evaluate the operation status every month, and present it to the management as a reference for policy judgment.

b. Loans to other parties, endorsements/guarantees :

Loans to other parties and endorsements/guarantees carried out by the Company were compliant with the provisions of the Procedures for Lending Funds to Other Parties and the Procedures Endorsement and Guarantee, and were only initiated with the approval of the Board of Directors. As of the printing date of the annual report for the year 2024, there have been no instances of loans to others or endorsements and guarantees provided.

(3) Future R&D plans and expected R&D investments:

A. Retail of daily commodities and food

The R&D program focuses on enhancing customer experience and diversifying products and services with customer relationship management (CRM) data analysis on consumer characteristics in different sales regions to meet diverse demands for daily necessities and services, and to engage more deeply with the community. The Company also partners with electronic payment and ticketing companies and upgrades payment equipment to reduce friction in the last mile of the purchasing process, creating abundant business opportunities with a more convenient, secure payment journey and marketing experience. Besides the optimization of the warehouse management, electronic label-assisted picking, and automated sorting systems, new automation equipment such as paper compressors reduces storage management costs and improves logistics efficiency. The Group's food and retail businesses plan to launch new styles or services as market demands change, and continue to improve the taste of existing products. The 2024 R&D expenditure was NT\$22,963 thousand, representing approximately 7.38% of the net profit before tax for the segment. The projected investment in R&D in 2025 is NT\$17,210 thousand.

B. Life insurance

The Company not only offers comprehensive life insurance products and services, but also focuses on fulfilling customers' diverse protection and wealth management needs by keeping up with market trends. In response to market demand, we will discuss with the marketing department and continue to develop supplementary products for regular guarantee-type products and investment-type products. For example, we will develop regular guarantee-type products (health insurance, accident insurance, life insurance) that meet customer needs, as well as develop regular guarantee-type products suitable for attachment to investment-type products. We will also enhance the competitiveness of our products and examine the leading products in the industry in order to design products that can increase mortality and expense differentials. For instance, we will continue to promote the sale of health insurance with the feature of walking exercise, and continuously develop different types of spill-over policies. We will also continue to expand the applicable product categories (such as life insurance). We will conduct research on retirement products that are popular among competitors to provide products that meet customer needs. We will design products suitable for new sales agents to help them explore the market. Additionally, we will regularly track the transformation of major competitors' product strategies under IFRS17 and ICS through conferences, news, and public information.

R&D expenses include labor hours as well as costs incurred for software and hardware equipment required by the Product Department to develop new products. Total R&D expenses in 2025 are expected to amount to NT\$42,425 thousand.

C. Pharmaceuticals

R&D Project Name	Current Progress	Expected Completion Time Mass Production Time	Key Factors Influencing R&D Success	Expected R&D Investments
Adenine	Process optimization	June 2025	Key technology	Investment of about NT\$50 million.
Cannabidiol	Process optimization	November 2025	Key technology	
Benserazide	Process development and optimization	September 2025	Key technology	
Biso-FA	Process optimization	September 2025	Key technology	
ADC	Development of new structural molecules and process optimization	December 2025	Key technology	
Iron sucrose	Process development and optimization	December 2025	Key technology	
CDMO-X project	Process optimization	June 2025	Key technology	
CDMO-N Project	Process optimization	September 2025	Key technology	
CDMO-A Project	Process development and optimization	June 2025	Key technology	

D. Information services

To provide software applications integrated with high-value IT services for corporate clients, we shall continue to perfect business technologies and adopt an R&D philosophy to satisfy customers' requirements. We shall also continue to develop next-generation IT products and unique financial products for innovative sectors. Expected R&D investments will be maintained at an annual sum of NT\$235,000 thousand and adjusted according to business performance.

- (4) Changes in local and overseas policies and laws, impact on the Company's finances and operations, and response measures:

A. Retail of daily commodities and food

The Company's operating departments are constantly vigilant of changes in policies and laws pertaining to our business departments. We shall continue to consult professional opinions from our management, attorneys, and CPAs about response measures to comply with the laws and reduce the impact on the finances of the Company.

B. Life insurance

a. Regulatory changes:

Letter Jin-Guan-Bao-Shou-Zi No.1130414482 was issued on April 16, 2024 to approve and record amendments to Articles 1, 3–6 of the “Insurance Industry Financial Inclusion Service Guidelines.”

Key amendments:

- Include Indigenous peoples and new immigrants in the “Insurance Industry Financial Inclusion Service Guidelines.”
- Stipulate that the insurance industry must provide appropriate inclusive environments and services based on the individual needs of Indigenous peoples and new immigrants, without discriminatory or unfair treatment.
- Insurance business premises should install multilingual signs at entrances and exits and offer multilingual appointment services.
- For clients with disabilities and those aged 65 or older, critical contract terms should be presented in bold or prominent colors, or provided in clear, easy-to-understand written materials for review.
- Communicate financial products and services sold in a manner understandable to Indigenous and new immigrant clients.

- (f) For clients aged 65 or older applying for contract termination, partial withdrawals, or policy loans, establish risk monitoring mechanisms, such as phone calls or in-person visits, to verify client identity, understand the reasons for their applications, and fully inform them of their rights and impacts.

Countermeasures:

Bilingual business signs, ticket machines, and call number screens have been installed, and partnerships with external associations provide multilingual services for new immigrants. Other changes have no impact on company operations.

b. Regulatory changes:

On May 21, 2024, Letter Jin-Guan-Bao-Shou-Zi No. 1130138474 approved and recorded amendments to the “Reference Standards for Penalties Registered by the Agent’s Company under Article 19, Paragraph 1 of the Insurance Agent Management Rules and Reference Table for Discretionary Referral of Insurance Agents Suspected of Criminal Activity.”

Key amendments:

- (a) Focus on the obligation to “honestly complete solicitation reports,” distinguish between “intentional” and “negligent” violations, with varying penalty levels.
- (b) Specify “solicitation behavior” as the primary basis for penalties, and clarify “insurance-related documents” as “policyholder-related documents.”
- (c) Add improper solicitation behaviors, such as using unauthorized training materials or promotional content.
- (d) Remove “leaking or improperly using confidential company business, financial, or personnel data,” as it is unrelated to solicitation behavior.
- (e) Delete “failing to thoroughly review or assist policyholders, or for personal gain, instigating or filling in non-policyholder or non-related party credit card or bank account information on premium payment authorization documents, or knowingly concealing such false entries” due to inconsistent industry practices.

Countermeasures:

The Service Quality Department has revised the company’s “Reference Standards for Penalties Registered by the Agent’s Company under Article 19, Paragraph 1 of the Insurance Agent Management Rules” and submitted it to the industry association for record on June 6, 2024.

c. Regulatory changes:

On May 24, 2024, Letter Jin-Guan-Bao-Shou-Zi No. 1130490867 addressed improvements to the insurance industry’s handling of “outstanding payments owed to policyholders” in preparation for adopting IFRS 17 “Insurance Contracts” in 2026.

Key amendments:

- (a) With the adoption of IFRS 17 in 2026, outstanding unpaid claims will be classified under “insurance contract liabilities.” Payments previously recognized as income in prior years or those estimated without detailed records should be reclassified under IFRS 17 as “incurred claims liabilities” or under IFRS 9 as “accounts payable.” After the statute of limitations for insurance contract claims under Article 65 of the Insurance Act expires, these amounts should be reclassified to “other provisions” under “other liabilities.”
- (b) Outstanding payments must be fully cleared within four years from the year following their occurrence, with annual clearance targets of 75%, 85%, 93%, and 100%. Progress must be reported quarterly to the board of directors and the FSC Insurance Bureau.

Countermeasures:

The company has complied with the requirements, and no additional countermeasures are needed.

d. Regulatory changes:

June 12, 2024, Letter Jin-Guan-Bao-Shou-Zi No. 11304180271 approved the amendments for Articles 3 and 5 of the “Key Points for Life Insurance Agent Education and Training.”

Key amendments:

- (a) It is stipulated that agents must participate in physical or online courses related to financial consumer protection (Fair Treatment of Customers Training) organized by the company or peripheral units of the Financial Supervisory Commission (FSC). The content should include an introduction to financial consumer protection regulations, case studies, and simulated interactions with consumers, with a minimum of 3 hours annually.
- (b) The Fair Treatment of Customers Training and courses on protecting the rights of elderly clients are calculated annually based on the “calendar year” following the agent’s registration.
- (c) Agents who fail to participate in or pass the Fair Treatment of Customers Training in a given calendar year will have their eligibility to solicit insurance products revoked for the following year. Those who have attended and passed the course in that year can restore their eligibility.

Countermeasures:

The company has established a 3-hour online Fair Treatment of Customers Training course annually, with content compliant with regulations. We have also revised the “Mercuries Life Insurance Education and Training Measures” and operational manual to align with the requirement of calculating annual courses based on the “calendar year” post-registration.

e. Regulatory changes:

On June 13, 2024, Letter Jin-Guan-Bao-Shou-Zi No. 1130420637 approved the full text of 10 articles of the “Self-Regulatory Standards for Insurance Companies Conducting Insurance Product Education and Training for Agents,” which will become effective 6 months after approval.

Key amendments:

- (a) Insurance product education and training refer to various courses, including product promotion explanations (e.g., new product introductions).
- (b) Training content should be formulated based on general societal ethics and the spirit of protecting financial consumers without guiding or inducing agents or channels to engage in improper solicitation.
- (c) Content of agent insurance product education and training conducted by insurance companies must not violate regulations, self-regulatory standards, or contradict insurance product terms under the pretext that it is for internal reference only and not publicly disclosed.
- (d) Insurance companies must establish management and review standards for conducting agent insurance product education and training, including pre-review by compliance units, post-audit by audit units, retention of related records, and incorporation of self-regulatory standards into internal control and audit items.
- (e) Personnel dispatched by insurance companies to cooperative channels for insurance product education and training shall comply with these self-regulatory standards.

- (f) Related data and files for insurance product education and training must be properly retained for at least 5 years after the product ceases to be sold to facilitate periodic audits by insurance companies.
- (g) Violators of these self-regulatory standards may be required by the Life Insurance Association's board to submit a written improvement plan, receive written correction, or face fines ranging from NT\$50,000 to NT\$200,000, with decisions reported to the competent authority within one month.

