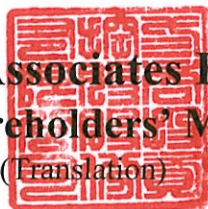


Mercuries & Associates Holding, Ltd. 2019 Annual Shareholders' Meeting Minutes

(Translation)



Time: 9:00 a.m., Friday, June 14, 2019

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

Total outstanding shares: 778,930,480 shares

Total shares represented by shareholders presented in person or by proxy :612,169,721 shares,accounting for 78.59% of the Company's total outstanding shares(including the 438,519,236shares represented by shareholders exercising voting rights through e-voting)

Directors: Chen,Hsiang-Li, Chen,Hsiang-chung, Weng,Wei-chun, Fang,Cheng-I, Mao,Ming-yu, Cheng,I-teng, Li,Mao, Tu,Te-Cheng

Attendees: Liu,Ke-Yi, CPA, Hsu,Ching-Hsin Attorneys-at-law

Chairman : Chen,Hsiang-Li, the Chairman of the Board of Directors

Recorder : Wu,Su-Neu

吳淑女



A. Meeting Commencemen Announced:The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum.

B. Chairman's Address (omitted)

C. Report Items

I. 2018 business report (refer to Attachment 1)

II. Audit Committee's review report of 2018 audited financial statements (refer to Attachment 2)

III. To report 2018 directors' and employees' compensation

2018 directors' compensation and employees' compensation in the amounts of NT\$5,000,000 and NT\$5,200,000.

IV. Status report of endorsement and guarantee in 2018

As of December 31, 2018, the Company's endorsement/guarantee balance was NT\$341,300 thousand.

Unit: NT\$1,000

No.	Company Name of Endorser/ Guarantor	Endorsed/ Guaranteed Party		Limitation on Endorsements and Guarantees for a Single Enterprise (Note 2)	Maximum Balance for the Period	Endorsement or Guarantee Balance at the End of Current Period	Actual Expenditure	Amount of Endorsement/ Guarantee with Security on Property	Percentage of Accumulated Amount of Endorsement/ Guarantee to Net Value of Most Recent Financial Statements	Endorsement/ Guarantee Ceiling (Note 3)
		Company Name	Relationship (Note 1)							
0	Mercuries & Associates Holding, Ltd.	Sanyou Drugstores, Ltd.	6	\$1,629,540	\$250,000	\$250,000	\$145,000	-	0.02	\$3,259,081
1	Mercuries Rich	Asiandawn Ventures Inc.	3	\$1,086,360 (Note 4)	\$91,300	\$91,300	-	-	0.01	\$2,172,721 (Note 5)

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

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

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

Note 4: The amount of endorsements/guarantees made by Mercuries Rich to a single enterprise shall not exceed 10% of the Company's net worth.

Note 5: The aggregate amount of endorsements/guarantees made by Mercuries Rich shall not exceed 20% of the Company's net worth.

D. Ratification Items

I. To approve 2018 Business Report and Financial Statements (Proposed by the Board of Directors)

Description:

(I) The Company's 2018 financial statements (including standalone financial statements) have been approved by the Board of Directors and reviewed by the Audit Committee.

(II) Please refer to Attachment 1 and Attachment 3 for the documents mentioned above.

Voting Results:

Shares represented at the time of voting: 611,589,687

Voting results	% of the total represented share present
Votes in favor : 605,825,092 votes (among which 432,932,756 votes were exercise through e-voting)	99.06%
Votes against : 162,887 votes (among which 162,887 votes were exercise through e-voting)	0.03%
Votes invalid : none	0%
Votes abstained : 5,601,708 votes (among which 5,423,593 votes were exercise through e-voting)	0.91%

RESOLVED, that the 2018 Business Report and Financial Statements be and hereby were accepted as submitted.

II. To approve the proposal for distribution of 2018 earnings (Proposed by the Board of Directors)

Description:

(I) Earnings available for distribution in 2018 was NT\$4,206,635,894. Pursuant to laws or regulations or the Company's articles of incorporation, NT\$33,201,930 and NT\$4,173,433,964 were appropriated as legal capital reserve and special reserve respectively, no earnings were available for distribution.

(II) Please refer to Attachment 4 for the 2018 earnings distribution.

Voting Results:

Shares represented at the time of voting: 611,589,687

Voting results	% of the total represented share present
Votes in favor : 606,464,140 votes (among which 433,571,804 votes were exercise through e-voting)	99.16%
Votes against : 205,012 votes (among which 205,012 votes were exercise through e-voting)	0.03%
Votes invalid : none	0%
Votes abstained : 4,920,535 votes (among which 4,742,420 votes were exercise through e-voting)	0.81%

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

E. Discussion Items

I. Distribution of cash dividends from capital surplus. (Proposed by the Board of Directors)

Description:

- (I) The Company proposed to appropriate NT\$413,341,344 of capital surplus for the distribution of cash dividends at NT\$0.5/share based on the shareholding ratio specified in the shareholders' list on the record date.
- (II) Cash dividends to be distributed should be rounded to the nearest integral (NT\$1) based on the shareholding ratio. Dividends less than NT\$1 will be combined and transferred to the Company's Employee Welfare Committee.
- (III) After the proposal is approved by the shareholders' meeting, the Board of Directors will be authorized to set the record date. If the number of outstanding shares is changed due to the repurchase of the Company's shares, transfer, exchange or write-off of its treasury stock, or conversion of convertible bonds according to the terms of issuance and conversion, leading to a change in the dividend rate, that the shareholders' meeting shall authorize the Board of Directors to handle all relevant matters is proposed.

Voting Results:

Shares represented at the time of voting: 612,169,721

Voting results	% of the total represented share present
Votes in favor : 606,486,238 votes (among which 433,593,902 votes were exercise through e-voting)	99.07%
Votes against : 182,915 votes (among which 182,915 votes were exercise through e-voting)	0.03%
Votes invalid : none	0%
Votes abstained : 5,500,568 votes (among which 4,742,419 votes were exercise through e-voting)	0.90%

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

II. Amendment to the Procedures for Acquisition and Disposal of Assets. (Proposed by the Board of Directors)

Description:

- (I) The Company proposed to amend the Procedures for Acquisition and Disposal of Assets according to the amendments to the laws and practices.
- (II) Please refer to Attachment 5 for the Comparison Table.

Voting Results:

Shares represented at the time of voting: 612,169,721

Voting results	% of the total represented share present
Votes in favor : 606,500,234 votes (among which 433,607,898 votes were exercise through e-voting)	99.07%
Votes against : 162,532 votes (among which 162,532 votes were exercise through e-voting)	0.03%
Votes invalid : none	0%
Votes abstained : 5,506,955 votes (among which 4,748,806 votes were exercise through e-voting)	0.90%

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

III. Amendment to the Procedures for Endorsements and Guarantees. (Proposed by the Board of Directors)

Description:

(I) The Company proposed to amend the Procedures for Endorsements and Guarantees according to the amendments to the laws and practices.

(II) Please refer to Attachment 6 for the Comparison Table.

Voting Results:

Shares represented at the time of voting: 612,169,721

Voting results	% of the total represented share present
Votes in favor : 606,493,234 votes (among which 433,600,898 votes were exercise through e-voting)	99.07%
Votes against : 169,532 votes (among which 169,532 votes were exercise through e-voting)	0.03%
Votes invalid : none	0%
Votes abstained : 5,506,955 votes (among which 4,748,806 votes were exercise through e-voting)	0.90%

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

IV. Amendment to the Procedures for Lending Funds to Other Parties. (Proposed by the Board of Directors)

Description:

(I) The Company proposed to amend the Procedures for Lending Funds to Other Parties according to the amendments to the laws and practices.

(II) Please refer to Attachment 7 for the Comparison Table.

Voting Results:

Shares represented at the time of voting: 612,169,721

Voting results	% of the total represented share present
Votes in favor : 606,478,234 votes (among which 433,585,898 votes were exercise through e-voting)	99.07%
Votes against : 184,532 votes (among which 184,532 votes were exercise through e-voting)	0.03%
Votes invalid : none	0%
Votes abstained : 5,506,955 votes (among which 4,748,806 votes were exercise through e-voting)	0.90%

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

F. Extraordinary Motions

Shareholder (Account No.136481) and (Account No.130609) raised questions regarding the Company's operating and performance.

The Chairman and the person designated by the chairman responded to the above statements made by the said shareholders.

There being no other special motion, the Chairman announced the meeting was adjourned.

G. The meeting was adjourned at 9:48 a.m. of the same day.

Attachment 1

Mercuries & Associates Holding, Ltd. 2018 Business Report

Mercuries & Associates Holding, Ltd. (the Company) is an investment holding company, and its joint ventures undertake life insurance, retail of daily commodities and food, pharmaceuticals, and information services. In 2018, the Company optimized investment based on the existing long-term development strategies. In the future, the Company will move toward a business model of diversification and multiple markets in the hope of improving the operating performance through specialization and economies of scale.

I. 2018 Business Report

(I) Results of business plan

The Company's investment strategies are implemented after prudent evaluation. Making good use of the Group's resources, the Company has constantly forged joint ventures or strategic alliances with partners at home and abroad. The results of the Company's business plan in 2018 are as follows:

1. Retail of daily commodities and food

Due to the enforcement of the Labor Standards Act, the increase in labor costs had a significant impact on the retail of daily commodities and food. Physical retail stores faced new challenges, such as market saturation and the emergence of cross-industry alliances. To improve revenue and profit of retail stores, each business unit: kept track of existing competitors and market trends; adjusted the product mix and developed new products in line with consumers' preferences; utilize the advantage of a large membership to increase revenue and profit. Compared with 2017, revenue in 2018 increased by 2.9%, and the number of retail stores also increased by 65 to 1,300. In 2018, the Company cooperated with a strategic investor, Sumitomo Corporation, and introduced exclusive products to improve revenue and profit based on the success of Sumitomo Corporation in Japan.

2. Life insurance

Although the global economy continued to expand, uncertainties remained, including the China-US trade war, Brexit, instability of emerging markets, economic slowdown in China, and the US interest rate hikes. In the face of such severe challenges, Mercuries Life Insurance continued to strengthen the market risk management in a robust and steady manner and pursued the increase in the overall profit through solid investment strategies. As the stock market and

foreign exchange market fluctuated sharply in 2018, revenue and profit were below expectation. Premiums income from new insurance policies grew by 14%, and total premiums income also grew by 2%.

3. Pharmaceuticals

Due to the portfolio optimization and improved capacity utilization, the gross profit margin of SCI Pharmtech, Inc. increased significantly from 30% in 2017 to 39% in 2018, leading to a significant increase in revenue and profit by 49% and 134%, respectively.

4. Information services industry

In 2018, the financial business sales of MDS Co., Ltd. (MDS) remained high against relatively low Japanese yen, and the gross profit of portfolio was higher than previous years', resulting in a significant increase in profit by 56% compared with 2017.

(II) Budget implementation, financial income, and profitability analysis

The consolidated operating revenue of NT\$225.2 billion in 2018 decreased by 5.7% compared with 2017, resulting in the budget achievement rate of 103%. In terms of profit, net income attributable to the parent company was NT\$332 million; earnings per share after tax was NT\$0.43; standalone return on assets was 1.78%; return on equity was 2.39%.

(III) Status of research and development

1. Retail of daily commodities and food

Due to the intense competition in the retail of daily commodities and food, the Company continuously adjusted the portfolio and marketing strategies in accordance with market demand and movements to correspond with the highly volatile business environment and consumer demand. The Company also planned differential marketing activities for each retail store to : enhance its competitiveness ; expand market segmentation ; strengthen the regional competitive advantage ; and optimize the overall brand image.

2. Life insurance

Facing the aging society and low interest rates, Mercuries Life Insurance developed capital-protected and long-term care insurance that met the needs of retiring customers, and investment-based insurance policies that allowed installment premium and attached with a one-year rider that met the needs of both insurance and wealth management. To establish a diversified and efficient portfolio, health insurance products were also provided for young generations. Fulfilling its corporate social responsibility and corporate governance, Mercuries Life Insurance has been selected in the TWSE Corporate Governance 100 Index for four consecutive years.

3. Pharmaceuticals

Compared with 2017, expenses on the R&D of new products and on the manufacturing process improvement of existing products in 2018 increased by 11%. A new R&D building is currently under construction to accommodate more manpower and state-of-the-art equipment in order to strengthen the Company's R&D capability. The new R&D building is expected to be inaugurated in 2020.

4. Information services industry

MDS continued to transfer R&D results into material patent protection to maintain its intellectual property rights, which proactively helped enhance the company's competitive advantages and raise the entry barriers.

