

Stock Code : 6024



Capital Futures Corp.

General Meeting of Shareholders in 2019

Meeting Handbook

Date and Time : 10:30 am, May 30th, 2019

Place : B2, No. 97, Sec. 2, Dunhua S. Rd.,
Taipei 106, Taiwan, R.O.C.

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Capital Futures Corp.

2019 General Meeting of Shareholders Procedure

- I. Announcement of the meeting in session
- II. Speech of the Chairman
- III. Reporting Matters
- IV. Recognition Matters
- V. Discussion Matters
- VI. Extemporaneous Motions
- VII. Adjournment

Capital Futures Corp.

2019 General Meeting of Shareholders

Meeting Agenda

Date and Time: 10:30 am Thursday, May 30th, 2019

Place: B2, No. 97, Sec. 2, Dunhua S. Rd., Taipei 106, Taiwan,
R.O.C.

- I. Announcement of meeting in session
- II. Speech of the Chairman
- III. Reporting Matters
 - 1. Presenting the Company's 2018 Business Report.
 - 2. Audit Committee's report after reviewing 2018 Financial Statements.
 - 3. Report on the distribution of employees' compensation and Directors' remuneration in 2018.
 - 4. Amendment to the Company's "Code of Ethical Conduct"
 - 5. Presenting the Company's "Corporate Social Responsibility Policy"
- IV. Recognition Matters
 - 1. 2018 Business Report and Financial Statements
 - 2. Proposal for Distribution of 2018 earnings
- V. Discussion Matters
 - 1. Amendment to the Company's "Procedures for the Acquisition and Disposal of Assets"
- VI. Extemporaneous Motions
- VII. Adjournment

Reporting Matters

1.	<p>Reported issue: Presenting the Company's 2018 Business Report.</p> <p>Details: Please refer to Attachment 1 for the Company's 2018 Business Report (page 7~11 of this handbook).</p>
2.	<p>Reported issue: Audit Committee's report after reviewing 2018 Financial Statements.</p> <p>Details: Please refer to Attachment 2 for 2018 Audit Committee's Review Report (page 12 of this handbook).</p>
3.	<p>Reported issue: Report on the distribution of employees' compensation and Directors' remuneration in 2018.</p> <p>Details: The 2018 distributable profit before tax of the Company is NT\$974,421,424. According to Article 27 in the Company's Articles of Association: "The Company should distribute 0.6% to 2% of the profit of the current year distributable as employees' compensation, and 3% or less of its profit of the current year distributable as Directors' remuneration." The distribution of remuneration to employees for an amount of NT\$12,082,826 and remuneration to Directors for an amount of NT\$12,082,826 was resolved in the Board meeting of the Company on March 27, 2019 which all of the remuneration to be distributed in cash. The aforesaid amount accounted for 1.24% of the Company's 2018 earning. Please refer to Attachment 3 of this handbook. (page 13)</p>
4.	<p>Reported issue: Amendment to the Company's "Code of Ethical Conduct".</p> <p>Details: The Company amended "Codes of Ethical Conduct" according to "Regulations of Internal Control System". Please refer to Attachment 4 (page 14~19) of this handbook for the "The clauses of the Code of Ethical Conduct before and after amendment".</p>
5.	<p>Reported issue: Presenting the Company's "Corporate Social Responsibility Policy"</p> <p>Details: Please refer to the Attachment 5 for the Company's "Corporate Social Responsibility Activities Program". (page 20~31)</p>

Recognition Matters

1.	<p>Subject: The Company's 2018 business report and Financial Statements are presented for acknowledgement (Proposed by the Board of Directors).</p> <p>Details: 1. The Company's 2018 Consolidated Financial Statements and the Individual Financial Statements were audited by the CPA Lee, Feng-Hui and CPA Chung, Tan-Tan of KPMG Taiwan and were acknowledged on 8th meeting of the 8th Board of Directors (March 27, 2019). The audited Financial Statements and the business report were reviewed by the Audit Committee without any nonconformity identified and with a review report issued.</p> <p>2. Please refer to Attachment 1 (page 7~11) and Attachment 6 (page 32~39) for Business report and CPA's audit report.</p> <p>Resolution:</p>
2.	<p>Subject: The Company's 2018 earning's distribution for acknowledgement. (Proposed by the Board of Directors).</p> <p>Details:</p> <p>1. The net profit after-tax of the Company in 2018 is NT\$835,205,487 plus (1) Accumulated undistributed earnings NT\$ 482,614, and (2) Returned Special reserve appropriated due to other reduction of shareholders' equity occurred NT\$19,869,129, then subtracts (3) Actuarial loss on defined benefit plan included in Retained Earnings of this year NT\$ 372,874, to calculate the distributable net profit in 2018 is NT\$855,184,356 which according to the Article of Association of the Company can be distributed as following:</p> <p>A. The amount of Legal reserve is NT\$83,520,549.</p> <p>B. The amount of Special reserve is NT\$171,217,124.</p> <p>C. Cash dividend will amount to NT\$599,887,786 at NT\$3.4/share on the basis of 176,437,584 outstanding shares round to the nearest NTD. The fraction falling below this amount shall be recognized as other incomes of the Company, as for the unappropriated retained earnings in the end of term is NT\$ 558,897. The Chairman shall set the dividend day and related issues upon the finalization of the General Meeting of shareholders.</p> <p>2. If the Company is affected the number of outstanding shares as a</p>

result of changes in share capital, so that the shareholders of the interest rate changes, intends to authorize the Chairman to adjust.
3. Please refer to Attachment 7 for the “Distribution of 2018 Earnings”.
(page 40)

Resolution:

Discussion Matters

1.	<p>Subject: Amendment to the Company's "Procedures for the Acquisition and Disposal of Assets". (Proposed by the Board of Directors)</p> <p>Details: 1. According to Letter Chin-Kuan-Cheng-Fa-Zi No. 1070341072 of Securities and Futures Bureau of Financial Supervisory Commission dated Nov. 26, 2018, published the new "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" to amend the "Procedures for the Acquisition and Disposal of Assets" of the Company which total are 32 articles.</p> <p>2. Please refer to Attachment 8 for "Procedures for the Acquisition and Disposal of Assets after the amendment". (page 41~57)</p> <p>Resolution:</p>
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Extemporaneous Motions

Adjournment

Capital Futures Corp.
2018 Business Report

I.2018 Operating performance

In 2018, with the efforts from whole employees of Capital Futures (“the Company”), the annual trading volume of domestic futures business has reached 6.97% market share and 42.93 million lots which increased by 28% from previous year. The Company has reached 22.5% market share in overseas futures market, and the annual trading volume was 9.6 million lots which increased by 27.6% from previous year. This outstanding performance was mainly benefited from obtaining memberships from several Exchanges, trading through Direct Market Access (DMA), and holding marketing activities consequently. In terms of FX trading business, it also contributes profit to the Company, the annual trading volume was 0.22 million lots which increased by 39% from previous year.

The consolidated revenues and net income before tax of the Company in 2018 was NT\$2,849 million and NT\$954 million which increased by 6.47% and 15.12% from previous year respectively. The Company’s profit grew up continuously, the consolidated after-tax net income was NT\$838 million which increased by 14.27% from last year and hit the record high since from established. Obviously, every business line of the Company keeps growing up in 2018, especially on domestic stock futures, overseas futures and FX trading business, which all contribute a lot to revenues. During the last year, futures market became more active since the high volatility of financial market, which has driven the revenues of brokerage sales business, FX trading business and proprietary trading business increased under the fluctuation investment environment.

Moreover, in July of 2018, the Company’s stock was constituted in the TWSE Corporate Governance 100 index who is the only FCM in Taiwan to be listed on it. It is also a positive acknowledgement of the Company's operation and management.

As a leader in the field of Fintech development, the Company not only captures market trends in an efficiency way, but constructs a self-owned IT system actively with taking innovation differences as the DNA. The Capital view is the exclusive live show program of the Company which could lead in analyzing global investment products and opportunities through researching fundamental financial information and market analysis to provide professional real-time investment suggestions. In the next years, the Company is going to expand the business landscape, such as looking for the suitable merger and acquisition targets from domestic and abroad, and setting up futures companies in China, Singapore...etc. if possible. Besides, the Company would also strengthen the leverage trading and asset management business to create absolute return. Furthermore, the Company aims to operate diversified business and profit diversification for building a multi-engine profit model, and the overall performance of the Company will continue to challenge new highs.

Additionally, the Company sets 7 Directors in Board of Directors (including 3 independent Directors) who are all with the profession of operating management, financial & accounting, law professional, international market and leadership strategy. Through rich financial experience and various operating expertise from Directors who are with diversified background, the Company could implement the operation supervision and management for pushing up the Company's whole development strategy, business performance, business operating improvement, and right protection of investors. The Company will continue to implement the service entity economy, strengthen corporate governance, fully safeguard the rights and interests of shareholders, and comply with the rigorous internal control system. For pursuing long-term profit stability, the Company not only construct a safe investment environment, but would fulfill the corporate social responsibility to become a financial company which could do all the best to customers.

