Stock Number: 2905

Mercuries & Associates, Holding Ltd.

(Formerly Mercuries & Associates, Ltd.)

2017 Annual Shareholders' Meeting

Meeting Agenda

(Translation)

June 22, 2017

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Mercuries & Associates, Holding Ltd.

(Formerly Mercuries & Associates, Ltd.)

2017 Annual Shareholders' Meeting Agenda

(Translation)

Time: 9:00 a.m., Thursday, June 22, 2017

Venue: 20F., No. 145, Sec. 2, Jianguo N. Rd., Taipei City
(Mercuries & Associates Building)

1. Calling the Meeting to order

2. Chairman's Remarks

3. Management Presentation:

   (1) 2016 Business Report.

   (2) Supervisor's Review Report on the 2016 Financial Statements.

   (3) 2016 Compensations for Directors, Supervisors, and Employees.

   (4) Endorsement and Guarantees in 2016.

4. Matters to be Resolved:

   (1) Resolution of 2016 Business Report and Financial Statements.

   (2) Resolution of 2016 Earnings Distributions.

5. Matters to be Discussed:

   (1) Amendment of the Company's Articles of Association.

   (2) Amendment of the Company's "Procedures for Acquisition or Disposal of Assets".

   (3) Reinvestment of the Company's surplus as new issuance of shares.

6. Questions and Motions

7. Adjournment

Management Presentation

1. Please proceed to examine the 2016 Business Report.
   (proposed by the Board)
   Explanation: please see Attachment 1 on Pages 5 to 8 of the Handbook for the 2016 Business Report.

2. Please proceed to examine the Supervisor's Review Report on the 2016 Financial Statements. (proposed by the Board)
   Explanation: please see Attachment 2 on Pages 9 for of the Handbook the Supervisor's Review Report on the 2016 Financial Statements.

3. Please proceed to examine the Report on the Compensations for Employees and Directors in 2016. (proposed by the Board)
   Explanation: please see Attachment 5 on Pages 58 of the Handbook for information on the compensations for employees and directors in 2016.

4. Please proceed to examine the status of endorsement and guarantees in 2016.
   (proposed by the Board)
   Explanation:
   (1) As of December 31, 2016, the Company's endorsement guarantee is NT$150,000,000.

Unit: NT$1,000

No.	Company Name of Endorser/Guarantor	Object of endorsement/guarantee Object		Limitation on endorsements and guarantees for a single enterprise (Note 2)	Maximum Balance for the Period	Endorsement or guarantee balance at the end of current period Balance ensured	Actual expenditure Amount	Amount of Endorsement/Guarantee with security on property	Percentage of Accumulated Amount of Endorsement/Guarantee accounted for among the net value in current Financial Statements	Endorsement Guarantee Ceiling (Note 3)
		Company name	Relationship (Note 1)							
0	Mercuries & Associates, Holding Ltd.	Tomod's Taiwan	6	$2,117,905	$150,000	$150,000	$90,000	-	0.01	$4,235,811

Note 1: Relationship between the endorser/guarantor and the Company is classified into the following six categories:
(1) Companies with business relationship.
(2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
(3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
(4) More than 50% voting shares of the subsidiary directly held by the endorser/guarantor parent company or indirectly held by subsidiary.
(5) Companies which guarantee each other according to contract based on contractor relationship.
(6) Joint venture endorsed/guaranteed by shareholders based on their holding ratio.

Note 2: amount of endorsement/guarantee for one single company cannot exceed 15% of the Company's net worth on the financial statements.

Note 3: the company's total endorsement/guarantee cannot exceed 30% of the Company's net worth on the financial statements.

(2) The proposal has been reported to the Shareholders Meeting according to the Company's procedures on handling endorsement/guarantee. Please proceed to examine accordingly.

Matters to be Resolved

Proposal 1 (proposed by the Board)

Proposal: Approve the 2016 Business Report and Financial Statements.

Explanation:

(1) The Company's 2016 Financial Statements (including Individual Financial Statements) have been resolved by the Board and reviewed by the Supervisor.

(2) Please see Attachment 1 on Pages 5 to 8 and Attachment 3 on Pages 10 to 26 in this Handbook for the 2016 Business Report, CPA Audit Report (including CPA Audit Report of Individual Financial Statements) and Financial Statements (including Individual Financial Statements).

(3) Please proceed to approve the financial statements.

Resolution:

Proposal 2 (proposed by the Board)

Proposal: Approve the 2016 Earnings Distribution.

Explanation:

(1) Earnings available for distribution 2016 had been NT$ 4,015,610,436. The Board had proposed to distribute cash dividend of NT$500,778,528 and stock dividend of NT$500,778,520. Based on the 715,397,897 shares outstanding, it is estimated that cash dividend and stock dividend distributed per share will be approximately NT$0.7 and NT$0.7 respectively. Cash dividend will be rounded to the nearest whole figure. Dividend less than NT$1 will be combined and forwarded to the Company's Welfare Committee, and we propose to ask the Shareholders Meeting to authorize the Board to establish an ex-dividend date.

(2) Upon receiving approval from the Shareholders Meeting for the cash dividend, if subsequent buy-back of Company shares, transfer, exchange or write-off of treasury stock, exchange of Company bonds, exercise of employee stock option occurs, or if restricted employee shares are mature, causing outstanding Company shares to differ, resulting in changes in distribution of shareholders' share or interest, we propose to ask the Shareholders Meeting to authorize the Board to handle all relevant matters.

(3) Please see Attachment 4 on Page 24 in this Handbook for the Company's 2016 Earnings Distribution.

(4) Please proceed to approve this proposal.
Resolution:

Matters to be Discussed

Proposal 1 (proposed by the Board)
Proposal: Amendment of the Company's Articles of Association.
Explanation:
(1) The Company proposes to amend some of the articles in the Articles of Association in response to the Company's operational needs.
(2) Please see Attachment 5 on Page 28 in the Handbook for a comparison table on the articles before and after the amendments.
(3) Please proceed to vote on this proposal.
Resolution:

Proposal 2 (proposed by the Board)
Proposal: The Company proposes to amend the Procedures for Acquisition or Disposal of Assets.
Explanation:
(1) The Company proposes to amend some of the articles in the "Procedures for Acquisition or Disposal of Assets" in response to relevant legal regulations.
(2) Please see Attachment 6 on Page 29 in the Handbook for a comparison table on the articles before and after the amendments.
(3) Please proceed to vote on this proposal.
Resolution:

Proposal 3 (proposed by the Board)
Proposal: Reinvestment of earnings by issuing new shares.
Explanation:
(1) To strengthen the Company's capital structure and to satisfy operating needs, the Company plans to allocate NT$500,778,520 in the shareholders’ interest to issue new shares with face value of NT$10 per share. The Company plans to issue 50,077,852 shares, and all of which will be in the form of uncertificated shares.
(2) For the reinvestment of earnings as issuance of new shares, based on the shareholding ratio of each shareholder recorded on the shareholders log on the ex-dividend date, 70 shares will be distributed without pay for each 1,000 shares held. Cash will be distributed for issuance of less than 1 share, and the Chairman of the Board will contact specific individuals to purchase the shares at the face value.
(3) For the reinvestment of earnings as issuance of new shares for this period, the rights

and obligations carried in these shares are equal to those of common shares outstanding.

(4) Upon approval from the Shareholders Meeting and from the competent authority, the Board will be authorized to establish an ex-dividend date. If subsequent buy-back of Company shares, transfer, exchange or write-off of treasury stock, exchange of Company bonds, exercise of employee stock option occurs, or if restricted employee shares are mature, causing outstanding Company shares to differ, resulting in changes in distribution ratio of shares for shareholders, we propose to ask the Shareholders Meeting to authorize the Board to handle all relevant matters.

(5) Please proceed to vote on this proposal.

Resolution:

Questions and Motions

Adjournment

Attachment 1

Mercuries & Associates, Holding Ltd.

(Formerly Mercuries & Associates, Ltd.)

Business Report

Year 2016

Mercuries & Associates, Holding Ltd. (hereinafter referred to as "the Company") has predominantly reinvested in daily commodities, food and beverage, life insurance, and pharmaceutical and others. This is the second year after the Company has turned to investments, and for the current period, the Company has proactively formed strategies and integrated our various reinvestment businesses, and enhanced our revenue and profitability. In the future, the Company will continue to work toward a diversified and multi-market operational model and anticipates to achieve a professional divisional of tasks and scale of economies so as to continue to enhance our operational performance.

1. Business Report in 2016

(1) Implementations of the Business Plan

Since the Company has been revamped as an investment holdings company in 2015, each and every investment strategy has been prudently assessed and carried out accordingly. Founded on the Group's present logistics structure, we have continued to jointly-invest or to form strategic alliances with both domestic and overseas partners. Below is a summary of the Company's profitable results in our reinvestment businesses and their implementations in 2016:

1. Daily Commodities and Food and Beverage Sector

Due to influences from governmental policies, HR costs have increased for our domestic businesses. In addition, market saturation and overlapping of business models have created bottlenecks in retail channels. To enhance the profitability in our storefronts, we need to understand the movements from existing competitors and evaluate threats from new competitors at all times, and to adjust product structures in accordance with trends in consumer preferences and develop new to increase revenues and profitability. Revenue and profitability have both shown growth, and we also own more stores in this current period compared with 2015 (the previous year).

2. Life Insurance

Faced with weak overall economic growth and increased fluctuations in the global financial market, Mercuries Life Insurance continues to operate on a prudent policy to seek for increased profitability. In 2016, our total assets have grown to NT$949 billion, and revenue and profits have also shown growth over the previous period.

3. Pharmaceutical

   Revenue and profit from SCI Pharmtech, Inc. have both achieved historical heights since its inception. Besides conversion of convertible bonds had caused increases in shareholder's equity, thus diluting the return on shareholder's equity, profitability indicators in 2016 had all shown better performance over the previous period.

4. Others

   Mercuries Data Systems Ltd. (MDS) had strengthened its risk control, project selection and carried out projects rigorously to lower the number of litigation and disputes. MDS has also continued to enhance its software development capabilities, and average revenue and profitability had both shown growth over the previous year. Due to market downturn in the real estate sector, interior decoration business had slightly lower revenue and profits compared with 2015.

(2) Budget Implementations, Financial Revenue and Costs and Analysis on Profitability

Consolidated operating revenue in 2016 was NT$205.369 billion, showing an approximately 6.43% growth over the NT$192.968 billion in 2015. Budget completion rate was approximately 98%. In terms of profitability, net income attributable to the Parent Company was NT$2.049 billion, and after-tax EPS was NT$3.04. Return on asset was 10.09%, and return on equity was 15.94%.

(3) Research and Development

1. Daily Commodities and Food and Beverage Sector

   Due to the intense competition in retail of daily commodities and in the food and beverage industry, the Company will continuously adjust product structures and marketing strategies in accordance with market demand and movements to correspond with the highly volatile operational environment and consumer demand. We will also establish differential marketing activities for each store to enhance their competitiveness and to expand market segmentation, strengthen the regional competitive advantage, as well as optimize our overall brand image.

2. Life Insurance

   To correspond to the ageing society, the life insurance sector will focus on insurance products such as strengthened long-term care, major disease insurance and disability insurance. In addition, we will continue to promote digitized services and expand business service to continue to cultivate regional life insurance market. Mercuries Life Insurance was the only life insurance company to be nominated as "Taiwan Corporate Governance Top 100 Index" for two consecutive years. We have also received the "Taiwan Top 50 Corporate Governance Report - Gold Medal in Financial and Insurance Sector" and the

International "ISO14001 Environmental Management System" accreditation.

3. Pharmaceutical

R&D expenses in 2016 remained approximately on similar levels to the previous year, and we anticipate to build a new R&D Building in 2017 to accommodate more personnel and equipment. We have designated more R&D personnel in the development of new drugs in recent years. The success of these products solely rely on whether clients can receive permits for the new drugs and to successfully develop the market for them. Hence, it is difficult to see material benefits in the short-term. Nevertheless, due to low-cost competition from Chinese and Indian manufacturers, the market for generic drugs has already become saturated, and the direction of these types of drugs will be based on current trends. We also hope that through dedicating more R&D resources, we will be able to proactively develop new products and become market pioneers.

4. Others

MDS continues to transfer our R&D results into material patent protection to comprehensively protect the Company's intangible assets. This will help us to proactively achieve our objectives to enhance competitive advantage and raise the entry barrier for our Company.

2. Summary of Annual Business Plan for 2017

(1) Operating Strategies

The Company will lower operating costs and strengthen competitive advantage through focused management and through integrating domestic and overseas resources. We will utilize the operating experiences in various businesses and expand our reach to domestic and overseas business partners. Furthermore, the Company will also prudently evaluate investment strategies, and we hope to integrate our business strategies and scale our business to enhance Company values.

(2) Important Production and Marketing Policies

1. Daily Commodities and Food and Beverage Sector

For the next period, the Company will continue to strengthen our products and services and undertake market segmentation, enhance brand recognition and product sales. We will make our customer service members more professional and affable to create a positive environment for consumers. We will continue to update the information system, streamline production procedures, strengthen sales data analytics to lower operating costs and to weed out the weak links, as well as to strengthen channel development. We will also strongly encourage effectiveness evaluation prior to opening new storefronts. To expand and conserve resources in this age with inflated commodity prices, we need to maximize the effectiveness in both personnel and various expenses.

2. Life Insurance

Key strategies include searching for sound operations, strengthen financial structure, lower operating and financial risks and enhance operating performance. In terms of sales, we will continue to focus on the channels of our salespeople and continue to strengthen their competitiveness. We will emphasize productivity and quality of sales in sales force. And in terms of products, we will optimize product mix and increase sales of investment-type products to create value in new contracts. In terms of investment, we will enhance overall revenue from investment and increase recurring gains and enhance the effectiveness in capital utilization. Furthermore, in terms of operations, we will focus on effectively controlling costs and enhancing the effectiveness of operating costs. The Company hopes to grow and nurture a foundation of sustainable development through a sound operating system, and will focus on the goals of creating long-term value for the life insurance company.

3. Pharmaceutical

SCI Pharmtech's production and marketing policies are mostly focused on product characteristics and client types:

（1）Active Pharmaceutical Ingredients (API): focus on original developer of the drug supply. We will avoid popular products and select drugs with higher safety and stable sales, in addition to having new usage, new formulation or can be further developed into new drugs, or present API that can serve as starting active ingredients for new drugs.

（2）Intermediates: our primary goal is to target the original developer of the drug supply, and our second goal is to enter the market for intermediates with high barrier, legal regulation and stringent quality control, intermediates relevant to the Company's core technologies, intermediates with strategic partners available, and intermediates that are used in the early R&D stage of new drugs. Intermediates with above-mentioned characteristics can help us to effectively differentiate ourselves from competitors and prevent price wars.

（3）Specialty Chemicals: to correspond to client needs, SCI Pharmtech produces and sales digitized specialty chemicals with high standards of the pharmaceutical industry. We develop pharmaceutical production processes, customized services and can mass produce for our clients.

4. Others

MDS prudently selects and assumes large-scale public engineering projects to create high margin and business opportunities in subsequent revenue from maintenance work. We will continue to develop new businesses, create differential value, enhance software development skills and strive toward product R&D to enhance market competitiveness. We will also focus on discussing on ways to extend durability of current patents and focus on R&D to receive new patents.

3. External Competitive Environment and Overall Operating Environment

Looking back on 2016, the recovery from economic downturn is weak due to factors including low global crude oil prices, slowing down of global trade, and increased risks in regional politics. Though the global economy had began to stabilize in the second half of the year, key international economic forecast indicators including IMF and IHS GI had estimated that the annual economic growth rate was approximately between 2.5% and 3.1%, showing a historical low point since the 2008 global financial crisis. In terms of domestic economic conditions, though Taiwan was influenced from the lack of global economic growth momentum, factors including rising global raw material prices have led export to show positive growth in the second half of the year. Taiwan's economic performance in 2016 had grown quarter by quarter after the slowdown in the second half of 2015. According to statistics from the Directorate-General of Budget, Accounting and Statistics, Executive Yuan on February 15, 2017, the domestic growth rate in 2016 had been 1.50%, higher than that of the previous year.

In 2017, the major countries will gradually ease off from deflation pressure, and the National Development Council had reported on February 13, 2017 that, economic institutions from major countries had all anticipated continued recovery in the global economy. However, factors including the future developments of the economic and trading policies in the US, high debt issues in emerging countries, regional conflicts, and the anti-establishment trend in Europe, in addition to economic developments in China will remain potential economic risks and will require constant attention. Statistics from the Directorate-General of Budget, Accounting and Statistics, Executive Yuan on February 15, 2017 indicate that Taiwan's economic growth rate in 2017 is anticipated to rise to 1.92%. Nevertheless, while uncertainty remains in the global economy, investment risks will also increase accordingly. The external competitive environment is tough; however, the Company's management level and all employees remain vigilant and will continue diversified operational strategies to lower operating risks. We will also integrate resources and strive to innovate to enhance our service quality and operating effectiveness.

4. Development Strategy

The Company's existing major businesses have been in operations for over 30 years, and to seek for steady business growth in a saturated market and competitive industries, we have proactively attempted to innovate in recent years. The Company is striving to become a comprehensive business with diversified operations. Besides lowering operating risk and fully considering changes in both external and internal environments, we are also equipped with professional management team. In addition to providing services ranging from food, clothing, living and entertainment to the public, this will also help the Company to enhance brand value from creating a positive environment for the public consumers.

In the future, the Company will continue to integrate internal resources and adjust our organization, maintain our core values in prudently evaluating investment strategies, as well as seek for new opportunities in partnering with different industries and finding new investment opportunities. We will develop businesses through vertical integration and diversified operations in addition to assisting each subsidiary to undertake resource integration to exert operational synergies. We hope to expand the scope of our business, and maximize shareholders' profits through focused management and by integrating the Group's domestic and overseas resources. We will also continue to fulfill our corporate social responsibility and sincerely hope that our shareholders can continue to love and support us.

