MERCURIES & ASSOCIATES HOLDING, LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021AND 2020

TOGETHER WITH INDEPENDENT AUDITORS’ REPORT

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INDEPENDENT AUDITORS' REPORT

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

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

The completeness and accuracy of recording insurance reserves

Description:

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

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

1. Testing the effectiveness of the design and implementation of internal controls within the financial reporting process that are related to insurance reserves, which include testing the controls responsible for ascertaining the completeness and accuracy of the policy information.

2. Performing the analysis on movements and recognition of insurance reserves and checking whether the related information and carrying amount of the worksheet are accurate.

3. Testing samples on unearned premium reserves, liability reserves, claim reserves, premium deficiency reserves, special reserves and liabilities adequacy reserve to assess the accuracy of the premium and claim information, as well as inspecting the provision methodology, and examining whether the provision and hypothesis are in accordance with the "Guidelines for Insurance Enterprises Handling All Statutory Reserves".

4. Assess the appropriateness of the disclosure that are related to insurance reserves.

Valuation of investment assets

Description:

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

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

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

2. Inspecting the accounting policies related to fair value measurements and disclosures of financial instruments of the Company.

3. Obtaining statements for financial assets and understanding the acquisition methods used for fair value of each category, as well as evaluating whether the fair value hierarchy is appropriate.

4. Assessing the reasonableness of significant assumptions, fair value and the valuation sources according to the relevant information obtained from external sources.

5. Executing impairment test, which included evaluating whether the design of the process for providing expected credit losses are appropriate and the significant hypothesis and factors of the estimations are reasonable, selecting the result to check the reasonableness of the credit risk has increased significantly since the original recognition of financial assets and test the accuracy of the calculation.

The completeness and accuracy of retail sales revenue

Description:

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

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

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

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

Other matter

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

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of Mercuries & Associates Holding, Ltd.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Mercuries & Associates Holding, Ltd.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Mercuries & Associates Holding, Ltd. to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Mercuries & Associates Holding, Ltd. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

BDO TAIWAN

March 31, 2022

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

UNIT：NTD (In Thousands)

Assets	Notes	December 31,2021	%	December 31, 2020	%
Current assets					
Cash and cash equivalents	6.1	$347,895	1.25	$81,562	0.29
Financial assets at fair value through other comprehensive income - current		127	-	110	-
Notes receivable, net	6.2	10,190	0.04	21,364	0.08
Accounts receivable, net	6.2	1,159	-	1,558	0.01
Other receivables		4,461	0.02	2,777	-
Prepayments		462	-	1,827	-
Sub-total		364,294	1.31	109,198	0.38
Non-current assets					
Financial assets at fair value through other comprehensive income - non-current	6.3	86,362	0.31	114,741	0.40
Financial assets at amortized cost- non-current	6.4	250,000	0.90	-	-
Investments accounted for under equity method	6.5	24,603,708	88.57	24,468,622	86.17
Property, plant and equipment	6.6	2,299	0.01	3,406	0.01
Investment property, net	6.7	2,457,564	8.85	3,683,787	12.97
Intangible assets		1,500	0.01	208	0.01
Other non-current assets		14,230	0.04	14,829	0.06
Sub-total		27,415,663	98.69	28,285,593	99.62
Total assets		$27,779,957	100.00	$28,394,791	100.00

Liabilities & Stockholders' Equity	Notes	December 31,2021	%	December 31, 2020	%
Current liabilities					
Other payables	6.8	$69,699	0.25	$57,860	0.20
Current income tax liabilities		2	-	75,500	0.27
Other current liabilities		27,941	0.10	39,152	0.14
Sub-total		97,642	0.35	172,512	0.61
Non-current liabilities					
Financial liabilities at fair value through profit or loss - non-current		2,214	0.01	-	-
Bonds payable	6.9	2,151,380	7.74	-	-
Long-term borrowings	6.10	5,600,000	20.16	8,271,500	29.13
Deferred tax liabilities	6.21	151,777	0.55	259,158	0.91
Other non-current liabilities		56,107	0.20	62,479	0.21
Sub-total		7,961,478	28.66	8,593,137	30.25
Total Liabilities		8,059,120	29.01	8,765,649	30.86
Equity					
Share Capital					
Common stock	6.13	9,131,067	32.87	9,093,510	32.03
Capital collected in advance		2,553	0.01	-	-
Capital surplus	6.14	2,455,481	8.84	2,032,125	7.16
Retained earnings	6.15				
Legal reserve		2,575,337	9.27	2,464,186	8.68
Special reserve		5,566,015	20.04	4,068,090	14.33
Unappropriated earnings (Accumulated deficit)		4,854,079	17.47	5,590,916	19.69
Other equity	6.17	(4,375,416)	(15.75)	(3,087,013)	(10.87)
Treasury stock	6.16	(488,279)	(1.76)	(532,672)	(1.88)
Total Equity		19,720,837	70.99	19,629,142	69.14
Total Liabilities and Equity		27,779,957	100.00	28,394,791	100.00

The accompanying notes are an integral part of financial statements

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

UNIT：NTD (In Thousands)

Item	Notes	2021	%	2020	%
Operating revenue	6.18	$1,761,551	100.00	$1,610,699	100.00
Gross profit (loss)		1,761,551	100.00	1,610,699	100.00
Net gross profit (loss)		1,761,551	100.00	1,610,699	100.00
Operating expenses					
General and administrative expenses		(174,970)	(9.93)	(137,024)	(8.51)
Total operating expenses		(174,970)	(9.93)	(137,024)	(8.51)
Operating profit (loss)		1,586,581	90.07	1,473,675	91.49
Non-operating income and expenses					
Interest income		3,102	0.18	14	-
Other income		24,796	1.41	36,150	2.24
Other gains and losses	6.19	311,469	17.68	3,319	0.21
Financial costs		(50,818)	(2.89)	(53,793)	(3.34)
Sub-total		288,549	16.38	(14,310)	(0.89)
Profit (loss) before income tax		1,875,130	106.45	1,459,365	90.60
Income tax (expenses) benefit	6.21	15,131	0.86	(61,685)	(3.83)
Net profit (loss) from continuing operations		$1,890,261	107.31	$1,397,680	86.77
Net profit (loss)		$1,890,261	107.31	$1,397,680	86.77
Other comprehensive income (loss)					
Components of other comprehensive income that will not be reclassified to profit or loss					
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		$(27,580)	(1.57)	$(1,424)	(0.09)
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for under equity method		225,567	12.81	(71,078)	(4.41)
Components of other comprehensive income that will be reclassified to profit or loss					
Financial statements translation differences of foreign operations		(477)	(0.03)	2,422	0.15
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for under equity method		(1,395,709)	(79.23)	(1,254,846)	(77.91)
Other comprehensive income (loss), net of income tax		$(1,198,199)	(68.02)	$(1,324,926)	(82.26)
Total comprehensive income (loss)		$692,062	39.29	$72,754	4.51
Earnings per share	6.22				
Basic earnings (loss) per share (in dollars)		$2.19		$1.63	
Diluted earnings per share (in dollars)		$1.96		$1.63	
The pro forma net income and earning per share if accounting for treasury stock had not been adopted are as follows:					
Pro forma before income tax		$1,923,100		$1,506,772	
Pro forma after income tax		$1,938,231		$1,445,087	
Earnings per share		$2.13		$1.59	

The accompanying notes are an integral part of financial statements

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

UNIT：NTD (In Thousands)

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

The accompanying notes are an integral part of financial statements

MERCURIES & ASSOCIATES HOLDING, LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2021 and 2020

UNIT：NTD (In Thousands)

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

The accompanying notes are an integral part of financial statements

MERCURIES & ASSOCIATES HOLDING, LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL

Mercuries & Associates Holding, Ltd.(the Company) was founded in February 1965, formerly known as Mercuries & Associates, Co., Ltd. and reorganized its structure in 2015. The Company and its affiliates belong to a comprehensive service industry, providing a group of service including insurance, food & beverage, pharmaceutical and IT integration. The Company is mainly engaged in finance and investment.

2. THE AUTHORIZATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements were approved and authorized for issuance by the Board of Directors on March 31, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

3.1. Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRSs") as endorsed by the Financial Supervisory Commission ("FSC")：

New standards, interpretations and amendments as endorsed by FSC effective from 2021 are as follows:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16—Phase 2 'Interest rate benchmark reform'	January 1, 2021
Amendment to IFRS 16 'Leases – Covid-19-related rent concessions beyond June 30, 2021 beyond June 30, 2021'	April 1, 2021 (Note)

Note: Earlier application from January 1, 2021 is allowed by the FSC

Based on the Company's assessment, the above standards and interpretations have no significant impact to the Company's financial position and operating results.

3.2. Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company：

New standards, interpretations and amendments as endorsed by the FSC effective from 2022 are as follows:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16 'Property, plant and equipment—proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts – cost of fulfilling a contract'	January 1, 2022
Annual Improvements to IFRS standards 2018-2020	January 1, 2022

Based on the Company's assessment, the above standards and interpretations have no significant impact to the Company's financial position and operating results.

3.3 Effect of IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 10 and IAS 28 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17 'Initial application of IFRS 17 and IFRS 9 — comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendment to IAS 12 ' Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

Based on the Company's assessment, the above standards and interpretations have no significant impact to the Company's financial position and operating results.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

4.1. Statement of Compliance

The financial statements have been prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers.

4.2. Basis of Preparation

4.2.1. The financial statements have been prepared on the historical cost basis except for the following items:

(1) Financial instruments at fair value through other comprehensive income.

(2) Liabilities on cash-settled share-based payment arrangements are measured at fair value.

(3) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

(4) Investment property are measured at fair value.

4.2.2. The preparation of financial statements in compliance with the IFRSs as endorsed by the FSC requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. Areas involve higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, please refer to Note 5 for more information.

4.3. Foreign currency transaction

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items measured in terms of historical cost in foreign currencies are not retranslated.

For the purposes of presenting separate financial statements, the assets and liabilities of the Company's foreign operations are translated into NT$ using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period. Exchange differences are recognized in other comprehensive income and accumulated in equity.

4.4. Classification of current and non-current items

4.4.1. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(2) Assets held mainly for trading purposes;

(3) Assets that are expected to be realized within twelve months from the end of the reporting period;

(4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the end of the reporting period.

4.4.2. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(1) Liabilities that are expected to be paid off within the normal operating cycle;

(2) Liabilities arising mainly from trading activities;

(3) Liabilities that are to be paid off within twelve months from the end of the reporting period;

(4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the end of the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

4.5. Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits can be classified as cash equivalents if they meet the criteria mentioned above and are held for short-term cash commitments in operational purpose.

4.6. Financial assets

Financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue.

The Company shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

4.6.1. Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair valu日ーe through profit or loss (FVTPL):

(1) It is held within a business model whose objective is to hold assets to collect contractual cash flow.

(2) Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

4.6.2. Financial assets at fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

(1) It is held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial assets.

(2) Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

4.6.3. Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

4.6.3.1. The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

4.6.3.2. How the performance of the portfolio is evaluated and reported to the Company's management;

4.6.3.3. The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

4.6.4. Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortized cost (including accounts receivable that have a significant financing component or contract assets), at each end of the financial reporting period, the Company recognize the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognize the impairment provision for lifetime ECLs.

4.7. Investments accounted for under equity method

Investments accounted for under the equity method include investments in subsidiaries, associates and joint ventures. A subsidiary is an entity that is controlled by the Company. An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Unrealized gains on transactions between the Company and its subsidiaries are eliminated to the extent of the Company's interest in the subsidiaries. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

The Company's share of its subsidiaries' profits or losses is recognized in profit or loss, and its share movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company should continue to recognize losses in proportion to its ownership.

Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transaction with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

According to Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit and other comprehensive income in the separate financial statements should be the same as profit and other comprehensive income attributable to shareholders of the parent in the consolidated financial statements, and the equity in the separate financial statements should be the same as the equity attributable to shareholders of the parent in the consolidated financial statements.

4.8. Investment property

Properties held by the Company to earn rentals revenue and/or for capital appreciation are classified as investment properties. Investment properties, including office buildings and lands held under operating leases, are measured initially at their costs. Cost of a purchased investment property comprises its purchase price and any directly attributable expenditure. Cost of investment property comprises expenditure of raw materials, direct labor, and any expenditure directly attributable to bringing the property to the condition necessary for it to be capable of operating.

Investment property is measured by fair value model and the change of fair value is recognized as profit and loss in the current period in accordance with IAS 40 "Investment property". However, those categorized held for sale and discontinued operations according to IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" which met the criteria of non-current asset held for sale (including disposal group held for sale), and those met the criteria of the 53rd paragraph of IAS 40 "Investment property" were excluded.

When the use of a property changes, investment property is reclassified as property, plant and equipment (PPE) and its carrying amount at the date of reclassification becomes the cost for subsequent PPE.

4.9. Property, Plant and Equipment (PPE)

Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are expensed to profit or loss during the financial period in which they are incurred.

PPE apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Land is not depreciated. Each part of an item of PPE with a cost that is significant in relation to the total cost of the item must be depreciated separately.

Residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, it is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives for buildings are 40~60 years, useful lives for other PPE are 5 years.

4.10. Leasing

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease constitutes the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

4.11. Impairment of non-financial asset

For non-financial assets other than deferred tax assets and employee benefits, the Company assesses whether the impairment has occurred at the end of each reporting period, and estimates its recoverable value. If the recoverable value cannot be estimated individually, the Company estimates the recoverable amount of the cash generating unit of the asset to assess the impairment.