II.2018 income and profit analysis

Unit: NTD thousands

Item	2018	2017
Income	2,849,492	2,676,371
Expenses	2,321,961	2,164,286
Non-operating income and expenses	427,445	317,442
Net income before income tax	954,976	829,527
Net income	838,110	733,431
Return on Equity (%)	17.24%	18.67%
Net profit margin (%)	29.41%	27.40%
Return on Asset (%)	2.27%	2.43%
Earnings per share (dollar)	4.73	4.25

III.Operating plan and development strategy

Looking ahead to 2019, although the external competition environment and the related regulatory framework remains severe, such as the anti-money laundering provisions become more rigorous, however, the overall operating environment of the futures industry will grow up continuously due to the enhancement in price fluctuations of the financial market. The operating plan and development strategy of the Company is as following:

- 1.To richly cultivate and duplicate the overseas market business:
The Company develop the greater China market with the DMA advantages of overseas futures products, such as CME Group 、HK 、SGX 、Euronext 、EUREX 、ICE...etc.
- 2.To enhance the professional services of IB (introducing brokerage) business in domestic and foreign futures and ETF hedging business which protect customers' assets and increase sales profit.
- 3.The Company expands the leveraged trading and derivative business to provide the hedge solutions for listing companies, small and medium enterprises for creating new source of income.
- 4.To enhance the trading performance of our futures and securities proprietary team continuously and also recruit outstanding traders

- who are with the profession of spread strategy, high-frequency trading, market making and operating ability for raising the profit and diversifying the market risk.
- 5.To develop the advantages of our real-time system and popularize the hedge module for expanding domestic/ foreign institutional customers aggressively and focus on raising the trading volume and customer margin.
 - 6.To keep the leading advantages in innovation, the Company upgraded new functions for our global trading platform (includes mobile platform) to provide speedy and safe investment environment.
 - 7.Our Hong Kong subsidy is the global trading center for providing the turnkey trading system in global market, combines the information advantages for supporting the trading platform of B2B and B2C which is highly rely by trading company and China Private Equity Fund.
 - 8.To recruit professional consultants who are focus on futures and securities area, and combine with promoting Hong Kong Type 4 and 5 business licenses.
 - 9.The Company plans to establish a Futures Company in China (joint venture /solely-invested) which combine with the comprehensive effect of Shanghai and Chengdu subsidiaries.
 - 10.The innovated live program “Capital View” mainly provides exclusive financial points and investment analysis would let customers win at the starting point.
 - 11.To establish futures investment trust company and also combine Hong Kong Type 9 business license for developing the asset management business.
 - 12.To evaluate participating “Regulatory Sandbox” and try out various financial innovation business.
 - 13.To connect with social medium and develop platform subscription economy for providing global financial information and professional research suggestions which towards to member management and community business.
 - 14.Big data center will be established for precision marketing with information integration and customer classification management to

enhance customer satisfaction.

15.To strength the corporate governance implement, the Company would hold training courses regarding to internal control, information system safety and money laundering....etc. Also, above training courses will be considered with risk management control.

Sun, Tien-Shan
Chairman

Lee, Wen-Chu
President

Lin, Li-Juan
Accounting manager

Attachment 2

Capital Futures Corp. Audit Committees' Review Report

The Board of Directors has prepared the 2018 fiscal year Financial Statements (including the Consolidated Financial Statements) of the Company, among which the financial statements were audited by the CPAs of KPMG Taiwan, “Lee, Feng-Hui” and “Chung, Tan-Tan”, with an unqualified opinion issued in the Independent Auditor’s Report. We, as the Audit Committee of the Company, has reviewed the Financial Statements (including the Consolidated Financial Statements) that were present fairly with the reports prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law that are hereby presented for your approval.

Capital Futures Corp.
Chairman of Audit Committee

Shea, Jia-Dong

March 27, 2019

Attachment 3

Distribution status of employees' and directors' remuneration in 2018

1. The distribution of remuneration to employees for an amount of NT\$12,082,826 and remuneration to Directors for an amount of NT\$12,082,826 was resolved in the Board meeting of the Company on March 27, 2019. Also, it is to be distributed in cash.
The aforesaid amount accounted for 1.24% of the Company's 2018 earning (the sum of net income before tax and the estimates of remuneration to employees and Directors).
2. The difference between the amount of remuneration to employees and Directors resolved by the Board of Directors and the estimated amount recognized as expense of the fiscal years as follows:

Unit: NT dollar

Item	Proposed amount of distribution resolved by the Board of Directors (A)	Estimated amount recognized as expense of the fiscal year (B)	Amount of difference (A-B)	Treatment of difference
Remuneration to Employees	12,082,826	12,082,826	0	No difference
Remuneration to Directors	12,082,826	12,082,826	0	No difference

Attachment 4

The clauses of the “Code of Ethical Conduct”
before and after amendment

Provision after amendment	Provision before amendment	Note
<p>Article XI In the event of material violation of applicable legal rules by Company personnel, the Company shall hold them responsible for criminal and civil liabilities to protect the rights of the Company and the shareholders. Employees of the Company shall be governed by the human private disciplinary action in accordance with the internal code of the Company shall be subject to the same penalty. In the event of violation of the codes of ethical conduct by Company personnel, the competent authority of the Company shall report to relevant authority as required for appropriate punishment. The party concerned may appeal against the penalty imposed. The Company shall consider the appeal and take appropriate action. In the event of violation of the codes of ethical conduct by the Directors or the</p>	<p>Article XI In the event of material violation of applicable legal rules by Company personnel, the Company shall hold them responsible for criminal and civil liabilities to protect the rights of the Company and the shareholders. Employees of the Company shall be governed by the human private disciplinary action in accordance with the internal code of the Company shall be subject to the same penalty. In the event of violation of the codes of ethical conduct by Company personnel, the competent authority of the Company shall report to relevant authority as required for appropriate punishment. The party concerned may appeal against the penalty imposed. The Company shall consider the appeal and take appropriate action. In the event of violation of the codes of ethical conduct by the Directors or the</p>	<p>I.To increase the 4th item. II.For awarding the Company about the functionality of the Board, amending the Article XI of “Codes of Ethical Conduct” for taking appropriate actions and behavior when the Company is in danger of sustaining material loss.</p>

<p>managers, and ruled by a court of law as illegal in the trial of the first instance, or, as determined by the Board of the Company after review as violation of the codes of ethical conduct with relevant action taken, the Company shall disclose the information at once in its official website including the date of violation, the fact, the provision being offended, and the penalty.</p> <p><u>When a Director discovers that the Company is in danger of sustaining material loss or damage, the Director should promptly take appropriate actions and immediately notify the audit committee or independent Director members. Besides, the Director should report to the Board, and also supervise the Company reporting to the competent authority.</u></p>	<p>managers, and ruled by a court of law as illegal in the trial of the first instance, or, as determined by the Board of the Company after review as violation of the codes of ethical conduct with relevant action taken, the Company shall disclose the information at once in its official website including the date of violation, the fact, the provision being offended, and the penalty.</p>	
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Capital Futures Corp. Codes of Ethical Conduct

Article I The code of ethical conduct is instituted as the guide for the conduct of the personnel of the Company so that all are conforming to moral standard and to allow the stakeholders understand the ethical code of the Company better.

Article II Terms and definitions of the codes of ethical conduct are specified below:

- I. Company personnel: refers to Directors, managers, and other employees.
- II. Company employees: refers to managers and other employees.
- III. Managers: refers to the President, vice presidents, assistant vice presidents, managers, and branch managers.
- IV. Ethical practices: refers to the practice under the professional codes of ethical conduct including the indiscriminant handling of the conflict of interest.

Article III Company personnel shall duly observe applicable law and this code in performing their duties for the highest standard of ethical practices. The Directors and managers of the Company shall set an example for the others to enforce the codes of ethical conduct. Company personnel shall perform their assigned duties in due diligence, responsible attitude, in no egoism, and value team spirit under the principle of honesty.

Article IV Directors and managers shall avoid the involvement or possible involvement of their personal interest to the overall interest of the Company that may cause the following conflict of interests:

- I. Directors or managers cannot objectively and effectively handle official business.
- II. Directors or managers make use of their positions in the Company to allow themselves, spouses, parents and children or kindred within the 3rd Tier under the Civil Code, to engage in the business of sole proprietorship, partnership, or the enterprises where the aforementioned persons are administrators, or the organizations they represented for illicit benefit particularly the transactions of financing with the Company, transactions of major assets, purchase and selling, or acting as guarantors.

Directors and managers shall voluntarily explain the possible existence of potential conflict of interest with the Company.

Article V The Company shall avoid any attempt of the Directors or managers for seeking profit for personal benefit from the following:

I. Use of company property, information or make use of their positions for seeking the opportunities of making personal benefits.

II. Use of company property, information or make use of their positions for seeking personal benefits.

III. Competition against the Company. If there is an opportunity for the Company to make a profit, Directors or managers are obliged to optimize the legitimate profit for the Company.

Article VI The Company personnel shall manage the content, secretive information of customer data accessible due to their job positions with caution, and shall not disclose to any third party or use such information beyond the purposes of their assigned duties unless otherwise permitted by the Company or as required by law for disclosure. The same principle of confidentiality shall prevail after their resignation or dismissal. The aforementioned confidential information shall include any undisclosed information that may be exploited by the competitors, or the disclosure of which may cause damage to the Company or the customers.

Article VII Directors and managers shall respect and be fair to the customers, trading partners, competitors and employees of the Company, and shall not engage in the following unlawful and unethical practices:

I. Dissemination of rumor related to the customers, trading partners, and competitors.

II. Giving untrue statement on the quality or content of the products or services of the Company intentionally. III. Other practices including the presentation of untrue statements, seeking profit by unfair trade through the manipulation, concealment, and foul use of information accessible due to their positions.

Article VIII Directors or managers are obliged to protect Company assets, and ensure the use of Company assets lawfully in business, avoid the theft,

negligence, or waste of Company assets that directly affect the profitability of the Company.

Article IX Directors or managers shall duly observe the Company Act, Securities and Exchange Act, and other applicable legal rules and intensify the education of ethical practices.

Article X The Company shall intensify the education of ethical practices, and encourage the employees to report to the Directors, managers, chief internal auditor or other appropriate officers of any suspected violation or violation of applicable legal rules or the codes of ethical conduct. The Company shall establish related procedure or mechanism for the encouragement of employees in reporting unlawful practices and allow the employees to acknowledge that the Company will spare no effort in protecting them for reporting of the violation and free from possible revenge.

