

Mercuries & Associates Holding, Ltd.
Minutes of 2023 Annual Shareholders' Meeting
(Translation)

Time : 9:00 a.m., Friday, June 16 2023

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

Attendance of Shareholders : All shareholders and their proxy holders, representing 663,887,248 shares (among them 487,690,517 shares voted via electronic transmission) , 75.97 % of the total 873,841,552 outstanding shares excluding 48,654,151 shares without voting rights according to Article 179, paragraph 2 of the Company Act

Board Member Present : Chen, Shiang-Li, Chairman 、Wong, Wei-Chyun, Director 、Mao, Ming-Yu, Director 、Cheng, I-Teng, Director 、Lee, Mao, Independent Director

Attendance : Liu Ke Yi, CPA 、Hsu Ching-Hsin, General Counsel

Chairman : Chen, Shiang-Li, the Chairman of the Board of Director

Recorder : Wu, Su-Neu

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

II. Chairman's Address (omitted)

III. Report Items :

(I) 2022 business report (Please refer to Attachment 1)

(II) Audit Committee's review report of 2022 audited financial statements (Please refer to Attachment 2)

(III) To report 2022 directors' and employees' compensation

The Company did not distribute employee (managers and other employees) and director compensation in 2022.

(IV) Status report of endorsement and guarantee in 2022

As of December 31, 2022, the Company and its subsidiaries endorsement/guarantee balance was NT\$ 50,000 thousand.

Unit: NT\$1,000

No.	Company Name of Endorser/ Guarantor	Endorsed/ Guaranteed Party		Limitation on Endorsements and Guarantees for a Single Enterprise (Note 2)	Maximum Balance for the Period	Endorsement or Guarantee Balance at the End of Current Period	Actual Expenditure	Amount of Endorsement/ Guarantee with Security on Property	Percentage of Accumulated Amount of Endorsement/ Guarantee to Net Equity of Most Recent Financial Statements	Endorsement/ Guarantee Ceiling (Note 3)
		Company Name	Relationship (Note 1)							
0	Mercuries & Associates Holding, Ltd.	Sanyou Drugstores, Ltd.	2	\$1,526,425	\$200,000	\$-	\$-	\$-	-	\$3,052,850
0	Mercuries & Associates Holding, Ltd.	Mercuries Liquor & Food Co., Ltd.	2	1,526,425	50,000	50,000	-	-	0.49%	3,052,850

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

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

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

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

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

Description : Please refer to Attachment 5 for the implementation of the Company's first time issue domestic unsecured convertible corporate bonds.

(VI) Report on the amendments to the Company's Corporate Governance Best Practice Principles

Description :

- (1) The Company proposed to amend the Corporate Governance Best Practice Principles according to the amendments to the laws and practices.
- (2) Please refer to Attachment 6 for the comparison table.

(VII) The amendments of 「 Sustainable Development Best Practice Principles 」

Description :

- (1) The Company proposed to amended the 「 Sustainable Development Best Practice Principles 」 according to the amendments to the laws and practices.
- (2) Please refer to Attachment 7 for the comparison table.

IV. Ratification Items

(I) To approve 2022 Business Report and Financial Statements. (Proposed by the Board of Directors)

- Description :
1. The Company's 2022 financial statements (including standalone financial statements) have been approved by the Board of Directors and reviewed by the Audit Committee.
 2. Please refer to Attachment 1 and Attachment 3 for the 2022 business report, CPA audit report (including CPA audit report of standalone financial statements) and financial statements (including standalone financial statements).

Voting Results :

Shares represented at the time of voting : 663,887,248

Voting results	% of the total represented share present
Votes in favor : 656,370,506 votes (including 480,175,997 shares voted via electronic transmission)	98.87%
Votes against : 1,196,434 votes (including 1,196,434 shares voted via electronic transmission)	0.18%
Votes invalid : 0 votes	0.00%
Votes abstained / Not voted : 6,320,308 votes (including 6,318,086 shares voted via electronic transmission)	0.95%

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

(II) To approve the proposal for the deficit compensation of 2022. (Proposed by the Board of Directors)

Description : 1. The net loss after tax of the Company in 2022 is \$5,089,793,803. After adding the undistributed earnings at the beginning of the period of \$3,246,455,646 and deducting the undistributed earnings variables of the investee companies of \$691,403,870, the accumulated deficit to be covered at the end of the period is \$2,534,742,027. The board of directors decides not to distribute dividends.
2. Please refer to Attachment 4 for the table of 2022 deficit compensation.

Voting Results :

Shares represented at the time of voting : 663,887,248

Voting results	% of the total represented share present
Votes in favor : 656,658,546 votes (including 480,464,037 shares voted via electronic transmission)	98.91%
Votes against : 1,206,473 votes (including 1,206,473 shares voted via electronic transmission)	0.18%
Votes invalid : 0 votes	0.00%
Votes abstained / Not voted : 6,022,229 votes (including 6,020,007 shares voted via electronic transmission)	0.91%

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

V. Discussion Items

(I) The Company's subsidiary, Mercuries F&B Co., Ltd., applied for listing and trading on the Taiwan Stock Exchange. (Proposed by the Board of Directors)

Description : 1. According to Article 48-4 of the Operating Rules of the Taiwan Stock Exchange Corporation (hereinafter referred to as the "Operating Rules"), to which Article 48-3 of the Operating Rules applies mutatis mutandis, the Company shall evaluate and disclose the following matters in the event that its subsidiary Mercuries F&B Co., Ltd. (hereinafter referred to as "Mercuries F&B") applies for trading of shares for trading on the Taiwan Stock Market:

(1) Purpose of application for listing of shares for trading on the Taiwan Stock Market by Mercuries F&B

Formerly affiliated to the F&B Business Division under the Company's wholly-owned subsidiary Mercuries & Associates Ltd. (hereinafter referred to as "Mercuries & Associates"), Mercuries F&B is a local Taiwanese food retailer that focuses on providing regular diners with affordable dining options. On January 1, 2019, Mercuries & Associates announced the split-off and transfer of its F&B Division to another wholly-owned subsidiary of the Company, Napoli Co. Ltd., which was later renamed Mercuries F&B to unify the operation and management of all the Company's F&B retail businesses with the aim of achieving greater synergy. Mercuries F&B currently runs a series of F&B brands, including Sanshang Qiaofu, Napoli, Tonkatsu, Sanshang Don Mono, Pin Chuan Lan, BANCO, Qiaofu Plus, and Napoli Fried Chicken. As of 2022, there are 381 outlets under the F&B brands owned by Mercuries F&B. The purpose of the

proposed listing of shares for trading on the Taiwan Stock Market by Mercuries F&B is not only to increase the company's popularity as well as attract and motivate outstanding professional talents, but also to improve its corporate governance and internal control system during its preparation for listing, and thus enhance its business management efficiency. Should the listing of its shares for trading on the Taiwan Stock Market be successful, Mercuries F&B will not only be able to raise funds from capital markets, but also reduce the costs of financing and loans, which will be conducive to its efforts to expand its businesses into both the local and overseas markets and form alliances with its peers or other industries. Aside from the positive benefits arising from the listing of Mercuries F&B to the image and business operations of Mercuries F&B, the Company can also leverage the rising value of Mercuries F&B to increase the value of its investment, thereby benefiting both the Company and all its shareholders on the whole.

(2) Impact of the listing of Mercuries F&B on the Company's financial and business operations, anticipated adjustments to the Company's organizational structure and business operations, and their impact on the Company

The Company is an investment holding company, whose subsidiaries engage in a wide range of businesses, including life insurance, F&B retailing, daily commodities retailing, manufacturing and sales of raw materials and pharmaceuticals, and information services. These subsidiaries not only have their own professional management team and implement division of labor among themselves, but also take responsibility for their own business performance. The same also applies to Mercuries F&B. On the other hand, the Company oversees the allocation of the Group's resources while diversifying its businesses and investment risks to boost synergy within the Group. Therefore, the listing of Mercuries F&B will not only have no impact on the business operations of the Company, but can also bolster Mercuries F&B's ability to raise capital and obtain financing on its own, which in turn reduces the pressure on the Company to inject capital into Mercuries F&B, thereby enabling the Company to enjoy more flexibility and elasticity in regards to capital utilization. Mercuries F&B currently owns a central kitchen that manufactures and processes the main raw materials under one roof. A number of departments, including procurement, management, business analysis, marketing, finance, accounting, and auditing, have been set up under its operational headquarters. These departments are tasked with managing the entire logistics operations and supporting the development of each brand under Mercuries F&B. These brands, which are run and managed by their own professional managers, have put in place their own operational units and stores according to the operation of their brand. At present, Mercuries F&B is a subsidiary in which the Company has a direct investment and controlling interest. Since there will be no change to the Company's investment structure after the listing of Mercuries F&B, the listing of

Mercuries F&B will have no material adverse impact on the Company.

- (3) Method of ownership dispersion at Mercuries F&B, estimated reduction in shareholdings, basis for determining share price, targets of equity transfer or specific targets under consideration for equity transfer

The Company currently owns 93.63 percent of Mercuries F&B shares. In order to meet the requirement that the total number of shares held by the Company and its subsidiaries, the directors, supervisors, and representatives of the aforesaid companies, as well as shareholders who hold more than 10% of the total shares of the aforesaid companies and their related parties during the listing of Mercuries F&B on the TWSE (or TPEX) may not exceed 70 percent of the total number of shares issued by Mercuries F&B at the time of listing, the method of ownership dispersion, expected reduction in shareholdings, basis for determining share price, targets of equity transfer or specific targets under consideration for equity transfer as planned in the application for listing of shares for trading on the TWSE (or TPEX) by Mercuries F&B are detailed as follows:

- i. Method of ownership dispersion, targets of equity transfer or specific targets under consideration for equity transfer
 - a. The Company shall dispose of the Mercuries F&B shares it holds in one or more tranches, where the priority targets in the aforesaid disposal of shares are shareholders whose name appears on the Company's shareholder register on the most recent book closure date, and the number of shares they subscribe to shall be calculated in proportion to their shareholdings in the Company. If the Company's shareholders give up or undersubscribe the aforesaid shares, it is proposed that the Chairman be authorized to open the subscription of the aforesaid shares to specific targets under consideration. These targets shall include employees at Mercuries F&B, employees at the Company and its affiliates, as well as strategic or financial investors who are beneficial to the operations and development of Mercuries F&B. The Company shall dispose of the shares it holds in Mercuries F&B during the listing of Mercuries F&B in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, as well as the applicable laws and regulations.
 - b. If Mercuries F&B engages in a cash capital increase, the Company may, by a resolution passed by the Board of Directors, give up all or part of the Mercuries F&B shares it may subscribe to in proportion to its shareholding in Mercuries F&B during the cash capital increase. The subscription of the Mercuries F&B shares given up by the Company as mentioned above shall be open to specific targets under consideration. Specifically, shareholders whose name appears on the Company's shareholder register on the most recent book closure date

shall first be invited to participate in the subscription of the aforesaid shares during the cash capital increase carried out by Mercuries F&B before the invitation is extended to employees at the Company and its affiliates or strategic or financial investors who are beneficial to the operations and development of Mercuries F&B. The Company shall subscribe to or give up the Mercuries F&B shares issued during the cash capital increase in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, as well as the applicable laws and regulations.

c. In future offerings of Mercuries F&B shares before the company applies for registration as an emerging stock or listing of shares for trading on the TWSE (or TPEX), the Company shall allocate these shares for subscription by securities and handle overallocments in accordance with the relevant laws and regulations and the rules and regulations promulgated by the TWSE (or TPEX).

ii. Estimated reduction in shareholdings

Based on calculations made with the Company's percentage of shareholding in Mercuries F&B using the method explained in (1), the Company's percentage of shareholding in Mercuries F&B is estimated to decline by no less than 20 percent, which should meet the requirement that the Company and its subsidiaries, as well as related personnel may not hold more than 70 percent of the total number of shares issued by Mercuries F&B during the aforesaid listing of shares for trading on the TWSE (or TPEX) by Mercuries F&B. However, the Company's consolidated shareholdings, including both direct and indirect shareholdings, in Mercuries F&B shall still be required to exceed 50 percent of the total number of shares issued by Mercuries F&B during the listing of Mercuries F&B on the TWSE (or TPEX) in order to maintain its control over Mercuries F&B and realize synergy within the Group.

iii. Basis for determining share price

When disposing of the shares it holds in Mercuries F&B or giving up the subscription of shares issued by Mercuries F&B during a cash capital increase, the Company shall carry out the procedures for determining the price of these shares in accordance with the relevant laws and regulations applicable to both the Company and Mercuries F&B. An independent expert shall be appointed, when necessary, to issue an opinion on the reasonableness of the share price as a reference for the Company's Audit Committee and Board of Directors when deliberating on the relevant proposals. When the Company allocates these shares for subscription by securities and handles overallocments in conjunction with future offerings of Mercuries F&B shares before Mercuries F&B applies for registration

as an emerging stock or listing of shares for trading on the TWSE (or TPEX), the number and price of the shares to be allocated shall be jointly determined with the underwriters in accordance with the relevant laws and regulations, the relevant rules and regulations promulgated by the TWSE (or TPEX), the prevailing market conditions, and the operations and profitability of Mercuries F&B.