Attachment 2

Mercuries & Associates, Holding Ltd.

(Formerly Mercuries & Associates, Ltd.)

Supervisors Audit Report

2016 Consolidated Financial Statement and Individual Financial Statements of the Company submitted by the Board of the Directors, have been audited by CPA Ke-Yi Liu and Kun-Shi Hsu of BDO Taiwan Union & Co. All Supervisors of the Company have verified the above along with the Company's Business Report and Earnings Distribution, and we are of the opinion that misstatement has not been found. Hence, we have issued the above statement for your reference and inspection in accordance with Article 219 of the Company Act.

To

2017 Annual Shareholders Meeting

Supervisor: Shuren Touzi Co., Ltd.
Representative: Chien-Chi Liu

Supervisor: I-Teng Cheng

April 30, 2017

Attachment 3

Accountant's Audit Report

To: Mercuries & Associates, Holding Ltd.

Audit opinion

The audit of the Consolidated Balance Sheet on December 31, 2016 and December 31, 2015, and the Consolidated Comprehensive Income Statement, Consolidated Statement of Changes in Equity, Consolidated Balance Sheet, and Notes to Financial Statements (including Summary of Material Accounting Policies) of Mercuries & Associates, Holding Ltd. (formerly Mercuries & Associates, Ltd.) and its subsidiaries, have been completed by our CPA.

In our opinion, based on our audit results and the audit reports of other CPA (please see 'Other Matters'), the above Consolidated Financial Statements have been prepared in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), explanations, and announcement of explanations approved by the Financial Supervisory Committee, R.O.C. (FSC) in all material aspects. These statements can fairly present the consolidated financial conditions of Mercuries & Associates, Holding Ltd. and its subsidiaries as of December 31, 2015 and December 31, 2016, and the consolidated financial performance and consolidated cash flow from January 1 to December 31, 2015 and from January 1 to December 31, 2016.

Basis of Audit Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Individual Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards (GAAS). Our CPA will further explain the responsibilities auditors shall execute during the audit of Consolidated Financial Statements under the above principles below. Our CPA shall comply with the ethical code of conduct for accountants and remain neutral to Mercuries & Associates, Holding Ltd. and its subsidiaries in fulfilling their duties. Our CPA believe that sufficient and appropriate verification proof have been obtained, which shall serve as the basis to our audit opinion.

Key Verification Items

Key audit items refer to the most critical items in the 2016 Consolidated Financial Statement of Mercuries & Associates, Holding Ltd. and its subsidiaries being audited by the accountants when performing their professional judgment. These items have been covered in the verification process of the overall Consolidated Financial Statements and the audit opinion; hence, the CPA shall not express a separate opinion on these items.

Completeness and Accuracy in Reporting Insurance Liabilities

Matter Description

For accounting policies regarding the reporting of insurance liabilities, please see Note 4 (28) of the Consolidated Financial Statements; for accounting estimates and uncertainties for evaluation of insurance liabilities, please see Note 5 of the Consolidated Financial Statements; and for details of insurance liabilities, adjustments, and disclosure of characteristics and scope of the management of risks associated with insurance contracts, please see Note 6 (25) and 12 (7) of the Consolidated Financial Statements.

The insurance liabilities reserve of subsidiary Mercuries Life Insurance Co., Ltd. has been prepared by actuaries in accordance with "Guidelines for Reserve Provisions for the Insurance Industry." They have been prepared with professional judgment and experience, and various insurance liabilities for different insurance plans have been evaluated in a highly complex manner. In particular, there is much uncertainty, speculation and judgment involved in the deposit procedures of liabilities reserve for various products, and material judgment from the management level is also involved. In addition, to ensure the appropriateness of provisions for insurance liabilities, material judgment is formed for the final total payoff value of each insurance payment. If the future cash flow of insurance policies are estimated based on present information, and deficit is found in the book value of insurance liabilities already recognized, all deficit shall be recorded as appropriate reserve for the liabilities. Hence, we are of the opinion that the completeness and accuracy of recording insurance liabilities is one of the most significant matter in the audit in this period.

Primary Audit Procedures as Countermeasures

1. Evaluate the design of internal control relevant to insurance liabilities in the financial statements and test for its effectiveness, including ensuring the control for completeness and accuracy of insurance contract information is effective.
2. Undertake volatility analysis and provisions analysis of insurance liabilities, and inspect relevant information and recorded provisions in insurance calculations.
3. Sample unexpired insurance expense reserve, liabilities reserve, indemnities reserve, premium deficit reserve, special reserve, and liabilities appropriate reserve in accordance with "Guidelines for Reserve Provisions for the Insurance Industry" to inspect the procedures for recording provisions, verify insurance premiums and indemnity information, and assess the reasonableness of provisions.
4. Assess the fairness of disclosure items in insurance liabilities.

Evaluate financial asset

Matter Description

For accounting policies regarding the evaluation of financial assets, please see Note 4 (12) of the Consolidated Financial Statements; for accounting estimates and uncertainties for evaluation of financial asset, please see Note 5 of the Consolidated Financial Statements; for information on the fair market value of financial asset and financial risk management, please see Note 12 (2~4) of the Consolidated Financial Statements.

The fair market value of debt instrument investment in non-active market, as part of the available-for-sale financial asset of the subsidiary, Mercuries Life Insurance, has been calculated on a directly or indirectly observable basis. The management level shall assess the source of this information or method of evaluation and may use different evaluation techniques. Hence, subjective judgment from the management level is involved. in addition, the fair market value of financial asset could be subjected to significant or lasting depreciation, resulting in loss of estimated amount of financial asset and material judgment from the management level is involved. Hence, we are of the opinion that evaluation of the financial asset is one of the most significant items in the audit for this period.

Primary Audit Procedures as Countermeasures

1. Test the internal control cycle of investment procedures, including original records, subsequent evaluation and the internal control systems disclosed in the financial statements.
2. Inspect accounting policies relevant to the evaluation and disclosure of fair market value of financial asset.
3. Obtain details of financial asset, understand the method in which fair value is obtained for each product type, and assess whether classification of fair value levels is presented fairly.
4. Assess the important assumptions and reasonableness of fair value by using relevant information from external sources.
5. Implement physical count of financial asset and mail inquires.
6. Implement impairment test, including comparing investment book value and net value from the most recent financial statements of the investment targets, inspect the prices of financial asset investment, changes in credit rating, and investment income from debt instruments.

Completeness and Accuracy of Operating Revenue

Matter Description

For accounting policies regarding the operating revenues, please see Note 4 (34) of the Consolidated Financial Statements; for accounting estimates and uncertainties for recording revenue, please see Note 5 of the Consolidated Financial Statements.

The operating revenue from retail chain of subsidiary Mercuries & Associates, Ltd. are primarily from establishing product information (including product name, purchasing costs, retail price, and promotions). The storefront sales POS system will record the product name, quantity, retail price per unit and total sales of each transaction, and the sales information of the day will be uploaded to the ERP system after closing each day. The data will be combined and sales revenue will be produced automatically. Each store also needs to prepare a daily cash report to show daily sales volume and payment method, and shall deposit cash into the bank accordingly.

Since the retail chain revenue has the characteristic of having multiple transactions with insignificant amount and is only reliant on the POS and ERP systems, the accuracy and reliability of the processing of above-mentioned combined data and recording of operating revenue possess material influence on the completeness and accuracy of the Company's operating revenue. Hence, we are of the opinion that the completeness and accuracy of operating revenue is one of the most significant matters in the audit for this period.

Primary Audit Procedures as Countermeasures

1. Sample whether new or updated product information in the main server has been appropriately approved and has been certified.
2. Sample whether approved new or updated product information in the main server has been inputted into the product page.
3. Sample whether product main server information is sent to the POS system of each store in a timely manner.
4. Sample whether POS system is sent to ERP system, and verify the daily closing figure and accounting information in stores.
5. Sample store daily cash revenue/expense table and relevant certificates.
6. Re conciliate cash deposit figure recorded in store daily accounts against bank deposits.

Other Matters

As stated in Note 4 of the Consolidated Financial Statements, the financial reports on December 31, 2016 and December 31, 2015 of some subsidiaries have not been audited by the CPA, and instead, have been audited by other CPA. Hence, in our audit opinion for the above Consolidated Financial Statements, the figures for such companies, in which the total asset on December 31, 2016 and December 31, 2015, have been NT$726,647 thousand and NT$1,657,425 thousand respectively. Each accounts 0.08% and 0.19% on the Consolidated Asset respectively. The income for the periods of 2016 and 2015 have been NT$8,327 thousand and NT$10,971 thousand respectively, accounting 0.23% and 0.35% on the Consolidated Income respectively. Additionally, in Note 6 (13) it has been stated that investment under equity method from Mercuries & Associates, Holding Ltd. and its subsidiaries have not been audited by us. Hence, our opinion for the above financial statements, on the information for reinvestment, is issued based on audit report from other CPA. The investment under equity method on December 31, 2016 and December 31, 2015 were NT$3,456,091 thousand and NT$3,428,629 thousand respectively, and accounted for 0.36% and 0.39% on the consolidated asset respectively. Investment interest of NT$140,386 thousand and NT$61,771 thousand were recorded for 2016 and 2015 respectively, accounting for 3.88% and 1.97% in the consolidated income respectively.

Mercuries & Associates, Holding Ltd. has produced Individual Financial Statements as of 2016 and 2015, and we have issued the audit report with unqualified opinion for reference.

The responsibility of the management and governance units for the parent company only financial statements

To ensure that the Consolidated Financial Statements do not contain material misstatements caused by fraud or errors, the management level is responsible for preparing prudent Individual Financial Statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and in accordance with IFRS, IAS as recognized and announced by the FSC to be effective, in line with proper explanations, and to prepare and maintain necessary internal control procedures pertaining to the Consolidated Financial Statements.

In preparing the Consolidated Financial Statements, the responsibility of management includes the assessment of the sustainability of Mercuries & Associates, Holding Ltd., and its subsidiaries, disclosure of related matters, and the adoption of a consistent accounting basis, unless the management intends to liquidate Mercuries & Associates, Holding Ltd., and its subsidiaries, terminate the business, or no practicable measures other than liquidation or termination of the business can be taken.

The governance units (including supervisors) of Mercuries & Associates, Holding Ltd. and its subsidiaries have the responsibility of supervising its financial reporting procedures.

Responsibilities of the CPA in auditing the Consolidated Financial Statements

Our objective when auditing the consolidated financial statements was to ascertain whether they contained any false contents as a result of fraudulence or mistakes and whether they were reasonably reliable and issue the auditor's report. "Reasonable certainty" refers to high levels of credibility; nevertheless, our auditing work carried out according to GAAP may not guarantee that material misstatement will be detected within the Consolidated Financial Statements. Misstatement could be caused by fraud or error. If it could be reasonably anticipated that the the misstated individual amounts or aggregated sum could have influence over the economic decisions made by the users of the Consolidated Financial Statements, it will be deemed as material.

We have exercised professional judgment and maintained professional skepticism while abiding by GAAS in our audit. The CPA have also implemented the following procedures:

1. Identifying and evaluating likely risks from significant false contents in the consolidated financial statements as a result of fraudulence of errors, designing and executing proper counter measures against the risks identified, and also establishing sufficient and appropriate audit evidence to serve as the basis of the auditor's report The risk of fraud is likely to involve conspiracy, forgery, deliberate omission, false declaration or transcend internal control, so the risk of improper expression of fraud is not higher than that caused by the wrong person.
2. Obtaining necessary knowledge about the internal control mechanism that is closely related to auditing work and designing the appropriate audit procedure without the intention to express any opinion about the validity of the internal control of Mercuries & Associates Holding, Ltd.
3. Evaluating the appropriateness of the accounting policy adopted by the management and the reasonableness of the accounting assessment and related disclosures made accordingly
4. Based on the audit evidence established, we have formed a conclusion on the appropriateness for the management to continue to adopt an accounting principle of continued operations and whether there is any significant doubt about the capacity of Mercuries & Associates Holding, Ltd. and its subsidiaries to remain in operation or whether any significant uncertainty exists in its operations. If the CPA is of the opinion that material uncertainty exists within these matters or conditions, the CPA shall remind the users of the Consolidated Financial Statements to pay attention to relevant disclosure in the Statements in their auditing report, or to revise the audit opinion when such disclosure is inappropriate. The CPA's conclusion is based on the auditing evidence obtained up to the date of the auditing report. However, future events or conditions may cause Mercuries & Associates Holding, Ltd. to lose the capacity to remain in operation.
5. Evaluating the overall expression, structure and contents of the consolidated financial statements

(including related notes) and whether the consolidated financial statements could appropriately express related transactions and events

6. We have obtained sufficient and appropriate auditing evidence for individual financial information from Mercuries & Associates Holding, Ltd. and its subsidiaries, so that we may express an opinion on the Company's consolidated financial statements. We were responsible for guiding, supervising and executing the audit work for the Group and also establishing the auditor's opinion.

We communicated with governance units about the planned auditing scope and required time frame, as well as material audit discoveries (including significant internal control defects found during the audit process).

We have also provided the statement pertaining to our accounting firm's personnel under governance of independence to the governance unit, and communicated with governance unit over relations and other items (including relevant protective measures) that could affect the CPA's independence.

In the communications between us and the Company’s governing body, we have determined the key audit items from 2016 consolidated financial statements of Mercuries & Associates Holding, Ltd. and its subsidiaries. The CPA have clearly indicated such matters in the audit report. Unless legal regulations prohibit the public disclosure of specific items, or in extremely rare cases, where the CPA decided not to communicate over specific items in the audit report where it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

BDO Taiwan Union & Co.

CPA: Ke-Yi Liu

CPA: Kun-Shi Hsu

Audit approval number from FSC: (80) Taiwan FSC (6) No. 02925
(80) Taiwan FSC (6) No. 51636

March 30, 2017

MERCURIES & ASSOCIATES, HOLDING LTD. And SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2016 and 2015

UNIT：NTD (In Thousands)

Assets	Notes	December 31,2016	%	December 31,2015	%
Current assets					
Cash and cash equivalents	6.1	$58,487,469	6.04	$78,331,686	8.91
Financial assets at fair value through profit or loss - current	6.2	1,017,789	0.11	641,789	0.07
Available-for-sale financial assets - current	6.3	263,996	0.03	228,608	0.03
Accounts receivable, net	6.4	9,877,380	1.02	8,873,549	1.01
Current income tax assets		438,955	0.05	1,179,546	0.13
Inventories	6.5	3,915,157	0.40	3,593,682	0.41
Prepayments		528,788	0.05	418,423	0.05
Reinsurance contract assets, net	6.6	225,572	0.02	186,009	0.02
Other current assets		55,326	0.01	62,753	0.01
Bills discounted and loans, net	6.7	75,022,307	7.74	71,817,220	8.17
Sub-total		149,832,739	15.47	165,333,265	18.81
Non-current assets					
Financial assets at fair value through profit or loss - non-current	6.8	1,352,986	0.14	728,114	0.08
Available-for-sale financial assets - non-current	6.9	209,876,784	21.66	249,938,819	28.43
Held-to-maturity financial assets - non-current	6.10	68,470,707	7.07	29,635,870	3.37
Financial assets measured at cost - non-current	6.11	740,505	0.08	604,041	0.07
Investment in debt instrument without active market - non-current	6.12	440,872,037	45.51	331,192,604	37.67
Investments accounted for using equity method	6.13	3,456,091	0.36	3,428,629	0.39
Property, plant and equipment	6.14	15,400,800	1.59	14,629,851	1.66
Investment property, net	6.15	26,084,768	2.69	26,445,155	3.01
Intangible assets		61,612	0.01	68,257	0.01
Deferred income tax assets	6.38	723,838	0.07	2,050,754	0.23
Other non-current assets	6.16	51,916,060	5.35	55,023,340	6.27
Sub-total		818,956,188	84.53	713,745,434	81.19
Total assets		$968,788,927	100.00	$879,078,699	100.00

Liabilities & Equity	Notes	December 31,2016	%	December 31,2015	%
Current liabilities					
Short-term loans	6.17	$1,129,000	0.12	$1,129,000	0.13
Short-term notes and bills payable	6.18	798,000	0.08	616,000	0.07
Financial liabilities at fair value through profit or loss - current		801	-	-	-
Other Financial liabilities - current		-	-	30,000	-
Account payable	6.19	7,225,012	0.75	5,351,913	0.61
Commission payable		2,230,866	0.23	1,651,568	0.19
Insurance claims payable		735,315	0.08	1,035,500	0.12
Reinsurance claims payable		143,440	0.01	113,333	0.01
Income tax payable		116,450	0.01	309,786	0.04
Advanced receipts		1,404,457	0.14	832,464	0.09
Long-term liabilities –current portion	6.21	-	-	192,683	0.02
Other current liabilities		158,406	0.02	246,861	0.03
Sub-total		13,941,747	1.44	11,509,108	1.31
Non-current liabilities					
Financial liabilities at fair value through profit or loss - non-current	6.20	3,932,485	0.41	7,898,235	0.90
Bonds payable	6.21	7,500,000	0.77	5,000,000	0.57
Long-term bank loans	6.22	8,590,000	0.89	8,538,000	0.97
Preferred stock liabilities - non-current	6.23	-	-	1,692,591	0.19
Provisions non-current	6.24	851,318,401	87.87	760,036,880	86.46
Separate account products liabilities	6.16	45,199,655	4.67	48,506,434	5.52
Guarantee deposits		470,312	0.04	444,496	0.05
Deferred income tax liabilities	6.38	541,364	0.05	2,671,437	0.30
Other non-current liabilities		3,732,252	0.38	4,101,408	0.47
Sub-total		921,284,469	95.08	838,889,481	95.43
Total liabilities		935,226,216	96.52	850,398,589	96.74
Equity attributable to owners of the parent					
Share capital	6.31				
Common stock		7,153,989	0.74	6,813,409	0.78
Capital surplus	6.32	1,032,182	0.11	965,886	0.11
Retained earnings	6.33				
Legal reserve		1,709,702	0.18	1,562,230	0.18
Special reserve		2,091,174	0.22	744,776	0.08
Unappropriated retained earnings		4,015,610	0.41	4,142,859	0.47
Other equity interest	6.35	(1,350,612)	(0.14)	(2,102,507)	(0.24)
Treasury stocks	6.34	(532,672)	(0.05)	(532,672)	(0.06)
Total equity attributable to owners of the parent		14,119,373	1.47	11,593,981	1.32
Non-controlling interests	6.36	19,443,338	2.01	17,086,129	1.94
Total equity		33,562,711	3.48	28,680,110	3.26
Total liabilities and equity		$968,788,927	100.00	$879,078,699	100.00

