

Stock Number: 2905

Mercuries & Associates Holding, Ltd.

2022 Annual Shareholders' Meeting

Meeting Agenda  
(Translation)

June 24, 2022

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# Mercuries & Associates Holding, Ltd.

## 2022 Annual Shareholders' Meeting Agenda

Convening Shareholders' Meeting by Means of: Physical shareholders meeting

Time: 9:00 a.m., Friday, June 24, 2022

Place: 20F, No. 145, Section 2, Jianguo North Road, Taipei City

### I. Announcing the Meeting

### II. Chairman's Address

### III. Reported matters:

- (1) The 2021 business report
- (2) Audit Committee's review the 2021 business report and financial statements
- (3) The 2021 distribution for the employee bonus and directors' remuneration
- (4) The 2021 Endorsement Guarantee handling situation
- (5) Execution situation of issue the first time domestic unsecured convertible corporate bonds
- (6) Amendments of "Corporate Governance Best Practice Principles"
- (7) The amended and revised name of "Corporate Social Responsibility Best Practice Principles" is "Sustainable Development Best Practice Principles"

### IV. Acknowledged matters:

- (1) Ratification of the 2021 business report and financial statements
- (2) Ratification of the 2021 proposal for the distribution

### V. Matters for Discussion:

- (1) Amendments of "The Articles of Incorporation".
- (2) Amendments of "Rules of Procedure for Shareholders Meetings".
- (3) Amendments of "Regulations of Procedures for the Acquisition and Disposal of Assets".
- (4) To discuss the capitalization of retained earnings.

### VII. Extraordinary Motions

### VIII. Meeting Adjourned

## Reported matters

1. The 2021 business report. (Proposed by the Board of Directors)

Description: Please refer to Attachment 1 on Pages 7 to 12 of the Handbook for the 2021 business report.

2. Audit Committee's review the 2021 business report and financial statements. (Proposed by the Board of Directors)

Description: Please refer to Attachment 2 on Page 13 of the Handbook for the 2021 Audit Committee's review report.

3. The 2021 distribution for the employee bonus and directors' remuneration. (Proposed by the Board of Directors)

Description: Please refer to Appendix 7 on Page 115 of the Handbook for information on the 2021 directors' and employees' compensation.

4. The 2021 Endorsement Guarantee handling situation. (Proposed by the Board of Directors)

Description:

- (1) As of December 31, 2021, the Company and its subsidiaries endorsement/guarantee balance was NT\$208,000 thousand.

Unit: NT\$1,000

No.	Company Name of Endorser/ Guarantor	Endorsed/ Guaranteed Party		Limitation on Endorsements and Guarantees for a Single Enterprise (Note 2 & 4)	Maximum Balance for the Period	Endorsement or Guarantee Balance at the End of Current Period	Actual Expenditure	Amount of Endorsement / Guarantee with Security on Property	Percentage of Accumulated Amount of Endorsement/Guarantee to Net Equity of Most Recent Financial Statements	Endorsement / Guarantee Ceiling (Note 3 & Note 4)
		Company Name	Relationship (Note 1)							
0	Mercuries & Associates Holding, Ltd.	Sanyou Drugstores, Ltd.	2	\$2,958,126	\$200,000	\$200,000	\$0	-	1.01%	\$5,916,252
1	Mercuries Data Systems Ltd.	Mercuries Data Systems Ltd. (Note 5)	1	\$456,576	\$8,000	\$8,000	\$8,000	-	0.35%	\$1,141,440

Note 1: The 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: The amount of endorsement/guarantee for one single company cannot exceed 15% of the Company's net equity on the financial statements.

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

Note 4: (1) The aggregate amount of endorsements/guarantees made by Mercuries Data Systems Ltd. shall not exceed 50% of its net equity of calculated based on its most recent financial statements reviewed or audited by a CPA .

(2) The amount of endorsements/guarantees made by Mercuries Data Systems Ltd. to a single enterprise shall not exceed 20% of the its net equity of calculated based on its most recent financial statements reviewed or audited by a CPA .

Note 5: Endorsements/guarantees of custom duties due to the need of import and export goods of Mercuries Data Systems Ltd. shall submit guarantee for the customs duties to customs.

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

5. Execution situation of issue the first time domestic unsecured convertible corporate bonds

(Proposed by the Board of Directors)

Description:

- (1) Please refer to Attachment 5 on Pages 34 the Handbook for the implementation of the Company's first time issue domestic unsecured convertible corporate bonds.

6. Amendments of "Corporate Governance Best Practice Principles"

(Proposed by the Board of Directors)

Description:

- (1) The Company proposed to amend the "Corporate Governance Best Practice Principles" according to the amendments to the laws and practices.
- (2) Please refer to Attachment 6 on Pages 35 to 39 of the Handbook for the comparison table for the "Corporate Governance Best Practice Principles" before and after the amendment.

7. The amended and revised name of "Corporate Social Responsibility Best Practice Principles" is "Sustainable Development Best Practice Principles" (Proposed by the Board of Directors)

Description:

- (1) The Company proposed to amended and revised name of "Corporate Social Responsibility Best Practice Principles" is "Sustainable Development Best Practice Principles" according to the amendments to the laws and practices.
- (2) Please refer to Attachment 7 on Pages 40 to 45 of the Handbook for the comparison table for the " Corporate Social Responsibility Best Practice Principles" before and after the amendment.

## Acknowledged matters

### Proposal 1

(Proposed by the Board of Directors)

Ratification of the 2021 business report and financial statements.

#### Description:

- (1) The Company's 2021 financial statements (including standalone financial statements) have been approved by the Board of Directors and reviewed by the Audit Committee.
- (2) Please refer to Attachment 1 on Pages 7 to 12 and Attachment 3 on Pages 14 to 32 of the Handbook for the 2021 business report, CPA audit report (including CPA audit report of standalone financial statements) and financial statements (including standalone financial statements).
- (3) Please proceed to ratify the proposal.

#### Resolution:

### Proposal 2

(Proposed by the Board of Directors)

Ratification of the 2021 proposal for the distribution.

#### Description:

- (1) The net profit after tax for 2021 is NT\$1,890,261,290 and the distributable surplus is NT\$4,251,153,929. As planned by the Board of Directors, cash dividends of NT\$913,362,083 and stock dividends of NT\$91,336,200 will be distributed. Based on the 913,362,083 outstanding shares issued, it is estimated that the cash dividend is NT\$1 per share and the stock dividend is NT\$0.1 per share respectively. Cash dividends to be distributed shall be rounded to the nearest integral (NT\$1), dividends less than NT\$1 will be combined and transferred to the Company's Employee Welfare Committee. It is also planned to request the shareholders' meeting to authorize the Board of Directors to set another base date for Ex-rights and dividend.
- (2) If the number of outstanding shares or distribution of shareholders' shares or interest is changed due to the subsequent redemption of the Company's shares, transfer, exchange or write-off of treasury stocks, conversion of corporate bonds according to laws, exercise of employee stock options, or issuance and redemption of restricted employee shares after cash dividends and stock dividends are approved in the shareholders' meeting, that the shareholders' meeting shall authorize the Board of Directors to handle all relevant matters is proposed.
- (3) Please refer to Attachment 4 on Page 33 of the Handbook for the table of 2021 earnings distribution.
- (4) Please proceed to ratify the proposal.

#### Resolution:

Matters for Discussion
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Proposal 1

(Proposed by the Board of Directors)

Proposal: Amendments of "The Articles of Incorporation"

Description:

- (1) The Company proposed to amend the Articles of Incorporation according to the amendments to the laws and practices.
- (2) Please refer to Attachment 8 on Pages 46 to 48 of the Handbook for the comparison table.
- (3) Please proceed to resolve on the proposal.

Resolution:

Proposal 2

(Proposed by the Board of Directors)

Proposal: Amendments of "Rules of Procedure for Shareholders Meetings"..

Description:

- (1) The Company proposed to amend the Rules and Procedures of Shareholders Meeting to the amendments to the laws and practices.
- (2) Please refer to Attachment 9 on Pages 49 to 60 of the Handbook for the comparison table.
- (3) Please proceed to resolve on the proposal.

Resolution:

Proposal 3

(Proposed by the Board of Directors)

Proposal: Amendments of "Regulations of Procedures for the Acquisition and Disposal of Assets".

Description:

- (1) The Company proposed to amend the Regulations of Procedures for the Acquisition and Disposal of Assets to the amendments to the laws and practices.
- (2) Please refer to Attachment 10 on Pages 61 to 65 of the Handbook for the comparison table.
- (3) Please proceed to resolve on the proposal.

Resolution:



Proposal 4

(Proposed by the Board of Directors)

Proposal: To discuss the capitalization of retained earnings.

Description:

- (1) To strengthen the Company's capital structure and to satisfy operating needs, the Company plans to allocate NT\$91,336,200 in the shareholders' dividends to issue new shares with the face value of NT\$10 per share. The Company plans to issue 9,133,620 shares, and all of which will be in the form of non-physical shares.
- (2) For the issuance of new shares by earnings recapitalization, 10 shares will be distributed without pay for each 1,000 shares held based on the shareholding ratio of each shareholder recorded on the shareholders' list on the ex-dividend date. Cash will be distributed for the issuance of less than 1 share, and the Chairman will contact the specific party to subscribe to such shares at the face value.
- (3) For the issuance of new shares by earnings recapitalization, the rights and obligations carried in these shares are equal to those of ordinary shares outstanding.
- (4) Upon approval in the shareholders' meeting and by the regulator, the Board of Directors will be authorized to set an ex-dividend date separately. If the number of outstanding shares or distribution of shareholders' shares are changed due to the subsequent redemption of the Company's shares, transfer, exchange or write-off of treasury stocks, conversion of corporate bonds according to laws, exercise of employee stock options, or issuance or redemption of restricted employee shares, that the shareholders' meeting shall authorize the Board of Directors to handle all relevant matters is proposed.
- (5) Please proceed to resolve on the proposal.

Resolution:

Extraordinary Motions
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Meeting Adjourned
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## Attachment 1

# Mercuries & Associates Holding, Ltd. 2021 Business Report

Mercuries & Associates Holdings, Ltd. (the Company) is an investment holding company whose principal reinvestments are in the areas of life insurance, retail of daily commodities and food, pharmaceuticals, and information services. The Company has been seeking to optimize its reinvestment businesses based on the long-term development plans and striving to develop a more diversified, multi-market business model, in an attempt to continuously improve its operational performance through specialization and economies of scale.

## I. 2021 Business Report

### (I) Outcome of the Business Plan

The Company duly executed the investment strategies after prudent evaluation, aptly utilizing the Group resources and continuing to form joint ventures and strategic partnerships with domestic business partners and those overseas. The outcomes of the Company's 2021 business plan for its reinvestment businesses are as follows::

#### 1. Retail of daily commodities and food

Despite the COVID-19 pandemic, revenue from the daily commodities grew by about 7% as our investments have been into community stores that can meet the consumer demand for daily commodities. With regard to retail foods, although store-front dining decreased due to the COVID-19 pandemic, the impact was offset by the growth in the takeaway food delivery market for some brands, and the overall revenue in retail food nonetheless showed slight growth. The proliferation of innovative cross-industry partnerships in the market, rapid growth of e-commerce platforms and takeaway food delivery applications, and increases in raw material and commodity prices, personnel costs, and operating expenses posed even more challenges for the business of physical retailers. In order to improve the profitability of our retail outlets, each of our business units was keenly aware of competitor movements and market dynamics, so as to adjust product lineups based on consumer preferences to develop new products; each unit also leveraged the advantages of the scale of membership to create a sticky brand experience, thus boosting revenue and profit. Compared with 2020, the number of retail outlets grew by 11 to 1,450 in 2021.

#### 2. Life insurance

In 2021, the global economy gradually recovered, but inflation uncertainty rose as a result of supply chain disruptions around the world. Although the domestic epidemic was under control, the life insurance division faced significant challenges due to the series of regulatory changes made to implement the Statements of Financial Accounting Standards on the Integration of the International Financial Reporting Standards 17 (IFRSs 17) and the Insurance Capital Standards (ICS) 2.0, which required that life insurance companies should integrate ESG factors into the investment process with prudence while maintaining profitability and financial stability. Having maintained a steadfast business style, the Company continued to promote the sales of guaranteed and investment-linked products. In 2021, premium revenue from new contracts reached NT\$32.1 billion, ranking No. 11 in the industry, and premium revenue totaled NT\$130.6 billion, staying No. 7 in rank.

3. Pharmaceuticals

Due to the fire at SCI Pharmtech, Inc., the division continued to suffer serious damage to productivity, with revenue coming in at only 30% of that in the previous year. Without economies of scale, the division's operating cost was relatively high, leaving the gross profit margin at only 24%. The leased factory could only produce intermediates that required no drug permit. Limited items of production significantly affected profitability in 2021. Currently, the recovery of the plant is on schedule. With the reconstruction of damaged production facilities and equipment under verification and validation, all production lines are expected to recover by the end of 2022. The construction of the Guanyin Plant is planned to be completed in the first quarter of 2023. A mass-production trial is slated in the first half of 2024. Pharmaceuticals legislation and operations remained uninterrupted. All drug permits for active pharmaceutical ingredients in key regions such as the European Union, the United States, and Japan continued to be valid. At the end of 2021, ISO 9001 Quality Management System was audited by a third-party accreditation body, and its certificate remained valid.

4. Information services industry

In 2021, the division's revenue reached NT\$3.548 billion, a 15.2% increase from 2020 and a new high in recent years, and income was NT\$180 million, a 33% increase from 2020. The maintenance income of high gross profit nature was about NT\$1.107 billion, with a maintenance gross profit of NT\$567 million and a gross profit margin of 51.18%. The sales over the past few years have successively generated stable maintenance income and profits.

(II) Budget Implementation, Financial Status, and Profitability Analysis

The Company's consolidated operating revenue in 2021 was NT\$188.4 billion, an 11% decrease from 2020, with a budget achieving rate of 102%. In terms of profit, net income attributable to the parent company was NT\$1.89 billion, contributing to the earnings per share of NT\$2.19. In the standalone financial statements, the return on assets was 6.87% and the return on equity was 9.61%.

(III) Research and Development

1. Retail of daily commodities and food

In the highly competitive markets of retail daily commodities and food, and faced with a highly volatile business environment and consumer demand and rising operating costs, the Company incessantly adjusted product lineups and marketing strategies based on the market trends and demand, continued to optimize digitalization, and incorporated big data to facilitate management, manufacturing, logistics, and marketing. In addition, it developed a differential marketing campaign for individual stores to enhance the competitiveness of each outlet and increase customer stickiness. The Company also furthered market segmentation to increase regional competitive advantages, thereby improving the brand image as a whole.

2. Life insurance

In times of the aging population and low interest rates, Mercuries Life Insurance, Inc., (MLI) raised mortality and loading surpluses and perfected its product lineups. MLI improved the UI/UX of its company website upon surveying the customers' needs, streamlined the underwriting process within the perimeter of risk control,

and actively engaged in the introduction of FinTech and the strategic transformation of its products in order to deliver a diversified range of services that meet the needs of distinct population groups. As to investments, MLI continued to improve the asset pool management-by-exception mechanism, increase fixed income, and enhance the performance in passive investments to boost the income stream. It also continued to enforce internal compliance with pertinent laws and government regulations concerning the management of information security and firmly established new product risk control and liability risk management.

3. Pharmaceuticals

The recent fire had destroyed the R&D facilities at SCI Pharmtech, Inc., paralyzing the R&D activity for the time being. Some R&D personnel was responsible for modifying the product process and renting plants and equipment for external production; some R&D personnel supported the processing of IQ, OQ, and PQ for newly purchased equipment to help speed up the recovery. To keep up with international trends in ESG, R&D personnel also re-optimized the process of old products to minimize the output of waste. Upon recovery from the aftermath of the fire, SCI Pharmtech, Inc. would rebuild the R&D facilities expeditiously to regain the R&D capacity and catch up in production.

4. Information services industry

MDS continued to turn achievements in R&D into patents to protect the intellectual property and for the purpose of stacking up its competitive advantages further to raise the threshold for competitors.

## II. Overview of the 2022 Business Plan

### (I) Operating Objectives

The Company will lower its operating costs and enhance its competitiveness through focused management. It will also synthesize the experiences of its subsidiaries and reach out to its domestic business partners and those overseas. It will prudently evaluate investment strategies in hopes of boosting the enterprise value through holistic development and scaling.

### (II) Key Production and Distribution Policies

1. Retail of daily commodities and food

The Company will continue enhancing its products and services by optimizing product lineups, replacing poorly sold products, and accelerating product turnover. It will also roll out imports with higher gross profit and its own brands to further market segmentation. While planning to adjust franchising to improve the profitability of franchise owners and the performance of franchise stores, the Company will scale the franchises to lower expenses on personnel and rent. Besides, the Company will improve the professional competence and attitudes of its personnel to create quality environments for consumers. It will upgrade information systems and conduct big data analysis for precision marketing to increase user viscosity. Moreover, the Company will insist on preopening cost-benefit evaluations to ensure the maximization of labor- and cost-efficiency.

2. Life insurance

To effectively reduce interest rate risk and increase the mortality- and loading-surplus incomes, the Company will promote the sales of guaranteed and investment-linked products. In addition to developing products that meet the needs

of the insured, the Company also strives to accomplish the goal of steady, sustainable development through steady fee- and fixed-income streams.

### 3. Pharmaceuticals

The following are the operating objectives:

- (1) Recover most of the production capacity at the end of 2022 and maintain close relationships with the clients.
- (2) Disperse production facilities and maintain operational flexibility.
- (3) Promote the circular economy and pitch in to sustain the planet.

Product-specific and client-specific policies on production and distribution:

- (1) Active pharmaceutical ingredients (APIs): Priority is given to the original developer of the medicine supply. Popular products should be avoided, and existing APIs that have higher safety criteria and stable sales will be in the lineup.
- (2) Intermediates: The original developer of the medicine supply shall be chosen in principle. Then the order goes to high-entry-barrier intermediates for controlled medicines, key intermediates which are subject to strict regulations or quality management procedures, intermediates related to SCI Pharmtech, Inc.'s core technologies, intermediates from entities of our strategic partnerships, and intermediates of which we have participated in the research and development. The aforementioned types of intermediates can help effectively segregate SCI Pharmtech, Inc. from market competition and avoid price wars.
- (3) Specialty chemicals: SCI Pharmtech, Inc. produces and distributes electronic specialty chemicals which are high-standard in the pharmaceutical industry. Upon customer demand, SCI Pharmtech develops the production process for, and customizes and mass-produces, the chemicals for the clients.

### 4. Information services industry

MDS clientele is specific. It carefully selects and undertakes large-scale public engineering projects that produce substantial maintenance income and subsequent related business opportunities. It continues to pioneer new business developments, create differential values, and improve its capacity in software development while investing in R&D to increase its competitiveness.

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

### (I) Effect of External Competition

As technology and the Internet applications advance, the management, manufacturing, marketing, logistics, distribution, cash flows, and research and development of businesses and people's lifestyles as related to food, clothing, housing, transportation, education, entertainment, and the like are deeply and inevitably affected by digitization and information security. Whether in life insurance, pharmaceuticals, retail of daily commodities or food, or information services, in order to alleviate the impact of external competition, it is imperative for the Company not only to provide differentiated products and quality and responsive services, but also to respond to rapid changes in the industry structures, cope with the volatility of market competition and the changing customer consumption patterns, and identify, assess, and respond adequately to expected or unexpected risks that have the potential of affecting operations.

## (II) Effect of the Regulatory Environment

The subjects of increasing corporate sustainable development, raising employee awareness, environmental protection, food safety, and corporate governance have become increasingly important in today's rapidly developing and ever-changing society. Government regulations are seemingly innumerable in the course of business. Laws concerning life insurance place emphasis on tightening the financial structures of the insurance business. The life insurance industry as a whole has faced significant challenges due to laws that have instituted the death benefit threshold rule for policies requiring non-forfeiture values, that require that insurance policy contractual service margin (CSM) shall not be negative, that have implemented new procedures for policies involving target maturity bond fund investment, and that have lowered the interest rate for insurance policy liability reserve. The pharmaceutical industry is subject to regulation by pharmaceutical laws such as the Pharmaceutical Affairs Act and the Pharmaceutical Good Manufacturing Practice Regulations. However, the regulation landscape continues to evolve and change shape as nations such as the European Union, the US, and Japan continually promulgate and implement stricter measures to ensure the quality and safety of pharmaceutical products. Among those, data integrity is of paramount importance. As to retail of daily commodities and food, besides the regulations getting more stringent concerning the familiar food sanitation and safety or workplace fire safety inspections, matters relating to workplace sanitation and safety, consumer health and safety, site waste and wastewater disposal, greenhouse gas emission, and energy conservation and carbon reduction have also become important topics for businesses. All businesses of the Company have retained personnel knowledgeable in the pertinent areas of the laws. In addition to the routine handling of legal affairs and monitoring compliance with regulations, our legal affairs personnel also continually pay close attention to changes in government policies or regulations which might potentially affect the Company's finance or operations. We also regularly consult external legal professionals and reinforce compliance with governing legal standards through OTJ training to continue to enhance total quality management.

## (III) Effect of the Economic Environment

Retrospectively, the global economy continued to expand in 2021. According to the preliminary statistics of the Directorate-General of Budget, Accounting and Statistics, Executive Yuan in February 2022, Taiwan's economy grew by 6.45% in 2021, higher than 3.12% in 2020. The domestic retail trade sales and sales of food and beverages grew by 0.81% and -6.37%, respectively, according to the statistics of the Ministry of Economic Affairs.

Looking forward, the IMF in January 2022 predicted the 2022 global economic growth rate to be 4.4%. The Directorate-General of Budget, Accounting and Statistics of the Executive Yuan in February 2022 predicted Taiwan's 2022 economic growth rate to be 4.42%, lower than 6.45% in 2021.

Besides, the following uncertainties were pointed out:

1. Whether conflict between Russia and Ukraine can be resolved effectively, as well as its impact on oil prices and raw material prices.
2. Pandemic changes and timetables set for governments to relax the travel ban.
3. Improvement in supply chain bottlenecks around the world.

4. The Fed interest rate hike schedule and frequency and tapering progress, as well as their impact on international stock and bond markets.
5. International responses to climate change and the effect of minimum corporate taxation.

Apparently, the state of international affairs is still highly unpredictable. In January 2022, a transitional monitoring indicator was displayed, indicating stable growth in Taiwan's economy; however, it is necessary to keep a close watch on the impact of the aforementioned uncertainties on the domestic economy.

#### IV. Strategic Plans for the Future

The Company has grown its principal businesses for more than 30 years. To grow its businesses steadily, the Company has diligently innovated in thinking and actions to reduce risks in its operations and, under professional management, has not only provided services that meet the society's needs in food, clothing, housing, transportation, education, and entertainment, but further hoped to establish our brand as the provider of an enjoyable consumption environment for the population at large.

In that spirit, the Company will continue to coordinate the group resources and, adhering to the core value of prudent analyses of investment strategies, pursue investment opportunities under cross-industry partnerships and any possibilities for novel investment projects. Through vertical integration and diversification, the Company expects to expand businesses while assisting the subsidiaries in resources integration, so as to achieve business synergy, scale the scope of operations, and maximize shareholder value. Last but not least, the Company will continue fulfilling corporate social responsibility, making corporate sustainability a reality. We appreciate shareholders' unwavering confidence and support.

## Attachment 2

### Mercuries & Associates Holding, Ltd.

### Audit Committee's Review Report

The 2021 business report, financial statements, and earnings distribution proposal have been prepared by the Board of the Directors. The financial statements have been audited by the CPAs Liu, Ke-Yi and Chang, Shu-Chen of BDO Taiwan Union & Co. and an audit report has been submitted. The aforesaid business report, financial statements, and earnings distribution proposal have been reviewed by the Audit Committee and no misstatement was found. Therefore, we have prepared the review report for your review and ratification in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To

2022 Annual Shareholders' Meeting

Convener of the Audit Committee: Li Mao

March 31, 2022



## Attachment 3

### INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders of  
Mercuries & Associates Holding, Ltd.

#### *Opinion*

We have audited the accompanying consolidated balance sheets of Mercuries & Associates Holding, Ltd. and its subsidiaries as of December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors as described in the Other Matter section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Mercuries & Associates Holding, Ltd. and its subsidiaries as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the Financial Supervisory Commission of the Republic of China.