(4) Whether the listing of Mercuries F&B will have an impact on the continuous listing of the Company on the TWSE

Mercuries F&B will apply for listing of shares for trading on the Taiwan Stock Market in accordance with the relevant laws and regulations. After the listing of Mercuries F&B on the TWSE (or TPEX), Mercuries F&B will remain a subsidiary of the Company as the Company will continue to have a controlling interest in Mercuries F&B. Therefore, the interests of the Company's existing shareholders will be fully protected. In addition, there is no reason why the Company will not be allowed to continue the listing of its shares for trading on the TWSE due to the listing of Mercuries F&B on the TWSE (or TPEX). Hence, the listing of Mercuries F&B will not affect the continuous listing of the Company on the TWSE.

2. This proposal has been approved by the Audit Committee and Board of Directors on March 16, 2023.
3. It is requested that the proposal on the application for listing of shares for trading on the Taiwan Stock Market by the Company's subsidiary Mercuries F&B be submitted to the shareholders' meeting for approval. Upon approval of the proposal, the Chairman shall be authorized to handle this proposal with full authority.

Voting Results :

Shares represented at the time of voting : 663,887,248

Voting results	% of the total represented share present
Votes in favor : 657,441,515 votes (including 481,247,006 shares voted via electronic transmission)	99.03%
Votes against : 402,854 votes (including 402,854 shares voted via electronic transmission)	0.06%
Votes invalid : 0 votes	0.00%
Votes abstained / Not voted : 6,042,879 votes (including 6,040,657 shares voted via electronic transmission)	0.91%

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

VI. Election matters

(I) Election of one additional independent director. (Proposed by the Board of Directors)

Description : 1. The Company's 20th Board of Directors had 9 seats (including 3 independent directors), in order to strengthen the functions of the board of directors and implement corporate governance, the company plans to increase one seat for independent director whose term starts from June 16, 2023 to August 12, 2024.

2. The election of the above independent director shall be based on the candidate nomination system in accordance with Article 17 of the articles of incorporation and Article 192-1 of the Company Act, which has been examined and approved by the board of directors of the Company. Please refer to Attachment 8 for the list of independent directors and relevant information.

Election Results : Increase one seat for independent director whose term starts from June 16, 2023 to August 12, 2024. The list of elected candidates and their votes are as follows :

Elected	Candidate	Votes of Elected
Independent Director	LIU,HAN-TSUNG	656,176,572 votes

VII. Extraordinary Motions : None.

VIII. The meeting was adjourned at 9:37 a.m. of the same day.

Attachment 1

Mercuries & Associates Holding, Ltd. 2022 Business Report

Mercuries & Associates Holdings, Ltd. (hereinafter referred to as the “Company”) is an investment holding company with investments primarily in life insurance, daily commodities and food and beverage (F&B) retailing, pharmaceuticals, and information services. The Company has been seeking to optimize its investments in consideration of its long-term development plans and striving to develop a more diversified, multi-market business model in an attempt to continuously improve its operational performance through specialization and economies of scale.

I. 2022 Business Report

(I) Outcomes of Business Plan

The Company duly executed its investment strategies after prudent evaluation while aptly utilizing the Group’s resources to form joint ventures and strategic partnerships with local and overseas business partners on an ongoing basis. The outcomes of the Company's 2022 business plan for its principal investments are detailed as follows:

1. Daily commodities and F&B retailing

As the COVID-19 pandemic plateaued in 2022, the policy of living with COVID-19 and retaliatory consumption led to a decline in the number of people cooking at home, which in turn affected the sales of food products. At the same time, rising operating costs at the Company’s stores due to manpower shortages amid rising COVID-19 infections among employees and the rapid clear-out and replacement of products, along with a delay in the Company’s original store expansion plan resulted from supply shortages in the labor market, also had an impact on the Company’s operating revenue and profits. With chain stores eventually serving as the last mile in the development of e-commerce amid the rise of online retailing, the Company substantially increased the number of stores providing parcel delivery and pickup services for online shopping in 2022, enabling the Company to not only generate revenue from service fees, but also attract consumers other than existing ones to visit its stores and thus expand its customer base. On the other hand, the Company’s overall revenue from F&B retailing continued to experience slight growth despite the reduced impact of the COVID-19 pandemic after it reached a plateau. At present, the proliferation of innovative cross-industry partnerships in the market and the rapid growth of e-commerce platforms and takeaway food delivery applications, coupled with rising raw material and commodity prices, personnel costs, and operating expenses, pose even more challenges to the business operations of physical retail channels. In order to improve profitability, the Company not only keeps abreast of competitor-related developments and market intelligence at all times, but also adjusts its product structure and develops new products based on consumer trends while leveraging its large membership base to increase customer stickiness and eventually boost its revenue and profits. Compared to 2021, the Company added five new outlets to its existing retail stores, thus bringing the total number of retail stores to 1,455 in 2022.

2. Life insurance

The global economic environment has been hit hard repeatedly by a number of shocks throughout the year. A series of factors such as the COVID-19 pandemic and geopolitical tensions not only led to disruptions in the energy supply chain, but also accelerated the rise in inflationary pressure across the globe. According to the World Economic Outlook

published by the International Monetary Fund (IMF), the global economy was projected to experience weaker-than-expected growth at a 3.4% rate in 2022. As the adoption of IFRS 17 and the solvency-related International Capital Standard (ICS) nears, in addition to the competent authorities' ongoing effort to bolster the structure of the life insurance industry through the introduction of various supervisory indicators and requirements stipulated in official letters aimed at maintaining stability in the financial market, how to implement ESG risk management and adjust the prudent selection of investment targets for the purpose of achieving financial stability and sustainability will serve as a major challenge for the life insurance industry. Having maintained a steadfast business style, the Company carried on promoting the sales of guaranteed and investment-linked products to generate steady revenue from service fees, and adding sources of profit such as mortality savings and loading surpluses to reduce interest rate risks. In 2022, the Company generated NT\$29.602 billion in revenue from new contracts and NT\$114.930 in total premium revenue, ranking 10th and 7th in the industry, respectively.

3. Pharmaceuticals

Owing to the fire incident at SCI Pharmtech, Inc., the division continued to suffer serious damage to its productivity this year. Without economies of scale, the division's operating costs remained relatively high. However, the division's gross profit margin rose to 32% following its move to prioritize the production and sale of high-margin products. With the reconstruction of damaged production facilities and resumption of operations at the Luzhu Plant scheduled to reach the 60% mark in the second half of 2023, all the production lines are expected to resume operations at the end of 2023. Meanwhile, the Guanyin Plant is scheduled to begin operations in 2024. The Company successfully renewed its drug permit license and Good Manufacturing Practice (GMP) certificate after undergoing a GMP assessment on the production facilities within the reconstructed area of the Luzhu Plant. At the same time, changes in production facilities and equipment, validation and products in the plant area after the incident have also been reported to key administrative agencies around the world, such as the European Directorate for the Quality of Medicines and Health Care (EDQM), the U.S. Food and Drug Administration (FDA), and the Japanese Pharmaceuticals and Medical Devices Agency (PMDA). There were also no concerns over the export of active pharmaceutical ingredients (APIs), thanks to the Company's continuous effort to maintain the validity of all the registered drug permit licenses for APIs.

4. Information services

In 2022, the division posted a consolidated operating revenue of NT\$3.788 billion, an 8.5% increase from 2021 and a new high in recent years, as well as a net income after tax of NT\$192 million, up 29% from 2021. At the same time, the division also reported a high-margin maintenance revenue of NT\$1.315 billion and a gross profit of NT\$576 million, with a gross profit margin of around 44%, which indicates that the division's sales efforts over the past few years have borne fruit as evidenced by the gradual generation of steady revenue and profit from maintenance services.

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

In 2022, the Company posted a consolidated operating revenue of NT\$209 billion, up 11% from 2021, with a budget achievement rate of 110%. In terms of profit, the Company recorded NT\$5.090 billion in loss attributable to the parent company and NT\$5.82 in loss after tax per share. As reported in the standalone financial statements, the Company's return on assets and return on equity were (20.91) % and (34.05) %, respectively.

(III) Research and Development

1. Daily commodities and F&B retailing

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

2. Life insurance

With a focus on continuously developing protection and investment products, Mercuries Life Insurance (MLI) has completed the development of new products, including term health insurance, term accident insurance, and spillover policy to facilitate compliance with IFRS 17 and the solvency-related ICS. In the future, MLI will continue its existing product strategy, keep a close eye on market demand, and develop products with high contract value and high contractual service margin in compliance with the rules and regulations promulgated by the competent authorities, in an effort to minimize interest rate risks and increase revenue from mortality savings and loading surpluses while completing its product lines for all channels. Moreover, MLI will develop a core system as scheduled and establish a seamless connection to the digital era via this system, in hopes of providing faster and steadier service systems. At the same time, MLI will also concentrate on nurturing and developing digital talents to steadily transform its application system and enhance overall work efficiency. On the other hand, MLI will establish a climate risk management mechanism in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), thus formally placing climate change risks under its control.

3. Pharmaceuticals

In keeping with the Company's personnel policy of not filling up vacancies in 2022, the Company's research and development (R&D) staff continued to support production at leased plants. Specifically, some of the staff members assisted in handling installation qualification (IQ), operational qualification (OQ), and performance qualification (PQ) required for newly purchased equipment and carrying out resumption of operations at these plants while optimizing production processes for old products on an ongoing basis, with hopes of conserving energy and reducing waste in line with global ESG trends. The R&D Department has not only developed Buprenorphine, a new medication for addiction treatment, but also established and carried out processes for the mass production of this product subsequently so that it can be mass-produced through the Company's production lines. Moreover, the R&D Department has also achieved excellent results in the manufacturing process for another medication for Alzheimer's disease that it has developed, whose quality has gained recognition from customers. Recent clinical data collected by customers have also confirmed the efficacy of this product.