The recoverable amount is the higher of the fair value less cost of sale for individual asset or cash generating units and the value of their use. If the recoverable value of an individual asset or cash generating unit is less than the carrying amount, it shall be write down to the recoverable amount and the impairment loss shall be recognized.

The Company reassesses the impairment loss of non-financial assets other than goodwill at the end of each reporting period. If the recoverable value has increased, the impairment loss is written off in accordance with the changed of recoverable value. However, the amount added back cannot exceed the individual asset or cash generate unit's carrying amount less any depreciation expense from last year.

4.12. Employee benefits

4.12.1. Defined contribution pension plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

4.12.2. Bonuses to Employees and Remuneration to Directors

Employee bonuses and directors remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts by board of directors and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee’s compensation is distributed by shares, number of shares distributed was calculated based on the closing price at the previous trading day of the board meeting.

4.12.3. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

4.13. Bonds Payable

The convertible bonds that the Company issued are embedded with a put option and a call option in addition to the option to convert the bonds to common stocks. At issuance, the issue price is split between financial assets and financial liabilities based on the issue terms. The related accounting treatments are as follows:

The option to convert the bonds to common stocks, put option and call option are measured at net fair value at initial recognition and are recognized as financial assets or financial liabilities at fair value through profit or loss. The difference between the carrying amount and the fair value at each reporting date is recognized as gains or losses on financial assets (liabilities) at fair value through profit or loss.

Bonds payable at initial recognition is measured at issue price less the amounts recognized as financial assets or financial liabilities at fair value through profit or loss. The difference between the fair value at initial recognition and the redemption value is recognized as premiums or discounts, an addition to or reduction from bonds payable, and is amortized using the effective interest rate. The amortization is recognized as an adjustment to financial cost in profit or loss during the outstanding period of the bonds.

Transaction costs that directly attribute to the issue of convertible bonds are allocated to each liability component of the bonds in proportion to the initial carrying amounts.

When the bonds are converted to common stocks by bondholders, the liability components, including bonds payable and financial liabilities at fair value through profit or loss, shall be re-measured according to their respective subsequent treatment aforementioned. The issue cost of the common stocks then equals to the total of the carrying amounts of the liability components.

4.14. Treasury shares

The Company adopt cost method to repurchase outstanding shares as treasury shares. The cost of repurchasing treasury shares is specified in the financial statement as a deduction of shareholders’ equity and the price difference of treasury share transactions is listed under the section of shareholders’ equity. When retiring treasury shares, it shall be credited as “treasury share”, and debited as “share capital” and “capital reserve - stock premium” in proportion to the share percentage of retirement.

The Company's shares held by its subsidiary are recorded as treasury shares. The profits generated from the subsidiaries’ disposal of the Company’s shares and the revenue received from the Company’s cash dividends are recorded in the “capital reserve - treasury share transaction”.

4.15. Revenue

Revenue is measured by fair value of the consideration received or receivable deducting the estimated customer returns, discounts, and other related sales allowance.

4.15.1. Dividend income and interest income

The dividend income is generated by investment and recognized when the shareholders' right to receive payment is established, provided that the economic profits related to the transaction have the potential to be acquired by the Company and the amount of income could be reliably measured.

The interest income is recognized on an accrual basis based on the duration of time for the applicable effective interest rate for the outstanding principal.

4.15.2. Profit or loss from investment property

The rental income arising from the investment property is recognized as a part of the total leasing income during the lease period, and the incentive for the lease is recognized as a decrease in the rental income by the straight-line method during the lease term.

4.15.3. Service Revenue

Revenue from contract services is recognized under the percentage-of-completion method when the outcome of services provided can be estimated reliably. Contact cost is recognized when occurs unless it is an asset related to future contractual activities. If the outcome of a service contract cannot be estimated reliably, contract revenue should be recognized only to the extent that contract costs incurred are likely to be recoverable. Besides, losses will be recognized immediately if the services provided are expected to have a loss.

4.16. Income Tax

4.16.1. The tax expense for the period comprises both current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity.

4.16.2. Deferred income tax is recognized, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred tax is recognized for taxable temporary differences associated with investments in subsidiaries and associates where the Company is able to control the reversal of the temporary difference in the foreseeable future.

4.16.3. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At the end of each reporting period, unrecognized and recognized deferred income tax assets are reassessed.

4.16.4. Linked-tax system

The Company and its more than 90% owned subsidiaries adopt the linked-tax system for tax filings in accordance with MOF No.10500580850. Differences between current and deferred income tax expenses on consolidated entity basis and those on nonconsolidated entity basis are adjusted in the Company's income tax expenses. Related reimbursement and appropriation are recognized as receivables or payables.

4.17. Earnings per share

Basic earnings per share are computed by dividing profit or loss attributable to ordinary shareholders by the weighted-average number of ordinary shares outstanding during the current reporting period. Diluted earnings per share are computed after adjustments (regarding all impact caused by potential diluted ordinary shares) made on profit or loss attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding. Potential diluted ordinary shares include convertible bonds and bonus paid to employee. However, the adverse dilutive share is not computed.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

The preparation of financial statements requires management to make critical judgments in applying the accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The above information is addressed below:

5.1. Financial instruments

5.1.1. Fair value

The Company held certain financial instruments without active markets, including financial instruments lacking of active market quotes and financial instruments that turned out to be inactive due to market conditions (ex: low market liquidity). When a market is inactive, it is usually only a few or no observable market data available to measure the fair value of financial instruments. Determination of the existence of an active market for a financial instrument requires management's judgments.

If the market of an investment held by the Company is not active, the fair value of the instrument is determined with valuation techniques. When the fair value may be publicly obtained from independent sources, it shall be adopted. Overall, the Company would decide a source and/or a valuation technique as a fair value determination method that can reflect the price achieved between market participants through regular trading as of the balance sheet date. Valuation techniques include adoption of recent arm's length transactions, reference to other instruments with substantially identical basis, application of discounted cash flow analysis, etc., which may also include a number of assumptions related to each variable (such as credit risk and interest rate). Adoption of different valuation techniques or assumptions may lead to significant discrepancies in fair value determination results.

5.1.2. Impairment

Financial assets measured at amortized cost and financial assets measured at FVOCI are estimated for loss allowance at an amount equal to the 12-month expected credit losses since initial recognition, despite the existence of evidence of objective impairment. Should credit risk on a financial instrument increase significantly, or there exists evidence of objective impairment, recognized the expected credit losses of the duration then the loss allowance might be increased, and effected profit or loss.

5.2. Impairment assessment on investments accounted for under equity method

The Company assesses the impairment of investments accounted for under equity method whenever triggering events or changes in circumstances indicate that an investment may be impaired and carrying value may not be recoverable. The Company measures the recoverable amounts based on the present value of future cash flow of expected cash dividends receivable from the investee and investment disposals to ensure the reasonableness of such assumptions.

6. DETAILS OF SIGNIFICANT ACCOUNTS

6.1. Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand	$155	$375
Deposits in bank	347,740	81,187
Total	$347,895	$81,562

The Company associates with a number of financial institutions of high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

6.2.Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	$10,190	$21,364
Accounts receivable	1,159	1,558
Total	$11,349	$22,922

1.The Company applies the simplified approach to provide for its expected credit loss, i.e. the use of lifetime expected credit loss. Based on the historical experience of the Company, there is no significantly different loss patterns for different customer segments. The provision matrix does not divide different customer segments, and only accounts receivable to determine credit loss rate.

2.Aging analysis of accounts receivables:

December 31, 2021	Not past due	Past due within 60 days	Past due 61 to 120 days	Past due 121 to 180 days	Past due over 181 days	Total
Expected Credit Loss	0%	0%	0%	0%	0%	
Book value	$1,159	$-	$-	$-	$-	$1,159
Loss allowance	-	-	-	-	-	-
Amortized cost	$1,159	$-	$-	$-	$-	$1,159

December 31, 2020	Not past due	Past due within 60 days	Past due 61 to 120 days	Past due 121 to 180 days	Past due over 181 days	Total
Expected Credit Loss	0%	0%	0%	0%	0%	
Book value	$1,432	$126	$-	$-	$-	$1,558
Loss allowance	-	-	-	-	-	-
Amortized cost	$1,432	$126	$-	$-	$-	$1,558

3.The maximum exposure to credit risk is the carrying amount of each categories of accounts receivable.

4.The Company does not hold any collateral as guaranty of collectability.

6.3. Financial assets at fair value through other comprehensive income - Non-current

	December 31, 2021	December 31, 2020
Common stock	$55,712	$78,067
Preferred stock	30,650	36,674
Total	$86,362	$114,741

1.The Company identify that equity instruments are held within a business model whose main objective is to hold the securities for the long term, and recognized these instruments as financial assets measured at FVOCI. The fair value of investments amounted to $86,362 thousand on December 31, 2021.

2. The company has no FVOCI pledged to others.

6.4. Financial asseets at amortized cost- Non-current

Item	December 31,2021	December 31,2020
Subordinated corporate bond	$250,000	$-

The Company purchased the first perpetual cumulative subordinated corporate bond issued by Mercuries Life Insuarance (MLI) amounted to 250,000 thousand in September 2021. Interest expense paid annually at a fixed rate of 3.3%. As of December 31, 2021, the Company recognized interest income of 2,554 thousand.

6.5.Investments accounted for under equity method

1.As of December 31, 2021 and 2020, the investments of subsidiaries, associates and joint ventures are as follows:

	December 31, 2021	December 31, 2020
1. Mercuries Life Insurance Co., Ltd.(MLI)	$15,678,826	$16,252,153
2. Mercuries & Associates, Ltd.(MA)	723,837	732,758
3. Mercuries Data Systems Ltd.(MDS)	1,200,773	1,167,269
4. SCI Pharmtech Inc.(SCI)	1,054,281	1,054,787
5. Mercury Fu Bao Co., Ltd.(MFB)	3,207,423	2,882,577
6. Simple Mart Retail Co., Ltd.(SMR)	1,158,061	909,442
7. Mercuries F&B Co., Ltd.(MF&B)	1,052,806	1,041,159
8. Other subsidiary	894,561	858,362
9. Other associates	121,419	102,787
Reduce：Transfer to treasury stock	(488,279)	(532,672)
	$24,603,708	$24,468,622

2.The financial statement of certain investee companies under investments accounted for under equity method were audited by other auditors. The investments of the aforementioned investee companies amounted to $4,022,161 thousand and $3,731,843 thousand and the recognized share of profit of subsidiaries, associates and joint ventures accounted for under equity method were $420,743 thousand and $461,532 thousand.

3.The share of profit of subsidiaries, associates and joint ventures accounted for under equity method for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
1. MLI	$445,189	$761,175
2. MA	101,280	155,477
3. MDS	79,755	58,519
4. SCI	17,683	114,337
5. MFB	567,207	104,376
6. SMR	132,401	125,148
7. MF&B	216,991	307,056
8. Other subsidiary	70,215	(154,427)
9. Other associates	42,573	29,551
	$1,673,294	$1,501,212

4.Summarized financial information of the subsidiaries:

	Assets	Liabilities	Revenue	Profit or Loss	Ownership
December 31, 2021					
MLI	$1,400,567,397	$1,359,129,007	$143,138,547	$1,090,798	39.59%
MA	$3,237,962	$2,468,556	$3,408,261	$103,588	100.00%
MDS	$4,565,797	$2,282,919	$3,452,147	$149,232	53.44%
SCI	$4,189,795	$869,164	$864,217	$55,696	31.75%
MFB	$3,894,273	$180,179	$172,677	$545,137	100.00%
SMR	$5,532,624	$3,626,942	$13,964,763	$194,503	60.77%
MF&B	$2,919,601	$1,792,988	$4,761,377	$231,773	93.63%

	Assets	Liabilities	Revenue	Profit or Loss	Ownership
December 31, 2020					
MLI	$1,338,837,240	$1,296,725,451	$157,231,964	$1,444,538	40.34%
MA	$2,822,092	$2,046,075	$3,768,135	$155,867	100.00%
MDS	$4,380,200	$2,160,013	$2,986,117	$115,553	53.44%
SCI	$4,569,838	$1,247,616	$2,689,222	$360,124	31.75%
MFB	$3,512,386	$92,783	$153,219	$144,948	100.00%
SMR	$5,094,051	$3,773,645	$13,198,913	$181,966	68.88%
MF&B	$2,942,152	$1,827,992	$4,696,882	$331,291	93.63%

5.Certain investee companies under investments accounted for under equity method have quoted prices in active market. The market price information calculated based on the closing price on the reporting date are as follows:

	December 31, 2021	December 31, 2020
MLI	$9,765,911	$8,699,545
MDS	$1,285,489	$1,157,432
SCI	$2,543,802	$2,119,835
SMR	$2,904,142	-

6.MLI has resolved by the board of directors to increase capital by cash in 2021 and 2020. The Company acquired 32,830 thousand shares and 24,578 thousand shares with a consideration of $272,489 thousand and 185,563 thousand. The Company's shareholding changed to 39.59%.

7.The Company and SMR signed a Share Purchase Agreement with Sumitomo Corporation on October 16, 2020 to purchase shares of Sanyou Drugstores, Ltd. (SD) and obtained 5,000 thousand and 45,000 thousand shares, respectively. The transaction were completed on December 22, 2020 and the Company's shareholding increased to 55%.

8.SMR increased capital by cash for initial public offering in November 2021. The Company futher provided 100 thousand shares for underwriter over-allotment. The Company's shareholding changed to 60.77%.