#### *Basis for Opinion*

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the section of Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements of our report. We are independent of Mercuries & Associates Holding, Ltd. and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters

#### **The completeness and accuracy of recording insurance reserves**

Description:

Please refer to Note 4.27 for the related accounting policy of the completeness and accuracy of recording insurance reserves, Note 5 about accounting judgments, key sources of estimates and uncertainty for insurance reserves, Note 6.22 and Note 12.7 for insurance reserves details, change and adjustment, and risk management and disclosure of insurance contract.

Various insurance reserves of Mercuries Life Insurance are provided by actuary in accordance with the “Guidelines for Insurance Enterprises Handling All Statutory Reserves” based on their professional judgment and experience. The insurance reserves are estimated for different types of insurance, and thus, the provision process of these reserves has a high degree of complexity. Liability reserves involve significant judgment from management due to uncertainty of estimation. In addition, to ensure the adequacy of the insurance liabilities recognition, significant judgment to the final total settlement value of each insurance claims is required. The Company should assess its adequacy of liabilities through estimated future cash flow for insurance contracts based on current information. If there is any shortfall in the current carrying amount of the insurance liability, the shortfall should be recognized as liability adequacy reserve. Therefore, this matter needs significant attention in our audit.

We performed the following audit procedures on the above key audit matter:

1. Testing the effectiveness of the design and implementation of internal controls within the financial reporting process that are related to insurance reserves, which include testing the controls responsible for ascertaining the completeness and accuracy of the policy information.
2. Performing the analysis on movements and recognition of insurance reserves and checking whether the related information and carrying amount of the worksheet are accurate.
3. Testing samples on unearned premium reserves, liability reserves, claim reserves, premium deficiency reserves, special reserves and liabilities adequacy reserve to assess the accuracy of the premium and claim information, as well as inspecting the provision methodology, and examining whether the provision and hypothesis are in accordance with the “Guidelines for Insurance Enterprises Handling All Statutory Reserves”.
4. Assess the appropriateness of the disclosure that are related to insurance reserves.

### **Valuation of investment assets**

Description:

Please refer to Note 4.11 for the related accounting policy of valuation of investment, Note 5 about accounting judgments, key sources of estimates and uncertainty for investment assets valuation, Note 12.2 to 12.4 for valuation details and risk management of financial assets.

The subsidiary Mercuries Life Insurance’s fair value measurement of financial assets at fair value through profit or loss and fair value through other comprehensive income for debt instrument without an active market is determined by observable input parameters obtained either directly or indirectly in inactive markets. The fair value is estimated on the basis of the results of various valuation techniques, which is based on professional judgment by the Company’s management. In addition, debt instruments that measured at amortized cost and fair value through other comprehensive income has excepted credit loss, recognition and estimation of such loss require significant judgment by the Company’s management. Therefore, this matter needs significant attention in our audit.

We performed the following audit procedures on the above key audit matter:

1. Performing an assessment over the investment cycle of its initial recognition, subsequent measurements and their disclosures on financial statements.
2. Inspecting the accounting policies related to fair value measurements and disclosures of financial

instruments of the Company.

3. Obtaining statements for financial assets and understanding the acquisition methods used for fair value of each category, as well as evaluating whether the fair value hierarchy is appropriate.
4. Assessing the reasonableness of significant assumptions, fair value and the valuation sources according to the relevant information obtained from external sources.
5. Executing impairment test, which included evaluating whether the design of the process for providing expected credit losses are appropriate and the significant hypothesis and factors of the estimations are reasonable, selecting the result to check the reasonableness of the credit risk has increased significantly since the original recognition of financial assets and test the accuracy of the calculation.

### **The completeness and accuracy of retail sales revenue**

Description:

Please refer to Note 4.32 for the related accounting policy of retail sales revenue, Note 5 about accounting judgments, key sources of estimates and uncertainty for revenue recognition.

Retail sales revenue of Mercuries & Associates Ltd. and Simple Mart Retail Co., Ltd are recorded by point-of-sale (POS) terminals, which collect the merchandise information of item names, quantity, sales price and total sales amount of each transaction using pre-established merchandise master file data (which contains information such as item name, cost of purchase, retail price, combination sales promotions, etc.). After the daily closing process, each store manager uploads their sales information to the Enterprise Resource Planning (“ERP”) system, which summarizes all sales and automatically generates sales revenue journal entries. Each store manager also prepares a daily cash report, which summarizes amounts of sales, types of collections and cash deposited to the bank.

As retail sales revenue comprises numerous small amount transactions and highly relies on the POS and ERP systems, the process of summarizing and recording sales revenue by these systems is important with regard to the completeness and accuracy of the retail sales revenue. Therefore, this matter needs significant attention in our audit.

We performed the following audit procedures on the above key audit matter:

1. Inspecting and checking whether additions and changes to the merchandise master file data had been properly approved and supported by the relevant documents.
2. Inspecting and checking whether approved additions and changes to the merchandise master file data had been correctly entered in the merchandise master file.
3. Inspecting and checking whether merchandise master file data had been periodically transferred to POS terminal in stores.
4. Inspecting and checking whether sales information in POS terminals had been periodically and completely transferred to the ERP system and verify the daily cash reports and accounting information in stores.
5. Inspecting daily cash reports and relevant documents.
6. Inspecting cash deposit amounts recorded in daily cash reports and agreed them to bank remittance amounts.

### ***Other matter***

As described in Note 4.4, we did not audit the financial statements of certain consolidated subsidiaries which were audited by other auditors. Thus, the amounts and information of the subsidiaries shown within are in accordance with the audit reports assured by other auditors whose reports thereon have been furnished to us. Total assets of these subsidiaries were \$13,668,201 thousand and \$13,173,861 thousand, constituting 0.96% and 0.96% of the total consolidated assets as of December 31, 2021 and 2020 respectively, and total comprehensive income were \$554,180 thousand and \$949,138 thousand, constituting 200.84% and 220.37% of total consolidated comprehensive income for the years ended December 31, 2021 and 2020, respectively. As described in Note 6.10, the financial statements of certain investee companies under equity method were audited by other auditors. Thus, the amounts and information of those investee companies shown within are in accordance with the audit reports assured by other auditors whose reports thereon have been furnished to us. The investments in the aforementioned investee companies were amounted to \$3,805,152 thousand and \$3,796,755 thousand, constituted 0.27% and 0.28% of the total consolidated assets as of December 31, 2021 and 2020, respectively, and the recognized shares of profit of associates and joint ventures accounted for under equity method of these investee companies were \$641,519 thousand and \$307,523 thousand, constituted 99.27% and 9.69% of the consolidated profit before income tax for the years ended December 31, 2021 and 2020, respectively.

We have audited the parent company only financial statements of Mercuries & Associates Holding, Ltd. and expressed an unqualified opinion with other matter paragraph as of and for the year ended December 31, 2021, and expressed an unqualified opinion with other matter paragraph and emphasis of matter paragraph as of and for the year ended December 31, 2020

### ***Responsibilities of Management and Those Charged with Governance for the consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the ability of Mercuries & Associates Holding, Ltd. and its subsidiaries to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Mercuries & Associates Holding, Ltd. and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of Mercuries & Associates Holding, Ltd. and its subsidiaries.

### ***Auditor's Responsibilities for the Audit of the consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a

guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Mercuries & Associates Holding, Ltd. and its subsidiaries internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Mercuries & Associates Holding, Ltd. and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Mercuries & Associates Holding, Ltd. and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Mercuries & Associates Holding, Ltd. and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Ke-Yi Liu and Shu-Chen Chang.

BDO TAIWAN

March 31, 2022

**Notice to Readers**

*The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.*

MERCURIES & ASSOCIATES HOLDING, LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
December 31, 2021 and 2020

						UNIT : NTD (In Thousands)					
Assets	Notes	December 31,2021	%	December 31, 2020	%	Liabilities & Stockholders' Equity	Notes	December 31,2021	%	December 31, 2020	%
Current assets						Current liabilities					
Cash and cash equivalents		\$100,356,813	7.03	\$148,214,785	10.85	Short-term borrowings		\$590,000	0.04	\$665,000	0.05
Financial assets at fair value through profit or loss - current		360,401	0.03	30,312	-	Short-term notes and bills payable		949,985	0.07	1,249,824	0.09
Financial assets at fair value through other comprehensive income - current		127	-	110	-	Contract liabilities - current		780,485	0.05	905,484	0.07
Financial assets at amortized cost - current		39,334	-	45,472	-	Accounts payable		8,254,651	0.58	8,095,703	0.59
Contract assets - current		509,754	0.04	409,242	0.03	Commissions payable		873,230	0.06	1,063,740	0.08
Accounts receivable, net		14,112,961	0.99	10,876,348	0.80	Claims and benefits payable		699,858	0.05	750,325	0.05
Current income tax assets		463,268	0.03	1,516,216	0.11	Due to reinsurers and ceding companies		1,315,863	0.09	683,968	0.05
Inventories		4,539,620	0.32	4,429,808	0.32	Current income tax liabilities		141,307	0.01	384,091	0.03
Prepayments		471,280	0.03	545,226	0.04	Advanced receipts		123,413	0.01	184,495	0.01
Reinsurance contract assets, net		1,629,869	0.11	861,360	0.06	Lease liabilities - current		1,314,353	0.09	1,319,334	0.10
Other current assets		168,771	0.01	219,151	0.02	Other current liabilities		481,095	0.04	636,788	0.05
Bills discounted and loans, net		70,474,553	4.94	70,275,910	5.16	Sub-total		15,524,240	1.09	15,938,752	1.17
Sub-total		193,126,751	13.53	237,423,940	17.39	Non-current liabilities					
						Financial liabilities at fair value through profit or loss- non-current		127,201	0.01	1,979,315	0.14
						Contract liabilities - non-current		10,644	-	15,782	-
						Bonds payable		10,341,380	0.72	7,500,000	0.55
						Long-term borrowings		6,030,000	0.42	8,506,500	0.62
						Provisions - non-current		1,203,579,402	84.34	1,159,532,867	84.92
						Separate account liabilities for unit-linked products		136,143,090	9.54	115,616,466	8.47
						Guarantee deposits received		1,814,258	0.13	2,666,246	0.20
						Lease liabilities - non-current		2,749,701	0.19	2,863,486	0.21
						Deferred tax liabilities		1,627,100	0.11	1,651,801	0.12
						Other non-current liabilities		1,873,695	0.14	2,327,263	0.17
Non-current assets						Sub-total		1,364,296,471	95.60	1,302,659,726	95.40
Financial assets at fair value through profit or loss - non-current		63,596,148	4.46	86,871,455	6.36	Total Liabilities		1,379,820,711	96.69	1,318,598,478	96.57
Financial assets at fair value through other comprehensive income - non-current		46,041,385	3.23	45,729,877	3.35	Equity attributable to owners of the parent					
Financial assets at amortized cost - non-current		919,991,107	64.47	817,023,310	59.84	Share Capital					
Investments accounted for under equity method		3,902,840	0.27	3,800,369	0.28	Common stock		9,131,067	0.64	9,093,510	0.67
Property, plant and equipment		19,391,729	1.36	15,276,996	1.12	Capital collected in advance		2,553	-	-	-
Right-of-use assets		3,937,272	0.28	3,981,644	0.29	Capital surplus		2,455,481	0.17	2,032,125	0.15
Investment property, net		26,130,520	1.83	27,250,368	2.00	Retained earnings					
Intangible assets		204,797	0.01	210,814	0.02	Legal reserve		2,575,337	0.18	2,464,186	0.18
Deferred tax assets		7,886,160	0.55	5,381,989	0.39	Special reserve		5,566,015	0.39	4,068,090	0.30
Other non-current assets		142,837,794	10.01	122,462,097	8.96	Unappropriated earnings (Accumulated deficit)		4,854,079	0.34	5,590,916	0.41
Sub-total		1,233,919,752	86.47	1,127,988,919	82.61	Other equity		(4,375,416)	(0.31)	(3,087,013)	(0.23)
						Treasury stock		(488,279)	(0.03)	(532,672)	(0.04)
						Total equity attributable to owners of the parent		19,720,837	1.38	19,629,142	1.44
						Non-controlling interests		27,504,955	1.93	27,185,239	1.99
						Total Equity		47,225,792	3.31	46,814,381	3.43
Total assets		\$1,427,046,503	100.00	\$1,365,412,859	100.00	Total Liabilities and Equity		\$1,427,046,503	100.00	\$1,365,412,859	100.00

MERCURIES & ASSOCIATES HOLDING, LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOMES  
For the Years Ended December 31, 2021 and 2020

		UNIT : NTD (In Thousands)			
Item	Notes	2021	%	2020	%
Operating revenue					
Interest income		\$31,410,434	16.67	\$32,902,572	15.62
Premiums income		94,097,770	49.95	107,018,303	50.80
Commission on reinsurance ceded		41,304	0.02	18,286	0.01
Fee income		2,380,291	1.26	1,714,474	0.81
Share of profit of associates and joint ventures accounted for under equity method		655,579	0.35	307,050	0.15
Separate account revenue for unit-linked products		9,503,814	5.05	10,141,355	4.81
Gain on financial assets (liabilities) measured at fair value through profit or loss		9,420,132	5.00	11,599,778	5.51
Realized gains on financial assets measured at fair value through other comprehensive income		121,295	0.06	3,389,361	1.61
Gain arising from derecognition of financial assets measured at amortized cost		8,063,423	4.28	9,053,523	4.30
Net sales revenue					
Sales revenue		27,765,649	14.74	28,039,273	13.31
Sales returns		(20,935)	(0.01)	(43,508)	(0.02)
Sales discounts and allowances		(2,310)	-	(2,240)	-
Rental income		412,054	0.22	417,960	0.20
Service revenue		556,178	0.30	486,241	0.23
Construction revenue		-	-	24,302	0.01
Gain on disposal of investments		644,471	0.34	2,830	-
Gain on disposal of property, plant and equipment		108,055	0.06	-	-
Gain on investment property		793,476	0.42	746,505	0.35
Reserve for fluctuation of foreign exchange movement		(161,061)	(0.09)	1,002,577	0.48
Profit reclassified by applying overlay approach		2,053,002	1.09	3,048,482	1.45
Gain on reversal of expected credit impairment loss		72,924	0.04	443,331	0.21
Other income		457,657	0.25	348,855	0.16
Total operating revenue		188,373,202	100.00	210,659,310	100.00
Operating cost					
Interest expenses		(110,320)	(0.06)	(113,775)	(0.05)
Underwriting expenses		(32,127)	(0.02)	(37,068)	(0.02)
Commission expenses		(6,031,793)	(3.20)	(7,254,559)	(3.44)
Insurance claims and benefits		(73,537,826)	(39.04)	(62,911,262)	(29.86)
Other insurance liabilities movement		(50,112,107)	(26.60)	(70,158,681)	(33.31)
Separate account expenses for unit-linked products		(9,503,814)	(5.05)	(10,141,355)	(4.81)
Cost of goods sold		(19,885,264)	(10.56)	(19,257,556)	(9.14)
Service cost		(12,865)	(0.01)	(12,966)	(0.01)
Construction cost		-	-	(8,083)	-
Operating expenses					
Selling expense		(5,586,651)	(2.97)	(5,347,027)	(2.54)
General and administrative expenses		(6,970,000)	(3.70)	(6,765,995)	(3.21)
Research and development expenses		(225,503)	(0.12)	(211,718)	(0.10)
Loss on disposal of property, plant and equipment		-	-	(10,798)	(0.01)
Loss on impairment losses		(2,038)	-	(8,571)	-
Loss on foreign exchange		(15,137,458)	(8.04)	(24,083,067)	(11.43)
Other expense		(579,221)	(0.29)	(1,164,843)	(0.56)
Total operating cost		(187,726,987)	(99.66)	(207,487,324)	(98.49)
Profit (loss) before income tax from continuing operations		646,215	0.34	3,171,986	1.51
Income tax (expenses) benefits		1,965,773	1.05	(649,507)	(0.31)
Net profit (loss) from continuing operations		2,611,988	1.39	2,522,479	1.20
Net profit (loss)		2,611,988	1.39	2,522,479	1.20
Other comprehensive income (loss)					
Components of other comprehensive income that will not be reclassified to profit or loss					
Gain (loss) on remeasurements of defined benefit plans		(40,931)	(0.02)	58,569	0.03
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		254,537	0.14	(120,048)	(0.06)
Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method		104,451	0.06	(45,924)	(0.02)
Income tax relating to components		(12,879)	(0.01)	(2,511)	-
Components of other comprehensive income that will be reclassified to profit or loss					
Financial statements translation differences of foreign operations		(4,626)	-	(13,470)	(0.01)
Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income		(1,326,754)	(0.70)	280,424	0.13
Other comprehensive income (loss) on reclassification under the overlay approach		(2,053,002)	(1.09)	(3,048,482)	(1.45)
Income tax relating to components		191,285	0.09	(61,730)	(0.02)
Other comprehensive income (loss)		(2,887,919)	(1.53)	(2,953,172)	(1.40)
Total comprehensive income (loss)		(275,931)	(0.14)	(430,693)	(0.20)
Profit (loss) attributable to:					
Shareholders of the parent		1,890,261	1.00	1,397,680	0.66
Non-controlling interests		721,727	0.39	1,124,799	0.54
Total		2,611,988	1.39	2,522,479	1.20
Comprehensive income (loss) attributable to:					
Shareholders of the parent		692,062	0.37	72,754	0.03
Non-controlling interests		(967,993)	(0.51)	(503,447)	(0.23)
Total		\$(275,931)	(0.14)	\$(430,693)	(0.20)
Earnings per share					
Income (loss) from continuing operations, net of income tax (in dollars)		\$2.19		\$1.63	
Basic earnings (loss) per share (in dollars)		\$2.19		\$1.63	
Diluted earnings per share (in dollars)		\$1.96		\$1.63	
The pro forma net income and earning per share if accounting for treasury stock had not been adopted are as follows:					
Pro forma after income tax		\$1,938,231		\$1,445,087	
Earnings per share (in dollars)		\$2.13		\$1.59	



MERCURIES & ASSOCIATES HOLDING, LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
For the Years Ended December 31, 2021 and 2020

UNIT : NTD (In Thousands)

Summary	Equity Attributable to Shareholders of the Parent													Non-Controlling Interest	Total
	Share Capital		Capital Surplus	Retained Earnings			Other Equity Interests				Treasury Stock	SubTotal			
	Common Stock	Share capital collected in advance		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences Arising on Translation of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Reclassification to Other Comprehensive Income Due to The Overlay Approach	Others					
Balance on January 1, 2020	\$8,266,827	\$-	\$1,913,534	\$2,111,950	\$4,487,427	\$6,065,675	\$(16,180)	\$79,948	\$(1,810,452)	\$6,643	\$(532,672)	\$20,572,700	\$27,138,468	\$47,711,168	
Special reserve	-	-	-	-	2,543,314	(2,543,314)	-	-	-	-	-	-	-	-	
Appropriation earnings 2019						-									
Legal reserve	-	-	-	352,236	-	(352,236)	-	-	-	-	-	-	-	-	
Special reserve	-	-	-	-	(2,962,651)	2,962,651	-	-	-	-	-	-	-	-	
Cash dividends	-	-	-	-	-	(826,683)	-	-	-	-	-	(826,683)	-	(826,683)	
Stock dividends	826,683	-	-	-	-	(826,683)	-	-	-	-	-	-	-	-	
Effects of changes in ownership interest from investee	-	-	(13,240)	-	-	(308,220)	-	-	-	-	-	(321,460)	-	(321,460)	
Changes in capital surplus of investees	-	-	84,424	-	-	-	-	-	-	-	-	84,424	-	84,424	
Net profit (loss)	-	-	-	-	-	1,397,680	-	-	-	-	-	1,397,680	1,124,799	2,522,479	
Other comprehensive income (loss)	-	-	-	-	-	(45,923)	(79)	87,731	(1,366,655)	-	-	(1,324,926)	(1,628,246)	(2,953,172)	
Dividends from the Company received by subsidiaries	-	-	47,407	-	-	-	-	-	-	-	-	47,407	-	47,407	
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	550,218	550,218	
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	62,625	-	(62,625)	-	-	-	-	-	-	
Disposal of investments in equity instruments at fair value through other comprehensive income from investees	-	-	-	-	-	5,344	-	(5,344)	-	-	-	-	-	-	
Balance on January 1, 2021	\$9,093,510	\$-	\$2,032,125	\$2,464,186	\$4,068,090	\$5,590,916	\$(16,259)	\$99,710	\$(3,177,107)	\$6,643	\$(532,672)	\$19,629,142	\$27,185,239	\$46,814,381	
Appropriation earnings 2020															
Legal reserve	-	-	-	111,151	-	(111,151)	-	-	-	-	-	-	-	-	
Special reserve	-	-	-	-	1,500,716	(1,500,716)	-	-	-	-	-	-	-	-	
Cash dividends	-	-	-	-	-	(909,351)	-	-	-	-	-	(909,351)	-	(909,351)	
Stock options from issuing convertible bonds	-	-	77,332	-	-	-	-	-	-	-	-	77,332	-	77,332	
Effects of changes in ownership interest from investee	-	-	228,275	-	-	(165,423)	-	-	-	-	-	62,852	-	62,852	
Changes in unappropriated retained earnings of investees	-	-	-	-	-	(30,661)	-	-	-	-	-	(30,661)	-	(30,661)	
Changes in capital surplus of investees	-	-	(38,369)	-	-	-	-	-	-	-	-	(38,369)	-	(38,369)	
Net profit (loss)	-	-	-	-	-	1,890,261	-	-	-	-	-	1,890,261	721,727	2,611,988	
Other comprehensive income (loss)	-	-	-	-	-	104,452	(4,340)	(456,151)	(842,160)	-	-	(1,198,199)	(1,689,720)	(2,887,919)	
Conversion of convertible bonds	37,557	2,553	46,684	-	-	-	-	-	-	-	-	86,794	-	86,794	
Disposal of common stock of the Company held by subsidiaries	-	-	55,826	-	-	-	-	-	-	-	44,393	100,219	-	100,219	
Dividends from the Company received by subsidiaries	-	-	47,970	-	-	-	-	-	-	-	-	47,970	-	47,970	
Differences of acquisition or disposal price and book value of subsidiaries	-	-	5,638	-	-	-	-	-	-	-	-	5,638	-	5,638	
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	1,287,709	1,287,709	
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(330)	-	330	-	-	-	-	-	-	
Disposal of investments in equity instruments at fair value through other comprehensive income from investees	-	-	-	-	-	(13,918)	-	13,918	-	-	-	-	-	-	
Changes in special reserve of investees	-	-	-	-	(2,791)	-	-	-	-	-	-	(2,791)	-	(2,791)	
Balance on December 31, 2021	\$9,131,067	\$2,553	\$2,455,481	\$2,575,337	\$5,566,015	\$4,854,079	\$(20,599)	\$(342,193)	\$(4,019,267)	\$6,643	\$(488,279)	\$19,720,837	\$27,504,955	\$47,225,792	

MERCURIES & ASSOCIATES HOLDING, LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2021 and 2020