Article XI In the event of material violation of applicable legal rules by Company personnel, the Company shall hold them responsible for criminal and civil liabilities to protect the rights of the Company and the shareholders. Employees of the Company shall be governed by the human private disciplinary action in accordance with the internal code of the Company shall be subject to the same penalty. In the event of violation of the codes of ethical conduct by Company personnel, the competent authority of the Company shall report to relevant authority as required for appropriate punishment. The party concerned may appeal against the penalty imposed. The Company shall consider the appeal and take appropriate action. In the event of violation of the codes of ethical conduct by the Directors or the managers, and ruled by a court of law as illegal in the trial of the first instance, or, as determined by the Board of the Company after review as violation of the codes of ethical conduct with relevant action taken, the Company shall disclose the information at once in its official website including the date of violation, the fact, the provision being offended, and the penalty. When a Director discovers that the Company is in danger of sustaining material loss or damage, the Director

should promptly take appropriate actions and immediately notify the audit committee or independent Director Members. Besides, the Director should report to the Board, and also supervise the Company reporting to the competent authority.

Article XII In case it is necessary for the Directors or managers be immune from the codes of ethical conduct, the decision of the Board shall be required with immediate disclosure of the decision at MOPS specifying the date and duration of immunity, the reason for immunity, and the criteria for application, and the information on the adverse opinion or qualified opinions of the independent Directors so that the shareholders can evaluate if the decision of the Board is appropriate. This will help to avoid the immunity granted by the Board at free will or under suspicion and there is appropriate mechanism for the control of the immunity to protect the Company.

Article XIII This procedure shall be announced in the intranet of the Company and disclosed in the company official website, annual report, prospectus, and MOPS. The same procedure is applicable to any amendment thereto.

Article XIV The codes of ethical conduct shall become effecting after passing by the Board of the Company and reporting to the General Meeting of shareholders. The same procedure is applicable to any amendment thereto.

Corporate Social Responsibility Activities Program

Stakeholders	Plans and policies
Employees	<ol style="list-style-type: none"> 1. Arranging regular health check for employees. 2. Capital Financial University Talents Training. 3. Investment and finance seminars/ Training courses. 4. Hosting a series of Healthy Diet Activities, including healthy diet, constructing a smoke-free office environment, promoting sport activities, and also sign a contract with the Health Center to provide staff with preferential health check programs, pushing up “Ergonomic hazards and illegal infringement prevention” and “Abnormal loading job trigger the diseases prevation”. Arranging physicians to provide health counseling services to the colleagues at the Company’s on a quarterly basis. 5. Group Insurance: Employees are entitled to the coverage of group insurances, such as group life insurance, group accident insurance, group accidental medical insurance, group occupational hazards insurance, etc. 6. Welfare measures of the Welfare Committee <ul style="list-style-type: none"> ➤ Employee marriage. ➤ Funeral subsidies for the death of the employees. ➤ Funeral subsidies for the death of the employee’s family members. ➤ Consolation money for the hospitalization and surgery of employees. ➤ Maternity subsidy. ➤ Travel allowance. ➤ Emergency relief loan. ➤ Consolation money for natural disaster.
Customers and investors	<ol style="list-style-type: none"> 1. Hosting investment and finance seminars. 2. Hosting public welfare investment seminars. 3. Hosting trade contests

	<ol style="list-style-type: none"> 4. Promoting the electronic trading system. 5. Continuously promoting the “Environmental Protection, Love for the Earth, and Happiness in Life” electronic account statement activity.
Society and community service	<ol style="list-style-type: none"> 1. “Capital Love Reading Program” 2. Blood donation activity
Shareholders	<ol style="list-style-type: none"> 1. General shareholders’ meeting held regularly every year. 2. Disclose information comprehensively to shareholders with the use of the annual report, corporate social responsibility report, and the Company's Website. 3. Classes are opened on topics including finance, risk management, business, commerce, legal affairs, accounting, corporate social responsibility, corporate ethics, internal control systems and financial reporting based on the professional competence of the Directors and employees
Ethical management	<p>The Company enacted the “Rules Governing Ethical Management” and “Procedures for Ethical Management and Guidelines for Conduct”; also committed to an ethical policy implemented in the Company's internal management and business activities.</p>
Environmental protection	<ol style="list-style-type: none"> 1. Promoting energy conservation and carbon emission reduction policy, reducing water and electricity consumption. 2. Using the products of the manufacturers with environmental protection mark with priority. 3. Promoting resource recycling and properly handling waste.

2018 Corporate Social Responsibility Program and Achievement

Stakeholders	2018 planned programs and directions	Achievement
Employees	<ol style="list-style-type: none"> 1. Regular health checks for employees. 2. Year-end conference (dinner, song and dance entertainment and lucky draw) 3. Talent training through Capital Financial University. 4. Investment and wealth management seminars/education-al training. 	<ol style="list-style-type: none"> 1. The employees who haven't take regular health checks in 2017 yet, could take between Jan. ~Feb. in 2018, there a total of 26 people participated. The Company sign a contract with the Health Center to provide staff with preferential health check programs. 2. 2018 Year-end conference (dinner, song and dance entertainment and lucky draw) The year-end conference and dinner was held in the north, central, and south districts. The times and locations of the event are as follows: <ol style="list-style-type: none"> (1) North district: Noon, January 20 (Sat) on the 1st floor of the Nangang Exhibition Hall in Taipei City; totally 1,597 people participated. (2) Central district: Noon, February 03 (Sat) at Your Home Restaurant in Taichung City; totally 290 people participated. (3) Southern district: Noon, January 27 (Sun) at Hangxuan Restaurant in Kaohsiung City; totally 298 people participated 3. Talent training through Capital Financial University. Activity period: July 3 ~ September 25; number of students: 28. 4. In order to cultivate various professional talents, the Company accords to the different career stages and organizational development needs of personnel at all levels, and also plan a comprehensive training plan and provide colleagues with timely and diversified learning channels, so as to achieve win-win benefits of

	<p>5. Healthy-workplace series of activities:</p> <p>A. Healthy diet</p> <p>B. Building a smoke-free office environment</p> <p>C. Promoting sports activities</p> <p>D. Regular employee health checks</p> <p>E. Conducting labor safety and work environment inspections on a regular basis.</p> <p>F. Pushing up “Ergonomic</p>	<p>organizational talent development and personal career development.</p> <p>(1) I do, use the self-image to add points! How to achieve the Win-win images for personal and company.</p> <p>(2) I do, create Win-win performance! How to provide the good quality of service and raise the customer satisfaction.</p> <p>(3) I do, dare to change! Learning the internet marketing and raising the sales revenue.</p> <p>(4) Social media group operation is necessary to learn. How to use cell phone to take perfect pictures.</p> <p>(5) Using computer to generate some innovations and design ideas.</p> <p>(6) Connecting life and video, and learning how to use the storyboard to tell stories.</p> <p>5. Healthy-workplace series of activities:</p> <p>A. Healthy diet:</p> <ul style="list-style-type: none"> ● The healthy boxed meal information was posted on the Company's intranet. ● Holding the seminar with the issue “Health lunch for office workers”, a total of 55 people participated. <p>B. Building a smoke-free office environment:</p> <ul style="list-style-type: none"> ● "Important Provisions of the Tobacco Hazard Prevention Act" was promoted in offices. ● “Health Exercise Video for Office Workers” was set up on the Company’s intranet. <p>C. Promoting sports activities:</p> <ul style="list-style-type: none"> ● Providing subsidies to establish sports clubs. In 2018, there are three clubs apply for subsidies, the badminton club, billiard club and dancing club. ● Publishing the demonstration figure card for how to stretch on the Company’s intranet. ● Holding the seminar with the issue “How
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	<p>hazards and illegal infringement prevention” and “Abnormal loading job trigger the diseases prevention”</p> <p>6. Various welfare measures of the Welfare Committee: A. Employee marriage related benefits B. Employee funeral subsidy. C. Family funeral subsidy. D. Employee hospitalization and</p>	<p>office workers deal with shoulder and neck acid” in Aug. 23, a total of 65 people participated. As for the Physical fitness testing, a total of 79 people participated.</p> <p>D. In addition to regular employee health checks, the Company sign contracts with health check centers to provide preferential health checks for employees.</p> <p>E. Arranging physicians to the Company every quarter to provide health consulting services for employees.</p> <p>Conducting labor safety and work environment inspections regularly on April and October in 2018.</p> <p>F. Setting “Ergonomic hazards and illegal infringement prevention” and “Abnormal loading job trigger the diseases prevention”, and implement according to the plan.</p> <p>Holding the “Free flu vaccination program in workplace program” with Department of Health of Taipei City Government, and a total of 35 qualified colleagues participated.</p> <p>6. Various welfare measures of the Welfare Committee: (1) Marriage subsidy: 19 persons; total amount of subsidy: NT\$57,000 (2) Employee death subsidy: 1 person; total amount of subsidy: NT\$50,000. (3) Funeral subsidy: 59 people; total amount of subsidy: NT\$295,000 (4) Hospitalization subsidy: 33 people; total amount of subsidy: NT\$310,000 (5) Childbirth subsidy: 22 people; total amount of subsidy: NT\$69,000. (6) Travel subsidy: 1,871 people; total amount of subsidy: NT\$7,441,664</p>
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	<p>operation subsidy</p> <p>E. Childbirth subsidy</p> <p>F. Travel subsidy</p> <p>G. Emergency loans</p> <p>H. Natural disaster relief money</p>	
Customers and Investors	<p>1. Holding investment seminars</p> <p>2. Holding public welfare investment seminar</p> <p>3. Holding the Capital “Fintech Summit Forum”</p>	<p>1. Held investment seminars:</p> <p>A. 2018/01/16 Healsio economics! Welcome Abe’s renewal and the coming bull market.</p> <p>B. 2018/02/26・03/30 The global inflation is coming soon?! Waiting 10 years for catching the good opportunities.</p> <p>C. 2018/04/23 Analysis of trade war between China and the U.S.</p> <p>D. 2018/04/27 Foreign exchange trend analysis and Fintech seminar.</p> <p>E. 2018/05/29 Winner seminar.</p> <p>F. 2018/06/04 Analysis of the economic trend in Japan and the introduction of trading strategy for Japanese futures market.</p> <p>G. 2018/07/17 The global funds movement!</p> <p>H. 2018/08/23 The market analysis of gold and metal products.</p> <p>I. 2018/11/28 The Japanese stock market and Yen analysis seminar.</p> <p>J. Other On-line courses.</p> <p>2. Hosting 6 public welfare investment seminars in 2018, a total of 1,260 people participated.</p> <p>3. Holding the “2018 Capital global trend analysis and Fintech Summit Forum” on Sep. 27th. The main issues are including AI, trend of A-share and Block Chain.</p>

