

Stock Code : 6024



**Capital Futures Corp.**

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**2021**

**Annual General Meeting of Shareholders**

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**Meeting Handbook**

Date and Time : 10:30 am, May 20<sup>th</sup>, 2021

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

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# **Capital Futures Corp.**

## **The Procedure of 2021 Annual General Meeting of Shareholders**

- I. Call Meeting to Order
- II. Chairman's Address
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- IV. Recognition Matters
- V. Discussion Matters
- VI. Election Matter
- VII. Other Proposal
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- IX. Adjournment

# **Capital Futures Corp.**

## **2021 Annual General Meeting of Shareholders**

### **Meeting Agenda**

Date and Time: 10:30 am Thursday, May 20<sup>th</sup>, 2021

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

- I. Call Meeting to Order
- II. Chairman's Address
- III. Reporting Matters
  - 1. Presentation on the 2020 business report.
  - 2. The audit committee's review report on the 2020 financial statements.
  - 3. Report on the distribution of employees' compensation and Directors' remuneration in 2020.
  - 4. Amendment to the Codes of Ethical Conduct.
  - 5. Amendment to the Procedures for Ethical Management and Guidelines for Conduct.
  - 6. Report on the plan for activities of corporate social responsibility.
- IV. Recognition Matters
  - 1. Adoption of the 2020 business report and consolidated and individual financial statements.
  - 2. Proposal for distribution of 2020 earnings.
- V. Discussion Matters
  - 1. Proposal for the distribution of capital reserve by cash.
  - 2. Amendment to the Rules of Procedure for Shareholders Meetings.
  - 3. Amendment to the Rules of Election of Directors.
- VI. Election Matter

The election of the 9<sup>th</sup> directors.

VII. Other Proposal

Proposal for the release of non-competition restriction on directors.

VIII. Extemporary Motion

IX. Adjournment

## Reporting Matters

1. Reported issue: Presentation on the 2020 business report.

Details: Please refer to Attachment 1 for the Company's 2020 business report (page 14 ~ 18 of this handbook).

2. Reported issue: The audit committee's review report on the 2020 financial statements.

Details: Please refer to Attachment 2 for 2020 audit committee's review report (page 19 of this handbook).

3. Reported issue: Report on the distribution of employees' compensation and directors' remuneration in 2020.

Details: The 2020 profit before tax prior to deducting the compensation for employees and remuneration for directors was NT\$802,726,891. 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 as employees' compensation, and 3% or less of its profit of the current year as directors' remuneration." The distribution of compensation to employees for an amount of NT\$9,070,814 and remuneration to directors for an amount of NT\$9,070,814 were approved by the board meeting on March 25, 2021. The compensation and the remuneration are to be distributed in cash. The aforesaid amount each accounted for 1.13% of the Company's 2020 earning. Please refer to Attachment 3 of this handbook. (page 20)

4. Reported issue: Amendment to the Codes of Ethical Conduct.

Details: The Company amended the Codes of Ethical Conduct in accordance with Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies attached in Taiwan Stock Exchange Order No. 10900094681. Please refer to Attachment 4 (page 21 ~ 26) of this handbook for the comparison table before and after amendment.

5. Reported issue: Amendment to the Procedures for Ethical Management and Guidelines for Conduct.

Details: The Company amended the Procedures for Ethical Management

and Guidelines for Conduct in accordance with Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct attached in Taiwan Stock Exchange Order No. 1090002299. Please refer to Attachment 5 (page 27 ~ 42) of this handbook for the comparison table before and after amendment.

6. Reported issue: Report on the plan for activities of corporate social responsibility.

Details: Please refer to Attachment 6 (page 43 ~ 51) for the plan for activities of corporate social responsibility.

## Recognition Matters

1. Subject: Adoption of the 2020 business report, consolidated and individual financial statements. (The proposal was submitted by the board of directors)

Details: 1. The Company's 2020 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 resolved for acceptance in the meeting of the board of directors (March 25, 2021). The audited financial statements and the business report were reviewed by the audit committee without any nonconformity identified and with a review report issued.