4. Information services

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

II. Overview of 2023 Business Plan

(I) Operating Objectives

With a focus on business management, the Company will not only enhance its capital structure, diversify its businesses, and minimize investment risks, but also consolidate the operating experience of various business divisions and reach out to local and overseas partners while carefully evaluating its investment strategies and bolstering its competitiveness, in hopes of expanding its business territory via integrated planning and eventually enhancing its value.

(II) Key Production and Distribution Policies

1. Daily commodities and F&B retailing

Aside from achieving economies of scale by opening new stores to reduce procurement costs and maintain growth momentum, the Company will also phase out and shut down poorly performing stores from time to time. The Company strives to improve its product structure, phase out products with poor sales, increase product turnover, and sell high-margin imported products and private label products to carry out effective market segmentation. Furthermore, the Company will adjust its franchise system with a view to not only increasing the profits generated by franchisees and motivating franchise stores to raise their sales performance, but also raising the proportion of franchisees in its business and reducing personnel costs and rent. At the same time, the Company also endeavors to optimize professional skills and affinity among service personnel to create a high-quality consumption environment, as well as develop information systems to enhance customer stickiness by means of big data analysis and precision marketing. The Company strongly emphasizes on the need to carry out a benefit assessment before opening a new store, so as to maximize benefits arising from the manpower and money used in opening new stores.

2. Life insurance

On the financial side, the Company will solidify its capital, carry out sound asset and liability allocation and risk management to minimize investment risks and increase fixed income, expand revenue from mortality savings and loading surpluses, and ensure smooth and steady adoption of IFRS 17 and the solvency-related ICS. On the channel side, the Company will refine its product lines, offer differentiated products, and bolster the operational capabilities of its business units through channel training programs and digital applications to aid the development of business channels. As far as digital transformation is concerned, the Company will actively incorporate the use of digital technology applications to boost operational efficiency and steadily transform its application system. On the other hand, the Company's brand marketing strategy continues to revolve around creating the Company's image as a specialist in protection and investment products. In the area of customer service, the Company will carry on boosting operational efficiency, promoting the practice of treating customers fairly, and enhancing customer experience. In an effort to effectively reduce interest rate risks and increase revenue from mortality savings and loading surpluses, the Company will continue to launch and sell investment and protection products. Furthermore, the Company will not only develop products that meet policyholders' needs based on market demand analysis, but also control exchange rate risk and pursue steady revenue from service fees and fixed profit sources to achieve the goal of steady and sustainable operations.

3. Pharmaceuticals

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

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

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

- (1) Active pharmaceutical ingredients (APIs): Priority will be given to APIs produced by original developers in the medicine supply. Popular products should be avoided, while existing APIs with higher safety criteria, stable sales, new uses or new dosage forms, that are involved in the R&D of new drugs, or that can be used as starting materials for new drugs will be included in the lineup.
- (2) Intermediates: In principle, intermediates produced by original developers in the medicine supply will first be chosen, followed by intermediates for controlled medicines with high barriers to entry, key intermediates which are subject to strict regulations or quality management procedures, intermediates related to SCI Pharmtech's core technologies, intermediates from the Company's strategic partners, and intermediates involved in the R&D of new drugs. The aforementioned types of intermediates can help effectively segregate SCI Pharmtech from market competition and avoid price wars.
- (3) Specialty chemicals: SCI Pharmtech produces and distributes electronic specialty chemicals that are of high standards in the pharmaceutical industry. It develops the production process for specialty chemicals, as well as customizes and mass-produces them according to customer requirements.

4. Information services

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

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

(I) Effect of External Competition

As the application of technology and the Internet advances, various areas in all industries, such as management, manufacturing, marketing, logistics, distribution, cash flows, and R&D, along with people's lifestyle in relation to food, clothing, housing, transportation, education, and entertainment are deeply and inevitably affected by digitization and information security. Be it in life insurance, pharmaceuticals, daily commodities and F&B retailing or information services, it is imperative for the Company to not only provide differentiated products and quality and responsive services, respond to rapid changes in the industry structure, and cope with the volatility of market competition, manpower shortages, inflationary pressures, and changing customer consumption patterns, but also identify, assess, and respond adequately to expected or unexpected risks that have the potential of affecting operations, in order to alleviate the impact of external competition.

(II) Effect of the Regulatory Environment

Issues such as increased adoption of corporate sustainability, rising employee awareness, environmental protection, food safety, and corporate governance, have become increasingly important in today's rapidly developing and ever-changing society. There are also seemingly innumerable laws and regulations for businesses to comply with. While the laws and regulations concerning life insurance place an emphasis on the financial structure of the insurance business, the competent authorities also make continuous efforts to ensure that insurance companies are able to steadily align themselves with the latest IFRS 17 through the introduction of various supervisory indicators and requirements stipulated in official letters as the adoption of IFRS 17 nears. On the other hand, the Financial Supervisory Committee is actively promoting the development of ESG by not only implementing the Sustainable Development Roadmap for TWSE and TPEX Listed Companies and the Green Finance Action Plan 3.0, but also rolling out the Financial Sustainability Evaluation for the first time in 2023, thus demonstrating its commitment to deepening the development of sustainable finance in Taiwan and building a model of sustainable finance. Meanwhile, the pharmaceutical industry is governed by pharmaceutical laws such as the Pharmaceutical Affairs Act and the Pharmaceutical Good Manufacturing Practice Regulations. However, the regulatory environment is constantly changing and evolving as the European Union, the U.S., and Japan promulgate and implement stricter measures on an ongoing basis to ensure the quality and safety of pharmaceutical products, with data integrity being of paramount importance. On the other hand, workplace sanitation and safety, consumer health and safety, in-store waste and wastewater treatment, greenhouse gas emissions, energy conservation, and carbon reduction, in addition to the well-known issue of food hygiene and safety and the increasingly stringent fire safety regulations for retail stores, have also become important topics for companies in the daily commodities and F&B retailing business. The Company employs legal personnel with relevant experience in each line of business to not only handle legal affairs and implement regulatory compliance in normal times, but also closely monitor changes in policies, laws, and regulations that may affect its financial and business operations on an ongoing basis. In the event of a significant regulatory change or event, the Company also seeks advice from external legal experts, and steps up training for employees, with a view to complying with the relevant laws and regulations and continuously optimizing its business structure.

(III) Effect of the Macroeconomic Environment

Looking back on 2022, the World Economic Outlook published by the IMF not only reported that the global economy is projected to grow at a lower-than-expected rate of 3.4% in 2022. The same report also pointed out that while the key to the future of the global economy hinges on the adjustment of monetary policies by central banks around the world, efforts to tackle and curb inflation should be made in coordination with fiscal policies, so that countries across the globe can reduce the impact of inflation and tide over the crisis. According to preliminary statistics published by the Directorate-General of Budget, Accounting and Statistics (DGBAS) in February 2023, Taiwan's economy grew 2.45% in 2022, down from 6.53% in 2021. Meanwhile, statistics from the Ministry of Economic Affairs revealed that revenue in the retail and F&B industries grew 7.81% and 18.70%, respectively.

Looking ahead to 2023, the IMF forecast in January 2023 that the global economy will grow 2.9% in 2023, down from 3.4% in 2022; while the DGBAS forecast in February 2023 that Taiwan's economy will grow 2.12% in 2023, down from 2.45% in 2022.

The following uncertainties have also been identified by the Company:

1. The impact of monetary policy trends among countries around the world on the global economy and financial markets.
2. Subsequent developments after the lifting of COVID-19 restrictions in Mainland China and the corresponding impact on the global economy.
3. Subsequent developments in the U.S.-China tech war and the evaluation of international geopolitical relations.
4. The impact of stalemate in the Ukraine-Russia war and extreme weather on international raw material prices.
5. The progress in rolling out the Special Act for Strengthening Economic and Social Resilience and Sharing the Fruits of Economic Growth in the Post-pandemic Era and executing the corresponding budget.

As it is evident that the international landscape remains highly volatile at present, it is necessary to keep a close eye on the impact of the aforesaid uncertainties on Taiwan's economy.

IV. Future Development Strategies

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

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

Attachment 2

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

The 2022 business report, financial statements, and deficit compensation proposal have been prepared by the Board of the Directors. The financial statements have been audited by the CPAs Kun-His Hsu and Shu-Chen Chang of BDO Taiwan Union & Co. and an audit report has been submitted. The aforesaid business report, financial statements, and deficit compensation proposal have been reviewed by the Audit Committee and no misstatement was found. Therefore, we have prepared the review report for your review and ratification in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To

2023 Annual Shareholders' Meeting

Convener of the Audit Committee: Li Mao

March 16, 2023

Attachment 3

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated balance sheets of Mercuries & Associates Holding, Ltd. and its subsidiaries as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors as described in the Other Matter section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Mercuries & Associates Holding, Ltd. and its subsidiaries as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

The completeness and accuracy of recording insurance reserves

Description:

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

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

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

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

Valuation of investment assets

Description:

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

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

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

1. Performing an assessment over the investment cycle of its initial recognition, subsequent measurements and their disclosures on financial statements.

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

The completeness and accuracy of retail sales revenue

Description:

Please refer to Note 4.32 for the related accounting policy of retail sales revenue.

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

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

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

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

Emphasis of matter paragraph

As described in Note 12.15 to the consolidated financial statements, Mercuries Life Insurance Co., Ltd. has resolved by the board of directors to change the business model for managing its financial assets on December 6, 2022 and designate the date of reclassification on January 1, 2023. Accordingly, we do not modify our audit opinion.

Other matter

As described in Note 4.4, we did not audit the financial statements of certain consolidated subsidiaries which were audited by other auditors. Thus, the amounts and information of the subsidiaries shown within are in accordance with the audit reports assured by other auditors whose reports thereon have been furnished to us. Total assets of these subsidiaries were \$14,900,545 thousand and \$13,668,201 thousand, constituting 1.00% and 0.96% of the total consolidated assets as of December 31, 2022 and 2021 respectively, and total comprehensive income were \$658,269 thousand and \$554,180 thousand, constituting (3.27)% and (200.84)% of total consolidated comprehensive income for the years ended December 31, 2022 and 2021, respectively. As described in Note 6.10, the financial statements of certain investee companies under equity method were audited by other auditors. Thus, the amounts and information of those investee companies shown within are in accordance with the audit reports assured by other auditors whose reports thereon have been furnished to us. The investments in the aforementioned investee companies were amounted to \$5,924,375 thousand and \$3,805,152 thousand, constituted 0.40% and 0.27% of the total consolidated asset as of December 31, 2022 and 2021, respectively, and the recognized shares of profit of associates and joint ventures accounted for under equity method of these investee companies were \$204,063 thousand and \$641,520 thousand, constituted (1.49)% and 99.27% of the consolidated profit before income tax for the years ended December 31, 2022 and 2021, respectively.

We have audited the parent company only financial statements of Mercuries & Associates Holding, Ltd. and expressed an unqualified opinion with other matter paragraph as of and for the years ended December 31, 2022 and 2021.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standard on Auditing of the Republic of China 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 Standard on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Kun-His Hsu and Shu-Chen Chang.