The accompanying notes are an integral part of the consolidated financial statements

MERCURIES & ASSOCIATES, HOLDING LTD. And SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOMES

For the Years Ended December 31, 2016 and 2015

UNIT：NTD (In Thousands)

Item	Notes	2016	%	2015	%
Operating revenue					
Interest income		$26,136,992	12.73	$22,606,523	11.72
Premiums income	6.29	133,904,021	65.20	126,890,145	65.76
Reinsurance commission income		89,902	0.04	102,662	0.05
Processing service fees income		481,993	0.24	495,399	0.26
Share of profit of associates and join ventures accounted for using equity method	6.13	140,386	0.07	61,771	0.03
Separate account products revenues	6.16	9,041,217	4.40	5,987,868	3.10
Gains on financial assets (liabilities) at fair value through profit or loss		4,495,329	2.19	-	-
Realized gains on available-for-sale financial assets		5,796,216	2.82	4,974,128	2.58
Gains on financial assets (liabilities) measured at cost		25,393	0.01	1,715	-
Gains on investment in debt instrument without active market		161,415	0.08	826,758	0.43
Net revenue					
Sales revenue		23,763,645	11.57	21,859,695	11.33
Sales returns		(69,617)	(0.03)	(118,100)	(0.06)
Sales discounts and allowances		(4,948)	-	(2,252)	-
Rental income		120,749	0.06	140,189	0.07
Service revenue		166,727	0.08	352,121	0.18
Construction revenue		44,980	0.02	112,978	0.06
Gain on disposal of investments		49,673	0.02	4,780	-
Gain on investment property		491,854	0.24	509,910	0.26
Net changes in foreign exchange valuation reserve		407,645	0.20	(583,958)	(0.30)
Foreign exchange gain		-	-	8,518,773	4.41
Other income		125,077	0.06	226,556	0.12
Total operating revenue		205,368,649	100.00	192,967,661	100.00
Operating cost					
Interest expenses		(151,442)	(0.07)	(158,440)	(0.08)
Underwriting expenses		(56,513)	(0.03)	(55,513)	(0.03)
Commission expenses		(11,862,227)	(5.78)	(11,156,666)	(5.78)
Insurance claims paid	6.30	(48,799,139)	(23.76)	(65,865,655)	(34.13)
Net changes in other insurance liabilities		(95,357,360)	(46.43)	(69,451,977)	(35.99)
Separate account products expenses	6.16	(9,041,217)	(4.40)	(5,987,868)	(3.10)
Losses on financial assets (liabilities) at fair value through profit or loss		-	-	(8,869,339)	(4.60)
Cost of goods sold		(15,231,837)	(7.42)	(14,092,757)	(7.30)
Rental cost		(15,200)	(0.01)	(14,990)	(0.01)
Service cost		(14,083)	(0.01)	(13,786)	(0.01)
Construction cost		(60,463)	(0.03)	(112,835)	(0.06)
Operating expenses					
Selling expenses		(1,970,585)	(0.96)	(1,703,621)	(0.88)
General and administrative expenses		(11,077,770)	(5.39)	(10,609,985)	(5.50)
Research and development expenses		(153,890)	(0.07)	(150,159)	(0.08)
Loss on disposal of property, plant and equipment		(3,224)	-	(14,889)	(0.01)
Impairment loss		(241,234)	(0.12)	-	-
Foreign exchange loss		(7,062,731)	(3.44)	-	-
Other expense		(499,009)	(0.24)	(491,848)	(0.25)
Total operating cost		(201,597,924)	(98.16)	(188,750,328)	(97.81)
Profit (loss) before tax from continuing operations		3,770,725	1.84	4,217,333	2.19
Income tax	6.38	(153,981)	(0.08)	(1,084,057)	(0.57)
Net profit (loss) from continuing operations		3,616,744	1.76	3,133,276	1.62
Net profit (loss) for the year		3,616,744	1.76	3,133,276	1.62
Other comprehensive income (loss)					
Items that will not be reclassified subsequently to profit or loss					
Re-measurement of defined benefit plans		70,285	0.03	(177,099)	(0.09)
Income tax related to items that will not be reclassified subsequently		(14,683)	(0.01)	6,205	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences arising from translation of foreign operations		(51,483)	(0.03)	(11,343)	(0.01)
Unrealized Gains/(Losses) on Available-for-sale financial assets		1,181,950	0.58	(2,856,257)	(1.48)
Income tax related to items that may be reclassified subsequently		347,751	0.18	(13,033)	-
Other comprehensive income (loss) for the year, net of tax		1,533,820	0.75	(3,051,527)	(1.58)
Total comprehensive income for the year		5,150,564	2.51	81,749	0.04
Net profit (loss) attributable to:					
Owners of parent		2,049,513	1.00	1,474,715	0.76
Non-controlling interests		1,567,231	0.76	1,658,561	0.86
Total		3,616,744	1.76	3,133,276	1.62
Total comprehensive income (loss) attributable to：					
Owners of parent		2,866,570	1.40	(7,267)	-
Non-controlling interests		2,283,994	1.11	89,016	0.04
Total		$5,150,564	2.51	$81,749	0.04
Earnings per share					
Income(loss) from continuing operations, net of tax		$3.04		$2.19	
Basic earnings (loss) per share	6.39	$3.04		$2.19	
The pro forma net income and earnings per share if Accounting for treasury stock had not been adopted are as follows:					
Pro forma income after income tax		2,072,955		1,498,157	
Earnings (loss) per share		2.9		2.09	

The accompanying notes are an integral part of the consolidated financial statements

MERCURIES & ASSOCIATES, HOLDING LTD. And SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2016 and 2015

UNIT：NTD (In Thousands)

	Stockholders' equity of Parent Company											
			Retained Earnings			Equity Adjustments						
Summary	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Other	Treasury Stocks	Subtotal	Non-controlling interests	Total equity
Balance on January 1, 2015	$6,813,689	$897,836	$1,436,240	$1,589,441	$2,456,514	$34,066	$(755,451)	$440	$(532,672)	$11,940,103	$15,885,198	$27,825,301
Appropriation and distribution of retained earnings 2014												
Legal reserve	-	-	125,990	-	(125,990)	-	-	-	-	-	-	-
Special reserve	-	-	-	(844,528)	844,528	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(408,821)	-	-	-	-	(408,821)	-	(408,821)
Effect of change in ratio of shareholding in investees	-	14,268	-	-	(12,830)	-	-	-	-	1,438	-	1,438
Effects of change in unappropriated retained earnings of investees	-	-	-	-	12,018	-	-	-	-	12,018	-	12,018
Effects of change in capital surplus of investees	-	30,691	-	-	-	-	-	-	-	30,691	-	30,691
Amortization of compensation cost of investees	-	-	-	-	-	-	-	1,819	-	1,819	-	1,819
Net profit for the year 2015	-	-	-	-	1,474,715	-	-	-	-	1,474,715	1,658,561	3,133,276
Other comprehensive income for the year 2015, net of tax	-	-	-	-	(97,275)	(8,092)	(1,376,615)	-	-	(1,481,982)	(1,569,545)	(3,051,527)
Dividends distributed to subsidiaries by parent	-	23,442	-	-	-	-	-	-	-	23,442	-	23,442
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	1,111,915	1,111,915
Effects of change in special reserve of investees	-	-	-	(137)	-	-	-	-	-	(137)	-	(137)
Amortization of compensation cost of restricted stock	-	-	-	-	-	-	-	695	-	695	-	695
Restricted stock cancellation	(280)	(351)	-	-	-	-	-	631	-	-	-	-
Balance on January 1, 2016	$6,813,409	$965,886	$1,562,230	$744,776	$4,142,859	$25,974	$(2,132,066)	$3,585	$(532,672)	$11,593,981	$17,086,129	$28,680,110
Appropriation and distribution of retained earnings 2015												
Legal reserve	-	-	147,472	-	(147,472)	-	-	-	-	-	-	-
Special reserve	-	-	-	1,346,398	(1,346,398)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(408,804)	-	-	-	-	(408,804)	-	(408,804)
Stock dividend	340,670	-	-	-	(340,670)	-	-	-	-	-	-	-
Effect of change in ratio of shareholding in investees	-	21,790	-	-	-	-	-	-	-	21,790	-	21,790
Effects of change in unappropriated retained earnings of investees	-	-	-	-	(262)	-	-	-	-	(262)	-	(262)
Effects of change in capital surplus of investees	-	21,177	-	-	-	-	-	-	-	21,177	-	21,177
Amortization of compensation cost of investees	-	-	-	-	-	-	-	921	-	921	-	921
Net profit for the year 2016	-	-	-	-	2,049,513	-	-	-	-	2,049,513	1,567,231	3,616,744
Other comprehensive income for the year 2016, net of tax	-	-	-	-	66,844	(39,799)	790,012	-	-	817,057	716,763	1,533,820
Dividends distributed to subsidiaries by parent	-	23,442	-	-	-	-	-	-	-	23,442	-	23,442
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	73,215	73,215
Amortization of compensation cost of restricted stock	-	-	-	-	-	-	-	558	-	558	-	558
Restricted stock cancellation	(90)	(113)	-	-	-	-	-	203	-	-	-	-
Balance on December 31, 2016	$7,153,989	$1,032,182	$1,709,702	$2,091,174	$4,015,610	$(13,825)	$(1,342,054)	$5,267	$(532,672)	$14,119,373	$19,443,338	$33,562,711

The accompanying notes are an integral part of the consolidated financial statements

MERCURIES & ASSOCIATES, HOLDING LTD. And SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2016 and 2015

UNIT：NTD (In Thousands)

Items	2016	2015
Cash flows from operating activities		
Profit(loss) before income tax	$3,770,725	$4,217,333
Adjusted items:		
Income and expenses having no effect on cash flows		
Gain on reversal of allowance for doubtful accounts	17,159	246,893
Depreciation	955,477	844,297
Net changes in provisions for insurance	95,609,867	70,308,576
Amortization	138,591	109,073
Net gains (losses) on financial assets (liabilities) at fair value through profit or loss	(4,495,329)	8,869,339
Net gains (losses) on available-for-sale financial assets	(5,934,619)	(5,099,804)
Net gains (losses) on financial assets measured at cost	(25,393)	(1,715)
Net gains (losses) on held-to-maturity financial assets	(151,651)	(826,758)
Impairment loss	241,234	-
Interest expense	440,391	469,490
Interest income	(26,136,992)	(22,606,523)
Dividend income	-	(14,377)
Net changes in reserve for the insurance contract with the nature of financial products	-	20,737
Net changes in foreign exchange valuation reserve	(407,645)	583,958
Share of profit of associates and join ventures accounted for using equity method	(140,386)	84,540
Loss(gain) on disposal and retirement of property, plant and equipment	6,057	14,889
Expense transferred from property, plant and equipment	1,529	-
Unrealized foreign exchange gain or loss	14,239,256	(9,220,960)
Compensation cost of share-based payment	2,783	4,941
Loss on liquidation	3,302	-
Net cash generated from Income and expenses having no effect on cash flows	74,363,631	43,786,596
Changes in current assets and liabilities related to operating activities		
Changes in current assets related to operating activities		
(Increase)decrease in financial assets at fair value through profit or loss	(470,491)	(9,854,460)
(Increase)decrease in accounts receivable	(678,173)	140,880
(Increase)decrease in inventories	(318,468)	(410,073)
(Increase)decrease in prepayments	(101,429)	(25,909)
(Increase)decrease in other current assets	10,208	31,638
(Increase)decrease in reinsurance contract assets	(9,025)	880,209
(Increase)decrease in other non-current assets	(164,510)	77,959
Net cash generated from changes in current assets related to operating activities	(1,731,888)	(9,159,756)
Changes in current liabilities related to operating activities		
Increase(decrease) in account payable	2,099,362	(7,868,185)
Increase(decrease) in other non-current liabilities	212,101	(313,627)
Increase(decrease) in other	(3,994,473)	1,975,410
Net cash generated from changes in current liabilities related to operating activities	(1,683,010)	(6,206,402)
Net cash generated from changes in current assets and liabilities related to operating	(3,414,898)	(15,366,158)
Sub-total	70,948,733	28,420,438
Cash flows from operating activities		
Interest received	18,079,825	15,286,970
Dividends received	1,778,685	2,016,656
Interest paid	(365,928)	(609,271)
Income taxes refund (paid)	(75,277)	(218,873)
Net cash generated from (used in) operating activities	94,136,763	49,113,253
Cash flows from investing activities		
(Increase)decrease in bills discounted and loans	(3,208,017)	(4,957,971)
Acquisition of Available-for-sale financial assets	(161,025,351)	(136,159,537)
Proceeds from disposal of available-for-sale financial assets	205,012,396	161,644,510
Proceeds from return of capital on liquidation of available-for-sale financial assets	2,796	-
Acquisition of Investment in debt instrument without active market	(186,091,604)	(113,388,156)
Proceeds from disposal of investment in debt instrument without active market	5,771,943	10,072,693
Proceeds from repayments of investment in debt instrument without active market	65,807,849	70,580,119
Acquisition of financial assets measured at cost	(207,500)	(257,971)
Proceeds from disposal of financial assets measured at cost	70,541	30,130
Acquisition of Held-to-maturity financial assets	(39,510,447)	(28,156,011)
Acquisition of Investments accounted for using equity method	(30,000)	(1,575,000)
Acquisition of subsidiary(s) and assets of other company, net of cash	(20,075)	-
Decrease in other financial assets	-	6,900,000
Acquisition of property, plant and equipment	(1,289,076)	(1,428,950)
Proceeds from disposal of property, plant and equipment	10,064	16,555
Acquisition of investment property	-	(203,868)
Decrease in prepayments for equipment	(66,986)	(15,685)
Acquisition of intangible assets	(74,900)	(84,714)
Increase(decrease) in refundable deposits	73,513	(988,485)
Other non-current assets	-	(443,990)
Net cash generated from (used in) investing activities	(114,774,854)	(38,416,331)
Cash flows from (used in) financing activities		
Increase(decrease) in short-term borrowings	-	858,747
Increase(decrease) in Short-term notes and bills payable	182,000	566,000
Proceeds from long-term borrowings	41,190,000	40,399,898
Repayment of long-term borrowings	(41,138,000)	(40,883,000)
Decrease in Preferred stock liabilities	(1,692,591)	-
Cash dividends paid	(385,191)	(760,337)
Issuance of bonds payable	2,500,000	-
Proceeds from issuance of shares	-	1,101,269
Increase(decrease) in guarantee deposits received	25,816	15,965
Increase(decrease) in non controlling interests	150,984	4,220
Net cash generated from (used in) financing activities	833,018	1,302,762
Effect of exchange rate	(39,144)	(8,986)
Net increase(decrease)in cash and cash equivalents	(19,844,217)	11,990,698
Cash and cash equivalents at beginning of year	78,331,686	66,340,988
Cash and cash equivalents at the end of year	$58,487,469	$78,331,686

The accompanying notes are an integral part of the consolidated financial statements

Accountant's Audit Report

To: Mercuries & Associates, Holding Ltd.

Audit opinion

The audit of the Individual Balance Sheet on December 31, 2016 and December 31, 2015, and the Individual Comprehensive Income Statement, Individual Statement of Changes in Equity, Individual Balance Sheet, and Notes to Financial Statements (including Summary of Material Accounting Policies) from January 1 to December 31, 2016 and January 1 to December 31, 2015 of Mercuries & Associates, Holding Ltd. (formerly Mercuries & Associates, Ltd.), have been completed by our CPA.

In our opinion, based on our audit results and the audit reports of other CPA (please see 'Other Matters'), the above Individual Financial Statements have been prepared in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), explanations, and announcement of explanations approved by the Financial Supervisory Committee, R.O.C. (FSC) in all material aspects. These statements can fairly present the individual financial conditions of Mercuries & Associates, Holding Ltd. as of December 31, 2016 and December 31, 2015, and the individual financial performance and individual cash flow from January 1 to December 31, 2016 and from January 1 to December 31, 2015.

Basis of Audit Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Individual Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards (GAAS). Our CPA will further explain the responsibilities auditors shall execute during the audit of Individual Financial Statements under the above principles below. We have complied with the ethical requirements for accountants, fulfilled the relevant responsibilities under such requirements, and we have maintained our independence from Mercuries & Associates, Holding Ltd. Our CPA believe that sufficient and appropriate verification proof have been obtained, which shall serve as the basis to our audit opinion.

Key Verification Items

The key audit matters refer the most important matters, in our professional judgment, when auditing the Individual Financial Statement of Mercuries & Associates Holding, Ltd. for 2016. These items have been covered in the verification process of the overall Individual Financial Statements and the audit opinion; hence, the CPA shall not express a separate opinion on these items.