2. Please refer to Attachment 1 (page 14 ~ 18) and Attachment 7 (page 52 ~ 65) for 2020 business report, 2020 financial statements, and auditors' report.

### Resolution:

2. Subject: Acknowledging the Company's 2020 earnings distribution. (The proposal was submitted by the board of directors)

### Details:

1. The distributable net profit: NT\$623,005,103 equals the 2020 after-tax net profit of the Company: NT\$622,166,140 (1) plus accumulated undistributed earnings: NT\$1,547,777 and (2) minus changes in actuarial profit and loss this year: NT\$ 708,814.

According to the Article of Association of the Company, the net profit can be distributed as following:

- A. The amount of legal reserve is NT\$62,145,733.
- B. The amount of special reserve is NT\$124,291,465.
- C. The amount of special reserve appropriated due to deduction of equity is NT\$41,616,495.
- D. It was resolved for acceptance in the meeting of the board of directors that cash dividends to distribute are, rounded to the nearest integer, NT\$393,518,282 (at NT\$1.87 per share on the basis of 210,437,584 outstanding shares). The total payment of shares of odd lots shall be counted as other revenue of the Company, as for the unappropriated retained earnings in the end of term is NT\$ 1,433,128. The chairman is authorized to set the



dividend day and related issues upon the finalization of the general meeting of shareholders.

2. If the number of outstanding shares is affected by the later change in the capital of the Company, simultaneously the shareholders of the dividend payout ratio needs to be revised, the chairman will be authorized by the shareholder meeting to deal with the relevant issue.
3. Please refer to Attachment 8 for the 2020 earnings distribution proposal. (page 66)

Resolution:

## Discussion Matters

1. Subject: Proposal for the distribution of capital reserve by cash. (The proposal was submitted by the board of directors)

Details: 1. The Company, in accordance with the Article 241 of the Company Act, proposes to distribute the capital reserve to shareholders by cash: NT\$210,437,584, which is part of the premium derived from the issuance of new shares, equal to NT\$1 per share. Nevertheless, the real distributable amount will depend on the total share number of shareholders' roster on the date distributing capital reserve by cash.

2. If the total distributable capital reserve changes afterwards due to the share repurchase, the transfer or the cancellation of treasury stock, the issuance of convertible corporate bonds, the request of the shares conversion, etc., the distributable amount shall be calculated by outstanding shares on the date distributing capital reserve by cash, and the chairman will be authorized to adjust it.
3. The chairman will be authorized to decide the date to distribute capital reserve by cash after approval of the shareholders' meeting.

Resolution:

2. Subject: Amendments to the Rules of Procedure for Shareholders Meetings. (The proposal was submitted by the board of directors)

Details: 1. To amend the Rules of Procedure for Shareholders Meetings of the Company in accordance with the Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings attached in Taiwan Stock Exchange Order No. 10900094681 and No. 11000014461.

2. Please refer to Attachment 9 for the comparison table before and after amendment. (page 67 ~79)

Resolution:

3. Subject: Amendment to the Rules of Election of Directors (The proposal was submitted by the board of directors)

Details: 1. To amend the Rules of Election of Directors of the Company in accordance with the Sample Template for XXX Co., Ltd. Procedures for Election of Directors attached in Taiwan Stock Exchange Order No. 10900094681.  
2. Please refer to Attachment 10 for the comparison table before and after amendment. (page 80 ~ 89)

Resolution:

## Election Matter

1. Subject: The election for the 9<sup>th</sup> directors. (The proposal was submitted by the Board of Directors)

Details: 1. The board of directors consists of 7 to 9 directors and independent directors shall account for 3 or more in accordance with the Articles of Association. Directors should be elected through a candidate nomination system.

2. According to the Company's board meeting resolution on January 25, 2021, the 9<sup>th</sup> board of directors shall elect 7 directors, 3 independent directors included. New directors will take office since the election, the term will, from May 20, 2021, to May 19, 2024, be 3 years. The term of the 8<sup>th</sup> directors ends in the 9<sup>th</sup> directors' inauguration.