	<p>4. Holding various trading competitions and marketing programs</p> <p>5. Promoting the electronic trading system.</p>	<p>4. Holding various trading competitions and marketing programs:</p> <p>A. 01/01~03/31 the customer feedback activities held particularly for the Multicharts professional version users.</p> <p>B. 02/12~02/21 2018 Dog year special marketing activities.</p> <p>C. 04/01~06/30 Capital trading competition</p> <p>D. 08/21 Capital new product launch presentation</p> <p>E. 107/10/22~108/01/15 Global trading competition</p> <p>5. Promoting the electronic trading system.</p> <p>A.Promoting “GOODi” to be the intelligent financial partner: GOODi is the first domestic intelligent financial robot which build with artificial intelligence as the blueprint. In the future, the goal of GOODi is to integrate all investment accounts of Capital Group for searching and it will provide the correct solutions efficiently to customers through talking. Also, GOODi could learn automatically what the financial news, financial statements, shareholder meetings are customer’s concern about, and it will be the most trusted financial partner.</p> <p>B.The Company sets the customer service center which focus on promoting the electronic trading platform service. In 2018, there are 48,278 incoming calls, specified dialing outs 7,729 calls, and the answering rate is 84%. The service content is mainly about the electronic trading system operation introduction (43%), the exception handling (16%), and the whole product information advisory services (31%). Compare to the past, the customer service center could save more time and a lot manual operation via</p>
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	<p>6. Continuously promoting the "Environmental Protection, Love for the Earth, and Happiness in Life" electronic account statement activity</p>	<p>improving the procedure design from current customer service staff.</p> <p>6.Environmental Protection and Love for the Earth (activity period January 1- December 31) - Paperless operations were promoted.</p> <p>A.The Company has been providing electronic account statements to customers for a full range of products, and continues promoting electronic account statements through marketing activities to reduce the use of paper. The volume of printed paper and ink and other consumables are effectively reduced, as well as the transportation cost and pollution for mailing.</p> <p>B.The Company has already offered to customers online account opening methods such as account opening through website or APP, addition of electronic accounts, addition of trust accounts, and addition of three-in-one (credit, securities borrowing and loan) accounts, and promoted online account opening and electronic trading through the online account opening instruction video and the Capital Group audiovisual teaching network, so as to fully implement electronic transactions. In addition to advancing toward the goal of paperless operations and reducing customers' cost of transportation and time required for coming to the counter, these measures can promote energy conservation and carbon reduction for environmental protection.</p> <p>C.Supported environmental protection and paperless operations, the Company provide continuously various APP, Web application functions and record education videos for teaching customers.</p> <p>D.In 2018, there total 22,236 accounts were</p>
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	<p>7. Plan to set a service-oriented APP for providing services to customers and investors.</p>	<p>opened, and 4,782 accounts of it were opened online. The ratio of electronic trading is 22%.</p> <p>E. In 2018, there total 22,881 accounts traded, and 21,738 accounts of it traded online, the ratio of electronic trading is 95%.</p> <p>7. The APP has already established and started working in 2019.</p>
<p>Social and Community Service</p>	<p>1. "Capital Group Love Reading Program"</p>	<p>1. "Capital Group Love Reading Program": To promote rural education in Taiwan and close the gap between rural and urban resources, Capital Group made an exclusive donation, adopted two rural elementary schools and launched "Capital Group Love Reading" on April 24 for the start of a one-year reading activity. In the end of 2018, there total increase 7 elementary schools on the donation list.</p> <p>A. April to June Holding the drawing contests with the topic of "Capital and me".</p> <p>B. 04/24 & 06/26 arrange the annual city tour for Dacheng elementary school and Guishan Elementary School to visit Taiwan Stock Exchange and Taipei 101.</p> <p>C. The Company launched the "Capital Group Love Reading" activity at Dacheng Elementary School on Nov. 20 and at Guishan Elementary School on Oct. 2nd in which reading volunteers entered the schools to tell stories to children.</p> <p>D. 12/22 the Company went to Gien Shih Elementary School in HsinChu County for giving the Christmas wishes. In addition, the Company also went to the mid and southern area, such as sponsors</p>

	<p>2.Capital Group 30th anniversary blood donation activity</p> <p>3. Holding Capital Group “Love Shoe Box activity”</p>	<p>Gao-Shi elementary school in PingDong county and Shi-Ding elementary school in ChiaYi county.</p> <p>2. Blood donation activities - public welfare activities. In the eleventh year of the cooperation with the Blood Foundation, As for this year was Capital Group’s 30th anniversary, therefore, the blood donation activity expanded for 17 stations which covering the north to south districts in Taiwan. The Capital Group led its employees, employees’ family members and the public to donate blood and send love to those in need, and a total of 1,403 bags of blood were collected during the summer holiday. For blood donation gifts, the Company cooperated with Love Blind Asylum Factory to support its sustainable business philosophy.</p> <p>3. The Capital Group led its employees and customers giving love to children from weak families through collecting the stationary and putting into the shoe boxes. From this activity, there are total 253 families will be benefited. The Capital Group connected the industry and social resources and get the performance.</p>
Shareholders	<p>1.A general shareholders' meeting is held every year</p> <p>2.The annual report and corporate social responsibility report are completely disclosed to shareholders on the Company's website</p> <p>3.Classes are opened</p>	<p>1.The general shareholders’ meeting was held on May 24, 2018.</p> <p>2.The annual report and corporate social responsibility report are published on an annual basis and will be uploaded to MOPS and the Company’s website.</p> <p>3.The Company has 7 Directors (including 3</p>

	<p>on topics including finance, risk management, business, commerce, legal affairs, accounting, corporate social responsibility, corporate ethics, internal control systems and financial reporting based on the professional competence of the Directors and employees</p>	<p>Independent Directors). A total of 68 hours of training was conducted in 2018, and the topics covered finance, risk management, business, commerce, legal affairs, accounting, corporate social responsibility, corporate ethics, internal control systems and financial reporting.</p>
<p>Business Integrity</p>	<p>The Company has the "Code of Business Integrity" and the "Procedures for Ethical Management and Guidelines for Conduct" for implementation of the commitment of the integrity policy in internal management and business activities.</p>	<p>The Directors and management levels implement the "Code of Business Integrity" aggressively in internal management and business activities. Through e-learning platform to hold education trainings for integrity policy, and also disclose the integrity policy on internet for letting the suppliers, customers, and other related people could know clear about the integrity policy of the Company.</p>
<p>Environmental Protection</p>	<p>1.Promoting energy conservation and carbon reduction policies to reduce the use of water, electricity and fuel.</p>	<p>1.Promoted energy conservation and carbon reduction policies to reduce the use of water, electricity and fuel. A.Lighting equipment in office adopt energy-saving lamps and anti-glare louver for promoting indoor lighting efficiency. B. The light equipment control by different districts in office, it would help when turn off unnecessary lighting. C. Regional offices are equipped with</p>

	<p>2. Giving priority to products of manufacturers with the environmental protection label.</p> <p>3. Promoting the recovery of resources to properly handle waste.</p>	<p>air-conditioning control and air circulation fans are installed on the ceiling to improve the air volume to achieve room temperature needs and improve indoor air quality for reducing energy consumption.</p> <p>D. Setting up the small air conditioner engine to replace the large one when off-peak.</p> <p>E. Ask the manufacturer to clean and maintain the air conditioning system regularly for improving the effect of cold room and maintaining the service life of the machine.</p> <p>F. Publishing the water-saving policies strongly and cherish water resources.</p> <p>G. Setting time control in water fountain, it will close when off duty or holiday time.</p> <p>H. Promoting e-operation to save paper use.</p> <p>I. The company had news published online and replaced the paper signature with e-signature to minimize the distribution of printed information.</p> <p>2. Preferring green procurement and using the products of the manufacturers with environmental protection mark Green construction materials and certified energy-saving light fixtures should be used for decoration engineering with priority.</p> <p>3. Promoting resource recycling and properly handling waste Substantiated the Company's internal resources recycling and resource sorting; used toner cartridges were recycled by the professional manufacturers in order to avoid pollution and waste of resources.</p>
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Attachment 6

Independent Auditors' Report

The Board of Directors of Capital Futures Corporation

Opinion

We have audited the financial statements of Capital Futures Corporation (“the Company”), which comprise the balance sheets as of December 31, 2018 and 2017, the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2018 and 2017, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, 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 Futures Commission Merchants, the related rules of Preparing Financial Reports of Futures Enterprises and the Regulations Governing the Preparation of Financial Reports by Securities Firms.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters of the Company's financial statements are stated as follows:

Commission income – brokerage recognized:

Related accounting policies of commission income – brokerage recognized, please refer to financial report note 4(15) revenue recognized. Explanation of commission income – brokerage, please refer to financial report note 6(13) a. Comprehensive income statement commission income – brokerage.

