


Mercuries & Associates, Holding Ltd.
(Formerly Mercuries & Associates, Ltd.)
2017 Annual Shareholders' Meeting Minutes
(Translation)

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

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

Total outstanding shares: 673,936,458 shares

Total shares represented by shareholders present in person or by proxy: 534,574,043 shares

Percentage of shares held by shareholders present in person or by proxy: 79.32%

Attendees:

Directors: Mr. HL Chen, Mr. Chengyi Fang, Mr. Weijun Weng, Mr. Mingyu Mao,
Mr. HC Chen, Mr. Hsien-Chang Wang, Ms. Li-Yun Yang, Mr. Mao Li,
Mr. Chang-Yi Chen

Supervisor: Mr. Chien-chih Liu, Mr. I-Teng Cheng

Others: Ms. Ke-Yi Liu CPA, Mr. Renxing Zhang Attorney

Chairman : HL Chen, the Chairman of the Board of Directors



Recorder : Su-Neu Wu 

1. The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.
2. Chairman's Address (omitted)
3. Report Items
 - (1) 2016 Business Report (see Attachment 1)
 - (2) Supervisor's Review Report on the 2016 Financial Statements (see Attachment 2)
 - (3) Reported 2016 directors' and supervisor' Compensations and employees' profit sharing bonus
2016 directors' and supervisor' compensations is NT\$12,500,000 and employees' profit sharing bonus is NT\$20,900,000.
 - (4) Endorsement and Guarantees in 2016.
Explanation: The Company's endorsement guarantee is NT\$150,000,000 on December 31, 2016.

Unit: NT\$1,000

No.	Company Name of Endorser/Guarantor	Object of endorsement/guarantee Object		Limitation on endorsements and guarantees for a single enterprise (Note2)	Maximum Balance for the Period	Endorsement or guarantee balance at the end of current period Balance insured	Actual expenditure Amount	Amount of Endorsement/Guarantee with security on property	Percentage of Accumulated Amount of Endorsement/Guarantee accounted for among the net value in current Financial Statements	Endorsement Guarantee Ceiling (Note3)
		Company name	Relationship (Note 1)							
0	Mercuries & Associates, Holding Ltd.	Tomod's Taiwan	6	\$2,117,905	\$150,000	\$150,000	\$90,000	-	0.01	\$4,235,811

Note 1: Relationship between the endorser/guarantor and the Company is classified into the following six categories:

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

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

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

4. Matters to be Resolved:

Proposal 1 (proposed by the Board)

Proposal: Approve the 2016 Business Report and Financial Statements.

Explanation:

- (1) The Company's 2016 Financial Statements (including Individual Financial Statements) have been resolved by the Board and reviewed by the Supervisor.
- (2) 2016 Business Report, CPA Audit Report (including CPA Audit Report of Individual Financial Statements) and Financial Statements (including Individual Financial Statements) were attached hereto as Attachments 1 and 3.

Voting Results:

Shares represented at the time of voting: 534,574,043.

Voting results	% of the total represented share present
Votes in favor : 524,516,619 (including 66,615,427 votes casted electronically)	98.11%
Votes against : 112,251 (including 112,251 votes casted electronically)	0.02%
Votes invalid : none	0%

Voting results	% of the total represented share present
Votes abstained : 9,945,173 (including 9,005,467 votes casted electronically)	1.86%

RESOLVED, that the 2016 Business Report and Financial Statements be and hereby were accepted as submitted.

Proposal 2 (proposed by the Board)

Proposal: Approve the 2016 Earnings Distribution.

Explanation:

- (1) Earnings available for distribution 2016 had been NT\$ 4,015,610,436. The Board had proposed to distribute cash dividend of NT\$500,778,528 and stock dividend of NT\$500,778,520. Based on the 715,397,897 shares outstanding, it is estimated that cash dividend and stock dividend distributed per share will be approximately NT\$0.7 and NT\$0.7 respectively. Cash dividend will be rounded to the nearest whole figure. Dividend less than NT\$1 will be combined and forwarded to the Company's Welfare Committee, and we propose to ask the Shareholders Meeting to authorize the Board to establish an ex-dividend date.
- (2) Upon receiving approval from the Shareholders Meeting for the cash dividend, if subsequent buy-back of Company shares, transfer, exchange or write-off of treasury stock, exchange of Company bonds, exercise of employee stock option occurs, or if restricted employee shares are mature, causing outstanding shares to differ, resulting in changes in distribution of shareholders' share or interest, we propose to ask the Shareholders Meeting to authorize the Board to handle all relevant matters.
- (3) Please see Attachment 4 for the Company's 2016 Earnings Distribution.