3. The candidates for the 9<sup>th</sup> directors have been censored by the board meeting on March 25, 2021. The information of candidates is as follow:

| Candidate   | Education   | Major career  | Shares held |
|---|---|---|-------------|
| Capital Securities Corp.<br>Representative: Sun,<br>Tien-Shan     | Business<br>Administration<br>Executive<br>Program,<br>National<br>Chengchi<br>University | Senior<br>Executive<br>Vice<br>President,<br>Capital<br>Securities<br>Corp. | 119,117,014 |
| Capital Securities Corp.<br>Representative: Wang,<br>Jiunn-Chih   | Ph.D. in<br>Technology<br>Management,<br>Chung Hua<br>University                          | Chairman,<br>Capital<br>Securities<br>Corp.                                 | 119,117,014 |
| Capital Securities Corp.<br>Representative: Liu,<br>Ching-Tsun    | M.P.A.,<br>University of<br>San Francisco,<br>USA   | Chairman ,<br>Capital<br>Securities<br>Corp.                                | 119,117,014 |
| Hung Yeh Investment<br>Co., Ltd<br>Representative: Lee,<br>Yi-Hui | Department of<br>Public Finance,<br>National Chung<br>Hsing<br>University                 | Director,<br>Hontai Life<br>Insurance                                       | 2,031       |

|                      |                  |   |   |   |
|----------------------|------------------|---|---|---|
| Independent Director | Chen, Kuo-Tay    | Ph.D. of Buisness, The University of Texas at Austin, USA | Professor, Department of Accounting, National Taiwan University.                | 0 |
| Independent Director | Hsiao, Nai-Ching | Master of Law, National Chung Hsing University            | Judge of Supreme Court  | 0 |
| Independent Director | Wu, Yung-Sheng   | Ph.D. of Law, National Chengchi University                | Convener, Trading Commission and Clearing Commission of Taiwan Futures Exchange | 0 |

Resolution:

## Other Proposal

1. Subject: To release the non-competition restrictions on directors

Details: 1. According to Article 209 of the Company Act, “A director who does anything for himself or on behalf of another person that is within the scope of the company’s business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”

2. The information about candidates of the 9<sup>th</sup> directors concurrently act in other companies is as follows:

| Name of the Director   | Company Name and Positon   |
|--|--|
| Capital Securities Corp.<br>Representative: Sun, Tien-Shan   | Director of<br>CSC Futures (HK) Ltd.<br>Chairman of<br>Capital True Partner<br>Technology Co., Ltd.  |
| Capital Securities Corp.<br>Representative: Wang, Jiunn-Chih | Chairman of Capital Securities<br>Corp.<br>Chairman of CSC Venture<br>Capital Corp.<br>Director of CSC International<br>Holdings Ltd.,<br>Capital Securities (HK) Corp.<br>and CSC Futures (HK) Ltd.                   |
| Capital Securities Corp.<br>Representative: Liu, Ching–Tsun  | Director of Capital Securities<br>Corp. and Taiwan Oasis<br>Technology Co., Ltd.   |
| Hung Yeh Investment Co., Ltd<br>Representative: Lee, Yi-Hui  | Director of Bao Sheng<br>Investment Co., Ltd., Fengyang<br>Investment Co., Ltd, Taifa<br>Investment Co., Ltd., Chaolung<br>Investment Co., Ltd, Fu Ding<br>Investment Co., Ltd. and Tai<br>Sheng Investment Co., Ltd.. |

3. If the elected directors/representatives concurrently act in other companies operating identical or similar business of the Company, they request the approval from General Meeting of Shareholders to release the non-competition restrictions.

Resolution:

Extemporany Motion

Adjournment

Capital Futures Corp.  
2020 Business Report

I. Operating performance in 2020

Reviewing Year 2020, even though there was the uncertainty of Covid-19 pandemic, the trade war between China and the United States and the president election of United States interfering with the overall investment environment, the Company's annual trading volume of the domestic futures brokerage business was 49.84 million lots, increasing 26% from the previous year, and the market share was 7.30%. The Company's annual trading volume of the foreign futures brokerage business was 8.17 million lots, increasing 5.5% from the previous year, and the market share was 20.8%. In 2020, the consolidated revenues was NT\$2,426 million, increasing 26.58% from the previous year, and the net income before and after tax were NT\$784 million and NT\$622 million, respectively increasing 5.08% and 3.78% from the previous year. Due to the rate cut by central banks over the world, the Company's interest income dropped sharply. However, the Company's brokerage business and proprietary trading business still steadily grew, along with the significant growth of leverage forex margin transaction business. Furthermore, the Company aimed to operate diversified business and earn diversified income by building the multi-engine profitable model. Therefore, the overall performance in 2020 was still improved.