Explanation of key audit matters:

Capital Futures Corporation's main income is commission income – brokerage from entrusted futures dealing. The existence and accuracy of commission income – brokerage have major affect on the financial report. Therefore, commission income – brokerage recognized is one of the important evaluation matters of the Company's financial report.

Audit procedures in response:

According to the key audit matters main audit procedures, we perform the sampling test on brokerage business dealing internal control and commission income – brokerage recorded amount , then compare with the entrusted data from brokerage business and evaluate the revenue recognized policies are managed by the related bulletin.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability 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 the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the 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 the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 LEE, FENG HUI and CHUNG, TAN TAN.

KPMG

Taipei, Taiwan, R.O.C.

March 27, 2019

Notes to Readers

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

The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements and Report Originally Issued in Chinese.)

CAPITAL FUTURES CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars, Except For Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
Income				
Commission income - brokerage (Note 6(13))	\$1,926,768	81	1,565,613	82
Net gains (losses) on sale of trading securities	(81,713)	(3)	141,247	8
Dividend income	5,842	-	5,548	-
Net gains (losses) on measurement of trading securities at fair value through profit or loss	(1,803)	-	(12,780)	(1)
Net gains (losses) on covering of borrowed securities and bonds with resale agreements	-	-	3,808	-
Securities commission income	4,721	-	5,146	-
Net gains (losses) on derivative financial instruments	414,369	18	107,747	6
Net gains (losses) on derivative instruments - Taipei Exchange	72,343	3	72,881	4
Management fee revenue	1,379	-	1,886	-
Consulting fee revenue	29,057	1	17,834	1
Other operating revenue	2,342	-	(4,247)	-
	<u>2,373,305</u>	<u>100</u>	<u>1,904,683</u>	<u>100</u>
Expenses				
Brokerage fees	251,847	11	208,015	11
Brokerage fees - proprietary trading	4,919	-	8,580	1
Financial costs	12,410	1	7,235	-
(Reversal of) expected credit impairment loss (Note 6(14))	33,522	1	-	-
Futures commission expenses (Note 6(13))	451,960	19	398,671	21
Clearing and settlement expenses	173,218	7	147,313	8
Other operating expenditure	5,964	-	4,134	-
Employee benefit expenses (Note 6(13))	414,995	18	379,345	20
Depreciation and amortization expenses (Note 6(13))	26,505	1	22,119	1
Other operating expenses (Note 6(13))	485,689	20	274,964	14
	<u>1,861,029</u>	<u>78</u>	<u>1,450,376</u>	<u>76</u>
Non-operating income and expenses				
Share of profit (loss) of subsidiaries, associates and joint ventures under equity method	60,171	2	79,774	4
Other gains and losses (Note 6(13))	377,809	16	292,808	15
	<u>437,980</u>	<u>18</u>	<u>372,582</u>	<u>19</u>
Net income before income tax	<u>950,256</u>	<u>40</u>	<u>826,889</u>	<u>43</u>
Income tax expenses (Note 6(10))	(115,051)	(5)	(95,874)	(5)
Net income	<u>835,205</u>	<u>35</u>	<u>731,015</u>	<u>38</u>
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Actuarial gain (loss) on defined benefit plans (Note 6(9))	(372)	-	(776)	-
Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income	41	-	-	-
Income tax related to the components of other comprehensive income	-	-	-	-
Total items that will not be reclassified subsequently to profit or loss	<u>(331)</u>	<u>-</u>	<u>(776)</u>	<u>-</u>
Items that may be reclassified to profit or loss in subsequent periods				
Foreign exchange difference from translating financial reports of foreign operations	28,630	1	(84,006)	(4)
Unrealized gain (loss) on available-for-sale financial assets	-	-	(41,494)	(2)
Share of other comprehensive income of subsidiaries, associates and joint venture— Items that may be reclassified to profit or loss in subsequent periods	(475)	-	(753)	-
Income tax related to the components of other comprehensive income (Note 6(10))	(9,222)	-	14,281	1
Total items that may be reclassified to profit or loss in subsequent periods	<u>18,933</u>	<u>1</u>	<u>(111,972)</u>	<u>(5)</u>
Other comprehensive income (After tax)	<u>18,602</u>	<u>1</u>	<u>(112,748)</u>	<u>(5)</u>
Total comprehensive income	<u>\$ 853,807</u>	<u>36</u>	<u>618,267</u>	<u>33</u>
Basic earnings per share (Dollar) (Note 6(12))	<u>\$</u>	<u>4.73</u>	<u>\$</u>	<u>4.25</u>
Diluted earnings per share (Dollar) (Note 6(12))	<u>\$</u>	<u>4.73</u>	<u>\$</u>	<u>4.25</u>

(English Translation of Financial Statements and Report Originally Issued in Chinese.)

CAPITAL FUTURES CORPORATION

STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Stock		Retained earnings			Exchange differences on translation of foreign operations	Other equity from financial assets measured at fair value through other comprehensive income	Unrealized gain/loss on available-for-sale financial assets	Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings				
Beginning balance, January 1, 2017	\$ 1,223,979	381,180	297,103	689,758	510,134	23,741	-	41,494	3,167,389
Net income for the year ended December 31, 2017	-	-	-	-	731,015	-	-	-	731,015
Other comprehensive income for the year ended December 31, 2017	-	-	-	-	(776)	(70,478)	-	(41,494)	(112,748)
Total comprehensive income for the year ended December 31, 2017	-	-	-	-	730,239	(70,478)	-	(41,494)	618,267
Appropriation of earnings :									
Legal reserve	-	-	51,013	-	(51,013)	-	-	-	-
Special reserve	-	-	-	104,577	(104,577)	-	-	-	-
Cash dividends	-	-	-	-	(354,479)	-	-	-	(354,479)
Capital increase by cash (Note 6(11))	380,000	809,025	-	-	-	-	-	-	1,189,025
Capital increase by remuneration cost of employee stock options (Note 6(11))	-	17,530	-	-	-	-	-	-	17,530
Ending balance, December 31, 2017	1,603,979	1,207,735	348,116	794,335	730,304	(46,737)	-	-	4,637,732
Effects of retrospective application	-	-	-	-	-	-	895	-	895
Balance on January 1, 2018 after adjustments	1,603,979	1,207,735	348,116	794,335	730,304	(46,737)	895	-	4,638,627
Net income for the year ended December 31, 2018	-	-	-	-	835,205	-	-	-	835,205
Other comprehensive income for the year ended December 31, 2018	-	-	-	-	(372)	18,933	41	-	18,602
Total comprehensive income for the year ended December 31, 2018	-	-	-	-	834,833	18,933	41	-	853,807
Appropriation of earnings :									
Legal reserve	-	-	73,031	-	(73,031)	-	-	-	-
Special reserve	-	-	-	196,449	(196,449)	-	-	-	-
Cash dividends	-	-	-	-	(460,342)	-	-	-	(460,342)
Changes in other capital surplus :									
Issuance of stock dividends from capital surplus (Note 6(11))	160,397	(160,397)	-	-	-	-	-	-	-
Ending balance, December 31, 2018	\$ 1,764,376	\$ 1,047,338	\$ 421,147	\$ 990,784	\$ 835,315	\$ (27,804)	\$ 936	\$ -	\$ 5,032,092

(English Translation of Financial Statements and Report Originally Issued in Chinese.)

CAPITAL FUTURES CORPORATION
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Net income before income tax	950,256	826,889
Adjustments :		
Adjustments to reconcile profit (loss):		
Depreciation expenses	18,844	15,878
Amortization expenses	7,661	6,241
Expected credit loss	33,522	0
Net losses (gains) on financial assets and liabilities at fair value through profit or loss	9,341	12,641
Interest expenses	12,410	7,235
Interest income (Including financial revenue)	(363,732)	(239,445)
Dividend income	(5,891)	(7,292)
Share-based payment remuneration cost	0	17,530
Share of loss (profit) of subsidiaries, associates and joint ventures under equity method	(60,171)	(79,774)
Gain on disposal of investments	0	(38,920)
Total adjustments to reconcile profit	<u>(348,016)</u>	<u>(305,906)</u>
Changes in operating assets and liabilities:		
(Increase) decrease in financial assets at fair value through profit or loss	486,135	(392,229)
(Increase) decrease in bond purchased under resale agreements	(186,499)	137,302
(Increase) decrease in customers margin accounts	(7,215,225)	(4,449,895)
(Increase) decrease in receivable - futures margin	(33,370)	893
(Increase) decrease in leverage contract trading - customers' margin accounts	(77,024)	(151,468)
(Increase) decrease in accounts receivable	17,330	(19,622)
(Increase) decrease in accounts receivable-inter co.	466	(442)
(Increase) decrease in prepayments	(5,655)	7,901
(Increase) decrease in other receivable	(19,065)	17,343
(Increase) decrease in other receivable-inter co.	(19,766)	(193)
(Increase) decrease in other current assets	(1)	1,030
(Increase) decrease in clearing and settlement fund	(5,924)	(4,209)
(Increase) decrease in refundable deposits	144	481
Increase (decrease) in financial liabilities at fair value through profit or loss	(113,913)	68,958
Increase (decrease) in futures traders' equity	7,203,341	4,451,736
Increase (decrease) in leverage contract trading - customers' equity	73,059	152,770
Increase (decrease) in accounts payable	(59,531)	68,732
Increase (decrease) in accounts payable-inter co.	(3,766)	1,984
Increase (decrease) in advance receipts	736	(200)
Increase (decrease) in receipts under custody	(405)	1,116
Increase (decrease) in other payables	(22,706)	27,418
Increase (decrease) in other payables-inter co.	375	1,521
Increase (decrease) in provision for liabilities	(4,315)	2
Increase (decrease) in other current liabilities	4,784	642
Total changes in operating assets and liabilities	<u>19,205</u>	<u>(78,429)</u>
Total adjustments	<u>(328,811)</u>	<u>(384,335)</u>
Cash inflow generated from operations	621,445	442,554
Interest collected	357,997	236,286
Dividend received	5,891	7,292
Interest paid	(12,168)	(7,253)
Income tax paid	(110,395)	(80,236)
Net cash provided by (used in) operating activities	<u>862,770</u>	<u>598,643</u>
Cash flows from investing activities:		
Proceeds from disposal of available-for-sale financial assets	-	71,827
Purchase of properties and equipments	(19,400)	(21,536)
Purchase of intangible assets	(3,774)	(11,203)
Net cash provided by (used in) investing activities	<u>(23,174)</u>	<u>39,088</u>
Cash flows from financing activities:		
Issuance of cash dividends	(460,342)	(354,479)
Capital increase by cash	-	1,189,025
Net cash provided by (used in) financing activities	<u>(460,342)</u>	<u>834,546</u>
Increase (decrease) in cash and cash equivalents	379,254	1,472,277
Cash and cash equivalents at the beginning of the year	2,831,889	1,359,612
Cash and cash equivalents at the end of the year	<u><u>3,211,143</u></u>	<u><u>2,831,889</u></u>