As of December 31, 2016, subsidiaries Mercuries Life Insurance Co., Ltd. and Mercuries & Associates, Ltd. held by Mercuries & Associates, Holding Ltd., had recorded investments under equity method of NT$12,451,608 thousand and NT$1,496,266 thousand respectively. Income recorded under equity method had been profit of NT$1,465,055 thousand and NT$395,008 thousand respectively. Since the sum of the investment under equity method from these companies had accounted for 55.37% and 6.65% of the total asset of Mercuries & Associates, Holding Ltd. respectively, and the income recognized under equity method for year 2016 had accounted for 71.48% and 19.27% on the income for this period respectively, this had material influence on the financial statements of Mercuries & Associates, Holding Ltd. Hence, we had listed the key verification items - completeness and accuracy in recording insurance liabilities, financial asset evaluation, and the completeness and accuracy of operating revenue - of Mercuries Life Insurance Co., Ltd. and Mercuries & Associates, Ltd. as the most important matters in the audit for this period.

For details on investment accounting policies regarding equity method, please see Note 4 (8) of the Individual Financial Statements; for explanation on the accounting items, please see Note 6 (6) of the Individual Financial Statements.

<u>Investment under Equity Method - Completeness and Accuracy of Insurance Debt Recording of Subsidiary</u>

Matter Description

The insurance liabilities reserve of subsidiary Mercuries Life Insurance Co., Ltd. has been prepared by actuaries in accordance with "Guidelines for Reserve Provisions for the Insurance Industry." They have been prepared with professional judgment and experience, and various insurance liabilities for different insurance plans have been evaluated in a highly complex manner. In particular, there is much uncertainty, speculation and judgment involved in the deposit procedures of liabilities reserve for various products, and material judgment from the management level is also involved. In addition, to ensure the appropriateness of provisions for insurance liabilities, material judgment is formed for the final total payoff value of each insurance payment. If the future cash flow of insurance policies are estimated based on present information, and deficit is found in the book value of insurance liabilities already recognized, all deficit shall be recorded as appropriate reserve for the liabilities. Hence, we are of the opinion that the completeness and accuracy of recording insurance liabilities in subsidiary Mercuries Life Insurance Co., Ltd. is one of the most significant matter in the audit in this period.

Primary Audit Procedures as Countermeasures

1. Evaluate the design of internal control relevant to insurance liabilities in the financial statements and test for its effectiveness, including ensuring the control for completeness and accuracy of insurance contract information is effective.
2. Undertake volatility analysis and provisions analysis of insurance liabilities, and inspect relevant information and recorded provisions in insurance calculations.
3. Sample unexpired insurance expense reserve, liabilities reserve, indemnities reserve, premium deficit reserve, special reserve, and liabilities appropriate reserve in accordance with "Guidelines for Reserve Provisions for the Insurance Industry" to inspect the procedures for recording provisions, verify insurance premiums and indemnity information, and assess the reasonableness of provisions.
4. Assess the fairness of disclosure items in insurance liabilities.

Investment under equity method - Subsidiaries' financial asset rating

Matter Description

The fair market value of debt instrument investment in non-active market, as part of the available-for-sale financial asset of the subsidiary, Mercuries Life Insurance, has been calculated on a directly or indirectly observable basis. The management level shall assess the source of this information or method of evaluation and may use different evaluation techniques. Hence, subjective judgment from the management level is involved. in addition, the fair market value of financial asset could be subjected to significant or lasting depreciation, resulting in loss of estimated amount of financial asset and material judgment from the management level is involved. Hence, we are of the opinion that evaluation of the financial asset of subsidiary Mercuries Life Insurance Co., Ltd., is one of the most significant items in the audit for this period.

Primary Audit Procedures as Countermeasures

1. Test the internal control cycle of investment procedures, including original records, subsequent evaluation and the internal control systems disclosed in the financial statements.
2. Inspect accounting policies relevant to the evaluation and disclosure of fair market value of financial asset.
3. Obtain details of financial asset, understand the method in which fair value is obtained for each product type, and assess whether classification of fair value levels is presented fairly.
4. Assess the important assumptions and reasonableness of fair value by using relevant information from external sources.
5. Implement physical count of financial asset and mail inquires.
6. Implement impairment test, including comparing investment book value and net value from the most recent financial statements of the investment targets, inspect the prices of financial asset investment,

changes in credit rating, and investment income from debt instruments.

<u>Investment under equity method - Subsidiaries' completeness and accuracy of operating revenue</u>

Matter Description

The operating revenue from retail chain of subsidiary Mercuries & Associates, Ltd. are primarily from establishing product information (including product name, purchasing costs, retail price, and promotions). The storefront sales POS system will record the product name, quantity, retail price per unit and total sales of each transaction, and the sales information of the day will be uploaded to the ERP system after closing each day. The data will be combined and sales revenue will be produced automatically. Each store also needs to prepare a daily cash report to show daily sales volume and payment method, and shall deposit cash into the bank accordingly.

Since the retail chain revenue has the characteristic of having multiple transactions with insignificant amount and is only reliant on the POS and ERP systems, the accuracy and reliability of the processing of above-mentioned combined data and recording of operating revenue possess material influence on the completeness and accuracy of the Company's operating revenue. Hence, we are of the opinion that the completeness and accuracy of operating revenue in subsidiary Mercuries & Associates, Ltd. is one of the most significant matters in the audit for this period.

Primary Audit Procedures as Countermeasures

1. Sample whether new or updated product information in the main server has been appropriately approved and has been certified.
2. Sample whether approved new or updated product information in the main server has been inputted into the product page.
3. Sample whether product main server information is sent to the POS system of each store in a timely manner.
4. Sample whether POS system is sent to ERP system, and verify the daily closing figure and accounting information in stores.
5. Sample store daily cash revenue/expense table and relevant certificates.
6. Re conciliate cash deposit figure recorded in store daily accounts against bank deposits.

Other Matters

Some of the investment under equity method in Mercuries & Associates, Holding Ltd. has not been audited by us. Hence, our opinion for the above financial statements, on the information for reinvestment and relevant information in Note 13, is issued based on audit report from other CPA. The investment under equity method on December 31, 2016 and December 31, 2015 were NT$695,416 thousand and NT$746,083 respectively, and accounted for 3.09% and 3.71% on the total asset respectively. Investment income (loss) recorded under equity method for 2016 and 2015 were (NT$28,796 thousand) and (NT$30,741 thousand), accounting for 1.41% and 2.08% on the income (loss) for the current period.

The responsibility of the management and governance units for the parent company only financial statements

To ensure that the Individual Financial Statements do not contain material misstatements caused by fraud or errors, the management level is responsible for preparing prudent Individual Financial Statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and to prepare and maintain necessary internal control procedures pertaining to the Individual Financial Statements.

In preparing for the Individual Financial Statement, responsibilities of the management also also included assessment of the capacity of Mercuries & Associates, Holding Ltd. to continue operation, disclosure of related matters and the accounting approaches to be adopted when the Company continues to operate unless the management intends to liquidate or suspend the business of Mercuries & Associates, Holding Ltd. if there was not any other option except liquidation or suspension of the Company's business.

The governance units (including Supervisors) of Mercuries & Associates, Holding Ltd. are responsible for supervising the processes of reporting on the financial status.

Responsibilities of the CPA in auditing the Individual Financial Statements

Our objective when auditing the Individual Financial Statements was to ascertain whether they contained any false contents as a result of fraudulence or mistakes and whether they were reasonably reliable and to issue the auditor's report. "Reasonable certainty" refers to high levels of credibility; nevertheless, our auditing work carried out according to GAAP may not guarantee that material misstatement will be detected within the Individual Financial Statements. Misstatement could be caused by fraud or error. If it could be reasonably anticipated that the the misstated individual amounts or aggregated sum could have influence over the economic decisions made by the users of the Individual Financial Statements, it will be deemed as material.

We have exercised professional judgment and maintained professional skepticism while abiding by GAAS in our audit. The CPA have also implemented the following procedures:

1. Identifying and evaluating likely risks from significant false contents in the parent company only financial statements as a result of fraudulence of errors, designing and executing proper counter measures against the risks identified, and also establishing sufficient and appropriate audit evidence to serve as the basis of the auditor's report The risk of fraud is likely to involve conspiracy, forgery, deliberate omission, false declaration or transcend internal control, so the risk of improper expression of fraud is not higher than that caused by the wrong person.

2. Obtaining necessary knowledge about the internal control mechanism that is closely related to auditing work and designing the appropriate audit procedure without the intention to express any opinion about the validity of the internal control of Mercuries & Associates Holding, Ltd.

3. Evaluating the appropriateness of the accounting policy adopted by the management and the reasonableness of the accounting assessment and related disclosures made accordingly

4. Based on the audit evidence established, we will conclude on the appropriateness for the management to continue to adopt the same accounting basis and whether there was any significant doubt about the continued operations of Mercuries & Associates, Holding Ltd. or whether any significant uncertainty exists. If we are of the opinion that material uncertainty exists within these matters or conditions, we shall remind the users of the Individual Financial Statements to pay attention to relevant disclosure in the Statements in their auditing report, or to revise the audit opinion when such disclosure is inappropriate. The CPA's conclusion is based on the auditing evidence obtained up to the date of the auditing report. However, future events or conditions may cause Mercuries & Associates Holding, Ltd. to lose the capacity to remain in operation.

5. Evaluating the overall expression, structure and contents of the parent company only financial statements (including related notes) and whether the consolidated financial statements could appropriately express related transactions and events

6. Obtain sufficient and appropriate auditing evidence for the internal formation of Mercuries & Associates, Holding Ltd. and its individual financial information and express opinion on its Individual Financial Statements. We were responsible for guiding, supervising and executing the audit work for the Group and also establishing the auditor's opinion.

We communicated with governance units about the planned auditing scope and required time frame, as well as material audit discoveries (including significant internal control defects found during the audit process).

We have also provided the statement pertaining to our accounting firm's personnel under governance of independence to the governance unit, and communicated with governance unit over relations and other items (including relevant protective measures) that could affect the CPA's independence.

Based on the result of our discussion with the governance units, we have decided on which matters would be regarded as key audit matters when auditing the 2016 Individual Financial Statements of Mercuries & Associates, Holding Ltd. The CPA have clearly indicated such matters in the audit report. Unless legal regulations prohibit the public disclosure of specific items, or in extremely rare cases, where the CPA decided not to communicate over specific items in the audit report where it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

BDO Taiwan Union & Co.

CPA: Ke-Yi Liu

CPA: Kun-Shi Hsu

Audit approval number from FSC: (80) Taiwan FSC (6) No. 02925
(80) Taiwan FSC (6) No. 51636

March 30, 2017

MERCURIES & ASSOCIATES, HOLDING LTD.

BALANCE SHEETS

December 31, 2016 and 2015

UNIT：NTD (In Thousands)

Assets	Notes	December 31,2016	%	December 31,2015	%
Current assets					
Cash and cash equivalents	6.1	$43,050	0.19	$211,338	1.05
Available-for-sale financial assets - current	6.2	166,048	0.74	145,231	0.72
Notes receivable	6.3	30,923	0.14	18,990	0.09
Accounts receivable, net	6.3	3,126	0.01	1,712	0.01
Other receivables		8,687	0.04	7,688	0.04
Current income tax assets		37	-	-	-
Prepayments		300	-	736	-
Other current assets		-	-	1,489	0.01
Sub-total		252,171	1.12	387,184	1.92
Non-current assets					
Available-for-sale financial assets - non-current	6.4	156,406	0.70	167,061	0.83
Held-to-maturity financial assets - non-current	6.5	-	-	107,409	0.53
Investments accounted for using equity method	6.6	20,209,750	89.88	17,587,166	87.38
Property, plant and equipment	6.7	414,256	1.84	392,983	1.95
Investment property, net	6.8	1,426,855	6.35	1,462,660	7.27
Deferred income tax assets	6.24	593	-	714	-
Other non-current assets		26,009	0.11	21,620	0.12
Sub-total		22,233,869	98.88	19,739,613	98.08
Total assets		$22,486,040	100.00	$20,126,797	100.00

Liabilities & Equity	Notes	December 31,2016	%	December 31,2015	%
Current liabilities					
Notes payable		$-	-	$238	-
Other Payables	6.9	63,157	0.28	55,989	0.28
Income tax payable		-	-	143,532	0.71
Other current liabilities		31,469	0.14	19,720	0.10
Sub-total		94,626	0.42	219,479	1.09
Non-current liabilities					
Long-term bank loans	6.10	8,198,000	36.46	8,238,000	40.93
Deferred income tax liabilities	6.24	9,895	0.04	10,530	0.06
Other non-current liabilities		64,146	0.29	64,807	0.33
Sub-total		8,272,041	36.79	8,313,337	41.32
Total liabilities		8,366,667	37.21	8,532,816	42.41
Equity					
Share capital					
Common stock	6.14	7,153,989	31.82	6,813,409	33.85
Capital surplus	6.15	1,032,182	4.59	965,886	4.80
Retained earnings	6.16				
Legal reserve		1,709,702	7.60	1,562,230	7.76
Special reserve		2,091,174	9.30	744,776	3.70
Unappropriated retained earnings		4,015,610	17.86	4,142,859	20.58
Other equity interest	6.18	(1,350,612)	(6.01)	(2,102,507)	(10.45)
Treasury stocks	6.17	(532,672)	(2.37)	(532,672)	(2.65)
Total equity		14,119,373	62.79	11,593,981	57.59
Total liabilities and equity		$22,486,040	100.00	$20,126,797	100.00

The accompanying notes are an integral part of the financial statements

MERCURIES & ASSOCIATES, HOLDING LTD.

STATEMENTS OF COMPREHENSIVE INCOMES

For the Years Ended December 31, 2016 and 2015

UNIT：NTD (In Thousands)

Item	Notes	2016	%	2015	%
Operating revenue	6.19	$2,354,851	100.00	$1,907,589	100.00
Operating costs	6.20	(52,981)	(2.25)	(32,654)	(1.71)
Operating margin(loss)		2,301,870	97.75	1,874,935	98.29
Net operating margin (loss)		2,301,870	97.75	1,874,935	98.29
Operating expenses					
General and administrative expenses		(147,580)	(6.27)	(154,818)	(8.12)
Sub-total		(147,580)	(6.27)	(154,818)	(8.12)
Net operating income (loss)		2,154,290	91.48	1,720,117	90.17
Non-operating income and expense					
Other income	6.21	20,521	0.87	33,691	1.77
Other gains and losses	6.22	(4,137)	(0.18)	(3,125)	(0.16)
Financial costs		(121,679)	(5.16)	(122,926)	(6.45)
Sub-total		(105,295)	(4.47)	(92,360)	(4.84)
Profit (loss) before tax		2,048,995	87.01	1,627,757	85.33
Income tax	6.24	518	0.02	(153,042)	(8.02)
Net profit (loss) from continuing operations		2,049,513	87.03	1,474,715	77.31
Net profit (loss) for the year		2,049,513	87.03	1,474,715	77.31
Other comprehensive income (loss)					
Items that will not be reclassified subsequently to profit or loss					
Re-measurement of defined benefit plans		27	-	(3,514)	(0.18)
Share of other comprehensive loss of subsidiaries and associates		66,822	2.84	(94,358)	(4.95)
Income tax related to items that will not be reclassified subsequently		(5)	-	597	0.03
Items that may be reclassified subsequently to profit or loss					
Exchange differences arising from translation of foreign operations		(6,939)	(0.29)	(2,271)	(0.12)
Unrealized Gains/(Losses) on Available-for-sale financial assets		21,993	0.93	(77,513)	(4.06)
Share of other comprehensive loss of subsidiaries and associates		735,158	31.22	(1,304,923)	(68.41)
Other comprehensive income (loss) for the year, net of tax		817,056	34.70	(1,481,982)	(77.69)
Total comprehensive income for the year		2,866,569	121.73	(7,267)	(0.38)
Earnings per share	6.25				
Income(loss) from continuing operations, net of tax		$3.04		$2.19	
Basic earnings (loss) per share		$3.04		$2.19	
The pro forma net income and earnings per share if accounting for treasury stock had not been adopted are as follows:					
Pro forma before income tax		$2,072,438		$1,651,199	
Pro forma income after income tax		$2,072,955		$1,498,157	
Basic earnings (loss) per share		2.9		2.09	

The accompanying notes are an integral part of the financial statements

MERCURIES & ASSOCIATES, HOLDING LTD.

STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2016 and 2015

UNIT：NTD (In Thousands)

Summary	Common stock	Capital surplus	Retained Earnings			Equity Adjustments			Treasury Stocks	Total equity
			Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Other		
Balance on January 1, 2015	$6,813,689	$897,836	$1,436,240	$1,589,441	$2,456,514	$34,066	$(755,451)	$440	$(532,672)	$11,940,103
Appropriation and distribution of retained earnings 2014										
Legal reserve	-	-	125,990	-	(125,990)	-	-	-	-	-
Special reserve	-	-	-	(844,528)	844,528	-	-	-	-	-
Cash dividends	-	-	-	-	(408,821)	-	-	-	-	(408,821)
Effect of change in ratio of shareholding in investees	-	14,268	-	-	(12,830)	-	-	-	-	1,438
Effects of change in unappropriated retained earnings of investees	-	-	-	-	12,018	-	-	-	-	12,018
Effects of change in capital surplus of investees	-	30,691	-	-	-	-	-	-	-	30,691
Amortization of compensation cost of investees	-	-	-	-	-	-	-	1,819	-	1,819
Net profit for the year 2015	-	-	-	-	1,474,715	-	-	-	-	1,474,715
Other comprehensive income for the year 2015, net of tax	-	-	-	-	(97,275)	(8,092)	(1,376,615)	-	-	(1,481,982)
Dividends distributed to subsidiaries by parent	-	23,442	-	-	-	-	-	-	-	23,442
Effects of change in special reserve of investees	-	-	-	(137)	-	-	-	-	-	(137)
Amortization of compensation cost of restricted stock	-	-	-	-	-	-	-	695	-	695
Restricted stock cancellation	(280)	(351)	-	-	-	-	-	631	-	-
Balance on January 1, 2016	$6,813,409	$965,886	$1,562,230	$744,776	$4,142,859	$25,974	$(2,132,066)	$3,585	$(532,672)	$11,593,981
Appropriation and distribution of retained earnings 2015										
Legal reserve	-	-	147,472	-	(147,472)	-	-	-	-	-
Special reserve	-	-	-	1,346,398	(1,346,398)	-	-	-	-	-
Cash dividends	-	-	-	-	(408,804)	-	-	-	-	(408,804)
Stock dividend	340,670	-	-	-	(340,670)	-	-	-	-	-
Effect of change in ratio of shareholding in investees	-	21,790	-	-	-	-	-	-	-	21,790
Effects of change in unappropriated retained earnings of investees	-	-	-	-	(262)	-	-	-	-	(262)
Effects of change in capital surplus of investees	-	21,177	-	-	-	-	-	-	-	21,177
Amortization of compensation cost of investees	-	-	-	-	-	-	-	921	-	921
Net profit for the year 2016	-	-	-	-	2,049,513	-	-	-	-	2,049,513
Other comprehensive income for the year 2016, net of tax	-	-	-	-	66,844	(39,799)	790,012	-	-	817,057
Dividends distributed to subsidiaries by parent	-	23,442	-	-	-	-	-	-	-	23,442
Amortization of compensation cost of restricted stock	-	-	-	-	-	-	-	558	-	558
Restricted stock cancellation	(90)	(113)	-	-	-	-	-	203	-	-
Balance on December 31, 2016	$7,153,989	$1,032,182	$1,709,702	$2,091,174	$4,015,610	$(13,825)	$(1,342,054)	$5,267	$(532,672)	$14,119,373

The accompanying notes are an integral part of the financial statements

MERCURIES & ASSOCIATES, HOLDING LTD.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2016 and 2015

UNIT：NTD (In Thousands)

Items	2016	2015
Cash flows from operating activities		
Profit(loss) before income tax	$2,048,995	$1,627,757
Profit and loss before tax	2,048,995	1,627,757
Adjusted items:		
Adjustments to reconcile profit (loss)		
Depreciation expense	23,073	21,596
Interest expense	121,679	122,927
Interest revenue	(3,696)	(4,249)
Dividend income	(9,069)	(6,726)
Compensation cost of share-based payments	558	695
Share of profit (loss) of associates and join ventures accounted for using equity method	(1,761,455)	(1,433,110)
Loss(gain) on disposal and retirement of property, plant and equipment	265	265
Loss(gain) on disposal of investments	(1,763)	(2,872)
Loss(gain) on liquidate	3,302	689
Changes in current assets and current liabilities related to operating activities		
(Increase)decrease in notes receivable	(11,932)	20,381
(Increase)decrease in accounts receivable	(1,414)	(902)
(Increase)decrease in other receivables	(286)	(261)
(Increase)decrease in prepaid expenses	435	(1,750)
(Increase)decrease in prepayments	-	(2,029)
(Increase)decrease in other current assets	1,489	(1,489)
(Increase)decrease in prepaid pension-noncurrent	(4,387)	3,200
Increase(decrease) in notes payable	(238)	(28,620)
Increase(decrease) in accounts payable	-	2,047
Increase(decrease) in other payables	5,437	(142,896)
Increase(decrease) in other payables - related parties	-	(25,069)
Increase(decrease) in advanced receipts	11,932	(20,384)
Increase(decrease) in other current liabilities	(184)	724
Increase(decrease) in accrued pension liability	9	(2,903)
Interest received	215	7,847
Dividends received	9,069	6,726
Interest paid	(119,948)	(124,047)
Income taxes refund (paid)	(143,564)	(3,984)
Net cash flows from (used in) operating activities	168,522	13,563
Cash flows from investing activities		
Acquisition of financial assets at fair value through profit or loss	-	(16,975)
Proceeds from disposal of financial assets at fair value through profit or loss	-	19,847
Acquisition of available-for-sale financial assets	(24,999)	(13,597)
Proceeds from disposal of available-for-sale financial assets	35,263	-
Proceeds from return of capital on liquidation of available-for-sale financial assets	2,796	-
Proceeds from disposal of held-to-maturity financial assets	107,409	-
Acquisition of investment accounted for using equity method	-	(536,924)
Proceeds from disposal of investment accounted for using equity method	979	-
Acquisition of property, plant and equipment	(8,542)	(170)
Increase in guarantee deposits paid	-	(600)
Decrease in other assets	-	(1,772)
Net cash flows from (used in) investing activities	112,906	(550,191)
Cash flows from (used in) financing activities		
Proceeds from long-term borrowings	37,163,000	34,746,898
Repayments of long-term borrowings	(37,203,000)	(34,000,000)
Increase in guarantee deposits received	420	1,278
Decrease in guarantee deposits received	(1,380)	(540)
Increase in other non-current liabilities	49	49
Cash dividends paid	(408,805)	(408,821)
Increase in net cash inflow from split	-	(233,165)
Net cash provided by (used in) financing activities	(449,716)	105,699
Net increase(decrease)in cash and cash equivalents	(168,288)	(430,929)
Cash and cash equivalents at the beginning of year	211,338	642,267
Cash and cash equivalents at the end of year	$43,050	$211,338

The accompanying notes are an integral part of the financial statements

Attachment 4

Mercuries & Associates, Holding Ltd.

(Formerly Mercuries & Associates, Ltd.)

2016 Earnings Distribution

Unit: NTD

Item	Amount	
	Subtotal	Total
Beginning retained earnings		1,899,514,878
Add: changes in undistributed income in investment targets (Note 1)	66,559,690	
Add: actuarial income kept as retained earning	22,410	
Add: net profit after tax in this period	2,049,513,458	
Distributable earnings		4,015,610,436
Minus: reporting statutory surplus reserve	(204,951,346)	
Add: reversal of special earnings reserve (Note 2)	866,857,331	
distributable items		
shareholders Dividend: Cash (NT$0.7 per share) (Note 2)	(500,778,528)	
: Shares (NT$0.7 per share) (Note 2)	(500,778,520)	
Unappropriated retained earnings		3,675,959,373

Note 1: changes in undistributed income in investment targets refers to actuarial loss or profit resulting from confirmation of welfare plan and investment variable undistributed income in investment targets under equity method.

Note 2: earnings in 2016 will be distributed first to shareholders as dividend.

Attachment 5

Mercuries & Associates, Holding Ltd.

(Formerly Mercuries & Associates, Ltd.)

Comparison Table of Amendments to the Articles of Association

Articles amended	Current articles	Explanation
Article 17 Since the 19th Board of Directors, the Company has established a system of 9 Board members (including two to three Independent Directors), with a 3-year period of service. A nominee system is used, and shareholders will select from the list of nominees. Reappointment is possible. In accordance with Securities and Exchange Act, the professional qualifications, shareholding conditions, prohibitions in participation in other businesses, nomination and selection method as well as other items pertaining to the Company's Independent Directors, are handled in compliance with legal regulations.	**Article 17** Since the 18th Board of Directors, the Company has established a system of 9 Board members (including two Independent Directors), with a 3-year period of service. A nominee system is used, and shareholders will select from the list of nominees. Reappointment is possible. In accordance with Securities and Exchange Act, the professional qualifications, shareholding conditions, prohibitions in participation in other businesses, nomination and selection method as well as other items pertaining to the Company's Independent Directors, are handled in compliance with legal regulations.	Due to structural changes in the organization of the Company's 19th Board in 2018, the number of Independent Directors have been revised accordingly.
Article 25-1 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 is still present, this will be combined with accumulated undistributed earnings and the Board will propose an earnings distribution motion and ask the Shareholders Meeting to resolve on the shareholders dividend proposal.	**Article 25-1** 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 is still present, this will be combined with accumulated undistributed earnings and the Board will propose an earnings distribution motion and ask the Shareholders Meeting to resolve on the shareholders dividend proposal.	Wording is briefly adjusted in line with the Company's operating needs.

<table>
<tr><th>Articles amended</th><th>Current articles</th><th>Explanation</th></tr>
<tr><td>The Company's dividend policy is in line with current and future development plan, in consideration of investment environment, capital needs, and domestic and overseas competition, on top of shareholders' interest. The amount of cash dividend distributed <u>shall be no less than 10% of all dividends distributed for the year.</u></td><td>The Company's dividend policy is in line with current and future development plan, in consideration of investment environment, capital needs, and domestic and overseas competition, on top of shareholders' interest. The amount of cash dividend distributed shall range from 10~100% of all dividends distributed for the year, and share dividend can account for 0~90% of the total dividends distributed for the year.</td><td></td></tr>
<tr><td><u>Article 28</u>
Articles of Association were established on January 20, 1965.
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44th amendment was on June 24, 2016.
<u>45th amendment was on June 20, 2017.</u>
Amendments will be in effect upon receiving authorization from the governing institution.</td><td><u>Article 28</u>
Articles of Association were established on January 20, 1965.
.
.
44th amendment was on June 24, 2016.
Amendments will be in effect upon receiving authorization from the governing institution.</td><td></td></tr>
</table>

Attachment 6

Mercuries & Associates, Holding Ltd.

(Formerly Mercuries & Associates, Ltd.)

Comparison Table of Amendments to the Procedures for Acquisition and Disposal of Assets

Articles amended	Current articles	Explanation
Article 7: Procedures to acquire or dispose of property or equipment 1. Omitted 2. Decision-making process of transaction conditions and authorized transaction amount (1) Omitted (2) In acquiring or disposing of real property or equipment, the Company shall choose from either compare pricing, negotiation, or bidding process. For transaction amount below NT$300 million (inclusive), the units responsible can exercise decision-making rights; for each transaction over NT$300 million, approval from the <u>President</u> is needed and approval from the Board shall also be obtained prior to executions. (3) Omitted 3. Omitted 4. Appraisal report for real property or equipment Except transactions with government <u>agencies</u>, contracting third parties to construct on land owned or rented by the Company, or acquisition of equipment for operation purpose, for acquisition or disposal of real estate or equipment by the Company whose amount reaches 20% of the Company's paid-in capital or	**Article 7:** Procedures to acquire or dispose of property or equipment 1. Omitted 2. Decision-making process of transaction conditions and authorized transaction amount (1) Omitted (2) In acquiring or disposing of real property or equipment, the Company shall choose from either compare pricing, negotiation, or bidding process. For transaction amount below NT$300 million (inclusive), the units responsible can exercise decision-making rights; for each transaction over NT$300 million, approval from the General Manager is needed and approval from the Board shall also be obtained prior to executions. (3) Omitted 3. Omitted 4. Appraisal report for real property or equipment If the transaction amount for the Company's acquisition or disposal of the real estate or equipment other than equipment that is traded with the government institutions, manufactured on the self-owned lands or leased lands, or equipment acquired or disposed for operation purpose is 20% of the Company's paid-in	Wording is briefly adjusted in line with amendments to the legal regulations. And in accordance with segregation of decision-making rights, the decision-making level of the subarticle 2-2 of this article has been revised to the President.

more than NT$300 million, an appraisal report issued by Professional Appraiser shall be obtained (appraisal report shall disclose such items in accordance with Attachment 1) prior to the Date of the Event and the following provisions shall be complied with: (1) Omitted (2) Omitted (3) Omitted (4) Omitted (5) Omitted	capital or NT$300 million or more, an appraisal report issued by a professional appraiser (appraisal report shall disclose such items in accordance with Attachment 1) shall be obtained and the following conditions shall be met: (1) Omitted (2) Omitted (3) Omitted (4) Omitted (5) Omitted	
Article 9: Procedures for Handling Related Party Transactions 1. Omitted 2. Appraisal and operation procedures (1) When the Company intends to acquire or dispose of real estate from or to a related party, or when it intends to acquire or dispose of assets other than real estate from or to a related party and the transaction amount exceeds 20% or more of paid-in capital, 10% or more of the Company's total assets, or more than NT$300 million (except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>repurchase</u> of currency market funds <u>issued by domestic securities investment trust enterprises</u>, the Company may not enter into a transaction contract or make payment until the following matters have been approved by the	**Article 9:** Procedures for Handling Related Party Transactions 1. Omitted 2. Appraisal and operation procedures (1) When the Company intends to acquire or dispose of real estate from or to a related party, or when it intends to acquire or dispose of assets other than real estate from or to a related party, and the transaction amount exceeds 20% or more of paid-in capital, 10% or more of the Company's total assets, or more than NT$300 million (except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of currency market funds, the Company may not proceed to enter into a transaction contract or make payment until the following matters have been approved by the board of directors and supervisors:	Wording is briefly adjusted in line with amendments to the legal regulations.

board of directors and supervisors: 1. Omitted 2. Omitted 3. Omitted 4. Omitted 5. Omitted 6. Omitted 7. Omitted (2) Omitted (3) Omitted (4) Omitted 3. Omitted	1. Omitted 2. Omitted 3. Omitted 4. Omitted 5. Omitted 6. Omitted 7. Omitted (2) Omitted (3) Omitted (4) Omitted 3. Omitted	
Article 10: Procedures to acquire or dispose of membership or intangible asset (1) Omitted (2) Decision-making process of transaction conditions and authorized transaction amounts 1. In acquiring or disposing of membership, market fair value shall be taken into consideration while deciding on transaction conditions and trading prices. An analysis report shall be submitted to the President. For transaction amounts lower than 1% of the Company's paid-in capital or less than NT$3 million, approval from the President is required and shall be reported to the most recent Board meeting on an after-event basis. For transaction exceeding NT$3 million, approval from the Board shall be obtained prior to executions. 2. Omitted (3) Omitted (4) Expert's opinion report on	**Article 10:** Procedures to acquire or dispose of membership or intangible asset (1) Omitted (2) Decision-making process of transaction conditions and authorized transaction amounts 1. In acquiring or disposing of membership, market fair value shall be taken into consideration while deciding on transaction conditions and trading prices. An analysis report shall be submitted to the General Manager. For transaction aounts lower than 1% of the Company's paid-in capital or less than NT$3 million, approval from the General Manager is required and shall be reported to the most recent Board meeting on an after-event basis. For transaction exceeding NT$3 million, approval from the Board shall be obtained prior to executions. 2. Omitted (3) Omitted (4) Expert's opinion report on	In accordance with segregation of decision-making rights, the decision-making level of the subarticle 2-1 of this article has been revised to the President.

membership or intangible asset 1. Omitted 2. Omitted 3. When acquiring or disposing of memberships or intangible assets worthy of 20 percent of paid-in capital or more or NT$300 million or more, except for transactions with government agencies, the company shall engage a certified public accountant prior to the date of occurrence of the event to provide an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of No. 20 of the Statements of Auditing Standards released by the Accounting Research and Development Foundation.	membership or intangible asset 1. Omitted 2. Omitted 3. When acquiring or disposing of memberships or intangible assets worthy of 20 percent of paid-in capital or more or NT$300 million or more, except for transactions with government institutions, the company shall engage a certified public accountant prior to the date of occurrence of the event to provide an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of No. 20 of the Statements of Auditing Standards released by the Accounting Research and Development Foundation.	
Article 12: Processes to handle acquisition or disposal of derivative products 1. Omitted 2. Risk Management Procedures (1) Credit risk management: Operating risks in derivative financial products are prone to arise due to various factors and variables in the market, hence the Company will abide by the following principles in terms of market risk management: Trading counterparty: focus on renowned domestic and international financial institutions. Trading products: products offered by renowned domestic and international financial	**Article 12:** Processes to handle acquisition or disposal of derivative products 1. Omitted 2. Risk Management Procedures (1) Credit risk management: Operating risks in derivative financial products are prone to arise due to various factors and variables in the market, hence the Company will abide by the following principles in terms of market risk management: Trading counterparty: focus on renowned domestic and international financial institutions. Trading products: products offered by renowned domestic and international financial	In accordance with segregation of decision-making rights, the decision-making level of the sub-article 2-1-1 of this article has been revised to the President.

institutions. Transaction amount: the undistributed transaction amount of one single trading counterparty shall not exceed 10% of total authorized transaction amount. But transactions that have been approved by the <u>President</u> need not follow this constraint. (2) Omitted (3) Omitted (4) Omitted (5) Omitted (6) Omitted (7) Omitted 3. Omitted 4. Omitted 5. Omitted 6. Omitted	institutions. Transaction amount: the undistributed transaction amount of one single trading counterparty shall not exceed 10% of total authorized transaction amount. But transactions that have been approved by the General Manager need not follow this constraint. (2) Omitted (3) Omitted (4) Omitted (5) Omitted (6) Omitted (7) Omitted 3. Omitted 4. Omitted 5. Omitted 6. Omitted	
Article 13: Procedures to Handle Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares 1. Appraisal and operational procedures (1) When the Company conducts a merger, demerger, acquisition, or transfer of shares, the Company shall engage a certified public accountant, attorney, or securities underwriter to settle on a timeline, and to form a project group to carry out the transaction. Prior to convening the Board of Directors to resolve on the matter, the CPA, attorney, or securities underwriter shall give an opinion on the reasonableness of the share	**Article 13:** Procedures to Handle Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares 1. Appraisal and operational procedures (1) When the Company conducts a merger, demerger, acquisition, or transfer of shares, the Company shall engage a certified public accountant, attorney, or securities underwriter to settle on a timeline, and to form a project group to carry out the transaction. Prior to convening the Board of Directors to resolve on the matter, the CPA, attorney, or securities underwriter shall give an opinion on the reasonableness of the share	Wording is briefly adjusted in line with amendments to the legal regulations.

exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Audit Committee and the Board for resolution. At least one-half of all Audit Committee members shall give their consent. <u>However, where the Company merges the subsidiaries whose issued shares or total capital are wholly owned by itself directly or indirectly, or the subsidiaries whose issued shares or total capital are wholly owned by the Company directly or indirectly are merged together, the Company may be exempted from obtaining the aforementioned opinion on the reasonableness from the expert.</u> (2) Omitted 2. Omitted	exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Audit Committee and the Board for resolution. At least one-half of all Audit Committee members shall give their consent. (2) Omitted 2. Omitted	
Article 14: Procedures for Public Disclosure of Information 1. Items to be Disclosed and Disclosure Standards (1) Acquisition or disposal of real estate from or to a Related Party, or acquisition or disposal of assets other than real estate from or to a Related Party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT$300 million or more. Provided, this shall not apply to trading of government bonds or bonds under	**Article 14:** Procedures for Public Disclosure of Information 1. Items to be Disclosed and Disclosure Standards (1) Acquisition or disposal of real estate from or to a Related Party, or acquisition or disposal of assets other than real estate from or to a Related Party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT$300 million or more. Provided, this shall not apply to trading of government bonds or bonds under	Wording is briefly adjusted in line with amendments to the legal regulations.

repurchase and reverse repurchase agreements, or subscription or repurchase of domestic money market funds issued by securities investment trust enterprises. (2) Omitted (3) Omitted (4) Where the type of assets acquired or disposed of is equipment for business use, the trading counter-party is not a related party, and the transaction amount meets any of the following requirements: 1. Where the Company's paid-in capital is less than NT$10 billion and the transaction amount is more than NT$500 million. 2. Where the Company's paid-in capital is more than NT$10 billion and the transaction amount is more than NT$1 billion. (5) Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction is no less than NT$500 million. (6) Where an asset transaction other than any of those referred to in the preceding	repurchase and reverse repurchase agreements, or subscription or redemption of domestic money market funds. (2) Omitted (3) Omitted (4) Where an asset transaction other than any of those referred to in the preceding three sub-paragraphs, a disposal of receivables by a financial institution, or an investment in the Mainland China area reaches 20 percent or more of the Company's paid-in capital or NT$300 million; Provided, this shall not apply to the following circumstances: 1. Trading of government bonds. 2. Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets. 3. Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds. 4. Where the type of assets acquired or disposed of is equipment for business use, the trading counter-party is not a related party, and the transaction amount is less than NT$500 million. 5. Acquisition or disposal by the Company in the construction business of real	

<u>five</u> items, a disposal of receivables by a financial institution, or an investment in the Mainland China area reaches 20 percent or more of the Company's paid-in capital or NT$300 million; provided, this shall not apply to the following circumstances: 1. Trading of government bonds. 2. Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription of <u>common corporate bonds and non-equity-linked common financial bonds offered</u> in the primary market <u>domestically, or subscription by securities firms having the need because of acting as underwriters or recommending securities firms for emerging companies in accordance with the TPEx regulations.</u> 3. Trading of bonds under repurchase/resale agreements, or subscription or repurchase of domestic money market funds <u>issued by securities investment trust enterprises.</u> <u>(7)</u> The amount of transactions above shall be calculated as follows: 1. The amount of any individual transaction. 2. The cumulative transaction	<u>property for construction use, where the trading counterparty is not a related party, and the transaction amount is less than NT$500 million.</u> 6. The real property is acquired through contracting third parties to construct on land owned or rented by the Company, signing of a joint development contract with the Related Party, or through engaging a Related Party to build real property, in which case the transaction amount is less than NT$500 million. (5) Calculations for the transaction amount in the above <u>four</u> criteria will be listed below, and 'within the preceding year" refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount. 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year. 3. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions	

amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year. 3. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year. 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. (8) "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount. 2. Omitted 3. Public Announcement Format (1) Omitted (2) Omitted (3) When the Company makes an error or omission in an item required by regulations to be publicly announced, all the items shall be properly corrected and publicly announced in entirety within two days upon knowledge of its error or omission.	and disposals, respectively) within the same development project within the preceding year. 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. 2. Omitted 3. Public Announcement Format (1) Omitted (2) Omitted (3) When the Company makes an error or omission in an item required by regulations to be publicly announced, all the items shall be properly corrected and publicly announced in entirety.	

(4) Omitted (5) Omitted 4. Omitted	(4) Omitted (5) Omitted 4. Omitted	

Appendix 1

Mercuries & Associates, Holding Ltd.

(Formerly Mercuries & Associates, Ltd.)

Articles of Association

(before amendment)

Chapter One: General Provisions

Article 1: The Company is organized under the name of Mercuries & Associates, Holding Ltd. in accordance with the Company Act. The English name of the Company is Mercuries & Associates, Holding Ltd.

Article 2: The Company's businesses include:
01. H201010 Investment.

Article 3: The Company is headquartered in Taipei City, and the Board of Directors shall resolve to establish branch companies and other affiliated institutions overseas when necessary.

Article 4: The Company's method of public disclosure is executed in accordance with the Company Act and regulations from the competent authority.

Article 4-1: The Company's amount of reinvestment is not prohibited by Article 13 of the Company Act.

Article 5: The Company's Personnel Policies have been established separately.

Chapter Two: Shareholding

Article 6: The total capital of the Company is set at NT$9 billion, being divided into 900 million shares at par value of NT$10 per share, and the Board is authorized to issue the above shares in installments. In which 50 million shares are reserved as stock option that can be exercised.

Article 7: The Company's shares are registered securities, in which the signed shares need to be signed or sealed by three or more Company Directors, and certified by a supervisory institution or its authorized issuer prior to being issued. The Company is allowed to deliver shares through book transfer without printing physical shares in accordance with legal regulations; the same principle shall apply for the issuance of other securities.

Article 8: All shareholding matters of the Company is handled in accordance with 'Regulations Governing the Administration of Shareholder Services of Public Companies' decreed by the supervisory institution, the Company Act, and other legal regulations.

Article 9: When legal shareholders wish to transfer, inherit, donate, pledge against or release from pledge their shares, or when they have lost their shares, relevant matters shall be processed in accordance with the Company Act and other relevant legal regulations.

Article 10: Share transfer is prohibited within 60 days prior to the Annual Shareholders Meeting, 30 days prior to Interim Shareholders meeting, or five days prior to the ex-dividend date that the Company has established when dividend, bonus, or other interests are to be distributed. At the same time, changes or alterations to the list of shareholders are also prohibited.

Chapter Three: Shareholders Meeting

Article 11: Shareholders Meeting can be either annual or interim. Annual meeting is held once in each year, and shall be convened by the Board of Directors according to legal regulations within six months after the closing of a fiscal year; however, this does not apply for those that hold legitimate reasons and have been authorized by the supervisory institutions. Interim meetings may be convened according to the law when necessary. For the assembly of the shareholders meeting, shareholders shall be notified 30 days prior to the convening of an Annual Shareholders Meeting, and 15 days prior to the convening of an Interim Shareholders Meeting. The Company is allowed to announce the convening of a shareholders meeting through public disclosure on the MOPS for registered shareholders who hold less than 1,000 shares.

Article 12: Unless otherwise stated by the law, each share of the Company holds one voting right for the Company's shareholders.

Article 13: When a shareholder can not attend a shareholders meeting, he/she/it may appoint a proxy to attend a shareholders' meeting on his/her/its behalf by executing a power of attorney printed by the Company stating the scope of power authorized to the proxy. The power of attorney shall be signed and sealed for the proxy to attend the meeting. Besides investment trust enterprises and shareholder service agencies approved by the securities authority, an individual delegated by two or more shareholders as an agent at the same time may not have votes exceeding 3% of the total votes that represent all the outstanding shares. Excessive votes shall not be calculated. The handling of trust delegations is executed in accordance with relevant legal regualations including the 'Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies' decreed by the supervisory institution and the Company Act.

Article 14: Resolutions at a Shareholders Meeting shall, unless otherwise provided for in the Company Act, be adopted by at least one-half of all shareholders present, who represent more than 1/2 of the total number of voting rights.

Article 15: President/Chairman of the Company shall be the designated chairman of the Shareholders Meeting. In his/her absence, the Deputy President shall be the chairman, and when both are absent, the Board shall designate an individual as the chairman. When there is no designated individual, the Board members shall nominate an individual as the chairman from among each other.

Article 16: Resolutions made at the Shareholders Meeting shall be recorded as minutes of the meeting, in which the date, venue, name of the chairman, method of resolution, and summary and results of meeting proceedings shall be recorded and signed or sealed by the chairman. The minutes shall be distributed to each shareholder within 20 days after the Shareholders Meeting. Distribution of meeting minutes as described in the

preceding paragraph may be conducted through public announcement.
Electronic measures may be adopted to print and distribute meeting minutes.
The minutes shall be kept persistently throughout the life of the Company; the attendance list bearing the signatures of shareholders present at the meeting and the powers of attorney of the proxies shall be kept by the Company for a minimum period of at least 1 year. However, if a lawsuit has been instituted by any shareholder in accordance with the provisions of Article 189 of the Company Act hereof, the minutes of the Shareholders Meeting involved shall be kept by the Company until the legal proceedings of the foregoing lawsuit have been concluded.

Chapter Four: Directors and Supervisors

Article 17: Since the 18th Board, the Company has instituted nine seats of Directors (including two Independent Directors) for term of service of three years. A nominee system is adopted, in which the shareholders shall nominate from the list of nominees. Re-appointment is possible. In accordance with the Securies and Exchange Act, the professional qualifications, shareholding, prohibition on positions held at other companies, nomination and selection process and other matters of the Company's Independent Directors, are processed under relevant legal regulations.

Article 18: The formation of the Board of Directors - two-thirds or more of the Directors shall attend and more than 1/2 of all present Directors shall consent to the nomination of a Chairman of the Board from within the Board members to represent the Company externally. The same principle shall be used in nominating a Deputy Chairman.

Article 19: Board Meetings are called to order by the Chairman of the Board. Prior to convening a Board Meeting, each Director and Supervisor shall be notified via print/fax/email, and the reason for the Board Meeting shall be stated clearly. Unless otherwise stated by law, resolution made in the Board Meeting shall be attended by at least one-half of all Directors, and consented by at least 1/2 of all present Directors. When a Director is absent, he/she shall appoint another Director to attend the meeting as proxy by providing a by executing a power of attorney printed by the Company stating the scope of power authorized to the proxy. The proxy may only act on behalf of one Director. If a Board Meeting is conducted by video conference, the Directors partaking the video conference shall be recognized as having attended the meeting in person.

Article 20: In case the Chairman of the Board is on leave or absent or cannot exercise his power and authority for any cause, his representative shall be selected according to Article 208 of the Company Act.

Article 21: The Company has established two seats of Supervisors for a term of three years each under a nominee system.

Supervisors can independently exercise supervisory rights under law, and can attend Board Meetings but cannot vote on any proposal.

Article 22: Supervisors and Directors are paid honorarium fees regardless of the Company's profit or loss; Independent Directors are compensated regardless of the Company's profit or loss; Independent Directors' compensations are resolved by the Board at general market value.

The Company shall purchase liability insurance for the Directors and Supervisors during their term of service. The insurance method and insured amount shall be resolved by the Board.

Chapter Five: Managers

Article 21: The management of the Company has adopted a Presidential system, in which one President, one Deputy President, and several managers have been appointed. The appointment, termination and compensations for managers are processed in accordance with Article 29 of the Company Act, and other personnel shall be appointed and terminated by the President/

Chapter Six: Accounting

Article 24: The Company's fiscal year is from January 1st of a year to December 31st of the same year. At the end of the fiscal year, books shall be closed and the Board of Directors is responsible for preparing (1) Business Report, (2) Financial Statements, and (3) Proposal of Earnings Distribution or Off-setting Accumulated Loss. Each statement shall be submitted to the Supervisors for verification 30 days prior to commencement of an Annual Shareholders Meeting, and a Supervisor's Audit Report shall be submitted along with the statements to the Shareholders Meeting to seek for shareholders' adoption.

Article 25: 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 and Supervisors. Proposals for the distribution of employees’ compensation as well as directors’ and supervisors’ compensation shall be submitted to the Board of Shareholders and presented accordingly.

In case of accumulated losses, the Company shall reserve a specific amount to make up for the losses, and then distribute the employees' and directors' compensation according to aforementioned percentage.

Article 25-1: 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 legal reserve. However, when the legal 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 earnings reserve. In addition to distributing dividends, if undistributed earnings is still present, this amount will be combined with accumulated undistributed earnings and the Board will propose an earnings distribution motion and ask the Shareholders Meeting to resolve on the shareholders dividend proposal.

The Company's dividend policy is in line with current and future development plan, in consideration of investment environment, capital needs, and domestic and overseas competition, on top of shareholders' interest. The amount of cash dividend distributed shall range from 10% to 100% of all dividends distributed for the year, and share dividend can account for 0% to 90% of the total dividends distributed for the year.

Chapter Seven: Supplemental Clauses

Article 26: the Company can obtain external guarantees due to business or investment needs.

Article 27: Any other matters not set forth in the Articles of Association shall be dealt with in accordance with the Company Act.

Article 28: the Articles of Association are established on January 20, 1961.
The first amendment was on December 29, 1968.
The second amendment was on September 10, 1969.
The third amendment was on September 4, 1971.
The fourth amendment was on October 11, 1971.
The fifth amendment was on April 28, 1974.
The sixth amendment was on December 28, 1976.
The seventh amendment was on April 24, 1978.
The eighth amendment was on April 4, 1979.
The ninth amendment was on May 12, 1980.
The tenth amendment was on June 1, 1982.
The eleventh amendment was on March 24, 1983.
The twelfth amendment was on April 8, 1983.
The thirteenth amendment was on May 5, 1983.
The fourteenth amendment was on September 1, 1983.
The fifteenth amendment was on March 24, 1984.
The sixteenth amendment was on November 24, 1984.
The seventeenth amendment was on May 16, 1985.
The eighteenth amendment was on March 22, 1986.
The ninteenth amendment was on March 21, 1987.
The twentieth amendment was on August 15, 1987.
The twenty-first amendment was on November 18, 1987.
The twenty-second amendment was on March 19, 1988.
The twenty-third amendment was on July 30, 1988.
The twenty-fourth amendment was on April 20, 1989.
The twenty-fifth amendment was on April 10, 1990.
The twenty-sixth amendment was on April 23, 1991.
The twenty-seventh amendment was on May 23, 1992.
The twenty-eighth amendment was on May 22, 1993.
The twenty-ninth amendment was on April 30, 1994.
The thirtieth amendment was on April 28, 1995.

The thirty-first amendment was on April 30, 1996.
The thirty-second amendment was on May 8, 1997.
The thirty-third amendment was on May 27, 1998.
The thirty-fourth amendment was on May 26, 2000.
The thirty-fifth amendment was on June 29, 2001.
The thirty-sixth amendment was on September 27, 2002.
The thirty-seventh amendment was on June 20, 2003.
The thirty-eighth amendment was on June 11, 2004.
The thirty-ninth amendment was on June 19, 2009.
The fourtieth amendment was on June 18, 2010.
The fourty-first amendment was on June 24, 2011.
The fourty-second amendment was on June 5, 2012.
The fourty-third amendment was on June 20, 2014.
The fourty-fourth amendment was on June 24, 2016.
The amendments shall be implemented upon approval from the competent authority.

Appendix 2

Mercuries & Associates, Holding Ltd.

(Formerly Mercuries & Associates, Ltd.)

Procedures for Acquisition or Disposal of Assets

(before amendment)

Amendment resolved by the Shareholders Meeting on June 20, 2014

Article 1: Objective

The Procedures are established to ensure asset and to fulfill information transparency in practice.

Article 2: Legal Compliance

The Procedures are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act and the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" issued by the Financial Supervisory Commission, R.O.C. (“FSC”).

Article 3: Scope of Assets

1. Securities: Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment.
3. Membership certificates

4 Intangible assets: Patents, copyrights, trademarks, franchise rights, and other intangible assets.

5. Claims of financial institutions (including accounts receivable, bills purchased and discounted and loans, and receivables on demand)
6. Derivatives.
7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
8. Other important assets

Article 4: Definition of terms

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The forward contracts described above do not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts and long-term purchase (distribution) contracts.
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers,

demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Paragraph 8 of Article 156 of the Company Act.

3. Related party: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
5. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
6. Date of occurrence of the event: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier. However, with investments that require the approval of the competent authority, the earliest of the above dates or the date of receipt of approval by the competent authority shall apply.
7. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

"Most recent financial report" refers to the financial statements that have been publicly verified or audited by a CPA prior to the acquisition or disposal of assets.

Article 5: Limitation on the amount of investment in non-operating real property and securities

The limitation of amounts of acquisition or disposal of above-mentioned assets by the Company and its Subsidiaries are as follows:

(1) The total amount of non-operating real property shall be no more than 20% of the Company's net worth.
(2) The amount of total investment in short- and long-term securities shall be no more than 150% of the Company's net worth.
(3) Amount of investment in individual securities shall be no more than 100% of the Company's net worth.

Article 6: When the Company obtains an appraisal report or a statement of opinion from an accountant, lawyer or securities underwriter, the appraisal service providing the report and its appraisers, the account, lawyer or securities underwriter providing the opinion and the trading counterpart may not be a related party.

Article 6-1: The acquisition or disposal of assets by the Company shall be processed in accordance with this Procedure or other legal regulations and shall be approved of by the Board of Directors. In case there is record or written statement of a Director in expressing opinion of dissent, the Company shall submit the matter of dissent and relevant information to each of the Supervisors. Where the position of Independent Director has been created in the Company, when a transaction involving the acquisition or disposal of assets is submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

Article 7: Procedures to acquire or dispose of property or equipment

1. Appraisal and operational procedures

   The Company abides by the Company's internal control system in handling any acquisition or disposal of real property or equipment.