As a leader in the field of financial technology, the Company not only captures market trends in an efficiency way, but also actively constructs an IT system as its platform for global trading. Moreover, the Company has unique self-media such as Capital View, Dr. Stock, and Capital Morning, leading in analyzing global investment products and opportunities through comprehensive research on fundamental financial information and market, to provide professional real-time investment suggestions. Furthermore, in 2020 the Company established the Digital Growth Department, focusing on further



fintech upgrade. With customer-centered commitment, the Company aims at providing greater products and better user experience to its clients, by enhancing investment tools, information and social ecosystem. Therefore, the Company is implementing its business goals which include providing high-valued services and doing all the best for customers with digital financial expertise.

The Company has 7 directors in board of directors (including 3 independent directors) who are all with the profession of operation, management, finance, accounting, law, international market and strategy. Through rich financial experience and various operating expertise from Directors with diversified background, the Company can implement supervision on operation and management, which helps push forward the Company’s whole development strategy, business performance, operating system, and investor protection. In addition, the Company will continue to serve the real economy, strengthen corporate governance, safeguard the rights and interests of investors, and execute the rigorous compliance and internal control systems. In other words, the Company not only pursues long-term and stable profitability, but also commits itself to constructing a safe investment environment and fulfilling its corporate social responsibility.

## II. 2020 income and profit analysis

Unit: NTD thousands

| Item                                  | 2020      | 2019      |
|---------------------------------------|-----------|-----------|
| Income                                | 2,426,236 | 1,916,778 |
| Expenses                              | 2,055,139 | 1,739,116 |
| Non-operating income and expenses     | 413,409   | 568,952   |
| Net income before tax                 | 784,506   | 746,614   |
| Net income                            | 622,344   | 599,676   |
| Return on Equity (%)                  | 10.89%    | 11.87%    |
| Net profit margin (%)                 | 25.65%    | 31.29%    |
| Return on Asset (%)                   | 1.42%     | 1.47%     |
| Earnings per share after tax (dollar) | 3.07      | 3.4       |

### III. Operating plans and development strategies for the future

Despite the roll-out of Covid-19 vaccines during the pandemic, governments around the world may still sign large-scale relief packages. In addition, abnormal climate may cause the price of produce to rise, and the trend of the U.S. dollar is still uncertain. Therefore, there are still a great number of factors influencing the unsureness about the global economy and financial market in the future, which may enlarge the market volatility and the hedging demand. Thus, trading in domestic and international futures markets should keep booming, and the trading volume has chance to increase; consequently, the overall operation of futures industry should be benefited.

The operating plans and development strategies of the Company in 2021 are as follows:

1. To consolidate and duplicate the leading advantages on foreign market business:  
The Company, taking advantage of DMA, promotes products of CME Group, HKEx, SGX, Euronext, EUREX, ICE, etc., to develop the market in Greater China. With the promotion to domestic and foreign futures, options, stock futures and ETF, customers' assets will be protected, and the Company's business and profit will improve accordingly.
2. To improve the performance of the futures and securities proprietary trading teams and to recruit outstanding traders with expertise in high-frequency market-making, spread arbitrage, and the over-the-counter transaction, for expanding the sources of income from the proprietary trading and scattering the risk.
3. The Company, with its advantage of the top one leverage transaction merchant (LTM), promotes forex margin trading, gold and oil CFD products, also seizes the opportunity to the new business, such as seeking approval for futures associated persons to refer customers to LTM, for overseas Chinese and foreigners to trade LTM's products, and for LTM to issue new CFD products (including U.S. stock CFD, other stock and index CFDs). Moreover,

the Company cooperates with foreign partners and channels, for developing customers in Greater China and Southeast Asia and providing them with multiple choices of hedging and investment.