II. Summary of 2019 Business Plan

(I) Operating objectives

The Company will lower operating costs and strengthen competitive advantages through focused management. The Company will utilize the operating experience of each business and expand its reach to domestic and overseas business partners. Furthermore, the Company will also prudently evaluate investment strategies in hopes of integrating and scaling operations that enhance its value.

(II) Important product and sales policies

1. Retail of daily commodities and food

For the coming year, the Company will continue to strengthen products and services and undertake market segmentation, enhance brand recognition and sales. We will make our customer service members more professional and affable to create a premium environment for consumers. We will also continue to upgrade the information system, use big data analytics tools for precision marketing, so as to separate the wheat from the chaff. To maximize the cost-effectiveness in manpower and expenditure, the Company will request the effectiveness evaluation prior to the opening of new retail stores. In addition, the Company will increase the percentage of franchises to reduce labor costs and rentals.

2. Life insurance

The business strategies are to optimize the financial structure, improve customer experience, and strengthen compliance and risk management. The optimized portfolio will be launched to offer a complete insurance coverage based on the needs of customers. In addition to the existing sales people network, bank insurance service, and a diversity of marketing channels, Mercuries Life Insurance will continue to optimize the company website and APP by integrating insurance service with big data, so as to explore the real needs of customers, and

improve both the customer relationship as well as the effectiveness of its marketing campaigns.

3. Pharmaceuticals

SCI Pharmtech's production and marketing policies are mostly focused on the characteristics of products features and client types:

(1) Active pharmaceutical ingredients (API): Focusing on the original developer of the drug supply, we will avoid popular products and select API with higher safety and stable sales in addition to having new usage, new formulation or being further developed into new drugs or used 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 barriers, stringent regulations and quality control, intermediates relevant to the Company's core technologies, and intermediates that are used in the early R&D stage of new drugs. Intermediates with aforesaid characteristics can help us differentiate ourselves from competitors and prevent the price wars.

(3) Specialty Chemicals: SCI Pharmtech produces and sells electronic specialty chemicals with high standards in the pharmaceutical industry. To meet customers' needs, it develops manufacturing process, customizes products, and implements mass production for them.

4. Information services industry

MDS prudently selects and assumes large-scale public construction projects that create high margin and business opportunities from maintenance income. MDS will continue to develop new businesses, create differential value, and enhance the capacity for software development and R&D in hopes of enhancing market competitiveness. We will also review ways to extend the durability of existing patents and obtain new patents.

III. External Competition and Overall Operating Environment

The global economy in 2018 sustained its growth momentum. According to the Global Economic Prospects published by the World Bank on January 8, 2019, international trade and manufacturing activities weakened due to trade tensions, coupled with financial pressure in some large emerging and developing economies. The estimated economic growth in 2018 was revised down to 2.9% from 3.0% in 2017. In terms of domestic demand, a series of policy reforms led to the long-term depression in private consumption and investment. According to the preliminary statistics released by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, the economic growth rate in Taiwan was 2.63% in 2018, lower than previous year's 3.08%. According to the statistics from Ministry of Economic Affairs, the turnover of retail sales in non-specialized

stores and food and beverage service activities in Taiwan increased by 3.17% and 4.59%, respectively.

The global economy prospect in 2019 would be affected by factors that include: the heightened China-US trade tensions; worse-than-expected economic slowdown in China; Brexit; geopolitical risks; changes in global crude oil and commodity prices; fluctuations in the global financial market, stock markets, and foreign exchange markets; and trade protectionism. The World Bank predicted a global economic growth rate of 2.8% in 2019, lower than that of 2.9% in 2018. With the raised minimum wage and the proactive salary hike by enterprises, domestic consumption was expected to increase. Compared with previous year, domestic investment continued to grow, but import and export amounts were expected to decline. Statistics from the Directorate-General of Budget, Accounting and Statistics, Executive Yuan predicted a 2.27% economic growth rate in Taiwan in 2019, no longer as high as 2.63% in 2018. Our management and employees remain committed to implementing a business strategy for diversification to reduce business risks. We also strive for innovation in hopes of enhancing the quality of service and business performance.

IV. Developmental Strategies for the Company in the Future

The Company's existing major lines of business have been in operations for more than 30 years. To seek for the steady business growth in a saturated market and competitive industry, we have proactively attempted to innovate in recent years. To lower business risks, the Company is striving to become a conglomerate with diversified operations. We fully consider changes in both internal and external environments and have a professional management team committed to providing the public service ranging from food, clothing, living to entertainment. By creating a positive environment for consumers, the Company expects to improve its brand value.

In the future, the Company will continue to integrate internal resources and introduce organizational change, maintain our core values by prudently evaluating investment strategies, and seek for new opportunities for cross-industry alliances and investments. To exert corporate synergy and maximize benefits for shareholders, we will expand businesses through vertical integration and diversified operations in addition to assisting each subsidiary with resource integration. The Company will also continuously fulfill corporate social responsibility and seek for each shareholder's support.

Mercuries & Associates Holding, Ltd.
Audit Committee's Review Report

The 2018 business report, financial statements, and earnings distribution proposal have been prepared by the Board of the Directors. The financial statements have been audited by the CPAs Liu, Ke-Yi and Hsu, Kun-Shi of BDO Taiwan Union & Co. and an audit report has been submitted. The aforesaid business report, financial statements, and earnings distribution proposal have been reviewed by the Audit Committee and no misstatement was found. Therefore, we have prepared the review report for your review and ratification in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Convener of the Audit Committee: Li Mao

March 29, 2019

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated balance sheets of Mercuries & Associates Holding, Ltd. and its subsidiaries as at December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (noted other matter), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Mercuries & Associates Holding, Ltd. and its subsidiaries as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The completeness and accuracy of recording insurance reserves

Description

Please refer to Note 4.28 for the policy of the completeness and accuracy of recording insurance reserves, Note 5 for the assessment of insurance reserves of accounting assumptions and estimation uncertainty, Note 6.27 and Note 12.7 for insurance reserves details, change and adjustment, and disclosure of insurance contract.

The subsidiary of Mercuries Life Insurance's various insurance reserves are provided by actuary in accordance with the "Guidelines for Insurance Enterprises Handling All Statutory Reserves" based on their professional judgement and experience. The insurance reserves are estimated for different types of insurance, and thus, the provision process of these reserves has a high degree of complexity. Liability reserves involve significant judgment from management due to uncertainty of estimation. In addition, to ensure the adequacy of the insurance liabilities recognition, significant judgment to the final total settlement value of each insurance claims is required. The Company should assess its adequacy of liabilities through estimated future cash flow for insurance contracts based on current information. If there is any shortfall in the current carrying amount of the insurance liability, the shortfall should be recognized as liability adequacy reserve. So we consider the completeness and accuracy of recording insurance reserves has thus been identified as one of the key audit matters of our annual audit of 2018.

How our audit addressed the matter

Our procedures in relation to valuation of inventories included:

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

Valuation of investment assets

Description

Please refer to Note 4.12 for the related accounting policy of valuation of investment, Note 5 for the accounting assumptions, judgments and estimation uncertainty of investment assets valuation, and Note 12.2 to Note 12.4 for valuation details and risk management of financial assets valuation.

Financial assets at fair value through profit or loss and Financial assets at fair value through other comprehensive income for debt instrument without an active market is determined by observable

input parameters obtained either directly or indirectly in active markets of the subsidiary of Mercuries Life Insurance. The fair value is estimated on the basis of the results of various valuation techniques, which is based on professional judgment by the Company's management. In addition, the expected credit losses of Financial assets at amortized cost and Financial assets at fair value through other comprehensive income for debt instrument estimation of such loss require significant judgment by the Company's management. So we consider the valuation of investment assets has thus been identified as one of the key audit matters of our annual audit of 2018.

How our audit addressed the matter

Our procedures in relation to valuation of inventories included:

1. Performing an assessment over the investment cycle of its initial recognition, subsequent measurements, and their disclosures on financial statements.
2. Inspecting the accounting policies related to fair value measurements and disclosures of financial instruments of the Company.
3. Obtaining statements for financial assets and understanding the acquisition methods used for fair value of each category, as well as evaluating whether the fair value hierarchy is appropriate.
4. Assessing the reasonableness of significant assumptions, fair value and the valuation sources according to the relevant information obtained from external sources.
5. Conduct the impairment tests, including evaluating the reasonableness of assumptions and parameters the Company used in the expected credit losses model, sampling the evaluation results on the significant increase in credit risks of financial assets since their original recognition, and testing the accuracy of calculations.

Completeness and accuracy of retail sales revenue

Description

Please refer to Note 4.34 for the related accounting policy of revenue, Note 5 for the accounting assumptions, judgments and estimation uncertainty of revenue recognition.

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

As retail sales revenue comprises numerous small amount transactions and highly relies on the POS and ERP systems, the process of summarizing and recording sales revenue by these systems is important with regard to the completeness and accuracy of the retail sales revenue figures, and has thus been identified as one of the key audit matters of our annual audit of 2018.

How our audit addressed the matter

Our procedures in relation to valuation of inventories included:

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

Other matter

As described in Note 4.4, the 2018 and 2017 financial statements of certain consolidated subsidiaries in the above mentioned consolidated financial statements were audited by other auditors. Thus, the amounts and information of the subsidiary shown within are in accordance with the audit reports assured by other auditors whose reports thereon have been furnished to us. Total assets of the company were \$8,198,508 thousand and \$6,918,708 thousand, constituting 0.70% and 0.65% of the consolidated total assets as of December 31, 2018 and December 31, 2017 respectively. Total comprehensive income were \$968,280 thousand and \$214,644 thousand, constituting 6.46% and 3.07% of consolidated total comprehensive income for the years ended December 31, 2018 and December 31, 2017 respectively. As described in Note 6.16, the 2018 and 2017 financial statements of certain investee companies under investments accounted for using equity method in the above mentioned consolidated financial statements were audited by other auditors. Thus, the amounts and information of the investee companies shown within are in accordance with the audit reports assured by other auditors whose reports thereon have been furnished to us. The Mercuries & Associates Holding, Ltd. and its subsidiaries investments in the aforementioned investee companies were \$3,538,798 thousand and \$3,511,507 thousand, constituted 0.30% and 0.33% of the consolidated total assets as of December 31, 2018 and December 31, 2017 respectively; and the recognized shares of profit of associates accounted for using equity method of these investee companies were \$95,165 thousand and \$197,946 thousand, constituted 28.99% and 5.18% of the consolidated income before tax for the years ended December 31, 2018 and December 31, 2017 respectively.

We have audited the parent company only financial statements of Mercuries & Associates Holding, Ltd. as of and for the years ended December 31, 2018 and 2017 on which we have expressed an unqualified opinion on the financial statements.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial

statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor’s responsibilities for the audit of the consolidated financial statements

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

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

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

exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Mercuries & Associates Holding, Ltd. and its subsidiaries to cease to continue as a going concern.