	Items	2021	UNIT : NTD (In Thousands) 2020
Cash flows from operating activities			
Profit (loss) before income tax from continuing operations		\$646,215	\$3,171,986
Adjustments for			
Income and expenses having no effect on cash flows			
Depreciation		2,327,466	2,252,919
Amortization		145,306	188,448
Net change in insurance liabilities		50,332,304	70,426,488
Net gain (loss) on financial assets or liabilities at fair value through profit or loss		(9,420,132)	(11,599,778)
Net gain on financial assets or liabilities at fair value through other comprehensive income		(121,295)	(3,389,361)
Interest expense		524,050	519,435
Net gain arising from derecognition of financial assets measured at amortized cost		(8,063,423)	(9,053,523)
Interest income		(31,410,434)	(32,902,437)
Net change in reserve for fluctuation of foreign exchange movement		161,061	(1,002,577)
Reversal of expected credit impairment losses on investments		(70,451)	(456,632)
Expected credit impairment losses (gains) on non-investments		(439)	21,872
Share of profit of associates and joint ventures accounted for under equity method		(655,579)	(307,050)
(Profit) loss reclassified by applying overlay approach		(2,053,002)	(3,048,482)
Gain on disposal of investment property		(216,296)	-
Gain on fair value adjustment of investment property		(37,210)	(250,675)
Loss on disposal of property, plant and equipment		(88,214)	413,365
Loss on disposal of intangible assets		7	-
Loss on unrealized foreign exchange		7,116,373	23,378,132
Net cash generated from Income and expenses having no effect on cash flows		8,470,092	35,190,144
Changes in assets and liabilities related to operating activities			
Changes in assets related to operating activities:			
(Increase) decrease in financial assets at fair value through profit or loss		28,369,283	22,292,375
(Increase) decrease in accounts receivable		(3,250,552)	(92,043)
(Increase) decrease in inventories		(109,812)	168,116
(Increase) decrease in prepayments		98,619	136,768
(Increase) decrease in contract assets		(100,513)	5,247
(Increase) decrease in other current assets		50,381	(24,378)
(Increase) decrease in reinsurance contract assets		(442,713)	209,498
(Increase) decrease in other assets		(154,445)	(100,279)
Net cash generated from changes in assets related to operating activities		24,460,248	22,595,304
Changes in liabilities related to operating activities:			
Increase (decrease) in accounts payable		531,701	93,171
Increase (decrease) in provisions		(205,808)	(277,479)
Increase (decrease) in contract liabilities		(130,138)	7,097
Increase (decrease) in other liabilities		(196,933)	(285,965)
Others		(7,498,124)	(12,186,144)
Net cash generated from changes in liabilities related to operating activities		(7,499,302)	(12,649,320)
Net cash generated from changes in assets and liabilities related to operating activities		16,960,946	9,945,984
Total adjustments		25,431,038	45,136,128
Cash inflow generated from operations			
Interest received		38,197,404	34,374,757
Dividends received		2,257,783	1,932,260
Interest paid		(491,768)	(479,169)
Income taxes refund (paid)		438,346	(781,178)
Net cash flows generated from (used in) operating activities		66,479,018	83,354,784
Cash flows from (used in) investing activities			
(Increase) decrease in loans		(189,638)	999,075
Acquisition of financial assets at fair value through other comprehensive income		(25,660,480)	(53,351,342)
Proceeds from disposal of financial assets at fair value through other comprehensive income		23,509,874	65,790,829
Acquisition of financial assets at amortized cost		(245,276,160)	(250,893,466)
Proceeds from disposal of financial assets at amortized cost		56,254,415	68,291,635
Proceeds from repayments of financial assets at amortized cost		81,244,104	140,261,071
Remittance of cash due to capital reduction of financial assets at fair value through other comprehensive income		116,013	22,127
Acquisition of investment accounted for under equity method		(373,500)	-
Disposal of investments accounted under the equity method		1,120,689	-
Acquisition of subsidiary		-	(1,562)
Acquisition of property, plant and equipment		(5,024,758)	(1,113,366)
Proceeds from disposal of property, plant and equipment		159,881	1,557
Acquisition of intangible assets		(72,256)	(102,855)
Proceeds from disposal of intangible assets		-	2,328
Decrease (increase) in guarantee deposits		243,838	427,316
Acquisition of investment property		(19,245)	-
Proceeds from disposal of investment property		1,392,600	-
Net cash flows generated from (used in) investing activities		(112,574,623)	(29,666,653)
Cash flows from (used in) financing activities			
Increase (decrease) in short-term borrowings		(75,000)	(622,000)
Increase (decrease) in short-term notes and bills payable		(299,839)	335,038
Proceeds from long-term borrowings		65,756,500	82,767,500
Repayments of long-term borrowings		(68,233,000)	(82,491,000)
Increase (decrease) in guarantee deposits received		(851,988)	(24,718)
Repayment of the principle portion of lease liabilities		(1,559,523)	(1,442,247)
Cash dividends		(1,025,406)	(1,186,988)
Cash capital increase		1,295,886	723,302
Issuance of bonds payable		2,996,500	-
Increase(decrease) in non-controlling interest		238,757	59,452
Net cash generated from (used in) financing activities		(1,757,113)	(1,881,661)
Effect of exchange in exchanges rate on cash and cash equivalents		(5,254)	(442)
Net increase (decrease) in cash and cash equivalents		(47,857,972)	51,806,028
Cash and cash equivalents at beginning of period		148,214,785	96,408,757
Cash and cash equivalents at end of period		\$100,356,813	\$148,214,785

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders of  
Mercuries & Associates Holding, Ltd.

### *Opinion*

We have audited the accompanying parent company only balance sheets of Mercuries & Associates Holding, Ltd. as of December 31, 2021 and 2020, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors as described in the Other Matter section of our report, the accompanying parent company only financial statements present fairly, in all material respects, the financial positions of the Mercuries & Associates Holding, Ltd. as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### *Basis for Opinion*

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the section of Auditor's Responsibilities for the audit of the parent company only financial statements of our report. We are independent of Mercuries & Associates Holding, Ltd. in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

### **The completeness and accuracy of recording insurance reserves**

Description:

Various insurance reserves the subsidiary of Mercuries Life Insurance's are provided by actuary in accordance with the "Guidelines for Insurance Enterprises Handling All Statutory Reserves" based on their professional judgment and experience. The insurance reserves are estimated for different types of insurance, and thus, the provision process of these reserves has a high degree of complexity. Liability reserves involve significant judgment from management due to uncertainty of estimation. In addition, to ensure the adequacy of the insurance liabilities recognition, significant judgment to the final total settlement value of each insurance claims is required. The Company should assess its adequacy of liabilities through estimated future cash flow for insurance contracts based on current information. If there is any shortfall in the current carrying amount of the insurance liability, the shortfall should be recognized as liability adequacy reserve. Therefore, this matter needs significant attention in our audit.

We performed the following audit procedures on the above key audit matter:

1. Testing the effectiveness of the design and implementation of internal controls within the financial reporting process that are related to insurance reserves, which include testing the controls responsible for ascertaining the completeness and accuracy of the policy information.
2. Performing the analysis on movements and recognition of insurance reserves and checking whether the related information and carrying amount of the worksheet are accurate.
3. Testing samples on unearned premium reserves, liability reserves, claim reserves, premium deficiency reserves, special reserves and liabilities adequacy reserve to assess the accuracy of the premium and claim information, as well as inspecting the provision methodology, and examining whether the provision and hypothesis are in accordance with the “Guidelines for Insurance Enterprises Handling All Statutory Reserves”.
4. Assess the appropriateness of the disclosure that are related to insurance reserves.

### **Valuation of investment assets**

Description:

The subsidiary Mercuries Life Insurance’s fair value measurement of financial assets at fair value through profit or loss and fair value through other comprehensive income for debt instrument without an active market is determined by observable input parameters obtained either directly or indirectly in inactive markets. The fair value is estimated on the basis of the results of various valuation techniques, which is based on professional judgment by the Company’s management. In addition, debt instruments that measured at amortized cost and fair value through other comprehensive income has excepted credit loss, recognition and estimation of such loss require significant judgment by the Company’s management. Therefore, this matter needs significant attention in our audit.

We performed the following audit procedures on the above key audit matter:

1. Performing an assessment over the investment cycle of its initial recognition, subsequent measurements and their disclosures on financial statements.
2. Inspecting the accounting policies related to fair value measurements and disclosures of financial instruments of the Company.
3. Obtaining statements for financial assets and understanding the acquisition methods used for fair value of each category, as well as evaluating whether the fair value hierarchy is appropriate.
4. Assessing the reasonableness of significant assumptions, fair value and the valuation sources according to the relevant information obtained from external sources.
5. Executing impairment test, which included evaluating whether the design of the process for providing expected credit losses are appropriate and the significant hypothesis and factors of the estimations are reasonable, selecting the result to check the reasonableness of the credit risk has increased significantly since the original recognition of financial assets and test the accuracy of the calculation.

## **The completeness and accuracy of retail sales revenue**

### **Description:**

Retail sales revenue of the subsidiary Mercuries & Associates Ltd. and Simple Mart Retail Co., Ltd are recorded by point-of-sale (POS) terminals, which collect the information of item names, quantity, sales price and total sales amount of each transaction using preestablished merchandise master file data (which contains information such as item names, cost of purchase, retail price, combination sales promotions, etc.). After the daily closing process, each store manager uploads their sales information to the Enterprise Resource Planning (“ERP”) system, which summarizes all sales and automatically generates sales revenue journal entries. Each store manager also prepares a daily cash report, which summarizes amounts of sales, type of collections and cash deposited to the bank.

As retail sales revenue comprises numerous small amount transactions and highly relies on the POS and ERP systems, the process of summarizing and recording sales revenue by these systems is important with regard to the completeness and accuracy of the retail sales revenue. Therefore, this matter needs significant attention in our audit.

We performed the following audit procedures on the above key audit matter:

1. Inspecting and checking whether additions and changes to the merchandise master file data had been properly approved and supported by the relevant documents.
2. Inspecting and checking whether approved additions and changes to the merchandise master file data had been correctly entered in the merchandise master file.
3. Inspecting and checking whether merchandise master file data had been periodically transferred to POS terminal in stores.
4. Inspecting and checking whether sales information in POS terminals had been periodically and completely transferred to the ERP system and verify the daily cash reports and accounting information in stores.
5. Inspecting daily cash reports and relevant documents.
6. Inspecting cash deposit amounts recorded in daily cash reports and agreed them to bank remittance amounts.

### **Other matter**

As described in Note 6.5, the financial statements of certain investee companies under equity method were audited by other auditors. Thus, the amounts and information of the investee companies shown within are in accordance with the audit reports assured by other auditors whose reports thereon have been furnished to us. The investments of the aforementioned investee companies amounted to \$4,022,161 thousand and \$3,731,843 thousand, constituted 14.48% and 13.14% of the total assets as of December 31, 2021 and 2020 respectively; and the share of profit of subsidiaries, associates and joint ventures accounted for under equity method of these investee companies were \$420,743 thousand and \$461,532 thousand, constituted 22.44% and 31.63% of the profit before income tax for the years ended December 31, 2021 and 2020, respectively.

## **Responsibilities of Management and Those Charged with Governance for the parent company only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of the parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the ability of Mercuries & Associates Holding, Ltd. to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Mercuries & Associates Holding, Ltd. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of Mercuries & Associates Holding, Ltd.

## **Auditor's Responsibilities for the Audit of the Parent Company only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of Mercuries & Associates Holding, Ltd.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Mercuries & Associates Holding, Ltd.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Mercuries & Associates Holding, Ltd. to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Mercuries & Associates Holding, Ltd. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Ke-Yi Liu and Shu-Chen Chang.

BDO TAIWAN

March 31, 2022

**Notice to Readers**

*The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.*

MERCURIES & ASSOCIATES HOLDING, LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
December 31, 2021 and 2020

UNIT : NTD (In Thousands)

Assets	Notes	December 31, 2021	%	December 31, 2020	%	Liabilities & Stockholders' Equity	Notes	December 31, 2021	%	December 31, 2020	%
Current assets						Current liabilities					
Cash and cash equivalents		\$347,895	1.25	\$81,562	0.29	Other payables		\$69,699	0.25	\$57,860	0.20
Financial assets at fair value through other comprehensive income - current		127	-	110	-	Current income tax liabilities		2	-	75,500	0.27
Notes receivable, net		10,190	0.04	21,364	0.08	Other current liabilities		27,941	0.10	39,152	0.14
Accounts receivable, net		1,159	-	1,558	0.01	Sub-total		97,642	0.35	172,512	0.61
Other receivables		4,461	0.02	2,777	-	Non-current liabilities					
Prepayments		462	-	1,827	-	Financial liabilities at fair value through profit or loss - non-current		2,214	0.01	-	-
Sub-total		364,294	1.31	109,198	0.38	Bonds payable		2,151,380	7.74	-	-
						Long-term borrowings		5,600,000	20.16	8,271,500	29.13
						Deferred tax liabilities		151,777	0.55	259,158	0.91
						Other non-current liabilities		56,107	0.20	62,479	0.21
Non-current assets						Sub-total		7,961,478	28.66	8,593,137	30.25
Financial assets at fair value through other comprehensive income - non-current		86,362	0.31	114,741	0.40	Total Liabilities		8,059,120	29.01	8,765,649	30.86
Financial assets at amortized cost- non-current		250,000	0.90	-	-	Equity					
Investments accounted for under equity method		24,603,708	88.57	24,468,622	86.17	Share Capital					
Property, plant and equipment		2,299	0.01	3,406	0.01	Common stock		9,131,067	32.87	9,093,510	32.03
Investment property, net		2,457,564	8.85	3,683,787	12.97	Capital collected in advance		2,553	0.01	-	-
Intangible assets		1,500	0.01	208	0.01	Capital surplus		2,455,481	8.84	2,032,125	7.16
Other non-current assets		14,230	0.04	14,829	0.06	Retained earnings					
Sub-total		27,415,663	98.69	28,285,593	99.62	Legal reserve		2,575,337	9.27	2,464,186	8.68
						Special reserve		5,566,015	20.04	4,068,090	14.33
						Unappropriated earnings (Accumulated deficit)		4,854,079	17.47	5,590,916	19.69
						Other equity		(4,375,416)	(15.75)	(3,087,013)	(10.87)
						Treasury stock		(488,279)	(1.76)	(532,672)	(1.88)
						Total Equity		19,720,837	70.99	19,629,142	69.14
Total assets		\$27,779,957	100.00	\$28,394,791	100.00	Total Liabilities and Equity		27,779,957	100.00	28,394,791	100.00



MERCURIES & ASSOCIATES HOLDING, LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
For the Years Ended December 31, 2021 and 2020

UNIT : NTD (In Thousands)

Item	Notes	2021	%	2020	%
Operating revenue		\$1,761,551	100.00	\$1,610,699	100.00
Gross profit (loss)		1,761,551	100.00	1,610,699	100.00
Net gross profit (loss)		1,761,551	100.00	1,610,699	100.00
Operating expenses					
General and administrative expenses		(174,970)	(9.93)	(137,024)	(8.51)
Total operating expenses		(174,970)	(9.93)	(137,024)	(8.51)
Operating profit (loss)		1,586,581	90.07	1,473,675	91.49
Non-operating income and expenses					
Interest income		3,102	0.18	14	-
Other income		24,796	1.41	36,150	2.24
Other gains and losses		311,469	17.68	3,319	0.21
Financial costs		(50,818)	(2.89)	(53,793)	(3.34)
Sub-total		288,549	16.38	(14,310)	(0.89)
Profit (loss) before income tax		1,875,130	106.45	1,459,365	90.60
Income tax (expenses) benefit		15,131	0.86	(61,685)	(3.83)
Net profit (loss) from continuing operations		\$1,890,261	107.31	\$1,397,680	86.77
Net profit (loss)		\$1,890,261	107.31	\$1,397,680	86.77
Other comprehensive income (loss)					
Components of other comprehensive income that will not be reclassified to profit or loss					
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		\$(27,580)	(1.57)	\$(1,424)	(0.09)
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for under equity method		225,567	12.81	(71,078)	(4.41)
Components of other comprehensive income that will be reclassified to profit or loss					
Financial statements translation differences of foreign operations		(477)	(0.03)	2,422	0.15
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for under equity method		(1,395,709)	(79.23)	(1,254,846)	(77.91)
Other comprehensive income (loss), net of income tax		\$(1,198,199)	(68.02)	\$(1,324,926)	(82.26)
Total comprehensive income (loss)		\$692,062	39.29	\$72,754	4.51
Earnings per share					
Basic earnings (loss) per share (in dollars)		\$2.19		\$1.63	
Diluted earnings per share (in dollars)		\$1.96		\$1.63	
The pro forma net income and earning per share if accounting for treasury stock had not been adopted are as follows:					
Pro forma before income tax		\$1,923,100		\$1,506,772	
Pro forma after income tax		\$1,938,231		\$1,445,087	
Earnings per share (in dollars)		\$2.13		\$1.59	

MERCURIES & ASSOCIATES HOLDING, LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
For the Years Ended December 31, 2021 and 2020

UNIT : NTD (In Thousands)

Summary	Share Capital		Capital Surplus	Retained Earnings			Other Equity Interests			Treasury Stock	Total
	Common Stock	Share capital collected in advance		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences Arising on Translation of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Others		
Balance on January 1, 2020	\$8,266,827	\$-	\$1,913,534	\$2,111,950	\$4,487,427	\$6,065,675	\$(16,180)	\$79,948	\$(1,803,809)	\$(532,672)	\$20,572,700
Special reserve	-	-	-	-	2,543,314	(2,543,314)	-	-	-	-	-
Appropriation of earnings 2019											
Legal reserve	-	-	-	352,236	-	(352,236)	-	-	-	-	-
Special reserve	-	-	-	-	(2,962,651)	2,962,651	-	-	-	-	-
Cash dividends	-	-	-	-	-	(826,683)	-	-	-	-	(826,683)
Stock dividends	826,683	-	-	-	-	(826,683)	-	-	-	-	-
Effects of changes in ownership interest from investee	-	-	(13,240)	-	-	(308,220)	-	-	-	-	(321,460)
Changes in capital surplus of investees	-	-	84,424	-	-	-	-	-	-	-	84,424
Net profit (loss)	-	-	-	-	-	1,397,680	-	-	-	-	1,397,680
Other comprehensive income (loss)	-	-	-	-	-	(45,923)	(79)	87,731	(1,366,655)	-	(1,324,926)
Dividends from the Company received by subsidiaries	-	-	47,407	-	-	-	-	-	-	-	47,407
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	62,625	-	(62,625)	-	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income from investees	-	-	-	-	-	5,344	-	(5,344)	-	-	-
Balance on January 1, 2021	\$9,093,510	\$-	\$2,032,125	\$2,464,186	\$4,068,090	\$5,590,916	\$(16,259)	\$99,710	\$(3,170,464)	\$(532,672)	\$19,629,142
Appropriation of earnings 2020											
Legal reserve	-	-	-	111,151	-	(111,151)	-	-	-	-	-
Special reserve	-	-	-	-	1,500,716	(1,500,716)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(909,351)	-	-	-	-	(909,351)
Stock options from issuing convertible bonds	-	-	77,332	-	-	-	-	-	-	-	77,332
Effects of changes in ownership interest from investee	-	-	228,275	-	-	(165,423)	-	-	-	-	62,852
Changes in unappropriated earnings of investees	-	-	-	-	-	(30,661)	-	-	-	-	(30,661)
Changes in capital surplus of investees	-	-	(38,369)	-	-	-	-	-	-	-	(38,369)
Net profit (loss)	-	-	-	-	-	1,890,261	-	-	-	-	1,890,261
Other comprehensive income (loss)	-	-	-	-	-	104,452	(4,340)	(456,151)	(842,160)	-	(1,198,199)
Conversion of convertible bonds	37,557	2,553	46,684	-	-	-	-	-	-	-	86,794
Disposal of common stock of the Company held by subsidiaries	-	-	55,826	-	-	-	-	-	-	44,393	100,219
Dividends from the Company received by subsidiaries	-	-	47,970	-	-	-	-	-	-	-	47,970
Differences of acquisition or disposal price and book value of subsidiaries	-	-	5,638	-	-	-	-	-	-	-	5,639
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(330)	-	330	-	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income from investees	-	-	-	-	-	(13,918)	-	13,918	-	-	-
Changes in special reserve of investees	-	-	-	-	(2,791)	-	-	-	-	-	(2,791)
Balance on December 31, 2021	<u>\$9,131,067</u>	<u>\$2,553</u>	<u>\$2,455,481</u>	<u>\$2,575,337</u>	<u>\$5,566,015</u>	<u>\$4,854,079</u>	<u>\$(20,599)</u>	<u>\$(342,193)</u>	<u>\$(4,012,624)</u>	<u>\$(488,279)</u>	<u>\$19,720,837</u>

MERCURIES & ASSOCIATES HOLDING, LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2021 and 2020

	UNIT : NTD (In Thousands)	
Items	2021	2020
Cash flows from operating activities		
Profit (loss) before income tax from continuing operations	\$1,875,130	\$1,459,365
Profit (loss) before tax	1,875,130	1,459,365
Adjustments for		
Income (gain) and expense (loss) items		
Depreciation	1,679	2,092
Amortization	423	59
Net gain (loss) on financial assets (liabilities) at fair value through profit or loss	(2,898)	-
Interest expense	50,818	53,794
Interest income	(3,102)	(14)
Dividend income	(9,726)	(24,315)
Share of (profit) loss of associates and joint ventures accounted for under equity method	(1,673,295)	(1,501,212)
Loss (gain) on disposal and scrap of property, plant and equipment	1,537	265
Loss (gain) on disposal of investment property	(216,296)	-
Loss (gain) on investment property at fair value	(105,945)	(20,489)
Loss(gain) on liquidation	-	1,067
Changes in assets and liabilities relating to operating activities		
(Increase) decrease in notes receivable	11,174	(2,293)
(Increase) decrease in accounts receivable	399	584
(Increase) decrease in other receivables	916	11,788
(Increase) decrease in prepaid expenses	1,364	(1,363)
Increase (decrease) in other payables	12,555	(37,119)
Increase (decrease) in advanced receipts	(11,173)	2,293
Increase (decrease) in other current liabilities	(38)	17,448
Interest received	548	14
Dividends received	787,763	889,348
Interest paid	(37,417)	(54,661)
Income taxes refund (paid)	(167,793)	(426)
Net cash flows generated from (used in) operating activities	516,623	796,225
Cash flows from investing activities		
Proceeds from disposal of financial assets at fair value through other comprehensive income	782	134,885
Acquisition of financial assets at amortized cost	(250,000)	-
Acquisition of investments accounted for under equity method	(272,489)	(191,783)
Proceeds from disposal of investments accounted for under equity method	6,900	-
Acquisition of property, plant and equipment	(1,844)	(3,047)
Decrease in guarantee deposits	600	-
Acquisition of intangible assets	(1,714)	(268)
Proceed from disposal of Investment property	1,548,463	-
Net cash flows generated from (used in) investing activities	1,030,698	(60,213)
Cash flows from financing activities		
Increase in short-term borrowings	6,905,000	8,610,000
Decrease in short-term borrowings	(6,905,000)	(8,650,000)
Increase in short-term notes and bills payable	8,772,000	16,015,000
Decrease in short-term notes and bills payable	(8,772,000)	(16,015,000)
Issuance of bonds payable	2,306,500	-
Proceeds from long-term borrowings	63,766,500	80,156,500
Repayments of long-term borrowings	(66,438,000)	(79,995,000)
Increase in guarantee deposits received	570	4,010
Decrease in guarantee deposits received	(7,209)	(4,308)
Increase in other non-current liabilities	2	-
Decrease in other non-current liabilities	-	(1)
Cash dividends paid	(909,351)	(826,683)
Net cash generated from (used in) financing activities	(1,280,988)	(705,482)
Net increase (decrease) in cash and cash equivalents	266,333	30,530
Cash and cash equivalents at beginning of period	81,562	51,032
Cash and cash equivalents at end of period	\$347,895	\$81,562

## Attachment 4

## Mercuries &amp; Associates Holding, Ltd.

## 2021 Earnings Distribution Table

Unit: NTD

Item	Amount	
	Subtotal	Total
Undistributed earnings at the beginning of the period		3,069,698,876
Minus: Effects of change in unappropriated retained earnings of investees (Note 1)	(105,550,627)	
Add: Disposal of equity instruments measured at fair value through other comprehensive income	(330,070)	
Add: Net profit after tax for the period (Note 2)	1,890,261,290	
Minus: Legal reserve (Note 3)	(178,438,059)	
Minus: Special reserve	(424,487,481)	
Earnings available for appropriation		4,251,153,929
Distributable items		
Shareholders Dividend: Cash (NT\$1 per share)	(913,362,083)	
: Shares(NT\$0.1 per share)	(91,336,200)	
Undistributed earnings at the end of the period		3,246,455,646

Note1: Effects of change in unappropriated retained earnings of investees refer to (1) changes in undistributed earnings of invested companies, (2) changes in the shareholding percentage of invested companies, (3) Disposal of equity instruments measured at fair value through other comprehensive income, and (4) actuarial profit or loss resulting from the defined benefit plan.