4. To expand the diverse sources of income and to serve the real economy, the Company is going to establish a commercial and trading company to implement LME physical delivery and warrant related businesses, including warrant swap, sale, procurement, pledge, etc.
5. To design the digital growth blueprint and to implement three strategies of digital transformation (which are: increasing sales momentum, enhancing investment information, and improving user experience) by the methods such as self-innovation, collaboration between enterprises, marketing activities, and academic-industry cooperation.
6. With the IT advantage, our subsidiary in Hong Kong has developed self-owned global futures trading platforms to connect exchanges around the world, and gradually cover the developing countries, such as Thailand, Vietnam and India, to provide the B2C cross-market trading platform and customized services for the customers in Greater China. In addition, the HK subsidiary is building its own official website and has obtained License type 4 and type 5, helping customers engage in futures trading via the cooperation on investment advisory business.
7. The subsidiary in Hong Kong plans to apply as a qualified foreign investor in China market, which can help customers engage in futures and options trading in China market with its exclusive futures trading platform.
8. The Company awaits the opportunity to invest in the futures enterprise in China, combining with subsidiaries in Shanghai and Chengdu to perform the business synergy.
9. For increasing profits, the Company tries to invest in more kinds of products with the self-owned funds, such as foreign currency deposit, bonds funds, equity funds, and ETFs.
10. The Company will continue to strengthen internal audit, internal control and legal compliance, and strictly comply with risk

management. Also, our education and training will keep focusing on IT security, anti-money laundering, and the Treating Customer Fairly Principle. In addition, the Company has appointed the chief corporate governance officer to ensure independent and effective operation of the board of directors, the audit committee, the remuneration committee and ethical management committee, with the goal of being a constituent in TWSE Corporate Governance 100 index.

11. To carry out the Company's corporate culture and well balance its human resource development, the Company continues to connect with students and young people, strengthen academic-industry cooperation (providing summer intern opportunities), and recruit freshmen in the workplace.
12. The Company is committed to creating a happy workplace, practicing the social welfare, and well performing the environmental, social and governance (ESG) responsibility, which combines with its core values: digital growth, valuable services, and sustainable management.

Sun, Tien-Shan  
Chairman

Lee, Wen-Chu  
President

Lin, Li-Juan  
Accounting manager

**Capital Futures Corp.**  
**Audit Committee's Review Report**

The board of directors has prepared the 2020 fiscal year Individual and Consolidated Financial Statements (hereinafter, the “Financial Statements”) of the Company, which were audited by the CPAs of KPMG Taiwan, “Lee, Feng-Hui” and “Chung, Tan-Tan”, with an unmodified opinion issued in the Independent Auditor’s Report. We, as the Audit Committee of the Company, have reviewed the Financial Statements that were present fairly with the Report prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, and hereby present for your recognition.

**Capital Futures Corp.**  
Chairman of Audit Committee

Chuang, Chih-Chen

March 25, 2021

## Attachment 3

### Distribution status of employees' compensation and directors' remuneration in 2020

1. The distribution of the compensation to employees for an amount of NT\$9,070,814 and the remuneration to directors for an amount of NT\$9,070,814 were resolved in the board meeting of the Company on March 25, 2021. Aforementioned compensation and remuneration will all be distributed in cash, and the amount respectively accounted for 1.13% of the Company's 2020 earning which refers to the amount before deduction of the compensation and the remuneration.
2. The difference between the amount of compensation to employees and remuneration to 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) | The reason and treatment of difference |
|---------------------------|--|---|----------------------------|--|
| Compensation to employees | 9,070,814  | 9,070,814   | 0                          | No difference                          |
| Remuneration to directors | 9,070,814  | 9,070,814   | 0                          | No difference                          |