Countermeasures:

The Training Department established the “Mercuries Life Insurance Management and Review Standards for Conducting Agent Insurance Product Education and Training” on October 23, 2024. All units producing training materials for self-developed products completed pre-reviews by December 12, 2024, per the new rules. Materials not reviewed by this deadline were immediately withdrawn.

f. Regulatory changes:

On June 13, 2024, Letter Jin-Guan-Bao-Shou-Zi No. 1130420643 approved the amendments for Articles 10 and 11-1 of the “Self-Regulatory Standards for Investment-Linked Insurance Product Sales,” which shall become effective 6 months after approval.

Key amendments:

- (a) Matters are to be disclosed and explained in the product prospectus or proposal for Type A investment-linked life insurance products, where the basic sum assured is linked to the total premiums paid or target premiums.
- (b) For Type A investment-linked life insurance products where the basic sum assured is linked to the total premiums paid or target premiums, quarterly policy value reports must prominently remind policyholders that when the policy account value falls below the basic sum assured, they may apply to reduce the basic sum assured to lower insurance costs, with the adjusted sum still complying with the minimum ratio of death benefits to policy value reserve (policy account value) for life insurance products.
- (c) Per the “Compliance Matters for Disclosure of Information on Investment-linked Insurance,” at least once per quarter, insurers must proactively notify policyholders of key matters such as policy account value in their chosen manner, with new content including the latest risk tolerance ratio (including exchange rate risk) from the policyholder's risk assessment questionnaire.
- (d) In accordance with the revision of Article 17 of the “Regulations Governing Pre-sale Procedures for Insurance Products,” Article 11-1, Paragraph 3, was adjusted from products “requiring provision for guaranteed payment liability reserves” to products “with guaranteed payments.”

Countermeasures:

The Investment-Linked Insurance Department and Policyholder Services Department have adjusted product prospectuses, proposals, and statements to disclose relevant information as required.

g. Regulatory changes:

On June 27, 2024, Letter Jin-Guan-Bao-Shou-Zi No. 11304921171 amended and promulgated Points 3, 48, 57, 102, 196, and Table 1 of Point 3, added Point 40-3 and Attachment 3 of Point 3 to the “Matters to Be Noted for Life Insurance Product Review,” which become effective July 1, 2024.

Directive highlights:

- (a) From July 1, 2024, claims for reimbursement-based injury medical and hospitalization medical insurance benefits must comply with the principle of loss compensation.
- (b) For valid contracts sold before July 1, 2024, based on contract stability and non-retroactivity principles, claims will be handled per the original insurance contract (policy terms, attached application, endorsements, and other agreements).
- (c) For contracts with guaranteed renewability effective before July 1, 2024, and renewed on or after July 1, 2024, claims shall be handled per the original insurance contract (policy terms, attached application, endorsements, and other agreements). Original policy terms may only be used for renewals by existing policyholders, not for new contracts.
- (d) For non-guaranteed renewable contracts effective before July 1, 2024, and renewed on or after July 1, 2024, if the insurer agrees to renew, renewals may follow the above principles, with original policy terms used only for existing policyholders, not for new contracts.

Countermeasures:

The Product Department has revised affected product terms and calculation descriptions, the Policyholder Services Department has required policyholders adding reimbursement-based products to complete the “Special Reminder Statement for Reimbursement-Based Products,” and the Claims Department has notified all claims units to comply.

h. Regulatory changes:

On June 28, 2024, Letter Jin-Guan-Bao-Shou-Zi No. 11304207572 approved complementary measures for Points 48 and 57 of the “Matters to Be Noted for Life Insurance Product Review” (principle of loss compensation for reimbursement-based products), which became effective on October 1, 2024. Companies are allowed to adopt the provisions earlier based on internal operations.

Key amendments:

- (a) For new sales of reimbursement insurance policies, the policyholder must sign the "Special Reminder Statement," and the soliciting agent shall inform the policyholder that the claim for insurance benefits under this reimbursement insurance application must comply with the principle of loss compensation.
- (b) For insurance contracts established via telephone, if the policyholder's consent to the special reminders is confirmed through telephone recording, the recorded content shall be transcribed into text and included in the policy issuance documents; for online insurance applications, the content confirming the policyholder's consent to the special reminders shall be included in the policy issuance documents.

Countermeasures:

The Product Department has revised the terms of the currently sold reimbursement-type medical insurance products and health/injury insurance products. The Policyholder Service Department has reviewed the company's current renewal operations. For the aforementioned insurance types currently sold by the company, if the policyholder purchased the policy before the implementation date, renewals after the implementation date will continue under the originally signed terms, not the revised new terms. Therefore, when policyholders renew under the original terms, there is no need to disclose related information to them.

i. Regulatory changes:

On July 12, 2024, Order Jin-Guan-Bao-Shou-Zi No. 11304922671 amended and promulgated Point 3 of the "Directions for Collecting Premiums Authorized by Insurance Enterprises," which became effective on January 1, 2025.

Key amendments:

To prevent agents from misappropriating premiums. Starting January 1, 2025, agents are fully prohibited from collecting cash premiums.

Countermeasures:

In compliance with regulations, the company will discontinue agents' collection of cash premiums starting in 2025.

j. Regulatory changes:

On July 12, 2024, Order Jin-Guan-Bao-Shou-Zi No. 11304922672 amended and promulgated Article 8 of the "Regulations on Internal Control Procedures for Insurance Companies, Insurance Brokers, and Insurance Agents to Prevent Misappropriation or Embezzlement of Client Funds by Insurance Salespersons," which became effective on January 1, 2025.

Key amendments:

To prevent salespersons from forging receipts to hide misappropriation of premiums, it is now required that for policies paid by credit card or automatic bank account deduction, the payment slip, proof of premium prepayment, or receipt must be sent directly to the policyholder for acknowledgment. These documents should not be delivered through the salesperson. Additionally, relevant records must be maintained for audit purposes.

Countermeasures:

The Business Support Department has revised the "Management Regulations for Preventing Sales Representatives from Misappropriating Policyholder Funds." The Contract Department, Policyholder Service Department, and Premium Department will modify their operational processes to directly send remittance slips, advance premium certificates, or receipts to policyholders.

k. Regulatory changes:

On August 13, 2024, Letter Jin-Guan-Bao-Shou-Zi No. 1130424977 approved the amendment for Article 15 of the "Model Clauses for Investment-Linked Life Insurance Policies" and Article 13 of the "Model Clauses for Investment-Linked Annuity Insurance Policies" along with supporting measures, which became effective on January 1, 2025.

Key amendments:

It is newly stipulated that insurance companies may reject a policyholder's request to switch investment targets if, based on regulatory requirements at the time of the switch or product suitability considerations, the switch is deemed unsuitable for the policyholder..

Countermeasures:

The Product Department has revised the terms of investment-linked life and annuity insurance products that are currently sold. The Investment-Linked Insurance Department completed revisions to sales documents (DM, product brochures, and proposals) for available products by the end of December 2024.

C. Pharmaceuticals

The business operation is faced with numerous laws and regulations. The pharmaceutical industry is more subject to the pharmaceutical laws and regulations, such as the Pharmaceutical Affairs Act and Pharmaceutical Good Manufacturing Practice Regulations. As the regulatory environment continues to change and improve, each department of SCI Pharmtech has designated personnel to be responsible for management of changes in laws and regulations. In addition, APIs are related to the quality of preparations, so the Ministry of Health and Welfare implements source management and continuously promotes policies related to API management to ensure that domestic API companies fully comply with PIC/S GMP standards, the Company shall review and follow it at any time.

D. Information services

Operating policies are handled in accordance with laws and regulations, pay attention to important domestic and foreign policy and law changes at any time, consult relevant experts when necessary, and take appropriate response measures. As of the date of publication of the annual report, there are no major events affecting the financial business due to domestic and foreign important policy and law changes.

(5) Changes in technology(Including information security risks) and industry, impact on the Company's finances and operations, and response measures:

A. Retail of daily commodities and food

The Company introduced new technology to update storefront POS systems, while developing in network sales, establishing ERP to integrate internal resources, and developing SCM systems to connect goods import, sales, warehousing, and payment operations with suppliers, and automation of logistics centers, so as to achieve effective reductions of inventory size and manual labor operations. The Company also established network phones to reduce communication costs, using technological advancements to further reduce management and operational costs while improving efficiency. As the Internet became ubiquitous in people's daily lives, cyber-attacks, ransomware, and theft of consumer personal or transactional data have become increasingly common. The Company has established information security policies, periodically reviews their effectiveness, and allocates a certain budget for information security measures to mitigate potential damage to operations and reputation caused by hacking activities. In addition to working with a well-known cybersecurity company in Taiwan to mitigate information security risks, we will also establish a dedicated staffed unit to strengthen information security and reduce risks.

B. Life insurance

With the advancement of financial technology, the operational and competitive landscape of industries continues to evolve. There's a proactive investment and adjustment in both technological applications and organizational structures to adapt to the rapidly changing competitive environment:

- a. Continued investment in insurance technology and digital services to provide diverse digital solutions for policyholders, sales personnel, and internal support staff, leveraging technology to enhance service quality and operational efficiency.
- b. In alignment with the adoption of IFRS 17, a data platform has been established, and data analysis tools have been introduced to expand the scope of data applications continuously and improve service quality. Expand data development and analytical applications, maintain data governance standards, and integrate issue-tracking management systems, data dictionaries, and knowledge management platforms to drive digital transformation through enhanced information systems.
- c. Develop a next-generation core life insurance system, gradually upgrade the core system with new technologies and development platforms to enhance operational functions and system efficiency, improve cross-system and platform integration, and provide highly efficient system support for company operations.
- d. In the face of increasingly complex cybersecurity threats, we have implemented a multi-layered defense system, which includes intrusion detection systems, intrusion prevention mechanisms, internal and external firewall protection, and robust local and off-site backup mechanisms. These measures enhance the system's availability. We also conduct regular cybersecurity assessments and computer information security evaluations to maintain ISO27001 certification and implement the Business Continuity Management (BCM) system. This improves the resilience of our information security and ensures the sustainable operation of the company, safeguarding the rights and interests of shareholders and customers.
- e. Implement RPA for process automation and system and security testing automation to enhance internal operational efficiency and system availability; enforce regulatory, cybersecurity policy, and risk management requirements to effectively manage operational business risks.