9. Asiandawn has resolved by the board of directors to dissolve on December 31, 2019. The liquidation procedures has been completed on May 26, 2020.

10. Mercuries Liquor&Food Co., Ltd has resolved by board of directors to reduce the capital for cover accumulated deficits in $95,000 thousand and the Company’s shareholding is 100%.

11. The Company's stocks held by subsidiaries are treated as treasury stocks. Please refer to Note 6.16 for details.

12. Detail information of investments accounted for under equity method please refer to Note 13.

13. Investments accounted for under equity method pledged as collateral for bank borrowings please refer to Note 8 pledged assets.

6.6. Property, plant and equipment

	2021		
	Office equipment	Others	Total
Cost			
January 1, 2021	$1,912	$9,128	$11,040
Additions	-	1,844	1,844
Derecognition	(314)	(5,004)	(5,318)
December 31, 2021	$1,598	$5,968	$7,566
Accumulated depreciation and impairment			
January 1, 2021	$818	$6,816	$7,634
Additions	284	1,395	1,679
Derecognition	(267)	(3,779)	(4,046)
December 31, 2021	$835	$4,432	$5,267
Book value			
January 1, 2021	$1,094	$2,312	$3,406
December 31, 2021	$763	$1,536	$2,299

	2020		
	Office equipment	Others	Total
Cost			
January 1, 2020	$1,182	$15,317	$16,499
Additions	730	2,317	3,047
Derecognition	-	(8,506)	(8,506)
December 31, 2020	$1,912	$9,128	$11,040
Accumulated depreciation and impairment			
January 1, 2020	$700	$13,348	$14,048
Additions	118	1,974	2,092
Derecognition	-	(8,506)	(8,506)
December 31, 2020	$818	$6,816	$7,634
Book value			
January 1, 2020	$482	$1,969	$2,451
December 31, 2020	$1,094	$2,312	$3,406

6.7. Investment property

	2021		
	Land	Buildings	Total
January 1, 2021	$3,016,023	$667,764	$3,683,787
Disposals	(1,105,146)	(227,021)	(1,332,167)
Gain (loss) on fair value adjustment of investment property	81,607	24,337	105,944
December 31, 2021	$1,992,484	$465,080	$2,457,564

	2020		
	Land	Buildings	Total
January 1, 2020	$3,003,443	$659,854	$3,663,297
Gain (loss) on fair value adjustment of investment property	12,580	7,910	20,490
December 31, 2020	$3,016,023	$667,764	$3,683,787

1.As of December 31, 2021 and 2020, fair value information are as follow:

Source of FV	December 31, 2021	December 31, 2020
External appraisal	$2,457,564	$3,683,787

2.The main contents of investment property for each companies are as follow:

Fair value is based on valuation performed by qualified independent appraisers who performed the appraisal based on "Regulations on Real Estate Appraisal" with the valuation dates on December 31, 2021 and 2020.

Name of appraisers firm	December 31, 2021	December 31, 2020
Pannsia Real Estate Appraisers Joint Firm	Yang, Min-An	Yang, Min-An

Fair value of investment property is based on valuation by a professional evaluation agency and supported by market evidence. Appraising methods include the comparison approach, direct capitalization method of the income approach and discount cash flow method of the income approach. Commercial office buildings are appraised mainly using the comparison approach and income approach because of market liquidity and easy access to comparable sales and rental information in the neighboring areas. Marketplace depending on their characteristics, terms of rental contracts and reference of similar cases are generally appraised using the comparison approach, direct capitalization method and discount cash flow method of the income approach. Undeveloped lands are appraised mainly using the comparison approach, land development analysis approach and discount cash flow method of the income approach.

The estimation process of the valuation method involves differentiating between rented and not yet rented. The former is calculated by contract rent and the latter is calculated by market price. It also considers comparative rent information of similar properties to determine annual growth range of rent; includes idle loss, decoration offset loss, and the closing balance of disposal value of that property to calculate future cash inflow, then discounted by an appropriated discount rate accumulated until the valuation date. The income analysis covers a 10-year period, the interest income on rental deposits was extrapolated using the average deposit interest rate of the top five banks announced by the Central Bank of the Republic of China. Future cash out flow which consists of expenses directly related to operations, i.e. land tax, house tax, insurance fee, management fee, maintenance fee, replacement allocation, amortization of agent fee, etc., is estimated based on the actual expenses incurred in the current year, considering the Company's current operation and possible changes in the future.

Investment properties measured using fair value model are categorized into Level 3 and related expected future cash inflows are as follow:

	December 31, 2021	December 31, 2020
Expected future cash inflows	$3,301,035	$5,102,538
Expected future cash outflows	(113,810)	(195,333)
Net cash inflows	$3,187,225	$4,907,205

Rent information in the neighboring areas are as follows:

	December 31, 2021	December 31, 2020
Contract rent (square meter/month/dollar)	$223~$1,408	$259~$1,680
Market rent (square meter/month/dollar)	$319~$1,650	$300~$1,640

Main parameters	December 31, 2021	December 31, 2020
Income capitalization rate	2.09%~3.79%	2.09%~4.24%
Discount rate	2.15%~3.45%	2.15%~3.70%

Fair value of undeveloped lands are measured by land development analysis. Increase in estimated total sale price, increase in rate of return, or decrease in overall capital interest rate would result in increase in the fair value. Significant assumptions used are as follows:

	December 31, 2021	December 31, 2020
Estimated total sale price	$23,691	$23,403
Rate of return	15%	15%
Overall capital interest rate	1.02%	0.99%

The rate of returns are determined by reference to the annual profit rate and construction period of the similar product. Overall capitalization rate referred to interest rate of bank loan, demand deposit, 1 year time deposit and also considered the proportion of equity funds and borrowed funds.

3. In order to activated the assets, the Company has resolved by the board of directors to sell the land and buildings in Luzhu District, Taoyuan City on September 17, 2021 and signed a supplementary contract with a revised price of 1,553,000 thousand on October 25, 2021. This transaction has been completed in November 2021, and recognized $216,296 thousand of gain on disposal of investment property.

4. The land in Yangmei can not be registered under the Company's name for limited usage in agricultural and forestry only. Therefore it is registered under Mr. Wang Zhihua and a trust contract had been signed for protection.

5. Lands appraisal according to legal present value had been performed on December 31, 1987. Total land value increased $17,407 thousand and after net of land value increment tax of $8,153 thousand net value increment of $8,796 thousand was transferred to retained surplus on January 1, 2012 as IFRS adoption.

6. Land (lot number 210-212, located at Subsection 1 of Linyi Section in Taipei City) amounted to $133,123 thousand was partially expropriated by Bureau of Taipei MRT in September 2002. Remaining land of $17,005 thousand had been transferred to investment property.

6.8. Other payables

	December 31, 2021	December 31, 2020
Payables for equipment	$-	$2,212
Accrued salaries	19,125	16,418
Accrued employee's bonues and director's remuneration	31,100	23,900
Others	19,474	15,330
Total	$69,699	$57,860

6.9. Bonds payable

	December 31,2021	December 31,2020
Total of issuance of convertible bonds	2,300,000	-
Less: discount on bonds payable	(62,220)	-
Less: accumulated converted amount	(86,400)	-
Total	$2,151,380	$-

1.With the aim of future operational requirement and repay bank loans, the first issuance of convertible bonds in 2020 was approved by FSCIB No.1090377875 on January 25, 2020. The term sheet for the bond is set as follows:

Issue Amount	NT$2,300,000 thousand
Issue date	January 25, 2021
Coupon Rate	0%
Issue period	January 25, 2021 ~ January 25, 2026
Repayment	Except for early call and cancellation by the Company or early put and conversion by bondholders in accordance with the terms and conditions set by the Company, the bondholders will receive in cash at maturity of the convertible bonds.
Redemption at the option of the Company	1. At any time starting three months from the issue date until the 40th day prior to the maturity date, when the closing price of its common shares on the Taiwan Stock Exchange is over 30% of the conversation price for 30 consecutive trading days, the Company could redeem the outstanding bonds based on par value in cash. 2. At any time starting three months from the issue date until the 40th day prior to the maturity date, when the balance of outstanding bonds is lower than NT$230,000 thousand of the total issuance, the Company may repurchase the outstanding bonds at par in cash.
Redemption at the option of the bondholders	Within the 40 days prior to 3 years after the issue day, the bondholders shall have the right to require the Company to redeem the bonds at redemption price of par value plus interest compensation in cash.
Conversion period	Bondholders may convert bonds into the Company's common shares at any time starting three months from the issue date to the maturity date.
Conversion price	The conversion price was NT$22.5 per share at issuing. The conversion price was adjusted to NT$21.54 since July 29, 2021.

The Company convertible bonds have been converted into common stocks of 4,011 thousand shares and $46,684 thousand of capital surplus are recognized.

6.10. Long-term borrowings

1. The details are as follows:

Bank	Borrowing period and terms	December 31,2021	December 31,2020
O-Bank and 13 banks guarantee syndicated loan	2021/12/01-2026/12/01 issuing commercial paper	$1,600,000	$1,440,000
O-Bank and 13 banks guarantee syndicated loan	2021/12/01-2026/12/01 applying credit loan	-	600,000
Hua Nan Bank	2020/11/13-2023/11/13 issuing commercial paper	-	300,000
Yuanta Bank	2020/12/11-2022/12/11 applying credit loan	-	400,000
Bank SinoPac	2020/08/31-2022/08/31 applying credit loan	-	200,000
E.SUN Bank	2020/06/22-2022/06/22 applying credit loan	-	300,000
Shin Kong Bank	2020/11/04-2022/11/04 applying credit loan	-	300,000
First Bank	2021/02/05-2023/02/05 applying mortage loan	680,000	911,500
JihSun Bank	2021/07/08-2023/06/29 applying credit loan	450,000	450,000
East Asia Bank	2021/06/24-2023/06/24 applying credit loan	150,000	200,000
Taipei Fubon Bank	2020/01/12-2022/01/12 applying credit loan	-	500,000
Taiwan Business Bank	2020/09/28-2022/09/28 applying credit loan	-	250,000
Taishin International Bank and 12 banks guarantee syndicated loan	2019/12/29-2024/12/29 issuing commercial paper	1,920,000	1,920,000
Land Bank	2021/04/07-2023/04/07 applying credit loan	200,000	200,000
Entie Bank	2021/03/04-2023/03/04 applying credit loan	200,000	-
O-Bank	2021/07/28-2023/07/28 applying credit loan	400,000	-

Bank	Borrowing period and repayment term	December 31,2021	December 31,2020
Cathay United Bank	2020/12/22-2023/02/28 applying credit loan	-	100,000
Taichung Commercial Bank	2021/12/16-2023/12/16 applying credit loan	-	200,000
Total		$5,600,000	$8,271,500
Interest rate range		0.73%~1.79%	0.92%~1.79%

2.Guarantee syndicated bank loans were obtained to fulfill the Company's mid-term working capital and to improve the financial structure. According to loan agreements, the Company shall maintain its current ratio, tangible net worth and interest coverage ratio during the loan periods.

3.Certain long-term borrowings were to satisfy the demands of the Company's mid-term working capital and to improve the financial structure. According to loan agreements, the Company shall maintain its debt ratio, net asset and interest coverage ratio during the loan periods.

4.Assets pledged as collateral please refer to Note 8 for details.

6.11. Operating leases

1.Lessor

The Company acts as a lessor to rent investment properties under operating lease. For related information, please refers to note 6.7 for more details.

Maturity analysis of lease payments for undiscounted lease payments to be received after the reporting date are as follows:

	December 31,2021	December 31,2020
Under 1 year	$49,890	$ 72,131
1~ 2 years	45,520	25,310
2~3 years	19,930	22,393
3~4 years	15,166	11,084
4~5 years	15,166	3,600
Over 5 years	26,855	17,400
Total	$172,527	$151,918

6.12. Pensions

Effective July 1, 2005, the Company has defined contribution pension plans set up according to the Labor Pension Act. 6% of employees' monthly salaries are contributed to each individual account governed by Bureau of Labor Insurance. Pension cost of $652 thousand and $620 thousand are recognized for the years ended December 31, 2021 and 2020, respectively.

6.13. Share capital

	December 31,2021	December 31,2020
Authorized share capital	$12,000,000	$12,000,000
Capital stock Issued	$9,131,067	$9,093,510

As of December 31, 2021, the Company's common stock was 9,131,067 thousand and outstanding common shares was 913,107 thousand shares with par value of $10 (in dollars) per share.

As of December 31, 2021, the Company's convertible bonds of $86,400 thousand have been converted into common stocks, among which 3,756 thousand shares have completed the registration proceedures and remaining 255 thousand shares are waiting for registration approval.

6.14. Capital surplus

1. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations should only be used to offset accumulated deficit, to issue new stocks or to pay out as cash dividend to shareholders, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus used to issue new stocks should not exceed 10% of the paid-in capital each year.

2. Capital surplus on December 31, 2021 and 2020 are as follows:

	December 31,2021	December 31,2020
Treasury stock transactions	$392,378	$288,582
Changes in shareholding - subsidiaries and associates accounted for under equity method	1,333,630	1,143,724
Difference between the proceeds and carrying amount for the acquisition or disposal of subsidiaries	550,965	545,327
Stock options of convertible bonds	77,332	-
Convertible bonds premium	46,684	-
Restricted stock	1,368	1,368
Merger premium	53,124	53,124
Total	$2,455,481	$2,032,125

6.15. Retained earnings

1. Legal reserve

The legal reserve is for making good the deficit (or loss) of the Company. However, when the Company incurs no loss, it may, pursuant to a resolution of shareholders' meeting, distribute 25% of the amount that legal reserve exceeds the total capital by issuing new shares or paid out cash as dividends.