BDO TAIWAN

March 16, 2023

Notice to Readers

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

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

MERCURIES & ASSOCIATES HOLDING LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2022 and 2021

UNIT : NTD (In Thousands)

Assets	Notes	December 31, 2022	%	December 31, 2021	%	Liabilities & Stockholders' Equity	Notes	December 31, 2022	%	December 31, 2021	%
Current assets						Current liabilities					
Cash and cash equivalents		\$50,249,445	3.38	\$100,356,813	7.03	Short-term borrowings		\$1,397,000	0.09	\$590,000	0.04
Financial assets at fair value through profit or loss - current		108,705	0.01	360,401	0.03	Short-term notes and bills payable		779,930	0.05	949,985	0.07
Financial assets at fair value through other comprehensive income - current		141	-	127	-	Contract liabilities - current		942,198	0.06	780,485	0.05
Financial assets at amortized cost - current		17,673	-	39,334	-	Accounts payable		6,664,901	0.45	8,254,651	0.58
Contract assets - current		342,028	0.02	509,754	0.04	Commissions payable		799,455	0.05	873,230	0.06
Accounts receivable, net		11,020,414	0.74	14,112,961	0.99	Claims and benefits payable		694,034	0.05	699,858	0.05
Current income tax assets		743,391	0.05	463,268	0.03	Due to reinsurers and ceding companies		1,558,138	0.10	1,315,863	0.09
Inventories		5,474,454	0.37	4,539,620	0.32	Current income tax liabilities		148,675	0.01	141,307	0.01
Prepayments		1,080,600	0.07	471,280	0.03	Advanced receipts		98,037	0.01	123,413	0.01
Reinsurance contract assets, net		2,204,688	0.15	1,629,869	0.11	Long-term liabilities - current portion		14,678	-	-	-
Other current assets		188,731	0.01	168,771	0.01	Lease liabilities - current		1,208,545	0.09	1,314,353	0.09
Bills discounted and loans, net		69,256,217	4.67	70,474,553	4.94	Other current liabilities		222,307	0.02	481,095	0.04
Sub-total		<u>140,686,487</u>	<u>9.47</u>	<u>193,126,751</u>	<u>13.53</u>	Sub-total		<u>14,527,898</u>	<u>0.98</u>	<u>15,524,240</u>	<u>1.09</u>
						Non-current liabilities					
						Financial liabilities at fair value through profit or loss - non-current		3,424,218	0.23	127,201	0.01
						Contract liabilities - non-current		8,196	-	10,644	-
						Bonds payable		10,356,454	0.70	10,341,380	0.72
						Long-term borrowings		9,021,392	0.61	6,030,000	0.42
						Other long-term liabilities		4,108	-	-	-
						Provisions - non-current		1,259,104,135	84.74	1,203,579,402	84.34
						Separate account liabilities for unit-linked products		143,001,896	9.62	136,143,090	9.54
						Guarantee deposits received		2,537,719	0.17	1,814,258	0.13
						Lease liabilities - non-current		3,018,301	0.20	2,749,701	0.19
						Deferred tax liabilities		7,559,016	0.51	1,627,100	0.11
						Other non-current liabilities		1,610,788	0.10	1,873,695	0.14
						Sub-total		<u>1,439,646,223</u>	<u>96.88</u>	<u>1,364,296,471</u>	<u>95.60</u>
Non-current assets						Total Liabilities		<u>1,454,174,121</u>	<u>97.86</u>	<u>1,379,820,711</u>	<u>96.69</u>
Financial assets at fair value through profit or loss - non-current		79,201,415	5.33	63,596,148	4.46	Equity attributable to owners of the parent					
Financial assets at fair value through other comprehensive income - non-current		44,507,311	3.00	46,041,385	3.23	Share Capital					
Financial assets at amortized cost - non-current		1,000,833,858	67.36	919,991,107	64.47	Common stock		9,224,957	0.62	9,131,067	0.64
Investments accounted for under equity method		6,020,037	0.41	3,902,840	0.27	Capital collected in advance		-	-	2,553	-
Property, plant and equipment		18,810,716	1.27	19,391,729	1.36	Capital surplus		2,749,366	0.19	2,455,481	0.17
Right-of-use assets		4,109,008	0.28	3,937,272	0.28	Retained earnings					
Investment property, net		21,697,576	1.46	26,130,520	1.83	Legal reserve		2,753,775	0.19	2,575,337	0.18
Intangible assets		260,249	0.02	204,797	0.01	Special reserve		5,990,502	0.40	5,566,015	0.39
Deferred tax assets		16,054,191	1.07	7,886,160	0.55	Unappropriated earnings(Accumulated deficit)		(2,534,742)	(0.17)	4,854,079	0.34
Other non-current assets		153,662,973	10.33	142,837,794	10.01	Other equity		(7,519,412)	(0.51)	(4,375,416)	(0.31)
Sub-total		<u>1,345,157,334</u>	<u>90.53</u>	<u>1,233,919,752</u>	<u>86.47</u>	Treasury stock		(488,279)	(0.03)	(488,279)	(0.03)
						Total equity attributable to owners of the parent		<u>10,176,167</u>	<u>0.69</u>	<u>19,720,837</u>	<u>1.38</u>
						Non-controlling interests		21,493,533	1.45	27,504,955	1.93
						Total Equity		<u>31,669,700</u>	<u>2.14</u>	<u>47,225,792</u>	<u>3.31</u>
Total assets		<u>\$1,485,843,821</u>	<u>100.00</u>	<u>\$1,427,046,503</u>	<u>100.00</u>	Total Liabilities and Equity		<u>\$1,485,843,821</u>	<u>100.00</u>	<u>\$1,427,046,503</u>	<u>100.00</u>

MERCURIES & ASSOCIATES HOLDING, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOMES
For the Years Ended December 31, 2022 and 2021

UNIT : NTD (In Thousands)

Item	Notes	2022	%	2021	%
Operating revenue					
Interest income		\$34,804,381	16.65	\$31,410,434	16.67
Premiums income		79,854,971	38.21	94,097,770	49.95
Commission on reinsurance ceded		44,631	0.02	41,304	0.02
Fee income		2,564,506	1.23	2,380,291	1.26
Share of profit of associates and joint ventures accounted for under equity method		218,170	0.10	655,579	0.35
Separate account revenue for unit-linked products		519,967	0.25	9,503,814	5.05
Gain on financial assets (liabilities) measured at fair value through profit or loss		-	-	9,420,132	5.00
Realized gains on financial assets measured at fair value through other comprehensive income		-	-	121,295	0.06
Gain arising from derecognition of financial assets measured at amortized cost		2,026,181	0.97	8,063,423	4.28
Net sales revenue					
Sales revenue		28,482,918	13.63	27,765,649	14.74
Sales returns		(28,602)	(0.01)	(20,935)	(0.01)
Sales discounts and allowances		(4,530)	-	(2,310)	-
Rental income		379,834	0.18	412,054	0.22
Service revenue		594,192	0.28	556,178	0.30
Gain on disposal of investments		254,776	0.12	644,471	0.34
Gain on disposal of property, plant and equipment		-	-	108,055	0.06
Gain on investment property		1,820,218	0.87	793,476	0.42
Reserve for fluctuation of foreign exchange movement		(6,969,055)	(3.33)	(161,061)	(0.09)
Profit reclassified by applying overlay approach		3,221,236	1.54	2,053,002	1.09
Gain on reversal of expected credit impairment loss		-	-	72,924	0.04
Gain on foreign exchange		60,511,196	28.95	-	-
Other income		705,977	0.34	457,657	0.25
Total operating revenue		<u>209,000,967</u>	<u>100.00</u>	<u>188,373,202</u>	<u>100.00</u>
Operating cost					
Interest expenses		(149,100)	(0.07)	(110,320)	(0.06)
Underwriting expenses		(30,728)	(0.01)	(32,127)	(0.02)
Commission expenses		(5,639,225)	(2.70)	(6,031,793)	(3.20)
Insurance claims and benefits		(90,985,803)	(43.53)	(73,537,826)	(39.04)
Other insurance liabilities movement		(22,550,576)	(10.79)	(50,112,107)	(26.60)
Separate account expenses for unit-linked products		(519,967)	(0.25)	(9,503,814)	(5.05)
Loss on financial assets (liabilities) measured at fair value through profit or loss		(67,875,521)	(32.48)	-	-
Realized losses on financial assets measured at fair value through other comprehensive income		(283,405)	(0.14)	-	-
Cost of goods sold		(20,163,000)	(9.65)	(19,885,264)	(10.56)
Service cost		(12,856)	(0.01)	(12,865)	(0.01)
Operating expenses					
Selling expense		(5,937,541)	(2.84)	(5,795,024)	(3.08)
General and administrative expenses		(6,958,141)	(3.33)	(6,761,627)	(3.59)
Research and development expenses		(251,830)	(0.12)	(225,503)	(0.12)
Loss on disposal of property, plant and equipment		(21,291)	(0.01)	-	-
Loss on impairment losses		(2,023)	-	(2,038)	-
Loss on expected credit impairment loss		(798,904)	(0.38)	-	-
Loss on foreign exchange		-	-	(15,137,458)	(8.04)
Other expense		(554,351)	(0.26)	(579,221)	(0.29)
Total operating cost		<u>(222,734,262)</u>	<u>(106.57)</u>	<u>(187,726,987)</u>	<u>(99.66)</u>
Profit (loss) before income tax from continuing operations		(13,733,295)	(6.57)	646,215	0.34
Income tax (expenses) benefits		1,142,229	0.55	1,965,773	1.05
Net profit (loss) from continuing operations		<u>(12,591,066)</u>	<u>(6.02)</u>	<u>2,611,988</u>	<u>1.39</u>
Net profit (loss)		<u>(12,591,066)</u>	<u>(6.02)</u>	<u>2,611,988</u>	<u>1.39</u>
Other comprehensive income (loss)					
Components of other comprehensive income that will not be reclassified to profit or loss					
Gain (loss) on remeasurements of defined benefit plans		(10,527)	(0.01)	(40,931)	(0.02)
Revaluation reserve of property		1,207,998	0.58	-	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		(392,716)	(0.19)	254,537	0.14
Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method		(121,252)	(0.06)	104,451	0.06
Income tax relating to components		(90,257)	(0.04)	(12,879)	(0.01)
Components of other comprehensive income that will be reclassified to profit or loss					
Financial statements translation differences of foreign operations		21,032	0.01	(4,626)	-
Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income		(5,605,545)	(2.68)	(1,326,754)	(0.70)
Other comprehensive income (loss) on reclassification under the overlay approach		(3,221,236)	(1.54)	(2,053,002)	(1.09)
Income tax relating to components		670,128	0.32	191,285	0.09
Other comprehensive income (loss)		<u>(7,542,375)</u>	<u>(3.61)</u>	<u>(2,887,919)</u>	<u>(1.53)</u>
Total comprehensive income (loss)		<u>(20,133,441)</u>	<u>(9.63)</u>	<u>(275,931)</u>	<u>(0.14)</u>
Profit (loss) attributable to:					
Shareholders of the parent		(5,089,794)	(2.43)	1,890,261	1.00
Non-controlling interests		(7,501,272)	(3.59)	721,727	0.39
Total		<u>(12,591,066)</u>	<u>(6.02)</u>	<u>2,611,988</u>	<u>1.39</u>
Comprehensive income (loss) attributable to:					
Shareholders of the parent		(8,348,400)	(3.99)	692,062	0.37
Non-controlling interests		(11,785,041)	(5.64)	(967,993)	(0.51)
Total		<u>\$(20,133,441)</u>	<u>(9.63)</u>	<u>\$(275,931)</u>	<u>(0.14)</u>
Earnings per share					
Income (loss) from continuing operations, net of income tax		<u>\$(5.82)</u>		<u>\$2.17</u>	
Basic earnings (loss) per share (in dollars)		<u>\$(5.82)</u>		<u>\$2.17</u>	
Diluted earnings per share (in dollars)		<u>\$-</u>		<u>\$1.95</u>	
The pro forma net income and earning per share if accounting for treasury stock had not been adopted are as follows:					
Pro forma after income tax		<u>\$(5,042,001)</u>		<u>\$1,938,231</u>	
Earnings per share		<u>\$(5.47)</u>		<u>\$2.11</u>	

MERCURIES & ASSOCIATES HOLDING, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2022 and 2021

UNIT : NTD (In Thousands)