Mercuries Life Insurance has been continuously investing in the development and application of information systems to maintain its competitiveness in the industry. There have been no major cybersecurity incidents in the past, so technological changes, including risks in information security and industry changes, have had no negative impact on the Company's financial operations.

C. Pharmaceuticals

Currently, changes in technology and industry have no impact on the Company's finances and operations. The Company has established policy to maintain overall information security, enhance security management of all information assets, ensure confidentiality, integrity, and availability, and prevent risks such as intentional or accidental threats or damages from internal or external sources that could compromise business information, including alteration, disclosure, destruction, or loss.

D. Information services

Excellent technical teams are sensitive to innovative technologies in the technology

industry. They can fully grasp the market development trends to rapidly evaluate and respond to the impact of the Company's financial business, improve the professional execution capabilities and technologies of various products to enhance customer satisfaction and cohesion and ensure that technological changes have no significant impact on the Company's financial operations. The Company has established and implemented an information security management system and formulated information security policies to ensure information security risk control. In addition to strengthening information security knowledge internally, the Company has also established an information security maintenance plan for information security risk management.

For information on the Company's information security risks, please refer to 「IV. Operational Highlights, Section 6. Information security management」 of this annual report.

(6) Changes in the corporate image, impact on the Company's risk management, and response measures:

A. Retail of daily commodities and food

The Company has over 30 years of experience in the retail sector and continued to uphold an open and forward-looking corporate culture to provide consumers cheap and quality products and fulfill market requirements. We also attach great importance to customer feedback to sustain our positive corporate image. Recent efforts include the introduction of new business models to diversify products and services provided and to expand business scale. The Company has established the Emergency Response Task Force composed of members from various departments to promptly and effectively respond to contingencies and reduce business risks.

B. Life insurance

MLI has spent over 30 years developing a customer base, dedicated its entire effort to the primary business focus of insurance services, and actively participated in various social services and public charities, building and instilling a positive corporate image in the public.

Where incidents that may affect corporate image occur in the future, a third-party market surveillance company shall be first commissioned to evaluate the extent of damage to the image from the perspective of internal employees and external customers. Internal training shall also be used in tandem with external announcements to rebuild corporate image.

C. Pharmaceuticals

None.

D. Information services

Always upheld the business principles of professionalism and trust, actively strengthen the service quality of the Company by customer-oriented continuous deepening, strengthening and realizing quality awareness, improving the accuracy of delivery period, enhancing risk management, human resource streamlining and improving human resource quality, strengthening information security management and personal data protection and other measures, actively strengthen the trust of customers in the company and the crisis management awareness of the management team, to avoid the occurrence of crisis until the publication date of the annual report unforeseen crisis.

(7) Expected benefits and possible risks of mergers and response measures:

To support diversified operations and reduce risks, subsidiary Simple Mart Investment Co., Ltd. acquired equity in Pet Wonderland Co., Ltd. in 2024. By investing in pet retail channels, the company aims to expand its overall retail scale, directly benefit from operational results, and leverage professional pet retail channels to improve pet products at Simple Mart. With Simple Mart' community proximity, the company can promptly supply food and products tailored to cats and dogs, attracting a more diverse customer base to Simple Mart.

(8) Expected benefits and possible risks of expanding factory buildings and response risks:

A. Retail of daily commodities and food

Due to the frequent occurrence of food safety issues in recent years, the Company has expanded the central kitchen with a total estimated investment of approximately NT\$805 million mainly for production, processing, low-temperature freezing, and room temperature storage of raw materials. The project is currently completed and activated, which will increase self-production rate, enable full control of product quality, and shorten lead times.

- a. Expected benefits: It is expected to increase production capacity and self-production rate by three times, effectively control product quality, and aim to support more than 800 stores across the brand.
- b. Possible risk: Suboptimal capacity utilization after the production line is put into operation will affect the profitability of the company's main businesses.
- c. Responses: OEM work can be entrusted to develop take-out preparation package products, etc. to create additional sales performance for the company.

B. Life insurance

Due to the nature of the industry, MLI had no expansion of plants.

C. Pharmaceuticals

The main capital expenditures in 2024 were: Establishment of Guanyin plant and the reconstruction of Luzhu plant B.

a. Expected benefits:

1. Considering the growing demand in the pharmaceutical market and risks associated with a single factory, the decision was made to establish the Guanyin Factory to sustain long-term development momentum. The Guanyin Factory will introduce automated warehousing systems and packaging equipment with a higher level of smart technology than the Luzhu Factory. It is planned to build four production lines, with a maximum capacity equivalent to approximately 50% of the Luzhu Factory, and trial production is expected to begin in the second half of 2025.
2. Continuing the reconstruction of the factory buildings and equipment damaged by the fire, in early 2024, the Luzhu plant completed reconstruction, restoring capacity to 100%.

- b. Expected possible risks : Suboptimal capacity utilization after the production line is put into operation will affect the profitability of the company's main businesses
- c. Response Measures: Strengthen the business team, expand operational reach, expanding into Contract Development and Manufacturing Organization (CDMO) services and optimizing product portfolios to enhance profitability.

D. Information services

In 2024, there was no expansion of plants.

(9) Risks resulting from the concentration of purchases or sales and response measures:

A. Retail of daily commodities and food

The Company is a retailer and wholesaler of daily commodities and food. With the exception of alcohol products which were sold under monopoly, the sales of other products scattered extremely; therefore, there was no risk of concentrated purchases or sales.

B. Life insurance

MLI is a life insurance company and derives insurance income from the general public. Sales are not directed to any particular targets, meaning that there is no risk of concentrated sales. Due to the nature of the industry, MLI has no purchase.

C. Pharmaceuticals

Most suppliers and sales clients are long-term partners with close business relationships, posing a low risk. In 2024, the largest supplier accounted for 30.07% of total procurement value, and the largest sales client accounted for 18.03% of net revenue. In comparison, in 2023, the largest supplier accounted for 23.68% of total procurement value, and the largest sales client accounted for 25.39% of net revenue. The slight increase in the largest supplier's share in 2024 was primarily due to the full restoration of in-house production capacity, enabling the provision of more product categories. The company adjusted the types and quantities of raw material procurement based on production needs. The slight decrease in the largest sales client's share in 2024 was mainly due to the full restoration of in-house production capacity, sustained revenue growth, and increased sales of key products such as sedatives, antidepressants, and glaucoma medications. This reduced the largest sales client's proportion of total sales. The future goal is to reduce the revenue share of any single client to 10%.

D. Information services

a. Procurement: The Company is the sales agent of Hitachi financial automation equipment in Japan and is its exclusive distributor in Taiwan. Despite the procurement concentration, sales performance in Taiwan is remarkable. The entire financial automation product solution and maintenance base have strengthened the Company's long-term working relationship with the original manufacturer. The majority of the system integration industry is comprised of bid projects. Large-scale bidding projects usually have signed contracts with original suppliers, so there is no risk of excessive concentration.

b. Sales: Most of the sales are comprised of bid projects. Each procurement case is independent, and multiple groups of competing companies participate in the bids. Whether each procurement case can win the bid is out of the Company's full control, so there is no excessive sales concentration problem. Payment collection status is considered normal as of the publication date of this annual report.

(10) Impacts, risks, and response measures pertaining to major equity transfer or replacement of Directors, Supervisors, or shareholders holding more than ten percent (10%) of the Company's shares: There was no major equity transfer in 2024.

(11) Impacts, risks, and response measures pertaining to changes in ownership: There was no change in ownership in 2024.

- (12) Any litigious or non-litigious matters or administrative disputes up to the printing date of this annual report where the Company and its Directors, President, actual person in charge, and major shareholders holding more than 10% of the Company's shares, and affiliated companies that have been concluded by means of a final judgment or are still under litigation, to be a party thereof, and where the results thereof could materially affect shareholders' equity or prices of the Company's securities, as well as the facts of the dispute, amount of money at stake, start date of litigation, and main parties to the litigation: Excluding 11 significant legal lawsuits related to insurance operations involving subsidiary Mercuries Life Insurance Co., Ltd., with claims for compensation totaling NT\$33,928 thousand, for which adequate claim reserves have been assessed and set aside and which are currently under judicial review. The outcomes of these cases are not expected to have a material impact on the company's shareholder equity or securities prices. No other subsidiaries have significant litigation, non-litigation, or administrative disputes. In addition, the Company and its directors, general manager, actual responsible persons, and major shareholders holding more than 10% of the shares have not been involved in any major litigation, non-litigation or administrative disputes that have been determined or are still under judgment.
- (13) Other material risks and response measures: Based on the business needs, each company established a series of stringent and appropriate information security measures to avoid information security incidents, such as hacking, personal information leakage, virus intrusion, and network abuse; and to reduce compensation, fines, and goodwill damage derived from the information security incidents. Each company reviewed information security policies, implemented information security assessments, organized information security exercises and training to ensure the appropriateness and effectiveness of information security mechanisms. With the rapid development of information security issues and hacking techniques, a robust protection system cannot guarantee the long-lasting and complete avoidance of information security risks of arbitrary attacks from any third parties. In addition, to assure the Company's sustainable operation, the information system structure includes the highly available remote host and data backup mechanisms based on the level of risk to ensure that services are uninterrupted; drills in the disaster backup system are also conducted from time to time to ensure the normal operation of the information system and reduce system interruption caused by unpredictable natural disasters and human neglect. In 2024 and up to the date of publication of the Annual Report, no cyber-attacks or incidents that had a material adverse effect on the Company's business and operations took place, and the Company was not involved in any legal cases or regulatory actions arising therefrom. The life insurance business has established the "Standard Operating Procedures for Handling Operational Anomalies" and "Crisis Management Measures" to effectively address potential operational crises, safeguard policyholder rights, and ensure normal company operations.