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

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

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

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

BDO TAIWAN

March 29, 2019

Notice to Readers

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

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

MERCURIES & ASSOCIATES HOLDING, LTD. And SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2018 and 2017

UNIT : NTD (In Thousands)

Assets	Notes	December 31,2018	%	December 31,2017	%	Liabilities & Equity	Notes	December 31,2018	%	December 31,2017	%
Current assets						Current liabilities					
Cash and cash equivalents		\$69,078,201	5.94	\$62,317,586	5.81	Short-term loans		\$636,000	0.05	\$1,063,953	0.10
Financial assets at fair value through profit or loss - current		589,377	0.05	1,010,473	0.09	Short-term notes and bills payable		770,000	0.07	1,562,000	0.15
Financial assets at fair value through other comprehensive income-current		309,390	0.03	-	-	Contract liabilities - current		909,652	0.08	-	-
Available-for-sale financial assets - current		-	-	306,139	0.03	Account payable		7,784,219	0.67	6,653,081	0.62
Financial assets at amortized cost- current		3,588	-	-	-	Commission payable		1,218,339	0.10	1,386,986	0.13
Contract assets - current		466,648	0.04	-	-	Insurance claims payable		788,755	0.07	739,023	0.07
Accounts receivable, net		11,482,347	0.99	9,878,148	0.92	Reinsurance claims payable		300,994	0.03	139,596	0.01
Current income tax assets		1,335,905	0.11	14,531	-	Income tax payable		333,914	0.03	1,904,329	0.18
Inventories		4,126,057	0.35	3,737,331	0.35	Advanced receipts		188,407	0.02	699,920	0.07
Prepayments		477,261	0.04	713,529	0.07	Other current liabilities		69,219	-	69,452	-
Reinsurance contract assets, net		567,736	0.05	260,794	0.02	Sub-total		12,999,499	1.12	14,218,340	1.33
Other current assets		31,591	-	60,527	0.01	Non-current liabilities					
Bills discounted and loans, net		72,386,066	6.23	74,253,510	6.92	Financial liabilities at fair value through profit or loss - non-current		1,782,407	0.15	199,866	0.02
Sub-total		160,854,167	13.83	152,552,568	14.22	Contract liabilities - non-current		17,562	-	-	-
						Bonds payable		7,500,000	0.64	7,500,000	0.70
						Long-term bank loans		8,038,000	0.69	8,865,000	0.83
						Provisions non-current		1,027,724,350	86.35	937,089,751	87.38
						Separate account products liabilities		72,416,052	6.23	58,359,226	5.44
						Guarantee deposits		543,913	0.05	1,151,169	0.11
						Deferred income tax liabilities		52,715	0.01	670,717	0.06
						Other non-current liabilities		3,296,280	0.29	3,569,714	0.34
						Sub-total		1,121,371,279	96.41	1,017,405,443	94.88
Non-current assets						Total liabilities		1,134,370,778	97.53	1,031,623,783	96.21
Financial assets at fair value through profit or loss - non-current		108,201,731	9.30	6,546,186	0.61	Equity attributable to owners of the parent					
Financial assets at fair value through other comprehensive income - non-current		39,569,896	3.40	-	-	Share capital					
Available-for-sale financial assets - non-current		-	-	190,705,368	17.78	Common stock		8,266,827	0.71	7,654,617	0.71
Held-to-maturity financial assets - non-current		-	-	110,673,145	10.32	Capital surplus		2,233,713	0.19	1,012,896	0.09
Financial assets at amortized cost - non-current		724,838,496	62.31	-	-	Retained earnings					
Financial assets measured at cost - non-current		-	-	736,505	0.07	Legal reserve		2,078,748	0.18	1,914,653	0.18
Investment in debt instrument without active market - non-current		-	-	498,912,942	46.52	Special reserve		313,993	0.03	1,224,317	0.11
Investments accounted for using equity method		3,541,651	0.30	3,515,185	0.33	Unappropriated retained earnings		4,206,636	0.36	5,271,424	0.49
Property, plant and equipment		15,349,993	1.32	15,272,753	1.42	Other equity interest		(5,703,642)	(0.49)	370,780	0.03
Investment property, net		25,825,588	2.22	25,979,461	2.42	Treasury stocks		(532,672)	(0.05)	(532,672)	(0.05)
Intangible assets		200,649	0.02	127,112	0.01	Total equity attributable to owners of the parent		10,863,603	0.93	16,916,015	1.56
Deferred income tax assets		5,007,673	0.43	2,626,225	0.25						
Other non-current assets		79,801,791	6.87	64,827,817	6.05	Non-controlling interests		17,957,254	1.54	23,935,469	2.23
Sub-total		1,002,337,468	86.17	919,922,699	85.78	Total equity		28,820,857	2.47	40,851,484	3.79
Total assets		\$1,163,191,635	100.00	\$1,072,475,267	100.00	Total liabilities and equity		\$1,163,191,635	100.00	\$1,072,475,267	100.00

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

MERCURIES & ASSOCIATES HOLDING, LTD. And SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOMES
For the Years Ended December 31, 2018 and 2017

UNIT : NTD (In Thousands)

Item	Notes	2018	%	2017	%
Operating revenue					
Interest income		\$32,828,034	14.58	\$29,570,712	12.37
Premiums income		128,112,221	56.89	134,578,504	56.32
Reinsurance commission income		47,231	0.02	82,257	0.03
Processing service fees income		1,118,954	0.50	577,249	0.24
Share of profit of associates and joint ventures accounted for using equity method		94,408	0.04	197,786	0.08
Separate account products revenues		8,146,420	3.62	16,252,851	6.80
Gains on financial assets (liabilities) at fair value through profit or loss		-	-	21,508,801	9.00
Realized gains on available-for-sale financial assets		-	-	6,712,193	2.81
Realized gains on financial assets at fair value through other comprehensive income		2,606,807	1.16	-	-
Gains on financial assets at amortized cost		474,358	0.21	-	-
Gains on financial assets (liabilities) measured at cost		-	-	14,994	0.01
Gains on investment in debt instrument without active market		-	-	2,167,017	0.91
Net revenue					
Sales revenue		26,445,203	11.74	25,259,561	10.57
Sales returns		(44,275)	(0.02)	(34,959)	(0.01)
Sales discounts and allowances		(4,777)	-	(3,673)	-
Rental income		54,336	0.02	98,669	0.04
Service revenue		168,342	0.07	280,453	0.12
Construction revenue		5,835	-	25,343	0.01
Gains on disposal of investments		6,824	-	-	-
Gains on disposal of property, plant and equipment		-	-	27,684	0.01
Gains on investment property		497,267	0.22	505,194	0.21
Net changes in foreign exchange valuation reserve		(1,565,880)	(0.70)	895,933	0.37
Gains on reclassification under the overlay approach		13,245,245	5.88	-	-
Reversal of expected credit losses		173,454	0.08	-	-
Foreign exchange gain		12,424,529	5.52	-	-
Other income		359,163	0.17	239,153	0.11
Total operating revenue		225,193,699	100.00	238,955,722	100.00
Operating cost					
Interest expenses		(106,369)	(0.05)	(134,015)	(0.06)
Underwriting expenses		(48,610)	(0.02)	(52,532)	(0.02)
Commission expenses		(8,768,960)	(3.89)	(9,830,633)	(4.11)
Insurance claims paid		(64,931,410)	(28.83)	(48,631,193)	(20.35)
Net changes in other insurance liabilities		(82,404,941)	(36.59)	(101,279,033)	(42.38)
Separate account products expenses		(8,146,420)	(3.62)	(16,252,851)	(6.80)
Losses on financial assets (liabilities) at fair value through profit or loss		(30,426,556)	(13.51)	-	-
Cost of goods sold		(17,436,288)	(7.74)	(16,674,162)	(6.98)
Rental cost		(15,778)	(0.01)	(15,741)	(0.01)
Service cost		(12,899)	(0.01)	(12,899)	(0.01)
Construction cost		(15,029)	(0.01)	(43,482)	(0.02)
Operating expenses					
Selling expenses		(4,146,286)	(1.84)	(2,766,400)	(1.16)
General and administrative expenses		(8,240,298)	(3.66)	(10,368,055)	(4.34)
Research and development expenses		(180,329)	(0.08)	(164,967)	(0.07)
Loss on disposal of investments		-	-	(18,709)	(0.01)
Loss on disposal of property, plant and equipment		(16,790)	(0.01)	-	-
Impairment loss		-	-	(7,749)	-
Foreign exchange loss		-	-	(28,089,425)	(11.76)
Other expense		(624,959)	(0.28)	(789,216)	(0.32)
Total operating cost		(225,521,922)	(100.15)	(235,131,062)	(98.40)
Profit (loss) before tax from continuing operations		(328,223)	(0.15)	3,824,660	1.60
Income tax		814,524	0.37	(427,664)	(0.18)
Net profit (loss) from continuing operations		486,301	0.22	3,396,996	1.42
Net profit (loss) for the year		486,301	0.22	3,396,996	1.42
Other comprehensive income (loss)					
Items that will not be reclassified subsequently to profit or loss					
Re-measurement of defined benefit plans		(41,809)	(0.02)	14,319	0.01
Unrealized Gains/(Losses) on investments in equity instruments at fair value through other comprehensive income		(150,098)	(0.07)	-	-
Share of other comprehensive loss of subsidiaries and associates		(57,663)	(0.03)	27,996	0.01
Income tax related to items that will not be reclassified subsequently		37,179	0.02	(7,358)	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences arising from translation of foreign operations		(1,923)	-	5,205	-
Unrealized Gains/(Losses) on Available-for-sale financial assets		-	-	3,664,806	1.53
Unrealized Gains/(Losses) on investments in debt instruments at fair value through other comprehensive income		(3,872,407)	(1.72)	-	-
Other comprehensive losses on reclassification under the overlay approach		(13,245,245)	(5.88)	-	-
Income tax related to items that may be reclassified subsequently		1,855,229	0.83	(119,863)	(0.05)
Other comprehensive income (loss) for the year, net of tax		(15,476,737)	(6.87)	3,585,105	1.50
Total comprehensive income for the year		(14,990,436)	(6.65)	6,982,101	2.92
Net profit (loss) attributable to:					
Owners of parent		332,019	0.15	1,640,955	0.69
Non-controlling interests		154,282	0.07	1,756,041	0.73
Total		486,031	0.22	3,396,996	1.42
Total comprehensive income (loss) attributable to:					
Owners of parent		(6,760,679)	(3.00)	3,389,212	1.42
Non-controlling interests		(8,229,757)	(3.65)	3,592,889	1.50
Total		\$(14,990,436)	(6.65)	\$6,982,101	2.92
Earnings per share					
Income(loss) from continuing operations, net of tax		\$0.43		\$2.11	
Basic earnings (loss) per share		\$0.43		\$2.11	
Diluted earnings (loss) per share		\$0.43		\$2.1	
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		367,135		1,669,671	
Earnings (loss) per share		0.44		2.02	

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, 2018 and 2017

UNIT : NTD (In Thousands)

Summary	Stockholders' equity of Parent Company													Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained Earnings			Equity Adjustments					Treasury Stocks	Sub Total			
			Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign operations	Unrealized gain or loss on assets at fair value through other comprehensive income	Unrealized gain or loss on available-for-sale financial assets	Other comprehensive losses on reclassification under the overlay approach	Other					
Balance on January 1, 2017	\$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	
Appropriation and distribution of retained earnings 2016	-	-	204,951	-	(204,951)	-	-	-	-	-	-	-	-	-	
Legal reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Special reserve	-	-	-	(866,857)	866,857	-	-	-	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(500,779)	-	-	-	-	-	-	(500,779)	-	(500,779)	
Stock dividend	500,778	-	-	-	(500,778)	-	-	-	-	-	-	-	-	-	
Effect of change in ratio of shareholding in investees	-	(54,411)	-	-	(72,267)	-	-	-	-	-	-	(126,678)	-	(126,678)	
Effects of change in unappropriated retained earnings of investees	-	-	-	-	(1,219)	-	-	-	-	-	-	(1,219)	-	(1,219)	
Effects of change in capital surplus of investees	-	6,597	-	-	-	-	-	-	-	-	-	6,597	-	6,597	
Amortization of compensation cost of investees	-	-	-	-	-	-	-	-	-	396	-	396	-	396	
Net profit for the year 2017	-	-	-	-	1,640,955	-	-	-	-	-	-	1,640,955	1,756,042	3,396,997	
Other comprehensive income for the year 2017, net of tax	-	-	-	-	27,996	7,384	-	1,712,877	-	-	-	1,748,257	1,836,847	3,585,104	
Dividends distributed to subsidiaries by parent	-	28,716	-	-	-	-	-	-	-	-	-	28,716	-	28,716	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	899,242	899,242	
Amortization of compensation cost of restricted stock	-	-	-	-	-	-	-	-	-	397	-	397	-	397	
Restricted stock cancellation	(150)	(188)	-	-	-	-	-	-	-	338	-	-	-	-	
Balance on January 1, 2018	\$7,654,617	\$1,012,896	\$1,914,653	\$1,224,317	\$5,271,424	\$(6,441)	\$-	\$370,823	\$-	\$6,398	\$(532,672)	\$16,916,015	\$23,935,469	\$40,851,484	
Effect of retrospective application	-	-	-	-	(620,465)	-	1,940,898	(370,823)	(606,647)	-	-	342,963	384,025	726,988	
Adjusted Balance, January 1, 2018	7,654,617	1,012,896	1,914,653	1,224,317	4,650,959	(6,441)	1,940,898	-	(606,647)	6,398	(532,672)	17,258,978	24,319,494	41,578,472	
Appropriation and distribution of retained earnings 2017	-	-	164,095	-	(164,095)	-	-	-	-	-	-	-	-	-	
Legal reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Special reserve	-	-	-	(910,324)	910,324	-	-	-	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(612,369)	-	-	-	-	-	-	(612,369)	-	(612,369)	
Stock dividend	612,370	-	-	-	(612,370)	-	-	-	-	-	-	-	-	-	
Effect of change in ratio of shareholding in investees	-	351,557	-	-	(245,259)	-	-	-	-	-	-	106,298	-	106,298	
Effects of change in unappropriated retained earnings of investees	-	-	-	-	2,030	-	-	-	-	-	-	2,030	-	2,030	
Effects of change in capital surplus of investees	-	40,738	-	-	-	-	-	-	-	-	-	40,738	-	40,738	
Amortization of compensation cost of investees	-	-	-	-	-	-	-	-	-	52	-	52	-	52	
Net profit for the year 2018	-	-	-	-	332,019	-	-	-	-	-	-	332,019	154,282	486,301	
Other comprehensive income for the year 2018, net of tax	-	-	-	-	(57,404)	(1,051)	(1,632,679)	-	(5,401,564)	-	-	(7,092,698)	(8,384,039)	(15,476,737)	
Dividends distributed to subsidiaries by parent	-	35,116	-	-	-	-	-	-	-	-	-	35,116	-	35,116	
Difference between the price and carrying amount for the acquisition or disposal of subsidiaries	-	793,607	-	-	-	-	-	-	-	-	-	793,607	-	793,607	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	1,867,517	1,867,517	
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	2,801	-	(2,801)	-	-	-	-	-	-	-	
Amortization of compensation cost of restricted stock	-	-	-	-	-	-	-	-	-	(168)	-	(168)	-	(168)	
Restricted stock cancellation	(160)	(201)	-	-	-	-	-	-	-	361	-	-	-	-	
Balance on December 31, 2018	\$8,266,827	\$2,233,713	\$2,078,748	\$313,993	\$4,206,636	\$(7,492)	\$305,418	\$-	\$(6,008,211)	\$6,643	\$(532,672)	\$10,863,603	\$17,957,254	\$28,820,857	