Voting Results:

Shares represented at the time of voting: 534,574,043.

Voting results	% of the total represented share present
Votes in favor : 524,515,261 (including 66,614,069 votes casted electronically)	98.11%
Votes against : 113,609 (including 113,609 votes casted electronically)	0.02%
Votes invalid : none	0%
Votes abstained : 9,945,173 (including 9,005,467 votes casted electronically)	1.86%

RESOLVED, that the above proposal be and hereby was approved as proposed.

5. Matters to be Discussed:

Proposal 1 (proposed by the Board)

Proposal: Amendment of the Company's Articles of Association.

Explanation:

- (1) The Company proposes to amend some of the articles in the Articles of Association in response to the Company's operational needs.
- (2) Please see Attachment 5 for a comparison table on the articles before and after the amendments.

Voting Results:

Shares represented at the time of voting: 534,574,043.

Voting results	% of the total represented share present
Votes in favor : 524,509,211 (including 66,608,019 votes casted electronically)	98.11%
Votes against : 113,301 (including 113,301 votes casted electronically)	0.02%
Votes invalid : none	0%
Votes abstained : 9,951,531 (including 9,011,825 votes casted electronically)	1.86%

RESOLVED, that the above proposal be and hereby was approved as proposed.

Proposal 2 (proposed by the Board)

Proposal: The Company proposes to amend the Procedures for Acquisition or Disposal of Assets.

Explanation:

- (1) The Company proposes to amend some of the articles in the "Procedures for Acquisition or Disposal of Assets" in response to relevant legal regulations.
- (2) Please see Attachment 6 for a comparison table on the articles before and after the amendments.

Voting Results:

Shares represented at the time of voting: 534,574,043.

Voting results	% of the total represented share present
Votes in favor : 524,507,752 (including 66,606,560 votes casted electronically)	98.11%
Votes against : 114,760 (including 114,760 votes casted electronically)	0.02%
Votes invalid : none	0%
Votes abstained : 9,951,531 (including 9,011,825 votes casted electronically)	1.86%

RESOLVED, that the above proposal be and hereby was approved as proposed.

Proposal 3 (proposed by the Board)

Proposal: Reinvestment of earnings by issuing new shares.

Explanation:

- (1) To strengthen the Company's capital structure and to satisfy operating needs, the Company plans to allocate NT\$500,778,520 in the shareholders' interest to issue new shares with par value of NT\$10 per share. The Company plans to issue 50,077,852 shares, and all of which will be in the form of uncertificated shares.
- (2) For the reinvestment of earnings as issuance of new shares, based on the shareholding ratio of each shareholder recorded on the shareholders log on the ex-dividend date, 70 shares will be distributed without pay for each 1,000 shares held. Cash will be distributed for issuance of less than 1 share, and the Chairman of the Board will contact specific individuals to purchase the shares at the face value.
- (3) For the reinvestment of earnings as issuance of new shares for this period, the rights and obligations carried in these shares are equal to those of common shares outstanding.
- (4) Upon approval from the Shareholders Meeting and from the competent authority, the Board will be authorized to establish an ex-dividend date. If subsequent buy-back of Company shares, transfer, exchange or write-off of treasury stock, exchange of Company bonds, exercise of employee stock option occurs, or if restricted employee shares are mature, causing outstanding Company shares to differ, resulting in changes in distribution ratio of shares for shareholders, we propose to ask the Shareholders Meeting to authorize the Board to handle all relevant matters.

Voting Results:

Shares represented at the time of voting: 534,574,043.

Voting results	% of the total represented share present
Votes in favor : 524,507,638 (including 66,606,446 votes casted electronically)	98.11%
Votes against : 119,875 (including 119,875 votes casted electronically)	0.02%
Votes invalid : none	0%
Votes abstained : 9,946,530 (including 9,006,824 votes casted electronically)	1.86%

RESOLVED, that the above proposal be and hereby was approved as proposed.

6. Questions and Motions:

(Question raised by shareholder No 136481 for the Company's earnings and operational issues were response by the financial officer designated by the chairman.)