7. Other important issues: None

VI. Special Disclosure

1. Affiliated companies

(1) Consolidated business report of affiliated companies

1. Organization structure of affiliated companies (December 31, 2024)

Controlling Company	Affiliated Company	Shareholding Percentage	Affiliated Company	Shareholding Percentage	Affiliated Company	Shareholding Percentage
Mercuries & Associates Holding, Ltd.	Mercuries & Associates, Ltd.	100%	SCI Pharmtech Inc.	1.20%	Pet Wonderland Co., Ltd.	66%
			Mercuries Leisure Co., Ltd.	6.75%		
			Simple Mart Retail Co., Ltd.	0.09%		
			Mercuries Life Insurance Co., Ltd.	1.94%		
	Simple Mart Retail Co., Ltd.	60.77%	Simple Mart Plus Co., Ltd.	100%		
			Sanyou Drugstores Ltd.	67.33%		
			Simple Mart Investment Co., Ltd.	100%		
	Mercuries Harvest Co., Ltd.	100%	Mercuries Leisure Co., Ltd.	0.93%		
			Mercuries Life Insurance Co., Ltd.	0.03%		
	Mercuries F&B Co., Ltd.	57.87%	Mercuries Leisure Co., Ltd.	9.11%		
			Mercuries Life Insurance Co., Ltd.	0.23%		
			Mercuries F&B Consulting Co., Ltd.	98.62%		
			Mercuries Food Services Japan Ltd.	100%		
	Mercuries Life Insurance Co., Ltd.	31.52%				
	Mercury Fu Bao Co., Ltd.(Note1)	100%	Mercuries Life Insurance Co., Ltd.	2.43%		
			Mercuries Leisure Co., Ltd.	5.02%		
			SCI Pharmtech Inc.	2.38%		
			Hipact Tech. Inc.(Note2)	5.17%		
	Mercuries Data Systems Ltd. (continued at Part 1)	48.57%				
	Mercuries General Media, Inc.	86.96%				
	Mercuries Leisure Co., Ltd.	60.59%				
	Hipact Tech. Inc.(Note2)	8.61%				
	Mercuries Liquor & Food Co., Ltd.(Note1)	100%	— Shang Rih Co., Ltd.	100%	Mercuries Liquor& Food Japan Co., Ltd.	100%
	Mercuries Furniture Co., Ltd.	100%	— Mercuries Life Insurance Co., Ltd.	0.21%		
	SCI Pharmtech Inc.	29.78%	— Yushan Pharmaceuticals, Inc.	100%		
	M. T. I. CIGARS CO., LTD.	100%				
	Mercuries Insurance Agency	100%				
	Sanyou Drugstores Ltd.	32.67%				

1. Organization structure of affiliated companies - continued (March 31, 2024)

Controlling Company	Affiliated Company	Shareholding Percentage	Affiliated Company	Shareholding Percentage	Affiliated Company	Shareholding Percentage
Mercuries Data Systems Ltd. (MDS)	Mercuries Data Systems International Ltd.	100%	Core Info Tech Limited (Hong Kong)	100%	Mercuries Soft (Nanjing) Ltd.	100%
	Mercuries Life Insurance Co., Ltd.	0.25%				
	Mercuries Information Systems International Co., Ltd.	100%				
	Hipact Tech. Inc.(Note2)	72.8%				
(continued at Part 1)						

Note1: Mercuries Liquor & Food Co., Ltd. and Mercury Fu Bao Co., Ltd. merged on January 1, 2025. Mercuries Liquor & Food Co., Ltd. is the surviving company and Mercury Fu Bao Co., Ltd. is the eliminated company. The change registration was completed on February 17, 2025.

Note2: Hipact Tech. Inc. has set October 31, 2024 as the dissolution date, and the liquidation was completed on March 15, 2025.

2. Basic information on affiliated companies

Unit: Thousand NTD

Company Name	Date of Incorporation (Year)	Address	Paid-in Capital	Primary Business or Products
Mercuries & Associates, Ltd.	January 27, 2015	B1 and 1F~18F, Section 2, Jianguo North Road, Taipei City	400,000	Domestic and international well-known brands of footwear, apparel and related accessories.
Simple Mart Retail Co., Ltd.	February 7, 2013	B1, No. 4, Section 3, Minquan East Road, Zhongshan District, Taipei City	675,000	Retail of daily commodities and food, alcohols, beverages, tobacco, daily necessities, cooked food, fresh foods, medical supplies (excluding Chinese medicine and Western medicine), infant products, as well as cosmetics and beauty products (excluding those with pharmaceutical effects).
Mercuries Harvest Co., Ltd.	September 4, 1990	11F, No. 145, Section 2, Jianguo North Road, Taipei City	90,000	Lease, purchasing, and sale of machinery and equipment.
Mercuries F&B Co., Ltd.	December 7, 1996	5F, No. 145, Section 2, Jianguo North Road, Taipei City	660,673	Retail business of fast food chains, including pizza, fried chicken, all kinds of noodles, rice, fried pork chops, and Japanese donburi.
Mercuries Life Insurance Co., Ltd.	June 12, 1993	1F, No. 58, Shitan Road, Neihu District, Taipei City	56,995,011	Personal insurance.
Mercury Fu Bao Co., Ltd.	June 20, 1979	11F, No. 145, Section 2, Jianguo North Road, Taipei City	2,362,600	Liquor, cigar, and cigarette trading and agency.
Mercuries Food Service Japan Ltd.	February 28, 2014	Room D, 2F, Tama-Plaza Center Building, 5-1-3, Utsukushigaoka, Aoba-ku, Yokohama-shi, Japan	JPY50 million	Retail of food and beverages.
Mercuries Data Systems Ltd.	December 9, 1976	4F-3, No. 2, Lane 150, Section 5, Xinyi Road, Taipei City	1,968,145	Purchasing, sale, processing, and installation of computer equipment.
Mercuries General Media, Inc.	November 18, 1988	2F, No. 145, Section 2, Jianguo North Road, Taipei City	48,300	Production and distribution of imported videos.
Mercuries Leisure Co., Ltd.	September 23, 1989	11F, No. 145, Section 2, Jianguo North Road, Taipei City	752,771	Recreational and entertainment.
Hipact Tech Inc.	July 20, 2000	4F-3, No. 2, Lane 150, Section 5, Xinyi Road, Taipei City	2,000	Business management consultation and installation of computer equipment.
Mercuries Liquor & Food Co., Ltd.	September 8, 2008	2F, No. 57, Wuquan Road, Wugu District, New Taipei City	105,000	Wholesale of tobacco, alcohol, food and beverages.
Mercuries Furniture Co., Ltd.	January 4, 2001	18F, No. 145, Section 2, Jianguo North Road, Taipei City	130,000	Furniture Retailing and Renovation
SCI Pharmtech Inc.	September 18, 1987	No. 61, Lane 309, Haihu North Road, Luzhu District, Taoyuan City	1,195,087	Processing, production, and sale of active pharmaceutical ingredients (APIs) and API intermediates
M. T. I. CIGARS CO., LTD.	December 7, 2006	11F, No. 145, Section 2, Jianguo North Road, Taipei City	32,092	Liquor, cigar, and cigarette trading and agency.

Company Name	Date of Incorporation (Year)	Address	Paid-in Capital	Primary Business or Products
Mercuries Insurance Agency	November 28, 2008	12F-8, No. 2, Lane 150, Section 5, Xinyi Road, Taipei City	5,000	Insurance agency.
Simple Mart Plus Co., Ltd.	December 13, 2017	B1, No. 4, Section 3, Minquan East Road, Zhongshan District, Taipei City	60,000	Retail of food and beverages.
Mercuries Data Systems International Ltd.	August 1, 2000	British Virgin Islands	USD18.01 million	Investment holding.
Mercuries Information Systems International Co., Ltd.	April 13, 2010	4F-4, No. 2, Lane 150, Section 5, Xinyi Road, Xinyi District, Taipei City	3,000	Information software, hardware, and processing.
Shang Rih Co., Ltd.	May 25, 2009	2F, No. 57, Wuquan Road, Wugu District, New Taipei City	6,000	Wholesale of tobacco, alcohol, food and beverages.
Yushan Pharmaceuticals, Inc.	June 24, 2013	No. 61, Lane 309, Haihu North Road, Luzhu District, Taoyuan City	351,900	Research and development, production, and sale of APIs and formulations.
Core Info Tech Limited (Hong Kong)	August 23, 2000	29th Floor Wing On Centre 111 Connaught Road Central Hong Kong	USD18.1 million	Investment holding.
Mercuries Soft (Nanjing) Ltd.	December 26, 2002	No. 359, Jiangdong Zhong Road, Jianyou District, Nanjing City (10F, No. 1, Zone B, Guorui Daxia Building)	USD21 million	Development, production, and sale of computer software and mailing software; management of proprietary products; IT consultancy services.
Mercuries Liquor & Food Japan Co., Ltd.	June 1, 2018	2F, Tama-Plaza Center Building, 5-1-3, Utsukushigaoka, Aoba-ku, Yokohama-shi, Kanagawa, Japan	JPY7.5 million	Trade.
Mercuries F&B Consulting Co., Ltd.	February 14, 2019	5F, No. 145, Section 2, Jianguo North Road, Zhongshan District, Taipei City	65,000	Retail of food and beverages and consulting services.
Sanyou Drugstores Ltd.	August 22, 2002	B1, No. 4, Section 3, Minquan East Road, Zhongshan District, Taipei City	150,000	Cosmetics and beauty products (excluding those with pharmaceutical effects) & daily necessities.
Simple Mart Investment Co., Ltd.	June 6, 2024	B1, No. 4, Section 3, Minquan East Road, Zhongshan District, Taipei City	246,000	Investment.
Pet Wonderland Co., Ltd.	August 5, 2024	1st Floor, No. 138-10, Section 3, Wenxin Road, Ho Renli, Xitun District, Taichung City	15,000	Pet supplies wholesale and retail.