Note2:Employee compensation of NT\$20.2 million and directors' compensation of NT\$10.9 million have been deducted.

Note3: Including changes in undistributed earnings for 2021.

## Attachment 5

Execution situation of issue the first time domestic unsecured convertible corporate bonds

Corporate bond type		First Offering of Domestic Unsecured Convertible Bond
Issue date		Jan. 25, 2021.
Par value		NT\$100,000 per note.
Location of issuance and trading		Not applicable.
Issuing price		NT\$100,500 per note.
Aggregate amount of issuance		NT\$2.3 billion.
Coupon rate		0%.
Maturity		Term: 5 years. Maturity date: Jan. 25, 2026.
Guarantee agency		Not applicable.
Trustee		Hua Nan Commercial Bank, Ltd., Department of Trusts
Underwriter		Hua Nan Securities Co., Ltd.
Certifying attorney		Not applicable.
Certifying CPA		Not applicable.
Terms of repayment		Unless converted to shares, or redeemed or bought back by the Company at securities firms in advance pursuant to the established procedures, the bond will be repaid upon maturity to the bondholders in cash, commensurate with the face values of the notes they hold.
Outstanding principle		NT\$2,213,600,000.
Provision of prepayment and redemption		In accordance with the Article 18 of "Procedures on the First Issuance and Conversion of Domestic Unsecured Convertible Corporate Bond"
Restrictive covenant		None.
Credit rating agency name, date of rating, and corporate bond rating result		No credit rating.
Other information	Amount converted to common shares as of the date of Annual Report	NT\$86.4 million.
	Policies on Issuance and Conversion	In accordance with "Procedures on the First Issuance and Conversion of Domestic Unsecured Convertible Corporate Bond"
Potential dilution of shares and impact on the existing shareholders equity due to the issuance and conversion policies and terms and conditions		Based on the current conversion price of NT\$21.54, the maximum rate of dilution when the convertible bond is converted in its entirety will be 10.11%, which will not cause serious concerns.
Name of exchange		Not applicable.

## Attachment 6

### Mercuries & Associates Holding, Ltd. Comparison Table for the Corporate Governance Best Practice Principles Before and After Amendment

After the Amendment	Before the Amendment	Description
Article 1: To establish a sound corporate governance system, Mercuries & Associates Holding, Ltd. (the Company) has formulated the Corporate Governance Best Practice Principles (these Principles) with reference to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies established by the Taiwan Stock Exchange Corporation (TWSE) and the Taipei Exchange. An effective corporate governance framework is set up and disclosed in the Market Observation Post System (MOPS).	Article 1: To establish a sound corporate governance system, Mercuries & Associates Holding, Ltd. (the Company) has formulated the Corporate Governance Best Practice Principles (these Principles) with reference to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies established by the Taiwan Stock Exchange Corporation (TWSE) and the Taipei Exchange ( <u>TPEX</u> ). An effective corporate governance framework is set up and disclosed in the Market Observation Post System (MOPS).	Text slightly corrected.
Article 2 When setting up a corporate governance system, in addition to complying with relevant laws, regulations, articles of incorporation, contracts signed with the TWSE, and other relevant regulations, the Company shall follow the following principles: 1. Ensure shareholders' rights and interests. 2. Improve the function of the Board of Directors. 3. Fulfill the function of the Audit Committee. 4. Respect stakeholders' rights and interests. 5. Improve information transparency.	Article 2 When setting up a corporate governance system, in addition to complying with relevant laws, regulations, articles of incorporation, contracts signed with the TWSE <u>or</u> TPEX, and other relevant regulations, the Company shall follow the following principles: 1. Ensure shareholders' rights and interests. 2. Improve the function of the Board of Directors. 3. Fulfill the function of the Audit Committee. 4. Respect stakeholders' rights and interests. 5. Improve information transparency.	TPEX is deleted because the Company is a listed company.
Article 6 The Board of Directors of the Company shall properly arrange the agenda items and procedures for shareholders' meetings, and formulate the principles and procedures for shareholders' nominations of directors and submissions of shareholder proposals. The Board of Directors shall also properly handle the proposals duly submitted by shareholders. Arrangements shall be made to hold shareholders' meetings at a convenient location and <u>video conference as an aid</u> , with sufficient time allowed and sufficient numbers of suitable employees assigned to handle attendance registrations. No arbitrary requirements shall be imposed	Article 6 The Board of Directors of the Company shall properly arrange the agenda items and procedures for shareholders' meetings, and formulate the principles and procedures for shareholders' nominations of directors and submissions of shareholder proposals. The Board of Directors shall also properly handle the proposals duly submitted by shareholders. Arrangements shall be made to hold shareholders' meetings at a convenient location, with sufficient time allowed and sufficient numbers of suitable employees assigned to handle attendance registrations. No arbitrary requirements shall be imposed on	This article is amended in line with the amendments to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

After the Amendment	Before the Amendment	Description
on shareholders to provide additional evidentiary documents beyond those showing eligibility to attend. Shareholders shall be granted reasonable time to deliberate each proposal and an appropriate opportunity to make statements.  (Paragraphs 2 is omitted.)	shareholders to provide additional evidentiary documents beyond those showing eligibility to attend. Shareholders shall be granted reasonable time to deliberate each proposal and an appropriate opportunity to make statements.  (Paragraphs 2 is omitted.)	
Article 8 The Company shall record the date and place of the meeting, the name of the chairperson, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting in the minutes of the shareholders' meeting in accordance with the Company Act and related laws and regulations. With respect to the election of directors, the method of voting adopted therefore and the total number of votes for the elected and <u>not elected</u> directors shall be recorded on the meeting minutes. (Paragraphs 2 is omitted.)	Article 8 The Company shall record the date and place of the meeting, the name of the chairperson, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting in the minutes of the shareholders' meeting in accordance with the Company Act and related laws and regulations. With respect to the election of directors, the method of voting adopted therefore and the total number of votes for the elected directors shall be recorded on the meeting minutes.  (Paragraphs 2 is omitted.)	Text slightly corrected.
Article 10: (Paragraphs 1 to 3 are omitted.)  The preceding provision shall include the control measures for stock transactions by the insiders of companies listed on stock/OCT markets from the date of learning about the companies' financial reports or relevant contents of the performance. <u>Including, (but not limited to) directors shall not trade their shares 30 days prior to the announcement of the annual financial reports and 15 days prior to the announcement of the quarterly financial reports during the closed period.</u>	Article 10: (Paragraphs 1 to 3 are omitted.)  The preceding provision shall include the control measures for stock transactions by the insiders of companies listed on stock/OCT markets from the date of learning about the companies' financial reports or relevant contents of the performance.	This article is amended in line with the amendments to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
Article 12: In entering into material financial and business transactions, such as acquisition or disposal of assets, lending funds, and making endorsements or providing guarantees, the Company shall proceed in accordance with the applicable laws and/or regulations and establish operating procedures in relation to these material financial and business transactions which shall be reported to and approved by the shareholders' meeting so as to protect the interests of the shareholders.	Article 12: In entering into material financial and business transactions, such as acquisition or disposal of assets, lending funds, and making endorsements or providing guarantees, the Company shall proceed in accordance with the applicable laws and/or regulations and establish operating procedures in relation to these material financial and business transactions which shall be reported to and approved by the shareholders' meeting so as to protect the interests of the shareholders.	Text slightly corrected.

After the Amendment	Before the Amendment	Description
<p>Article 24: According to the Company's Articles of Incorporation, three to five Independent Directors shall be engaged, and the number of Independent Directors shall not be fewer than one- <u>third</u> of the number of Directors. <u>The terms of Independent Directors shall not exceed three terms consecutively.</u></p> <p>(Paragraphs 2 to 4 are omitted.)</p> <p>The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination and other requirements with regard to the independent directors shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and the rules and regulations of the Taiwan Stock Exchange.</p>	<p>Article 24: According to the Company's Articles of Incorporation, three Independent Directors shall be engaged, and the number of Independent Directors shall not be fewer than one-fifth of the number of Directors.</p> <p>(Paragraphs 2 to 4 are omitted.)</p> <p>The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination and other requirements with regard to the independent directors shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and the rules and regulations of the Taiwan Stock Exchange or <u>GreTai Securities Market</u>.</p>	<p>Paragraphs 1 is amended in line with the amendments to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.</p> <p>TPEX in Paragraphs 5 is deleted because the Company is a listed company.</p>
<p>Article 28: (Paragraphs 1 is omitted.)</p> <p>The exercise of power by the Audit Committee and independent directors and related matters shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and the rules and regulations of the TWSE.</p>	<p>Article 28: (Paragraphs 1 is omitted.)</p> <p>The exercise of power by the Audit Committee and independent directors and related matters shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and the rules and regulations of the TWSE <u>or TPEX</u>.</p>	<p>TPEX is deleted because the Company is a listed company.</p>
<p>Article 45: Disclosure of information is a major responsibility of the Company. The Company shall perform its obligations faithfully in accordance with the relevant laws and the rules of TWSE.</p>	<p>Article 45: Disclosure of information is a major responsibility of the Company. The Company shall perform its obligations faithfully in accordance with the relevant laws and the rules of TWSE <u>or TPEX</u>.</p>	<p>TPEX is deleted because the Company is a listed company.</p>
<p>Article 48: The Company shall hold an investor conference in compliance with the rules of the TWSE, and shall keep an audio or video record of the meeting. The financial and business information disclosed in the investor conference shall be disclosed on the Market Observation Post System and provided for inquiry through the website established by the Company, or through other channels in accordance with the rules of TWSE.</p>	<p>Article 48: The Company shall hold an investor conference in compliance with the rules of the TWSE <u>or TPEX</u>, and shall keep an audio or video record of the meeting. The financial and business information disclosed in the investor conference shall be disclosed on the Market Observation Post System and provided for inquiry through the website established by the Company, or through other channels in accordance with the rules of TWSE <u>or TPEX</u>.</p>	<p>TPEX is deleted because the Company is a listed company.</p>



After the Amendment	Before the Amendment	Description
<p>Article 49: The Company shall disclose and update from time to time the following information on corporate governance and designate a stakeholders section on its website:</p> <ol style="list-style-type: none"> <li>1. Board of Directors: The resumes, rights and responsibilities, and policy and implementation of diversity of the Board of Directors' members.</li> <li>2. Functional committees: The resumes and rights and responsibilities of Functional committees' members.</li> <li>3. Corporate governance regulations: Such as the articles of incorporation, procedures of the board of directors and organizational rules of the functional committees.</li> <li>4. Important information related to corporate governance: Setting up information of supervisor who is responsible for corporate governance.</li> </ol>	<p>Article 49: The Company shall disclose and update from time to time the following information on corporate governance <u>in the fiscal year in accordance with laws and regulations and the rules of TWSE or TPEX:</u></p> <ol style="list-style-type: none"> <li>1. Corporate governance framework and rules.</li> <li>2. Ownership structure and the rights and interests of shareholders (including specific and explicit dividend policy).</li> <li>3. Structure, professionalism and independence of the Board of Directors.</li> <li>4. Responsibilities of the Board of Directors and managerial officers.</li> <li>5. Composition, duties and independence of the Audit Committee.</li> <li>6. Composition, duties, and operation of the Remuneration Committee and other functional committees.</li> <li>7. The remuneration paid to the director, president and vice presidents in the last two fiscal years, the analysis of the ratio of total remuneration to net profit after tax in the parent company only financial statements or individual financial statements, the policy, standard and package of remuneration payment, the procedure for the determination of remuneration and the connection with the operation performance and future risk. Under special individual circumstances, remuneration of individual director shall be disclosed.</li> <li>8. Progress of training of directors.</li> <li>9. Stakeholders' rights, relationship, appeal channels, issues concerned and appropriate response mechanisms.</li> <li>10. Details of matters subject to disclosure required by laws and regulations.</li> <li>11. Enforcement of corporate governance, differences between the corporate governance principles implemented by the Company and these Principles, and the reason for the differences.</li> <li>12. Other information on corporate governance.</li> </ol> <p><u>The Company shall, according to the actual performance of the corporate governance system, disclose the plans and measures to improve its corporate governance system through appropriate mechanisms.</u></p>	<p>This article is amended in line with the amendments to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.</p>

After the Amendment	Before the Amendment	Description
<p>Article 52:  These Principles were established on November 14, 2014.  The first amendment was made on January 26, 2015.  The second amendment was made on November 14, 2016.  The third amendment was made on March 23, 2018.  The forth amendment was made on March 27, 2020.  The fifth amendment was made on March 31, 2021.  <u>The sixth amendment was made on March 31, 2022.</u></p>	<p>Article 52:  These Principles were established on November 14, 2014.  The first amendment was made on January 26, 2015.  The second amendment was made on November 14, 2016.  The third amendment was made on March 23, 2018.  The forth amendment was made on March 27, 2020.  The fifth amendment was made on March 31, 2021.</p>	<p>The number and date of the amendment here to are added.</p>

## Attachment 7

### Mercuries & Associates Holding, Ltd.

#### Comparison Table for the Corporate Social Responsibility Best Practice Principles Before and After Amendment

After the Amendment	Before the Amendment	Description
<u>Sustainable Development Best Practice Principles</u>	<u>The Corporate Social Responsibility Best Practice Principles</u>	Rename the principles to Sustainable Development Best Practice Principles according to the amendments to the laws and practices.
<p>Article 1: To fulfill the corporate social responsibility and to promote economic, social, and environmental sustainability, the Corporate Social Responsibility Best Practice Principles (these Principles) are established in accordance with <u>Sustainable Development Best Practice Principles</u> for TWSE/GTSM Listed Companies and related regulations.</p> <p>(Paragraphs 2 is omitted.)</p>	<p>Article 1: To fulfill the corporate social responsibility and to promote economic, social, and environmental sustainability, the Corporate Social Responsibility Best Practice Principles (these Principles) are established in accordance with <u>the Corporate Social Responsibility Best Practice Principles</u> for TWSE/GTSM Listed Companies and related regulations.</p> <p>(Paragraphs 2 is omitted.)</p>	This article is amended in line with the amendments to the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.
<p>Article 2: While engaging in corporate operations, the Company shall actively fulfill its <u>sustainable development</u> in line with international development trends and shall increase its economic contributions to the country and improve the quality of life of employees, communities, and society while promoting <u>sustainable development</u> as the foundation for competitive advantages as a corporate citizen.</p>	<p>Article 2: While engaging in corporate operations, the Company shall actively fulfill its <u>CSR</u> in line with international development trends and shall increase its economic contributions to the country and improve the quality of life of employees, communities, and society while promoting <u>CSR</u> as the foundation for competitive advantages as a corporate citizen.</p>	This article is amended in line with the amendments to the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.
<p>Article 3 When the Company is fulfilling its <u>sustainable development</u>, it shall pay attention to the rights and interests of stakeholders. While pursuing sustainable development and profit, the Company shall focus on topics pertaining to the environment, society, and corporate governance and incorporates them into its management guidelines and operating activities.</p> <p>(Paragraphs 2 is omitted.)</p>	<p>Article 3 When the Company is fulfilling its <u>CSR</u>, it shall pay attention to the rights and interests of stakeholders. While pursuing sustainable development and profit, the Company shall focus on topics pertaining to the environment, society, and corporate governance and incorporates them into its management guidelines and operating activities.</p> <p>(Paragraphs 2 is omitted.)</p>	This article is amended in line with the amendments to the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.
<p>Article 4: To implement <u>sustainable development</u>, the Company is advised to follow the</p>	<p>Article 4: To implement <u>the corporate social responsibility</u>, the Company is advised to</p>	This article is amended in line with the

After the Amendment	Before the Amendment	Description
<p>principles below:</p> <ol style="list-style-type: none"> <li>1. Exercise corporate governance.</li> <li>2. Foster a sustainable environment.</li> <li>3. Preserve public welfare.</li> <li>4. Enhance the disclosure of information on <u>sustainable development</u>.</li> </ol>	<p>follow the principles below:</p> <ol style="list-style-type: none"> <li>1. Exercise corporate governance.</li> <li>2. Foster a sustainable environment.</li> <li>3. Preserve public welfare.</li> <li>4. Enhance the disclosure of information on <u>the corporate social responsibility</u>.</li> </ol>	<p>amendments to the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.</p>
<p>Article 5: The Company shall abide by laws and regulations, take the development of domestic and international <u>sustainable development</u> principles and the operation of the Company and of its respective business groups as a whole into consideration, and establish policies, systems or related guideline for <u>sustainable development</u>, which shall be approved by the Board of Directors and then reported to the shareholders' meeting.</p> <p>When a shareholder proposes a motion involving <u>sustainable development</u>, the Company's Board of Directors shall review and consider including it in the shareholders' meeting agenda.</p>	<p>Article 5: The Company shall abide by laws and regulations, take the development of domestic and international <u>corporate social responsibility</u> principles and the operation of the Company and of its respective business groups as a whole into consideration, and establish policies, systems or related guideline for <u>corporate social responsibility</u>, which shall be approved by the Board of Directors and then reported to the shareholders' meeting.</p> <p>When a shareholder proposes a motion involving <u>corporate social responsibility</u>, the Company's Board of Directors shall review and consider including it in the shareholders' meeting agenda.</p>	<p>This article is amended in line with the amendments to the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.</p>
<p>Article 6 The directors of the Company shall exercise the due care of good administrators to urge the Company to perform its <u>sustainable development</u>, examine the results of the implementation thereof from time to time and continually make adjustments, so as to ensure the thorough implementation of its <u>sustainable development</u> policies.</p> <p>The board of directors of the Company is advised to give full consideration to the interested parties, including the following matters, in the Company's performance of its <u>sustainable development</u>:</p> <ol style="list-style-type: none"> <li>1. Propose the mission or vision of the <u>sustainable development</u>, formulate policies, systems or related guidelines.</li> <li>2. Incorporate the <u>sustainable development</u> into the Company's business and development guidelines and ratify concrete promotional plans for <u>sustainable development</u>.</li> <li>3. Ensure the real-time and correct disclosure of information on <u>sustainable development</u>.</li> </ol> <p>(Paragraphs 3 is omitted.)</p>	<p>Article 6 The directors of the Company shall exercise the due care of good administrators to urge the Company to perform its <u>corporate social responsibility</u>, examine the results of the implementation thereof from time to time and continually make adjustments, so as to ensure the thorough implementation of its <u>corporate social responsibility</u> policies.</p> <p>The board of directors of the Company is advised to give full consideration to the interested parties, including the following matters, in the Company's performance of its <u>corporate social responsibility</u>:</p> <ol style="list-style-type: none"> <li>1. Propose the mission or vision of the <u>corporate social responsibility</u>, formulate policies, systems or related guidelines.</li> <li>2. Incorporate the <u>corporate social responsibility</u> into the Company's business and development guidelines and ratify concrete promotional plans for <u>corporate social responsibility</u>.</li> <li>3. Ensure the real-time and correct disclosure of information on <u>corporate social responsibility</u>.</li> </ol> <p>(Paragraphs 3 is omitted.)</p>	<p>This article is amended in line with the amendments to the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.</p>

After the Amendment	Before the Amendment	Description
<p>Article 7: The Company shall respect stakeholders' interests, identify its stakeholders, and set up a section dedicated to stakeholders on its official website. The Company shall use proper communication channels to understand stakeholders' needs and expectations and respond to key <u>sustainable development</u> issues that are of utmost concern.</p>	<p>Article 7: The Company shall respect stakeholders' interests, identify its stakeholders, and set up a section dedicated to stakeholders on its official website. The Company shall use proper communication channels to understand stakeholders' needs and expectations and respond to key <u>CSR</u> issues that are of utmost concern.</p>	<p>This article is amended in line with the amendments to the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.</p>
<p>Article 9 To ensure proper management of <u>sustainable development</u>, the Company shall set up a full-time (part-time) dedicated unit in charge of proposing and executing <u>sustainable development</u> policies, systems or relevant management guidelines, and projects. This task force shall also report its progress regularly to the Board of Directors.</p> <p>(Paragraphs 2 is omitted.)</p> <p>The employee performance evaluation system shall be incorporated into the <u>sustainable development</u> policies, and the Company shall establish a clear and effective incentive and discipline system.</p>	<p>Article 9 To ensure proper management of <u>CSR</u>, the Company shall set up a full-time (part-time) dedicated unit in charge of proposing and executing <u>CSR</u> policies, systems or relevant management guidelines, and projects. This task force shall also report its progress regularly to the Board of Directors.</p> <p>(Paragraphs 2 is omitted.)</p> <p>The employee performance evaluation system shall be incorporated into the <u>CSR</u> policies, and the Company shall establish a clear and effective incentive and discipline system.</p>	<p>This article is amended in line with the amendments to the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.</p>
<p>Article 10: The Companies shall organize education and training sessions regularly on the <u>implementation of sustainable development</u>, including promotion of the matters prescribed in Paragraph 2, Article 6.</p>	<p>Article 10: The Companies shall organize education and training sessions regularly on the <u>implementation of CSR</u>, including promotion of the matters prescribed in Paragraph 2, Article 6.</p>	<p>This article is amended in line with the amendments to the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.</p>
<p>Article 11: The Company shall follow relevant environmental laws, regulations, and international standards to properly protect the environment and shall be committed to <u>achieving</u> the goal of environmental sustainability when engaging in business operations and internal management.</p>	<p>Article 11: The Company shall follow relevant environmental laws, regulations, and international standards to properly protect the environment and shall be committed to the goal of environmental sustainability when engaging in business operations and internal management.</p>	<p>This article is amended in line with the amendments to the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.</p>
<p>Article 12: The Company shall endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment to improve</p>	<p>Article 12: The Company shall endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment to improve</p>	<p>This article is amended in line with the amendments to the Sustainable</p>

After the Amendment	Before the Amendment	Description
sustainability of natural resources.	sustainability of natural resources.	Development Best Practice Principles for TWSE/GTSM Listed Companies.
<p>Article 17 The Company shall assess the potential risks and opportunities of climate change for its current and future operations and take response measures with respect to climate change.</p> <p>The Company shall adopt standards or guidelines generally accepted at home and abroad to conduct an inventory of corporate greenhouse gases and to disclose information. The scope of information disclosure shall include:</p> <p>1.Direct greenhouse gas emissions: emissions from the sources owned or controlled by the Company.</p> <p>2.Indirect greenhouse gas emissions: emissions resulting from the generation of externally purchased or acquired electricity, heating, or steam.</p> <p>3.<u>Other indirect emissions: emissions from the activities of the company, which are not indirect energy emissions, are from sources owned or controlled by other companies.</u></p> <p>(Paragraphs 3 is omitted.)</p>	<p>Article 17 The Company shall assess the potential risks and opportunities of climate change for its current and future operations and take response measures with respect to climate change.</p> <p>The Company shall adopt standards or guidelines generally accepted at home and abroad to conduct an inventory of corporate greenhouse gases and to disclose information. The scope of information disclosure shall include:</p> <p>1.Direct greenhouse gas emissions: emissions from the sources owned or controlled by the Company.</p> <p>2.Indirect greenhouse gas emissions: emissions resulting from the generation of externally purchased or acquired electricity, heating, or steam.</p> <p>(Paragraphs 3 is omitted.)</p>	This article is amended in line with the amendments to the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.
<p>Article 19: The Company shall provide information for employees, so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the Company has business operations</p>	<p>Article 19: The Company shall provide information for employees, so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the Company has business operations</p>	This article is amended in line with the amendments to the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.
<p>Chapter V Enhancing Disclosure of Information on <u>Sustainable Development</u></p>	<p>Chapter V Enhancing Disclosure of Information on <u>Corporate Social Responsibility</u></p>	This article is amended in line with the amendments to the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.