The accompanying notes are an integral part of the financial statements

MERCURIES & ASSOCIATES HOLDING, LTD. And SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2018 and 2017

UNIT : NTD (In Thousands)

Items	2018	2017
Cash flows from operating activities		
Profit(loss) before income tax	(\$328,223)	\$3,824,660
Adjusted items:		
Income and expenses having no effect on cash flows		
Gain on reversal of allowance for doubtful accounts	-	(55,877)
Depreciation	1,057,047	1,026,620
Net changes in provisions for insurance	82,657,658	101,378,555
Amortization	155,152	130,167
Net gains (losses) on financial assets (liabilities) at fair value through profit or loss	30,426,557	(21,505,702)
Net gains (losses) on available-for-sale financial assets	-	(6,731,323)
Net gains (losses) on financial assets (liabilities) at fair value through other comprehensive income	(2,478,181)	-
Net gains (losses) on financial assets measured at cost	-	(14,994)
Net gains (losses) on investment in debt instrument without active market	-	(2,167,017)
Interest expense	381,977	451,105
Net gains (losses) on financial assets (liabilities) at amortized cost	(474,358)	-
Interest income	(32,828,034)	(29,570,712)
Net changes in foreign exchange valuation reserve	1,565,880	(895,933)
Reversal of expected credit losses on investments	(174,743)	-
Expected credit losses on non-investments	767	-
Compensation cost of share-based payment	(8)	37,592
Share of profit of associates and joint ventures accounted for using equity method	(94,408)	(197,786)
Reserve of overlay approach	(13,245,245)	-
Loss(gain) on disposal and retirement of property, plant and equipment	27,160	(18,052)
Unrealized foreign exchange gain or loss	(20,104,203)	38,990,446
Impairment loss	-	7,749
Expense transferred from property, plant and equipment	-	3,027
Net cash generated from Income and expenses having no effect on cash flows	<u>46,873,018</u>	<u>80,867,865</u>
Changes in assets and liabilities related to operating activities		
Changes in assets related to operating activities		
(Increase)decrease in financial assets at fair value through profit or loss	(52,288,058)	12,478,076
(Increase)decrease in accounts receivable	(880,258)	(129,463)
(Increase)decrease in inventories	(388,726)	177,826
(Increase)decrease in prepayments	14,288	(194,027)
Increase(decrease) in contract assets	19,876	-
(Increase)decrease in other current assets	28,937	(5,202)
(Increase)decrease in reinsurance contract liabilities	(303,385)	11,796
(Increase)decrease in other non-current assets	5,229	257,902
Net cash generated from changes in assets related to operating activities	<u>(53,792,097)</u>	<u>12,596,908</u>
Changes in liabilities related to operating activities		
Increase(decrease) in accounts payable	892,140	(1,286,563)
Increase(decrease) in contract payable	141,468	-
Increase(decrease) in other non-current liabilities	140,300	(819,301)
Increase(decrease) in other	6,714,306	(14,940,807)
Net cash generated from changes in liabilities related to operating activities	<u>7,888,214</u>	<u>(17,046,671)</u>
Net cash generated from changes in assets and liabilities related to operating activities	<u>(45,903,883)</u>	<u>(4,449,763)</u>
Sub-total	<u>969,135</u>	<u>76,418,102</u>
Cash flows from operating activities		
Interest received	21,116,501	20,194,120
Dividends received	2,901,992	2,466,814
Interest paid	(100,696)	(580,488)
Income taxes refund (paid)	(3,876,266)	11,602
Net cash generated from (used in) operating activities	<u>20,682,443</u>	<u>102,334,810</u>

MERCURIES & ASSOCIATES HOLDING, LTD. And SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2018 and 2017

UNIT : NTD (In Thousands)

Items	2018	2017
Cash flows from investing activities		
(Increase)decrease in bills discounted and loans	1,943,727	825,365
Acquisition of Available-for-sale financial assets	-	(174,751,610)
Acquisition of financial assets at fair value through other comprehensive income	(509,870)	-
Proceeds from disposal of available-for-sale financial assets	-	201,251,166
Proceeds from disposal of financial assets at fair value through other comprehensive income	44,839,125	-
Acquisition of financial assets at amortized cost	(90,067,069)	-
Proceeds from disposal of financial assets at amortized cost	23,340,663	-
Proceeds from repayments of financial assets at amortized cost	8,794,599	-
Acquisition of Investment in debt instrument without active market	-	(131,868,318)
Proceeds from disposal of investment in debt instrument without active market	-	27,300,756
Proceeds from repayments of investment in debt instrument without active market	-	25,541,714
Acquisition of financial assets measured at cost	-	(20,494)
Proceeds from disposal of financial assets measured at cost	-	97,730
Acquisition of Held-to-maturity financial assets	-	(48,009,840)
Acquisition of Investments accounted for using equity method	(76,200)	-
Remittance of cash due to capital reduction of financial assets at fair value through other comprehensive income	26,903	-
Acquisition of property, plant and equipment	(818,607)	(830,592)
Proceeds from disposal of property, plant and equipment	617	85,974
Decrease(increase) in prepayments for equipment	(40,495)	22,811
Acquisition of intangible assets	(104,654)	(101,607)
(Increase)decrease in refundable deposits	(586,467)	30,106
Net cash generated from (used in) investing activities	<u>(13,257,728)</u>	<u>(100,426,839)</u>
Cash flows from (used in) financing activities		
Increase(decrease) in short-term borrowings	(427,953)	(65,047)
Increase(decrease) in Short-term notes and bills payable	(792,000)	764,000
Proceeds from long-term borrowings	82,425,000	58,454,000
Repayment of long-term borrowings	(83,252,000)	(58,179,000)
Cash dividends paid	(576,997)	(471,853)
Disposal of subsidiary	793,607	-
Increase(decrease) in guarantee deposits received	(607,256)	680,858
Increase(decrease) in non controlling interests	1,779,205	724,428
Net cash generated from (used in) financing activities	<u>(658,394)</u>	<u>1,907,386</u>
Effect of exchange rate	(5,706)	14,760
Net increase(decrease)in cash and cash equivalents	6,760,615	3,830,117
Cash and cash equivalents at beginning of year	<u>62,317,586</u>	<u>58,487,469</u>
Cash and cash equivalents at the end of year	<u>\$69,078,201</u>	<u>\$62,317,586</u>

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

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying balance sheets of Mercuries & Associates Holding, Ltd. as at December 31, 2018 and 2017, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (noted other matter), the accompanying financial statements present fairly, in all material respects, the financial position of the Mercuries & Associates Holding, Ltd. as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year 2018. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The subsidiaries Mercuries Life Insurance Co., Ltd. , Mercuries & Associates, Ltd. and Simple Mart Retail Co., Ltd were held by Mercuries & Associates, Holding Ltd., under investments accounted for using equity method were \$9,490,293 thousand, \$940,112 thousand and \$840,187 thousand constituted 49.67%, 4.92% and 4.40% of the total assets as of December 31, 2018 respectively; and the recognized shares of profit of associates accounted for using equity method of these investee companies were \$(77,788) thousand, 227,909 thousand and \$142,844 thousand, constituted 15.56%, 45.60% and 28.58% of the income before tax for the years ended December 31, 2018 respectively. This had material influence on the financial statements of Mercuries & Associates, Holding Ltd. Hence, we had been identified the key audit matters items were completeness and accuracy of recording insurance reserves, valuation of investment assets and completeness and accuracy of retail sales revenue.

Please refer to Note 4.7 for the related accounting policy of under investments accounted for using

equity method, Note 6.7 for the accounting footnote.

Investments accounted for using equity method- completeness and accuracy of recording insurance reserves

Description

The subsidiary of Mercuries Life Insurance's various insurance reserves are provided by actuary in accordance with the "Guidelines for Insurance Enterprises Handling All Statutory Reserves" based on their professional judgement and experience. The insurance reserves are estimated for different types of insurance, and thus, the provision process of these reserves has a high degree of complexity. Liability reserves involve significant judgment from management due to uncertainty of estimation. In addition, to ensure the adequacy of the insurance liabilities recognition, significant judgment to the final total settlement value of each insurance claims is required. The Company should assess its adequacy of liabilities through estimated future cash flow for insurance contracts based on current information. If there is any shortfall in the current carrying amount of the insurance liability, the shortfall should be recognized as liability adequacy reserve. So we consider the completeness and accuracy of recording insurance reserves has thus been identified as one of the key audit matters of our annual audit of 2018.

How our audit addressed the matter

Our procedures in relation to valuation of inventories included:

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

Investments accounted for using equity method- valuation of investment assets

Description

Financial assets at fair value through profit or loss and Financial assets at fair value through other comprehensive income for debt instrument without an active market is determined by observable input parameters obtained either directly or indirectly in active markets of the subsidiary of Mercuries Life Insurance. The fair value is estimated on the basis of the results of various valuation techniques, which is based on professional judgment by the Company's management. In addition, the expected credit losses of Financial assets at amortized cost and Financial assets at fair value through other comprehensive income for debt instrument estimation of such loss require significant judgment by the Company's management. So we consider the valuation of investment assets has thus been identified as one of the key audit matters of our annual audit of 2018.

How our audit addressed the matter

Our procedures in relation to valuation of inventories included:

1. Performing an assessment over the investment cycle of its initial recognition, subsequent

- measurements, and their disclosures on financial statements.
2. Inspecting the accounting policies related to fair value measurements and disclosures of financial instruments of the Company.
 3. Obtaining statements for financial assets and understanding the acquisition methods used for fair value of each category, as well as evaluating whether the fair value hierarchy is appropriate.
 4. Assessing the reasonableness of significant assumptions, fair value and the valuation sources according to the relevant information obtained from external sources.
 5. Conduct the impairment tests, including evaluating the reasonableness of assumptions and parameters the Company used in the expected credit losses model, sampling the evaluation results on the significant increase in credit risks of financial assets since their original recognition, and testing the accuracy of calculations.

Investments accounted for using equity method- completeness and accuracy of retail sales revenue

Description

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

As retail sales revenue comprises numerous small amount transactions and highly relies on the POS and ERP systems, the process of summarizing and recording sales revenue by these systems is important with regard to the completeness and accuracy of the retail sales revenue figures, and has thus been identified as one of the key audit matters of our annual audit of 2018.

How our audit addressed the matter

Our procedures in relation to valuation of inventories included:

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

Other matter

The 2018 and 2017 financial statements of certain investee companies under investments accounted for using equity method in the above mentioned financial statements were audited by other auditors. Thus, the amounts and information of the investee companies shown within are in accordance with the audit reports assured by other auditors whose reports thereon have been furnished to us. The

Mercuries & Associates Holding, Ltd. investments in the aforementioned investee companies were \$2,884,185 thousand and \$2,074,457 thousand, constituted 15.10% and 8.11% of the total assets as of December 31, 2018 and December 31, 2017 respectively; and the recognized shares of profit of associates accounted for using equity method of these investee companies were \$403,488 thousand and \$74,795 thousand, constituted 80.72% and 4.29% of the income before tax for the years ended December 31, 2018 and December 31, 2017 respectively.

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor’s responsibilities for the audit of the financial statements

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

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

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

continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Mercuries & Associates Holding, Ltd. to cease to continue as a going concern.

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

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

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

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

BDO TAIWAN

March 29, 2019

Notice to Readers

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

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

MERCURIES & ASSOCIATES HOLDING, LTD.