3. Overall business scope of every affiliated enterprises:

Company name	Primary Business or Products
Mercuries & Associates, Ltd.	Domestic and international well-known brands of footwear, apparel and related accessories.
Simple Mart Retail Co., Ltd.	Retail of daily commodities and food, alcohols, beverages, tobacco, daily necessities, cooked food, fresh foods, medical supplies (excluding Chinese medicine and Western medicine), infant products, as well as cosmetics and beauty products (excluding those with pharmaceutical effects).
Mercuries Harvest Co., Ltd.	Lease, purchasing, and sale of machinery and equipment.
Mercuries F&B Co., Ltd.	Retail business of fast food chains, including pizza, fried chicken, all kinds of noodles, rice, fried pork chops, and Japanese donburi.
Mercuries Life Insurance Co., Ltd.	Personal insurance.
Mercury Fu Bao Co., Ltd.	Liquor, cigar, and cigarette trading and agency.
Mercuries Food Service Japan Ltd.	Retail of food and beverages.
Mercuries Data Systems Ltd.	Purchasing, sale, processing, and installation of computer equipment.
Mercuries General Media, Inc.	Production and distribution of imported videos.
Mercuries Leisure Co., Ltd.	Recreational and entertainment.
Hipact Tech Inc.	Business management consultation and installation of computer equipment.
Mercuries Liquor & Food Co., Ltd.	Wholesale of tobacco, alcohol, food and beverages.
Mercuries Furniture Co., Ltd.	Furniture Retailing and Renovation
SCI Pharmtech Inc.	Processing, production, and sale of active pharmaceutical ingredients (APIs) and API intermediates.
M. T. I. CIGARS CO., LTD.	Liquor, cigar, and cigarette trading and agency.
Mercuries Insurance Agency	Insurance agency.
Simple Mart Plus Co., Ltd.	Retail of food and beverages.
Mercuries Data Systems International Ltd.	Investment holding.
Mercuries Information Systems International Co., Ltd.	Information software, hardware, and processing.
Shang Rih Co., Ltd.	Wholesale of tobacco, alcohol, food and beverages.
Yushan Pharmaceuticals, Inc.	Research and development, production, and sale of APIs and formulations.
Core Info Tech Limited (Hong Kong)	Investment holding.
Mercuries Soft (Nanjing) Ltd.	Development, production, and sale of computer software and mailing software; management of proprietary products; IT consultancy services.
Mercuries Liquor & Food Japan Co., Ltd.	Trade.
Mercuries F&B Consulting Co., Ltd.	Retail of food and beverages and consulting services.
Sanyou Drugstores Ltd.	Cosmetics and beauty products (excluding those with pharmaceutical effects) & daily necessities.
Simple Mart Investment Co., Ltd.	Investment holding.
Pet Wonderland Co., Ltd.	Pet supplies wholesale and retail.

4. Directors, supervisors, and general managers of affiliated enterprises

Unit: Thousand shares; % December 31, 2024

Company name	Title	Name or representative	Shares held	
			Number of shares	Shareholding percentage
Mercuries & Associates, Ltd.	Chairman	Representative(s) of institutional shareholders of Mercuries & Associates Holding, Ltd.: Chen, Shiang-Feng	40,000	100%
	Director	Representative(s) of institutional shareholders of Mercuries & Associates Holding, Ltd.: Chen, Shiang-Li 、Yang, Li-Yun		
	Supervisor	Representative(s) of institutional shareholders of Mercuries & Associates Holding, Ltd.: Wang, Chih-Hua		
Simple Mart Retail Co., Ltd.	Chairman	Representative(s) of institutional shareholders of Mercuries & Associates Holding, Ltd.: Chen, Shiang-Feng	41,019	60.77%
	Director	Representative(s) of institutional shareholders of Mercuries & Associates Holding, Ltd.: Chen, Shiang-Li 、Wong, Wei-Chyun 、Chiu, Kuang-Lung		
	Independent director	Lin, Tsay-Lin 、Tsai, Meng-Lin 、Huang ,Ming-Jye	0	—
	General Manager	Chiu, Kuang-Lung	1,667	2.47%
Mercuries Harvest Co., Ltd.	Chairman	Representative(s) of institutional shareholders of Mercuries & Associates Holding, Ltd.: Chen, Shiang-Feng	9,000	100%
Mercuries F&B Co., Ltd.	Chairman	Representative(s) of institutional shareholders of Mercuries & Associates Holding, Ltd.: Chen, Shiang-Feng	38,236	57.87%
	Director	Representative(s) of institutional shareholders of Mercuries & Associates Holding, Ltd.: Chen, Shiang-Li 、Wong, Wei-Chyun		
	Independent director	Gau, Wey-Chuan 、Chang, Yuan-Hsiao 、Cheng, Pao-Cheng 、Chen, Kuan-Han	0	—
	General Manager	Chen, Shiang-Feng	1,590	2.40%
Mercuries Life Insurance Co., Ltd.	Chairman	Representative(s) of institutional shareholders of Mercuries & Associates Holding, Ltd.: Wong, Chau-Shi	1,796,520	31.52%
	Vice Chairman	Representative(s) of institutional shareholders of Mercuries & Associates Holding, Ltd.: Hsu, Ching-Hsin	248	0%
	Director	Representative(s) of institutional shareholders of Mercuries & Associates Holding, Ltd. : Wong, Wei-Chyun 、Chen, Chin-Tsai	0	—
	Director	Chen, Shiang-Li 、Cheng ,Chun-Nong	0	—
	Director	Wang, Chih-Hua	1,140	0.02%
	Independent director	Henry Yang 、Kuo, Wei-Yu 、Tu, Te-chen 、Liu, Han-Tsung	0	—
	General Manager	Chen, Hong-Sheng	3,800	0.07%
Mercury Fu Bao Co., Ltd.	Chairman	Representative(s) of institutional shareholders of Mercuries & Associates Holding, Ltd.: Wang, Hsien-Chang	236,260	100%
	Director	Representative(s) of institutional shareholders of Mercuries & Associates Holding, Ltd.: Chen, Shiang-Feng 、Chen, Shiang-Li		
	Supervisor	Representative(s) of institutional shareholders of Mercuries & Associates Holding, Ltd.: Yang, Li-Yun		

Company name	Title	Name or representative	Shares held	
			Number of shares	Shareholding percentage
Mercuries Food Service Japan Ltd.	Director	Cheng, Hsuan-Hui	—	—
	Director	Kosaka Kenichi		
Mercuries Data Systems Ltd.	Chairman	Representative(s) of institutional shareholders of Mercuries & Associates Holding, Ltd.: Chen, Shiang-Chung	95,585	48.57%
	Director	Representative(s) of institutional shareholders of Mercuries & Associates Holding, Ltd.: Chen, Shiang-Li 、 Chung, Cheng-Ping 、 Tang, Te-Cheng 、 Chen, Wen-Chu		
	Independent director	Shen, Shang-Hung 、 Lin, Ming-Sheng 、 Liou, Shuei-En 、 Chen, Guan-Bai	0	—
	General Manager	Chen, Shiang-Chung	609	0.31%
Mercuries General Media, Inc.	Chairman	Representative(s) of institutional shareholders of Mercuries & Associates Holding, Ltd.: Chen, Shiang-Li	4,200	86.96%
	Director	Representative(s) of institutional shareholders of NHK ENTERPRISE, INC.: SHIBATA YUJI	630	13.04%
	Director	Representative(s) of institutional shareholders of Mercuries & Associates Holding, Ltd.: Lin, Chien-Hsiung 、 Wang, Chih-Hua 、 Chen, Shiang-Feng	4,200	86.96%
	Supervisor	Yang, Li-Yun	0	—
Mercuries Leisure Co., Ltd	Chairman	Representative(s) of institutional shareholders of Mercuries & Associates Holding, Ltd.: Chen, Shiang-Li	45,608	60.59%
	Director	Representative(s) of institutional shareholders of Mercuries & Associates Holding, Ltd.: Chen, Shiang-Feng 、 Wang, Chih-Hua		
	Director	Representative(s) of institutional shareholders of Mercuries & Associates Holding, Ltd.: Chen, Shiang-Li (Note)	698	0.93%
	Supervisor	Yang, Li-Yun	0	—
Mercuries Liquor & Food Co., Ltd.	Chairman	Representative(s) of institutional shareholders of Mercuries & Associates Holding, Ltd.: Chen, Shiang-Feng	10,500	100%
	Director	Representative(s) of institutional shareholders of Mercuries & Associates Holding, Ltd.: Chen, Shiang-Li 、 Wang, Hsien-Chang		
	Supervisor	Representative(s) of institutional shareholders of Mercuries & Associates Holding, Ltd.: Yang, Li-Yun		
Mercuries Furniture Co., Ltd.	Chairman	Representative(s) of institutional shareholders of Mercuries & Associates Holding, Ltd.: Chen, Shiang-Feng	13,000	100%
M. T. I. CIGARS CO., LTD.	Chairman	Representative(s) of institutional shareholders of Mercuries & Associates Holding, Ltd.: Chen, Shiang-Feng	3,209	100%
Mercuries Insurance Agency	Chairman	Representative(s) of institutional shareholders of Mercuries & Associates Holding, Ltd.: Chen, Shiang-Chung	500	100%
	Director	Representative(s) of institutional shareholders of Mercuries & Associates Holding, Ltd.: Shen, Kuo-cheng 、 Hsieh, Ming-Chin		
	Supervisor	Representative(s) of institutional shareholders of Mercuries & Associates Holding, Ltd.: Yang, Li-Yun		
	General Manager	Chen, Po-An	0	—