There being no other business and special motion, upon a motion duly made and seconded, the meeting was adjourned.

Attachment 1

Mercuries & Associates, Holding Ltd.

(Formerly Mercuries & Associates, Ltd.)

Business Report

Year 2016

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

1. Business Report in 2016

(1) Implementations of the Business Plan

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

1. Daily Commodities and Food and Beverage Sector

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

2. Life Insurance

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

the previous period.

3. Pharmaceutical

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

4. Others

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

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

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

(3) Research and Development

1. Daily Commodities and Food and Beverage Sector

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

2. Life Insurance

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

International "ISO14001 Environmental Management System" accreditation.

3. Pharmaceutical

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

4. Others

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

2. Summary of Annual Business Plan for 2017

(1) Operating Strategies

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

(2) Important Production and Marketing Policies

1. Daily Commodities and Food and Beverage Sector

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

2. Life Insurance

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

3. Pharmaceutical

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

- (1) Active Pharmaceutical Ingredients (API): focus on original developer of the drug supply. We will avoid popular products and select drugs with higher safety and stable sales, in addition to having new usage, new formulation or can be further developed into new drugs, or present API that can serve as starting active ingredients for new drugs.
- (2) Intermediates: our primary goal is to target the original developer of the drug supply, and our second goal is to enter the market for intermediates with high barrier, legal regulation and stringent quality control, intermediates relevant to the Company's core technologies, intermediates with strategic partners available, and intermediates that are used in the early R&D stage of new drugs. Intermediates with above-mentioned characteristics can help us to effectively differentiate ourselves from competitors and prevent price wars.
- (3) Specialty Chemicals: to correspond to client needs, SCI Pharmtech produces and sales digitized specialty chemicals with high standards of the pharmaceutical industry. We develop pharmaceutical production processes, customized services and can mass produce for our clients.

4. Others

MDS prudently selects and assumes large-scale public engineering projects to create high margin and business opportunities in subsequent revenue from maintenance work. We will continue to develop new businesses, create differential value, enhance software development skills and strive toward

product R&D to enhance market competitiveness. We will also focus on discussing on ways to extend durability of current patents and focus on R&D to receive new patents.

3. External Competitive Environment and Overall Operating Environment

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

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

4. Development Strategy

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

also help the Company to enhance brand value from creating a positive environment for the public consumers.

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

Attachment 2

Mercuries & Associates, Holding Ltd.

(Formerly Mercuries & Associates, Ltd.)

Supervisors Audit Report

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

To

2017 Annual Shareholders Meeting

Supervisor: Shuren Touzi Co., Ltd.

Representative: Chien-Chi Liu

Supervisor: I-Teng Cheng

April 30, 2017

Attachment 3

Accountant's Audit Report

To: Mercuries & Associates, Holding Ltd.

Audit opinion

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

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

Basis of Audit Opinion

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

Key Verification Items

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

Completeness and Accuracy in Reporting Insurance Liabilities

Matter Description

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

The insurance liabilities reserve of subsidiary Mercuries Life Insurance Co., Ltd. has been prepared by actuaries in accordance with "Guidelines for Reserve Provisions for the Insurance Industry." They have been prepared with professional judgment and experience, and various insurance liabilities for different insurance plans have been evaluated in a highly complex manner. In particular, there is much uncertainty,

speculation and judgment involved in the deposit procedures of liabilities reserve for various products, and material judgment from the management level is also involved. In addition, to ensure the appropriateness of provisions for insurance liabilities, material judgment is formed for the final total payoff value of each insurance payment. If the future cash flow of insurance policies are estimated based on present information, and deficit is found in the book value of insurance liabilities already recognized, all deficit shall be recorded as appropriate reserve for the liabilities. Hence, we are of the opinion that the completeness and accuracy of recording insurance liabilities is one of the most significant matter in the audit in this period.

Primary Audit Procedures as Countermeasures

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

Evaluate financial asset

Matter Description

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

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

Primary Audit Procedures as Countermeasures

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

Completeness and Accuracy of Operating Revenue

Matter Description

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

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

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

Primary Audit Procedures as Countermeasures

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

Other Matters

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

Mercuries & Associates, Holding Ltd. has produced Individual Financial Statements as of 2016 and 2015,

and we have issued the audit report with unqualified opinion for reference.