After the Amendment	Before the Amendment	Description
<p>Article 28</p> <p>The Company shall disclose information according to relevant laws and regulations and these Principles, and shall fully disclose relevant and reliable information relating to its <u>sustainable development</u> to improve information transparency.</p> <p>Relevant information relating to <u>sustainable development</u> which the Company shall disclose includes:</p> <ol style="list-style-type: none"> <li>1.The policy, systems, or relevant management guidelines, and specific projects regarding <u>sustainable development</u>, as resolved by the Board of Directors.</li> <li>2.The risks and the impact on the corporate operations and financial conditions arising from exercising corporate governance, fostering a sustainable environment, and preserving social public welfare.</li> <li>3.Goals and measures for realizing <u>sustainable development</u> established by the Company, and performance in implementation.</li> <li>4.Major stakeholders and their issues of concern.</li> <li>5.Disclosure of information on major suppliers' management and performance with respect to material environmental and social issues.</li> <li>6.Other information on <u>sustainable development</u>.</li> </ol>	<p>Article 28</p> <p>The Company shall disclose information according to relevant laws and regulations and these Principles, and shall fully disclose relevant and reliable information relating to its <u>corporate social responsibility</u> to improve information transparency.</p> <p>Relevant information relating to <u>corporate social responsibility</u> which the Company shall disclose includes:</p> <ol style="list-style-type: none"> <li>1.The policy, systems, or relevant management guidelines, and specific projects regarding <u>CSR</u>, as resolved by the Board of Directors.</li> <li>2.The risks and the impact on the corporate operations and financial conditions arising from exercising corporate governance, fostering a sustainable environment, and preserving social public welfare.</li> <li>3.Goals and measures for realizing <u>CSR</u> established by the Company, and performance in implementation.</li> <li>4.Major stakeholders and their issues of concern.</li> <li>5.Disclosure of information on major suppliers' management and performance with respect to material environmental and social issues.</li> <li>6.Other information on <u>corporate social responsibility</u>.</li> </ol>	<p>This article is amended in line with the amendments to the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.</p>
<p>Article 29</p> <p>The Company shall adopt widely recognized international standards or guidelines when producing a <u>sustainable development</u> report to disclose the status of its implementation of the <u>sustainable development</u> policy. It shall also obtain a third-party assurance or verification of the report to enhance the reliability of the information in the report. The contents shall include:</p> <ol style="list-style-type: none"> <li>1.Implementation of <u>sustainable development</u> policies, systems, relevant management policies, and specific advancement plans.</li> </ol> <p>(Paragraphs 2 to 4 are omitted.)</p>	<p>Article 29</p> <p>The Company shall adopt widely recognized international standards or guidelines when producing a <u>CSR</u> report to disclose the status of its implementation of the <u>CSR</u> policy. It shall also obtain a third-party assurance or verification of the report to enhance the reliability of the information in the report. The contents shall include:</p> <ol style="list-style-type: none"> <li>1.Implementation of <u>CSR</u> policies, systems, relevant management policies, and specific advancement plans.</li> </ol> <p>(Paragraphs 2 to 4 are omitted.)</p>	<p>This article is amended in line with the amendments to the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.</p>

After the Amendment	Before the Amendment	Description
<p>Article 30</p> <p>The Company shall continuously monitor the development of the <u>sustainable development</u> standards at home and abroad and the changes in the business environment to examine and improve the <u>sustainable development</u> framework it has established and to obtain better results from the implementation of the <u>sustainable development</u> policy.</p>	<p>Article 30</p> <p>The Company shall continuously monitor the development of the <u>CSR</u> standards at home and abroad and the changes in the business environment to examine and improve the <u>CSR</u> framework it has established and to obtain better results from the implementation of the <u>CSR</u> policy.</p>	<p>This article is amended in line with the amendments to the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.</p>
<p>Article 32 :</p> <p>These Principles were established on August 12, 2016.</p> <p>The first amendment was made on March 23, 2018.</p> <p>The second amendment was made on March 27, 2020</p> <p>The third amendment was made on March 31, 2022.</p>	<p>Article 32 :</p> <p>These Principles were established on August 12, 2016.</p> <p>The first amendment was made on March 23, 2018.</p> <p>The second amendment was made on March 27, 2020</p>	<p>The number and date of the amendment here to are added.</p>



## Attachment 8

### Mercuries & Associates Holding, Ltd. Comparison Table for the Articles of Incorporation Before and After Amendment

After the Amendment	Before the Amendment	Description
Article 5-1 <u>The Company can obtain external guarantees due to business needs.</u>		The original Article 26 is moved to Article 5-1 and the text slightly corrected.
Article 6: The total amount of capital of the Company is <u>NT\$14 billion</u> , being divided into <u>1.4 billion shares</u> with par value of NT\$10 per share, and the Board of Directors is authorized to issue shares in installments. In which 50 million shares are reserved as stock option that can be exercised.	Article 6: The total amount of capital of the Company is NT\$12 billion, being divided into 1.2 billion shares with par value of NT\$10 per share, and the Board of Directors is authorized to issue 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 the director who is authorized to represent the Company, and certified by a <u>bank which is competent to certify shares under the laws</u> prior to being issued. The Company is allowed to <u>be exempted from printing any share certificate for the shares issued and shall register the issued shares with a centralized securities depository enterprise</u> ; the same principle shall apply for the issuance of other securities.	Article 7: The Company's shares are registered securities, in which the signed shares need to be signed or sealed by the director who is authorized to represent the Company, and certified by a <u>supervisory institution or its authorized issuer</u> prior to being issued. The Company is allowed to <u>deliver shares through book transfer without printing physical shares in accordance with legal regulations</u> ; the same principle shall apply for the issuance of other securities.	With the amendment of the Company Act.
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	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	With the amendment of the Company Act.

After the Amendment	Before the Amendment	Description
disclosure on the MOPS for registered shareholders who hold less than 1,000 shares.  <u>The shareholders' meeting of the Company is allowed to be held via visual communication network, the shareholders taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.</u>	disclosure on the MOPS for registered shareholders who hold less than 1,000 shares.	
Article 19: Board Meetings, <u>unless otherwise provided for in this Company Act</u> , are called to order by the Chairman of the Board. Prior to convening a Board Meeting, each Director 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 19: Board Meetings are called to order by the Chairman of the Board. Prior to convening a Board Meeting, each Director 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.	Text slightly corrected.
Article 21: In compliance with Articles 14-4 of the Securities and Exchange Act, the Company shall establish the Audit Committee, which shall consist of all independent directors. The Audit Committee shall be responsible for performing the power as a supervisor as provided in the Company Act, the Securities and Exchange Act, and other relevant laws and regulations.	Article 21: In compliance with Articles 14-4 of the Securities and Exchange Act, the Company shall establish the Audit Committee, which shall consist of all independent directors. The Audit Committee, <u>after established on June 22, 2018</u> , shall be responsible for performing the power as a supervisor as provided in the Company Act, the Securities and Exchange Act, and other relevant laws and regulations.	Text slightly corrected.
Article 23: The Company may appoint several managers have been appointed. The appointment, termination and compensations for managers are processed in accordance with Article 29 of the Company Act.	Article 23: The Company may appoint several managers have been appointed. The appointment, termination and compensations for managers are processed in accordance with Article 29 of the Company Act, <u>and other personnel shall be appointed and terminated by the Chairman.</u>	Text slightly corrected.

After the Amendment	Before the Amendment	Description
<p>Article 24:</p> <p>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 Audit Committee for verification 30 days prior to commencement of an Annual Shareholders Meeting, and an Audit Committee's Review Report shall be submitted along with the statements to the Shareholders Meeting to seek for shareholders' adoption.</p>	<p>Article 24:</p> <p>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 an Audit Committee's Review Report shall be submitted along with the statements to the Shareholders Meeting to seek for shareholders' adoption.</p>	Text slightly corrected.
	<p>Article 26</p> <p><u>The Company can obtain external guarantees due to business or investment needs.</u></p>	The original Article 26 is moved to Article 5-1.
<p>Article 27:</p> <p>(Paragraphs 1 to 49 are omitted.)</p> <p><u>The forty- ninth amendment was made on June 24, 2022.</u></p>	<p>Article 27:</p> <p>(Paragraphs 1 to 49 are omitted.)</p>	The number and date of the amendment here to are added.

## Attachment 9

### Mercuries & Associates Holding, Ltd.

#### Comparison Table for the Rules and Procedures of Shareholders Meeting Before and After Amendment

After the Amendment	Before the Amendment	Description
<p>Article 2: Unless otherwise provided by regulations, shareholders' meeting is convened by the board of directors.</p> <p><u>Changes to the Company convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice.</u></p> <p>30 days before the Company convenes a regular shareholders' meeting or 15 days before it convenes an interim 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 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 an interim 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. <u>If, however, the Company has the paid-in capital of NT\$10 billion or more as of the last day of the most current fiscal year, or total shareholding of foreign shareholders and PRC shareholders reaches 30% or more as recorded in the register of shareholders of the shareholders meeting held in the immediately preceding year, transmission of these electronic files shall be made by 30 days before the regular shareholders meeting,</u> 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</p>	<p>Article 2: Unless otherwise provided by regulations, shareholders' meeting is convened by the board of directors.</p> <p>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 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, <u>and distributed on-site at the meeting.</u></p>	<p>Amended in accordance with the Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings.</p>

After the Amendment	Before the Amendment	Description
<p>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.</p> <p><u>The Company shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders meeting:</u></p> <ol style="list-style-type: none"> <li>1. For physical shareholders meetings, to be distributed on-site at the meeting.</li> <li>2. For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.</li> <li>3. For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform.</li> </ol> <p>(The following is omitted.)</p>		
<p>Article 3: (Paragraphs 1 to 3 are omitted.)</p> <p><u>After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting via video conference, a written notice of proxy cancellation shall be submitted to the Company before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.</u></p>	<p>Article 3: (Paragraphs 1 to 3 are omitted.)</p>	<p>Amended in accordance with the Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings.</p>
<p>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.</p> <p><u>The restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only shareholders meeting.</u></p>	<p>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.</p>	<p>Amended in accordance with the Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings.</p>

After the Amendment	Before the Amendment	Description
<p>Article 5</p> <p>The Company shall clearly state the registration time and venue for <u>shareholders, solicitors and proxies (collectively "shareholders")</u>, and any other items to be noted on the Handbook of the Shareholders Meeting.</p> <p>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. <u>For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.</u></p> <p>When a <u>shareholder or his/her/its proxy (hereinafter referred to as shareholder)</u> 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.</p> <p>(Paragraphs 4 to 6 are omitted.)</p> <p><u>In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date.</u></p> <p><u>In the event of a virtual shareholders meeting, the Company shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.</u></p>	<p>Article 5</p> <p>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.</p> <p>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.</p> <p>When a <u>shareholder or his/her/its proxy (hereinafter referred to as shareholder)</u> 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.</p> <p>(Paragraphs 4 to 6 are omitted.)</p>	<p>Amended in accordance with the Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings.</p>
<p>Article 5-1:</p> <p><u>To convene a virtual shareholders meeting, the Company shall include the follow particulars in the shareholders meeting notice:</u></p> <p>1. <u>How shareholders attend the virtual meeting and exercise their rights.</u></p>		<p>Added in accordance with the Sample Template for XXX Co., Ltd. Rules of Procedure for</p>

After the Amendment	Before the Amendment	Description
<p>2. <u>Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:</u></p> <p>A. <u>To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.</u></p> <p>B. <u>Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.</u></p> <p>C. <u>In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.</u></p> <p>D. <u>Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.</u></p> <p>3. <u>To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.</u></p>		Shareholders Meetings.
<p>Article 6: (Paragraphs 1 to 2 are omitted.)</p> <p>At the shareholders' meeting convened by the Board of Directors, <u>it is advisable that</u></p>	<p>Article 6: (Paragraphs 1 to 2 are omitted.)</p> <p>At the shareholders' meeting convened by the Board of Directors, more than half of</p>	<p>Amended in accordance with the Sample Template for XXX Co., Ltd.</p>

After the Amendment	Before the Amendment	Description
<p><u>shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person, more than half of the Directors of the Board of Directors shall attend the meeting, and at least one member of each functional committee on behalf of the committee, and the attendance shall be recorded in the minutes of the shareholders' meeting.</u></p> <p>(The following is omitted.)</p>	<p>the Directors of the Board of Directors shall <u>attend</u> the meeting, and the attendance shall be recorded in the minutes of the shareholders' meeting.</p> <p>(The following is omitted.)</p>	<p>Rules of Procedure for Shareholders Meetings.</p>
<p>Article 7</p> <p>The Company shall begin from the time it accepts shareholder attendance registrations, to make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.</p> <p>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.</p> <p><u>Where a shareholders meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast, and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.</u></p> <p><u>The information and audio and video recording in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.</u></p> <p><u>In case of a virtual shareholders meeting, the Company is advised to audio and video record the back-end operation interface of the virtual meeting platform.</u></p>	<p>Article 7</p> <p>The Company shall begin from the time it accepts shareholder attendance registrations, to make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.</p> <p>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.</p>	<p>Amended in accordance with the Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings.</p>
<p>Article 8:</p> <p>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</p>	<p>Article 8:</p> <p>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</p>	<p>Amended in accordance with the Sample Template for XXX Co., Ltd. Rules of</p>



After the Amendment	Before the Amendment	Description
<p>sign-in cards handed in, <u>and the shares checked in on the virtual meeting platform</u>, plus the number of shares whose voting rights are exercised by correspondence or electronically.</p> <p>The chair shall call the meeting to order at the appointed meeting time and announce the number of shares held by a shareholder with no voting rights and attending shareholder. However, when the attending shareholders do not represent half 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 one 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. <u>In the event of a virtual shareholders meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform.</u></p> <p>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. <u>In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to the Company in accordance with Article 5.</u></p> <p>(The following is omitted.)</p>	<p>sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.</p> <p>The chair shall call the meeting to order at the appointed meeting time and announce the number of shares held by a shareholder with no voting rights and attending shareholder. 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 one 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.</p> <p>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.</p> <p>(The following is omitted.)</p>	<p>Procedure for Shareholders Meetings.</p>
<p>Article 10: (Paragraphs 1 to 4 are omitted.)</p> <p><u>Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for</u></p>	<p>Article 10: (Paragraphs 1 to 4 are omitted.)</p>	<p>Amended in accordance with the Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings.</p>

After the Amendment	Before the Amendment	Description
<p><u>the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.</u></p> <p><u>As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.</u></p>		
<p>Article 12: (Paragraphs 1 to 3 are omitted.)</p> <p>A shareholder who intends to attend the shareholder meeting in person <u>or online</u>, 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.</p> <p>(Paragraphs 5 to 8 are omitted.)</p> <p><u>When the Company convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.</u></p> <p><u>In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.</u></p> <p><u>When the Company convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online</u></p>	<p>Article 12: (Paragraphs 1 to 3 are omitted.)</p> <p>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.</p> <p>(Paragraphs 5 to 8 are omitted.)</p>	<p>Amended in accordance with the Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings.</p>

After the Amendment	Before the Amendment	Description
<p><u>in accordance with Article 5 decide to attend the physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.</u></p> <p><u>When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.</u></p>		
<p>Article 14: (Paragraphs 1 to 2 are omitted.)</p> <p>The year, month, day, place, name of the chairperson, resolution method, discussion method, highlights in the procedure, and voting results (including statistical weights) shall be recorded in the meeting minutes as they are. When there is a director election, the number of votes each candidate receives shall also be recorded. The minutes shall be kept throughout the life of the Company.</p> <p><u>Where a virtual shareholders meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.</u></p> <p><u>When convening a virtual-only shareholder meeting, other than compliance with the requirements in the preceding paragraph, the Company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online.</u></p>	<p>Article 14: (Paragraphs 1 to 2 are omitted.)</p> <p>The year, month, day, place, name of the chairperson, resolution method, discussion method, highlights in the procedure, and voting results (including statistical weights) shall be recorded in the meeting minutes as they are. When there is a director election, the number of votes each candidate receives shall also be recorded. The minutes shall be kept throughout the life of the Company.</p>	<p>Amended in accordance with the Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings.</p>

After the Amendment	Before the Amendment	Description
<p>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, the number of shares represented by proxies, <u>and the number of shares represented by shareholders attending the meeting by correspondence or electronic means</u>, and shall make an express disclosure of the same at the place of the shareholders meeting. <u>In the event of a virtual shareholders meeting, the Company shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.</u></p> <p><u>During the Company's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes are released during the meeting.</u></p> <p>(The following is omitted.)</p>	<p>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.</p> <p>(The following is omitted.)</p>	<p>Amended in accordance with the Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings.</p>
<p>Article 18: <u>In the event of a virtual shareholders meeting, the Company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.</u></p>		<p>Added in accordance with the Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings.</p>
<p>Article 19: <u>When the Company convenes a virtual-only shareholders meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.</u></p>		<p>Added in accordance with the Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings.</p>
<p>Article 20: <u>In the event of a virtual shareholders meeting, the Company may offer a simple</u></p>		<p>Added in accordance with the Sample</p>

After the Amendment	Before the Amendment	Description
<p><u>connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues.</u></p> <p><u>In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.</u></p> <p><u>For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online shall not attend the postponed or resumed session.</u></p> <p><u>For a meeting to be postponed or resumed under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.</u></p> <p><u>During a postponed or resumed session of a shareholders meeting held under the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted</u></p>		<p>Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings.</p>

After the Amendment	Before the Amendment	Description
<p><u>and results have been announced or a list of elected directors and supervisors.</u></p> <p><u>When the Company convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in the second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and not postponement or resumption thereof under the second paragraph is required.</u></p> <p><u>Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.</u></p> <p><u>When postponing or resuming a meeting according to the second paragraph, the Company shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.</u></p> <p><u>For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the second paragraph.</u></p>		

After the Amendment	Before the Amendment	Description
<u>Article 21:</u> <u>When convening a virtual-only shareholders meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending the virtual shareholders meeting online.</u>		Added in accordance with the Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings.
<u>Article 22:</u> These Rules and Procedures, along with any amendments hereto, shall be implemented after adoption by shareholders meetings.	<u>Article 18:</u> These Rules and Procedures, along with any amendments hereto, shall be implemented after adoption by shareholders meetings.	The original Article 18 is moved to Article 22

## Attachment 10

### Mercuries & Associates Holding, Ltd. Comparison Table for the Rules for Regulations of Procedures for the Acquisition and Disposal of Assets Before and After Amendment

After the Amendment	Before the Amendment	Description
<p>Article 6: When the Company obtains an appraisal report or a statement of opinion from a CPA, lawyer or securities underwriter, the appraisal service providing the report and its appraisers, the CPA, lawyer or securities underwriter shall abide by the following regulations:</p> <p>(1) Omitted. (2) Omitted. (3) Omitted.</p> <p>When issuing an appraisal report or a statement of opinion, the personnel referred to in the preceding paragraph shall comply with <u>the self-regulatory rules of the industry associations to which they belong</u> and with the following provisions:</p> <p>(1) Omitted. (2) When <u>conducting</u> a case, they shall appropriately plan and execute adequate workflow, in order to reach a conclusion and use it as the basis for issuing the report or statement of opinion. The related execution procedures, data collected, and conclusions shall be fully and accurately specified in the case working papers. (3) They shall undertake an item-by-item evaluation of the <u>appropriateness and reasonableness</u> of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the statement of opinion. (4) They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriate and reasonable</u>, and that they have complied with applicable laws and regulations.</p>	<p>Article 6: When the Company obtains an appraisal report or a statement of opinion from a CPA, lawyer or securities underwriter, the appraisal service providing the report and its appraisers, the CPA, lawyer or securities underwriter shall abide by the following regulations:</p> <p>(1) Omitted. (2) Omitted. (3) Omitted.</p> <p>When issuing an appraisal report or a statement of opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <p>(1) Omitted. (2) When <u>examining</u> a case, they shall appropriately plan and execute adequate workflow, in order to reach a conclusion and use it as the basis for issuing the report or statement of opinion. The related execution procedures, data collected, and conclusions shall be fully and accurately specified in the case working papers. (3) They shall undertake an item-by-item evaluation of the <u>comprehensiveness, accuracy, and reasonableness</u> of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the statement of opinion. (4) They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and <u>accurate</u>, and that they have complied with applicable laws and regulations.</p>	<p>Amended in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>
<p>Article 7: Procedures for obtaining or disposing of</p>	<p>Article 7: Procedures for obtaining or disposing of</p>	<p>Amended in accordance with</p>



After the Amendment	Before the Amendment	Description
<p>real estate, equipment or right-of-use assets thereof:</p> <ol style="list-style-type: none"> <li>1. Omitted.</li> <li>2. Omitted.</li> <li>3. Omitted.</li> <li>4. Appraisal report for real property or equipment For the Company's acquisition or disposal of real estate, equipment, or right-of-use assets thereof, except for transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, when the transaction amount reaches 20% of the Company's paid-in capital or more than NT\$300 million, an appraisal report issued by a professional appraiser shall be issued before the date of the occurrence of the fact in accordance with and the following rules: <ol style="list-style-type: none"> <li>(1) Omitted.</li> <li>(2) Omitted.</li> <li>(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 and also to provide concrete opinions on the price differences and the appropriateness of the transaction price: <ol style="list-style-type: none"> <li>1. The difference between the appraisals and the transaction amount achieves 20% or higher.</li> <li>2. The difference between appraisals from the two professional appraisal services achieves 10% of the transaction amount or higher.</li> </ol> </li> <li>(4) Omitted.</li> </ol> </li> </ol>	<p>real estate, equipment or right-of-use assets thereof:</p> <ol style="list-style-type: none"> <li>1. Omitted.</li> <li>2. Omitted.</li> <li>3. Omitted.</li> <li>4. Appraisal report for real property or equipment For the Company's acquisition or disposal of real estate, equipment, or right-of-use assets thereof, except for transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, when the transaction amount reaches 20% of the Company's paid-in capital or more than NT\$300 million, an appraisal report issued by a professional appraiser shall be issued before the date of the occurrence of the fact in accordance with and the following rules: <ol style="list-style-type: none"> <li>(1) Omitted.</li> <li>(2) Omitted.</li> <li>(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 <u>according to the Statements of Auditing Standards No. 20 released by the Accounting Research and Development Foundation</u> (hereinafter referred to as the ARDF) and also to provide concrete opinions on the price differences and the appropriateness of the transaction price: <ol style="list-style-type: none"> <li>1. The difference between the appraisals and the transaction amount achieves 20% or higher.</li> <li>2. The difference between appraisals from the two professional appraisal services achieves 10% of the transaction amount or higher.</li> </ol> </li> <li>(4) Omitted.</li> </ol> </li> </ol>	<p>the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>

After the Amendment	Before the Amendment	Description
(5) Omitted.	(5) Omitted.	
<p>Article 8: Procedures for Acquisition or Disposal of Securities Investment</p> <p>1. Omitted. 2. Omitted. 3. Omitted.</p> <p>4. Obtaining an 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. But target companies that have open market rates in an active market or otherwise regulated by the FSC do not fall under this constraint.</p> <p>(2) Omitted.</p>	<p>Article 8: Procedures for Acquisition or Disposal of Securities Investment</p> <p>1. Omitted. 2. Omitted. 3. Omitted.</p> <p>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. <u>If an 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.</u> But target companies that have open market rates in an active market or otherwise regulated by the FSC do not fall under this constraint.</p> <p>(2) Omitted.</p>	<p>Amended in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>
<p>Article 9: Procedures for Handling Related Party Transactions</p> <p>1. Omitted.</p> <p>2. Appraisal and operating procedures (1) Omitted. (2) When "acquisition or disposal of equipment or right-of-use assets held for business use" or "acquisition or disposal of real property right-of-use assets held for business use" is to be conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital, the Company's Board of Directors may delegate the Chairman to decide such matters when the transaction is less than NT\$100 million (inclusive) and have the decisions submitted to the most recent Board meeting on an after-event basis:</p> <p>(3) 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</p>	<p>Article 9: Procedures for Handling Related Party Transactions</p> <p>1. Omitted.</p> <p>2. Appraisal and operating procedures (1) Omitted. (2) The calculation of the transaction amounts referred to in Paragraph 1 and 2 (1) shall be made in accordance with Paragraph 1 (7) 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 Audit Committee and the Board of Directors need not be counted toward the transaction amount.</p> <p>(3) When "acquisition or disposal of equipment or right-of-use assets held for business use" or "acquisition or disposal of real property right-of-use assets held for business use" is to be conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or</p>	<p>Amended and Added in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>