BALANCE SHEETS

December 31, 2018 and 2017

UNIT : NT\$ (In Thousands)

Assets	Notes	December 31,2018	%	December 31,2017	%	Liabilities & Equity	Notes	December 31,2018	%	December 31,2017	%
Current assets						Current liabilities					
Cash and cash equivalents		\$44,429	0.23	\$59,087	0.23	Other Payables		42,372	0.22	62,074	0.24
Financial assets at fair value through other comprehensive income - current		192,057	1.01	-	-	Income tax payable		164,256	0.86	100,927	0.39
Available-for-sale financial assets - current		-	-	192,581	0.75	Other current liabilities		9,654	0.05	14,799	0.06
Notes receivable		9,378	0.05	14,286	0.06	Sub-total		216,282	1.13	177,800	0.69
Accounts receivable, net		1,210	0.01	1,593	0.01	Non-current liabilities					
Other receivables		2,911	0.01	3,064	0.01	Long-term bank loans		7,950,000	41.61	8,420,000	32.90
Prepayments		66	-	623	-	Deferred income tax liabilities		10,097	0.05	9,850	0.05
Sub-total		250,051	1.31	271,234	1.06	Other non-current liabilities		65,309	0.35	65,249	0.26
						Sub-total		8,025,406	42.01	8,495,099	33.21
						Total liabilities		8,241,688	43.14	8,672,899	33.90
						Equity					
Non-current assets						Share capital					
Financial assets at fair value through other comprehensive income - non-current		183,324	0.96	-	-	Common stock		8,266,827	43.27	7,654,617	29.91
Available-for-sale financial assets - non-current		-	-	217,969	0.85	Capital surplus		2,233,713	11.69	1,012,896	3.96
Investments accounted for using equity method		16,859,153	88.24	23,264,168	90.92	Retained earnings					
Property, plant and equipment		376,626	1.97	380,724	1.49	Legal reserve		2,078,748	10.88	1,914,653	7.48
Investment property, net		1,421,308	7.44	1,439,418	5.63	Special reserve		313,993	1.64	1,224,317	4.78
Other non-current assets		14,829	0.08	15,401	0.05	Unappropriated retained earnings		4,206,636	22.02	5,271,424	20.60
Sub-total		18,855,240	98.69	25,317,680	98.94	Other equity interest		(5,703,642)	(29.85)	370,780	1.45
						Treasury stocks		(532,672)	(2.79)	(532,672)	(2.08)
						Total equity		10,863,603	56.86	16,916,015	66.10
Total assets		\$19,105,291	100.00	\$25,588,914	100.00	Total liabilities and equity		\$19,105,291	100.00	\$25,588,914	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, 2018 and 2017

UNIT : NTD (In Thousands)

Item	Notes	2018	%	2017	%
Operating revenue		\$680,260	100.00	\$1,963,153	100.00
Operating costs		(15,778)	(2.32)	(15,741)	(0.80)
Operating margin(loss)		664,482	97.68	1,947,412	99.20
Net operating margin (loss)		664,482	97.68	1,947,412	99.20
Operating expenses					
General and administrative expenses		(107,126)	(15.75)	(139,985)	(7.13)
Sub-total		(107,126)	(15.75)	(139,985)	(7.13)
Net operating income (loss)		557,356	81.93	1,807,427	92.07
Non-operating income and expense					
Other income		34,447	5.06	42,567	2.17
Other gains and losses		(10,836)	(1.59)	(4,833)	(0.25)
Financial costs		(81,123)	(11.92)	(102,732)	(5.23)
Sub-total		(57,512)	(8.45)	(64,998)	(3.31)
Profit (loss) before tax		499,844	73.48	1,742,429	88.76
Income tax		(167,825)	(24.67)	(101,474)	(5.17)
Net profit (loss) from continuing operations		332,019	48.81	1,640,955	83.59
Net profit (loss) for the year		332,019	48.81	1,640,955	83.59
Other comprehensive income (loss)					
Items that will not be reclassified subsequently to profit or loss					
Unrealized Gains/(Losses) on investments in equity instruments at fair value through other comprehensive income		(31,954)	(4.70)	-	-
Share of other comprehensive loss of subsidiaries and associates		(129,464)	(19.03)	27,996	1.43
Items that may be reclassified subsequently to profit or loss					
Exchange differences arising from translation of foreign operations		(736)	0.11	2,054	0.10
Unrealized Gains/(Losses) on Available-for-sale financial assets		-	-	74,046	3.77
Share of other comprehensive loss of subsidiaries and associates		(6,930,544)	(1018.80)	1,644,161	83.75
Other comprehensive income (loss) for the year, net of tax		(7,092,698)	(1042.64)	1,748,257	89.05
Total comprehensive income for the year		(6,760,679)	(993.83)	3,389,212	172.64
Earnings per share					
Income(loss) from continuing operations, net of tax		\$0.43		\$2.11	
Basic earnings (loss) per share		\$0.43		\$2.11	
Diluted earnings (loss) per share		\$0.43		\$2.1	
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		\$534,960		\$1,771,146	
Pro forma income after income tax		\$367,135		\$1,669,671	
Basic earnings (loss) per share		0.44		2.02	

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, 2018 and 2017

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 assets at fair value through other comprehensive income	Unrealized gain or loss on available-for-sale financial assets	Other		
Summary											
Balance on January 1, 2017	\$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
Appropriation and distribution of retained earnings 2016											
Legal reserve	-	-	204,951	-	(204,951)	-	-	-	-	-	-
Special reserve	-	-	-	(866,857)	866,857	-	-	-	-	-	-
Cash dividends	-	-	-	-	(500,779)	-	-	-	-	-	(500,779)
Stock dividend	500,778	-	-	-	(500,778)	-	-	-	-	-	-
Effect of change in ratio of shareholding in investees	-	(54,411)	-	-	(72,267)	-	-	-	-	-	(126,678)
Effects of change in unappropriated retained earnings of investees	-	-	-	-	(1,219)	-	-	-	-	-	(1,219)
Effects of change in capital surplus of investees	-	6,597	-	-	-	-	-	-	-	-	6,597
Amortization of compensation cost of investees	-	-	-	-	-	-	-	-	396	-	396
Net profit for the year 2017	-	-	-	-	1,640,955	-	-	-	-	-	1,640,955
Other comprehensive income for the year 2017, net of tax	-	-	-	-	27,996	7,384	-	1,712,877	-	-	1,748,257
Dividends distributed to subsidiaries by parent	-	28,716	-	-	-	-	-	-	-	-	28,716
Amortization of compensation cost of restricted stock	-	-	-	-	-	-	-	-	397	-	397
Restricted stock cancellation	(150)	(188)	-	-	-	-	-	-	338	-	-
Balance on January 1, 2018	\$7,654,617	\$1,012,896	\$1,914,653	\$1,224,317	\$5,271,424	\$(6,441)	\$-	\$370,823	\$6,398	\$(532,672)	\$16,916,015
Effect of retrospective application	-	-	-	-	(620,465)	-	1,940,898	(370,823)	(606,647)	-	342,963
Adjusted Balance, January 1, 2018	7,654,617	1,012,896	1,914,653	1,224,317	4,650,959	(6,441)	1,940,898	-	(600,249)	(532,672)	17,258,978
Appropriation and distribution of retained earnings 2017											
Legal reserve	-	-	164,095	-	(164,095)	-	-	-	-	-	-
Special reserve	-	-	-	(910,324)	910,324	-	-	-	-	-	-
Cash dividends	-	-	-	-	(612,369)	-	-	-	-	-	(612,369)
Stock dividend	612,370	-	-	-	(612,370)	-	-	-	-	-	-
Effect of change in ratio of shareholding in investees	-	351,557	-	-	(245,259)	-	-	-	-	-	106,298
Effects of change in unappropriated retained earnings of investees	-	-	-	-	2,030	-	-	-	-	-	2,030
Effects of change in capital surplus of investees	-	40,738	-	-	-	-	-	-	-	-	40,738
Amortization of compensation cost of investees	-	-	-	-	-	-	-	-	52	-	52
Net profit for the year 2018	-	-	-	-	332,019	-	-	-	-	-	332,019
Other comprehensive income for the year 2018, net of tax	-	-	-	-	(57,404)	(1,051)	(1,632,679)	-	(5,401,564)	-	(7,092,698)
Dividends distributed to subsidiaries by parent	-	35,116	-	-	-	-	-	-	-	-	35,116
Difference between the price and carrying amount for the acquisition or disposal of subsidiaries	-	793,607	-	-	-	-	-	-	-	-	793,607
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	2,801	-	(2,801)	-	-	-	-
Amortization of compensation cost of restricted stock	-	-	-	-	-	-	-	-	(168)	-	(168)
Restricted stock cancellation	(160)	(201)	-	-	-	-	-	-	361	-	-
Balance on December 31, 2018	\$8,266,827	\$2,233,713	\$2,078,748	\$313,993	\$4,206,636	\$(7,492)	\$305,418	\$-	\$(6,001,568)	\$(532,672)	\$10,863,603

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, 2018 and 2017

UNIT : NTD (In Thousands)

Items	2018	2017
Cash flows from operating activities		
Profit(loss) before income tax	\$499,844	\$1,742,429
Profit and loss before tax	499,844	1,742,429
Adjusted items:		
Adjustments to reconcile profit (loss)		
Depreciation expense	25,519	24,460
Interest expense	81,124	102,731
Interest revenue	(14)	(24)
Dividend income	(10,397)	(12,225)
Compensation cost of share-based payments	(168)	396
Share of profit (loss) of associates and joint ventures accounted for using equity method	(172,601)	(1,137,568)
Loss(gain) on disposal and retirement of property, plant and equipment	265	265
Changes in assets and liabilities related to operating activities		
(Increase)decrease in notes receivable	4,909	16,637
(Increase)decrease in accounts receivable	384	1,533
(Increase)decrease in other receivables	153	(1,456)
(Increase)decrease in prepaid expenses	555	(322)
(Increase)decrease in prepaid pension-noncurrent	-	4,387
Increase(decrease) in other payables	(19,900)	137
Increase(decrease) in advanced receipts	(5,059)	(16,487)
Increase(decrease) in other current liabilities	(86)	(184)
Interest received	14	7,103
Dividends received	10,397	12,225
Interest paid	(80,926)	(103,951)
Income taxes refund (paid)	(104,250)	38
Net cash flows from (used in) operating activities	229,763	640,124
Cash flows from investing activities		
Acquisition of financial assets at fair value through other comprehensive income	(18,897)	-
Disposal of financial assets at fair value through other comprehensive income	18,951	-
Remittance of cash due to capital reduction of financial assets at fair value through other comprehensive income	3,161	-
Acquisition of available-for-sale financial assets	-	(14,050)
Acquisition of investment accounted for using equity method	(370,399)	(360,873)
Disposal of investment accounted for using equity method	908,110	-
Acquisition of property, plant and equipment	(3,310)	(3,491)
Decrease in guarantee deposits paid	-	6,792
(Increase)decrease in prepayments for equipment	571	(571)
Remittance of cash due to capital reduction of investment accounted for using equity method	300,000	27,114
Net cash flows from (used in) investing activities	838,187	(345,079)
Cash flows from (used in) financing activities		
Proceeds from long-term borrowings	78,040,000	52,760,000
Repayments of long-term borrowings	(78,510,000)	(52,538,000)
Increase in guarantee deposits received	741	900
Decrease in guarantee deposits received	(982)	(1,036)
Increase in other non-current liabilities	2	-
Decrease in other non-current liabilities	-	(94)
Cash dividends paid	(612,369)	(500,778)
Net cash provided by (used in) financing activities	(1,082,608)	(279,008)
Net increase(decrease)in cash and cash equivalents	(14,658)	16,037
Cash and cash equivalents at the beginning of year	59,087	43,050
Cash and cash equivalents at the end of year	\$44,429	\$59,087

The accompanying notes are an integral part of the financial statements

Mercuries & Associates Holding, Ltd.

2018 Earnings Distribution Table

Unit: NTD

Item	Amount	
	Subtotal	Total
Undistributed earnings at the beginning of the period		4,792,913,314
Minus: Effect of retrospective application and retrospective restatement		(620,464,706)
Unappropriated earnings at the beginning of the period after restatement		4,172,448,608
Minus: Effects of change in unappropriated retained earnings of investees (Note 1)	(300,633,414)	
Add: Disposal of equity instruments at fair value through other comprehensive income	2,801,400	
Add: Net profit after tax for the period	332,019,300	
Earnings available for appropriation		4,206,635,894
Minus: Legal reserve	(33,201,930)	
Special reserve	(4,173,433,964)	
Undistributed earnings at the end of the period		0

Note 1: Effects of change in unappropriated retained earnings of investees refer to (1) actuarial profit or loss resulting from the defined benefit plan, (2) changes in undistributed earnings of invested companies, and (3) changes in the shareholding percentage of invested companies.