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

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

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

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

Responsibilities of the CPA in auditing the Consolidated Financial Statements

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

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

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

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

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

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

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

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

BDO Taiwan Union & Co.

CPA: Ke-Yi Liu

CPA: Kun-Shi Hsu

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

March 30, 2017

MERCURIES & ASSOCIATES, HOLDING LTD. And SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2016 and 2015

Assets	Notes	December 31, 2016		December 31, 2015		December 31, 2015	
		Amount	%	Amount	%	Amount	%
Current assets							
Cash and cash equivalents	6.1	\$58,487,469	6.04	\$78,331,686	8.91	\$1,129,000	0.13
Financial assets at fair value through profit or loss - current	6.2	1,017,789	0.11	641,789	0.07	798,000	0.08
Available-for-sale financial assets - current	6.3	263,996	0.03	228,608	0.03	-	-
Accounts receivable, net	6.4	9,877,380	1.02	8,873,549	1.01	30,000	-
Inventories	6.5	3,915,157	0.40	3,593,682	0.41	5,351,913	0.61
Prepayments	6.6	528,788	0.05	418,423	0.05	1,651,568	0.19
Reinsurance contract assets, net	6.6	225,572	0.02	186,009	0.02	1,035,500	0.12
Other current assets	6.7	55,326	0.01	62,753	0.01	113,333	0.01
Bills discounted and loans, net		75,022,307	7.74	71,817,220	8.17	309,786	0.04
Sub-total		149,832,739	15.47	165,333,265	18.81	832,464	0.09
						192,683	0.02
						246,861	0.03
						11,509,108	1.31
Non-current assets							
Financial assets at fair value through profit or loss - non-current	6.8	1,352,986	0.14	728,114	0.08	7,898,235	0.90
Available-for-sale financial assets - non-current	6.9	209,876,784	21.66	249,938,819	28.43	5,000,000	0.57
Held-to-maturity financial assets - non-current	6.10	68,470,707	7.07	29,635,870	3.37	8,538,000	0.97
Financial assets measured at cost - non-current	6.11	740,505	0.08	604,041	0.07	1,692,591	0.19
Investment in debt instrument without active market - non-current	6.12	440,872,037	45.51	331,192,604	37.67	760,036,880	86.46
Investments accounted for using equity method	6.13	3,456,091	0.36	3,428,629	0.39	48,506,434	5.52
Property, plant and equipment	6.14	15,400,800	1.59	14,629,851	1.66	444,496	0.05
Investment property, net	6.15	26,084,768	2.69	26,445,155	3.01	2,671,437	0.30
Intangible assets	6.38	61,612	0.01	68,257	0.01	4,101,408	0.47
Deferred income tax assets	6.16	723,838	0.07	2,050,754	0.23	838,889,481	95.43
Other non-current assets		51,916,060	5.35	55,023,340	6.27	850,398,589	96.74
Sub-total		818,956,188	84.53	713,745,434	81.19		
						6,813,409	0.78
						965,886	0.11
						1,562,230	0.18
						744,776	0.08
						4,142,859	0.47
						(2,102,507)	(0.24)
						(532,672)	(0.06)
						11,593,981	1.32
Total assets		\$968,788,927	100.00	\$879,078,699	100.00	\$17,086,129	1.94
						28,680,110	3.26
						\$879,078,699	100.00

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

UNIT : NTD (In Thousands)

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

UNIT : NTD (In Thousands)

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

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

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

UNIT : NTD (In Thousands)

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

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

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

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

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

Accountant's Audit Report

To: Mercuries & Associates, Holding Ltd.

Audit opinion

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

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

Basis of Audit Opinion

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

Key Verification Items

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

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

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

Investment under Equity Method - Completeness and Accuracy of Insurance Debt Recording of

Subsidiary

Matter Description

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

Primary Audit Procedures as Countermeasures

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

Investment under equity method - Subsidiaries' financial asset rating

Matter Description

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

Primary Audit Procedures as Countermeasures

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

recent financial statements of the investment targets, inspect the prices of financial asset investment, changes in credit rating, and investment income from debt instruments.

Investment under equity method - Subsidiaries' completeness and accuracy of operating revenue

Matter Description

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

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

Primary Audit Procedures as Countermeasures

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

Other Matters

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

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

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

In preparing for the Individual Financial Statement, responsibilities of the management also included assessment of the capacity of Mercuries & Associates, Holding Ltd. to continue operation, disclosure of related matters and the accounting approaches to be adopted when the Company continues to operate unless

the management intends to liquidate or suspend the business of Mercuries & Associates, Holding Ltd. if there was not any other option except liquidation or suspension of the Company's business.