2. Decision-making procedures in setting transaction criteria and authorized transaction amounts

   (1) In acquiring or disposing of assets, the Company shall take publicly-announced current value, appraisal value, and real transaction price of nearby real estate into consideration for the transaction criteria and price. The above information shall be compiled into an analysis report and submitted to the President. For transaction whose amount is no more than NT$20 million, the transaction shall be submitted for the President for approval and submitted to the most recent Board meeting on an after-event basis. For those that exceed NT$20 million, the transaction shall not proceed unless approval from the Board has been received.

   (2) In acquiring or disposing of assets, the Company shall take publicly-announced current value, appraisal value, and real transaction price of nearby real estate into consideration for the transaction criteria and price. For transaction whose amount is no more than NT$300 million (inclusive), the units responsible can exercise decision-making rights; for those that exceed NT$300 million, approval shall be obtained from the General Manager and approved by the Board before the transaction can be carried out.

   (3) In acquiring or disposing of operating equipment between the Company and its subsidiary, the President can be authorized to approve of the transaction if the transaction amount is no more than NT$100 million (inclusive) and then submitted to the most recent Board meeting on an after-event basis.

3. Implementing Unit

   In acquiring or disposing of real property or equipment, the above Article shall apply in which decision-making rights have been established, and the transaction shall be carried out by responsible unit and managerial unit.

4. Appraisal report for real property or equipment

   If the transaction amount for the Company’s acquisition or disposal of the real estate or equipment other than equipment that is traded with the government institutions, manufactured on the self-owned lands or leased lands, or equipment acquired or disposed for operation purpose is 20% of the Company’s paid-in capital or NT$300 million or more, an appraisal report issued by a professional appraiser shall be obtained and the following conditions shall be met:

(1) If a limited price, specific price or special price has to be adopted as the basis of transaction under extraordinary circumstances, the transaction shall require the approval of the board of directors by resolution and the same procedure shall apply if the transaction terms should become different in the future.

(2) Two or more professional appraisal services shall be engaged to make appraisals for transactions valued NT$1 billion or more.

(3) If the appraisals from professional appraisal services involve one of the following situations, except for all the appraisals for the asset to be acquired are higher than the intended transaction amount or the appraisals for the asset to be disposed of are lower than the intended transaction amount, a certified public accountant shall be engaged to handle the matter according to the Statements of Auditing Standards No. 20 released by the Accounting Research and Development Foundation (hereinafter referred to as the ARDF) and also to provide concrete opinions on the price differences and the appropriateness of the transaction price:

1. The difference between the appraisals and the transaction amount achieves 20% or higher.
2. The difference between appraisals from the two p[professional appraisal services achieves 10% of the transaction amount or higher.

(4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date However, if either of the appraisals complies with the current assessed value and the appraisal is dated less than six months ago, the original professional appraisal service may issue a statement of opinion.

(5) In the event that the Company or its Subsidiaries acquire or dispose of assets through auction procedures of courts, the appraisal report or certified public accountant's opinion can be replaced by documents issued by the courts.

Article 8: Procedures to acquiring or disposing of securities investment

1. Appraisal and operational procedures

(1) The Company abides by the Company's internal control system in handling any acquisition or disposal of short or long-term securities.

2. Decision-making procedures in setting transaction criteria and authorized transaction amounts

(1) The acquisition or disposal of securities traded at the securities exchange or on an

OTC market shall be decided by the responsible unit based on market conditions. For amounts less than NT$100 million (inclusive), the President shall approve of the transaction and submitted to the most recent Board meeting on an after-event basis. An analysis report on the unrealized interest or loss for the short or long-term securities shall also be submitted. For amounts exceeding NT$100 million, approval from the Board shall be obtained.

(2) In the acquisition or disposal of another company's shares not traded in securities exchange or OTC market, the net worth per share, profitability, and future potentials of said company shall be taken into consideration for the pricing, and trading prices at the time of the event shall be used as reference. For amounts less than NT$30 million (inclusive), the President shall approve of the transaction and submitted to the most recent Board meeting on an after-event basis. An analysis report on the unrealized interest or loss for the short or long-term securities shall also be submitted. For amounts exceeding NT$30 million, approval from the Board shall be obtained.

3. Implementing Unit

The financial unit shall be responsible for the acquisition and disposal of securities upon deciding on the decision-making rights in the above clause.

4. Obtaining expert opinion

(1) In acquiring or disposing of securities, the Company shall seek for CPA's opinion on the fairness of the transaction price for transactions exceeding 20% of the Company's paid-in capital or NT$300 million and contain the below conditions. If expert's opinion should be adopted by the CPA, this shall be carried out in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. But target companies that have open market rates in an active market or otherwise regulated by the FSC do not fall under this constraint.

(2) In the event that the Company or its Subsidiaries acquire or dispose of assets through auction procedures of courts, the appraisal report or certified public accountant's opinion can be replaced by documents issued by the courts.

Article 9: Procedures of Handling Related Party Transactions

1. When the Company engages in any acquisition or disposal of assets from or to a related party, besides handling the transaction in accordance with Articles 7, 8, and 10, the below requirements shall also be adopted in the decision-making processes and the appraisal of the reasonableness transaction criteria considerations; if the transaction amount reaches 10% or more of the Company's total asset, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of this Procedure. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the

relationship shall also be considered.

2.Appraisal and operational procedures

(1) When the Company intends to acquire or dispose of real estate from or to a related party, or when it intends to acquire or dispose of assets other than real estate from or to a related party, and the transaction amount exceeds 20% or more of paid-in capital, 10% or more of the company's total assets, or NT$300 million (except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of currency market funds), the Company may not proceed to enter into a transaction contract or make payment until the following matters have been approved by the board of directors and supervisors:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a trading counterparty.
3. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with paragraph 3-1 and Item 4 under this Article.
4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
6. Restrictive covenants and other important agreements associated with the transaction
7. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.

(2) The calculation of the transaction amounts referred to in Paragraph 1 and 2 (1) shall be made in accordance with Paragraph 1 (5) in Article 14, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.

(3) With respect to the acquisition or disposal of business-use equipment between the Company and its subsidiaries, the Company's Board may delegate the President to decide such matters when the transaction within a certain amount. The decision shall be reported in the next Board meeting in an after-event basis.

(4) Where the position of Independent Director has been created in the Company, when a matter is submitted for discussion by the Board of Directors pursuant to

Paragraph 2 (1), the Board shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting.

3. Evaluation of the reasonableness of the transaction costs
   (1) The Company shall evaluate the reasonable of the transaction costs by the following means in acquiring real estate from a Related Party:
      1. Based upon the Related Party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the asset; it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
      2. Total loan value appraisal from a financial institution where the Related Party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply if the financial institution is a related party to one of the trading counterparts.
   (2) Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.
   (3) The Company that acquires real property from a Related Party and appraises the cost of the real property in accordance with the provisions of Paragraph 3 (1) and (2) shall also engage a CPA to check the appraisal and render a specific opinion.
   (4) The Company that acquires real property from a Related Party and appraises the cost of the real property in accordance with the provisions of Paragraph 3 (1) and (2), and the appraisal results are both lower than transaction price, the transaction shall be handled in accordance with Paragraph 3 (5) in this Article. Where the Company acquires real estate from a Related Party and objective evidence, professional real estate appraisal report and CPA's material reasonable opinion can be provided, the provisions of the preceding three paragraphs do not apply:
      1. Where the Related Party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
         (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the Related Party's construction cost plus reasonable construction profit are valued in excess of

the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division in the three most recent years or the gross profit margin for the construction industry in the most recent period announced by the Ministry of Finance, whichever is lower.

(2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.

(3) Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.

2. Where the Company acquiring real estate from a Related Party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within the preceding year refers to one year from the actual date of acquisition of the real estate.

(5) Where the Company acquires real estate from a Related Party and the results of appraisals conducted in accordance with the provisions of Paragraph 3 (1) and (2) in this Article are uniformly lower than the transaction price, the following steps shall be taken: For the Company that has set aside a special surplus reserve under the equity method, the preceding paragraph may not utilize the special surplus reserve until the Company has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that no unreasonableness can be found in the transaction, and the FSC's consent has been obtained.

1. A special reserve shall be set aside in accordance with Article 41 paragraph 1 in the Securities Exchange Act, based on the difference between the real estate

transaction price and the appraised costs, and this may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another publicly-listed company, the special reserve shall be set aside pro rata in a proportion in accordance with Article 41, paragraph 1 in the Securities Exchange Act.

2. Supervisors shall comply with Article 218 of the Company Act.

3. Actions taken pursuant to subparagraph 1 and 2 in paragraph 3(5) in this Article shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the Company's Annual Report and any investment prospectus.

(6) Where the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with paragraphs 1 and 2 in this Article pertaining to appraisal and operation procedures, and subparagraphs 1, 2, and 3 in paragraph 3 do not apply:

1. The Related Party acquires the real estate through inheritance or as a gift.
2. More than five years will have elapsed from the time the Related Party signed the contract to obtain the real property to the signing date for the current transaction.
3. The real property is acquired through signing of a joint development contract with the Related Party, or through engaging a Related Party to build real property, either on the Company's own land or on leased land.

(7) When the Company obtains real estate from a Related Party, it shall also comply with the provisions of paragraph 3-5 in this Article if there is other evidence indicating that the acquisition was not an arms length transaction.

Article 10: Procedures to acquire or dispose of membership or intangible asset

(1) Appraisal and operational procedures

The Company abides by its internal control system in handling any acquisition or disposal of membership or intangible asset.

(2) Decision-making procedures in setting transaction criteria and authorized transaction amounts

1. In acquiring or disposing of membership certificates, expert appraisal or fair market price shall be taken into consideration in deciding the trading criteria, conditions, and pricing. In acquiring or disposing of membership, and the transaction amount is below 1% or less than NT$3 million, the General Manager's approval shall be attained and the transaction shall be reported to the most recent Board meeting after-the-event. For transactions exceeding NT$3 million, the Board shall approve of the deal before the event.
2. In acquiring or disposing of intangible asset, expert appraisal or fair market price

shall be taken into consideration in deciding the trading criteria, conditions, and pricing. The above information shall be compiled into an analysis report and submitted to the President. For transaction amount below 10% of the paid-in capital or less than NT$20 million, the President's approval shall be attained and the transaction shall be reported to the most recent Board meeting after-the-event. For transactions exceeding NT$20 million, the Board shall approve of the deal before the event.

(3) Implementing Unit

In acquiring or disposing of membership certificate or intangible asset, the above Article shall apply in which decision-making rights have been established, and the transaction shall be carried out by responsible unit and managerial unit.

(4) Expert's appraisal report for membership or intangible asset

(1) In acquiring or disposing of membership certificate whose amount exceeds 1% of the Company's paid-in capital or exceeding NT$3 million, an expert shall be required to submit an appraisal report.

(2) In acquiring or disposing of intangible asset whose amount exceeds 10% of the Company's paid-in capital or exceeding NT$20 million, an expert shall be required to submit an appraisal report.

(3) When acquiring or disposing of memberships or intangible assets worthy of 20 percent of paid-in capital or more or NT$300 million or more, except for transactions with government agencies, the company shall engage a certified public accountant prior to the date of occurrence of the event to provide an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of No. 20 of the Statements of Auditing Standards released by the ARDF.

Article 11: Processes to handle acquisition or disposal of claims of financial institutions

In principle, the Company does not engage in acquisition or disposal of claims of financial institutions. If the Company intends to do so in the future, such transactions must be presented to and approved by the Board of Directors before establishment of corresponding evaluation and operating procedures.

Article 11-1

In acquiring or disposing of real property or equipment, securities, membership and other intangible asset, or transactions with related party, the calculation of the transaction amount shall be processed in accordance with Paragraph 1 (5) in Article 14. Within the preceding year refers to one year from the actual date of acquisition, and those that have obtained an appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article are not required to abide by this Article.

Article 12: Processes to handle acquisition or disposal of derivative products

1. Principles

(1) Transaction types

1. Derivative products that could be trade by the Company refers to products where the values of which are derived from assets, interest rate, exchange rate, index, or other financial products, such as forward contracts, option contracts, future contracts, interest or foreign exchange rates contracts, swap contracts, and compound contracts combining the above products, where the values of which are derived from assets, interest rate, exchange rate, index, or other financial products.
2. Items pertaining to the handling of bond guarantees shall be processed accordingly.

(2) Operation and Hedging Strategies

The main strategy of the Company is to select derivatives trading that could avoid operation risk to the maximum as to minimize losses. In order to lower the Company's overall foreign exchange risk and to save costs from exchanging foreign currency, currencies held shall conform to the actual import/export transaction needs of the Company, and shall be based on the principle of balancing the Company's overall internal position (referring to revenue and expense from foreign currency). For transactions with other specific purpose, the Company shall exercise due diligence and shall not be proceeded with unless approval from the Board has been obtained.

(3) Scope of responsibilities

1. Financial Division: Collection of market information, trend and risk analysis, familiarization of financial products and operating skills, and also engaging derivatives trading as per Company procedures, implement periodical performance evaluation as to minimize risk factors in pricing fluctuation; periodic evaluation and public disclosure.
2. Accounting Division: Evaluation, supervision and control of transaction risk, periodically provide information on risk exposure, and bookkeeping and compiling financial statements according to Generally Accepted Accounting Standards.
3. Auditing Division: Evaluation, supervision, and control of transaction risk in financial department. If material breach is found, Supervisor shall be notified via written document.
4. Key points on performance evaluation: The positions for hedging trading shall be evaluated every two weeks and financial trading shall be evaluated once

every week. Evaluation reports shall be submitted to the President. In performance evaluations, a comparison between the current value and preset assessment benchmark shall be made on the date of evaluation to serve as a reference for future decisions.

5. Transaction amount: shall not exceed the amount of foreign currency position produced by the Company's business operations.
6. Dead-weight loss: the purpose of foreign exchange operations is to hedge against risk and does not have much of a risk for deadweight loss. However, the Company shall call on relevant personnel to discuss countermeasures when material negative impacts are shown in exchange rates. In derivative transactions, the amount of loss the Company can sustain from overall and individual contracts shall be less or equal to 20%.

2. Risk Management Procedures

(1) Credit risk management:

Operating risks in derivative financial products are prone to arise due to various factors and variables in the market, hence the Company will abide by the following principles in terms of market risk management:

Trading counterparty: focus on renowned domestic and international financial institutions.

Trading products: products offered by renowned domestic and international financial institutions.

Transaction amount: the undistributed transaction amount of a single trading counterparty shall not exceed 10% of total authorized transaction amount. But transactions that have been approved by the General Manager need not follow this constraint.

(2) Market pricing risk management:

In transactions for derivative products, due diligence shall be paid and risks to the financial conditions of the Company arising from unfavorable market pricing standard or fluctuation in pricing. And for foreign exchange contracts, the Company shall focus on public foreign exchange market provided by banks, and commodities market will not be considered for now.

(3) Liquidity risk management:

To ensure market liquidity, more liquid financial products (can be cashed out in the market at any time) will be considered. Financial institutions entrusted for the transaction should have sufficient information and possess the capability to trade in any market at any time.

(4) Cash flow risk management:

To ensure that the Company maintains a stable level of operational funds, the Company shall only engage in derivative trading with its own funds, and the trading volume shall take into consideration the demand for funds based on the cash flow forecasts for the next three months.

(5) Operational risk management:

1. Fully comply with the Company's authorized transaction amount, operating procedures, and internal audit shall be undertaken to avoid operational risk.
2. The functions of dealing, confirmation and settlement of derivatives trading shall be performed by different personnel.
3. Risk assessment, monitoring and control shall be performed by personnel from division other than the above, and report to the Board or senior management not in a position of trading or decision-making.

(6) Product risk management

Internal traders shall possess complete and accurate professional knowledge for financial products. The Company shall also require banks to sufficiently disclose risks involved to avoid the risk of utilizing inaccurate financial products.

(7) Legal risk management

To prevent legal risks, any document signed with financial institution shall be inspected by foreign exchange and legal or legal consulting experts prior to official signing.

3. Internal audit system

(1) Internal audit personnel shall periodically assess the effectiveness of the internal controls on derivatives and conduct monthly audits on the derivatives trading to ensure proper adherence to the Procedures and analyze trading cycles. Audit report shall be prepared. If any material violation is discovered, the Supervisor shall be notified in writing.

(2) Audit report and the implementations of internal control procedures shall be reported to the Financial Supervisory Committee before the end of February in the subsequent year, and rectifications of the abnormalities shall be submitted to the FSC for verification before the end of May.

4. Regular evaluation methods

(1) The Board of Directors authorizes senior managers to periodically supervise and evaluate whether the transactions of derivative products are in compliance with the Company's established handling procedures and whether the risks borne are within a permitted scope. In case abnormalities are found in the market price evaluations (if the positions held have reached the limitations on losses), the

Board shall immediately be notified and necessary measures shall be taken.

(2) Positions held in derivatives trading shall be assessed at least once weekly. For hedging trades held for business needs, assessment shall be undertaken at least twice monthly. The evaluation report shall be remitted to senior managers authorized by the Board of Directors.

5. Supervision and management from the Board for derivative transactions

(1) The Board of Directors shall authorize senior managers to monitor the supervision and control over risks associated with derivative trading at all times, including:

1. Periodic assessment over whether the risk management measures in-use are appropriate and in compliance with the Principles and the Procedure.
2. The Company shall supervise trading and loss-profit status; when irregular circumstances are found, appropriate measures shall be adopted and a report immediately made to the Board. Where the Company has independent directors, an independent director shall be present at the Board meeting and express an opinion.

(2) The Board shall periodically conduct evaluation over whether performance of derivative trading is in compliance with established operational strategies and whether risk-taking are within a permitted scope.

(3) When the Company engages in derivatives trading, it shall authorize the relevant personnel to make arrangements pursuant to the provisions of the Procedures and report such to the next Board meeting on an after-event basis.