Note 2: Employee compensation of NT\$5.2 million and directors' compensation of NT\$5 million have been deducted.

Attachment 5

Mercuries & Associates Holding, Ltd.

Comparison Table of the Procedures for Acquisition and Disposal of Assets
Before and After the Amendment

After the Amendment	Before the Amendment	Description
<p>Article 3 : Scope of Assets</p> <ol style="list-style-type: none"> 1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real property (including land, houses and buildings, and investment property) and equipment. 3. Membership certificates. 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets. 5. <u>Right-of-use assets.</u> 6. (Omitted) 7. (Omitted) 8. (Omitted) 9. (Omitted) 	<p>Article 3: Scope of Assets</p> <ol style="list-style-type: none"> 1. <u>Securities:</u> Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2. Real property (including land, houses and buildings, investment property, <u>rights to use land, and construction enterprise inventory</u>) and equipment. 3. Membership certificates. 4. <u>Intangible assets:</u> Patents, copyrights, trademarks, franchise rights, and other intangible assets. 5. (Omitted) 6. (Omitted) 7. (Omitted) 8. (Omitted) 	<p>With the amendment of the Act.</p>
<p>Article 4: Definition of Terms</p> <ol style="list-style-type: none"> 1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, <u>or</u> swap contracts, whose value is derived from <u>a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.</u> The forward contracts described above do not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts and long-term purchase (distribution) contracts. 2. Assets acquired or disposed through 	<p>Article 4: Definition of terms</p> <ol style="list-style-type: none"> 1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, <u>and</u> swap contracts, <u>and</u> <u>compound contracts combining the above products,</u> whose value is derived from assets, interest rates, foreign exchange rates, <u>indexes or other interests.</u> The forward contracts described above do not include insurance contracts, performance contracts, after-sales service contracts, long-term lease contracts and long-term purchase (distribution) contracts. 2. Assets acquired or disposed through 	<p>With the amendment of the Act.</p>

After the Amendment	Before the Amendment	Description
<p>mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.</p> <p>3. (Omitted)</p> <p>4. (Omitted)</p> <p>5. (Omitted)</p> <p>6. (Omitted)</p> <p>7. Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p>8. "Most recent financial statements": refers to the financial statements that have been publicly verified or audited by a CPA prior to the acquisition or disposal of assets.</p>	<p>mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Paragraph 8 of Article 156 of the Company Act.</p> <p>3. (Omitted)</p> <p>4. (Omitted)</p> <p>5. (Omitted)</p> <p>6. (Omitted)</p> <p>7. <u>Mainland China area investment</u>: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p>"Most recent financial report" refers to the financial statements that have been publicly verified or audited by a CPA prior to the acquisition or disposal of assets.</p>	
<p>Article 5 : Limitation on the amounts of <u>real property and right-of-use assets thereof or securities acquired by the Company and each subsidiary for non-operating use</u> are as follows:</p> <p>(1) The total amount of <u>real property and right-of-use assets for non-operating use</u> shall be no more than 20% of the Company's net worth.</p> <p>(2) (Omitted)</p> <p>(3) (Omitted)</p>	<p>Article 5: Limitation on the amount of <u>investment in non-operating real property and securities</u>.</p> <p><u>The limitation of amounts of acquisition or disposal of above-mentioned assets by the Company and its Subsidiaries</u> are as follows:</p> <p>(1) The total amount of <u>non-operating real property</u> shall be no more than 20% of the Company's net worth.</p> <p>(2) (Omitted)</p> <p>(3) (Omitted)</p>	<p>With the amendment of the Act.</p>
<p>Article 6 : When the Company obtains an</p>	<p>Article 6: When the Company obtains an</p>	<p>With the</p>

After the Amendment	Before the Amendment	Description
<p>appraisal report or a statement of opinion from a <u>CPA, lawyer or securities underwriter, the appraisal service provider and its appraisers, the CPA, lawyer or securities underwriter shall abide by the following regulations:</u></p> <ol style="list-style-type: none"> <u>1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of the Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u> <u>2. May not be a related party or de facto related party of any party to the transaction.</u> <u>3. If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</u> <p><u>When issuing an appraisal report or a statement of opinion, the personnel referred to in the preceding paragraph shall comply with the following:</u></p> <ol style="list-style-type: none"> <u>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u> <u>2. When examining a case, they shall appropriately plan and execute adequate workflow, in order to reach a</u> 	<p>appraisal report or a statement of opinion from <u>an accountant, lawyer or securities underwriter, the appraisal service providing the report and its appraisers, the account, lawyer or securities underwriter providing the opinion and the trading counterpart may not be a related party.</u></p>	<p>amendment of the Act.</p>

After the Amendment	Before the Amendment	Description
<p><u>conclusion and use it as the basis for issuing the report or statement of opinion. The related execution procedures, data collected, and conclusions shall be fully and accurately specified in the case working papers.</u></p> <p>3. <u>They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the statement of opinion.</u></p> <p>4. <u>They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</u></p>		
<p>Article 6-1: <u>The acquisition or disposal of assets by the Company shall be processed in accordance with the Procedures or other legal regulations and shall be approved of by the Board of Directors. When a transaction involving the acquisition or disposal of assets is submitted for discussion by the Board of Directors, the Board of Directors shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting. Major transactions of assets or derivatives shall be approved by more than half of all Audit Committee members and then submitted to the Board of Directors for a resolution. If major transactions of assets or derivatives are not approved by more than half of all Audit Committee members, they may be approved by two-thirds of all directors, and the</u></p>	<p>Article 6-1: <u>The acquisition or disposal of assets by the Company shall be processed in accordance with this Procedure or other legal regulations and shall be approved of by the Board of Directors. In case there is record or written statement of a Director in expressing opinion of dissent, the Company shall submit the matter of dissent and relevant information to the Audit Committee. When a transaction involving the acquisition or disposal of assets is submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting. Major transactions of assets or derivatives shall be approved by the Audit Committed and the Board of Directors.</u></p>	<p>With the amendment of the Act.</p>

After the Amendment	Before the Amendment	Description
<p><u>resolution of the Audit Committee shall be recorded in the minutes of the Board meeting.</u></p>		
<p>Article 7 : Procedures for <u>Acquiring or Disposing of Real Property, Equipment, or Right-of-use Assets</u></p> <p>1. Appraisal and operational procedures The Company abides by the Company's internal control system in handling any acquisition or disposal of real property, equipment or right-of-use assets.</p> <p>2. Decision-making procedures for setting transaction criteria and authorized transaction amounts (1) (Omitted) (2) <u>In acquiring or disposing of real property, equipment, or right-of-use assets, the Company shall choose from either compare pricing, negotiation, or bidding process. For a transaction below NT\$20 million (inclusive), the responsible units can exercise decision-making rights; for each transaction over NT\$20 million, approval of the Chairman is required and approval of the Board of Directors shall also be obtained prior to execution.</u></p> <p>3. Implementing unit In acquiring or disposing of real property, equipment, <u>or right-of-use assets, the preceding paragraph</u> shall apply in which decision-making rights have been established, and the transaction shall be carried out by responsible unit and managerial unit.</p> <p>4. Appraisal report for real property or equipment Except transactions with government agencies, contracting third parties to construct on land owned or rented by the Company, or acquisition of equipment <u>or right-of-use assets for</u></p>	<p>Article 7: Procedures to <u>acquire or dispose of property or equipment</u></p> <p>1. Appraisal and operational procedures The Company abides by the Company's internal control system in handling any acquisition or disposal of real property or equipment.</p> <p>2. Decision-making procedures in setting transaction criteria and authorized transaction amounts (1) (Omitted) (2) <u>In acquiring or disposing of assets, the Company shall take publicly-announced current value, appraisal value, and real transaction price of nearby real estate into consideration for the transaction criteria and price. For transaction whose amount is no more than NT\$20 million (inclusive), the units responsible can exercise decision-making rights; for those that exceed NT\$20 million, approval shall be obtained from the President and approved by the Board before the transaction can be carried out.</u></p> <p>3. Implementing Unit In acquiring or disposing of real property or equipment, <u>the above Article</u> shall apply in which decision-making rights have been established, and the transaction shall be carried out by responsible unit and managerial unit.</p> <p>4. Appraisal report for real property or equipment Except transactions with government agencies, contracting third parties to construct on land owned or rented by the Company, or acquisition of equipment <u>for operation purpose, for acquisition or</u></p>	<p>With the amendment of the Act.</p>

After the Amendment	Before the Amendment	Description
<p><u>business use, for acquisition or disposal of real <u>property, equipment, or right-of-use assets</u> by the Company whose amount reaches 20% of the Company's paid-in capital or more than NT\$300 million, an appraisal report issued by the 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:</u></p> <p>(1) If a limited price, specific price or special price has to be adopted as the basis of transaction under extraordinary circumstances, the transaction shall require the approval of the <u>Board of Directors</u> by resolution and the same procedure shall apply if the transaction terms should <u>be amended</u> in the future.</p> <p>(2) (Omitted)</p> <p>(3) (Omitted)</p> <p>(4) (Omitted)</p> <p>(5) (Omitted)</p>	<p>disposal of <u>real estate</u> or equipment by the Company whose amount reaches 20% of the Company's paid-in capital or more than NT\$300 million, an appraisal report issued by <u>Professional Appraiser</u> shall be obtained (appraisal report shall disclose such items in accordance with Attachment 1) prior to the Date of the of the <u>Event</u> and the following provisions shall be complied with:</p> <p><u>Event</u> and the following provisions shall be complied with:</p> <p>(1) If a limited price, specific price or special price has to be adopted as the basis of transaction under extraordinary circumstances, the transaction shall require the approval of the <u>board of directors</u> by resolution and the same procedure shall apply if the transaction terms should <u>become different</u> in the future.</p> <p>(2) (Omitted)</p> <p>(3) (Omitted)</p> <p>(4) (Omitted)</p> <p>(5) (Omitted)</p>	
<p>Article 8: <u>Procedures for Acquiring or Disposing of Securities Investment</u></p> <p>1. (Omitted)</p> <p>2. (Omitted)</p> <p>3. (Omitted)</p> <p>4. Obtaining expert opinion</p> <p>(1) In acquiring or disposing of securities, the Company shall seek for a CPA's opinion on the fairness of the transaction price for transactions exceeding 20% of the Company's paid-in capital or NT\$300 million. <u>If an expert's opinion should be adopted by the CPA, this shall be carried out in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. But target companies that have open market rates in an active</u></p>	<p>Article 8: <u>Procedures to acquiring or disposing of securities investment</u></p> <p>1. (Omitted)</p> <p>2. (Omitted)</p> <p>3. (Omitted)</p> <p>4. Obtaining expert opinion</p> <p>(1) In acquiring or disposing of securities, the Company shall seek for CPA's opinion on the fairness of the transaction price for transactions exceeding 20% of the Company's paid-in capital or NT\$300 million <u>and contain the below conditions.</u> If expert's opinion should be adopted by the CPA, this shall be carried out in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. But target companies that have open market rates in an active market or otherwise</p>	<p>With the amendment of the Act.</p>

After the Amendment	Before the Amendment	Description
<p>market or otherwise regulated by the FSC do not fall under this constraint.</p> <p>(2) (Omitted)</p>	<p>regulated by the FSC do not fall under this constraint.</p> <p>(2) (Omitted)</p>	
<p>Article 9 : Procedures for Handling Related Party Transactions</p> <p>1. <u>When engaging</u> in any acquisition or disposal of assets from or to a related party, <u>the Company shall implement decision-making processes and the appraisal of the reasonableness of transaction terms</u> in accordance with Articles 7, 8, and 10 <u>and this article</u>. If the transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the Procedures. When judging whether a trading counterparty is a related party, in addition to legal formalities, <u>the Company shall consider the substance of the relationship</u>.</p> <p>2. Appraisal and operating procedures</p> <p>(1) When the Company intends to acquire or dispose of real <u>property or right-of-use assets</u> from or to a related party, or when it intends to acquire or dispose of assets other than real <u>property or right-of-use assets</u> from or to a related party and the transaction amount exceeds 20% or more of <u>the Company's</u> paid-in capital, 10% or more of the Company's total assets, or more than NT\$300 million (except in trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of currency market funds issued by domestic securities investment trust enterprises), the Company <u>shall</u> not enter into a</p>	<p>Article 9: Procedures of Handling Related Party Transactions</p> <p>1. <u>When the Company engages</u> in any acquisition or disposal of assets from or to a related party, <u>besides handling the transaction</u> in accordance with Articles 7, 8, and 10, <u>the below requirements shall also be adopted in the decision-making processes and the appraisal of the reasonableness transaction criteria considerations</u>; if the transaction amount reaches 10% or more of the Company's total asset, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of this Procedure. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship <u>shall also be considered</u>.</p> <p>2. Appraisal and operational procedures</p> <p>(1) When the Company intends to acquire or dispose of real <u>estate</u> from or to a related party, or when it intends to acquire or dispose of assets other than real <u>estate</u> 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 repurchase of currency market funds issued by domestic securities investment trust enterprises), the Company <u>may</u> not enter into a transaction contract or make payment until the following matters have been approved by the Audit Committee and</p>	<p>With the amendment of the Act.</p>