2. Special reserve

(1) In accordance with the regulations, the Company shall set aside special reserve equal to the net debit balance of other equity items at the end of the reporting period before distributing earnings. When the net debit balance of other equity items is reversed subsequently, the reversed amount should be included in the distributable earnings.

(2) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with FSC NO. 1010012865 regulations on April 6, 2012 shall be reversed proportionately when the relevant assets are used, disposed or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

(3) On the initial application of fair value model to investment properties, the Company appropriated for a special reserve on initial application of IFRSs in accordance with FSC No. 1030006415 issued on March 18, 2014 at the amount that were the same as the net increase arising from fair value measurement and transferred to retained earnings. Additional special reserve should be appropriated for subsequent net increase in fair value. The amount appropriated may be reversed to the extent that the cumulative net increases in fair value decrease or on the disposal of investment property.

(4) The special reserves on December 31, 2021 and 2020 are as follows:

	December 31,2021	December 31,2020
Securities Exchange Act requirement	$2,507,949	$1,210,783
IFRSs first adoption	61,004	61,004
Changes in share interests of investee	250,198	252,989
Fair value adjustment of investment property	2,746,864	2,543,314
Total	$5,566,015	$4,068,090

3.Distribution of retained earnings

(1) According to the Company's articles of incorporation, annual earnings after income tax shall be first used to offset previous deficit, set aside 10% of the remaining amount as legal reserve and set aside or reverse a special reserve according to relevant regulations. Any remaining balance shall be allocated according to the resolution of shareholders' meeting.

The Company's dividend policy considers the development plan, investment environment, working capital needs, competition and shareholder's interest. Cash dividends shall be at least 10% of the total distribution.

(2) Information about the earning appropriations proposed by the Board of Directors for the year 2021, please refer to the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(3) Information about the earning appropriations proposed by the Board of Directors and resolved by the stockholders for the year 2020, please refer to the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(4) Information relate to employee's bonuses and director's remuneration, please refer to Note 6.20.

6.16. Treasury stock

	December 31,2021			
Subsidiary name	Shares (Thousand shares)	Market price (dollars)	Total Market price	Treasury shares amount
MFB	39,630	$22.65	$897,618	$403,974
Mercuries General Media, Inc.(MGM)	2,914	22.65	65,994	26,264
Mercuries Harvest Co., Ltd.(MH)	5,629	22.65	127,493	58,041
Total	48,173		$1,091,105	$488,279

	December 31,2020			
Subsidiary name	Shares (Thousand shares)	Market price (dollars)	Total Market price	Treasury shares amount
MFB	43,985	$20.70	$910,489	$448,367
MGM	2,914	20.70	60,312	26,264
MH	5,629	20.70	116,517	58,041
Total	52,528		$1,087,318	$532,672

MFB sold of 4,355 thousand shares of the Company in 2021.

6.17. Other equity

	Exchange differences arising on translation of foreign operations	Unrealized gain (loss) on financial assets at FVOCI	Other comprehensive income (loss) on reclassification under the overlay approach	Unearned employee benefit	Total
January 1, 2021	$(16,259)	$99,710	$(3,177,107)	$6,643	$(3,087,013)
The Company	(477)	(27,250)	-	-	(27,727)
Subsidiaries and associates	(3,863)	(414,653)	(842,160)	-	(1,260,676)
December 31, 2021	$(20,599)	$(342,193)	$(4,019,267)	$6,643	$(4,375,416)

	Exchange differences arising on translation of foreign operations	Unrealized gain (loss) on financial assets at FVOCI	Other comprehensive income (loss) on reclassification under the overlay approach	Unearned employee benefit	Total
January 1, 2020	$(16,180)	$79,948	$(1,810,452)	$6,643	$(1,740,041)
The Company	2,422	(64,049)	-	-	(61,627)
Subsidiaries and associates	(2,501)	83,811	(1,366,655)	-	(1,285,345)
December 31, 2020	$(16,259)	$99,710	$(3,177,107)	$6,643	$(3,087,013)

6.18. Operating revenue

	2021	2020
Leasing revenue	$78,531	$84,810
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	1,673,294	1,501,212
Dividend revenue	9,726	24,315
Gain (loss) on liquidation	-	(1,067)
Other revenue	-	1,429
Total	$1,761,551	$1,610,699

6.19. Other gains and losses

	2021	2020
Gain on financial liability at fair value through profit or loss	$2,898	$-
Gain on fair value adjustment of investment property	105,945	20,489
Gains on disposal of investment property	216,296	-
Loss on disposal of property, plant and equipment	(1,537)	(265)
Other losses	(12,133)	(16,905)
Total	$311,469	$3,319

6.20. Employee benefit

Subject	2021	2020
Wages and salaries	$56,726	$48,767
Labor and health insurance	1,213	996
Pension	947	915
Director's remuneration	10,900	8,500
Other employee benefit	443	373

The company had 23 and 18 employees for the year ended December 31, 2021 and 2020 which included 8 and 7 directors, respectively.

1. According to Company's Articles of Incorporation, it shall allocate no less than 1% of annual profit as bonuses to employees, and no more than 1% of annual profit as remuneration to directors, respectively, pursuant to the resolution of the boards of directors. However, the accumulated deficits should be covered first.

2. For the year ended December 31, 2021 and 2020, the employee bonus and directors remuneration were accrued at $31,100 thousands and $23,900 thousands. These amounts were recognized as salary expenses. Employee's bonuses and director's remuneration for 2020 had been approved by the shareholders meeting with no difference to the accrued amount in the financial statements ended December 31, 2020.

3. The information about employee's bonus and director's remuneration of the Company will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

6.21. Income tax expense (benefit)

1. Income tax expense

	2021	2020
Current income tax expense	$-	$-
Additional tax on unappropriated earnings	-	75,838
Income tax adjustment on prior years	(4,956)	(19,788)
Total current income tax expense (benefit)	(4,956)	56,050
Deferred income tax		
Origination and reversal of temporary differences	(10,175)	5,635
Income tax expense (benefit)	$(15,131)	$61,685

2. Reconciliation between income tax expense and accounting profit

	2021	2020
Tax calculated based on profit before tax at statutory tax rate	$375,026	$291,873
Effects from items disallowed by tax regulations	(375,026)	(291,873)
Effects from income tax on deferred income assets	(10,175)	5,635
Additional 5% tax on unappropriated earnings	-	75,838
Income tax adjustment on prior years	(4,956)	(19,788)
Income tax expense (benefit)	$(15,131)	$61,685

3. Deferred tax assets or liabilities as a result of temporary difference are as follows:

	2021					
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in equity	Income tax paid	December 31
Temporary differences:						
Investment property	$(249,167)	$10,122	$-	$-	$97,206	$(141,839)
Land value increment tax	(8,153)	-	-	-	-	(8,153)
Other	(1,838)	53	-	-	-	(1,785)
Total	$(259,158)	$10,175	$-	$-	$97,206	$(151,777)
Presented on balance sheet:						
Deferred tax assets	$-					$-
Deferred tax liabilities	(259,158)					(151,777)
	$(259,158)					$(151,777)

	2020				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Recognized in equity	December 31
Temporary differences:					
Investment Property	$(243,479)	$(5,688)	$-	$-	$(249,167)
Land value increment tax	(8,153)	-	-	-	(8,153)
Other	(1,891)	53	-	-	(1,838)
Total	$(253,523)	$(5,635)	$-	$-	$(259,158)
Presented on balance sheet:					
Deferred tax assets	$-				$-
Deferred tax liabilities	(253,523)				(259,158)
	$(253,523)				$(259,158)

4. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2021	December 31, 2020
Deductible temporary difference	$108,452	$106,087

5. Income tax returns of the Company through 2019 has been assessed and approved by the Tax Authority.

6.22. Earnings per share

2021	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollar)
Net profit	$1,890,261		
Basic earnings per share			
Profit or (loss) attributable to common shareholders	1,890,261	862,551	$2.19
Assumed conversion of all dilutive potential common shares			
Employee bonus		1,070	
Convertible bonds	14,118	105,786	
Diluted earnings per share			
Current profit (loss) attributable to common shareholders plus assumed conversion of all dilutive potential common shares	$1,904,379	969,407	$1.96

2020	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollar)
Net profit	$1,397,680		
Basic earnings per share			
Profit or (loss) attributable to common shareholders	1,397,680	857,203	$1.63
Assumed conversion of all dilutive potential common shares			
Employee bonus		1,238	
Diluted earnings per share			
Current profit (loss) attributable to common shareholders plus assumed conversion of all dilutive potential common shares	$1,397,680	858,441	$1.63

After the retrospective adjustment, the weighted average number of ordinary shares outstanding is calculated as follows:

	2021	2020
At January 1	909,351	826,683
Increase: Retained earning converted into common stock, 2020	-	82,668
Increase: Conversion of convertible bonds	992	-
Decrease: Shares held by the subsidiaries	(47,792)	(52,148)
Total	862,551	857,203

The pro forma net income and earnings per share if accounting for treasure stock had not been adopted are as follows:

	2021	2020
Profit attributable to common shareholders	$1,938,232	$1,445,087
Weighted average shares outstanding in basic earnings per share	910,343	909,351
Basic earnings per share (in dollars):		
Net Profit from continuing operations	$2.13	$1.59

The information of treasury stocks hold by subsidiaries, please refer to note 6.16.

7. RELATED-PARTY TRANSACTIONS

7.1. Related parties

Names of related parties	Relationship with the Company
MA	Subsidiary
MDS	Subsidiary
MLI	Subsidiary
MFB	Subsidiary
MF&B	Subsidiary

Names of related parties	Relationship with the Company
MLF	Subsidiary
MGM	Subsidiary
SCI	Subsidiary
Mercuries Insurance Agency Co., Ltd.(MIA)	Subsidiary
SD(Note1)	Subsidiary
SMR	Subsidiary
Horizon Securities Co., Ltd(HS)	Associate

Note 1:SD has been restructured from a joint venture to a subsidiary on December 22, 2020.

7.2. Significant transactions and balances with related parties

7.2.1. Rent revenues

	2021	2020
Subsidiary	$30,352	$31,527

7.2.2. Other income

	2021	2020
Subsidiary	$21,368	$29,994
Joint venture	-	2,010
Total	$21,368	$32,004

7.2.3. Service revenues

	2021	2020
Joint venture	$-	$1,429

7.2.4. Other expenses

	2021	2020
Associate	1,110	1,111

7.2.5. Accounts receivables (payables)-related parties

(1) Accounts receivables

	December 31, 2021	December 31, 2020
Subsidiary	$2,799	$904

(2) Accounts payables

	December 31, 2021	December 31, 2020
Subsidiary	$4	$770
Associate	84	84
Total	$88	$854

7.2.6. Deposits received

	December 31, 2021	December 31, 2020
Subsidiary	$90	$870

7.2.7. Bonds payable

The amounts of MLI's first perpetual cumulative subordinated corporate bonds held by the Company are as follows:

	December 31, 2021	December 31, 2020
Subordinated corporate bond	$250,000	$-

The above transactions of interest revenue are as follows:

	2021	2020
Interest revenue	$2,554	$-

7.2.8. Key management compensation

	2021	2020
Salaries and other short-term employee benefit	$31,763	$30,023

8. PLEDGED ASSETS

Assets provided by the Company for business purposes are as follows:

Assets	Book Value December 31,2021	Book Value December 31,2020	Purpose
MLI common stock	$2,966,899	$3,220,710	As a guarantee for credit line
Time deposits	-	600	As a guarantee for sales performance
Total	$2,966,899	$3,221,310	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

	December 31,2021	December 31,2020
Promissory notes for borrowing from financial institutions.	$10,980,000	$10,240,000
Endorsements/guarantees to subsidiary	$200,000	$-

10. SIGNIFICANT DISASTER LOSS: None

11. SIGNIFICANT SUBSEQUENT EVENTS:

The Company has resloved by board of directors to participate in MLI's cash capital increment and acquire 136,198 thousand shares with a consideration of 1,116,820 thousands on March 11, 2022.

12. OTHERS

12.1. Capital management

The objectives of capital management is to maintain capital structure, reduce capital cost and continue to operate at the maximum interests of shareholders.

12.2. Financial instruments

I. Fair value information of financial instruments

The Company does not disclose the fair value for short-term financial instruments, such as cash equivalents, notes receivable, accounts receivables, other receivables, FVOCI, other financial assets, bank borrowings, other payables and other liabilities, etc. Since these financial instruments have relatively shorter maturity date, their carrying amount can be fairly presented as the fair values, the Company does not disclose the fair value. Furthermore, the fair values information of financial assets and financial liabilities were summarized at note 12.3.

II. Financial risk management policies

(1) The Company's activities expose to a variety of financial risk including market risk (foreign exchange risk, interest risk and price risk), credit risk and liquidity risk. The Company's overall risk management policies focuse on the unpredictable areas of financial markets and seek to minimize potential adverse effects on the Company's financial position and financial performance.

(2) Risk management is carried out by a central finance department under policies approved by the Board of Directors. The general administration division identifies, evaluates and hedges financial risks to cooperate with the business operating units.

III. Significant financial risks and degrees of financial risks

(1) Market risk

A. Foreign currency risk

- The operation of the Company is affected by the exchange rate risks arising from various currencies, but the main risk is from the currency USD and JPY. The related exchange rate risk comes from recognized assets and liabilities denominated in foreign currencies.