After the Amendment	Before the Amendment	Description
<p>minutes of the Board meeting.</p> <p>(4) <u>If the Company or a subsidiary thereof that is not a domestic public company will have a transaction set out in subparagraph 1 and the transaction amount will reach 10 percent or more of the public company's total assets, the Company shall submit the materials in all the subparagraphs of subparagraph 1 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the Company and its subsidiaries or between its subsidiaries.</u></p> <p>(5) The calculation of the transaction amounts referred to in Paragraph 1 and 2 (1), (4) shall be made in accordance with Paragraph 1 (7) 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 Audit Committee and <u>the shareholders meeting</u> and the Board of Directors need not be counted toward the transaction amount.</p> <p>(The following is omitted.)</p>	<p>indirectly holds 100% of the issued shares or authorized capital, the Company's Board of Directors may delegate the Chairman to decide such matters when the transaction is less than NT\$100 million (inclusive) and have the decisions submitted to the most recent Board meeting on an after-event basis:</p> <p>(4) 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.</p> <p>(The following is omitted.)</p>	
<p>Article 10: The Procedures for Acquisition or Disposal of Memberships or Intangible Assets or Right-of-use Assets Thereof</p> <p>1. Omitted. 2. Omitted. 3. Omitted.</p> <p>4. Professional appraisal reports on the memberships or intangible assets or right-of-use assets thereof (1) Omitted. (2) Omitted. (3)The company acquires or disposes of memberships or intangible assets or right-of-use assets thereof and the</p>	<p>Article 10: The Procedures for Acquisition or Disposal of Memberships or Intangible Assets or Right-of-use Assets Thereof</p> <p>1. Omitted. 2. Omitted. 3. Omitted.</p> <p>4. Professional appraisal reports on the memberships or intangible assets or right-of-use assets thereof (1) Omitted. (2) Omitted. (3)The company acquires or disposes of memberships or intangible assets or right-of-use assets thereof and the</p>	<p>Amended in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>

After the Amendment	Before the Amendment	Description
<p>transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p> <p>5.(Omitted.)</p>	<p>transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; <u>the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation.</u></p> <p>5.(Omitted.)</p>	
<p>Article 14: Procedures for Public Disclosure of Information</p> <p>1. Items to be Disclosed and Disclosure Standards:</p> <p>(1) Omitted. (2) Omitted. (3) Omitted. (4) Omitted. (5) Omitted. (6) Where an asset transaction other than any of those referred to in the preceding five 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:</p> <p>1. Trading of domestic government bonds <u>or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.</u></p> <p>2. Trading of bonds under repurchase/resale agreements, or subscription or repurchase of domestic money market funds issued by securities investment trust enterprises.</p> <p>(7) Omitted. (8) Omitted.</p> <p>(The following is omitted.)</p>	<p>Article 14: Procedures for Public Disclosure of Information</p> <p>1. Items to be Disclosed and Disclosure Standards:</p> <p>(1) Omitted. (2) Omitted. (3) Omitted. (4) Omitted. (5) Omitted. (6) Where an asset transaction other than any of those referred to in the preceding five 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:</p> <p>1. Trading of domestic government bonds.</p> <p>2. Trading of bonds under repurchase/resale agreements, or subscription or repurchase of domestic money market funds issued by securities investment trust enterprises.</p> <p>(7) Omitted. (8) Omitted.</p> <p>(The following is omitted.)</p>	<p>Amended in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>

## **Appendix 1**

### **Mercuries & Associates Holding, Ltd. Corporate Governance Best Practice Principles (before Amendment)**

#### **Chapter I General Provisions**

##### **Article 1**

To establish a sound corporate governance system, Mercuries & Associates Holding, Ltd. (the Company) has formulated the Corporate Governance Best Practice Principles (these Principles) with reference to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies established by the Taiwan Stock Exchange Corporation (TWSE) and the Taipei Exchange (TPEX). An effective corporate governance framework is set up and disclosed in the Market Observation Post System (MOPS).

##### **Article 2**

When setting up a corporate governance system, in addition to complying with relevant laws, regulations, articles of incorporation, contracts signed with the TWSE or TPEX, and other relevant regulations, the Company shall follow the following principles:

1. Ensure shareholders' rights and interests.
2. Improve the function of the Board of Directors.
3. Fulfill the function of the Audit Committee.
4. Respect stakeholders' rights and interests.
5. Improve information transparency.

##### **Article 3**

The Company shall follow the Regulations Governing Establishment of Internal Control Systems by Public Companies and take the overall operational activities of itself and its subsidiaries into account to design and fully implement an internal control system, and shall conduct continuing reviews of the system in order to ensure the continued effectiveness of its design and implementation in light of changes in the Company's internal and external environment.

The Company shall perform self-assessments of the internal control system. The Board of Directors and management shall review the results of self-assessments performed by each department at least annually and the reports of the internal audit department on a quarterly basis. The Audit Committee shall also attend to and supervise these matters.

The Company is advised establish channels and mechanisms of communication among its Independent Directors, Audit Committee, and head of internal audit; while the convener of the Audit Committee shall report its communication with the Audit Committee members and the head of internal audit at the shareholders' meeting.

Directors shall periodically hold discussions with their internal auditors about reviews of internal control system deficiencies. A record of the discussions shall be kept, and the discussions shall be followed up, improvements implemented, and a report submitted to the Board of Directors.

The management of the Company shall pay special attention to the internal audit department and its personnel, fully empower them and urge them to conduct audits effectively, to evaluate problems of the internal control system and assess the efficiency of its operations to ensure that the system can operate effectively on an on-going basis, and to assist the Board of Directors and the management to perform their duties effectively so as to ensure a sound corporate governance system.

The appointment/removal, appraisal, and remuneration of internal auditors of the Company shall be submitted to the Board of Directors or signed by the audit supervisor and submitted to the Chairman for approval.

#### Article 3-1

The Company shall appoint an appropriate number of qualified corporate governance personnel according to the Company's size, business conditions, and management needs, and shall appoint a corporate governance officer, in accordance with the regulations of the competent authority, Taiwan Stock Exchange Corporation, as the highest executive in charge of matters related to corporate governance. The said officer shall obtain the qualification of a lawyer, CPA, or shall have more than three years of experience as a managerial officer in a securities-, finance-, or futures-related institution or engaged in legal affairs, compliance, internal audit, finance, stocks, or corporate governance at a public company.

The corporate governance affairs mentioned in the preceding paragraph shall include at least the following items:

1. Handling matters related to Board meetings and shareholders' meetings in accordance with the law
2. Producing minutes of Board meetings and shareholders' meetings.
3. Assisting Directors in taking office and continuous training.
4. Providing Directors with information required for business execution.
5. Assisting Directors in legal compliance.
6. Handle other matters set out in the articles of incorporation or contracts.

### **Chapter II Protection of Shareholders' Rights and Interests**

#### Section 1 Encouraging Shareholders to Participate in Corporate Governance

##### Article 4

The corporate governance system of the Company shall be designed to protect shareholders' rights and interests and treat all shareholders equitably.

The Company shall establish a corporate governance system which ensures shareholders' rights of being fully informed of, participating in and making decisions over important matters of the Company.

##### Article 5

The Company shall convene shareholders' meetings in accordance with the Company Act and related laws and regulations, and provide comprehensive rules for such meetings. The Company shall faithfully implement resolutions adopted by shareholders' meetings in accordance with the rules for the meetings.

Resolutions adopted by shareholders' meetings of The Company shall comply with laws, regulations and articles of incorporation.

##### Article 6

The Board of Directors of the Company shall properly arrange the agenda items and procedures for shareholders' meetings, and formulate the principles and procedures for shareholders' nominations of directors and submissions of shareholder proposals. The Board of Directors shall also properly handle the proposals duly submitted by shareholders. Arrangements shall be made to hold shareholders' meetings at a convenient location, with sufficient time allowed and sufficient numbers of suitable employees assigned to handle attendance registrations. No arbitrary requirements shall be imposed on shareholders to provide additional evidentiary documents beyond those showing eligibility to attend. Shareholders shall be granted reasonable time to deliberate each proposal and an appropriate opportunity to make statements.

For a shareholders' meeting convened by the Board of Directors, the Chairman shall chair the meeting, that a majority of Directors (including at least one Independent Director) and the convener of the Audit Committee attend the meeting in person, and that at least one member of other functional committees attend the meeting as a representative. Attendance details shall be recorded in the minutes of the shareholders' meeting.

#### Article 7

The Company shall encourage shareholders to participate in corporate governance, and shall appoint a professional shareholder service agency to handle the affairs of the shareholders' meeting to ensure that it is convened on a legal, effective and secure basis. The Company shall seek all ways and means, including fully exploiting technologies for information disclosure, to upload annual report, annual financial report, notices, agendas, and supplementary information of shareholders' meetings in both Chinese and English concurrently, and shall adopt electronic voting in order to increase shareholders' attendance rates at shareholders' meetings and ensure that shareholders exercise their rights at such meetings in accordance with the laws.

The Company is advised to avoid raising extraordinary motions and amendments to original proposals at a shareholders meeting

The Company is advised to arrange their shareholders to vote on each separate proposal in the shareholders' meeting agenda, and then put the voting results, namely the numbers of votes cast for and against and the number of abstentions, on the Market Observation Post System the same day.

#### Article 8

The Company shall record the date and place of the meeting, the name of the chairperson, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting in the minutes of the shareholders' meeting in accordance with the Company Act and related laws and regulations. With respect to the election of directors, the method of voting adopted therefore and the total number of votes for the elected directors shall be recorded on the meeting minutes.

The minutes of shareholders' meetings shall be properly and perpetually kept by the Company during its legal existence, and shall be sufficiently disclosed on the Company's website.

#### Article 9

The chairperson of the shareholders' meetings shall be fully familiar and in compliance with the Rules and Procedures of Shareholders' Meeting established by the Company. The chairperson shall ensure the proper progress of the proceedings of the meetings and may not adjourn the meetings at will.

To protect the interests of most shareholders, if the chairperson declares the adjournment of the meeting in a manner in violation of the Rules and Procedures of Shareholders Meeting, it is advisable for the members of the Board of Directors other than the chairperson of the shareholders' meeting to promptly assist the attending shareholders at the shareholders' meeting in electing a new chairman of the shareholders' meeting to continue the proceedings of the meeting, by a resolution to be adopted by a majority of the votes represented by the shareholders attending the said meeting in accordance with the legal procedures.

#### Article 10

The Company shall place high importance on the shareholder's right to know, and shall faithfully comply with applicable regulations regarding information disclosure in order to provide shareholders regular and timely information on the Company's financial conditions and operations, insider shareholdings, and corporate governance status through the MOPS or the website established by the Company.

To treat all shareholders equally, it is advisable that the Company concurrently disclose the information under the preceding paragraph in English.

To protect its shareholders' rights and interests and ensure their equal treatment, the Company shall adopt internal rules prohibiting the Company's insiders from trading securities using information not disclosed to the market.

The preceding provision shall include the control measures for stock transactions by the insiders of companies listed on stock/OCT markets from the date of learning about the companies' financial reports or relevant contents of the performance.

#### Article 11

Shareholders shall be entitled to profit distributions by the Company. To ensure the investment interests of shareholders, the shareholders' meeting may, pursuant to Article 184 of the Company Act, examine the statements and books prepared and submitted by the Board of Directors and the reports submitted by the Audit Committee, and may decide profit distributions and deficit off-setting plans by resolution. To proceed with the above examination, the shareholders' meeting may appoint an inspector.

In accordance with Article 245 of the Company Act, shareholders may apply to the court for the appointment of an inspector to examine the accounting records, assets, specific matters, documents, and records of a specific transaction of the Company.

The Company's Board of Directors, Audit Committee, and managerial officers shall fully cooperate in the examination conducted by the inspector in the preceding two paragraphs without any circumvention, obstruction, or rejection.

#### Article 12

In entering into material financial and business transactions, such as acquisition or disposal of assets, lending funds, and making endorsements or providing guarantees, the Company shall proceed in accordance with the applicable laws and/or regulations and establish operating procedures in relation to these material financial and business transactions which shall be reported to and approved by the shareholders' meeting so as to protect the interests of the shareholders.

When the Company is involved in a merger, acquisition or public tender offer, in addition to proceeding in accordance with the applicable laws and/or regulations, it shall not only pay attention to the fairness and rationality of the plan and transaction of the merger, acquisition or public tender offer, but also take notice of information disclosure and the soundness of its financial structure thereafter.

The employees of the Company handling the matters in the preceding paragraph shall pay attention to the occurrence of any conflicts of interest and the need for recusal.

### Section 2 Establishing a Mechanism for Interaction with Shareholders

#### Article 13

To protect the rights and interests of shareholders, it is advisable that the Company designate employees exclusively dedicated to handling shareholder proposals, inquiries, and disputes.

The Company shall properly deal with any legal action duly instituted by shareholders in which it is claimed that shareholders' rights and interests were damaged by a resolution adopted at a shareholders' meeting or a board of director meeting in violation of applicable laws, regulations, or the Company's articles of incorporation, or that such damage was caused by a breach of applicable laws, regulations or the Company's articles of incorporation by any director, supervisors or managers in performing their duties.

It is advisable that the Company shall set up internal procedures for appropriate handling of matters referred to in the preceding two paragraph, and that it keep relevant written records for future reference and incorporate the procedures in its internal control system for management purposes.

#### Article 13-1

The Board of Directors of the Company is responsible for establishing a mechanism for interaction with shareholders to enhance mutual understanding of the development of the Company's objectives.

#### Article 13-2

In addition to communicating with shareholders through shareholders' meetings and encouraging shareholders to participate in such meetings, the Board of Directors of the Company together with managers and independent directors shall engage with shareholders in an efficient manner to ascertain shareholders' views and concerns, and expound the Company's policies explicitly, in order to gain shareholders' support.



### Section 3 Corporate Governance Relationships between the Company and Its Affiliated Enterprises

#### Article 14

The Company and its affiliates' shall clearly identify the objectives and the division of authority and responsibility between it and its affiliated enterprises with respect to management of personnel, assets, and financial matters, and shall properly carry out risk assessments and establish appropriate firewalls.

#### Article 15

Unless otherwise provided by the law and regulations, a managerial officer of the Company may not serve as a managerial officer of its affiliated enterprises.

A director who engages in any transaction for himself or on behalf of another person that is within the scope of the Company's operations shall explain the major content of such actions to the shareholders' meeting and obtain its consent.

#### Article 16

The Company shall establish sound objectives and systems for management of finance, operations, and accounting in accordance with applicable laws and regulations. It shall further, together with its affiliated enterprises, properly conduct an overall risk assessment of major banks, customers and suppliers, and implement the necessary control mechanisms to reduce credit risk.

#### Article 17

When the Company and its affiliated enterprises enter into inter-company business transactions, a written agreement governing the relevant financial and business operations between them shall be made in accordance with the principle of fair dealing and reasonableness. Price and payment terms shall be definitively stipulated when contracts are signed, and non-arm's length transactions shall be prohibited.

All transactions or contracts made by and between the Company and its affiliated persons and shareholders shall follow the principles set forth in the preceding paragraph, and improper channeling of profits is strictly prohibited.

#### Article 18

A corporate shareholder having controlling power over the Company shall comply with the following provisions:

1. It shall bear a duty of good faith to other shareholders and shall not directly or indirectly cause the Company to conduct any business which is contrary to normal business practice or not profitable.
2. Its representative shall follow the rules implemented by its company with respect to the exercise of rights and participation of resolution, so that at a shareholders' meeting, the representative shall exercise his/her voting right in good faith and for the best interest of all shareholders and shall exercise the fiduciary duty and duty of care of a director.
3. It shall comply with relevant laws, regulations and the articles of incorporation of the Company in nominating director and shall not act beyond the authority granted by the shareholders' meeting or board of director meeting.
4. It shall not improperly intervene in corporate policy making or obstruct corporate management activities.
5. It shall not restrict or impede the management or production of the Company by methods of unfair competition such as monopolizing corporate procurement or foreclosing sales channels.
6. The representative that is designated when a corporate shareholder has been elected as a director shall meet the Company's requirements for professional qualifications. Arbitrary replacement of the corporate shareholder's representative is inappropriate.

#### Article 19

The Company shall retain at any time a register of major shareholders who own a relatively high percentage of shares and have controlling power, and of the persons with ultimate control over those major shareholders.

The Company shall disclose periodically important information about its shareholders holding more than 10 percent of the outstanding shares of the Company relating to the pledge, increase or decrease of share ownership, or other matters that may possibly trigger a change in the ownership of their shares.

The major shareholders indicated in the first paragraph refer to those who own 5 percent or more of the outstanding shares of the Company or whose shareholding stake thereof is on the top 10 list.

### **Chapter III Enhancing the Functions of the Board of Directors**

#### **Section 1 Structure of the Board of Directors**

##### **Article 20**

The Board of Directors of the Company shall direct corporate strategies, supervise the management, and be responsible to the Company and shareholders. The various procedures and arrangements of the corporate governance system shall ensure that, in exercising its authority, the Board of Directors complies with laws, regulations, its articles of incorporation, and the resolutions of the shareholders' meetings.

The structure of the Company's Board of Directors shall be determined by choosing an appropriate number of board members, not less than five, in consideration of its business scale, the shareholdings of its major shareholders, and practical operational needs.

The composition of the Board of Directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as the Company's managers not exceed one-third of the total number of the Board members, and that an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

1. Basic requirements and values: gender, age, nationality, and culture.
2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience.

All members of the Board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:

1. Ability to make operational judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Knowledge of the industry.
6. An international market perspective.
7. Ability to lead.
8. Ability to make policy decisions.

##### **Article 21**

The Company shall, according to the principles for the protection of shareholders' rights and interests and equitable treatment of shareholders, establish a fair, just, and open procedure for the election of directors, encourage shareholder participation, and adopt the cumulative voting mechanism pursuant to the Company Act in order to fully reflect shareholders' views.

Unless the competent authority in charge otherwise grants an approval, a spousal relationship or a familial relationship within the second degree of kinship may not exist among more than half of the directors of the Company.

When the number of directors falls below five due to the discharge of a director for any reason, the Company shall hold a by-election for director at the following shareholders' meeting. When the

number of directors falls short by one-third of the total number prescribed by the articles of incorporation, the Company shall convene an extraordinary shareholders' meeting within 60 days of the occurrence of that fact for a by-election for director(s).

The aggregate shareholding percentage of all of the directors of the Company shall comply with the laws and regulations. Restrictions on the share transfer of each director and the creation, release, or changes of any pledges over the shares held by each director shall be subject to the relevant laws and regulations, and the relevant information shall be fully disclosed.

#### Article 22

The Company is advised, pursuant to the regulations of the competent authority, to specify in its Articles of Incorporation that it shall adopt the candidate nomination system for elections of Directors, carefully review the qualifications of a nominated candidate and the existence of any other matters set forth in Article 30 of the Company Act, and act in accordance with Article 192-1 of the Company Act.

#### Article 23

Clear distinctions shall be drawn between the responsibilities and duties of the chairperson of the Company's board of directors and general manager.

It is inappropriate for the chairman to also act as the general manager or other equivalent position.

The Company with a functional committee shall clearly define the responsibilities and duties of the committee.

### Section 2 Independent Director System

#### Article 24

The Company shall appoint independent directors in accordance with its articles of incorporation. They shall be three to five in number and not less than one-fifth of the total number of directors.

Independent directors shall possess professional knowledge and there shall be restrictions on their shareholdings. Applicable laws and regulations shall be observed and, in addition, it is not advisable for an independent director to hold office concurrently as a director (including an independent director) or supervisor of more than five other TWSE/TPEX listed companies. Independent directors shall also maintain independence within the scope of their directorial duties, and may not have any direct or indirect interest in the Company.

If the Company and its group enterprises and organizations, and another company and its group enterprises and organizations nominate for each other any director, supervisor or managerial officer as a candidate for an independent director of the other, the Company shall, at the time it receives the nominations for independent directors, disclose the fact and explain the suitability of the candidate. If the candidate is elected as an independent director, the Company shall disclose the number of votes cast in favor of the elected independent director.

The "group enterprises and organizations" referred to in the preceding paragraph comprise the subsidiaries of the Company, any foundation to which the Company's cumulative direct or indirect contribution of funds exceeds 50 percent of its endowment, and other institutions or juristic persons that are effectively controlled by the Company.

Change of status between independent directors and non-independent directors during their tenure is prohibited.

The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination and other requirements with regard to the independent directors shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and the rules and regulations of the Taiwan Stock Exchange or GreTai Securities Market.

#### Article 25

The Company shall submit the following matters to the Board of Directors for approval by resolution as provided in the Securities and Exchange Act. When an independent director has a dissenting opinion or qualified opinion, it shall be noted in the minutes of the board of director meeting:

1. Adoption or amendment of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Adoption or amendment of procedures for acquisition or disposal of assets, engaging in derivative trading, lending funds to others, and making endorsements or providing guarantees pursuant to Article 36-1 of the Securities and Exchange Act.
3. Matters bearing on the personal interest of a director.
4. Major assets or derivative trading.
5. Major lending of funds, endorsements or guarantees.
6. Offering, issuance, or private placement of any equity-type securities.
7. The appointment, dismissal, or compensation of certified accountants.
8. Appointment or dismissal of financial, accounting, or internal auditing officers.
9. Other major matters so required by the authority in charge.

#### Article 26

The Company shall stipulate the scope of duties of the independent directors and empower them with manpower and physical support related to the exercise of their power. The Company or other members of the Board of Directors may not obstruct, reject, or circumvent the performance of duties by Independent Directors.

The Company shall stipulate the remuneration of the directors according to applicable laws and regulations. The remuneration of the directors shall fully reflect the personal performance and the long-term management performance of the Company, and the risk of the Company's operation shall be taken into consideration. Different but reasonable remuneration from that of other directors may be set forth for the independent directors.

### Section 3 Functional Committees

#### Article 27

For the purpose of developing supervisory functions and strengthening management mechanisms, the Board of Directors of the Company, in consideration of the Company's scale and type of operations and the number of its Board members, may set up functional committees for auditing, remuneration, nomination, risk management or any other functions, and based on concepts of corporate social responsibility and sustainable operation, may set up environmental protection, corporate social responsibility, or other committees, and expressly provide for them in the articles of incorporation.

Functional committees shall be responsible to the Board of Directors, and submit their proposals to the Board of Directors for approval, provided that the performance of supervisor's duties by the Audit Committee pursuant to Paragraph 4, Article 14-4 of the Securities and Exchange Act shall be excluded.

Functional committees shall adopt an organizational charter to be approved by the Board of Directors. The organizational charter shall contain the number, tenure, and powers of the committee members as well as the meeting rules and resources to be provided by the Company for exercise of power by the committee.

#### Article 28

The Audit Committee of the Company is composed of the entire board of Independent Directors, the number is three persons, one of whom shall be the convener, and at least one shall have accounting or financial expertise.

The exercise of power by the Audit Committee and independent directors and related matters shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and the rules and regulations of the TWSE or TPEX.

Article 28-1

The Company shall set up a Remuneration Committee, and more than half of the members shall be Independent Directors; professional qualification, power execution, and the establishment of organizational rules and relevant matters shall be in accordance with the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.

Article 28-2

It is advisable for the Company to set up a Nomination Committee and formulate organizational rules. More than half of the members shall be Independent Directors, and the committee shall be chaired by an Independent Director.

Article 28-3

The Company is advised to establish and announce channels for internal and external whistle-blowers and have whistle-blower protection mechanisms in place. The unit that handles whistle-blowers' reporting shall be independent, provide encrypted protection for the files furnished by whistle-blowers, and appropriately restrict access to such files. It shall also formulate internal procedures and incorporate those procedures into the Company's internal control system for management purposes.