Summary	Equity Attributable to Shareholders of the Parent														Non-Controlling Interest	Total
	Share Capital		Capital Surplus	Retained Earnings			Other Equity Interests					Treasury Stock	Subtotal			
	Common Stock	Share capital collected in advance		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences Arising on Translation of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Revaluation Reserve of Properties	Reclassification to Other Comprehensive Income Due to The Overlay Approach	Others					
Balance on January 1, 2021	\$9,093,510	\$0	\$2,032,125	\$2,464,186	\$4,068,090	\$5,590,916	\$(16,259)	\$99,710	\$0	\$(3,177,107)	\$6,643	\$(532,672)	\$19,629,142	\$27,185,239	\$46,814,381	
Appropriation earnings 2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Legal reserve	-	-	-	111,151	-	(111,151)	-	-	-	-	-	-	-	-	-	
Special reserve	-	-	-	-	1,500,716	(1,500,716)	-	-	-	-	-	-	-	-	-	
Cash dividends	-	-	-	-	-	(909,351)	-	-	-	-	-	-	(909,351)	-	(909,351)	
Stock options from issuing convertible bonds	-	-	77,332	-	-	-	-	-	-	-	-	-	77,332	-	77,332	
Effects of changes in ownership interest from investee	-	-	228,275	-	-	(165,423)	-	-	-	-	-	-	62,852	-	62,852	
Changes in unappropriated retained earnings of investees	-	-	-	-	-	(30,661)	-	-	-	-	-	-	(30,661)	-	(30,661)	
Changes in capital surplus of investees	-	-	(38,369)	-	-	-	-	-	-	-	-	-	(38,369)	-	(38,369)	
Net profit (loss)	-	-	-	-	-	1,890,261	-	-	-	-	-	-	1,890,261	721,727	2,611,988	
Other comprehensive income (loss)	-	-	-	-	-	104,452	(4,340)	(456,151)	-	(842,160)	-	-	(1,198,199)	(1,689,720)	(2,887,919)	
Conversion of convertible bonds	37,557	2,553	46,684	-	-	-	-	-	-	-	-	-	86,794	-	86,794	
Disposal of common stock of the Company held by subsidiaries	-	-	55,826	-	-	-	-	-	-	-	-	44,393	100,219	-	100,219	
Dividends from the Company received by subsidiaries	-	-	47,970	-	-	-	-	-	-	-	-	-	47,970	-	47,970	
Differences of acquisition or disposal price and book value of subsidiaries	-	-	5,638	-	-	-	-	-	-	-	-	-	5,638	-	5,638	
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	1,287,709	1,287,709	
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(330)	-	330	-	-	-	-	-	-	-	
Disposal of investments in equity instruments at fair value through other comprehensive income from investees	-	-	-	-	-	(13,918)	-	13,918	-	-	-	-	-	-	-	
Changes in special reserve of investees	-	-	-	-	(2,791)	-	-	-	-	-	-	-	(2,791)	-	(2,791)	
Balance on January 1, 2022	\$9,131,067	\$2,553	\$2,455,481	\$2,575,337	\$5,566,015	\$4,854,079	\$(20,599)	\$(342,193)	\$0	\$(4,019,267)	\$6,643	\$(488,279)	\$19,720,837	\$27,504,955	\$47,225,792	
Appropriation earnings 2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Legal reserve	-	-	-	178,438	-	(178,438)	-	-	-	-	-	-	-	-	-	
Special reserve	-	-	-	-	424,487	(424,487)	-	-	-	-	-	-	-	-	-	
Cash dividends	-	-	-	-	-	(913,362)	-	-	-	-	-	-	(913,362)	-	(913,362)	
Stock dividends	91,337	-	-	-	-	(91,337)	-	-	-	-	-	-	-	-	-	
Effects of changes in ownership interest from investee	-	-	-	-	-	(534,208)	-	-	-	-	-	-	(534,208)	-	(534,208)	
Changes in unappropriated retained earnings of investees	-	-	-	-	-	(35,942)	-	-	-	-	-	-	(35,942)	-	(35,942)	
Changes in capital surplus of investees	-	-	245,971	-	-	-	-	-	-	-	-	-	245,971	-	245,971	
Allocation of compensation cost of investees	-	-	-	-	-	-	-	-	-	-	(6,643)	-	(6,643)	-	(6,643)	
Net profit (loss)	-	-	-	-	-	(5,089,794)	-	-	-	-	-	-	(5,089,794)	(7,501,272)	(12,591,066)	
Other comprehensive income (loss)	-	-	-	-	-	(121,253)	10,487	(2,232,161)	429,596	(1,345,275)	-	-	(3,258,606)	(4,283,769)	(7,542,375)	
Advance receipts for common stock transferred to common stock	2,553	(2,553)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends from the Company received by subsidiaries	-	-	47,792	-	-	-	-	-	-	-	-	-	47,792	-	47,792	
Differences of acquisition or disposal price and book value of subsidiaries	-	-	122	-	-	-	-	-	-	-	-	-	122	-	122	
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	5,773,619	5,773,619	
Balance on December 31, 2022	\$9,224,957	\$0	\$2,749,366	\$2,753,775	\$5,990,502	\$(2,534,742)	\$(10,112)	\$(2,574,354)	\$429,596	\$(5,364,542)	\$0	\$(488,279)	\$10,176,167	\$21,493,533	\$31,669,700	

MERCURIES & ASSOCIATES HOLDING, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022 and 2021

Items	2022	UNIT : NTD (In Thousands) 2021
Cash flows from operating activities		
Profit (loss) before income tax from continuing operations	(\$13,733,295)	\$646,215
Adjustments for		
Income and expenses having no effect on cash flows		
Depreciation	2,361,032	2,327,466
Amortization	119,369	145,306
Net change in insurance liabilities	22,839,386	50,332,304
Net gain (loss) on financial assets or liabilities at fair value through profit or loss	67,862,019	(9,420,132)
Net gain on financial assets or liabilities at fair value through other comprehensive income	271,031	(121,295)
Interest expense	537,007	524,050
Net gain arising from derecognition of financial assets measured at amortized cost	(2,026,181)	(8,063,423)
Interest income	(34,804,381)	(31,410,434)
Net change in reserve for fluctuation of foreign exchange movement	6,969,055	161,061
Reversal of expected credit impairment losses on investments	792,353	(70,451)
Expected credit impairment losses (gains) on non-investments	8,500	(439)
Share-based payments	141,300	22,620
Share of profit of associates and joint ventures accounted for under equity method	(218,170)	(655,579)
(Profit) loss reclassified by applying overlay approach	(3,221,236)	(2,053,002)
Loss on disposal of property, plant and equipment	(149,298)	(88,214)
Gain on disposal of investment property	(1,292,975)	(216,296)
Gain on rights transferred of the sale and leaseback	47,965	-
Gain on fair value adjustment of investment property	(59,792)	(37,210)
Rent revenue of leaseback	(1,522)	-
Loss on disposal of intangible assets	-	7
Loss on unrealized foreign exchange	(85,481,172)	7,116,373
Net cash generated from Income and expenses having no effect on cash flows	(25,305,710)	8,492,712
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	(83,390,141)	28,369,283
(Increase) decrease in accounts receivable	3,009,469	(3,250,552)
(Increase) decrease in inventories	(934,834)	(109,812)
(Increase) decrease in prepayments	(352,777)	98,619
(Increase) decrease in contract assets	167,726	(100,513)
(Increase) decrease in other current assets	(19,960)	50,381
(Increase) decrease in reinsurance contract assets	(333,722)	(442,713)
(Increase) decrease in other assets	(457,907)	(154,445)
Net cash generated from changes in assets related to operating activities	(82,312,146)	24,460,248
Changes in liabilities related to operating activities:		
Increase (decrease) in accounts payable	(1,382,347)	531,701
Increase (decrease) in provisions	(183,333)	(205,808)
Increase (decrease) in contract liabilities	159,266	(130,138)
Increase (decrease) in other liabilities	(140,627)	(196,933)
Others	24,975,979	(7,498,124)
Net cash generated from changes in liabilities related to operating activities	23,428,938	(7,499,302)
Net cash generated from changes in assets and liabilities related to operating activities	(58,883,208)	16,960,946
Total adjustments	(84,188,918)	25,453,658
Cash inflow generated from operations		
Interest received	31,227,408	38,197,404
Dividends received	3,648,019	2,257,783
Interest paid	(576,399)	(491,768)
Income taxes paid	(786,768)	438,346
Net cash flows generated from (used in) operating activities	(64,409,953)	66,501,638
Cash flows from (used in) investing activities		
Decrease in loans	1,248,753	(189,638)
Acquisition of financial assets at fair value through profit or loss	(31,111)	-
Proceeds from disposal of financial assets at fair value through profit or loss	266,421	-
Acquisition of financial assets at fair value through other comprehensive income	(13,837,870)	(25,660,480)
Proceeds from disposal of financial assets at fair value through other comprehensive income	9,513,393	23,509,874
Remittance of cash due to capital reduction of financial assets at fair value through other comprehensive income	27,978	116,013
Acquisition of financial assets at amortized cost	(54,402,954)	(245,276,160)
Proceeds from disposal of financial assets at amortized cost	23,651,659	56,254,415
Proceeds from repayments of financial assets at amortized cost	35,175,278	81,244,104
Acquisition of investment accounted for under equity method	(2,371,500)	(373,500)
Disposal of investments accounted under the equity method	397,198	1,120,689
Acquisition of subsidiary	1,023	-
Acquisition of property, plant and equipment	(2,889,033)	(5,024,758)
Proceeds from disposal of property, plant and equipment	1,190,830	159,881
Decrease (increase) in guarantee deposits	806,935	243,838
Acquisition of intangible assets	(164,258)	(72,256)
Acquisition of investment property	(8,537)	(19,245)
Proceeds from disposal of investment property	8,281,337	1,392,600
Net cash flows generated from (used in) investing activities	6,855,542	(112,574,623)
Cash flows from (used in) financing activities		
Increase (decrease) in short-term borrowings	807,000	(75,000)
Increase (decrease) in short-term notes and bills payable	(170,055)	(299,839)
Issuance of bonds payable	-	2,996,500
Proceeds from long-term borrowings	61,301,517	65,756,500
Repayments of long-term borrowings	(58,295,447)	(68,233,000)
Increase (decrease) in guarantee deposits received	723,461	(851,988)
Repayment of the principle portion of lease liabilities	(1,471,664)	(1,559,523)
Cash dividends	(977,635)	(1,025,406)
Cash capital increase	5,673,751	1,295,886
Increase(decrease) in non-controlling interest	(151,970)	216,137
Net cash generated from (used in) financing activities	7,438,958	(1,779,733)
Effect of exchange in exchanges rate on cash and cash equivalents	8,085	(5,254)
Net increase (decrease) in cash and cash equivalents	(50,107,368)	(47,857,972)
Cash and cash equivalents at beginning of period	100,356,813	148,214,785
Cash and cash equivalents at end of period	\$50,249,445	\$100,356,813

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying parent company only balance sheets of Mercuries & Associates Holding, Ltd. as of December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors as described in the Other Matter section of our report, the accompanying parent company only financial statements present fairly, in all material respects, the financial positions of the Mercuries & Associates Holding, Ltd. as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

The completeness and accuracy of recording insurance reserves

Description:

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

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

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

Valuation of investment assets

Description:

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

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

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

The completeness and accuracy of retail sales revenue

Description:

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

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

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

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

Other matter

As described in Note 6.5, the financial statements of certain investee companies under equity method were audited by other auditors. Thus, the amounts and information of the investee companies shown within are in accordance with the audit reports assured by other auditors whose reports thereon have been furnished to us. The investments of the aforementioned investee companies amounted to \$4,006,326 thousand and \$4,022,161 thousand, constituted 19.67% and 14.48% of the total assets as of December 31, 2022 and 2021 respectively; and the share of profit of subsidiaries, associates and joint ventures accounted for under equity method of these investee companies were \$271,361 thousand and \$420,743 thousand, constituted (5.36)% and 22.44% of the profit before income tax for the years ended December 31, 2022 and 2021, respectively.