- The Company businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations are as follows:

	December 31, 2021		
	Foreign currency amount	Exchange rate	NTD
Financial assets			
Investments accounted for under equity method			
USD	$597	27.68	$16,521

	December 31, 2020		
	Foreign currency amount	Exchange rate	NTD
Financial assets			
Investments accounted for under equity method			
USD	$597	28.48	$16,999

B. Foreign exchange sensitivity analysis

The following table shows the impact of 1% fall in the exchange rates of the local currencies to New Taiwan Dollar.

Currency	Exchange rate changes	Effect on profit or loss		Effect on equities	
		2021	2020	2021	2020
USD	-1%	-	-	(165)	(170)

C. Price risk

The Company is exposed to equity securities price risk of investments held and classified on the balance sheet of FVOCI. The Company is not exposed to commodity price risk.

D. Interest rate risk

Interest risk of the Company is from long-term borrowings and the cash flow risk is effected by floating interest rate.

(2) Credit risk

A. Credit risk is the risk of financial loss resulting from the inability of the client or counterparty to the financial instrument to perform its contractual obligations. Credit risk comes from cash and deposits held in banks, accounts receivable and committed transactions that have not yet been received. Banks and financial institutions with good credit ratings can be accepted as trading targets.

B. Management does not expect any significant losses due to non-performance by counterparties in 2021 and 2020.

(3) Liquidity risk

A. Cash flow forecasting is performed and aggregated by the general administration department of the Company with monitoring rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times, so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet's ratio targets.

B. The table below analyses the Company's non-derivative financial liabilities based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2021	Book value	Contractual cash flows	Less than 1 year	1~ 5 years	Over 5 years
Other payables	$69,699	$69,699	$69,699	$-	$-
Other financial liabilities	7,307	7,307	-	7,307	-
Bonds payable	2,151,380	2,213,600	-	2,213,600	-
Long-term borrowings	5,600,000	5,600,000	5,600,000	-	-

December 31, 2020	Book value	Contractual cash flows	Less than 1 year	1~ 5 years	Over 5 years
Other payables	$57,860	$57,860	$57,860	$-	$-
Other financial liabilities	13,946	13,946	-	13,946	-
Long-term borrowings	8,271,500	8,271,500	8,271,500	-	-

12.3. Fair value estimation

1. The table below analyses financial instruments measured at fair value using valuation method. The different levels have been defined as follows:

Level 1: Fair value of financial instruments classified in Level 1 is based on the quoted price for an identical financial instrument in an active market. The definition of active market includes all of the following conditions: A) the products traded in the market are homogeneous, B) willing parties are available anytime in the market, and C) price information is available for the public.

Level 2: Fair value of financial instruments classified in Level 2 is based on inputs other than quoted prices in active markets including observable input parameters obtained either directly (i.e., as prices) or indirectly (i.e., derived from prices) in active markets. Examples of observable inputs are as follows:

i) The quoted price for a similar financial instrument in an active market means the market transaction price for a similar financial instrument based on its characteristics and terms of transaction. The fair value of a financial instrument has to be adjusted according to the observable market price of the identical financial instrument. The reasons for adjustments include time lag of the market transaction prices for an identical financial instrument, wherein the quoted price does not represent the fair value at the measurement date. The reasons also include the difference in transaction terms for financial instruments, transaction prices involving related parties, and the relationship between the observable transaction prices of identical financial instruments and the market prices of held financial instruments.

ii) The quoted market price of an identical or similar financial instrument in an inactive market.

iii)The fair value is estimated on the basis of the results of a valuation technique, and the market inputs (i.e., interest rate, yield curve, and volatility rate) used are based on data obtainable from the market. An observable input can be derived from market data and reflects the expectation of market participants when it is used in evaluating the prices of financial instruments.

iv)A majority of the inputs are derived from observable market data, or the input correlation can be tested based on observable market data.

Level 3：Input for a fair value measurement for a financial instrument in Level 3 is not based on data obtainable from the market. An unobservable input, such as volatility for a share option derived from the share’s historical price, does not generally represent current market expectations about future volatility.

Financial instruments measured at fair value	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets:				
Financial assets at FVOCI:				
Common stock	$44,199	$127	$-	$44,072
Venture capital	11,640	-	-	11,640
Preferred stock	30,650	-	-	30,650

Financial instruments measured at fair value	December 31, 2020			
	Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets:				
Financial assets at FVOCI:				
Common stock	$66,543	$110	$-	$66,433
Venture capital	11,634	-	-	11,634
Preferred stock	36,674	-	-	36,674

There was no significant transfer between the first and second levels for the years ended December 31, 2021 and 2020.

2. Fair value information of significant unobservable impacts (Level 3)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at FVOCI	Market comparison method	Liquidity discount rate 2021 and 2020: 20%~35%	Inverse relationship

3. Classification process of Level 3 fair value

The Company's general administration department is responsible to verify the fair values of the assets based on independent sources that reflect the nearest market conditions. The Company ensure that the information used is independent, reliable, and coherent with other resources and represent exercisable prices. Also, the Company policy requires that these fair values are analyzed for remeasurement and reassessment on each reporting date to ensure that the fair values are reasonable.

4. Sensitivity analysis of Level 3 fair value

While the Company's measurement of fair value on financial assets are reasonable, these fair values might differ, should a different valuation model be used as its measurement method. The following table describes the impact to the profit or loss and other comprehensive income should change in the inputs be used on Level 3 financial assets.

	December 31, 2021					
	Input	Increase or decrease in input	Impact of changes in fair value on profit loss		Impact of changes in fair value on Other comprehensive income	
			Positive impact	Negative impact	Positive impact	Negative impact
Financial assets measured at FVOCI						
-Unquoted shares	Variable discount rate	1%	$-	$-	$87	$(87)
-Venture capital	Variable discount rate	1%	-	-	29	(30)

	December 31, 2020					
	Input	Increase or decrease in input	Impact of changes in fair value on profit loss		Impact of changes in fair value on Other comprehensive income	
			Positive impact	Negative impact	Positive impact	Negative impact
Financial assets measured at FVOCI						
-Unquoted shares	Variable discount rate	1%	$-	$-	$164	$(165)
-Venture capital	Variable discount rate	1%	-	-	29	(29)

12.4. Financial instruments not measured at fair value

The Company's financial instruments not measured at fair value are listed in the table below. Other than cash and cash equivalent, receivables / payables, refundable deposit and guarantee deposits received, whose values are reasonably closed to their fair value, as well as lease liabilities, disclosure of fair value is not required. The fair value of financial instruments and non-financial assets not measured at fair value are as follows:

	December 31, 2021			
Assets and liabilities	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial Assets:				
Financial assets measured at amortized costs	$225,980	$-	$225,980	$-

13.SUPPLEMENTARY DISCLOSURES

13.1. Significant transactions information

1.Loans to others: Appendix 1.

2.Provision of endorsements and guarantees to others: Appendix 2.

3.Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Appendix 3.

4.Marketable securities acquired and disposed of at costs or prices of at least $300 million or 20% of the paid-in capital: None

5.Acquisition of individual real estate properties at costs of at least $300 million or 20% of the paid-in capital: Appendix 4.

6.Disposal of individual real estate properties at prices of at least $300 million or 20% of the paid-in capital: Appendix 5.

7.Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None

8.Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None

9. Derivative financial instruments undertaken during the year ended December 31, 2020: Appendix 8.

10. Information on investees: Appendix 6.

13.2. Information on investments in Mainland China

1. The Company has resolved by the board of directors to invest USD 5,000 thousand in Foodservice, and further invested in Mercuries Bakery (shanghai) Ltd. (MB Shanghai) through Foodservice. The investment was approved by the Investment Commission MOEA No. 10100187460 on May 14, 2012 and No. 10000491270 on November 18, 2011.

   MB Shanghai seased its operation and liquidated on December 18, 2019. The remaining assets of USD 174 thousand has been repatriated to Foodservice. This liquidation had been approved and verified by the Investment Commission MOEA No. 10900238140 on August 25, 2020.

2. The Company has resolved by the board of directors to invest USD 5,000 thousand in Tastynoodle, and further invested in Mercuries Foodservice (Shanghai) Ltd. (MF Shanghai) through Tastynoodle. The investment was approved by the Investment Commission MOEA No. 1010018747 on May 14, 2012 and No. 10000491290 on November 18, 2011.

   MF Shanghai seased its operation and liquidated on October 30, 2019. The remaining assets of USD 27 thousand has been repatriated to Tastynoodle. This liquidation had been approved and verified by the Investment Commission MOEA No. 10900258870 on October 12, 2020.

3. The Company has resolved by the board of directors to invest USD 5,000 thousand in Family Shoemart, and further invested in Mercuries Rich Ltd. (MR) through Family Shoemart. The investment was approved by the Investment Commission MOEA No. 10100184740 on May 14, 2012 and No. 10000491290 on November 18, 2011.

   MR seased its operation and liquidated on July 27, 2020. The remaining assets of USD 390 thousand has been repatriated to Family Shoemart. This liquiation had been approved and verified by the Investment Commission MOEA No. 10900320080 on November 10, 2020.

4. The Company’s investment type, amount and shareholding in Mainland China, please refer to appendix 7.

13.3. Information on major shareholders：

Shareholding / Shareholder's Name	Shares	Percentage
Shang Lin Investment Co., Ltd.	187,146,480	20.48%
Shu Ren Investment Co., Ltd.	129,054,542	14.12%
Shang Hung Investment Co., Ltd.	60,101,185	6.58%
Shu Feng Investment Co., Ltd.	51,282,811	5.61%

1.The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialized form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialized form because of a different calculation basis.

2.If the aforementioned data contains shares which were kept in trust by the shareholders, the data disclosed was the settlor's separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio includes the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to Market Observation Post System.

Appendix 1 Loans to others

UNIT：NTD (In Thousands)

Number (Note 1)	Creditor	Borrower	Financial statement account (Note 2)	Related party	Maximum outstanding balance during the year ended December 31, 2021 (Note 3)	Balance at December 31, 2021 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason or short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)
													Item	Value		
1	MERCURIES DATA SYSTEMS LTD.	Mercuries Information Systems International	Other receivables	Yes	$20,000	-	-	1.75%	2	-	Working capital	-	-	-	$228,288	$913,152

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The parent company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Fill in the name of account in which the loans are recognized, such as receivables–related parties, current account with shareholders, prepayments, temporary payments, etc.

Note 3: Fill in the maximum outstanding balance of loans to others for the year ended December 31, 2021.

Note 4: The column of ‘Nature of loan’ shall fill in “1” for ‘Business transaction’ or “2” for ‘Short-term financing’.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: Fill in the purpose when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: Fill in limit on loans granted to a single party and ceiling on total loans granted as prescribed in the creditor company’s “Procedures for Provision of Loans”, and state each individual party to which the loans have been provided and the calculation for ceiling on total loans granted in the footnote.

(1)The nature of the loan is related to business transaction of MDS. Amount of the loan cannot exceed the amount of business transactions.

(2)Nature of the loan is related to financing necessity, total amount of loan cannot exceed 10% of net asset of MDS and the aggregate amount cannot exceed 40% of net asset of MDS.

Note 8: The amounts of funds to be loaned to others which have been approved by the Board of Directors of a public company in accordance with Article 14, Item 1 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”, the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the Board of Directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

Appendix 2 Provision of endorsements and guarantees to others:

UNIT：NTD (In Thousands)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsement/ guarantees provided for a single party (Note 2,4)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2021	Outstanding endorsement/ guarantee amount at December 31,2021	Actual Amount Drawn down	Amount of endorsement/ guarantees secured with collateral	Ratio of accumulate endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3,4)	Provision of endorsement/ guarantees by parent company to subsidiary	Provision of endorsement/ guarantees by subsidiary to parent company	Provision of endorsement / guarantees to the party in Mainland China
		Company name	Relationship with the endorser/ guarantor (Note 1)										
0	MERCURIES & ASSOCIATES HOLDING, LTD.	SANYOU DRUGSTORES, LTD.	2	$2,958,126	$200,000	$200,000	$-	-	1.01%	$5,916,252	Y	N	N
1	MERCURIES DATA SYSTEMS LTD.	MERCURIES DATA SYSTEMS LTD. (Note 5)	1	456,576	8,000	8,000	8,000	-	0.35%	1,141,440	N	N	N

Note 1: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories:
(1)Business transaction.
(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)The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.
(5)Mutual guarantee as required by the construction contract.
(6)Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note 2: Limit on provision of endorsements and guarantees to others granted to a single party cannot exceed 15% of the total net profit of the most recent financial statement.

Note 3: Total amount of provision of endorsements and guarantees to others cannot exceed 30% of total net profit of the most recent financial statement.

Note 4: 1.The total amount of accumulated external endorsements by the subsidiary MDS shall not exceed 50% of the net value of the latest financial statements of its verified by accountants.
2.The amount of the endorsement guarantee of the subsidiary MDS to a single enterprise shall not exceed 20% of the net value of the latest financial statements of the subsidiary its verified by an accountant.

Note 5: The MDS needs to procedure for handling endorsement/guarantee because of Import and export goods. It is endorsed by the MDS and guaranteed by the bank to issue a letter of guarantee to the customs.