Attachment 7

Capital Futures Corp.
Proposal for Distribution of 2018 earnings

Unit: NT dollars

Items	Amount
Beginning retained earnings	482,614
Less : Actuarial loss on defined benefit plan included in Retained Earnings	372,874
Add: Returned Special reserve appropriated due to other reduction of shareholders' equity occurred	19,869,129
Adjusted Beginning retained earnings :	19,978,869
Add: net profit after tax	835,205,487
Distributable net profit	855,184,356
Less: 10% Legal Reserve	83,520,549
Less: 20% Special Reserve	167,041,097
Less: 0.5% Special Reserve	4,176,027
Distributable items:	
Less: Dividend to shareholders	
Cash Dividends on Common Shares (NT\$3.4 per share)	599,887,786
Unappropriated retained earnings	558,897
Note 1: Principle of profit distribution means that the profit from the current year should be distributed with priority.	
Note 2: The cash dividend on common shares (NT\$3.4 per share) is calculated by 176,437,584 of outstanding common shares.	

Attachment 8

Capital Futures Corp.

Procedures for the Acquisition and Disposal of Assets (After amendment)

Chapter I General Principles

Article 1 The Company shall handle the acquisition or disposal of assets in compliance with these Regulations; provided, where financial laws or regulations provide otherwise, such provisions shall govern.

Article 2 The term "assets" as used in these Regulations includes the following:

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

Article 3 Terms used in these Regulations are defined as follows:

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.

3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of Boards of Directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
8. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

Article 4 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity

Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.

2. May not be a related party or de facto related party of any party to the transaction.
3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

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

- I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
- II. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
- III. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
- IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.

Chapter II Disposition Procedures

Section I Establishment of Disposition Procedures

Article 5 The company shall establish or amend its procedures for the acquisition or disposal of assets, shall be approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution. After the procedures have been approved by the Board of Directors, and then submitted to a shareholders' meeting for approval; the same applies when the procedures are amended. If any Director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the Director's dissenting opinion to audit committee. Where the position of independent Director has been created in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into

full consideration each independent Director's opinions. If an independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all Directors, and the resolution of the audit committee shall be recorded in the minutes of the Board of Directors meeting.

The terms "all audit committee members" in paragraph 3 and "all Directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Article 6 With respect to the company's acquisition or disposal of assets that is subject to the approval of the Board of Directors under the company's procedures or other laws or regulations, if a Director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the Director's dissenting opinion to audit committee.

When a transaction involving the acquisition or disposal of assets is submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent Director's opinions. If an independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

Any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution, and shall be subject to mutatis mutandis application of Article 5, paragraphs 3 and 4.

Section II Acquisition or Disposal of Assets

Article 7 The procedure in acquiring or disposing of real property, equipment, or right-of-use assets:

I. The Company shall acquire or dispose real property, equipment, or right-of-use assets in accordance with the internal control system of The Company in the section of real property Assets Cycle and the Gate Approval of Regular Spending Table.

II. Procedure for the Determination of Conditions of Trade and Authorization of Limit.

(I) In the acquisition or disposition of real property, the Company shall consult the announced present value, the appraised value, the transaction price of nearby property, the terms and conditions of trade, and the transaction price, and compile the detail in to an analysis report and proceed to action in accordance with the Gate Approval of Regular Spending table of then the Company along the line of authority in the corporate hierarchy.

- (II) For the acquisition or disposition of equipment, proceed to inquiry, bidding and bargaining or tender offer, and act in accordance with the Gate Approval of Regular Spending table of the Company along the line of authority in the corporate hierarchy.
- III. The Company shall comply with the aforementioned gate approval along the line of authority for the acquisition or disposition of real property, equipment, or right-of-use assets and to be executed by the administering department.
- IV. For the acquisition or disposition of real property, equipment, or right-of-use assets except for the transactions with domestic government institutions, commissioning of construction on property land, commissioning of construction on leased land, or the acquisition or disposition of business equipment with transaction amount in excess of 20% of the paid-in capital of The Company or NT\$300 million, it is necessary for obtaining an appraisal report issued by professional appraisers before the day of deed and shall be in compliance with the following:
- (I) If the transaction must be carried out with reference to limited price, fixed price or special price due to special reason, the transaction shall be subject to the resolution of the Board in advance. Any subsequent change in the conditions of trade in the future shall be governed by the same procedure.
- (II) If the transaction amount exceeds NT\$1 billion, the appraisal reports issued by at least 2 professional appraisers shall be necessary.
- (III) If any of the following occurs to the appraisal result from the professional appraisers, consult a certified public accountant to present an opinion on the reasons for the variation and the fairness of the transaction price in accordance with Statement of Auditing Standard No. 20 further to finding out the appraised value of acquisition higher than the transaction price or the appraised value for disposition falls below the transaction price:
1. The difference between the appraised value and the transaction price exceeds 20% of the transaction price.
 2. The difference between the appraised values of more than 2 professional appraisers exceeds 10% of the transaction price.
- (IV) The date of the appraisal reports issued by the professional appraisers shall not exceed a period of 3 months from the contract signing date. Where the announced present value in the same period is applicable and is within the period of 6 months, the original professional appraiser shall present a written opinion.

Article 8 The procedure in acquiring or disposing of securities:

- I. The buying and selling of securities for investment by the Company shall be performed in accordance with the investment cycle of the

internal control system and the Gate Approval of Regular Spending Table.

- II. The acquisition or disposition of securities shall be subject to the assessment of the business and financial information collected by the administering department and performed in accordance with the authorization limit and the level of decision as stated in the Gate Approval of Regular Spending table.
- III. The acquisition and disposition of securities by the Company shall be subject to the approval along the line of authority in gate approval and executed by the administering department.
- IV. For the acquisition or disposition of securities, the Company shall obtain the audited or certified financial statement of the target company covering the most recent period before the day of deed as reference for assessment of the bid price. If the transaction amount exceeds 20% of the paid-in capital of the Company or NT\$300 million, consult with the certified public accountants on the rationality of the price before the day of deed. In case the certified public accountants adopted the reports of experts, proceed to Statement of Auditing No. 20 of released by the Accounting Research and Development Foundation (hereinafter, the "ARDF") of the ROC.

Article 9 The procedure in acquiring or disposing of intangible assets or right-of-use assets thereof or memberships:

- I. The Company shall acquire or dispose intangible assets or right-of-use assets thereof or memberships in accordance with the internal control system of the Company in the section of Fixed Assets Cycle and the Gate Approval of Regular Spending Table.
- II. For the acquisition and disposition of intangible assets or right-of-use assets thereof or memberships, consult the fair value in market or the assessment reports of the experts to determine the terms and conditions of trade and set the transaction price, and compile the detail in to an analysis report and proceed to action in accordance with the Gate Approval of Regular Spending table of the Company along the line of authority in the corporate hierarchy.
- III. The Company shall comply with the aforementioned gate approval along the line of authority for the acquisition or disposition of intangible assets or right-of-use assets thereof or memberships, or intangible assets and to be executed by the administering department.
- IV. Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of

the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

Article 10 The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 27, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 11 Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Section III Related Party Transactions

Article 12 The company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 10 herein.

When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

Article 13 When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a transaction counterparty.
3. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the

reasonableness of the preliminary transaction terms in accordance with Article 14 and Article 15.

4. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
7. Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 27, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the supervisors need not be counted toward the transaction amount.

With respect to the types of transactions listed below, when to be conducted between a public company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's Board of Directors delegate the Board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board of Directors meeting:

1. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
2. Acquisition or disposal of real property right-of-use assets held for business use.

Where the position of independent Director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the Board of Directors pursuant to paragraph 1, the Board of Directors shall take into full consideration each independent Director's opinions. If an independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

Where an audit committee has been established in accordance with the provisions of the Act, the matters for which paragraph 1 requires recognition by the supervisors shall first be approved by more than half of all audit committee members and then submitted to the Board of Directors for a resolution, and shall be subject to mutatis mutandis application of Article 5, paragraphs 3 and 4.

Article 14 The company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by

the following means:

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

The company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.

Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the preceding article, and the preceding three paragraphs do not apply:

1. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.