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

Responsibilities of the CPA in auditing the Individual Financial Statements

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

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

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

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

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

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

BDO Taiwan Union & Co.

CPA: Ke-Yi Liu

CPA: Kun-Shi Hsu

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

March 30, 2017

MERCURIES & ASSOCIATES, HOLDING LTD.

BALANCE SHEETS

December 31, 2016 and 2015

Assets	Notes	December 31, 2016		December 31, 2015		December 31, 2016		December 31, 2015	
		Amount	%	Amount	%	Amount	%	Amount	%
Current assets									
Cash and cash equivalents	6.1	\$43,050	0.19	\$211,338	1.05	\$-	-	\$238	-
Available-for-sale financial assets - current	6.2	166,048	0.74	145,231	0.72	63,157	0.28	55,989	0.28
Notes receivable	6.3	30,923	0.14	18,990	0.09	-	-	143,532	0.71
Accounts receivable, net	6.3	3,126	0.01	1,712	0.01	31,469	0.14	19,720	0.10
Other receivables		8,687	0.04	7,688	0.04	94,626	0.42	219,479	1.09
Current income tax assets		37	-	-	-	-	-	-	-
Prepayments		300	-	736	-	8,198,000	36.46	8,238,000	40.93
Other current assets		-	-	1,489	0.01	9,895	0.04	10,530	0.06
Sub-total		252,171	1.12	387,184	1.92	64,146	0.29	64,807	0.33
Non-current assets									
Available-for-sale financial assets - non-current	6.4	156,406	0.70	167,061	0.83	8,272,041	36.79	8,313,337	41.32
Held-to-maturity financial assets - non-current	6.5	-	-	107,409	0.53	7,153,989	31.82	6,813,409	33.85
Investments accounted for using equity method	6.6	20,209,750	89.88	17,587,166	87.38	1,032,182	4.59	965,886	4.80
Property, plant and equipment	6.7	414,256	1.84	392,983	1.95	1,709,702	7.60	1,562,230	7.76
Investment property, net	6.8	1,426,855	6.35	1,462,660	7.27	2,091,174	9.30	744,776	3.70
Deferred income tax assets	6.24	593	-	714	-	4,015,610	17.86	4,142,859	20.58
Other non-current assets		26,009	0.11	21,620	0.12	(1,350,612)	(6.01)	(2,102,507)	(10.45)
Sub-total		22,233,869	98.88	19,739,613	98.08	(532,672)	(2.37)	(532,672)	(2.65)
Total assets		\$22,486,040	100.00	\$20,126,797	100.00	\$22,486,040	100.00	\$20,126,797	100.00
Liabilities & Equity									
Current liabilities									
Notes payable		-	-	-	-	-	-	-	-
Other Payables	6.9	-	-	-	-	63,157	0.28	55,989	0.28
Income tax payable		-	-	-	-	-	-	143,532	0.71
Other current liabilities		-	-	-	-	31,469	0.14	19,720	0.10
Sub-total		-	-	-	-	94,626	0.42	219,479	1.09
Non-current liabilities									
Long-term bank loans	6.10	-	-	736	-	8,198,000	36.46	8,238,000	40.93
Deferred income tax liabilities	6.24	-	-	1,489	0.01	9,895	0.04	10,530	0.06
Other non-current liabilities		-	-	-	-	64,146	0.29	64,807	0.33
Sub-total		-	-	1,489	0.01	8,272,041	36.79	8,313,337	41.32
Total liabilities		-	-	1,489	0.01	8,366,667	37.21	8,532,816	42.41
Equity									
Share capital		156,406	0.70	167,061	0.83	7,153,989	31.82	6,813,409	33.85
Common stock		-	-	107,409	0.53	1,032,182	4.59	965,886	4.80
Capital surplus		-	-	-	-	-	-	-	-
Retained earnings		20,209,750	89.88	17,587,166	87.38	1,709,702	7.60	1,562,230	7.76
Legal reserve		414,256	1.84	392,983	1.95	2,091,174	9.30	744,776	3.70
Special reserve		1,426,855	6.35	1,462,660	7.27	4,015,610	17.86	4,142,859	20.58
Unappropriated retained earnings		593	-	714	-	(1,350,612)	(6.01)	(2,102,507)	(10.45)
Other equity interest		26,009	0.11	21,620	0.12	(532,672)	(2.37)	(532,672)	(2.65)
Treasury stocks		22,233,869	98.88	19,739,613	98.08	14,119,373	62.79	11,593,981	57.59
Total equity		\$22,486,040	100.00	\$20,126,797	100.00	\$22,486,040	100.00	\$20,126,797	100.00