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

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

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

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

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

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

As part of an audit in accordance with Standard on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Kun-His Hsu and Shu-Chen Chang.

BDO TAIWAN

March 16, 2023

Notice to Readers

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

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

MERCURIES & ASSOCIATES HOLDING, LTD.
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2022 and 2021

UNIT : NTD (In Thousands)

Assets	Notes	December 31, 2022	%	December 31, 2021	%	Liabilities & Stockholders' Equity	Notes	December 31, 2022	%	December 31, 2021	%
Current assets						Current liabilities					
Cash and cash equivalents		\$186,630	0.92	\$347,895	1.25	Other payables		\$49,160	0.24	\$69,699	0.25
Financial assets at fair value through other comprehensive income - current		141	-	127	-	Current income tax liabilities		21,029	0.10	2	-
Notes receivable, net		11,696	0.06	10,190	0.04	Lease liabilities - current		16,397	0.08	-	-
Accounts receivable, net		97	-	1,159	-	Other current liabilities		29,485	0.15	27,941	0.10
Other receivables		4,515	0.02	4,461	0.02	Sub-total		<u>116,071</u>	<u>0.57</u>	<u>97,642</u>	<u>0.35</u>
Prepayments		-	-	462	-	Non-current liabilities					
Sub-total		<u>203,079</u>	<u>1.00</u>	<u>364,294</u>	<u>1.31</u>	Financial liabilities at fair value through profit or loss - non-current		34,532	0.17	2,214	0.01
						Bonds payable		2,166,454	10.63	2,151,380	7.74
						Long-term borrowings		7,411,219	36.38	5,600,000	20.16
						Deferred tax liabilities		148,706	0.73	151,777	0.55
						Lease liabilities - non-current		184,809	0.91	-	-
						Other non-current liabilities		134,440	0.66	56,107	0.20
						Sub-total		<u>10,080,160</u>	<u>49.48</u>	<u>7,961,478</u>	<u>28.66</u>
Non-current assets						Total Liabilities					
Financial assets at fair value through other comprehensive income - non-current		68,782	0.34	86,362	0.31						
Financial assets at amortized cost - non-current		250,000	1.23	250,000	0.90	Equity					
Investments accounted for under equity method		17,661,982	86.70	24,603,708	88.57	Share Capital					
Property, plant and equipment		1,010	-	2,299	0.01	Common stock		9,224,957	45.28	9,131,067	32.87
Right-of-use assets		176,624	0.87	-	-	Capital collected in advance		-	-	2,553	0.01
Investment property, net		1,995,563	9.80	2,457,564	8.85	Capital surplus		2,749,366	13.50	2,455,481	8.84
Intangible assets		839	-	1,500	0.01	Retained earnings					
Other non-current assets		14,519	0.06	14,230	0.04	Legal reserve		2,753,775	13.52	2,575,337	9.27
Sub-total		<u>20,169,319</u>	<u>99.00</u>	<u>27,415,663</u>	<u>98.69</u>	Special reserve		5,990,502	29.40	5,566,015	20.04
						Unappropriated earnings(Accumulated deficit)		(2,534,742)	(12.44)	4,854,079	17.47
						Other equity		(7,519,412)	(36.91)	(4,375,416)	(15.75)
						Treasury stock		(488,279)	(2.40)	(488,279)	(1.76)
						Total Equity		<u>10,176,167</u>	<u>49.95</u>	<u>19,720,837</u>	<u>70.99</u>
Total assets		<u>\$20,372,398</u>	<u>100.00</u>	<u>\$27,779,957</u>	<u>100.00</u>	Total Liabilities and Equity		<u>\$20,372,398</u>	<u>100.00</u>	<u>\$27,779,957</u>	<u>100.00</u>

MERCURIES & ASSOCIATES HOLDING, LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2022 and 2021

UNIT : NTD (In Thousands)

Item	Notes	2022	%	2021	%
Operating revenue		\$(4,880,108)	100.00	\$1,761,551	100.00
Gross profit (loss)		(4,880,108)	100.00	1,761,551	100.00
Net gross profit (loss)		(4,880,108)	100.00	1,761,551	100.00
Operating expenses					
General and administrative expenses		(104,340)	2.14	(174,970)	(9.93)
Total operating expenses		(104,340)	2.14	(174,970)	(9.93)
Operating profit (loss)		(4,984,448)	102.14	1,586,581	90.07
Non-operating income and expenses					
Interest income		8,386	(0.17)	3,102	0.18
Other income		18,753	(0.38)	24,796	1.41
Other gains and losses		(32,676)	0.67	311,469	17.68
Financial costs		(69,177)	1.41	(50,818)	(2.89)
Sub-total		(74,714)	1.53	288,549	16.38
Profit (loss) before income tax		(5,059,162)	103.67	1,875,130	106.45
Income tax (expenses) benefit		(30,632)	0.63	15,131	0.86
Net profit (loss) from continuing operations		\$(5,089,794)	104.30	\$1,890,261	107.31
Net profit (loss)		\$(5,089,794)	104.30	\$1,890,261	107.31
Other comprehensive income (loss)					
Components of other comprehensive income that will not be reclassified to profit or loss					
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		\$(17,110)	0.35	\$(27,580)	(1.57)
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for under equity method		144,082	(2.95)	225,567	12.81
Components of other comprehensive income that will be reclassified to profit or loss					
Financial statements translation differences of foreign operations		1,808	(0.04)	(477)	(0.03)
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for under equity method		(3,387,386)	69.41	(1,395,709)	(79.23)
Other comprehensive income (loss), net of income tax		\$(3,258,606)	66.77	\$(1,198,199)	(68.02)
Total comprehensive income (loss)		\$(8,348,400)	171.07	\$692,062	39.29
Earnings per share					
Basic earnings (loss) per share (in dollars)		\$(5.82)		\$2.17	
Diluted earnings per share (in dollars)		\$-		\$1.95	
The pro forma net income and earning per share if accounting for treasury stock had not been adopted are as follows:					
Pro forma before income tax		\$(5,011,370)		\$1,923,100	
Pro forma after income tax		\$(5,042,001)		\$1,938,231	
Earnings per share		\$(5.47)		\$2.11	

MERCURIES & ASSOCIATES HOLDING, LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2022 and 2021

UNIT : NTD (In Thousands)

Summary	Share Capital			Retained Earnings			Other Equity Interests				Treasury Stock	Total
	Common Stock	Share capital collected in advance	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences Arising on Translation of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Revaluation Reserve of Properties	Others		
Balance on January 1, 2021	\$9,093,510	\$0	\$2,032,125	\$2,464,186	\$4,068,090	\$5,590,916	\$(16,259)	\$99,710	\$0	\$(3,170,464)	\$(532,672)	\$19,629,142
Appropriation of earnings 2020												
Legal reserve	-	-	-	111,151	-	(111,151)	-	-	-	-	-	-
Special reserve	-	-	-	-	1,500,716	(1,500,716)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(909,351)	-	-	-	-	-	(909,351)
Stock options from issuing convertible bonds	-	-	77,332	-	-	-	-	-	-	-	-	77,332
Effects of changes in ownership interest from investee	-	-	228,275	-	-	(165,423)	-	-	-	-	-	62,852
Changes in unappropriated earnings of investees	-	-	-	-	-	(30,661)	-	-	-	-	-	(30,661)
Changes in capital surplus of investees	-	-	(38,369)	-	-	-	-	-	-	-	-	(38,369)
Net profit (loss)	-	-	-	-	-	1,890,261	-	-	-	-	-	1,890,261
Other comprehensive income (loss)	-	-	-	-	-	104,452	(4,340)	(456,151)	-	(842,160)	-	(1,198,199)
Conversion of convertible bonds	37,557	2,553	46,684	-	-	-	-	-	-	-	-	86,794
Disposal of common stock of the Company held by subsidiaries	-	-	55,826	-	-	-	-	-	-	-	44,393	100,219
Dividends from the Company received by subsidiaries	-	-	47,970	-	-	-	-	-	-	-	-	47,970
Differences of acquisition or disposal price and book value of subsidiaries	-	-	5,638	-	-	-	-	-	-	-	-	5,638
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(330)	-	330	-	-	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income from investees	-	-	-	-	-	(13,918)	-	13,918	-	-	-	-
Changes in special reserve of investees	-	-	-	-	(2,791)	-	-	-	-	-	-	(2,791)
Balance on January 1, 2022	\$9,131,067	\$2,553	\$2,455,481	\$2,575,337	\$5,566,015	\$4,854,079	\$(20,599)	\$(342,193)	\$0	\$(4,012,624)	\$(488,279)	\$19,720,837
Appropriation of earnings 2021												
Legal reserve	-	-	-	178,438	-	(178,438)	-	-	-	-	-	-
Special reserve	-	-	-	-	424,487	(424,487)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(913,362)	-	-	-	-	-	(913,362)
Stock dividends	91,337	-	-	-	-	(91,337)	-	-	-	-	-	-
Effects of changes in ownership interest from investee	-	-	-	-	-	(534,208)	-	-	-	-	-	(534,208)
Changes in unappropriated earnings of investees	-	-	-	-	-	(35,942)	-	-	-	-	-	(35,942)
Changes in capital surplus of investees	-	-	245,971	-	-	-	-	-	-	-	-	245,971
Allocation of compensation cost of investees	-	-	-	-	-	-	-	-	-	(6,643)	-	(6,643)
Net profit (loss)	-	-	-	-	-	(5,089,794)	-	-	-	-	-	(5,089,794)
Other comprehensive income (loss)	-	-	-	-	-	(121,253)	10,487	(2,232,161)	429,596	(1,345,275)	-	(3,258,606)
Advance receipts for common stock transferred to common stock	2,553	(2,553)	-	-	-	-	-	-	-	-	-	-
Dividends from the Company received by subsidiaries	-	-	47,792	-	-	-	-	-	-	-	-	47,792
Differences of acquisition or disposal price and book value of subsidiaries	-	-	122	-	-	-	-	-	-	-	-	122
Balance on December 31, 2022	<u>\$9,224,957</u>	<u>\$0</u>	<u>\$2,749,366</u>	<u>\$2,753,775</u>	<u>\$5,990,502</u>	<u>\$(2,534,742)</u>	<u>\$(10,112)</u>	<u>\$(2,574,354)</u>	<u>\$429,596</u>	<u>\$(5,364,542)</u>	<u>\$(488,279)</u>	<u>\$10,176,167</u>

MERCURIES & ASSOCIATES HOLDING, LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022 and 2021