Company name	Title	Name or representative	Shares held	
			Number of shares	Shareholding percentage
SCI Pharmtech Inc.	Chairman	Wong, Wei-Chyun	671	0.56%
	Director	Representative(s) of institutional shareholders of Mercuries & Associates Holding, Ltd.: Hsu, Ching-Hsin 、Chou, Wen-Chih 、Chou, Wen-Chih	35,591	29.78%
	Director	Chen, Shiang-Li	0	—
	Independent director	Tu, Te-cheng	0	—
	Independent director	Wu, Hung-Chih	7	0.01%
	Independent director	Chen, Chia-Chun	0	—
	General Manager	Chou, Wen-Chih	71	0.06%
Simple Mart Plus Co., Ltd.	Chairman	Representative(s) of institutional shareholders of Simple Mart Retail Co., Ltd.: Chen, Shiang-Feng	6,000	100%
	Director	Representative(s) of institutional shareholders of Simple Mart Retail Co., Ltd.: Chen, Shiang-Li 、Chiu, Kuang-Lung		
	Supervisor	Representative(s) of institutional shareholders of Simple Mart Retail Co., Ltd.: Chen, Jui-Hsing		
Mercuries Data Systems International Ltd.	Director	Representative(s) of institutional shareholders of Mercuries Data Systems Ltd.: Ken S.C. Chen	—	100%
Mercuries Information Systems International Co., Ltd.	Chairman	Representative(s) of institutional shareholders of Mercuries Data Systems Ltd. (MDS): Chung, Cheng-Ping	300	100%
	Director	Representative(s) of institutional shareholders of Mercuries Data Systems Ltd. (MDS): Chen, Shiang-Chung 、Tang, Te-Cheng		
	Supervisor	Representative(s) of institutional shareholders of Mercuries Data Systems Ltd. (MDS): Chen, Wen-Chu		
Shang Rih Co., Ltd.	Director	Representative(s) of institutional shareholders of Mercuries Liquor & Food Co., Ltd.: Chen, Shiang-Feng	—	100%
Yushan Pharmaceuticals, Inc.	Chairman	Representative(s) of institutional shareholders of SCI Pharmtech Inc.: Wong, Wei-Chyun	35,190	100%
	Director	Representative(s) of institutional shareholders of SCI Pharmtech Inc.: Hsu, Ching-Hsin 、Chou, Wen-Chih		
	Supervisor	Representative(s) of institutional shareholders of SCI Pharmtech Inc.: Yang, Wen-Chen		
Core Info Tech Limited (Hong Kong)	Director	Representative(s) of institutional shareholders of Mercuries Data Systems International Ltd.: Ken S.C. Chen	—	100%
	Director	Representative(s) of institutional shareholders of Mercuries Data Systems International Ltd.: Chen, Wen-Chu		

Company name	Title	Name or representative	Shares held	
			Number of shares	Shareholding percentage
Mercuries Soft (Nanjing) Ltd.	Chairman	Representative(s) of institutional shareholders of Core Info Tech Limited (Hong Kong): Chen, Shiang-Chung	—	100%
	Director	Representative(s) of institutional shareholders of Core Info Tech Limited (Hong Kong): Chen, Wen-Chu 、Chung, Cheng-Ping 、Hsieh, Hung-Hsiang 、Tsai, Chung-Wei		
	Supervisor	Representative(s) of institutional shareholders of Core Info Tech Limited (Hong Kong): Hsu, Hsiao-Chi		
Mercuries Liquor & Food Japan Co., Ltd.	Director	Wang, Chih-Hua	—	—
Mercuries F&B Consulting Co., Ltd.	Chairman	Representative(s) of institutional shareholders of Mercuries F&B Co., Ltd.: Chen, Shiang-Feng	6,410	98.62%
	Director	Representative(s) of institutional shareholders of Mercuries F&B Co., Ltd.: Lin, Chien-Hsiung		
	Director	Representative(s) of institutional shareholders of Inshokutenhanjoukai Co., Ltd.: KASAKA HAJIME	90	1.38%
	Supervisor	Yang, Li-Yun	0	—
Sanyou Drugstores Ltd.	Chairman	Representative(s) of institutional shareholders of Simple Mart Retail Co., Ltd.: Chiu Kuang-Lung	10,100	67.33%
	Director	Representative(s) of institutional shareholders of Simple Mart Retail Co., Ltd.: Chang, Tsung-Pen		
	Director	Representative(s) of institutional shareholders of Mercuries & Associates Holding, Ltd.: Chen, Jui-Hsing	4,900	32.67%
	Supervisor	Liu ,Yen-Hsiu	0	—
Simple Mart Investment Co., Ltd.	Chairman	Representative(s) of institutional shareholders of Simple Mart Retail Co., Ltd.: Chen, Shiang-Feng	24,600	100.%
	Director	Representative(s) of institutional shareholders of Simple Mart Retail Co., Ltd.: Chen, Shiang-Li 、Chiu, Kuang-Lung		
	Supervisor	Representative(s) of institutional shareholders of Simple Mart Retail Co., Ltd.: Liu ,Yen-Hsiu		
Pet Wonderland Co., Ltd.	Chairman	Representative(s) of institutional shareholders of Simple Mart Investment Co., Ltd.: Chiu, Kuang-Lung	765	66.00%
	Director	Representative(s) of institutional shareholders of Simple Mart Investment Co., Ltd.: Hsieh, Chung-Ping 、Ye, Nian-Qing		
	Director	Representative(s) of institutional shareholders of Health International Marketing Group Co., Ltd.: Hong, Zhen-Ru	290	19.33%
	Director	Hung, Li-Chin	25	1.67%
	Supervisor	Liu ,Yen-Hsiu 、Ke, Ssu-Chieh	0	—

Note: Legal representative's personal shareholding information.

5. Business operating conditions of the affiliated enterprises

Unit: Thousand NT\$, Thousand US\$, Thousand JPY\$, December 31, 2024

Company name	Paid-in capital	Total assets	Total liabilities	Net value	Operating revenue	Net operating income (loss)	Profit (loss) before tax	EPS (after tax / NT\$)
Mercuries & Associates, Ltd.	400,000	3,872,002	2,741,146	1,130,856	3,947,974	171,330	299,090	7.48
Simple Mart Retail Co., Ltd.	675,000	5,824,620	3,923,811	1,900,809	13,734,660	219,155	136,399	2.02
Mercuries Harvest Co., Ltd.	90,000	134,887	100	134,787	0	(101)	2,555	0.28
Mercuries F&B Co., Ltd.	660,673	3,611,175	1,937,702	1,673,473	6,297,547	302,371	250,165	4.10
Mercuries Life Insurance Co., Ltd.	56,995,011	1,625,142,670	1,583,715,893	41,426,777	136,846,587	3,426	2,175,373	0.42
Mercury Fu Bao Co., Ltd.	2,362,600	2,684,234	64,787	2,619,447	94,184	(36,207)	108,031	0.46
Mercuries Food Service Japan Ltd.	JPY50,000	50,129	26,510	23,619	66,897	(54,205)	(53,555)	-
Mercuries Data Systems Ltd.	1,968,181	7,718,406	4,594,711	3,123,695	4,844,231	316,788	281,976	1.43
Mercuries General Media, Inc.	48,300	114,500	10,686	103,814	33,629	11,061	9,505	1.97
Mercuries Leisure Co., Ltd	752,771	1,062,254	255,009	807,245	0	(3,895)	51,488	0.68
Hipact Tech Inc.	2,000	8,816	701	8,115	0	(212)	6,115	30.58
Mercuries Liquor & Food Co., Ltd.	105,000	329,303	164,484	164,819	661,182	28,149	37,383	3.56
Mercuries Furniture Co., Ltd.	130,000	624,656	602,721	21,935	978,615	9,664	6,972	0.54
SCI Pharmtech Inc.	1,195,087	7,281,874	1,804,942	5,476,932	1,523,738	200,462	534,678	4.47
M. T. I. CIGARS CO., LTD.	32,092	27,586	90	27,496	0	(102)	200	0.06
Mercuries Insurance Agency	5,000	58,378	6,249	52,129	291,567	30,532	24,532	49.06
Simple Mart Plus Co., Ltd.	60,000	55,093	8,257	46,836	81,381	4,355	4,638	0.77

Company name	Paid-in capital	Total assets	Total liabilities	Net value	Operating revenue	Net operating income (loss)	Profit (loss) before tax	EPS (after tax / NT\$)
Mercuries Data Systems International Ltd.	USD 18,010	172,148	2,149	169,999	0	0	(21,553)	-
Mercuries Information Systems International Co., Ltd.	3,000	848	39	809	0	(213)	(208)	(0.69)
Shang Rih Co., Ltd.	6,000	7,672	26	7,646	0	0	310	-
Yushan Pharmaceuticals, Inc.	351,900	366,347	1,395	364,952	0	(3,837)	(1,432)	(0.04)
Core Info Tech Limited (Hong Kong)	USD 18,100	170,920	0	170,920	0	0	(21,570)	-
Mercuries Soft (Nanjing) Ltd.	USD 21,000	168,757	2,206	166,551	29,119	(23,086)	(21,628)	-
Mercuries Liquor & Food Japan Co., Ltd.	JPY7,500	104,962	69,928	35,034	279,891	2,377	1,576	-
Mercuries F&B Consulting Co., Ltd.	65,000	19,987	6,601	13,386	13,975	(11,440)	(11,536)	(1.93)
Sanyou Drugstores Ltd.	150,000	300,891	206,927	93,964	472,606	(45,357)	(49,982)	(3.33)
Simple Mart Investment Co., Ltd.	246,000	344,985	100,000	244,985	32	(1,015)	(1,015)	(0.10)
Pet Wonderland Co., Ltd.	15,000	260,951	147,168	113,783	129,358	5,058	3,783	2.52

6. Information on endorsements and guarantees, capital loans to other parties, and other derivative products for the affiliated enterprises

(1) Endorsements and guarantees for the affiliated enterprise: Refer to page 168-170 of this annual report.

(2) Capital loans of the affiliated enterprises: Refer to page 168-170 of this annual report.

(3) Derivatives trading of the affiliated enterprises: Refer to page 168-170 of this annual report.

(2) Consolidated financial statements of affiliated enterprises

Statement

We hereby state that for 2024 (from January 1, 2024 to December 31, 2024), the affiliated enterprises to be included for the consolidated financial statements of this Corporation according to the *Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprise* are the same as the companies to be included in the parent and subsidiary companies of the consolidated financial statement to be included according to the *International Financial Reporting Standards (IFRS) 10*. All information to be disclosed in the consolidated financial statement of affiliated enterprises have already been disclosed in the consolidated financial statement of the parent company and subsidiaries. Consolidated financial statements of affiliated enterprises were therefore not generated separately.

Company name: Mercuries & Associates Holding, Ltd.

Person in charge: Chen, Shiang-Li

March 14, 2025

Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprise above mentioned please refer to :

Index path : Market Observation Post System (MOPS) > Individual Company > Electronic Document Download > Affiliated Enterprises' Three Documents Section
https://mopsov.twse.com.tw/mops/web/t57sb01_q10.