The accompanying notes are an integral part of the financial statements

MERCURIES & ASSOCIATES, HOLDING LTD.
STATEMENTS OF COMPREHENSIVE INCOMES
For the Years Ended December 31, 2016 and 2015

UNIT : NTD (In Thousands)

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

The accompanying notes are an integral part of the financial statements

MERCURIES & ASSOCIATES, HOLDING LTD.
STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2016 and 2015

UNIT : NTD (In Thousands)

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

The accompanying notes are an integral part of the financial statements

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

UNIT : NTD (In Thousands)

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

The accompanying notes are an integral part of the financial statements

Attachment 4

Mercuries & Associates, Holding Ltd.

(Formerly Mercuries & Associates, Ltd.)

2016 Earnings Distribution

Unit: NTD

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

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

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

Attachment 5

Mercuries & Associates, Holding Ltd. (Formerly Mercuries & Associates, Ltd.)

Comparison Table of Amendments to the Articles of Association

Articles amended	Current articles	Explanation
<p><u>Article 17</u> Since the <u>19th</u> Board of Directors, the Company has established a system of 9 Board members (including two <u>to three</u> Independent Directors), with a 3-year period of service. A nominee system is used, and shareholders will select from the list of nominees. Reappointment is possible. In accordance with Securities and Exchange Act, the professional qualifications, shareholding conditions, prohibitions in participation in other businesses, nomination and selection method as well as other items pertaining to the Company's Independent Directors, are handled in compliance with legal regulations.</p>	<p><u>Article 17</u> Since the 18th Board of Directors, the Company has established a system of 9 Board members (including two Independent Directors), with a 3-year period of service. A nominee system is used, and shareholders will select from the list of nominees. Reappointment is possible. In accordance with Securities and Exchange Act, the professional qualifications, shareholding conditions, prohibitions in participation in other businesses, nomination and selection method as well as other items pertaining to the Company's Independent Directors, are handled in compliance with legal regulations.</p>	<p>Due to structural changes in the organization of the Company's 19th Board in 2018, the number of Independent Directors have been revised accordingly.</p>
<p><u>Article 25-1</u> 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.</p>	<p><u>Article 25-1</u> 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.</p>	<p>Wording is briefly adjusted in line with the Company's operating needs.</p>

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

Attachment 6

Mercuries & Associates, Holding Ltd. (Formerly Mercuries & Associates, Ltd.)

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

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

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

Articles amended	Current articles	Explanation
<p>have been approved by the board of directors and supervisors:</p> <ol style="list-style-type: none"> 1. Omitted 2. Omitted 3. Omitted 4. Omitted 5. Omitted 6. Omitted 7. Omitted <p>(2) Omitted (3) Omitted (4) Omitted</p> <p>3. Omitted</p>	<p>supervisors:</p> <ol style="list-style-type: none"> 1. Omitted 2. Omitted 3. Omitted 4. Omitted 5. Omitted 6. Omitted 7. Omitted <p>(2) Omitted (3) Omitted (4) Omitted</p> <p>3. Omitted</p>	
<p>Article 10: Procedures to acquire or dispose of membership or intangible asset</p> <p>(1) Omitted</p> <p>(2) Decision-making process of transaction conditions and authorized transaction amounts</p> <ol style="list-style-type: none"> 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 <u>President</u>. For transaction amounts lower than 1% of the Company's paid-in capital or less than NT\$3 million, approval from the <u>President</u> 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. <p>2. Omitted</p>	<p>Article 10: Procedures to acquire or dispose of membership or intangible asset</p> <p>(1) Omitted</p> <p>(2) Decision-making process of transaction conditions and authorized transaction amounts</p> <ol style="list-style-type: none"> 1. In acquiring or disposing of membership, market fair value shall be taken into consideration while deciding on transaction conditions and trading prices. An analysis report shall be submitted to the General Manager. For transaction amounts lower than 1% of the Company's paid-in capital or less than NT\$3 million, approval from the General Manager is required and shall be reported to the most recent Board meeting on an after-event basis. For transaction exceeding NT\$3 million, approval from the Board shall be obtained prior to executions. <p>2. Omitted</p>	<p>In accordance with segregation of decision-making rights, the decision-making level of the subarticle 2-1 of this article has been revised to the President.</p>