After the Amendment	Before the Amendment	Description
<p>transaction contract or make payments until the following matters have been approved by <u>more than half of all Audit Committee members</u> and <u>by the Board of Directors</u>, and shall be subject to <u>mutatis mutandis application of Paragraph 2, Article 6-1</u>:</p> <ol style="list-style-type: none"> 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. (Omitted) 3. With respect to the acquisition of real property <u>or right-of-use assets</u> from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with <u>Paragraphs 3 (1) and (4) of this article</u>. 4. (Omitted) 5. (Omitted) 6. (Omitted) 7. (Omitted) <p>(2) The calculation of the transaction amounts referred to in Paragraphs 1 and 2 (1) shall be made in accordance with Paragraph 1 (7) in Article 14, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Audit Committee and the <u>Board of Directors</u> need not be counted toward the transaction amount.</p> <p>(3) <u>When "acquisition or disposal of equipment or right-of-use assets held for business use" or "acquisition or disposal of real property right-of-use assets held for business use" is to be conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or</u></p>	<p>the <u>board of directors</u> :</p> <ol style="list-style-type: none"> 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. (Omitted) 3. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with <u>paragraph 3-1 and Item 4 under this Article</u>. 4. (Omitted) 5. (Omitted) 6. (Omitted) 7. (Omitted) <p>(2) The calculation of the transaction amounts referred to in Paragraph 1 and 2 (1) shall be made in accordance with Paragraph 1 (5) in Article 14, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Audit Committee and the <u>board of directors</u> need not be counted toward the transaction amount.</p> <p>(3) <u>With respect to the acquisition or disposal of business-use equipment between the Company and its subsidiaries, the Company's Board may delegate the President to decide such matters when the transaction is less than NT\$100 million (inclusive). The decision shall be reported in the next Board meeting in an after-event basis.</u></p>	

After the Amendment	Before the Amendment	Description
<p><u>indirectly holds 100% of the issued shares or authorized capital, the Company's Board of Directors may delegate the Chairman to decide such matters when the transaction is less than NT\$100 million (inclusive) and have the decisions submitted to the most recent Board meeting on an after-event basis:</u></p> <p>(4) (Omitted)</p> <p>3. Evaluation of the reasonableness of the transaction costs</p> <p>(1) The Company shall evaluate the reasonableness of the transaction costs by the following means in acquiring real <u>property or right-of-use assets</u> from a Related Party:</p> <p>1. (Omitted)</p> <p>2. (Omitted)</p> <p>(2) Where land and structures thereupon are combined as a single property purchased <u>or leased</u> in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>(3)The Company that acquires real property <u>or right-of-use assets</u> from a Related Party and appraises the cost of the real property or <u>right-of-use assets</u> in accordance with the provisions of Paragraphs 3 (1) and (2) <u>of this article</u> shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>(4) The Company that acquires real property <u>or right-of-use assets</u> from a Related Party and appraises the cost of the real property in accordance with the provisions of Paragraphs 3 (1) and (2), and the appraisal results are both lower than the transaction price, the transaction</p>	<p>(4) (Omitted)</p> <p>3. Evaluation of the reasonableness of the transaction costs</p> <p>(1) The Company shall evaluate the reasonable of the transaction costs by the following means in acquiring real <u>estate</u> from a Related Party:</p> <p>1. (Omitted)</p> <p>2. (Omitted)</p> <p>(2)Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>(3)The Company that acquires real property from a Related Party and appraises the cost of the real property in accordance with the provisions of Paragraph 3 (1) and (2) shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>(4) The Company that acquires real property from a Related Party and appraises the cost of the real property in accordance with the provisions of Paragraph 3 (1) and (2), and the appraisal results are both lower than transaction price, the transaction shall be handled in accordance with</p>	

After the Amendment	Before the Amendment	Description
<p>shall be handled in accordance with Paragraph 3 (5) of this article. Where the Company acquires real <u>property</u> from a Related Party and objective evidence, professional real <u>property</u> appraisal report and CPA's material reasonable opinion can be provided, the provisions of the preceding three paragraphs do not apply:</p> <p>1. Where the Related Party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(1) (Omitted)</p> <p>(2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market <u>sale or leasing</u> practices.</p> <p>2. Where the Company acquiring real <u>property, or obtaining real property right-of-use assets through leasing</u>, from a Related Party provides evidence that the terms of the transaction are similar to the terms of <u>completed transactions involving</u> neighboring or closely valued</p>	<p>Paragraph 3 (5) <u>in</u> this Article. Where the Company acquires real <u>estate</u> from a Related Party and objective evidence, professional real <u>estate</u> appraisal report and CPA's material reasonable opinion can be provided, the provisions of the preceding three paragraphs do not apply:</p> <p>1. Where the Related Party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(1) (Omitted)</p> <p>(2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.</p> <p>(3) <u>Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.</u></p> <p>2. Where the Company acquiring real <u>estate</u> from a Related Party provides evidence that the terms of the transaction are similar to the terms of <u>transactions completed for the acquisition of</u> neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. <u>Completed</u></p>	

After the Amendment	Before the Amendment	Description
<p>parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions <u>involving</u> neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in <u>assessed present</u> value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within the preceding year refers to <u>the year preceding the date of occurrence of the acquisition of the real property or recognition of the right-of-use assets.</u></p> <p>(5) Where the Company acquires real <u>property or right-of-use assets</u> from a Related Party and the results of appraisals conducted in accordance with the provisions of Paragraphs 3 (1) and (2) <u>of this article</u> are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>1. A special reserve shall be set aside in accordance with <u>Paragraph 1, Article 41 of the Securities and</u></p>	<p>transactions <u>for</u> neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in <u>publicly announced current</u> value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within the preceding year refers to <u>one year from the actual</u> date of acquisition of the real estate.</p> <p>(5) Where the Company acquires real estate from a Related Party and the results of appraisals conducted in accordance with the provisions of Paragraph 3 (1) and (2) <u>in this Article</u> are uniformly lower than the transaction price, the following steps shall be taken: <u>For the Company that has set aside a special surplus reserve under the equity method, the preceding paragraph may not utilize the special surplus reserve until the Company has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that no unreasonableness can be found in the transaction, and the FSC's consent has been obtained.</u></p> <p>1. A special reserve shall be set aside in accordance with <u>Article 41 paragraph 1 in the Securities Exchange Act,</u></p>	

After the Amendment	Before the Amendment	Description
<p>Exchange Act, based on the difference between the <u>transaction price of real property or right-of-use assets</u> and the appraised costs, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another publicly-listed company, the special reserve shall be set aside pro rata in a proportion in accordance with <u>Paragraph 1, Article 41</u> of the Securities and Exchange Act. <u>The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until the Company has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that no unreasonableness can be found in the transaction, and the FSC's consent has been obtained.</u></p> <p>2. <u>The Independent Directors of the Audit Committee shall comply with Article 218 of the Company Act.</u></p> <p>3. (Omitted)</p> <p>(6) Where the Company acquires real property <u>or right-of-use assets</u> from a <u>Related Party</u> and one of the following circumstances exists, the acquisition shall be conducted in accordance with <u>Paragraphs 1 and 2 of this article</u> pertaining to appraisal and operation procedures, and <u>Subparagraphs 1, 2, and 3,</u></p>	<p>based on the difference between the <u>real estate transaction price</u> and the appraised costs, and <u>this</u> may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another publicly-listed company, the special reserve shall be set aside pro rata in a proportion in accordance with <u>Article 41, paragraph 1</u> in the Securities Exchange Act.</p> <p>2. <u>The Audit Committee shall comply with Article 218 of the Company Act.</u></p> <p>3. (Omitted)</p> <p>(6) Where the Company acquires real property from a <u>related party</u> and one of the following circumstances exists, the acquisition shall be conducted in accordance with <u>paragraphs 1 and 2 in this Article</u> pertaining to appraisal and operation procedures, and <u>subparagraphs 1, 2, and 3 in paragraph 3</u> do not apply:</p>	

After the Amendment	Before the Amendment	Description
<p><u>Paragraph 3</u> do not apply:</p> <ol style="list-style-type: none"> 1. The Related Party acquires the real <u>property or right-of-use assets</u> through inheritance or as a gift. 2. More than five years will have elapsed from the time the Related Party signed the contract to obtain the real property or <u>right-of-use assets</u> to the signing date for the current transaction. 3. (Omitted) <p>(7) When the Company obtains real <u>property or right-of-use assets</u> from a Related Party, it shall also comply with the provisions of <u>Paragraph 3 (5) of the Article</u> if there is other evidence indicating that the acquisition was not an arms length transaction.</p>	<ol style="list-style-type: none"> 1.The Related Party acquires the real <u>estate</u> through inheritance or as a gift. 2. More than five years will have elapsed from the time the Related Party signed the contract to obtain the real property to the signing date for the current transaction. 3. (Omitted) <p>(7) When the Company obtains real <u>estate</u> from a Related Party, it shall also comply with the provisions of <u>paragraph 3-5 in this Article</u> if there is other evidence indicating that the acquisition was not an arms length transaction.</p>	
<p>Article 10 : Procedures to acquire or dispose of membership or intangible asset (Paragraphs 1 to 4 are omitted.)</p> <p><u>(5) In the event that the Company or its subsidiary acquires or disposes of assets through auction procedures of courts, the appraisal report or CPA's opinion can be replaced by documents issued by the courts.</u></p>	<p>Article 10: Procedures to acquire or dispose of membership or intangible asset (Paragraphs 1 to 4 are omitted.)</p>	<p>With the amendment of the Act.</p>
<p>Article 11-1 :</p> <p>In acquiring or disposing of real property or equipment, securities, membership, <u>right-of-use assets</u>, and other intangible asset, or transactions with related party, the calculation of the transaction amount shall be processed in accordance with Paragraph 1 (7), Article 14. Within the preceding year refers to one year from the actual date of acquisition, and those that have obtained an appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article are not required to abide by this</p>	<p>Article 11-1:</p> <p>In acquiring or disposing of real property or equipment, securities, membership and other intangible asset, or transactions with related party, the calculation of the transaction amount shall be processed in accordance with Paragraph 1 (5) in Article 14. Within the preceding year refers to one year from the actual date of acquisition, and those that have obtained an appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article are not required to abide by this Article.</p>	<p>With the amendment of the Act. Text misunderstanding slightly corrected.</p>

After the Amendment	Before the Amendment	Description
Article.		
<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 <u>property or right-of-use assets</u> from or to a Related Party, or acquisition or disposal of assets other than real <u>property or right-of-use assets</u> from or to a Related Party where the transaction amount reaches 20% or more of the Company's paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more. Provided, this shall not apply to trading of <u>domestic government bonds</u> or bonds under repurchase and reverse repurchase agreements, or subscription or repurchase of domestic money market funds issued by securities investment trust enterprises.</p> <p>(2) (Omitted)</p> <p>(3) (Omitted)</p> <p>(4) <u>Where equipment or its right-of-use asset for business use is acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million or more. Where the Company's paid-in capital is more than NT\$10 billion and the transaction amount is more than NT\$1 billion.</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</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 <u>percent</u> or more of paid-in capital, 10 <u>percent</u> or more of the Company's total assets, or NT\$300 million or more. Provided, this shall not apply to trading of government bonds or bonds under repurchase and reverse repurchase agreements, or subscription or repurchase of domestic money market funds issued by securities investment trust enterprises.</p> <p>(2) (Omitted)</p> <p>(3) (Omitted)</p> <p>(4) <u>Where the type of assets acquired or disposed of is equipment for business use, the trading counter-party is not a related party, and the transaction amount meets any of the following requirements:</u></p> <p>1. <u>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>2. <u>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</p>	<p>With the amendment of the Act.</p>

After the Amendment	Before the Amendment	Description
<p>construction and allocation of ownership percentages, or joint construction and separate sale, <u>and furthermore the transaction counterparty is not a related party</u>, and the amount the Company 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 five <u>subparagraphs</u>, a disposal of receivables by a financial institution, or an investment in the Mainland China area reaches 20% or more of the Company's paid-in capital or NT\$300 million; <u>Provided</u>, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> 1. Trading of <u>domestic</u> government bonds. <p>32. (Omitted)</p> <p>(7) The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. (Omitted) 2. (Omitted) 3. The cumulative transaction amount of real property <u>or right-of-use asset</u> acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same 	<p>of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction is no less than NT\$500 million.</p> <p>(6) Where an asset transaction other than any of those referred to in the preceding five <u>items</u>, 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; <u>provided</u>, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> 1. Trading of government bonds. 2. <u>Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription of 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. (Omitted) <p>(7) The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. (Omitted) 2. (Omitted) 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. 	