Appendix 3 Holding of marketable securities at the end of the period

UNIT : NTD (In Thousands)/Thousand Shares

Securities held by	Marketable securities		Relationship with the securities issuer	Financial statement account	As of December 31, 2021				Footnote
					Number of shares	Book value	Ownership (%)	Fair value	
Mercuries & Associates Holding, Ltd.	Common Stock	FIRST FINANCIAL HOLDING.	-	Financial assets at fair value through other comprehensive income-current	5	$127	-	$127	NA
Mercuries & Associates Holding, Ltd.	Common Stock	CHIAO-FU REAL ESTATE MANAGEMENT CORP.	-	Financial assets at fair value through other comprehensive income-non-current	100	14,943	2.00%	14,943	NA
Mercuries & Associates Holding, Ltd.	Common Stock	CONCORD VENTURE CAPITAL CO., LTD.	-	Financial assets at fair value through other comprehensive income-non-current	3,124	11,640	3.12%	11,640	NA
Mercuries & Associates Holding, Ltd.	Common Stock	UNION OPTRONICS CORP.	-	Financial assets at fair value through other comprehensive income-non-current	366	6,005	0.69%	6,005	NA
Mercuries & Associates Holding, Ltd.	Common Stock	ADVANCE MATERIALS CORPORATION	-	Financial assets at fair value through other comprehensive income-non-current	2,093	19,135	1.78%	19,135	NA
Mercuries & Associates Holding, Ltd.	Common Stock	SEMICONDUCTOR CO., LTD	-	Financial assets at fair value through other comprehensive income-non-current	300	3,989	1.88%	3,989	NA
Mercuries & Associates Holding, Ltd.	Preferred Stock	MAGICAP VENTURE CAPITAL CO., LTD. PREFERRED SHARES A	-	Financial assets at fair value through other comprehensive income-non-current	317	30,650	1.45%	30,650	NA
Mercuries & Associates Holding, Ltd.	Common Stock	POWTEC ELECTROCHEMICAL CORPORATION	-	Financial assets at fair value through other comprehensive income-non-current	13,630	-	0.96%	-	NA
Mercuries & Associates Holding, Ltd.	Common Stock	VEEGO CORPORATION	-	Financial assets at fair value through other comprehensive income-non-current	400	-	2.22%	-	NA
Mercuries & Associates Holding, Ltd.	Corporate bonds	MERCURIES LIFE INSURANCE CO., LTD.	Investment accounted under the equity method	Financial assets measured at amortized cost-non-current	250	250,000	-	250,000	NA
Mercuries & Associates, Ltd.	Beneficiary certificates	PHI FUND, L.P. FUND	-	Financial assets at fair value through profit or loss-non-current	-	29,440	-	29,440	NA
Mercuries & Associates, Ltd.	Common Stock	ENERGENESIS BIOMEDICAL CO., LTD	-	Financial assets at fair value through other comprehensive income-non-current	354	14,006	0.53%	14,006	NA
Mercuries & Associates, Ltd.	Preferred Stock	ACEPODIA INC.	-	Financial assets at fair value through other comprehensive income-non-current	403	27,846	0.83%	27,846	NA

Appendix 3 Holding of marketable securities at the end of the period

UNIT：NTD (In Thousands)/Thousand Shares

Securities held by	Marketable securities		Relationship with the securities issuer	Financial statement account	As of December 31, 2021				Footnote
					Number of shares	Book value	Ownership (%)	Fair value	
Mercuries & Associates, Ltd.	Corporate bonds	MERCURIES LIFE INSURANCE CO., LTD.	Investment accounted under the equity method	Financial assets measured at amortized cost-non-current	60	60,000	-	60,000	NA
Mercuries Data Systems Ltd.	Common Stock	SHINEWAVE CO. LTD.	-	Financial assets at fair value through other comprehensive income-non-current	1,072	12,826	10.00%	12,826	NA
Mercuries Data Systems Ltd.	Common Stock	EASYCARD INVESTMENT HOLDING CO., LTD.	-	Financial assets at fair value through other comprehensive income-non-current	2,299	69,016	2.21%	69,016	NA
Mercuries Data Systems Ltd.	Common Stock	VEEGO CORPORATION	-	Financial assets at fair value through other comprehensive income-non-current	600	-	3.33%	-	NA
Mercuries Data Systems Ltd.	Common Stock	SHUN TAK HOLDINGS LIMITED	-	Financial assets at fair value through other comprehensive income-non-current	490	4,900	19.69%	4,900	NA
Mercuries Data Systems Ltd.	Common Stock	Piao Shi Jinghua	-	Financial assets at fair value through other comprehensive income-non-current	-	13,893	4.90%	13,893	NA
Mercuries Data Systems Ltd.	Preferred Stock	TAISHIN FINANCIAL HOLDING CO., LTD.	-	Financial assets at fair value through profit or loss-non-current	2,000	106,200	0.40%	106,200	NA
Mercury Fu Bao Co., Ltd.	Common Stock	ENERGENESIS BIOMEDICAL CO., LTD	-	Financial assets at fair value through profit or loss-non-current	654	29,312	0.99%	29,312	NA
Mercury Fu Bao Co., Ltd.	Common Stock	CONCORD VENTURE CAPITAL CO., LTD.	-	Financial assets at fair value through other comprehensive income-non-current	4,686	17,482	4.69%	17,482	NA
Mercury Fu Bao Co., Ltd.	Common Stock	SYSJUST CO., LTD	-	Financial assets at fair value through other comprehensive income-non-current	114	8,067	0.43%	8,067	NA
Mercury Fu Bao Co., Ltd.	Common Stock	MERCURIES & ASSOCIATES HOLDING, LTD.	Investment accounted under the equity method to the holding company	Financial assets at fair value through other comprehensive income-non-current	39,630	897,618	4.34%	897,618	NA
Mercury Fu Bao Co., Ltd.	Common Stock	POWTEC ELECTROCHEMICAL CORPORATION	-	Financial assets at fair value through other comprehensive income-non-current	4,697	-	0.33%	-	NA

Appendix 3 Holding of marketable securities at the end of the period

UNIT：NTD (In Thousands)/Thousand Shares

Securities held by	Marketable securities		Relationship with the securities issuer	Financial statement account	As of December 31, 2021				Footnote
					Number of shares	Book value	Ownership (%)	Fair value	
Mercuries General Media, Inc.	Common Stock	MERCURIES & ASSOCIATES HOLDING, LTD.	Investment accounted under the equity method to the holding company	Financial assets at fair value through other comprehensive income-non-current	2,914	65,994	0.32%	65,994	NA
Mercuries Harvest Co., Ltd.	Common Stock	MERCURIES & ASSOCIATES HOLDING, LTD.	Investment accounted under the equity method to the holding company	Financial assets at fair value through other comprehensive income-non-current	5,629	127,493	0.62%	127,493	NA
SCI Pharmtech Inc.	Beneficiary certificates	UPAMC JAMES BOND MONEY MARKET FUND	-	Financial assets at fair value through profit or loss-current	2,760	46,564	-	46,564	NA
SCI Pharmtech Inc.	Beneficiary certificates	NOMURA TAIWAN MONEY MARKET FUND	-	Financial assets at fair value through profit or loss-current	1,273	20,980	-	20,980	NA
SCI Pharmtech Inc.	Beneficiary certificates	YUANTA USD MONEY MARKET Fund USD	-	Financial assets at fair value through profit or loss-current	99	29,358	-	29,358	NA
SCI Pharmtech Inc.	Beneficiary certificates	FUBON CHINA POLICY BANK BOND ETF	-	Financial assets at fair value through profit or loss-current	420	8,387	-	8,387	NA
SCI Pharmtech Inc.	Common Stock	FUBON FINANCIAL HOLDINGS	-	Financial assets at fair value through profit or loss-current	32	2,411	-	2,411	NA
SCI Pharmtech Inc.	Preferred Stock	FUBON S&P PREFERRED STOCK	-	Financial assets at fair value through profit or loss-current	793	50,118	-	50,118	NA
SCI Pharmtech Inc.	Preferred Stock	FUBON S&P PREFERRED STOCK B	-	Financial assets at fair value through profit or loss-current	36	2,272	-	2,272	NA
SCI Pharmtech Inc.	Preferred Stock	TAISHIN FINANCIAL HOLDING CO., LTD. PREFERRED STOCK E	-	Financial assets at fair value through profit or loss-current	400	21,040	-	21,040	NA
SCI Pharmtech Inc.	Preferred Stock	CATHAY FINANCIAL HOLDING CO., LTD. PREFERRED STOCK A	-	Financial assets at fair value through profit or loss-current	790	49,691	-	49,691	NA
SCI Pharmtech Inc.	Preferred Stock	CATHAY FINANCIAL HOLDING CO., LTD. PREFERRED STOCK B	-	Financial assets at fair value through profit or loss-current	33	2,097	-	2,097	NA

Appendix 3 Holding of marketable securities at the end of the period

UNIT：NTD (In Thousands)/Thousand Shares

Securities held by	Marketable securities		Relationship with the securities issuer	Financial statement account	As of December 31, 2021				Footnote
					Number of shares	Book value	Ownership (%)	Fair value	
SCI Pharmtech Inc.	Preferred Stock	FUBON S&P US PREFERRED STOCK	-	Financial assets at fair value through profit or loss-current	2,350	38,963	-	38,963	NA
SCI Pharmtech Inc.	Preferred Stock	CTBC FINANCIAL HOLDING CO., LTD. PREFERRED STOCK B	-	Financial assets at fair value through profit or loss-current	685	43,977	-	43,977	NA
SCI Pharmtech Inc.	Preferred Stock	SHIN KONG FINANCIAL HOLDINGS PREFERRED STOCK A	-	Financial assets at fair value through profit or loss-current	642	27,349	-	27,349	NA
SCI Pharmtech Inc.	Preferred Stock	CHAILEASE PREFERRED STOCK A	-	Financial assets at fair value through profit or loss-current	150	15,225	-	15,225	NA
SCI Pharmtech Inc.	Common Stock	CATHAY FINANCIAL HOLDINGS	-	Financial assets at fair value through profit or loss-current	28	1,769	-	1,769	NA
SCI Pharmtech Inc.	Common Stock	SUNNY PHARMTECH INC.	-	Financial assets at fair value through other comprehensive income -non-current	4,497	31,032	3.25%	31,032	NA
SCI Pharmtech Inc.	Common Stock	ENERGENESIS BIOMEDICAL CO., LTD	-	Financial assets at fair value through other comprehensive income -non-current	1,603	41,489	2.42%	41,489	NA
Mercuries Furniture Co., Ltd.	Beneficiary certificates	PHI FUND, L.P. FUND	-	Financial assets at fair value through profit or loss -non-current	-	19,627	-	19,627	NA

Appendix 4 Acquisition of indivdual real estate properties at costs of at least $300 million or 20% of the paid-in capital.

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counterparty	Relationship with the Company	If the counterparty is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Other agreed matters
							Owner	Relationship with the Company	Date of transfer	Amount			
Mercuries Life Insurance Co., Ltd.	Neihu Huaku Finance and IT Center	August 18, 2021	3,400,000	Paid in full	Huaku Development Co., Ltd.	None	-	-	-	-	Evaluated by appraisal report	Self-use	-
SCI Pharmtech Inc.	Guany in factory	October 19, 2021	630,000	63,000	ECO Technical Services Co., Ltd.	None	-	-	-	-	Negotiation	Factory expansion	-

Appendix 5 Disposal of individual real estate properties at price of at least $300 million or 20% of the paid-in capital.

UNIT：NTD (In Thousands)/Thousand Shares

Name of Company	Name of property	Transaction date	Original date of acquisition	Book value	Transaction amount	Status of receivement	Gain or loss on disposal (Note)	Counterparty	Relationship with the Company	Purpose of disposal	Reference for the determining price	Other
MERCURIES & ASSOCIATES HOLDING, LTD.	No. 323, No. 323-1, No. 323-4, and No. 323-5, Section 2, Nankan Road, Luzhu Township, Taoyuan City and 48 parking spaces	September 17, 2021	74.1 96.1~96.5	1,332,167	1,553,000	Received in full	216,296	DIGIT MOBILE INC.	-	Activated assets	Evaluation according to appraisal report	None

Appendix 6 Information on investees

UNIT：NTD (In Thousands)/Foreign Currency(In Thousands)/Thousand Shares

Investor	Investees	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognized by parent company for the year ended December 31, 2021(Notes 1)	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value (Note2)			
Mercuries & Associates Holding, Ltd.	Mercuries Life Insurance Co., Ltd	Taipei	Life insurance	$5,584,639	$5,312,150	1,056,917	39.59%	$15,678,826	$1,090,798	$445,189	Subsidiary
Mercuries & Associates Holding, Ltd.	Mercuries & Associates, Ltd.	Taipei	Domestic and international well-known brands of footwear, apparel and related accessories.	250,000	250,000	40,000	100.00%	723,837	103,588	101,280	Subsidiary
Mercuries & Associates Holding, Ltd.	Mercuries Data Systems Ltd.	Taipei	Purchasing, sale, processing, and installation of computer equipment	612,844	612,844	98,505	53.44%	1,200,773	149,232	79,755	Subsidiary
Mercuries & Associates Holding, Ltd.	SCI Pharmtech Inc.	Taoyuan	Processing, Manufacture, and sale of active pharmaceutical ingredients (APIs) and API intermediates	614,293	614,293	30,283	31.75%	1,054,281	55,696	17,683	Subsidiary
Mercuries & Associates Holding, Ltd.	Simple Mart Retail Co., Ltd.	Taipei	Retail	367,393	368,289	41,019	60.77%	1,158,061	194,503	132,401	Subsidiary
Mercuries & Associates Holding, Ltd.	Mercury Fu Bao Co., Ltd.	Taipei	Liquor, cigar, and cigarette trading and agency.	14,164	14,164	236,260	100.00%	3,207,423	545,137	567,207	Subsidiary
Mercuries & Associates Holding, Ltd.	Mercuries General Media, Inc.	Taipei	Agency for import production of video tapes, etc.	30,237	30,237	4,200	86.96%	75,185	11,916	7,829	Subsidiary
Mercuries & Associates Holding, Ltd.	Mercuries Harvest Co., Ltd.	Taipei	Lease and sales of machinery equipment	90,478	90,478	9,000	100.00%	101,915	5,612	(17)	Subsidiary
Mercuries & Associates Holding, Ltd.	Mercuries F&B Co., Ltd.	Taipei	Beef noodles and pizza restaurant chain stores	514,500	514,500	56,569	93.63%	1,052,806	231,773	216,991	Subsidiary
Mercuries & Associates Holding, Ltd.	Mercuries Leisure Co., Ltd	Taipei	Leisure and entertainment	485,203	485,203	44,895	63.14%	449,071	8,677	5,479	Subsidiary
Mercuries & Associates Holding, Ltd.	Hipact Tech Inc.	Taipei	Operation Management Consultant and computer equipment installation	19,734	19,734	17	8.61%	534	107	9	Subsidiary
Mercuries & Associates Holding, Ltd.	Mercuries Furniture Co., Ltd.	Taipei	Furniture retail and decoration	626,210	626,210	13,000	100.00%	29,486	19,002	16,292	Subsidiary