## Attachment 4

### Comparison table for the Codes of Ethical Conduct Before and After Amendment

| After the Amendment   | Before the Amendment  | Note   |
|---|---|--|
| <p>Article 4</p> <p>Directors and Managerial Officer shall prevent the following conflicts of interest when personal interest intervenes or is likely to intervene in the overall interest of the Company:</p> <p>1. When a director, Managerial Officer of the Company is unable to perform their duties in an objective and efficient manner; or</p> <p>2. When a person in such a position takes advantage of their position in the Company to obtain improper benefits for either themselves or their spouse or relatives within the second degree of kinship, or for aforesaid persons' the proprietorship, the partnership enterprise, the enterprise they are as responsible persons or the group they are as representative. The Company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving.</p> <p>Directors and Managerial Officers shall voluntarily explain whether there is any potential conflict between them and the company.</p> | <p>Article 4</p> <p>Directors and Managerial Officer shall prevent the following conflicts of interest when personal interest intervenes or is likely to intervene in the overall interest of the Company:</p> <p>1. When a director, Managerial Officer of the Company is unable to perform their duties in an objective and efficient manner; or</p> <p>2. When a person in such a position takes advantage of their position in the Company to obtain improper benefits for either themselves or their spouse, <u>parents, children</u> or relatives within the second degree of kinship, or for aforesaid persons' the proprietorship, the partnership enterprise, the enterprise they are as responsible persons or the group they are as representative. The Company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving.</p> <p>Directors and Managerial Officers shall voluntarily explain whether there is any potential conflict between them and the company.</p> | <p>Revised the wording that parents and children belong to the second degree of kinship.</p> |
| <p>Article 10</p> <p>The Company shall raise awareness of ethics internally and encourage Employees to report to a director, Managerial Officers, chief internal auditor, or other</p>  | <p>Article 10</p> <p>The Company shall raise awareness of ethics internally and encourage Employees to report to a director, Managerial Officers, chief internal auditor, or other</p>  | <p>Revised the wording to allow anonymous reporting in accordance</p>                        |

|  |  |   |
|--|--|---|
| <p>appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the Code of Ethical Conduct.</p> <p>To encourage Employees to report illegal conduct, the company may establish a relevant system, <u>allow anonymous reporting</u>, and make Employees aware that the Company will use its best efforts to ensure the safety of <u>whistleblowers</u> and protect them from reprisals.</p> | <p>appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the Code of Ethical Conduct.</p> <p>To encourage Employees to report illegal conduct, the company may establish a relevant system and make Employees aware that the Company will use its best efforts to ensure the safety of <u>reporters</u> and protect them from reprisals.</p> | <p>with the Article 23 of Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.</p> |
|--|--|---|



## Capital Futures Corp. Codes of Ethical Conduct

Article 1 For the purpose of encouraging Employees to act in line with ethical standards, and to help interested parties better understand the ethical standards of the Company.

Article 2 Definitions:

1. “Personnel” shall mean the Company’s directors, managers and Employees.
2. “Employee” shall mean the Company’s Managerial Officers and other employees.
3. “Managerial Officer” shall mean the president, vice president, senior vice president, assistant vice president and responsible person of a branch office.
4. “Ethical Conduct” shall mean the conduct in comply with professional standards including handling the conflict of interests in a fair way.

Article 3 The Personnel shall comply with laws and this Code and pursue high moral standards when performing their duties.  
Directors and Managerial Officer shall lead by example to implement this Code.

Employees shall be proactive, serious and responsible, and abandon parochialism, pay attention to the team spirit, and stick to the principle of good faith when performing their duties.

Article 4 Directors and Managerial Officer shall prevent the following conflicts of interest when personal interest intervenes or is likely to intervene in the overall interest of the Company:

1. When a director, Managerial Officer of the Company is unable to perform their duties in an objective and efficient manner; or
2. When a person in such a position takes advantage of their position in the Company to obtain improper benefits for either themselves or their spouse or relatives within the second degree of kinship, or for aforesaid persons’ the proprietorship, the partnership

enterprise, the enterprise they are as responsible persons or the group they are as representative. The company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving.

Directors and Managerial Officers shall voluntarily explain whether there is any potential conflict between them and the company.