2. Private placement of securities of the most recent year up to the publication date of this report printed: None.

3. Other items that must be included : None.

VII. Any event which has a material impact on the shareholders' equity or securities prices as prescribed in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act that has occurred in the most recent year up to the printing date of this annual report:

No event having a material impact on shareholders' equity or securities prices has occurred to the Company in 2024 and up to the printing date of this annual report.

【Attachment 1】

**MERCURIES & ASSOCIATES HOLDING, LTD.
Procedures on the First Issuance and Conversion of Domestic Unsecured
Convertible Corporate Bond**

I. Bond name:

Mercuries & Associates Holding, Ltd., (hereinafter "the Company") First Issuance of Domestic Unsecured Convertible Corporate Bond (hereinafter "the Bond").

II. Issue date:

Jan. 25, 2021 (hereinafter "the Issue Date").

III. Issue amount:

Twenty-three thousand notes of the Bond are issued at par value of NT\$100,000 per note, NT\$2.3 billion in aggregate, priced at 100.5% of par value at issuance, with total issuance number at 23,000 notes.

IV. Issuance period:

Five years, from Jan. 25, 2021, to Jan. 25, 2026.

V. Coupon rate:

0% APR.

VI. Repayment:

Except those notes which the bondholders convert into ordinary shares of the Company pursuant to Article X of these Procedures or exercise the right to reverse repurchase pursuant to Article XIX thereof, or the notes which the Company redeems in advance pursuant to Article XVIII of these Procedures or otherwise buys back at securities firms, the Company shall repay the Bond upon maturity to the bondholders in cash, commensurate with the face values of the notes they hold.

VII. Guarantee:

The Bond is unsecured. After its issuance, however, if the Company issues, or privately places, other convertible corporate bonds or corporate bonds with warrants that are secured, the Bond shall be deemed to have the same claims and collateral rights as those pertaining to said secured bonds.

VIII. Conversion option:

Ordinary shares of the Company. The Company shall fulfill its conversion obligations by issuing new shares. New shares issued by conversion shall be delivered via book-entry transfer and not in printed form.

IX. Conversion period:

From Apr. 26, 2021, three months and one day after the Issue Date, to the Bond maturity date of Jan. 25, 2026, except during the periods from within 15 business days before transfer of stock or cash dividends or stock subscription for cash capital increase is terminated to the base date for settlement of equity distribution, or from the base date for capital reduction in exchange for shares to the day before trading resumes upon exchange for new shares, or from the date on which conversion for change of stock denomination is terminated to the date before trading of the newly denominated stock begins, or during any other periods in which trading of

the Company's stock is suspended by law, the Bondholders may request the Company at any time for conversion into the Company's ordinary shares pursuant to these Procedures; the Company shall proceed with the requests in accordance with Articles X, XI, XIII, and XV of these Procedures.

"The date on which conversion for change of stock denomination is terminated" as set forth in the foregoing paragraph refers to the business day before the date on which application to the Ministry of Economic Affairs for registration of the change is made. Four business days before it takes effect, the Company shall publicly announce any period in which conversion is suspended.

X. Conversion request procedure:

- (I) A holder of the Bond may go to the broker of original purchase to fill out an "Application for Conversion by Book-entry Transfer/Redemption/Reverse Repurchase of Convertible Corporate Bond" (selecting conversion). The broker will transmit the application to the Taiwan Depository & Clearing Corporation (hereinafter TDCC), who upon receipt of the Application will electronically notify the Company's agent for stock affairs. The conversion requested will be deemed in effect when the notification is received and may not be revoked subsequently. Conversion shall be completed within five business days of receipt of the notification, and the corresponding ordinary shares of the Company shall be transferred directly into the former bondholder's TDCC account.
- (II) Applications by overseas ethnic Chinese and foreign nationals for conversion of the Bond into the Company's ordinary shares shall likewise be handled through book-entry operations by TDCC.

XI. Conversion price and adjustment:

- (I) The base date used for the conversion price of the Bond is Jan. 15, 2021. The base price is selected from the simple arithmetic means of the closing prices for the Company's ordinary share at one business day, three business days, and five business days, respectively, before the base date. The Bond's conversion price is calculated by multiplying the base price by a 107.14% conversion premium rate (rounded to two decimal places). If there are ex-rights or ex-dividend before the base date, the respective equity or dividends shall be deducted from the closing prices so sampled to calculate the conversion price. If there are ex-rights or ex-dividend after the conversion price has been set and before the Issue Date, the conversion price shall be adjusted according to the conversion price adjustment formula set forth in Paragraphs (II) and (III) of this Article. Thus, based on the simple arithmetic means of the closing price for the Company's ordinary share at one business day before the base date, i.e., NT\$21.00 per share, the conversion price is set at NT\$22.50 per share.
- (II) Upon issuance of the Bond, except where convertible or warranted securities issued (or privately placed) by the Company are exchanged for ordinary shares, or where new shares are issued through capitalization of employee bonus, whenever there is an increase in the ordinary shares issued (and privately placed) by the Company (including, but not limited to, cash capital increase through public offering or private placement, capitalization of retained earnings, capitalization of capital surplus, issuance of new shares in connection with mergers or acquisitions or with acquisitions of other companies' shares, stock split, and cash capital increase for the issuance of overseas depository receipts), the Company shall adjust the conversion price for the Bond according to the following formula (only downward adjustment will be conducted; adjusted price rounded to two decimal places) and request the

stock exchange in writing to make a public announcement of the adjustment. The adjustment shall be made on the base date for ex-rights for issuance of new shares (Note 1), or on the base date for exchange for the newly denominated shares in the case of an increase in outstanding ordinary shares due to change of stock denomination.(The adjustment shall be made on the date on which payment of shares is complete in the case of actual payment operation.)

$$\text{Conversion price after adjustment} = \frac{\text{Conversion price before adjustment} \times \left(\frac{\text{Number of outstanding shares (Note 2)}}{\text{Number of outstanding shares} + \frac{\text{Contributions (Note 3)}}{\text{per share}} \times \frac{\text{Number of newly issued or privately offered shares}}{\text{Market price per share (Note 4)}} \right)}{\text{Number of outstanding shares} + \text{number of newly issued or privately offered shares}}$$

Note 1: The adjustment shall be made on the date on which payment of shares is complete in the case of new shares issued for cash capital increase or cash capital increase for the issuance of overseas depository receipts; it shall be made on the base date for stock split in the case of stock split; it shall be made on the base date for the merger or acquisition in the case of merger or acquisition or acquisition of another company's shares for capital increase; and it shall be made on the date on which privately placed securities are delivered in the case of cash capital increase through private placement or increase of shares in the form of privately placed securities. If, after the base date for ex-rights for issuance of new shares for cash capital increase, the issue price for the new shares is changed, the conversion price shall be re-adjusted according to the aforementioned formula based on the issue price and the market price for the new shares (the base date for determining the new market price per share is the base date set by the Board for the determination of the issue price for the new shares). If the re-adjusted conversion price is lower than the conversion price that was adjusted and publicly announced prior to the base date for ex-rights, a request in writing shall be made to the stock exchange to make a public announcement again of the re-adjustment.

Note 2: The number of outstanding shares refers to the total number of ordinary shares issued to date (through public offering or private placement) minus the number of the treasury shares bought back by the Company that have not been cancelled or transferred.

Note 3: In the case of stock bonus or stock split, the contributions per share shall be zero. In the case of issuance of new shares for capital increase on merger, the contributions per share shall be computed by multiplying the net value per share of the dissolved company, calculated based on its most recent financial statements reviewed or audited by a CPA before the base date for the merger, by the share conversion ratio. In the case of issuance of new shares for acquisition of another company's shares, the contributions per share shall be computed by the net value per share of the company whose shares are being acquired, calculated based on its most recent financial statements reviewed or audited by a CPA, by the share conversion ratio.

Note 4: The market price per share shall be selected from the simple arithmetic means of the closing prices for the Company's ordinary share at one business day, three business days, and five business days, respectively, before the base date for ex-rights, the base date for price determination, the base date for stock merger or stock split, or the delivery date of the privately placed securities.

In case of change of stock denomination:

$$\text{Conversion price after adjustment} = \frac{\text{Conversion price before adjustment} \times \text{Number of outstanding ordinary shares before change of stock denomination}}{\text{Number of outstanding ordinary shares after change of stock denomination}}$$

(III) Upon issuance of the Bond, whenever the Company distributes ordinary share cash dividends, it shall adjust to lower the conversion price on the base date for ex-dividend based on the dividend-to-market-price-per-share ratio and shall request the stock exchange in writing to make a public announcement of the conversion price after adjustment. The aforementioned provision for adjustment to the conversion price does not apply to the requests for conversion that are made before the base date (exclusive) for ex-dividend. The adjustment formula is as follows:

$$\text{Conversion price after adjustment} = \text{conversion price before adjustment} \times (1 - \text{ratio of the ordinary share cash dividend to the market price per share (Note)})$$

Note: The market price per share shall be selected from the simple arithmetic means of the closing prices for the Company's ordinary share at one business day, three business days, and five business days, respectively, before the date on which public announcement of ex-dividends is made for termination of the transfer of cash dividends.

(IV) Upon issuance of the Bond, whenever the Company issues (or privately places) other securities with ordinary share conversion or subscription right at a conversion or subscription price lower than the market price per share (Note 1), it shall adjust the conversion price for the Bond according to the following formula (only downward adjustment will be conducted; adjusted price rounded to two decimal places) and request the stock exchange in writing to make a public announcement of the adjustment. The adjustment shall be made on the issue date of said securities or stock option or the date of delivery of said privately placed securities.

$$\text{Conversion price after adjustment} = \frac{\text{Conversion price before adjustment} \times \left(\text{Number of outstanding shares (Note 2)} + \left(\frac{\text{Conversion or subscription price for the newly issued (or privately placed) securities or stock option}}{\text{Market price per share}} \times \text{Number of the shares to which the newly issued (or privately placed) securities or stock option can be converted or subscribed} \right) \right)}{\text{Number of outstanding shares} + \text{Number of the shares to which the newly issued (or privately placed) securities or stock option can be converted or subscribed}}$$

Note 1: The market price per share is selected from the simple arithmetic means of the closing prices for the Company's ordinary share at one business day, three business days, or five business days, respectively, before the base date for price determination for the subsequently issued (or privately placed) securities with ordinary share conversion or subscription right.