2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.

3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.

4. The real property right-of-use assets for business use are acquired by the public company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

Article 15 When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 16. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have

been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:

A. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

B. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.

2. Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.

Article 16 Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding two articles are uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act

shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.

2. Audit Committee shall comply with Article 218 of the Company Act.

3. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm length transaction.

Section IV Engaging in Derivatives Trading

Article 17 When the Company conducts derivatives trading business or engages in derivatives trading, it shall do so in accordance with the provisions of the other laws and regulations that govern securities and futures industry, and is exempt from the provisions of Chapter II, Section IV of Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

Article 18 The Company does not trade with financial institutions on the right to debts, and operation procedure for this business in accordance with Article 5.

Section V Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

Article 19 The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the Board of Directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

Article 20 The company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

Article 21 The Company participating in a merger, demerger, or acquisition shall convene a Board of Directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

The Company participating in a transfer of shares shall call a Board of Directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.
3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding two paragraphs.

Article 22 Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

Article 23 The Company participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
2. An action, such as a disposal of major assets, which affects the Company's financial operations.
3. An event, such as a major disaster or major change in technology that affects shareholder equity or share price.
4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

Article 24 The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the

companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

1. Handling of breach of contract.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
4. The manner of handling changes in the number of participating entities or companies.
5. Preliminary progress schedule for plan execution, and anticipated completion date.
6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

Article 25 After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the Board of Directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

Article 26 Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 21, Article 22, and the preceding article.

Chapter III Public Disclosure of Information

Article 27 Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:

1. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the

transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

2. Merger, demerger, acquisition, or transfer of shares.

3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.

4. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:

A. For a company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.

B. For a company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.

5. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT\$500 million.

6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:

A. Trading of domestic government bonds.

B. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.

C. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.

The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

When a public company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

The company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company, where they shall be retained for 5 years except where another act provides otherwise.

Article 28 Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:

1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

Chapter IV Additional Provisions

Article 29 Subsidiaries of the Company shall comply with the following:

- I. The subsidiaries shall establish and execute the “Procedures for the Acquisition and Disposal of Assets” in accordance with the “Criteria for the Acquisition or Disposition of Assets by Public Companies”.
- II. For subsidiaries which are not public companies, if the acquisition or disposition of assets meet the standards required for announcement and declaration as stated in the “Criteria for the Acquisition or Disposition of Assets by Public Companies, the parent company shall make the announcement and declaration for the subsidiaries.
- III. As set forth in the standards for the subsidiaries in announcement and declaration shall be based on the paid-in capital or total assets of the parent company in accordance with Article 27 paragraph 1.

Article 30 For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of a company whose shares have no par value or a par value other than NT\$10—for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of these Regulations regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.

Article 31 In the event of violation against this procedure in the acquisition and disposition of assets by Company personnel, proceed to the work regulation and related internal code of the Company for relevant disciplinary actions depending on the severity of the offense.

Article 32 The procedures have been approved by the Board of Directors, and then submitted to a shareholders' meeting for approval; the same applies when the procedures are amended. However, when the Company amend its procedures for the acquisition or disposal of assets, shall be approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution which in accordance with Article 5.

Appendix 1

Capital Futures Corp.

Rules of Procedure for Shareholders Meetings

- Article 1 To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
- Article 2 The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
- Article 3 (Convening shareholders meetings and shareholders meeting notices)
Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the Board of Directors. This Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of Directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.
The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.
Election or dismissal of Directors or supervisors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the

notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

A shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.

Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4 For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization. A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5 (Principles determining the time and place of a shareholders meeting)

The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent Directors with respect to the place and time of the meeting.

Article 6 (Preparation of documents such as the attendance book)

This Corporation shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention. The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

This Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of Directors or supervisors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7 (The chair and non-voting participants of a shareholders meeting)

If a shareholders meeting is convened by the Board of Directors, the meeting shall be chaired by the chairperson of the Board. When the chairperson of the Board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing Directors to act as chair, or, if there are no managing Directors, one of

the Directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing Directors or the Directors shall select from among themselves one person to serve as chair.

When a managing Director or a Director serves as chair, as referred to in the preceding paragraph, the managing Director or Director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same shall be true for a representative of a juristic person Director that serves as chair. It is advisable that shareholders meetings convened by the Board of Directors be chaired by the chairperson of the Board in person and attended by a majority of the Directors, at least one supervisor in person, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes. If a shareholders meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 8 (Documentation of a shareholders meeting by audio or video)
This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures. The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9 Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.
The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the

chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 10 (Discussion of proposals)

If a shareholders meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the Board of Directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

Article 11 (Shareholder speech)

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 12 (Calculation of voting shares and recusal system)

Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When this Corporation holds a shareholders meeting, it may allow the shareholders to exercise voting rights by electronic and correspondence means .When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the

meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that this Corporation avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting.

Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 14 (Election of Directors and supervisors)

The election of Directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as Directors and supervisors and the numbers of votes with which they were elected. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15 Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form. This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of this Corporation.

Article 16 (Public disclosure)

On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or GreTai Securities Market) regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 (Maintaining order at the meeting place)

Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help

maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18 (Recess and resumption of a shareholders meeting)

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 19 These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

Appendix 2

Capital Futures Corp. Articles of Association

Article 1: The Company is organized in accordance with the provisions of the R.O.C. Company Law, and known as "Capital Futures Corp."

Article 2: The Company's business scope is as follows:

- (1) H401011 Futures commission merchant (limited to those approved by the FSC).
- (2) H405011 Futures consulting business
- (3) H407011 Futures management business
- (4) H310011 Securities introducing broker
- (5) H304011 Securities Investment consulting enterprise
- (6) H301011 Securities firm
- (7) H404011 Leverage transaction merchant

Article 3: The Company's headquarter is located in Taipei; the Board of Directors may, depending on business needs, establish domestic and overseas branches in appropriate locations on approval by the Competent Authority.

Article 4: The Company's total registered capital is NT\$2.5 billion exact, which is divided into 250 million shares at NT\$10 per share; the Board of Directors is authorized to approve such shares issued in batches.

Article 5: The Company's shares are in registered form. The shares are issued after being signed by or affixed with the seals of three or more Directors, and authenticated by the Competent Authority or its approved authentication agent. After public offering of shares the Company is exempt from printing physical share certificates.

The Taiwan Securities Central Depository should be contacted for registration of the shares issued pursuant to the preceding provisions.

Article 6: The Company's shareholders should send to the Company their real names, addresses, specimen of their seals, and uniform tax numbers for registration and future references; this requirement also applies when there is a change to the information above.

Article 7: Shareholders should collect dividends or bonuses from the Company or exercise other rights based on their seals filed with the Company.

Article 8: Unless otherwise provided in law, the provisions in "Regulations Governing the Administration of Shareholder Services of Public Companies" promulgated by the Competent Authority should be followed in handling share transfer, share pledge, report of share loss, inheritance, gifting, report of seal loss or change, or change of address.

Article 9: A Nominal fee may be charged for shareholders' application for share renewal or replacement.

Article 10: Share book closures are 60 days before each regular shareholders meeting, 30 days before each extraordinary shareholders meeting, or five days

before the ex-day for the Company's payment of dividends, bonuses or other benefits.

Article 11: The Company's shareholders meetings are divided into the following two types:

- (1) General shareholders meeting, to be convened within six months after the end of each fiscal year.
- (2) Extraordinary shareholders meeting, to be convened when necessary in accordance with relevant laws and regulations.

Regarding convening of the aforementioned meetings, in accordance with relevant laws and regulations a written or electronic notice should be sent to shareholders 30 days before a general shareholders meeting or 15 days before an extraordinary shareholders meeting to notify shareholders of the place and the subject. For shareholders with less than a thousand registered shares, the convening notice to such shareholders may be in the form of a public announcement in accordance with other relevant laws and regulations.

Article 12: Except the non-voting shares stipulated in Article 179 of the Company Law or in other laws and decrees, each share has one voting right.

Article 13: A shareholder who is unable to attend a general meeting may present the power of attorney issued by the Company with the level of authorization stipulated, and appoint a proxy to attend the meeting on his behalf. Unless otherwise provided in Article 177 of the Company Law, the requirements in "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" issued by the Competent Authority should be followed.

Article 14: Unless otherwise provided in relevant laws or regulations, shareholders or proxies of shareholders who hold more than half of the total number of issued shares should be present in a shareholders meeting before the meeting may start and the resolution be represented, and the resolution should be passed by more than half of the shareholders present at the meeting. The voting power at a shareholders' meeting may be exercised by way of electronic transmission; the method of execution shall comply with relevant regulations.

Article 14-1: Before the Company intends to report the voidance of public issue, it should present a proposal at a shareholders meeting for special resolution, and no further change of this Article 14-1 should be made during the period of the Company's shares are traded on the Emerging Market or the GreTai Securities Market.

Article 15: A shareholders meeting shall be convened by the Board of Directors and the Chairman of the Board shall be the meeting's Chairman. In case the Chairman of the Board of Directors is on leave or absent or can not exercise his power and authority for any cause, the Vice Chairman shall act on his behalf. In case the Vice Chairman is also on leave or absent or

unable to exercise his power and authority for any cause, the Chairman of the Board of Directors shall designate one of the Directors to act on his behalf. In the absence of such a designation, the Directors shall elect from among themselves an acting Chairman of the Board of Directors. For a shareholders meeting convened by a person with the convening right but other than the Board members, the person who convenes the meeting shall be the meeting's Chairman; if there are two or more such persons, then the Chairman should be selected between/among such persons.

Article 16: The resolutions made in a shareholders meeting should be recorded in the meeting minutes, which should be signed by the meeting's Chairman or affixed with his seal and distributed to the shareholders within 20 days after the meeting. Preparation and distribution of the meeting minutes may be notified of such meeting minutes through a public announcement.