In trading of derivative products, the Company shall draft verification documents, in which the types, amounts, approval date from the Board, and Item 4-2 and Item 5-1 and Item 5-2 listed in this Article shall be included in details for verification.

Article 13: Procedures to Handle Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

1. Appraisal and operational procedures

(1) When the Company conducts a merger, demerger, acquisition, or transfer of shares, the Company shall engage a certified public accountant, attorney, or securities underwriter to settle on a timeline, and to form a project group to carry out the transaction. Prior to convening the Board of Directors to resolve on the matter, the CPA, attorney, or securities underwriter shall give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board for resolution.

(2) The Company shall prepare a public report detailing important contractual content and matters relevant to the merger, demerger, or acquisition and send notification of meeting prior to the shareholders meeting together with the expert

opinion referred to in the preceding paragraph 1 (1), as reference material. Provided, where a provision of another act exempts the Company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders' meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution as a result of a lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders' meeting.

2. Other Important Measures

(1) Date of the Board meeting: when participating in a merger, split, or acquisition, unless otherwise provided by other laws or the FSC is notified in advance of extraordinary circumstances and grants consent, the Company shall convene the Board meetings and Shareholders’ meetings and pass resolutions regarding merger, split or acquisition and relevant matters on the same day with companies participating in a merger, split, acquisition or share transfer. A company participating in a transfer of shares shall call a Board of Directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

(2) Confidentiality agreement: The Company and any other involved in or aware of the merger, spin-off, acquisition and transfer of shares shall produce a written commitment of confidentiality not to disclose the relevant information and purchase or sell the stocks or other marketable securities of the Company related to the merger, spin-off, acquisition and transfer of shares in others' identities.

(3) The Company's participation in merger, demerger, acquisition, or share transfer shall not be changed except for the stock exchange ratio and acquisition price, unless the following situation occurs. Changes shall be clearly stated in the contracts for the merger, demerger, acquisition, or share transfer:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
2. An action, such as a disposal of major assets, which affects the Company's financial operations.
3. An event, such as a major disaster or major change in technology, which affects shareholder equity or share price.
4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back

treasury stock.

5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

(4) Content to be disclosed in the contract: in the contract signed for merger, split (demerger), acquisition, or assignment of shares shall disclose the following items in addition to the rights and obligations for companies involved in the merger, split (demerger), acquisition, or assignment of shares as stated in the Company Act and the Enterprise mergers and Acquisitions Act.

1. Handling of breach of contract.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
4. The manner of handling changes in the number of participating entities or companies.
5. Preliminary progress schedule for plan execution, and anticipated completion date.
6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

(5) When there are changes in the numbers of companies involved in the merger, split, acquisition, or share transfer: After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

(6) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Paragraph 2 (1) date of Board meeting, Paragraph 2 (2)

Confidentiality agreement before-the event, and Paragraph 2 (5) changes in numbers of participating companies.

(7) When participating in a merger, demerger, acquisition, or transfer of another company's shares, company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

1. Basic identification data for personnel: Including the titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.
3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.

(8) When the Company participating in a merger, demerger, acquisition, or transfer of another company's shares that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days commencing immediately from the date of passage of a resolution by the Board of Directors, report the information set out in subparagraphs (1) and (2) of to the authority.

(9) Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on the GreTai Securities Market, the Company shall sign an agreement with such company whereby provisions set out in Paragraph 2 (7) and (8) of this Article shall be carried out.

Article 14: Procedures for Public Disclosure of Information

1. Items to be Disclosed and Disclosure Standards

(1) Acquisition or disposal of real property from or to a Related Party, or acquisition or disposal of assets other than real property from or to a Related Party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT$300 million or more. Provided, this shall not apply to trading of government bonds or bonds under repurchase and reverse repurchase agreements, or subscription or redemption of domestic money market funds.

(2) Merger, demerger, acquisition, or transfer of shares.

(3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.

(4) Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or an investment in the Mainland China area reaches 20% or more of the Company's paid-in capital or NT$300 million. Provided, this shall not apply to the following circumstances:

1. Trading of government bonds.
2. Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets.
3. Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds.
4. Where the type of assets acquired or disposed of is equipment for business use, the trading counter-party is not a related party, and the transaction amount is less than NT$500 million.
5. Acquisition or disposal by a public company in the construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount is less than NT$500 million.
6. The real property is acquired through contracting third parties to construct on land owned or rented by the Company, signing of a joint development contract with the Related Party, or through engaging a Related Party to build real property, in which case the transaction amount is less than NT$500 million.

(5) The amount of transactions above shall be calculated as the following; and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been disclosed accordingly need not be counted.

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
3. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

2. Timeline and format of public disclosure

In acquiring or disposing of assets, when items that require public disclosure per Item 1 in this Article are found and the transaction amount has reached the standard that requires public disclosure, the Company shall proceed with public disclosure within 2 days of the time of the event according to the required format.

3. Public Announcement Format

(1) The Company shall announce relevant information on a designated website by the FSC.

(2) The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and input into the information reporting website designated by the FSC by the 10th day of each month.

(3) When the Company makes an error or omission in an item required by regulations to be publicly announced, all the items shall be properly corrected and publicly announced in entirety.

(4) When acquiring or disposing of assets, the Company shall keep all relevant contracts, meeting minutes, log books, appraisal reports and certified public accountant, attorney, and securities underwriter opinions at the Company, where they shall be retained for 5 years except where another act provides otherwise.

(5) When any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced in accordance with the regulations, a public report of relevant information shall be made on the website designated by the FSC within 2 days commencing immediately from the date of occurrence of the event:

1. Change, termination, or rescission of a contract signed in regards to the original transaction.
2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

4. Format of disclosure: disclosure format as regulated by the FSC shall be adopted based on the nature of the transaction.

Article 15: the Company's Subsidiaries shall handle asset acquisition or disposal in the following manner:

1. The subsidiaries of the Company should establish their respective procedures of Procedures for Acquisition or Disposal of Assets in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies of ROC.
2. When a subsidiary acquires or disposes of asset, relevant Company policies shall be enforced accordingly.
3. The Company's subsidiary is not a domestic public listed company, hence, the Company will proceed with the disclosure and report if the subsidiary satisfies the

criteria set forth in Chapter 3 pertaining to the public disclosure items of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies of ROC.

4. The paid-in capital or total assets of the public company shall be the standard for determining whether or not a transaction conducted by a subsidiary reaches 20 percent of the paid-in capital or 10 percent of the total assets.

Article 15-1

For calculation of the 10% of total assets under the handling procedure, the total assets stated in the most recent entity only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall apply.

In the case of the Company whose shares have no par value or a par value other than NT$10, for the calculation of transaction amounts of 20% of paid-in capital under the Handling Procedures, 10% of equity attributable to owners of the parent shall be substituted.

Article 16: Penalties

When the acquisition or disposal of assets by Company employees breach the the Procedures herein, the Company will report and evaluate the persons involved according to the Company's Principles of Human Resources Management and the Policies of Employee Operations. Punitive actions may be taken based on the materiality of the offense.

Article 17: Implementation and Amendment

This procedure and any any amendments thereto, shall be submitted to the supervisors after passage by the Board, and reported at the Shareholders Meeting for approval prior to implementation. Same procedures apply to any amendments. If any Director expresses dissent and it is recorded in the minutes or a written statement, the Company shall submit the Director's dissenting opinion to each Supervisor. Where the position of Independent Director has been created in the Company according to the Securities and Exchange Act, when the above Procedure is submitted for discussion by the Board meeting, the Board of Directors shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting.

Article 18: Additional Provisions

Items not dealt with in the Procedures will proceed in compliance with relevant legal regulations.

Appendix 3

Mercuries & Associates, Holding Ltd.

(Formerly Mercuries & Associates, Ltd.)

Rules for Holding Shareholders Meeting

Resolved on March 21, 1987 at the Annual Shareholders Meeting
First amendment on May 27, 1998 at the Annual Shareholders Meeting
Second amendment on June 11, 2004 at the Annual Shareholders Meeting
Third amendment on June 9, 2006 at the Annual Shareholders Meeting
Fourth amendment on June 20, 2014 at the Annual Shareholders Meeting

Article 1

The rules and procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

Article 2

Unless otherwise provided by regulations, shareholders' meeting is convened by the board of directors.

30 days before the Company convenes a regular shareholders' meeting or 15 days before it convenes a special shareholders' meeting, the Company shall prepare electronic files of the meeting announcement, proxy form, explanatory materials relating to proposals for ratification, matters for deliberation, election or dismissal of directors or supervisors, and other matters on the shareholders' meeting agenda, and upload them to the Market Observation Post System. 21 days before the Company is to convene a regular shareholders' meeting, or 15 days before it convenes a special shareholders' meeting, it shall prepare an electronic file of the shareholders' meeting agenda handbook and the supplemental materials, and upload it to the Market Observation Post System. 15 days before the Company is to convene a shareholders' meeting, it shall prepare the shareholders' meeting agenda handbook and supplemental materials and make them available for the shareholders to obtain and review at any time. In addition, the handbook shall be displayed at the company and its stock registrar and transfer agent, and distributed on-site at the meeting.

The causes or subjects of a shareholders' meeting to be convened shall be indicated in the individual notice and the public notice; and the notice may be given by electronic transmission, after obtaining a prior consent from the recipients.

Election or discharge of directors and supervisors, alteration of the Articles of Incorporation, and dissolution, merger, spin-off, or any matters as set forth in Paragraph 1, Article 185 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, shall be itemized in the causes or subjects to be described in the notice, and shall not be brought up as extemporary motions.

Shareholders holding 1% or more of the total number of outstanding shares of the Company may submit a proposal to the Company for discussion at a regular shareholders' meeting. However, only one matter shall be allowed in each single proposal. If a proposal contains more than one matter, such proposal shall not be included in the agenda. If proposals from shareholders involve any of the situations specified in the subparagraphs of Paragraph 4 of Article 172-1 of the Company Act, the board of directors may refuse to list them as motions to be discussed.

Prior to the book closure date before the convention of a regular shareholders' meeting, the Company shall give a public notice announcing the place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than 10 days.

The number of words of a proposal to be submitted by a shareholder shall be limited to not more than 300 words, and any proposal containing more than 300 words shall not be included in the agenda of the shareholders' meeting. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the regular shareholders' meeting and shall take part in the discussion of such proposal.

The company shall, prior to preparing and delivering the shareholders' meeting notice, inform, by a notice, all the proposal submitting shareholders of the proposal screening results, and shall list in the shareholders' meeting notice the proposals conforming to the requirements set out in this Article. With regard to the proposals submitted by shareholders but not included in the agenda of the meeting, the cause of exclusion of such proposals and explanation shall be made by the board of directors at the shareholders' meeting.

Article 3

A shareholder may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney printed by the Company stating the scope of power authorized to the proxy.

A shareholder may only execute one power of attorney and appoint one proxy only, and shall serve such written proxy to the company no later than 5 days prior to the date of the shareholders' meeting. In case two or more written proxies are received from one shareholder, the first one received by the Company shall prevail, unless an explicit statement to revoke the previous written proxy is made in the proxy which comes later.

After the service of the power of attorney of a proxy to the Company, in case the shareholder issuing the said proxy intends to attend the shareholders' meeting in person or to exercise his/her/its voting power in writing or by electronic transmission , a proxy rescission notice shall be filed with the company 2 days in writing prior to the date of the shareholders' meeting as scheduled in the shareholders' meeting notice so as to rescind the proxy at issue, otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.

Article 4

The venue where a shareholder meeting is to be held shall be in the premises of this Company or a location easy for shareholders to access and appropriate for holding meetings. All shareholder meetings may not begin before 9:00 a.m. or after 3:00 p.m. The opinions of the independent directors shall be fully taken into consideration in decision of the location and time of a shareholder meeting.

Article 5

The Company shall clearly state the registration time and venue for shareholders, and any other items to be noted on the Handbook of the Shareholders Meeting.

The check-in time described in the preceding paragraph shall be at least 30 minutes before the meeting begins. The check-in counter shall be precisely indicated and enough competent personnel shall be assigned to help shareholders check in.

When a shareholder or his/her/its proxy (hereinafter referred to as shareholder) attends a shareholders meeting, a certificate of attendance, sign-in card, or other form of identification shall be presented. For shareholders who are attending by proxy, power of attorney shall be presented for verification.

The Company shall prepare an attendance book for shareholders to sign in, or the shareholder present may hand in an attendance card in lieu of signing on the attendance book.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.

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

Article 6

When shareholders' meeting is convened by the board of directors, chairman of the board is the chair of the meeting. In case the chairman of the board of directors is on leave or absent or can not exercise his power and authority for any cause, the vice chairman shall act on his behalf. In case there is no vice chairman or the vice chairman is also on leave or absent or unable to exercise his power and authority for any cause, the chairman of the board shall designate one of the directors to act on his behalf. In the absence of such a designation, the managing directors or the directors shall elect from among themselves an acting chairman of the board of directors.

If a director is to chair the meeting as described in the preceding paragraph, it shall be a director who has held the position for at least six months and is familiar with the Company's financial situation. The same principle applies if a representative of a juristic person director is to chair the meeting.

Shareholders' meetings convened by the board of directors shall be attended by a majority of the directors.

For a shareholders' meeting convened by any other person having the convening right, he/she shall act as the chairman of that meeting provided, however, that if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.

The Company may designate its lawyer, certified public accountant (CPA) or other relevant persons to attend the shareholders' meeting.

Article 7

The Company shall continuously record the meeting proceeding, and the entire election through both video and audio format.

The aforementioned video shall be kept for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 8

Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within 1 month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 9

If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply to a shareholders' meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair according to statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

Article 10

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 11

Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that a shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that%age is exceeded, the voting rights in excess of that%age shall not be included in the calculation.

Article 12

A shareholder shall be entitled to one vote for each share held, except when the shares are deemed non-voting shared under Article 179-2 of the Company Act.

When this Company convenes a shareholder meeting, voting may be conducted in writing or with electronic measures. When voting via written or electronic method, the choice shall be indicated in the shareholder meeting notice. A shareholder exercising voting rights by correspondence or electronic transmission will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting. Therefore, the Company shall avoid the extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic transmission under the preceding paragraph shall deliver a written declaration of intent to the Company before 2 days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

A shareholder who intends to attend the shareholder meeting in person after giving the notice of exercising his or her voting right in writing or electronically shall revoke the earlier decision at the latest two days before the meeting using the same method the shareholder used to exercise his or her vote. Otherwise, the shareholder shall exercise the voting right in writing or electronically. If a shareholder expresses the intention to exercise his or her voting right in writing or electronically and also issues a power of attorney to delegate an agent to attend a shareholder meeting to exercise the voting right on his or her behalf, the agent shall attend the meeting and exercise the voting right on his or her behalf.

Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. During voting, the chair or personnel designated by the chair shall announce the total votes for each motion one after another for the shareholders to cast their votes. Afterwards, on the same day the shareholder meeting in concern is convened, the numbers of shareholders who have approved, objected and abstained from voting shall be uploaded to the Market Observation Post System.

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

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for voting on motions or elections shall be conducted at an open space in the shareholder meeting venue and the results, including weights, shall be announced immediately after counting and recorded.

Article 13

The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules of the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 14

Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. Electronic measures may be adopted to print and distribute meeting minutes.

Distribution of the meeting minutes as described in the preceding paragraph may be conducted by uploading them to the Market Observation Post System.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of the Company.

Article 15

On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 16

Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

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

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 17

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 18

These Rules and Procedures, along with any amendments hereto, shall be implemented after adoption by shareholders meetings.

Appendix 4

Mercuries & Associates, Holding Ltd.
Shareholding of Directors and Supervisors

1. The Company's paid-in capital is NT$7,153,978,970, and cumulative issued shares outstanding are 715,397,897 shares.
2. All Directors shall hold a minimum of 22,892,732 shares and all Supervisons shall hold a minimum of 2,289,273 shares in accordance with regulations from Article 26 of the Securities and Exchange Act.
3. Below is a list of actual shareholding from all Directors and Supervisors of the ex-share transfer date on April 24, 2017:

Title	Name	Shares Held	Shareholding ratio
President	Shanglin Touzi Co., Ltd. Representative: HL Chen	147,224,961	20.58%
Director	Chengyi Fang	5,571,077	0.78%
Director	Weijun Weng	5,266,103	0.74%
Director	Shanglin Touzi Co., Ltd. Representative: Mingyu Mao	147,224,961	20.58%
Director	Shanglin Touzi Co., Ltd. Representative: HC Chen	147,224,961	20.58%
Director	Shanglin Touzi Co., Ltd. Representative: Hsien-Chang Wang	147,224,961	20.58%
Director	Shanglin Touzi Co., Ltd. Representative: Li-Yun Yang	147,224,961	20.58%
Independent Director	Mao Li	17,850	0.00%
Independent Director	Chang-Yi Chen	0	0%
Supervisor	Shuren Touzi Co., Ltd. Representative: Chien-chih Liu	101,525,019	14.19%
Supervisor	I-Teng Cheng	0	0%
Shares held by all Directors (excluding Independent Directors)			158,062,141
Shares held by all Supervisors			101,525,019
Shareholding from Directors and Supervisors has both reached the legally required minimum.			

Appendix 5

Mercuries & Associates, Holding Ltd.

Information on Stock Grants, Compensations for Directors and Supervisors, and Compensations for Employees

1. The effect on the Company's operational performance, EPS, and the return on equity investment for shareholders from bonus shares issued in this period: the Company did not disclose financial forecast for 2017, hence this is not applicable.
2. Compensation to employees and remuneration to directors and supervisors
   For the Company's earnings distribution proposal for this period, the Board of Directors has resolved to distribute NT$12,500,000 for as compensations for Directors and Supervisors, and NT$20,900,000 as compensations for employees on the 13th Board meeting of the 18th Board on March 30, 2017.