Items	UNIT : NTD (In Thousands)	
	2022	2021
Cash flows from operating activities		
Profit (loss) before income tax from continuing operations	\$(5,059,162)	\$1,875,130
Profit (loss) before tax	(5,059,162)	1,875,130
Adjustments for		
Income (gain) and expense (loss) items		
Depreciation	1,729	1,679
Amortization	661	423
Net gain (loss) on financial assets (liabilities) at fair value through profit or loss	32,319	(2,898)
Interest expense	69,177	50,818
Interest income	(8,386)	(3,102)
Dividend income	(12,147)	(9,726)
Share of profit (loss) of associates and joint ventures accounted for under equity method	5,163,752	(1,673,295)
Loss (gain) on disposal and scrap of property, plant and equipment	439	1,537
Loss (gain) on disposal of investment property	-	(216,296)
Loss (gain) on sales and leaseback	(297)	-
Loss (gain) on disposal of investments accounted for under equity method	(221,249)	-
Loss (gain) on investment property at fair value	(18,204)	(105,945)
Rent revenue of leaseback	(923)	-
Changes in assets and liabilities relating to operating activities		
(Increase) decrease in notes receivable	(1,506)	11,174
(Increase) decrease in accounts receivable	1,062	399
(Increase) decrease in other receivables	(54)	916
(Increase) decrease in prepaid expenses	462	1,364
Increase (decrease) in other payables	(28,854)	12,555
Increase (decrease) in advanced receipts	1,506	(11,173)
Increase (decrease) in other current liabilities	39	(38)
Interest received	8,386	548
Dividends received	1,016,140	787,763
Interest paid	(54,611)	(37,417)
Income taxes refund (paid)	(12,676)	(167,793)
Net cash flows generated from (used in) operating activities	<u>877,603</u>	<u>516,623</u>
Cash flows from investing activities		
Proceeds from disposal of financial assets at fair value through other comprehensive income	457	782
Acquisition of financial assets at amortized cost	-	(250,000)
Acquisition of investments accounted for under equity method	(2,804,410)	(272,489)
Proceeds from disposal of investments accounted for under equity method	353,754	6,900
Acquisition of property, plant and equipment	-	(1,844)
Increase in guarantee deposits	(290)	-
Decrease in guarantee deposits	-	600
Acquisition of intangible assets	-	(1,714)
Proceed from disposal of Investment property	510,436	1,548,463
Net cash flows generated from (used in) investing activities	<u>(1,940,053)</u>	<u>1,030,698</u>
Cash flows from financing activities		
Increase in short-term borrowings	2,640,000	6,905,000
Decrease in short-term borrowings	(2,640,000)	(6,905,000)
Increase in short-term notes and bills payable	2,040,000	8,772,000
Decrease in short-term notes and bills payable	(2,040,000)	(8,772,000)
Issuance of bonds payable	-	2,306,500
Proceeds from long-term borrowings	56,626,000	63,766,500
Repayments of long-term borrowings	(54,811,000)	(66,438,000)
Increase in guarantee deposits received	882	570
Decrease in guarantee deposits received	(1,335)	(7,209)
Increase in other non-current liabilities	-	2
Cash dividends paid	(913,362)	(909,351)
Net cash generated from (used in) financing activities	<u>901,185</u>	<u>(1,280,988)</u>
Net increase (decrease) in cash and cash equivalents	<u>(161,265)</u>	<u>266,333</u>
Cash and cash equivalents at beginning of period	<u>347,895</u>	<u>81,562</u>
Cash and cash equivalents at end of period	<u>\$186,630</u>	<u>\$347,895</u>

Attachment 4

Mercuries & Associates Holding, Ltd.

2022 Deficit Compensation Table

Unit: NTD

Item	Amount	
	Subtotal	Total
Undistributed earnings at the beginning of the period		3,246,455,646
Minus: Effects of change in unappropriated retained earnings of investees (Note 1)	(691,403,870)	
Minus: Net loss after tax for the period (Note 2)	(5,089,793,803)	
Undistributed earnings at the end of the period		(2,534,742,027)

Note1: Effects of change in unappropriated retained earnings of investees refer to (1) changes in undistributed earnings of invested companies, (2) changes in the shareholding percentage of invested companies, and (3) actuarial profit or loss resulting from the defined benefit plan.

Note2: The compensation of employees and directors are not remunerated in 2022.

Attachment 5

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

Corporate bond type		First Offering of Domestic Unsecured Convertible Bond
Issue date		Jan. 25, 2021.
Par value		NT\$100,000 per note.
Location of issuance and trading		Not applicable.
Issuing price		NT\$100,500 per note.
Aggregate amount of issuance		NT\$2.3 billion.
Coupon rate		0%.
Maturity		Term: 5 years. Maturity date: Jan. 25, 2026.
Guarantee agency		Not applicable.
Trustee		Hua Nan Commercial Bank, Ltd., Department of Trusts
Underwriter		Hua Nan Securities Co., Ltd.
Certifying attorney		Not applicable.
Certifying CPA		Not applicable.
Terms of repayment		Unless converted to shares, or redeemed or bought back by the Company at securities firms in advance pursuant to the established procedures, the bond will be repaid upon maturity to the bondholders in cash, commensurate with the face values of the notes they hold.
Outstanding principle		NT\$2,213,600,000.
Provision of prepayment and redemption		In accordance with the Article 18 of "Procedures on the First Issuance and Conversion of Domestic Unsecured Convertible Corporate Bond"
Restrictive covenant		None.
Credit rating agency name, date of rating, and corporate bond rating result		No credit rating.
Other information	Amount converted to common shares as of the date of Annual Report	NT\$86.4 million.
	Policies on Issuance and Conversion	In accordance with "Procedures on the First Issuance and Conversion of Domestic Unsecured Convertible Corporate Bond"
Potential dilution of shares and impact on the existing shareholders equity due to the issuance and conversion policies and terms and conditions		Based on the current conversion price of NT\$20.16, the maximum rate of dilution when the convertible bond is converted in its entirety will be 10.64%, which will not cause serious concerns.
Name of exchange		Not applicable.

Attachment 6

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

After the Amendment	Before the Amendment	Description
<p>Article 1: To establish a sound corporate governance system, Mercuries & Associates Holding, Ltd. (the Company) has formulated the Corporate Governance Best Practice Principles (these Principles) with reference to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and <u>Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers</u> established by the Taiwan Stock Exchange Corporation (TWSE) and the Taipei Exchange. An effective corporate governance framework is set up and disclosed in the Market Observation Post System (MOPS).</p>	<p>Article 1: To establish a sound corporate governance system, Mercuries & Associates Holding, Ltd. (the Company) has formulated the Corporate Governance Best Practice Principles (these Principles) with reference to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies established by the Taiwan Stock Exchange Corporation (TWSE) and the Taipei Exchange (TPEX). An effective corporate governance framework is set up and disclosed in the Market Observation Post System (MOPS).</p>	<p>This article is amended in line with the amendments to the Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers.</p>
<p>Article 3-1 The general management office shall be designated by the board of directors to handle affairs in accordance with the <u>Rules of Procedure of the Board of Directors</u>.</p> <p>(Paragraphs 2 is omitted.)</p> <p>It is required that the corporate governance affairs mentioned in the preceding paragraph include at least the following items:</p> <ol style="list-style-type: none"> 1. Handling matters related to Board meetings and shareholders' meetings in accordance with the law. 2. Producing minutes of Board meetings and shareholders' meetings. 3. Assisting Directors in taking office and continuous training. 4. Providing Directors with information required for business execution. 5. Assisting Directors in legal compliance. 6. <u>To report to the board of directors the results of its review of whether the qualifications of independent directors at the time of nomination, appointment and during the term of office are in</u> 	<p>Article 3-1</p> <p>(Paragraphs 1 is omitted.)</p> <p>It is required that the corporate governance affairs mentioned in the preceding paragraph include at least the following items:</p> <ol style="list-style-type: none"> 1. Handling matters related to Board meetings and shareholders' meetings in accordance with the law. 2. Producing minutes of Board meetings and shareholders' meetings. 3. Assisting Directors in taking office and continuous training. 4. Providing Directors with information required for business execution. 5. Assisting Directors in legal compliance. 	<p>This article is amended in line with the amendments to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers.</p>

After the Amendment	Before the Amendment	Description
<p><u>compliance with relevant laws and regulations.</u></p> <p>7. <u>Handle matters related to the change of directors.</u></p> <p>8. <u>Handle other matters set out in the articles of incorporation or contracts.</u></p> <p><u>A chief corporate governance officer is a manager of the company and shall comply with sections governing managers of the Company Act and the Securities and Exchange Act. Unless otherwise provided by law, the chief corporate governance officer may be someone who concurrently holds another position in the company. In case of a chief corporate governance officer who concurrently holds a different position in the company, it shall be ensured the officer is effectively performing the duties required in the capacity of both the chief corporate governance officer and the concurrent position, and there shall be no conflicts of interest or violations of the internal control system.</u></p> <p><u>The company shall arrange continuing professional education (CPE) for its chief corporate governance officer.</u></p> <p><u>A newly appointed chief corporate governance officer shall complete a minimum of 18 CPE hours within the year from the person's appointment and a minimum of 12 CPE hours per year in each following year. The continuing education scope, continuing education system and other continuing education affairs shall be governed by the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies.</u></p> <p><u>In case of resignation or dismissal of the chief corporate governance officer under the second paragraph shall appoint another person as its chief corporate governance officer within one month of the occurrence of that fact.</u></p>	<p>6. Handle other matters set out in the articles of incorporation or contracts.</p>	
<p>Article 10-1 <u>The company shall disclose information on the remuneration paid to directors, general manager, vice general managers in the most recent year in accordance with</u></p>		<p>This article is amended in line with the amendments to the Corporate</p>

After the Amendment	Before the Amendment	Description
<p><u>the Regulations Governing Information to be Published in Annual Reports of Public Companies.</u></p> <p><u>It is appropriate for the Company to report the remuneration received by directors at shareholders' meetings, including remuneration policies, the content and amount of individual remuneration and the correlation with the results of performance evaluation.</u></p>		<p>Governance Best Practice Principles for TWSE/TPEX Listed Companies and the Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers.</p>
<p>Article 12 (Paragraphs 1 & 2 are omitted.) <u>For those who participate in the merger and acquisition by the management or major shareholders of the company, the members of the audit committee deliberating the above merger and acquisition event are in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies of Article 3. And shall not be related to or have an interest in the merger transaction that would affect the independence, whether the design and execution of the relevant procedures comply with the relevant laws and whether the information is fully disclosed in accordance with the relevant laws, and shall be provided by an independent lawyer.</u></p> <p><u>The qualifications of the lawyers mentioned above shall comply with the provisions of Article 3 of the measures for setting up independent directors of the public company and matters to be followed, and shall not be related to the mergers and acquisitions transaction or have an interest that may affect the independence.</u></p> <p>The employees of the Company handling the matters <u>of mergers and acquisitions or public offers</u> shall pay attention to the</p>	<p>Article 12 (Paragraphs 1 & 2 are omitted.)</p> <p>The employees of the Company handling the matters <u>in the preceding paragraph</u> shall pay attention to the occurrence of</p>	<p>This article is amended in line with the amendments to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.</p>