Note 2: The number of outstanding shares refers to the total number of ordinary shares issued to date through public offering or private placement minus the number of the treasury

shares bought back by the Company that have not been cancelled or transferred. If the newly issued (or privately placed) securities with ordinary share conversion or subscription right are funded by treasury shares, the number of shares to which the newly issued (or privately placed) securities can be converted or subscribed shall be deducted from the number of outstanding shares in the formula.

- (V) Upon issuance of the Bond, whenever there is a reduction in the number of the Company's ordinary shares not caused by capital decrease from cancellation of its treasury shares, the Company shall adjust the conversion price for the Bond, calculated according to the following formula (adjusted price rounded to two decimal places), and request the stock exchange in writing to make a public announcement of the adjustment. The adjustment shall be made on the base date for capital reduction, or where the reduction in the ordinary shares is due to change of stock denomination, on the base date for exchange for the newly denominated shares.

In case of capital reduction to offset loss:

$$\text{Conversion price after adjustment} = \frac{\text{Conversion price before adjustment} \times \text{Number of outstanding ordinary shares before capital reduction (Note)}}{\text{Number of outstanding ordinary shares after capital reduction}}$$

In case of cash capital reduction:

$$\text{Conversion price after adjustment} = (\text{Conversion price before adjustment} - \frac{\text{Number of outstanding ordinary shares before capital reduction (Note)}}{\text{Number of outstanding ordinary shares after capital reduction}} \times \text{amount of cash refunded per share})$$

In case of change of stock denomination:

$$\text{Conversion price after adjustment} = \frac{\text{Conversion price before adjustment} \times \text{Number of outstanding ordinary shares before change of stock denomination}}{\text{Number of outstanding ordinary shares after change of stock denomination}}$$

Note: The number of outstanding shares refers to the total number of ordinary shares issued to date (through public offering or private placement) minus the number of the treasury shares bought back by the Company that have not been cancelled or transferred.

XII. Listing and de-listing of the Bond:

The Bond shall be applied to the stock exchange for listing on the Issue Date and shall be de-listed when it is converted into ordinary shares or bought back or redeemed by the Company in its entirety. The Company shall publicly announce listing and de-listing upon approval by the stock exchange.

XIII. Listing of new shares upon conversion:

Upon the date of delivery, the ordinary shares issued for conversion of the Bond shall be listed on the Taiwan Stock Exchange for trading. The Company shall publicly announce the matter upon approval by the Taiwan Stock Exchange .

XIV. Within 15 days after the end of each quarter, the Company shall publicly announce the number of shares issued in the last quarter from conversion of the Bond. It shall also apply for change of capital registration to the authority in charge of business registration at least once in a quarter.

XV. Conversion shall be into full shares. The Company shall pay in cash (rounded to the nearest integer) for any unconverted value that cannot be converted into a full share.

XVI. Right to annual cash or stock dividend:

(I) Cash dividend

1. If a request for conversion is made between the beginning of a given year and 15 business days (exclusive) before the date on which transfer of the Company's cash dividends is terminated in that year, the holder of the Bond may participate in the resolution at the annual shareholders' meeting of that year for the distribution of cash dividends for the previous year.
2. Conversion of the Bond shall be suspended between the start of 15 business days (inclusive) before the date on which transfer of the Company's cash dividends is terminated and the base date for ex-dividend in the same year.
3. If a request for conversion is made between the day after the base date for ex-dividend and December 31 (inclusive) of the same year, the holder of the Bond may not participate in the resolution at the annual shareholders' meeting of that year for the distribution of cash dividends for the previous year, but may participate in the resolution at the annual shareholders' meeting of the next year for the distribution of cash dividends for the current year.

(II) Stock dividend

1. If a request for conversion is made between the beginning of a given year and 15 business days (exclusive) before the date on which transfer of the Company's stock dividends is terminated in that year, the holder of the Bond may participate in the resolution at the annual shareholders' meeting of that year for the distribution of stock dividends for the previous year.
2. Conversion of the Bond shall be suspended between the start of 15 business days (inclusive) before the date on which transfer of the Company's stock dividends is terminated and the base date for ex-rights in the same year.
3. If a request for conversion is made between the day after the base date for ex-rights and December 31 (inclusive) of the same year, the holder of the Bond may not participate in the resolution at the annual shareholders' meeting of that year for the distribution of stock dividends for the previous year, but may participate in the resolution at the annual shareholders' meeting of the next year for the distribution of stock dividends for the current year.

XVII. Rights and obligations after conversion:

The rights and obligations pertaining to the new shares issued upon conversion are identical to those pertaining to the Company's ordinary shares.

XVIII. The Company's right to redeem the Bond

- (I) During the period from Apr. 26, 2021, (three months and one day after the Issue Date) to Dec. 16, 2025, (40 days before the maturity date) if the closing price for the Company's ordinary share has exceeded 130% (inclusive) of the concurrent conversion price for 30 business days, the Company may, within 30 business days thereafter, serve via registered mail a Notice of Redemption of Bond with 30-day notice (the 30-day period shall be effective on the date the notice is mailed, and the last day of 30-day period shall be the base date for redemption; however, the aforementioned period shall not be within

any of the periods in which conversion is suspended pursuant to Article IX of these Procedures) to the holders of the Bond (the Notice shall be mailed to the persons listed on the register of bondholders as of the fifth business day before mailing; the Notice shall be served via public announcement as to the investors who subsequently acquire the Bond via trading or other means). The Company shall pay in cash to redeem, at its par value, the Bond in its entirety and request in writing the stock exchange to make public announcement of the redemption. The Company shall exercise its right to redeem within five business days after the base date for redemption and pay in cash to redeem, at its par value, all of the outstanding notes of the Bond.

(II) During the period from Apr. 26, 2021, (three months and one day after the Issue Date) to Dec. 16, 2025, (40 days before the maturity date) if the outstanding amount of the Bond is less than 10% of the Issue Amount, the Company may, thereafter at any time, serve via registered mail a Notice of Redemption of Bond with 30-day notice (the 30-day period shall be effective on the date the notice is mailed, and the last day of 30-day period shall be the base date for redemption; however, the aforementioned period shall not be within any of the periods in which conversion is suspended pursuant to Article IX of these Procedures) to the holders of the Bond (the Notice shall be mailed to the persons listed on the register of bondholders as of the fifth business day before mailing; the Notice shall be served via public announcement as to the investors who subsequently acquire the Bond via trading or other means). The Company shall pay in cash to redeem, at its par value, the Bond in its entirety and request in writing the stock exchange to make public announcement of the redemption. The Company shall exercise its right to redeem within five business days after the base date for redemption and pay in cash to redeem, at its par value, all of the outstanding notes of the Bond.

(III) If a holder of the Bond fails to respond in writing to the Company's agent for stock affairs before the base date for redemption as specified in the Notice of Redemption of Bond (the response shall be effective upon receipt, or if mailed, on the date it is postmarked), the Company shall, within five business days after the base date for redemption, pay in cash to redeem, at its par value, all of the notes of the Bond held by the bondholder.

XIX. Bondholders' right to reverse repurchase:

The base date for the holders of the Bond to reverse repurchase the Bond is Jan. 25, 2024, the third anniversary of the Issue Date. Forty days before the base date for reverse repurchase, the Company shall serve via register mail a Notice of Right to Put Bond to the bondholders (the Notice shall be mailed to the persons listed on the register of bondholders as of the fifth business day before mailing; the Notice shall be served via public announcement as to the investors who subsequently acquire the Bond via trading or other means) and request in writing the stock exchange to make public announcement of the bondholders' right to reverse repurchase. The bondholders opting to reverse repurchase shall notify the Company's agent for stock affairs in writing within 40 days to the base date for reverse repurchase (the notice shall be effective upon receipt, or if mailed, on the date it is postmarked) to request the Company to redeem, in cash, the notes of the Bond in the bondholders' possession at the par value thereof plus interest payment (i.e., 100.75% of the face value after three years, calculated at 0.25% yield). Upon receipt of the request to reverse repurchase, the Company shall redeem the Bond in cash within five business days after the base date for reverse repurchase. If the last day of the aforementioned period is not a business day for the stock exchange, it shall be extended to the next business day.

XX. All of the notes of the Bond recovered (including those bought back at the securities firms), redeemed, or converted by the Company shall be cancelled along with the conversion right attached thereto and shall not be sold or reissued.

- XXI. The Bond and the ordinary shares converted therefrom are both registered. Their transfer, change registration, pledge, and loss, etc., shall be handled according to the " Regulations Governing the Administration of Shareholder Services of Public Companies " and the relevant provisions of the Company Act. Anything related to them in terms of tax shall be handled according to the contemporary tax laws.
- XXII. The Department of Trusts of the Hua Nan Commercial Bank, Ltd., is the Trustee for holders of the Bond. It shall represent the interest of the bondholders and exercise the power to audit and supervise matters related to the Company's issuance of the Bond. Any holders of the Bond, whether through subscription at issuance or subsequent purchase, agree to the provisions of the trust indenture entered into between the Company and the Trustee and the rights and obligations of the Trustee specified therein, and to the provisions of the Procedures on the First Issuance and Conversion of Domestic Unsecured Convertible Corporate Bond, and to grant power of attorney to the Trustee in matters related to the trust. Said power of attorney may not be rescinded once in effect. The bondholders may review the contents of the trust indenture any time during business hours at the Company or at the business place of the Trustee.
- XXIII. The payment of the principal and interest and matters related to conversion of the Bond shall be delegated to the Company's agent for stock affairs.
- XXIV. The Bond is issued not in printed form according to the provisions of Article 8 of the Securities and Exchange Act.
- XXV. Any matters relating to the Bond's issuance and conversion not specified in these Procedures shall be governed by the pertinent laws and regulations.

Mercuries & Associates Holding, Ltd.

Chairman: Chen, Shiang-Li