Article 17: The Company's Board of Directors consists of seven to nine Directors who are elected in shareholders meetings among competent persons. Each person has a term of three years, and may be re-elected.

Among the Directors in the preceding paragraph, Independent Directors should account for three or more, and be no less than one-fifth of the total Directors. Directors should be elected through a nomination system and by shareholders from a list of Director Candidates.

Relevant rules of the Competent Authority should be followed concerning Independent Directors' professional qualifications, shareholdings, restrictions on their concurrent jobs, the method for nomination of candidates and other binding matters. Provisions of the securities regulatory body should be followed concerning the percentage of Directors' total shareholdings.

Article 17-1: In electing Directors in shareholders meetings, except stipulated in laws and decrees, each share has the same number of voting rights as the number of Directors to be elected. Such voting rights may be used on one single person or distributed among a number of people, and the persons winning most votes are elected. If two or more persons win the same number of votes but the total number of specified seats is exceeded, then a decision may be made among the persons winning the same number of votes through a drawing of lots; for those who are absent the Chairman will perform the drawing on their behalf.

Article 18: A Chairman and a Vice Chairman of the Board should be elected by the Directors among themselves. The Chairman of the Board externally represents the Company. In case the Chairman of the Board of Directors is on leave or absent or can not exercise his power and authority for any cause, the Vice Chairman shall act on his behalf. In case the Vice Chairman is also on leave or absent or unable to exercise his power and authority for any cause, the Chairman of the Board of Directors shall designate one of the Directors to act on his behalf. In the absence of such

a designation, the Directors shall elect from among themselves an acting Chairman of the Board of Directors.

Article 19: The Board meeting should be convened by the Chairman of the Board. However, the first Board meeting in each term should be convened by the Director who wins most votes in the shareholders meeting.

For convening a Board meeting, the reason should be stated in the meeting notice, and all Directors and Supervisors should be notified seven days prior to the meeting date. However, in case of an emergency, a meeting may be convened at any time.

The Board meeting notice may be in the form of a written notice, fax or e-mail, etc.

Agreed by the relative Directors, the notification in the preceding paragraph may be carried out in an electronic form.

The Directors should attend a Board meeting in person. A Director who is unable to attend may delegate another Director as proxy to attend on his behalf; however, each Director can act as the proxy for only one other Director.

Article 20: Unless otherwise provided in the Company Law, more than half of the Directors should be present in a Board meeting before the meeting may start, and the resolution should be passed by more than half of the Directors present at the meeting:

For the motion related to Director's own interests and concerns, the relative Director should explain the importance and relevance in that meeting.

Article 21: (Deleted)

Article 22: The powers of the Board of Directors are as follows:

- (1) Review and approval of important legal documents and contracts
- (2) Decision on business policy
- (3) Approval of budgets and preparation of accounts
- (4) Draw up the change of paid-in capital
- (5) Draw up the distribution of earnings
- (6) Setting of the Company's major functions and appointment and dismissal of key personnel
- (7) Approval of the purchase or disposal of important assets and real estate
- (8) Appointment, dismissal and remuneration of the accounting firm for auditing.
- (9) Other powers conferred by laws and regulations or shareholders

The powers above should be chartered after due approvals are obtained.

Article 22-1: Due to business operational needs, the Board of Directors may establish an Audit Committee and a Remuneration Committee or other functional committees.

Article 23: The Audit Committee is formed by all Independent Directors in accordance

with Article 14-4 of Securities and Exchange Act.

The number and term of the Audit Committee members, the official powers of the Audit Committee, the rules of procedure for meetings of the Audit Committee and the exercising of official powers of the Audit Committee etc. shall be specified in the Audit Committee Charter in accordance with the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies.

All the powers of the Supervisors from the Securities and Exchange Act, the Company Law and other regulations should be performed by the Audit Committee. The Independent Directors in the Audit Committee shall apply *mutatis mutandis* the regulations of Supervisors' behaviors and their representative of the Company.

Article 24: If one third of the Director seats are vacant or all the supervisors are discharged from duties, the Board should convene an extraordinary shareholders meeting within 60 days for re-election. The terms of office are limited to the predecessors' remaining terms of office.

Article 25: The Company may have a general manager and several senior vice presidents, vice presidents, managers and the principals of branches. The provisions in Article 29 of the Company Law should be followed for the appointment, dismissal and remuneration of such persons. The general manager takes orders from the Board, and is in charge of all the Company's business with the assistance from senior vice presidents, vice presidents and managers.

Article 25-1: The Board is authorized to determine the remuneration of the Chairman, Directors and Supervisors based on their levels of participation in the Company's operations, the value of their contributions and the industry standard.

The remuneration of Directors and Supervisors distributed from annual earnings need to be audited by the Remuneration Committee and a resolution should be passed by the Board meeting and a shareholders meeting.

Article 25-2: Based on actual needs in carrying out their respective duties, all the Company's Directors and Supervisors may in their terms of office purchase liability insurance policies to reduce and disperse the risk of damage to all the Directors and Supervisors, the Company and shareholders. The Board is fully authorized to take care of all the Directors' and Supervisors' purchase of liability insurance policies.

Article 26: The Company's fiscal year starts from January 1 and ends on December 31 each year. The Board should prepare the following documents after the end of each fiscal year; after having the documents sent to the Supervisors for checking 30 days prior to the shareholders meeting, the Board should present them in the shareholders meeting for recognition.

(1) Business report

(2) Financial statements

(3) Motions for distribution of earnings or making up for losses

Article 27: The Company should distribute 0.6% to 2% of the profit of the current year distributable as employees' compensation, and 3% or less of its profit of the current year distributable as Directors' remuneration. However, the Company's accumulated losses shall have been covered first.

The Company's profit of the current year distributable mentioned above is the earnings before tax deducting employees' compensation and Directors' remuneration.

A company may, by a resolution of majority vote at a meeting of Board of Directors attended by two-thirds or more of the total number of Directors, have the profit distributable as employees' compensation and Directors' remuneration; in addition, a report of such distribution shall be submitted to the shareholders' meeting.

The employees' compensation can be in the form of shares or cash. And such compensation may apply to the employees of the Company's subsidiaries who meet certain specific requirements.

Article 27-1: The Company's business environment is a stably growing financial industry. For the purpose of business expansion and re-investment plan, the Company's policy for dividend distribution takes into considerations such as the Company's business development, the Company's future capital expenditure budget and demand for fund, shareholders' interest, and the balance between dividends and the Company's long-term financial planning. With regard to the Company's earnings in each fiscal year, after all taxes and dues have been paid and losses in previous years have been covered, the Company shall first set aside 10% as legal reserve, 20% as special reserve, and other reserve specified by relevant regulations. The Company should add the remaining balance to the undistributed earnings in previous years, retain a certain portion of the sum, and then distribute all or part of the Company's earnings in each fiscal year. Earnings may be distributed in the form of cash dividend or stock dividend, but the percentage of cash dividend for the year should not be less than 10% of the total dividend for the year. Dividend may not be distributed if an annual loss occurs, and the loss should be first made up if retained earnings are used for dividend distribution.

Article 28: The Company can invest in businesses approved by the Competent Authority and the total amount of its investments is not limited by Article 13 of the Company Law, unless other laws or regulations provide otherwise.

Article 29: The Company's Articles of Association shall be formulated by the Board of Directors.

Article 30: Provisions in relevant laws and regulations should be followed for matters not included in this Articles of Association.

Article 31: This Articles of Association was formulated on January 4, 1997. The first amendment was made on August 11, 1997; the second amendment was made on April 27, 1997; the third amendment was made on April 8, 2002; the fourth amendment was made on November 14, 2002; the fifth amendment was made on June 27, 2003; the sixth amendment was made on March 17, 2008; the seventh amendment was made on August 26, 2008; the eighth amendment was made on May 27, 2009; the ninth amendment was made on May 27, 2010; the tenth amendment was made on June 19, 2012; the eleventh amendment was made on May 20, 2014; the twelfth amendment was made on May 20, 2015; the thirteenth amendment was made on May 27, 2016; the fourteenth amendment was made on May 31, 2017.

Appendix 3

Capital Futures Corp.

Details of Directors' Shareholdings

1. The Company has a paid-up capital of \$1,764,375,840, issued in 176,437,584 ordinary shares as of 2019/04/01.
2. According to the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies," the minimum shareholding of the Company's Board Directors is 10,586,255 shares.¹ The Company has an Audit Committee established; therefore, there is no requirement on the minimum shareholding of the supervisors.
3. As at the book closure date of this annual general meeting (April 1st, 2019), the shareholders registry showed total shares held by Directors at 99,184,605, of which have complied with Article 26 of The Securities Exchange Act. The details are as follows:

As in the Shareholders' Register on April 1st, 2019

Title	Name	Shareholdings as of book-close date	Percentage
Chairman	Capital Securities Corporation Representative: Sun, Tien-Shan	99,182,845	56.2
Director	Capital Securities Corporation Representative: Wang, Jiunn-Chih		
Director	Capital Securities Corporation Representative: Liu, Ching-Tsun		
Director	Hung Yeh Investment Co.,Ltd Representative: Lee, Yi-Hui	1,760	0
Independent Director	Shea, Jia-Dong	0	0
Independent Director	Chuang, Chih-Chen	0	0
Independent Director	Chen, Kuo-Tay	0	0
Total Directors' Shareholdings		99,184,605	56.2

¹ According to the article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies": if a public company has elected two or more independent Directors, the share ownership figures calculated at the rates set forth in the preceding paragraph for all Directors and supervisors other than the independent Directors and shall be decreased by 20 percent.