After the Amendment	Before the Amendment	Description
<p>development project within the preceding year.</p> <p>4. (Omitted)</p> <p>(8) (Omitted)</p> <p>2. (Omitted)</p> <p>3. (Omitted)</p> <p>4. (Omitted)</p>	<p>4. (Omitted)</p> <p>(8) (Omitted)</p> <p>2. (Omitted)</p> <p>3. (Omitted)</p> <p>4. (Omitted)</p>	
<p>Article 15: <u>The Company's subsidiaries shall be governed by the following:</u></p> <p>1. (Omitted)</p> <p>2. When a subsidiary acquires or disposes of assets, relevant <u>internal</u> policies shall be enforced accordingly.</p> <p>3. (Omitted)</p> <p>4. (Omitted)</p>	<p>Article 15:<u>The Company's Subsidiaries shall handle asset acquisition or disposal in the following manner:</u></p> <p>1. (Omitted)</p> <p>2. When a subsidiary acquires or disposes of asset, relevant <u>Company</u> policies shall be enforced accordingly.</p> <p>3. (Omitted)</p> <p>4. (Omitted)</p>	Text slightly corrected.
<p>Article 17 : Implementation and Amendment</p> <p>This procedure and any amendments thereto, shall be approved by the Audit Committee and the Board, and reported at the <u>Shareholders' Meeting</u> for approval prior to implementation. <u>The same</u> procedures apply to any amendments, <u>which shall be subject to mutatis mutandis application of Paragraph 2, Article 6-1.</u> When the above Procedures <u>are</u> submitted for discussion <u>in</u> the Board meeting, the Board of Directors shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting.</p>	<p>Article 17: Implementation and Amendment</p> <p>This procedure and any amendments thereto, shall be approved by the Audit Committee and the Board, and reported at the <u>Shareholders Meeting</u> for approval prior to implementation. <u>Same</u> procedures apply to any amendments. <u>If any Director expresses dissent and it is recorded in the minutes or a written statement, the Company shall submit the Director's dissenting opinion to the Audit Committee.</u> When the above Procedure <u>is</u> submitted for discussion <u>by</u> the Board meeting, the Board of Directors shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board meeting.</p>	With the amendment of the Act.

Attachment 6

Mercuries & Associates Holding, Ltd.
 Comparison Table of the Procedures for Endorsements and Guarantees
 Before and After the Amendment

After the Amendment	Before the Amendment	Description
<p>Article 1 Purpose The Company establishes these Procedures to safeguard shareholders' rights and interests, manage endorsements/guarantees, and reduce risks of operations. The Company shall comply with these Procedures when making endorsements/guarantees for others, provided that where <u>financial-related laws and regulations</u> provides otherwise, the provisions of such act shall prevail.</p>	<p>Article 1 Purpose The Company establishes these Procedures to safeguard shareholders' rights and interests, manage endorsements/guarantees, and reduce risks of operations. The Company shall comply with these Procedures when making endorsements/guarantees for others, provided that where <u>another act or regulation</u> provides otherwise, the provisions of such act shall prevail.</p>	<p>With the amendment of the Act.</p>
<p>Article 9 Procedures for Announcement and Reporting The Company and its subsidiaries whose balances of endorsements/guarantees reach one of the following levels shall announce and report such an event in the website designated by the FSC in accordance with the regulations: 1. (Omitted) 2. The Company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such an event within two days commencing immediately from the date of occurrence: (1) (Omitted) (2) (Omitted) (3) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, <u>carrying amount of investments accounted for using equity method in</u>, and balance of loans to, such enterprise reaches 30% or more of the Company's net worth as stated in</p>	<p>Article 9 Procedures for Announcement and Reporting The Company and its subsidiaries whose balances of endorsements/guarantees reach one of the following levels shall announce and report such an event in the website designated by the FSC in accordance with the regulations: 1. (Omitted) 2. The Company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such an event within two days commencing immediately from the date of occurrence: (1) (Omitted) (2) (Omitted) (3) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 millions or more and the aggregate amount of all endorsements/guarantees for, <u>investment of a long-term nature in</u>, and balance of loans to, such enterprise reaches 30 percent or more of the Company's net worth as stated in its latest financial statements.</p>	<p>With the amendment of the Act.</p>

After the Amendment	Before the Amendment	Description
<p>its latest financial statements.</p> <p>(4) (Omitted)</p> <p>3. (Omitted)</p> <p>4. “Date of occurrence” in these Procedures shall mean the date of contract signing, date of payment, dates of Board of Directors' resolutions, or other dates that can confirm the counterparty and monetary amount of the <u>endorsement/guarantee, whichever date is earlier.</u></p>	<p>(4) (Omitted)</p> <p>3. (Omitted)</p> <p>4. “Date of occurrence” in these Procedures shall mean the date of contract signing, date of payment, dates of Board of Directors' resolutions, or other dates that can confirm the counterpart and monetary amount of the <u>transaction, whichever date is earlier.</u></p>	
<p>Article 15 Implementation and Amendments</p> <p><u>Resolved by the Board of Directors and by more than half of all Audit Committee members, these Procedures shall be submitted to the shareholders' meeting for approval. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions to the Audit Committee and for discussion by the shareholders' meeting. The same shall apply to any amendments to these Procedures. When these Procedures submitted to the Audit Committee for discussion pursuant to the preceding paragraph are not approved by more than half of all Audit Committee members, they may be approved by two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board meeting.</u></p>	<p>Article 15 Implementation and Amendments</p> <p><u>After passage by the Audit Committee and the Board of Directors, these Procedures shall be submitted to the shareholders' meeting for approval before implementation. If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions to the Audit Committee and for discussion by the shareholders' meeting. The same shall apply to any amendments to these Procedures. When the Company submits these Procedures for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions; the independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of director meeting.</u></p>	<p>With the amendment of the Act.</p>
<p>Article 16 Dates of Amendments</p> <p>These Procedures were amended and adopted by the shareholders' meeting on June 20, 2003.</p> <p>(Omitted)</p> <p>The seventh amendment was made on June 22, 2018.</p> <p><u>The eighth amendment was made on June 14, 2019.</u></p>	<p>Article 16 Dates of Amendments</p> <p>These Procedures were amended and adopted by the shareholders' meeting on June 20, 2003.</p> <p>(Omitted)</p> <p>The seventh amendment was made on June 22, 2018.</p>	<p>The number and date of the amendment hereto are added.</p>

Attachment 7

Mercuries & Associates Holding, Ltd.

Comparison Table of the Procedures for Lending Funds to Other Parties
Before and After the Amendment

After the Amendment	Before the Amendment	Description
<p>Article 1 Purpose The Company establishes these Procedures for business needs on the premise that they do not violate Article 15 of the Company Act. Except as otherwise provided by <u>financial-related laws and regulations</u>, the lending of funds to other <u>parties</u> shall be governed by these Procedures.</p>	<p>Article 1 Purpose The Company establishes these Procedures for business needs on the premise that they do not violate Article 15 of the Company Act. Except as otherwise provided, the lending of funds to others shall be governed by these Procedures.</p>	<p>With the amendment of the Act.</p>
<p>Article 5 Aggregate Amount of Loans and Maximum Amount Permitted to a Single Borrower (Paragraphs 1 to 3 are omitted.) The restriction in Subparagraph 1, Paragraph 1 shall not apply to inter-company loans between foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares <u>or loans between the Company and such foreign companies</u>; <u>however</u>, the amount of loans shall be governed by the procedures for lending funds to other parties established by each subsidiary. The duration of each loan shall be within a period not to exceed one year.</p>	<p>Article 5 Aggregate Amount of Loans and Maximum Amount Permitted to a Single Borrower (Paragraphs 1 to 3 are omitted.) The restriction in Subparagraph 1, Paragraph 1 shall not apply to inter-company loans between foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares, the amount of loans shall be governed by the procedures for lending funds to other parties established by each subsidiary. The duration of each loan shall be within a period not to exceed one year.</p>	<p>With the amendment of the Act.</p>
<p>Article 8 <u>Decision-Making Hierarchy</u> (Paragraphs 1 to 3 are omitted.) <u>Before</u> the Company lends funds to others, it shall take each <u>Independent Director's</u> opinions into full consideration; <u>Independent Directors'</u> opinions specifically expressing assent or dissent and their reasons for dissent shall be <u>recorded</u> in the minutes of the Board of Directors meeting.</p>	<p>Article 8 <u>Hierarchy of Decision-making Authority</u> (Paragraphs 1 to 3 are omitted.) <u>When</u> the Company lends funds to others, it shall take each <u>independent director's</u> opinions into full consideration; <u>independent directors'</u> opinions specifically expressing assent or dissent and their reasons for dissent shall be <u>included</u> in the minutes of the Board of Directors meeting.</p>	<p>Text slightly corrected.</p>
<p>Article 9 Procedures for Handling and Reviewing Lending of Funds (Paragraphs 1 to 3 are omitted.) 4. Contract signing and identity verification (1) Before the signing of a loan contract, the responsible employee shall set up the provisions of a loan contract and submit them to the <u>person in charge of</u></p>	<p>Article 9 Procedures for Handling and Reviewing Lending of Funds (Paragraphs 1 to 3 are omitted.) 4. Contract signing and identity verification (1) Before the signing of a loan contract, the responsible employee shall set up the provisions of a loan contract and submit them to the <u>supervisor for review and to</u></p>	<p>With the amendment of the Act.</p>

After the Amendment	Before the Amendment	Description
<p><u>legal affairs for review</u> and to the legal counsel for approval.</p> <p>(2) (Omitted)</p> <p>5. Security (Omitted)</p> <p>6. Appropriation (Omitted)</p>	<p>the legal counsel for approval.</p> <p>(2) (Omitted)</p> <p>5. Security (Omitted)</p> <p>6. Appropriation (Omitted)</p>	
<p>Article 10 Procedures for Announcement and Reporting</p> <p><u>The Company and its subsidiaries whose balances of funds lent to others reach one of the following levels shall announce and report such an event in the website designated by the FSC in accordance with the regulations:</u> (Paragraphs 1 to 3 are omitted.)</p> <p>4. <u>“Date of occurrence” in these Procedures shall mean the date of contract signing, date of payment, dates of Board of Directors' resolutions, or other dates that can confirm the counterparty and monetary amount of the lending of funds, whichever date is earlier.</u></p>	<p>Article 10 Procedures for Announcement and Reporting</p> <p>(Paragraphs 1 to 3 are omitted.)</p>	<p>With the amendment of the Act.</p>
<p>Article 19 Implementation</p> <p><u>Resolved by more than half of all Audit Committee members and by the Board of Directors, these Procedures shall be submitted to the shareholders' meeting for approval.</u> If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions to the Audit Committee and for discussion by the shareholders' meeting.</p> <p>The same shall apply to any amendments to these Procedures.</p> <p><u>When these Procedures submitted to the Audit Committee for discussion pursuant to the preceding paragraph are not approved by more than half of all Audit Committee members, they may be approved by two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board meeting.</u></p>	<p>Article 19 Implementation</p> <p><u>After passage by the Audit Committee, the Board of Directors, these Procedures and any amendments thereto shall be submitted to the shareholders' meeting for approval prior to implementation.</u> If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions to the Audit Committee and for discussion by the shareholders' meeting.</p> <p>The same shall apply to any amendments to these Procedures.</p> <p><u>When the Company submits the Procedures to the Board of Directors for discussion pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions; the independent Directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of director meeting.</u></p>	<p>With the amendment of the Act.</p>

After the Amendment	Before the Amendment	Description
<p>Article 20 These Procedures were established on March 19, 1988. (Omitted) The eighth amendment was made on June 22, 2018. <u>The ninth amendment was made on June 14, 2019.</u></p>	<p>Article 20 These Procedures were established on March 19, 1988. (Omitted) The eighth amendment was made on June 22, 2018.</p>	<p>The number and date of the amendment hereto are added.</p>