Article 29

To improve the quality of its financial statements, the Company shall establish the position of deputy to its principal accounting officer.

To enhance the professional abilities of the deputy accounting officer referred to in the preceding paragraph, the deputy's continuing education shall proceed following the schedule of the principal accounting officer.

Accountants handling the preparation of financial statements shall also participate in relevant professional development courses for 6 hours or more each year. Those courses may be internal training activities organized by the Company or professional courses offered by professional development institutions for principal accounting officers.

The Company shall select a professional, responsible, and independent CPA to perform regular reviews of financial conditions and internal control measures of the Company. With regard to any irregularity or deficiency discovered and disclosed in a timely manner by the auditor during the review, and concrete measures for improvement or prevention suggested by the auditor, the Company shall faithfully implement improvement actions. It is advisable that the Company establish channels and mechanisms of communication between the independent director or Audit Committee, and CPA, and to incorporate procedures for that purpose into the Company's internal control system for management purposes.

The Company shall evaluate the independence and suitability of the CPA engaged by the Company regularly, and no less frequently than once annually. In the event that the Company engages the same CPA without replacement for seven consecutive years, or if the CPA is subject to disciplinary action or other circumstances prejudicial to the CPA's independence, the Company shall evaluate the necessity of replacing the CPA and submit its conclusion to the Board of Directors.

Article 30

It is advisable that the Company engages a professional and competent legal counsel to provide adequate legal consultation services to the Company, or to assist the director and the management to improve their knowledge of the law, for the purposes of preventing any infraction of laws or regulations by the Company or its staff and ensuring that corporate governance matters proceed pursuant to the relevant legal framework and the prescribed procedures.

When, as a result of performing their lawful duties, director or the management are involved in litigation or a dispute with shareholders, the Company shall retain a legal counsel to provide assistance as circumstances require.

The Audit Committee or an independent director may retain a legal counsel, CPA, or other professionals on behalf of the Company to conduct a necessary audit or provide consultation services on matters in relation to the exercise of their power, at the expense of the Company.

## Section 4 Rules for the Proceedings of Board Meetings and the Decision-Making Procedures

### Article 31

The Board of Directors of the Company shall meet at least once every quarter, or convene at any time in case of emergency. To convene a board of director meeting, a meeting notice which specifies the purposes of the meeting shall be sent to each director no later than 7 days before the scheduled date. Sufficient meeting materials shall also be prepared and enclosed in the meeting notice. If the meeting materials are deemed inadequate, a director may ask the unit in charge to provide more information or request a postponement of the meeting with the consent of the Board of Directors.

The Company shall establish the Rules and Procedures of Board of Director Meetings, which shall follow the Regulations Governing Procedure for Board of Directors Meetings of Public Companies with regard to the content of deliberations, procedures, matters to be recorded in the meeting minutes, public announcements, and other matters for compliance.

### Article 32

Directors of the Company shall exercise a high degree of self-discipline. If a director or a juristic person represented by the director is an interested party with respect to any proposal for a board of director meeting, the director shall state the important aspects of the interested party relationship at the meeting. When the relationship is likely to prejudice the interests of the Company, the director shall not participate in any discussion or voting on that proposal and shall enter recusal during the discussion and voting. The director shall also not act as another director's proxy to exercise the voting right on that matter. Directors shall also exercise self-discipline among themselves and avoid collusion.

Matters requiring the voluntary recusal of a director shall be clearly set forth in the Rules and Procedures of Board of Director Meetings.

### Article 33

The Company's independent directors shall attend the board meeting in person, and may not be represented by a non-Independent director via proxy when a board meeting is convened to consider any matter submitted to it pursuant to Article 14-3 of the Securities and Exchange Act. When an Independent director has a dissenting or qualified opinion, it shall be noted in the minutes of the board of director meeting; if the Independent director cannot attend the board of director meeting in person to voice his or her dissenting or qualified opinion, he or she shall provide a written opinion before the board of director meeting unless there are justifiable reasons for failure to do so, and the opinion shall be noted in the minutes of the board of director meeting.

Under any of the following circumstances, resolutions adopted by the Board of Directors shall not only be noted in the meeting minutes, but also publicly announced and filed on the Market Observation Post System (MOPS) two hours before the beginning of trading hours on the following business day after the date of the Board of Director meeting:

1. An independent director has a dissenting or qualified opinion which is on record or stated in a written statement.
2. The matter was not approved by the Audit Committee (if set up by the Company), but had the consent of more than two-thirds of all Directors.

During a board of director meeting, managers from relevant departments who are not directors may, in view of the meeting agenda, sit in at the meeting, make reports on the current business conditions of the Company and respond to inquiries raised by the directors. Where necessary, a CPA, legal counsel, or professional may be invited to sit in at the meeting to assist the directors in understanding the conditions of the Company for the purpose of adopting an appropriate resolution, provided that he/she shall leave the meeting when deliberation or voting takes place.

### Article 34

The Company's employees attending board of director meetings shall collect and correctly record the meeting minutes in detail, as well as a summary, the method of resolution, and voting results of all the proposals submitted to the board of director meeting in accordance with relevant regulations.

The minutes of the board of director meetings shall be signed by the chairperson and minute taker of

the meeting and sent to each director within 20 days after the meeting. The director attendance records shall be made part of the meeting minutes, treated as important corporate records, and kept safe permanently during the life of the Company.

Meeting minutes may be produced, distributed, and preserved by electronic means.

The Company shall record on audio or video tape the entire proceedings of a board of director meeting and preserve the recordings for at least 5 years in electronic form or otherwise.

If a lawsuit arises with respect to a resolution of a board of director meeting before the end of the preservation period referred to in the preceding paragraph, the relevant audio or video recordings shall be preserved for a further period, in which case the preceding paragraph does not apply.

Where a board of director meeting is held via video conference, the audio or video recordings of the meeting constitute a part of the meeting minutes and shall be preserved permanently.

When a resolution of the Board of Directors violates laws, regulations, the articles of incorporation, or resolutions adopted by the shareholders' meeting, and thus causes damage to the Company, dissenting directors whose dissent can be proven by minutes or written statements will not be liable for damages.

#### Article 35

The Company shall submit the following matters to the Board of Directors for discussion:

1. Corporate business plan.
2. Annual and semi-annual financial reports that are required under relevant laws and regulations to be audited and attested by a certified public accountant (CPA).
3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act, and assessment of the effectiveness of the internal control system.
4. Adoption or amendment of procedures for acquisition and disposal of assets, engaging in derivative trading, lending funds to other parties, and endorsement and guarantee in accordance with Article 36-1 of the Securities and Exchange Act.
5. Offering, issuance, or private placement of any equity-type securities.
6. Standard for the performance evaluation and remuneration of managerial officers.
7. Structure and system of director's remuneration.
8. Appointment or dismissal of financial, accounting, or internal auditing officers.
9. Donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the next board of director meeting for retroactive recognition.
10. Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or to be approved by resolution at a meeting of the Board of Directors, or any such significant matter as may be prescribed by the competent authority.

Except for matters that must be submitted to the Board of Directors for discussion under the preceding paragraph, when the board of director meeting is in recess, the exercise of its power may be delegated to others in accordance with laws, regulations, or the articles of incorporation. However, the level of delegation or the content or matters to be delegated shall be clearly specified, and general authorization is not permitted.

#### Article 36

The Company shall ask the appropriate corporate department or personnel to execute matters pursuant to Board of Directors' resolutions in a manner consistent with the planned schedule and objectives. It shall also follow up those matters and faithfully review their implementation.

The Board of Directors shall remain informed of the progress of implementation and receive reports in subsequent meetings to ensure the actual implementation of the Board's management decisions.

## Section 5 Fiduciary Duty, Duty of Care and Responsibility of Directors

### Article 37

Members of the Board of Directors shall faithfully conduct corporate affairs and perform the duty of care of a good administrator. In conducting the affairs of the Company, they shall exercise their powers with a high level of self-discipline and prudence. Unless matters are otherwise reserved by the law or the articles of incorporation for approval in shareholders' meetings, they shall ensure that all matters are handled according to the resolutions of the Board of Directors.

The Company shall formulate performance evaluations methods and procedures for the Board of Directors. In addition to annual self-evaluation of the Board of Directors, functional committees, and individual Directors, the Company may appoint an external professional organization to conduct performance evaluation or through other appropriate means. The content of performance evaluation of the Board of Directors shall include the following aspects, and suitable evaluation indicators shall be set based on the Company's needs:

1. Degree of participation in the Company's operations.
2. Improvement in the quality of decision-making by the Board of Directors.
3. Composition and structure of the Board of Directors.
4. Election and continuous development of Directors.
5. Internal control.

It is advisable that performance evaluations of the Board of Directors (self-assessment or peer-to-peer assessment) include the following aspects, with appropriate adjustments made on the basis of the Company's needs:

1. The grasp of the Company's goals and missions.
2. Recognition of directors' duties.
3. Degree of participation in the Company's operation.
4. Management of internal relationship and communication.
5. Professionalism and continuing professional education.
6. Internal controls.

The Company shall conduct a performance evaluation of its functional committees, and the evaluation content shall include the following aspects, which shall be adjusted appropriately based on the Company's needs:

1. Degree of participation in the Company's operations.
2. The awareness of the duties of the functional committees.
3. Improvement in the quality of decision making by the functional committees.
4. The composition of the functional committees, and election and appointment of committee members.
5. Internal control.

The Company shall submit the results of the performance evaluation to the Board of Directors as a reference for individual Directors' remuneration, nomination, and renewal.

### Article 37-1

It is advisable that the Company establish a succession plan for the management. The development and implementation of such a plan shall be periodically evaluated by the Board of Directors to ensure sustainable operation.

### Article 37-2

For the operational direction and performance of the intellectual property as a listed company, the Board of Directors shall evaluate and supervise the following aspects to ensure that the Company establishes an intellectual property management system with a management cycle of "plan, execute, inspect, and act."

1. Formulate intellectual property management policies, objectives, and systems related to business strategies.
2. Establish, implement, and maintain a management system for the acquisition, protection, maintenance, and application of intellectual property based on the scale and type.



3. Decide and provide sufficient resources required to effectively implement and maintain the intellectual property management system.
4. Observe internal and external risks or opportunities related to intellectual property management and take measures accordingly.
5. Plan and implement a continuous improvement mechanism to ensure that the operation and effectiveness of the intellectual property management system are in line with the Company's expectations.

#### Article 38

If a resolution of the Board of Directors violates laws, regulations or the Company's articles of incorporation, at the request of shareholders holding shares continuously for a year or an independent director, or at the notice of the Audit Committee to discontinue the implementation of the resolution, members of the Board of Directors shall take appropriate measures or discontinue the implementation of such a resolution as soon as possible.

Upon discovering any likelihood that the Company would suffer material damage, members of the Board of Directors shall immediately report to the Audit Committee, an independent director of the Audit Committee, in accordance with the foregoing paragraph.

#### Article 39

The Company shall insured liability insurance for Directors with respect to liabilities arising from performance of duties during their term of office which will lead to compensation in accordance with the laws, so as to reduce and spread the risk of material damage to the Company and shareholders caused by the wrongdoings or negligence of Directors.

The Company shall report the insured amount, coverage, premium rate, and other major contents of the liability insurance it has insured or renewed for Directors at the next board meeting.

#### Article 40

Members of the Board of Directors are advised to participate in training courses on finance, business, commerce, accounting, or law offered by institutions designated in the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies, which cover subjects relating to corporate governance upon becoming directors and throughout their tenure. They shall also ensure that employees at all levels will enhance their professionalism and knowledge of the law.

### **Chapter IV Respecting Stakeholders' Rights and Interests**

#### Article 41

The Company shall maintain channels of communication with its banks, other creditors, employees, consumers, suppliers, community, or other stakeholders of the Company, respect and safeguard their legal rights and interests, and designate a stakeholder section on its website.

When any of a stakeholder's legal rights or interests is harmed, the Company shall handle the matter in a proper manner and in good faith.

#### Article 42

The Company shall provide sufficient information to banks and its other creditors to facilitate their evaluation of the operational and financial conditions of the Company and its decision-making process. When any of their legal rights or interests is harmed, the Company shall respond with a responsible attitude and assist creditors in obtaining compensation through proper means.

#### Article 43

The Company shall establish channels of communication with employees and encourage employees to communicate directly with the management, directors, or supervisors, so as to reflect employees' opinions about the management, financial conditions, and material decisions of the Company concerning employee welfare.

#### Article 44

In developing its normal business and maximizing the shareholders' interests, the Company shall pay attention to consumers' interests, environmental protection of the community, and public welfare, and shall give serious regard to its social responsibility.

### **Chapter V Improving Information Transparency**

#### Section 1 Enhancing Information Disclosure

##### Article 45

Disclosure of information is a major responsibility of the Company. The Company shall perform its obligations faithfully in accordance with the relevant laws and the rules of TWSE or TPEX.

The Company shall establish an Internet-based reporting system for public information, appoint employees responsible for gathering and disclosing the information, and establish a spokesperson system, so as to ensure the proper and timely disclosure of information on policies that might affect the decisions of shareholders and stakeholders.

##### Article 46

To enhance the accuracy and timeliness of the material information disclosed, the Company shall appoint a spokesperson and acting spokesperson(s) who understand thoroughly the Company's financial and business conditions and who are capable of coordinating among departments for gathering relevant information and representing the Company in making statements independently.

The Company shall appoint one or more acting spokespersons who shall represent the Company, when the spokesperson cannot perform his/her duties, in making statements to the public independently, provided that the order of delegation shall be established to avoid any confusion.

To implement the spokesperson system, the Company shall unify the process of making external statements. It shall require the management and employees to maintain the confidentiality of financial and operational secrets and prohibit their disclosure of any such information at will.

The Company shall disclose the relevant information immediately whenever there is any change in the position of a spokesperson or acting spokesperson.

##### Article 47

To keep shareholders and stakeholders fully informed, the Company shall utilize the convenience of the Internet and set up a website containing the information regarding its finances, operations, and corporate governance. It is also advisable for the Company to furnish the financial, corporate governance, and other relevant information in English.

To avoid misleading information, the aforesaid website shall be maintained by the designated employees, and the recorded information shall be accurate, detailed and updated on a timely basis.

##### Article 48

The Company shall hold an investor conference in compliance with the rules of the TWSE or TPEX, and shall keep an audio or video record of the meeting. The financial and business information disclosed in the investor conference shall be disclosed on the Market Observation Post System and provided for inquiry through the website established by the Company, or through other channels in accordance with the rules of TWSE or TPEX.

#### Section 2 Disclosure of Information on Corporate Governance

##### Article 49

The Company shall disclose and update from time to time the following information on corporate governance in the fiscal year in accordance with laws and regulations and the rules of TWSE or TPEX:

1. Corporate governance framework and rules.
2. Ownership structure and the rights and interests of shareholders (including specific and explicit dividend policy).

3. Structure, professionalism and independence of the Board of Directors.
  4. Responsibilities of the Board of Directors and managerial officers.
  5. Composition, duties and independence of the Audit Committee.
  6. Composition, duties, and operation of the Remuneration Committee and other functional committees.
  7. The remuneration paid to the director, president and vice presidents in the last two fiscal years, the analysis of the ratio of total remuneration to net profit after tax in the parent company only financial statements or individual financial statements, the policy, standard and package of remuneration payment, the procedure for the determination of remuneration and the connection with the operation performance and future risk. Under special individual circumstances, remuneration of individual director shall be disclosed.
  8. Progress of training of directors.
  9. Stakeholders' rights, relationship, appeal channels, issues concerned and appropriate response mechanisms.
  10. Details of matters subject to disclosure required by laws and regulations.
  11. Enforcement of corporate governance, differences between the corporate governance principles implemented by the Company and these Principles, and the reason for the differences.
  12. Other information on corporate governance.
- The Company shall, according to the actual performance of the corporate governance system, disclose the plans and measures to improve its corporate governance system through appropriate mechanisms.

## **Chapter VI Supplementary Provisions**

### **Article 50**

The Company shall be aware of domestic and international developments in corporate governance at any time as a basis for review and improvement of its own corporate governance mechanisms, so as to enhance their effectiveness.

### **Article 51**

The establishment and amendment of these Principles shall be approved by the Board of Directors of the Company and reported to the shareholders' meeting.

### **Article 52**

These Principles were established on November 14, 2014.

The first amendment was made on January 26, 2015.

The second amendment was made on November 14, 2016.

The third amendment was made on March 23, 2018.

The fourth amendment was made on March 27, 2020.

The fifth amendment was made on March 31, 2021.

## **Appendix 2**

### **Mercuries & Associates Holding, Ltd. Corporate Social Responsibility Best Practice Principles (before Amendment)**

#### **Chapter I General Provisions**

##### **Article 1**

In order to fulfill the corporate social responsibility (CSR) and promote economic, social, environmental, and social progress while achieving the goal of sustainable development, these Principles are established in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and relevant regulations.

These Principles apply to the entire operations of the Company and its subsidiaries.

##### **Article 2**

While engaging in corporate operations, the Company shall actively fulfill its CSR in line with international development trends and shall increase its economic contributions to the country and improve the quality of life of employees, communities, and society while promoting CSR as the foundation for competitive advantages as a corporate citizen.

##### **Article 3**

When the Company is fulfilling its CSR, it shall pay attention to the rights and interests of stakeholders. While pursuing sustainable development and profit, the Company shall focus on topics pertaining to the environment, society, and corporate governance and incorporates them into its management guidelines and operating activities.

The Company shall conduct risk assessments on environmental, social, and corporate governance issues related to its operations in accordance with the materiality principle while formulating relevant risk management policies or strategies.

##### **Article 4**

To implement the corporate social responsibility, the Company is advised to follow the principles below:

1. Exercise corporate governance.
2. Foster a sustainable environment.
3. Preserve public welfare.
4. Enhance the disclosure of information on the corporate social responsibility.

##### **Article 5**

The Company shall consider the relevance of the development trend of CSR at home and abroad to the Company's core business activities as well as the impact of the overall operations of the Company and the Group's companies on stakeholders when formulating its CSR policies, systems, or relevant management guidelines and specific promotion plans, which shall be approved by the Board of Directors and reported to the shareholders' meeting.

When a shareholder proposes a motion involving corporate social responsibility, the Company's Board of Directors shall review and consider including it in the shareholders' meeting agenda.

#### **Chapter II Exercising Corporate Governance**

##### **Article 6**

The directors of the Company shall exercise the due care of good administrators to urge the Company to perform its corporate social responsibility, examine the results of the implementation thereof from time to time

and continually make adjustments, so as to ensure the thorough implementation of its corporate social responsibility policies.

The board of directors of the Company is advised to give full consideration to the interested parties, including the following matters, in the Company's performance of its corporate social responsibility:

1. Propose the mission or vision of the corporate social responsibility, formulate policies, systems or related guidelines.
2. Incorporate the corporate social responsibility into the Company's business and development guidelines and ratify concrete promotional plans for corporate social responsibility.
3. Ensure the real-time and correct disclosure of information on corporate social responsibility.

The Board of Directors shall appoint executive-level positions with responsibility for economic, environmental, and social issues resulting from the business operations of the Company, and to report the status of the handling to the Board of Directors. The handling procedures and the responsible person for each relevant issue shall be concrete and clear.

#### **Article 7**

The Company shall respect stakeholders' interests, identify its stakeholders, and set up a section dedicated to stakeholders on its official website. The Company shall use proper communication channels to understand stakeholders' needs and expectations and respond to key CSR issues that are of utmost concern.

#### **Article 8**

The Company shall establish the Corporate Governance Best Practice Principles and the Ethical Corporate Management Best Practice Principles and CSR to set up effective corporate governance frameworks, so as to enhance its corporate governance.

#### **Article 9**

To ensure proper management of CSR, the Company shall set up a full-time (part-time) dedicated unit in charge of proposing and executing CSR policies, systems or relevant management guidelines, and projects. This task force shall also report its progress regularly to the Board of Directors.

The Company shall formulate reasonable remuneration policies, to ensure that remuneration planning can be in line with the organizational strategic goals and stakeholders' interests.

The employee performance evaluation system shall be incorporated into the CSR policies, and the Company shall establish a clear and effective incentive and discipline system.

#### **Article 10**

The Companies shall organize education and training sessions regularly on the implementation of CSR, including promotion of the matters prescribed in Paragraph 2, Article 6.

### **Chapter III Fostering a Sustainable Environment**

#### **Article 11**

The Company shall follow relevant environmental laws, regulations and international standards to properly protect the environment and shall be committed to the goal of environmental sustainability when engaging in business operations and internal management.

#### **Article 12**

The Company shall endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.

#### **Article 13**

The Company shall establish an appropriate environmental management system according to its industrial characteristics. The system shall include the following items:

1. Collect sufficient and real-time information to evaluate the impact of the Company's business operations on the natural environment.

2. Establish measurable goals for environmental sustainability, and examining whether the development of such goals shall be maintained and whether it is still relevant on a regular basis.
3. Adopt enforcement measures, such as concrete plans or action plans, and examine the results of the implementation on a regular basis.

#### **Article 14**

The Company shall appoint a dedicated environmental management unit or team of personnel to establish, execute, and maintain environmental management system and specific action plans, and shall offer the management and employees environmental education classes.

#### **Article 15**

The Company shall take into account the impact on the ecology and promote the concept of sustainable consumption while conducting research, procurement, production, operations, services, and other business activities based on the following principles to reduce the impact of the Company's operations on the natural environment and human beings:

1. Reduce resource and energy consumption of products and services.
2. Reduce emission of pollutants, toxins and waste, and dispose of waste properly.
3. Improve recyclability and reusability of raw materials or products.
4. Maximize the sustainability of renewable resources.
5. Enhance the durability of products.
6. Improve efficiency of products and services.

#### **Article 16**

To improve water use efficiency, the Company shall use water resources properly and sustainably and establish relevant management measures.

The Company shall construct and improve environmental protection treatment facilities to avoid polluting water, air, and land. It shall also do its utmost to reduce the adverse effect on human health and the environment and adopt the best feasible pollution prevention and technical control measures.

#### **Article 17**

The Company shall assess the potential risks and opportunities of climate change for its current and future operations and take response measures with respect to climate change.

The Company shall adopt standards or guidelines generally accepted at home and abroad to conduct an inventory of corporate greenhouse gases and to disclose information. The scope of information disclosure shall include:

1. Direct greenhouse gas emissions: emissions from the sources owned or controlled by the Company.
2. Indirect greenhouse gas emissions: emissions resulting from the generation of externally purchased or acquired electricity, heating, or steam.

The Company shall count the greenhouse gas emissions, water consumption, and total weight of waste, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption, or other waste management, while incorporating the acquisition of carbon rights into the Company's carbon reduction strategy plan and implement it accordingly so as to reduce the impact of the Company's operating activities on climate change.

### **Chapter IV Preserving Public Welfare**

#### **Article 18**

The Company shall comply with relevant laws and regulations, and the International Bill of Human Rights with respect to rights, such as gender equality, the right to work, and prohibition of discrimination.

The Company shall establish relevant management policies and procedures to perform its obligations to protect human rights, including:

1. Propose the Company's human rights policy or statement.
2. Evaluate the impact of the Company's business activities and internal management on human rights and establish corresponding handling procedures.
3. Conduct regular reviews on the effectiveness of the Company's human rights policy or statement.
4. In the event of any infringement of human rights, the Company shall disclose the processes for handling of the matter with respect to the stakeholders involved.

The Company shall follow internationally recognized human rights for labor, such as freedom of association, right to collective bargaining, caring for vulnerable groups, prohibiting child labor, eliminating all forms of forced labor, as well as eliminating discrimination in employment, and shall confirm that its human resources policies are free from differential treatment because of gender, race, socioeconomic class, age, marriage, and family status, so as to implement equality and fairness in employment, employment conditions, salary, benefits, training, evaluation, and promotion opportunities.

With regard to incidents that damage labor rights, the Company shall provide effective and appropriate grievance mechanisms to ensure equality and transparency in the complaint filing process. The grievance channels shall be simple, convenient, and open, and the Company shall respond to employees' complaints in an appropriate manner.

#### **Article 19**

The Company shall provide information for employees, so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the Company has business operations.