After the Amendment	Before the Amendment	Description
occurrence of any conflicts of interest and the need for recusal.	any conflicts of interest and the need for recusal.	
Section 3, Chapter 2: Corporate Governance Relationships between the Company and Its <u>Related Parties</u> .	Section 3, Chapter 2: Corporate Governance Relationships between the Company and Its <u>Affiliated Enterprises</u> .	This article is amended in line with the amendments to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
<p>Article 17: When the Company and its <u>related parties and shareholders</u> enter into inter-company business transactions, a written agreement governing the relevant financial and business operations between them shall be made in accordance with the principle of fair dealing and reasonableness. Price and payment terms shall be definitively stipulated when contracts are signed, and non-arm's length transactions and <u>illegal profit</u> shall be prohibited.</p> <p><u>The contents of the above written specifications shall include the procedures for the management of transactions such as purchase and sale transactions, acquisition or disposal of assets, loan of funds and endorsement guarantee, etc., and relevant major transactions shall be approved by the board of directors, approved by the shareholders' meeting or reported.</u></p>	<p>Article 17: When the Company and its <u>affiliated enterprises</u> enter into inter-company business transactions, a written agreement governing the relevant financial and business operations between them shall be made in accordance with the principle of fair dealing and reasonableness. Price and payment terms shall be definitively stipulated when contracts are signed, and non-arm's length transactions shall be prohibited.</p> <p><u>All transactions or contracts made by and between the Company and its affiliated persons and shareholders shall follow the principles set forth in the preceding paragraph, and improper channeling of profits is strictly prohibited.</u></p>	This article is amended in line with the amendments to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
<p>Article 19: The Company shall retain at any time a <u>ultimate</u> register of major shareholders who own a relatively high percentage of shares and have controlling power, and of the persons with ultimate control over those major shareholders.</p> <p>(Paragraphs 2 is omitted.)</p> <p>The major shareholders indicated in the first paragraph refer to those who own 5 percent or more of the outstanding shares of the Company or whose shareholding stake thereof is on the top 10 list.</p>	<p>Article 19: The Company shall retain at any time a register of major shareholders who own a relatively high percentage of shares and have controlling power, and of the persons with ultimate control over those major shareholders.</p> <p>(Paragraphs 2 is omitted.)</p> <p>The major shareholders indicated in the first paragraph refer to those who own 5 percent or more of the outstanding shares of the Company or whose shareholding stake thereof is on the top 10 list.</p>	This article is amended in line with the amendments to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

After the Amendment	Before the Amendment	Description
<p><u>However, the Company may set a lower proportion of shares according to the actual control of the Company's shareholding situation</u></p>		
<p>Article 20: (Paragraphs 1 to 4 are omitted.)</p> <p><u>The Company shall arrange professional training for its directors and the directors shall take up to three hours of training in each year of their appointment. However, if the term of office of the current director does not expire in 2023, the term shall apply from their next term of office.</u></p>	<p>Article 20: (Paragraphs 1 to 4 are omitted.)</p>	<p>This article is amended in line with the amendments to the Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers.</p>
<p>Article 21: (Paragraphs 1 to 3 are omitted.)</p> <p><u>When a director of the Company resigns or is reassigned under in Item 3, Article 37 of the Company Act, the director and corporate shareholder shall immediately notify the company and the corporate governance officer. Upon receipt of this notice, the Company or the corporate governance Officer shall act in accordance with the relevant act.</u></p> <p>(Paragraphs <u>5</u> is omitted.)</p>	<p>Article 21: (Paragraphs 1 to 3 are omitted.)</p> <p>(Paragraphs <u>4</u> is omitted.)</p>	<p>This article is amended in line with the amendments to the Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers.</p>
<p>Article 23: (Paragraphs 1 to 2 are omitted.)</p> <p><u>The chairman of the board of directors and the general manager or equivalent shall be the same person or spouse or a first-degree relative of each other. The number of independent directors shall not be less than four before December 31, 2023, provided that if the number of directors is more than 15, the number of independent directors shall not be less than five, and more than half of the directors shall not be concurrently employees or managers.</u></p>	<p>Article 23: (Paragraphs 1 to 2 are omitted.)</p>	<p>This article is amended in line with the amendments to the Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed</p>

After the Amendment	Before the Amendment	Description
(Paragraphs <u>4</u> is omitted.)	(Paragraphs <u>3</u> is omitted.)	Companies and the Board's Exercise of Powers.
<p>Article 24: According to the Company's Articles of Incorporation, three to five Independent Directors shall be engaged, and the number of Independent Directors shall not be fewer than one- third of the number of Directors. The terms of Independent Directors shall not exceed three terms consecutively. <u>In the event that all the independent directors are removed, an extraordinary meeting of shareholders shall be held within 60 days as of the date on which such election takes place. Those who violate Item 3 of Article 23 shall make corrections within three months as of the date of occurrence.</u></p> <p>(Paragraphs 2 to 5 are omitted.)</p>	<p>Article 24: According to the Company's Articles of Incorporation, three to five Independent Directors shall be engaged, and the number of Independent Directors shall not be fewer than one- third of the number of Directors. The terms of Independent Directors shall not exceed three terms consecutively.</p> <p>(Paragraphs 2 to 5 are omitted.)</p>	This article is amended in line with the amendments to the Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers.
<p>Article 28: <u>The audit committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise.</u></p> <p>(Paragraphs 2 is omitted.)</p>	<p>Article 28: <u>The Audit Committee of the Company is composed of the entire board of Independent Directors, the number is three persons, one of whom shall be the convener, and at least one shall have accounting or financial expertise.</u></p> <p>(Paragraphs 2 is omitted.)</p>	This article is amended in line with the amendments to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
<p>Article 29: (Paragraphs 1 to 4 are omitted.)</p> <p>The Company shall evaluate the independence and suitability of the CPA engaged <u>with Audit Quality Indicators, (AQIs)</u> by the Company regularly, and no less frequently than once annually. In the event that the Company engages the same CPA without replacement for seven consecutive years, or if the CPA is subject to disciplinary action or other circumstances prejudicial to the CPA's independence, the Company shall evaluate the necessity of replacing the CPA and submit its conclusion to the Board of Directors.</p>	<p>Article 29: (Paragraphs 1 to 4 are omitted.)</p> <p>The Company shall evaluate the independence and suitability of the CPA engaged by the Company regularly, and no less frequently than once annually. In the event that the Company engages the same CPA without replacement for seven consecutive years, or if the CPA is subject to disciplinary action or other circumstances prejudicial to the CPA's independence, the Company shall evaluate the necessity of replacing the CPA and submit its conclusion to the Board of Directors.</p>	This article is amended in line with the amendments to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
<p>Article 37: (Paragraphs 1 is omitted.)</p>	<p>Article 37: (Paragraphs 1 is omitted.)</p>	This article is amended in line with the

After the Amendment	Before the Amendment	Description
<p>The Company shall formulate performance evaluations methods and procedures for the Board of Directors. In addition to annual self-evaluation of the Board of Directors, functional committees, and individual Directors, <u>and report the results of performance evaluation to the TWSE</u>, the Company may appoint an external professional organization to conduct performance evaluation or through other appropriate means. The content of performance evaluation of the Board of Directors shall include the following aspects, and suitable evaluation indicators shall be set based on the Company's needs:</p> <p>(Subparagraphs 1 to 5 are omitted.)</p> <p>(Paragraphs 3 to 5 are omitted.)</p>	<p>The Company shall formulate performance evaluations methods and procedures for the Board of Directors. In addition to annual self-evaluation of the Board of Directors, functional committees, and individual Directors, the Company may appoint an external professional organization to conduct performance evaluation or through other appropriate means. The content of performance evaluation of the Board of Directors shall include the following aspects, and suitable evaluation indicators shall be set based on the Company's needs:</p> <p>(Subparagraphs 1 to 5 are omitted.)</p> <p>(Paragraphs 3 to 5 are omitted.)</p>	<p>amendments to the Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers.</p>
<p>Article 51: The establishment and amendment of these Principles shall be approved <u>with resolution</u> by the <u>audit committee</u> and Board of Directors of the Company and reported to the shareholders' meeting.</p>	<p>Article 51: The establishment and amendment of these Principles shall be approved by the Board of Directors of <u>the Company</u> and reported to the shareholders' meeting.</p>	
<p>Article 52: These Principles were established on November 14, 2014. The first amendment was made on January 26, 2015. The second amendment was made on November 14, 2016. The third amendment was made on March 23, 2018. The forth amendment was made on March 27, 2020. The fifth amendment was made on March 31, 2021. The sixth amendment was made on March 31, 2022. <u>The seventh amendment was made on March 16, 2023.</u></p>	<p>Article 52: These Principles were established on November 14, 2014. The first amendment was made on January 26, 2015. The second amendment was made on November 14, 2016. The third amendment was made on March 23, 2018. The forth amendment was made on March 27, 2020. The fifth amendment was made on March 31, 2021. The sixth amendment was made on March 31, 2022.</p>	<p>The number and date of the amendment here to are added.</p>

Attachment 7

Mercuries & Associates Holding, Ltd. Comparison Table for the Sustainable Development Best Practice Principles Before and After Amendment

After the Amendment	Before the Amendment	Description
<p>Paragraphs 2, Article1</p> <p>These Principles apply to the entire operations of the Company and its subsidiaries. <u>Provided that the subsidiaries have established their Sustainable Development Best Practice Principles, they shall be applied with priority.</u></p>	<p>Paragraphs 2, Article1</p> <p>These Principles apply to the entire operations of the Company and its subsidiaries.</p>	Text slightly corrected.
<p>Article 5</p> <p>The Company shall abide by laws and regulations, take the development of domestic and international sustainable development principles and the operation of the Company and of its <u>subsidiaries</u> as a whole into consideration, and establish policies, systems or related guideline for sustainable development, which shall be approved by the Board of Directors and then reported to the shareholders' meeting.</p> <p>(Paragraphs 2 is omitted.)</p>	<p>Article 5</p> <p>The Company shall abide by laws and regulations, take the development of domestic and international sustainable development principles and the operation of the Company and of its <u>respective business groups</u> as a whole into consideration, and establish policies, systems or related guideline for sustainable development, which shall be approved by the Board of Directors and then reported to the shareholders' meeting.</p> <p>(Paragraphs 2 is omitted.)</p>	Text slightly corrected is according to Paragraphs 2, Article1
<p>Chapter II</p> <p>Exercising Corporate Governance</p>	<p>Chapter II</p> <p>Exercising Corporate Governance</p>	This article is amended in line with the amendments to the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.
<p>Article 8</p> <p>The Company shall establish the Corporate Governance Best Practice Principles and the Ethical Corporate Management Best Practice Principles, and this standard to set up effective corporate governance frameworks <u>and relevant ethical standards</u>, so as to enhance its corporate governance.</p>	<p>Article 8</p> <p>The Company shall establish the Corporate Governance Best Practice Principles and the Ethical Corporate Management Best Practice Principles and CSR to set up effective corporate governance frameworks, so as to enhance its corporate governance.</p>	This article is amended in line with the amendments to the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.

After the Amendment	Before the Amendment	Description
<p>Article 27-1: <u>The company should donate, sponsor, invest, purchase, strategic cooperation, enterprise volunteer technology services or other support modes to continuously channel resources into arts and cultural activities or cultural and creative industries to promote cultural development.</u></p>		<p>This article is amended in line with the amendments to the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.</p>
<p>Article 31: These Principles and amendments shall be implemented after the approval with <u>resolution</u> of the <u>audit committee</u> and Board of Directors, and submitted to the shareholders' meeting.</p>	<p>Article 31: These Principles and amendments shall be implemented after the approval of the Board of Directors and submitted to the shareholders' meeting.</p>	
<p>Article 32 : These Principles were established on August 12, 2016. The first amendment was made on March 23, 2018. The second amendment was made on March 27,2020 The third amendment was made on March 31, 2022. <u>The fourth amendment was made on March 16, 2023.</u></p>	<p>Article 32 : These Principles were established on August 12, 2016. The first amendment was made on March 23, 2018. The second amendment was made on March 27,2020 The third amendment was made on March 31, 2022.</p>	<p>The number and date of the amendment here to are added.</p>

Attachment 8

Candidate List for Independent Director

Candidate	Education	Experience	Current Position	Name of Government Agency or Corporation Represented	Number of shares held
LIU,HAN-TSUNG	Master of International Development Policy, Duke University Master of Department of Economics, National Taiwan University	Chairman, Horizon Securities Co., Ltd. Vice President, Yuanta Securities Co., Ltd. Chief internal auditor, Fuh Hwa Financial Holding Co., Ltd.	Director, China Investment and Development Co., Ltd. Supervisor, Grand Cathay Venture Capital Co., Ltd.	None	0