Articles amended	Current articles	Explanation
<p>(3) Omitted</p> <p>(4) Expert's opinion report on membership or intangible asset</p> <ol style="list-style-type: none"> 1. Omitted 2. Omitted 3. When acquiring or disposing of memberships or intangible assets worthy of 20 percent of paid-in capital or more or NT\$300 million or more, except for transactions with government <u>agencies</u>, the company shall engage a certified public accountant prior to the date of occurrence of the event to provide an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of No. 20 of the Statements of Auditing Standards released by the Accounting Research and Development Foundation. 	<p>(3) Omitted</p> <p>(4) Expert's opinion report on membership or intangible asset</p> <ol style="list-style-type: none"> 1. Omitted 2. Omitted 3. When acquiring or disposing of memberships or intangible assets worthy of 20 percent of paid-in capital or more or NT\$300 million or more, except for transactions with government institutions, the company shall engage a certified public accountant prior to the date of occurrence of the event to provide an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of No. 20 of the Statements of Auditing Standards released by the Accounting Research and Development Foundation. 	
<p>Article 12: Processes to handle acquisition or disposal of derivative products</p> <ol style="list-style-type: none"> 1. Omitted 2. Risk Management Procedures <ol style="list-style-type: none"> (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. 	<p>Article 12: Processes to handle acquisition or disposal of derivative products</p> <ol style="list-style-type: none"> 1. Omitted 2. Risk Management Procedures <ol style="list-style-type: none"> (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. 	<p>In accordance with segregation of decision-making rights, the decision-making level of the sub-article 2-1-1 of this article has been revised to the President.</p>

Articles amended	Current articles	Explanation
<p>Trading products: products offered by renowned domestic and international financial institutions.</p> <p>Transaction amount: the undistributed transaction amount of one single trading counterparty shall not exceed 10% of total authorized transaction amount. But transactions that have been approved by the <u>President</u> need not follow this constraint.</p> <p>(2) Omitted (3) Omitted (4) Omitted (5) Omitted (6) Omitted (7) Omitted</p> <p>3. Omitted 4. Omitted 5. Omitted 6. Omitted</p>	<p>Trading products: products offered by renowned domestic and international financial institutions.</p> <p>Transaction amount: the undistributed transaction amount of one single trading counterparty shall not exceed 10% of total authorized transaction amount. But transactions that have been approved by the General Manager need not follow this constraint.</p> <p>(2) Omitted (3) Omitted (4) Omitted (5) Omitted (6) Omitted (7) Omitted</p> <p>3. Omitted 4. Omitted 5. Omitted 6. Omitted</p>	
<p>Article 13: Procedures to Handle Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares</p> <p>1. Appraisal and operational procedures</p> <p>(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</p>	<p>Article 13: Procedures to Handle Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares</p> <p>1. Appraisal and operational procedures</p> <p>(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</p>	<p>Wording is briefly adjusted in line with amendments to the legal regulations.</p>

Articles amended	Current articles	Explanation
<p>matter, the CPA, attorney, or securities underwriter shall give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Audit Committee and the Board for resolution. At least one-half of all Audit Committee members shall give their consent.</p> <p><u>However, where the Company merges the subsidiaries whose issued shares or total capital are wholly owned by itself directly or indirectly, or the subsidiaries whose issued shares or total capital are wholly owned by the Company directly or indirectly are merged together, the Company may be exempted from obtaining the aforementioned opinion on the reasonableness from the expert.</u></p> <p>(2) Omitted</p> <p>2. Omitted</p>	<p>matter, the CPA, attorney, or securities underwriter shall give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Audit Committee and the Board for resolution. At least one-half of all Audit Committee members shall give their consent.</p> <p>(2) Omitted</p> <p>2. Omitted</p>	
<p>Article 14: Procedures for Public Disclosure of Information</p> <p>1. Items to be Disclosed and Disclosure Standards</p> <p>(1) Acquisition or disposal of real estate from or to a Related Party, or acquisition or disposal of assets other than real estate from or to a Related Party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the</p>	<p>Article 14: Procedures for Public Disclosure of Information</p> <p>1. Items to be Disclosed and Disclosure Standards</p> <p>(1) Acquisition or disposal of real estate from or to a Related Party, or acquisition or disposal of assets other than real estate from or to a Related Party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the</p>	<p>Wording is briefly adjusted in line with amendments to the legal regulations.</p>