#### **Article 20**

The Company shall provide safe and healthful work environments for employees, including necessary health and first-aid facilities and shall endeavor to curb dangers to employees' safety and health and to prevent occupational accidents.

The Company shall organize training on safety and health for employees on a regular basis.

#### **Article 21**

The Company shall create an environment conducive to the development of employees' careers and establish effective training programs to foster career skills.

The Company shall formulate and implement reasonable employee benefit measures (including remuneration, leave, and other benefits) and shall reflect operating performance or results in employee remuneration to ensure the recruitment and retention of and incentives to human resources so as to achieve the goal of sustainable operations.

#### **Article 22**

The Company shall establish a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant information on and express their opinions on the Company's operations, management and decisions.

The Company shall respect the employee representatives' rights to negotiate the working conditions and shall provide the employees with necessary information and hardware equipment, in order to improve the negotiation and cooperation between employers, employees, and employee representatives.

The Company shall, in a reasonable manner, notify employees of changes in business operation that are likely to cause a significant impact on employees.

#### **Article 22-1**

The Company shall treat their customers or consumers in a fair and reasonable manner, including such principles as fairness and integrity, duty of care and loyalty, truthfulness in marketing and advertising, suitability of products or services, information and disclosure, balanced remuneration and performance,

complaint protection, and professionalism of salespeople, while formulating relevant implementation strategies and specific measures.

The aforementioned fair and reasonable manner includes:

1. Adhering to reciprocity, fairness and good faith in entering into contracts.
2. Fulfilling due care and fiduciary duty while being entrusted by customers.
3. Ensuring truthfulness in advertising and soliciting.
4. Confirming fitness of products or services that are provided for customers or consumers.
5. Giving a thorough explanation of important contents and disclosing risks for products or services that are provided.
6. Compensation of a salesperson depends on the right of clients and customers and the achievement of performance
7. A smooth grievance channel for customers or consumers, ensuring the response by the Company realistically.
8. The practitioners who engage in the business requiring professionalism are advised to obtain professional qualifications or licenses.

#### **Article 23**

The Company shall be responsible for its products and services, and take marketing ethics seriously. In the process of research and development, procurement, production, operations, and services, the Company shall ensure the transparency and safety of its products and services, while establishing and disclosing its policies for consumer rights and interests and enforcing them in the course of business operations so as to prevent the products or services from adversely impacting consumers' rights, interests, health, and safety.

#### **Article 24**

The Company shall ensure the quality of its products and services by following the laws and regulations of the government and relevant standards of its industry.

The Company shall adhere to relevant regulations and international standards for customer health and safety, customer privacy, marketing and labeling of products and services. The Company shall not engage in any activities involving deception, misleading, fraud, or any other behavior that undermines consumers' trust, rights, and interests.

#### **Article 25**

The Company shall evaluate and manage all types of risks that may cause interruptions in operations to reduce the impact on consumers and society.

The Company shall provide a transparent and effective procedure for accepting consumer complaints to fairly and timely handle the complaints. It shall comply with the Personal Data Protection Act and relevant laws and regulations to respect consumers' rights of privacy and protect personal data provided by consumers.

#### **Article 26**

The Company shall assess the impact its procurement has on society as well as the environment of the community of the supply source, and shall cooperate with suppliers to jointly implement CSR.

The Company shall formulate a supplier management policy that requires suppliers to follow relevant regulations on issues, including environmental protection, occupational safety and health, or human rights of labor. Prior to business dealings, the Company shall assess whether its suppliers have a record of causing an impact on the environment and society and shall avoid transactions with enterprises whose CSR policies are in conflict with its ones.

When the Company enters into a contract with a major supplier, the content shall include terms stipulating compliance with mutual CSR policies and specifying that the contract may be terminated or rescinded any time if the supplier has violated such policies and has caused significant negative impact on the environment and society of the community of the supply source.



## **Article 27**

The Company shall evaluate the impact of its business operations on the community, and adequately employ personnel from the location of the business operations to enhance community acceptance.

The Company is advised to, through equity investment, commercial activities, endowments, volunteering service or other charitable professional services, dedicate resources to organizations that commercially resolve social or environmental issues, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.

## **Chapter V Enhancing Disclosure of Information on Corporate Social Responsibility**

### **Article 28**

The Company shall disclose information according to relevant laws and regulations and these Principles, and shall fully disclose relevant and reliable information relating to its corporate social responsibility to improve information transparency.

Relevant information relating to corporate social responsibility which the Company shall disclose includes:

1. The policy, systems, or relevant management guidelines, and specific projects regarding CSR, as resolved by the Board of Directors.
2. The risks and the impact on the corporate operations and financial conditions arising from exercising corporate governance, fostering a sustainable environment, and preserving social public welfare.
3. Goals and measures for realizing CSR established by the Company, and performance in implementation.
4. Major stakeholders and their issues of concern.
5. Disclosure of information on major suppliers' management and performance with respect to material environmental and social issues.
6. Other information on corporate social responsibility.

### **Article 29**

The Company shall adopt widely recognized international standards or guidelines when producing a CSR report to disclose the status of its implementation of the CSR policy. It shall also obtain a third-party assurance or verification of the report to enhance the reliability of the information in the report. The contents shall include:

1. Implementation of CSR policies, systems, relevant management policies, and specific advancement plans.
2. Major stakeholders and their issues of concern.
3. Results and review of the exercising of corporate governance, cultivation of a sustainable environment, safeguarding of public welfare, and advancement of economic development.
4. Future improvement direction and goals.

## **Chapter VI Supplementary Provisions**

### **Article 30**

The Company shall continuously monitor the development of the CSR standards at home and abroad and the changes in the business environment to examine and improve the CSR framework it has established and to obtain better results from the implementation of the CSR policy.

### **Article 31**

These Principles and amendments shall be implemented after the approval of the Board of Directors and submitted to the shareholders' meeting.

### **Article 32**

These Principles were established on August 12, 2016.

The first amendment was made on March 23, 2018.

The second amendment was made on March 27, 2020.

## **Appendix 3**

### **Mercuries & Associates Holding, Ltd. Articles of Incorporation (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 5: The Company is a professional investment company and the amount of investment is not prohibited by Article 13 of the Company Act.

#### **Chapter Two: Shareholding**

Article 6: The total amount of capital of the Company is NT\$12 billion, being divided into 1.2 billion shares with par value of NT\$10 per share, and the Board of Directors is authorized to issue 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 the director who is authorized to represent the Company, 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 are handled in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies promulgated by the competent authority and 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: The entries in the shareholders' roster shall not be altered within 60 days prior to the convening date of a regular shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the record date fixed by the issuing company for distribution of dividends, bonus or other benefits.

#### **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 stipulated by laws and regulations, each shareholder of the Company has one voting right per share, which can be exercised in writing or electronically.

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 regulations 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 if there is Deputy President, and when both are absent, President/Chairman of the Company shall designate an individual as the chairman. When there is no designated individual, the Board members shall nominate an individual as the chairman.

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 Audit Committee**

Article 17: The Company has established a system of 9 to 11 Board members (including 3 to 5 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. 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 shall be handled in accordance with the Securities and Exchange Act, the Company Act and other 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 based on business needs.

Article 19: Board Meetings are called to order by the Chairman of the Board. Prior to convening a Board Meeting, each Director 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: In compliance with Articles 14-4 of the Securities and Exchange Act, the Company shall establish the Audit Committee, which shall consist of all independent directors. The Audit Committee, after established on June 22, 2018, shall be responsible for performing the power as a supervisor as provided in the Company Act, the Securities and Exchange Act, and other relevant laws and regulations.

Article 21-1: The duties of the Audit Committee shall be prescribed in the Audit Committee's Organizational Charter.

Article 22: 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 shall be determined by the Board of Directors in accordance with each Director's involvement in and contribution to the Company's operation and also taking into consideration the industry's usual support level.

The Company shall purchase liability insurance for the Directors during their term of service. The Company shall report the insured amount, coverage, premium rate, and other important contents of the directors liability insurance it has obtained or renewed for directors, at the most recent board meeting.

## **Chapter Five: Managers**

Article 23: The Company may appoint 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 Chairman.

## **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 an Audit Committee's Review 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. Proposals for the distribution of employees' compensation as well as directors' 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 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.

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 be no less than 10% of all 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: With regard to all matters not provided for in the Articles of Incorporation, the Company Act or other laws and regulations shall govern.

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 nineteenth 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 fortieth amendment was on June 18, 2010.  
The forty-first amendment was on June 24, 2011.  
The forty-second amendment was on June 5, 2012.  
The forty-third amendment was on June 20, 2014.  
The forty-fourth amendment was on June 24, 2016.  
The forty-fifth amendment was on June 20, 2017.  
The forty-sixth amendment was made on June 22, 2018.  
The forty-seventh amendment was made on June 18, 2020.  
The forty-eighth amendment was made on August 13, 2021.

## **Appendix 4**

### **Mercuries & Associates Holding, Ltd. Rules and Procedures of Shareholders Meeting (before Amendment)**

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  
Fifth amendment on June 22, 2018 at the Annual Shareholders Meeting  
Sixth amendment on June 18, 2020 at the Annual Shareholders Meeting  
Seventh amendment on August 13, 2021 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 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 dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, capital increase by earnings, capital increase by capital surplus, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion. When the convening reason for the shareholders' meeting has stated the full re-election of Directors and the appointment date. After the re-election is completed at the shareholders' meeting, the appointment date shall not be changed via an extraordinary motion or other mean at the same meeting.

A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities,

provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda. Prior to the book closure date before the convention regular shareholders' meeting, the Company shall give a public notice announcing the acceptance of shareholders' proposals, the acceptance methods of written or electronic proposals, the place and the period for such acceptance; and the said period shall not be fewer 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 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.

At the shareholders' meeting convened by the Board of Directors, more than half of the Directors of the Board of Directors shall attend the meeting, and the attendance shall be recorded in the minutes of the shareholders' meeting.

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 begin from the time it accepts shareholder attendance registrations, to make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

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 and announce the number of shares held by a shareholder with no voting rights and attending shareholder. 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 one 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 agenda shall be determined by the Board of Directors. The relevant proposals (including extraordinary motions and amendments to original proposals) shall be decided by voting on a case-by-case basis. The meeting shall proceed according to the scheduled agenda, which shall not be altered without a resolution adopted at 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 Chairperson shall give the opportunity to fully explain and discuss the proposals, as well as the amendments or motions proposed by the shareholders. When the Chairperson is of the opinion that a proposal has been sufficiently discussed to a point where it can be put to a vote, the Chairperson may announce the discussion closed and bring the proposal to vote. The Chairperson shall also allocate sufficient time for voting.

## **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 percentage is exceeded, the voting rights in excess of that percentage 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 at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes and the names of those not elected as director and the numbers of votes.

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 year, month, day, place, name of the chairperson, resolution method, discussion method, highlights in the procedure, and voting results (including statistical weights) shall be recorded in the meeting minutes as they are. When there is a director election, the number of votes each candidate receives shall also be recorded. The minutes shall be kept throughout the life 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 5

### **Mercuries & Associates Holding, Ltd. Regulations of Procedures for the Acquisition and Disposal of Assets (before Amendment)**

Amendment resolved by the Shareholders Meeting on June 22, 2017  
Amendment resolved by the Shareholders Meeting on June 22, 2018  
Amendment resolved by the Shareholders Meeting on June 14, 2019  
Amendment resolved by the Shareholders Meeting on June 18, 2020

#### 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. Investments in stocks, government bonds, corporate bonds, financial bonds, marketable securities representing interest in a fund, depository receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, and investment property) and equipment.
3. Membership certificates
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Right-of-use assets.
6. Claims of financial institutions (including accounts receivable, bills purchased and discounted and loans, and receivables on demand)
7. Derivatives.
8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
9. Other important assets

#### Article 4: Definition of terms

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rates, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. 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 Article 156-3 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.
8. 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 real property and right-of-use assets thereof or securities acquired by the Company and each subsidiary for non-operating use are as follows:

- (1) The total amount of real property and right-of-use assets for non-operating use shall be no more than 20% of the Company's net worth.
- (2) The amount of total investment in marketable 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 a CPA, lawyer or securities underwriter, the appraisal service providing the report and its appraisers, the CPA, lawyer or securities underwriter shall abide by the following regulations:

1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of the Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
2. May not be a related party or de facto related party of any party to the transaction.
3. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or a statement of opinion, the personnel referred to in the preceding paragraph shall comply with the following:

1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
2. When examining a case, they shall appropriately plan and execute adequate workflow, in order to reach a conclusion and use it as the basis for issuing the report or statement of opinion. The related execution procedures, data collected, and conclusions shall be fully and accurately specified in the case working papers.

3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the statement of opinion.
4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

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. When a transaction involving the acquisition and disposal of assets is submitted for discussion by the board of directors, 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.

Major transactions of assets or derivatives shall be approved by more than half of all Audit Committee members and then submitted to the Board of Directors for a resolution. If major transactions of assets or derivatives are not approved by more than half of all Audit Committee members, they may be approved by two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board meeting.

The all Audit Committee members and the all Directors in the preceding paragraphs refer to the actual incumbents.

Article 7: Procedures for obtaining or disposing of real estate, equipment or right-of-use assets thereof

1. Appraisal and operational procedures

The Company acquires or disposes of real estate, equipment or right-of-use assets thereof in accordance with the internal control system of fixed assets recycling procedures.

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

(1). For acquisition or disposal of real estate or right-of-use assets thereof, the transaction conditions and prices shall be determined based on the announced current value, appraised value, and actual transaction prices of the nearby real estate; an analysis report shall be drawn up and submitted to the Chairman. Amount less than NT\$20 million shall be submitted to the Chairman for approval and reported, after the transaction is completed, at the upcoming meeting of the Board of Directors; amount exceeding NT\$20 million shall be approved by the Board of Directors before execution.

(2). In acquiring or disposing of real property, equipment, or right-of-use assets thereof, the Company shall choose from either compare pricing, negotiation, or bidding process. For a transaction below NT\$20 million (inclusive), the responsible units can exercise decision-making rights; for each transaction over NT\$20 million, approval of the Chairman is required and approval of the Board of Directors shall also be obtained prior to execution

3. Implementing Unit

In acquiring or disposing of real property, equipment, or right-of-use assets thereof, the preceding paragraph 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

For the Company's acquisition or disposal of real estate, equipment, or right-of-use assets thereof, except for transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, when the transaction amount reaches 20% of the

Company's paid-in capital or more than NT\$300 million, an appraisal report issued by a professional appraiser shall be issued before the date of the occurrence of the fact in accordance with and the following rules:

- (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 be amended 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 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 for Acquiring or Disposal of Securities Investment

##### 1. Appraisal and operational procedures

The Company's acquisition or disposal of marketable securities shall be handled in accordance with the investment cycle procedures stipulated in the Company's internal control system.

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

- (1) The acquisition or disposal of marketable securities in the stock exchange market or an OTC market shall be determined by the responsible unit according to market conditions. When the transaction amount is NT\$100 million or less, it shall be approved by the Chairman and shall be, after the transaction is completed, reported at the upcoming Board of Director meeting, along with an analysis report on the unrealized profit or loss on securities; when the amount exceeds NT\$100 million, it shall be submitted to the Board of Directors for approval before execution.
- (2) For the acquisition or disposal of marketable securities that are not in the stock exchange market nor an OCT market, the latest CPA audited or reviewed financial statements of the target company shall be taken as the reference for evaluating the transaction price before the occurrence of the fact. The net worth per share, profitability, and future development potential shall be considered. When the transaction amount is NT\$30 million or less, it shall be approved by the Chairman and shall be, after the transaction is completed, reported at the upcoming Board of Director meeting, along with an analysis report on the unrealized profit or loss on securities; when the amount exceeds NT\$30 million, it shall be submitted to the Board of Directors for approval before execution.



### 3. Implementing Unit

The Company's acquisition or disposal of securities shall be approved on a level-by-level basis in accordance with the approval method as in the preceding paragraph before executed by the financial and accounting unit.

### 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. If an 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. In acquiring or disposing of assets from and with its related parties, the Company shall, in addition to handling relevant resolution procedures and assessing the reasonableness of the transaction conditions in accordance with the provisions of Article 7, Article 8, Article 10, and this article, obtain an appraisal report from a professional appraiser or CPA's opinion if the transaction amount reaches 10% or more of the Company's total assets. When judging whether a trading counterpart is a related party, besides legal definitions, the substantial relations shall also be taken into consideration.

### 2. Appraisal and operational procedures

- (1) When the Company intends to acquire or dispose of real property or right-of-use assets from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets from or to a related party and the transaction amount exceeds 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or more than NT\$300 million (except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of currency market funds issued by domestic securities investment trust enterprises), the Company shall not enter into a transaction contract or make payments until the following matters have been approved by more than half of all Audit Committee members and by the Board of Directors, and shall be subject to mutatis mutandis application of Paragraph 2, Article 6-1:

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 counterpart.
3. With respect to the acquisition of real estate or right-of-use assets thereof from a related party, information regarding the reasonableness of the pre-determined transaction terms shall be evaluated in accordance with Subparagraphs (1) to (4) and (6), Paragraph 3 under this article.
4. The date and price at which the related party originally acquired the real property, the original trading counterpart, and that trading counterpart'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 (7) 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 Audit Committee and the Board of Directors need not be counted toward the transaction amount.
- (3) When "acquisition or disposal of equipment or right-of-use assets held for business use" or "acquisition or disposal of real property right-of-use assets held for business use" is to be conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital, the Company's Board of Directors may delegate the Chairman to decide such matters when the transaction is less than NT\$100 million (inclusive) and have the decisions submitted to the most recent Board meeting on an after-event basis:
- (4) 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 property or right-of-use assets 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 or leased 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 or right-of-use assets from a Related Party and appraises the cost of the real property or right-of-use assets in accordance with the provisions of Paragraph 3 (1) and (2) of this article shall also engage a CPA to check the appraisal and render a specific opinion.
  - (4) The Company that acquires real property or right-of-use assets 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) of this Article. Where the Company acquires real property from a Related Party and objective evidence, professional real property 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 sale or leasing practices.
2. Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a Related Party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.
3. Completed transactions involving 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 assessed present value; transactions involving 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 the year preceding the date of occurrence of the acquisition of the real property or recognition of the right-of-use assets thereof.
- (5) Where the Company acquires real estate or right-of-use assets thereof from a related party, and the appraisal results conducted in accordance with the provisions of Subparagraphs (1) to (4) and (6), Paragraph 3 under this article are all lower than the transaction price, the following steps shall be taken:
  1. A special reserve shall be set aside in accordance with Paragraph 1, Article 41 of the Securities and Exchange Act, based on the difference between the transaction price of real property or right-of-use assets and the appraised costs, and 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 Paragraph 1, Article 41 of the Securities and Exchange Act. The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.
  2. The Independent Directors of the Audit Committee 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 estate or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the relevant appraisal and procedures in Paragraph 2 of this article, and the provisions of evaluation of the reasonableness of transaction cost in Subparagraphs (1), (2), and (3), Paragraph 3 of this article do not apply:
1. The Related Party acquires the real property or right-of-use assets 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 or right-of-use assets 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.
  4. The real estate right-of-use assets for business use are acquired by the Company with its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100% of the issued shares or authorized capital.
- (7) When the Company obtains real property or right-of-use assets from a Related Party, it shall also comply with the provisions of Paragraph 3 (5) of the Article if there is other evidence indicating that the acquisition was not an arms length transaction.

Article 10: The Procedures for Acquisition or Disposal of Memberships or Intangible Assets or Right-of-use Assets Thereof

1. Appraisal and operational procedures  
The Company abides by its internal control system in handling any acquisition or disposal of membership or intangible assets or right-of-use assets thereof.
2. Decision-making procedures for setting transaction criteria 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) In acquiring or disposing of intangible asset or right-of-use assets thereof, 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 or right-of-use assets thereof, 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. Professional appraisal reports on the memberships or intangible assets or right-of-use assets thereof
  - (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 or right-of-use assets thereof 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) The company acquires or disposes of memberships or intangible assets or right-of-use assets thereof and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation.
5. In the event that the Company or its subsidiary acquires or disposes of assets through auction procedures of courts, the appraisal report or CPA's opinion can be replaced by documents issued by the courts.

Article 11: Processes to handle acquisition or disposal of claims of financial institutions, 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: The calculation of the transaction amounts referred to in Article 7, Article 8, and Article 10 shall be done in accordance with Subparagraph (7), Paragraph 1, Article 14, herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

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

1. Principles

(1) Transaction types

1. Derivative products that could be traded 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, the Audit Committee 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 one single trading counterparty shall not exceed 10% of total authorized transaction amount. But transactions that have been approved by the President 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) The 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 Audit Committee 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.

6. 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 the Board for resolution. 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.
- (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 Subparagraphs (1), (2), (5) and (7), to (9) Paragraph 2 of this article.
- (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 or right-of-use assets from or to a Related Party, or acquisition or disposal of assets other than real property or right-of-use assets from or to a Related Party where the transaction amount reaches 20 % or more of the Company's 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 domestic government bonds or bonds under repurchase and reverse repurchase agreements, or subscription or repurchase of domestic money market funds issued by securities investment trust enterprises.
- (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 equipment or its right-of-use asset for business use is acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million or more. 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 furthermore the transaction counterparty is not a related party, 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 five 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 domestic government bonds.
  2. Trading of bonds under repurchase/resale agreements, or subscription or repurchase of domestic money market funds issued by securities investment trust enterprises.
- (7) The amount of transactions above shall be calculated as follows:
  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 or right-of-use asset 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. 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 within two days upon knowledge of its error or omission.
  - (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 be governed by the following:

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 assets, it shall be handled in accordance with the Company's procedures for acquisition or disposal of assets. If the Company does not have such procedures in place, it shall be handled in accordance with the Procedures.

3. Information required to be publicly announced and reported in accordance with the provisions of Article 14 on the acquisition and disposal of assets by the Company's subsidiary that is not itself a domestic public company shall be announced publicly by the Company on behalf of the subsidiary.
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:

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.
2. 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

The procedures shall first be approved by more than half of all members of the Audit Committee and approved by the Board of Directors via a resolution before submitted to the shareholders' meeting for approval. The same shall apply to any amendment. Paragraphs 2 and 3 of Article 6-1 apply *mutatis mutandis*.

When the above Procedures are submitted for discussion in 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 6

### Mercuries & Associates Holding, Ltd. Shareholding of Directors

1. The Company's paid-in capital is NT\$9,133,620,830 and cumulative issued shares outstanding are 913,362,083 shares.

2. All Directors shall hold a minimum of 29,227,586 shares.

The company has an audit committee, therefore, there is no statutory shareholding for supervisors.

3. Below is a list of actual shareholding from all Directors and Supervisors of the ex-share transfer date on April 26, 2022

Title	Name	Shares Held	Shareholding ratio
Chairman	Shanglin Investment Co., Ltd. Representative: Chen, Shiang-Li	187,146,480	20.48%
Director	Shuren Investment Co., Ltd. Representative: Wong, Wei-Chyun	129,054,542	14.12%
Director	Shanglin Investment Co., Ltd. Representative: Chen, Shiang-Chung	187,146,480	20.48%
Director	Shuren Investment Co., Ltd. Representative: Mao, Ming-Yu	129,054,542	14.12%
Director	Shanglin Investment Co., Ltd. Representative: Chen, Shiang-Feng	187,146,480	20.48%
Director	Cheng, I-Teng	0	0%
Independent Director	Lee, Mao	0	0%
Independent Director	Jeffery Chen	0	0%
Independent Director	Tu, Te-Cheng	0	0%
Shares held by all Directors (excluding Independent Directors)			316,201,022
Shareholding from Directors has reached the legally required minimum.			

## **Appendix 7**

### **Mercuries & Associates Holding, Ltd.**

#### **Information on Stock Grants, Compensations for Directors and 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 2022, hence this is not applicable.
2. On the 7th Board meeting of the 20th Board on March 31, 2022, the company's board of directors approved the employees' compensation and directors' compensation in the amounts of NT\$20,200,000 and NT\$10,900,000, in cash, respectively.