Appendix 6 Information on investees

UNIT：NTD (In Thousands)/Foreign Currency(In Thousands)/Thousand Shares

Investor	Investees	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognized by parent company for the year ended December 31, 2021(Notes 1)	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value (Note2)			
Mercuries & Associates Holding, Ltd.	M. T. I. Cigars Co., Ltd.	Taipei	Liquor, cigar, and cigarette trading and agency.	750,000	750,000	3,209	100.00%	27,095	(144)	(144)	Subsidiary
Mercuries & Associates Holding, Ltd.	Mercuries Liquor & Food Co., Ltd.	Taipei	Sales of tobacco and liquor, beverage and food	180,300	180,300	10,500	100.00%	74,466	(34,404)	14,757	Subsidiary
Mercuries & Associates Holding, Ltd.	Mercuries Insurance Agency Co., Ltd.	Taipei	Insurance agency	3,000	3,000	500	100.00%	35,679	20,377	20,377	Subsidiary
Mercuries & Associates Holding, Ltd.	Mercuries Foodservice Co., Ltd.	Samoa	Investment	148,380	148,380	—	25.31%	6,124	—	—	Subsidiary
Mercuries & Associates Holding, Ltd.	Tastynoodle Co., Ltd.	Samoa	Investment	147,913	147,913	—	100.00%	741	—	—	Subsidiary
Mercuries & Associates Holding, Ltd.	Family Shoemart Co., Ltd.	Samoa	Investment	192,057	192,057	—	86.67%	9,656	—	—	Subsidiary
Mercuries & Associates Holding, Ltd.	Sanyou Drugstores, Ltd.	Taipei	Cosmeceutical	506,220	506,220	55,000	55.00%	84,609	10,241	5,633	Subsidiary
Mercuries & Associates Holding, Ltd.	Fuh Hwa Securities Investment Trust Co.,Ltd.	Taipei	Securities Investment Trust	86,800	86,800	1,971	3.28%	121,419	1,297,013	42,573	Associate
Mercuries Data Systems Ltd.	Mercuries Data Systems International Ltd.	British Virgin Islands	Investment	738,652	738,652	—	100.00%	213,026	(20,931)	(20,931)	Subsidiary
Mercuries Data Systems Ltd.	Hipact Tech Inc.	Taipei	Operation Management Consultant and computer equipment installation	114,435	114,435	146	72.80%	7,259	107	78	Subsidiary
Mercuries Data Systems Ltd.	Mercuries Information Systems International Co., Ltd	Taipei	Software and data processing services	3,000	3,000	300	100.00%	1,290	(135)	(135)	Subsidiary
Mercuries Data Systems Ltd.	Mercuries Life Insurance Co., Ltd	Taipei	Life insurance	59,737	59,737	6,277	0.24%	97,434	1,090,798	2,901	Subsidiary

Appendix 6 Information on investees

UNIT：NTD (In Thousands)/Foreign Currency(In Thousands)/Thousand Shares

Investor	Investees	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognized by parent company for the year ended December 31, 2021(Notes 1)	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value (Note2)			
Mercuries Data Systems Ltd.	Digicentre Company Limited.	Taipei	Software services	150,000	150,000	6,864	28.92%	169,920	19,165	5,543	Associate
Mercuries Data Systems International Ltd.	Core Info Tech Limited(Hong Kong)	Hong Kong	Investment	715,423	715,423	–	100.00%	213,835	(20,931)	(20,931)	Subsidiary
Mercuries & Associates, Ltd.	Mercuries Leisure Co., Ltd	Taipei	Leisure and entertainment	20,000	20,000	2,000	2.81%	20,005	8,677	244	Subsidiary
Mercuries & Associates, Ltd.	Family Shoemart Co., Ltd.	Samoa	Investment	29,995	29,995	–	13.33%	1,486	–	–	Subsidiary
Mercuries & Associates, Ltd.	Mercuries Life Insurance Co., Ltd	Taipei	Life insurance	115,952	80,408	14,571	0.55%	226,183	1,090,798	5,108	Subsidiary
Mercuries & Associates, Ltd.	Sanor Co., Ltd.	Taipei	Agency for shoes	80,000	–	8,000	50.00%	95,547	31,094	15,547	Joint Venture
Mercuries & Associates, Ltd.	TriHealth Enterprise Co., Ltd.	Taipei	Medicine circulation	70,000	–	2,800	21.21%	52,782	22,054	1,949	Associate
Mercuries & Associates, Ltd.	Simple Mart Retail Co., Ltd.	Taipei	Retail	4,347	–	63	0.09%	1,779	194,503	15	Subsidiary
Mercury Fu Bao Co., Ltd.	Mercuries Life Insurance Co., Ltd	Taipei	Life insurance	356,117	356,117	64,792	2.43%	1,076,507	1,090,798	(28,476)	Subsidiary
Mercury Fu Bao Co., Ltd.	SCI Pharmtech Inc.	Taoyuan	Processing, Manufacture, and sale of active pharmaceutical ingredients (APIs) and API intermediates	118,791	118,791	2,317	2.43%	144,807	55,696	1,353	Subsidiary
Mercury Fu Bao Co., Ltd.	Mercuries Leisure Co., Ltd	Taipei	Leisure and entertainment	75,262	75,262	3,718	5.23%	37,189	8,677	454	Subsidiary
Mercury Fu Bao Co., Ltd.	Hipact Tech Inc.	Taipei	Operation Management Consultant and computer equipment installation	8,840	8,840	10	5.17%	515	107	6	Subsidiary

Appendix 6 Information on investees

UNIT：NTD (In Thousands)/Foreign Currency(In Thousands)/Thousand Shares

Investor	Investees	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognized by parent company for the year ended December 31, 2021(Notes 1)	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value (Note2)			
Mercury Fu Bao Co., Ltd.	Mercuries Foodservice Co., Ltd.	Samoa	Investment	49,303	49,303	-	7.62%	1,844	-	-	Subsidiary
Mercury Fu Bao Co., Ltd.	Fuh Hwa Securities Investment Trust Co.,Ltd.	Taipei	Securities Investment Trust	14,429	133,200	322	0.54%	19,862	1,297,013	77,866	Associate
Mercury Fu Bao Co., Ltd.	Horizon Securities Co., Ltd	Taipei	Integrated Securities Houses	135,631	135,631	20,286	6.12%	326,212	1,239,274	75,956	Associate
Mercuries Harvest Co., Ltd.	Mercuries Leisure Co., Ltd	Taipei	Leisure and entertainment	7,000	7,000	687	0.97%	7,093	8,677	84	Subsidiary
Mercuries F&B Co., Ltd.	Mercuries Life Insurance Co., Ltd	Taipei	Life insurance	144,691	144,691	14,571	0.55%	226,183	1,090,798	6,129	Subsidiary
Mercuries F&B Co., Ltd.	Horizon Securities Co., Ltd	Taipei	Integrated Securities Houses	-	49,903	-	-	-	-	-	Associate
Mercuries F&B Co., Ltd.	Mercuries Leisure Co., Ltd	Taipei	Leisure and entertainment	70,000	70,000	6,749	9.49%	67,504	8,677	824	Subsidiary
Mercuries F&B Co., Ltd.	Mercuries Foodservice Co., Ltd.	Samoa	Investment	275,896	275,896	-	45.74%	11,064	-	-	Subsidiary
Mercuries F&B Co., Ltd.	Mercuries F&B Consulting Co., Ltd	Taipei	Catering retail and management	29,100	19,400	2,910	97.00%	12,928	(8,394)	(8,142)	Subsidiary
Mercuries F&B Co., Ltd.	Mercuries Food Service Japan Ltd	Japan	Catering retail	27,013	27,013	10	100.00%	15,544	(8,443)	(8,443)	Subsidiary
SCI Pharmtech Inc.	Yushan Pharmaceuticals, Inc.	Taoyuan City Luzhu Dist	The research and development , manufacture and sale of API	351,761	351,761	35,190	100.00%	348,599	(587)	(587)	Subsidiary
SCI Pharmtech Inc.	Framosa Co., Ltd.	Taipei	Circular economy by purifying and utilizing used solvents	66,000	-	6,600	40.00%	52,447	(33,883)	(13,553)	Associate

Appendix 6 Information on investees

UNIT：NTD (In Thousands)/Foreign Currency(In Thousands)/Thousand Shares

Investor	Investees	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognized by parent company for the year ended December 31, 2021(Notes 1)	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value (Note2)			
M. T. I. CIGARS CO., LTD.	Mercuries Foodservice Co., Ltd.	Samoa	Investment	134,428	134,428	-	21.33%	5,159	-	-	Subsidiary
Mercuries Furniture Co., Ltd.	Mecuries Life Insurance Co., Ltd	Taipei	Life insurance	143,635	143,635	11,795	0.44%	183,091	1,090,798	4,955	Subsidiary
Mercuries Liquor & Food Co., Ltd.	Shang Rih Ltd.	Taipei	Retail	6,000	6,000	600	100.00%	6,871	1,571	1,571	Subsidiary
Simple Mart Retail Co., Ltd.	Simple Mart Plus Co., Ltd.	Taipei	Catering retail	60,000	60,000	6,000	100.00%	41,191	(3,317)	(3,317)	Subsidiary
Simple Mart Retail Co., Ltd.	Sanyou Drugstores, Ltd.	Taipei	Cosmeceutical	55,980	55,980	45,000	45.00%	59,806	10,241	4,375	Subsidiary
Shang Rih Ltd.	Mercuries Liquor & Food Japan Co., Ltd.	Japan	Sales of liquor, beverage and food	4,116	4,116	-	100.00%	6,339	1,686	1,686	Subsidiary
Mercuries Life Insurance Co., Ltd	Fuh Hwa Securities Investment Trust Co.,Ltd.	Taipei	Investment consulting and asset management	825,352	825,352	18,426	30.71%	1,457,545	1,297,013	398,305	Associate
Mercuries Life Insurance Co., Ltd	Horizon Securities Co., Ltd.	Taipei	Integrated Securities Houses	65,139	263,113	7,085	2.14%	113,932	1,239,274	66,114	Associate
Mercuries Life Insurance Co., Ltd	CMG International One Co., Ltd	Taipei	Residence and Buildings Lease Construction and Development	675,000	675,000	67,500	45.00%	669,617	(11,527)	(5,187)	Associate
Mercuries Life Insurance Co., Ltd	CMG International Two Co., Ltd	Taipei	Residence and Buildings Lease Construction and Development	675,000	675,000	67,500	45.00%	664,371	(16,869)	(7,592)	Associate
Mercuries Life Insurance Co., Ltd	NFC II Renewable Power Co., Ltd.	Taipei	Investment, operation and management of solar power plants	157,500	-	15,750	21.00%	157,044	(2,173)	(456)	Associate

Note 1:Including the current amortization of unrealized gains and losses and the difference between the investment cost and the equity net value the current amortization.
Note 2:Including rent for related-party of the fair value adjustment of investment property.

Appendix 7 Information on investments in Mainland China:

UNIT：NTD (In Thousands)/Foreign Currency(In Thousands)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the period ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee as of December 31, 2021	Ownership held by the company (direct or indirect)	Investment income (loss) recognized by the parent company for the year ended December 31, 2021(Note 2)	Book value of investment in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021
					Remitted to Mainland China	Remitted back to Taiwan						
Nanjing Sanshang Computer Software Development Co., Ltd.	Computer software, information software development, production, sales, self-produced product management and related technical consulting services	US21 million	(2)	668,244	-	-	668,244	(20,933)	100.00%	(20,933) (2)B	210,257	-
Nanjing Dingshang Digital Technology Co., Ltd.	Engineering design and construction of software development, electronic technology research and development, technology transfer service, communication, network, electromechanical, transportation, etc.	RMB4 million	(3)	-	-	-	-	(3,542)	42.00%	(1,488) (2)B	2,141	-

Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 3)
$701,719 (Note4)	(1)Beijing Mercury Computer Information System Equipment Co., Ltd. invested USD$1,000,000. (2)Nanjing Dingshang Digital Technology Co., Ltd. invested USD$19,818,822.	$1,369,727
$4,624 (Note5)	Freetech Intelligent Systems Co., Ltd invested USD$159,988.	$528,903

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1)Directly invest in a company in Mainland China.