Articles amended	Current articles	Explanation
<p>Company's total assets, or NT\$300 million or more. Provided, this shall not apply to trading of government bonds or bonds under repurchase and reverse repurchase agreements, or subscription or <u>repurchase of domestic money market funds issued by securities investment trust enterprises.</u></p> <p>(2) Omitted</p> <p>(3) Omitted</p> <p>(4) Where the type of assets acquired or disposed of is equipment for business use, the trading counter-party is not a related party, and the transaction amount <u>meets any of the following requirements:</u></p> <p><u>1. Where the Company's paid-in capital is less than NT\$10 billion and the transaction amount is more than NT\$500 million.</u></p> <p><u>2. Where the Company's paid-in capital is more than NT\$10 billion and the transaction amount is more than NT\$1 billion.</u></p> <p>(5) Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company</p>	<p>Company's total assets, or NT\$300 million or more. Provided, this shall not apply to trading of government bonds or bonds under repurchase and reverse repurchase agreements, or subscription or redemption of domestic money market funds.</p> <p>(2) Omitted</p> <p>(3) Omitted</p> <p>(4) Where an asset transaction other than any of those referred to in the preceding three sub-paragraphs, a disposal of receivables by a financial institution, or an investment in the Mainland China area reaches 20 percent or more of the Company's paid-in capital or NT\$300 million; Provided, this shall not apply to the following circumstances:</p> <p>1. Trading of government bonds.</p> <p>2. Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets.</p> <p>3. Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds.</p> <p>4. Where the type of assets acquired or disposed of is equipment for business use, the trading counter-party is</p>	

Articles amended	Current articles	Explanation
<p>expects to invest in the transaction is no less than NT\$500 million.</p> <p>(6) Where an asset transaction other than any of those referred to in the preceding <u>five</u> items, a disposal of receivables by a financial institution, or an investment in the Mainland China area reaches 20 percent or more of the Company's paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> 1. Trading of government bonds. 2. Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription of <u>common corporate bonds and non-equity-linked common financial bonds offered in the primary market domestically, or subscription by securities firms having the need because of acting as underwriters or recommending securities firms for emerging companies in accordance with the TPEX regulations.</u> 3. Trading of bonds under repurchase/resale agreements, or subscription or repurchase of domestic money market funds <u>issued by securities investment</u> 	<p>not a related party, and the transaction amount is less than NT\$500 million.</p> <p>5. <u>Acquisition or disposal by the Company in the construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</u></p> <p>6. The real property is acquired through contracting third parties to construct on land owned or rented by the Company, signing of a joint development contract with the Related Party, or through engaging a Related Party to build real property, in which case the transaction amount is less than NT\$500 million.</p> <p>(5) Calculations for the transaction amount in the above <u>four</u> criteria will be listed below, and "within the preceding year" refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <ol style="list-style-type: none"> 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of 	

Articles amended	Current articles	Explanation
<p><u>trust enterprises.</u></p> <p><u>(7)</u> The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year. 3. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year. 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. <p><u>(8)</u> "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.</p> <p>2. Omitted</p> <p>3. Public Announcement Format</p> <p>(1) Omitted</p> <p>(2) Omitted</p> <p>(3) When the Company makes an</p>	<p>underlying asset with the same trading counterparty within the preceding year.</p> <ol style="list-style-type: none"> 3. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year. 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. <p>2. Omitted</p> <p>3. Public Announcement Format</p> <p>(1) Omitted</p> <p>(2) Omitted</p> <p>(3) When the Company makes an</p>	

Articles amended	Current articles	Explanation
<p>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 <u>within two days upon knowledge of its error or omission.</u></p> <p>(4) Omitted (5) Omitted 4. Omitted</p>	<p>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.</p> <p>(4) Omitted (5) Omitted 4. Omitted</p>	