(2)Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(3)Others.

Note 2: In the 'Investment income (loss) recognized by the parent company for the year ended December 31, 2020' column:

(1)It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2)Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B. The financial statements that are audited and attested by R.O.C. parent company's auditors.

C. Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: Including Beijing Sanshang Computer Information System Equipment Co., Ltd., which has been liquidated and deregistered, but has not yet applied to the Investment Review Committee of the Ministry of Economic Affairs to cancel the investment quota, the investment of USD 1,000,000 has been approved by the Investment Review Committee of the Ministry of Economic Affairs. The liquidation was completed on February 5, 2001.

Note 5: Subsidiaries MA and MF reinvested in Freetech Intelligent Technology Co., Ltd. through PHI FUND, L.P. Shareholding ratio is 0.0372%.

Appendix 8、Derivative financial instruments undertaken during the year ended December 31, 2021.

(1) The information of derivatives financial instruments

1. MLI

The MLI's derivative instruments includes forward foreign exchange contracts, foreign exchange swaps contracts, and cross currency swaps contracts. Relevant information is as follows:

(1) Type, purpose, contract (principal) value and carrying amount

The MLI's forward foreign exchange contracts, foreign exchange swaps contracts, and cross currency swaps contracts are mainly used to avoid the risk arise from changing in interest rate.

The MLI's hedging strategy is aimed to avoid most of the market price risk. The MLI uses derivatives (which fair value are inversely proportional to the assets being hedged) as hedging instruments and assesses it regularly. However, the derivatives do not meet the conditions of hedge accounting, thus, they are classified as financial assets held for trading.

The details of the derivative instruments held by MLI are as follows:

	December 31, 2021		
	Carrying amount	Currencies	Amount
Financial assets measured at FVTPL:			
Forward foreign exchange contracts, non-deliverable forward and foreign exchange swaps	$2,347,979	USD	16,994,000
Forward foreign exchange contracts	38,320	AUD	155,000
Cross currency swaps contracts	980,647	USD	650,000
	$3,366,946		
Financial liabilities measured at FVTPL:			
Forward foreign exchange contracts, non-deliverable forward and foreign exchange swaps	$88,931	USD	1,495,000
Forward foreign exchange contracts	22,216	AUD	77,900
Forward foreign exchange contracts	13,840	NZD	79,100
	$124,987		

	December 31,2020		
	Carrying amount	Currencies	Amount
Financial assets measured at FVTPL:			
Forward foreign exchange contracts, non-deliverable forward and foreign exchange swaps	$4,686,573	USD	8,328,000
Cross currency swaps contracts	566,673	USD	720,000
Structured bonds	579,168	USD	20,000
	$5,832,414		
Financial liabilities measured at FVTPL:			
Forward foreign exchange contracts, non-deliverable forward and foreign exchange swaps	$1,699,941	USD	6,234,000
Forward foreign exchange contracts	47,907	CNH	1,950,000
Forward foreign exchange contracts	71,753	NZD	127,800
Forward foreign exchange contracts	159,606	AUD	168,700
Futures	108	-	-
	$1,979,315		

(2)Fair Value

The fair value of the derivative is the amount that MLI may claim or have to pay if the contract is terminated on the reporting date. It generally includes unrealized gains and losses from outstanding contracts for the current period. The fair value of MLI's derivatives is calculated from the quotation of financial institutions.

The company's futures transactions for hedging purpose on December 31, 2021 and 2022 are as follow:

December 31, 2020

Open position					
Item	type	Buyer/ Seller	Open position	Contract principal amount	Market value
Futures	Taiwan Stock Price Index Futures	Seller	1	$2,828	$(108)

The futures of MLI held on December 31, 2021 was closed.

The margin paid for futures exchange were $952,290 thousand and $1,133,469 thousand on December 31, 2021 and 2020, respectively. The margins were classified under guarantee deposits.

(3) Presentation of derivatives on financial statement

Derivatives of the Company (including forward foreign exchange, cross currency swaps, structured deposits and convertible corporate bonds conversion rights) presented under balance sheet are as follows:

	December 31, 2021	December 31, 2020
Financial assets at fair value through profit or loss	$3,366,946	$5,832,414
Financial liabilities at fair value through profit or loss	$124,987	$1,979,315

Mercuries & Associates Holding, Ltd.
Accounting items

Statement of financial assets at fair value through other comprehensive income

December 31, 2021

Name of securities	Description	Units	Par Value	Amount	Rate (%)	Cost	Accumulated impairment	Fair Value		Note
								Unit Price	Total Price	
Financial assets at fair value through other comprehensive income-current:										
First Bank		5	$10	$50		$56	$-	$24.50	$127	
Valuation adjustments for financial assets at fair value through other comprehensive income-current:				-		71	-	-	-	
Total				$50		$127	$-		$127	

Statement of notes receivable

December 31, 2021

Client Name	Description	Amount	Note
Non-related parties:			
Tianxi		$1,900	
HotShoes.TW		2,940	
Momentum		2,688	
Power wind health industry incorporated		2,662	
Total		$10,190	

Statement of accounts receivable

December 31, 2021

Client Name	Description	Amount	Note
Non-related parties:			
E-Yuan		$662	
Lan Tian		195	
Li Yang		97	
		$954	
Related parties:			
MLF		$205	
Subtotal		$205	
Total		$1,159	

Statement of financial assets at fair value through other comprehensive income-non-current

For the years ended December 31, 2021

Item	Beginning balance		Increase		Decrease		Ending balance		Accumulated Impairment	Guarantee or Pledge	Note
	Shares	Fair Value	Shares	Amount (Note 1)	Shares	Amount (Note 1)	Shares	Fair Value			
Chiaofu Real Estate Management Co., Ltd.	100	$ 45,141	-	$-	-	$(30,198)	100	$14,943	$-	None	
Concord Venture Capital CO.,LTD.	3,124	11,634	-	6	-	-	3,124	11,640	-	None	
Union Optronics Corp.	366	6,938	-	-	-	(933)	366	6,005	62,619	None	
Advance Materials Corporation	2,158	11,133	-	8,315	(65)	(313)	2,093	19,135	-	None	
Semiconductor Co., Ltd.	300	3,221	-	768	-	-	300	3,989	3,000	None	
MagiCap Venture Capital Co., Ltd., Preferred stock A	363	36,674	-	-	(46)	(6,024)	317	30,650	-	None	
Powtec Electrochenical Corporation	13,630	-	-	-	-	-	13,630	-	-	None	
Total	20,041	$ 114,741	-	$9,089	(111)	$(37,468)	19,930	$86,362	$65,619		

NOTE 1：It includes valuation adjustment of fair value.

Statement of financial assets at amortized cost- non-current

For the years ended December 31, 2021

Item	Beginning balance		Increase		Decrease		Ending balance		Accumulated Impairment	Guarantee or Pledge	Note
	Shares	Fair Value	Shares	Amount	Shares	Amount	Shares	Fair Value			
MLI Subordinated corporate bond	-	$-	250	$250,000	-	$-	250	$250,000	$-	None	
Total	-	$-	250	$250,000	-	$-	250	$250,000	$-		

Statement of Investments accounted for under equity method

For the years ended December 31, 2021

Name	Beginning balance		Increase		Decrease		Ending balance			Market price or equity		Guarantee or Pledge	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of shares	Amount	Unit Price	Total Price		
1.Mercuries Life Insurance Co., Ltd.	1,009,228	$16,252,153	47,689	$272,489	$-	$(845,816)	1,056,917	39.59%	$15,678,826	9.24	$9,765,911	Note 8	
2.Mercuries & Associates, Ltd.	40,000	732,758	-	-	-	(8,921)	40,000	100.00%	723,837	19.24	769,406	None	
3.Mercuries Data Systems Ltd.	98,505	1,167,269	-	33,504	-	-	98,505	53.44%	1,200,773	13.05	1,285,489	None	
4.SCI Pharmtech Inc.	25,236	1,054,787	5,047	-	-	(506)	30,283	31.75%	1,054,281	84.00	2,543,802	None	
5.Simple Mart Retail Co., Ltd.	41,119	909,442	-	248,619	(100)	-	41,019	60.77%	1,158,061	70.80	2,904,142	None	
6.Mercury Fu Bao Co., Ltd.	236,260	2,882,577	-	324,846	-	-	236,260	100.00%	3,207,423	15.72	3,714,094	None	
7.Mercuries General Media, Inc.	4,200	72,680	-	2,505	-	-	4,200	86.96%	75,185	25.31	106,305	None	
8.Mercuries Harvest Co., Ltd.	9,000	101,100	-	815	-	-	9,000	100.00%	101,915	19.04	171,367	None	
9.Mercuries F&B Co., Ltd.	47,940	1,041,159	8,629	11,647	-	-	56,569	93.63%	1,052,806	18.65	1,054,821	None	
10.Mercuries Leisure Co., Ltd	44,895	443,592	-	5,479	-	-	44,895	63.14%	449,071	10.00	449,071	None	
11.Hipact Tech Inc.	17	525	-	9	-	-	17	8.61%	534	49.85	859	None	
12.Mercuries Furniture Co., Ltd.	13,000	30,270	-	-	-	(784)	13,000	100.00%	29,486	8.62	112,099	None	
13.M. T. I. CIGARS CO., LTD.	3,209	27,388	-	-	-	(293)	3,209	100.00%	27,095	8.44	27,095	None	
14.Mercuries Liquor & Food Co., Ltd.	10,500	60,512	-	13,954	-	-	10,500	100.00%	74,466	7.09	74,466	None	
15.Mercuries Insurance Agency CO.,LTD	500	26,320	-	9,359	-	-	500	100.00%	35,679	71.36	35,679	None	
16.Mercuries Foodservice CO., LTD.	-	6,031	-	-	-	(177)	-	25.31%	6,124	-	-	None	
17.Tastynoodle CO., LTD.	-	763	-	-	-	(22)	-	100.00%	741	-	-	None	
18.Family Shoemart CO.,LTD.	-	9,935	-	-	-	(279)	-	86.67%	9,656	-	-	None	
19.Fuh Hwa Securities Investment Trust Co., Ltd.	1,971	102,787	-	18,632	-	-	1,971	3.28%	121,419	46.31	91,144	None	
20.Sanyou Drugstores, Ltd.	55,000	78,976	-	5,633	-	-	55,000	55.00%	84,609	1.56	85,725	None	
Less: Transfer to treasury stocks	-	(532,672)	-	44,393	-	-	-	-	(488,279)				
Total		$24,468,622		$991,884		$(856,798)			$ 24,603,708				

Statement of accumulated impairment of investments accounted for under equity method

For the years ended December 31, 2021

Item	Beginning balance	Increase	Decrease	Ending balance	Note
1. Hipact Tech Inc.	$3,041	$-	$-	$3,041	
2. SCI Pharmtech Inc.	53,443	-	-	53,443	
3. Fuh Hwa Securities Investment Trust Co., Ltd.	36,536	-	-	36,536	
	$93,020	-	-	$93,020	

Statement of other non-current assets

December 31, 2021

Item	Description	Amount	Note
Refundable deposits	Customs deposit, etc.	$30	
Other		14,200	
Total		$14,230	

Statement of other current liabilities

December 31, 2021

Item	Description	Amount	Note
Advance receipts		$10,191	
Other		17,750	
Total		$27,941	

Statement of other non-current liabilities

December 31, 2021

Item	Description	Amount	Note
Guarantee deposits received		$7,307	
Unrealized benefits of disposing of assets		48,791	
Other		9	
Total		$56,107	

Statement of general and administrative expense

For the year ended December 31, 2021

Item	Description	Amount	Note
Salaries		$68,573	
Sundry charges		54,966	
Taxes		9,405	
Services expense		12,316	
Commission expense		17,619	
Other expense		12,091	The amount of individual item included in others does not exceed 5% of the account balance.
Total		$174,970	

Statement of employee benefits, depreciation and amortization by function

For the year ended December 31, 2021

		2021			2020		
		Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefit							
Salaries	The company	$-	$40,146	$40,146	$-	$35,587	$35,587
	The subsidiary	-	16,580	16,580	-	13,180	13,180
Labor and health insurance		-	1,213	1,213	-	996	996
Pension		-	947	947	-	915	915
Director's remuneration		-	10,900	10,900	-	8,500	8,500
Others		-	443	443	-	373	373
Depreciation		-	1,679	1,679	-	2,092	2,092
Amortization		-	423	423	-	59	59

Note 1: The Company had average 23 and 18 employees for the years ended December 31, 2021 and 2020, which included 8 and 7 non-employee directors, respectively.

Note 2:(a)Average employee benefits for current year was 2,850 thousand. Average employee benefits for previous year was 3,443 thousand.

(b)Average salaries for current year was 2,676 thousand. Average salaries for previous year was 3,235 thousand.

(c)The variation of adjustments of average salaries was (17.28%).

(d)The policies of the company's compensation is as follows:

The Company adopts a gender equality, equal pay for equal work, reasonable and motivating pay policy. Employees regularly accept performance evaluation, and the results become the basis for compensation, job assignment, promotion and management of personnel. The Company adjusts wages every year in considering the market salary level, external environmental changes, the company's operating conditions and personal performance to ensure that wages in line with market level and fairness. Adhering to the principle of profit sharing, year-end bonuses and employee compensation are paid according to the operating profits of the Company.