Article 5 The company shall prevent its directors or Managerial Officers from engaging in any of the following activities:

1. Seeking an opportunity to pursue personal gain by using company property or information or taking advantage of their positions.
2. Obtaining personal gain by using Company property or information or taking advantage of their positions.
3. Competing with the Company.

When the company has an opportunity for profit, it is the responsibility of directors or Managerial Officers to maximize the reasonable and proper benefits that can be obtained by the Company.

Article 6 Personnel shall deliberately manage the information learned from the performance of duty, confidential information, or customers' information, and shall not reveal to others and only make use of it on purpose of work, which is applied after Personnel's resignation or dismissal.

The information which shall be kept confidential includes all undisclosed information that may be used by competitors or will do harm to the Company or customers when leaked.

Article 7 Directors and Managerial Officers shall respect and fairly treat customers, suppliers, competitors and Employees, and shall not engage in the following illegal and unethical behaviors:

1. Spreading rumors about customers, suppliers or competitors.
2. Misrepresenting the quality or content of the Company's products and services.
3. Other behaviors of obtaining improper benefits through manipulation, nondisclosure, or misuse of the information learned

by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

Article 8 Directors and Managerial Officers are responsible for safeguarding the Company's assets and ensure they can be effectively and lawfully used for official business purposes, and prevent any theft, negligence in care, or waste of the assets which will directly impact the Company's profitability.

Article 9 Directors and Managerial Officers shall comply with the Company Act, Securities and Exchange Act and other applicable laws, regulations, and bylaws, and disseminate the awareness of ethics.

Article 10 The Company shall raise awareness of ethics internally and encourage Employees to report to a director, Managerial Officers, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the Code of Ethical Conduct.

To encourage Employees to report illegal conduct, the company may establish a relevant system, allow anonymous reporting, and make Employees aware that the Company will use its best efforts to ensure the safety of whistleblowers and protect them from reprisals.

Article 11 If any Company Personnel is suspected of serious violations of laws and regulations, the Company shall pursue their civil and criminal liabilities to protect the rights and interests of the Company and its shareholders. A Company Employee shall comply with the Code, and the Company shall impose disciplinary action in accordance with relevant rules. The same shall apply when a unit manager knows of a violation and fails to correct it or fails to handle it in accordance with the Company's rules. The Company Personnel who violate the Code shall be reported and disciplined by the responsible unit pursuant to the relevant procedures. The disciplined Personnel may file an appeal providing relevant evidence. The Company shall take the concerned party's appeal into consideration and take appropriate measures. A director or managerial officer who violates the Code and is held

against laws upon a court's judgment in the first instance, or held against laws upon resolution by the Company's board of directors, and the board of directors renders discipline, the Company shall immediately disclose on Market Observation Post System (MOPS) website the date and cause of the violation, violated guidelines, and the actions taken in response

- Article 12 It shall be approved by the board meeting if there is necessary for Directors and Managerial Officers to be exempted from compliance with this Code, and that information on the date on which the board meeting approved for the exemption, objections or reservations of independent directors, and the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS website, in order that the shareholders may evaluate the appropriateness of the board resolution to forestall any arbitrary or dubious exemption from the code, and to safeguard the interests of the company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.
- Article 13 This Code shall be announced internally and disclose on the Company's official website, the annual report, prospectuses, and the MOPS website, and the same shall apply to any amendment thereto.
- Article 14 This Code will take effect after approval in the board meeting, and shall be reported to the shareholders' meeting, and the same shall apply to any amendment thereto.

## Attachment 5

### Comparison Table for the Procedures for Ethical Management and Guidelines for Conduct Before and After Amendment

| After the Amendment   | Before the Amendment   | Note   |
|---|--|--|
| <p>Article 5 (Responsible unit <u>and duties</u>)</p> <p>The Company shall designate the solely responsible unit (hereinafter, “responsible unit”) under the board of directors and provide it with sufficient resources and competent personnel to be in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports (<u>at least once a year</u>) to the board of directors:</p> <ol style="list-style-type: none"> <li>1. Assisting in incorporating ethics and moral values into the Company’s business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</li> <li>2. <u>Analyzing and assessing the risks of unethical conduct within the business scope on a regular basis and accordingly</u> adopting programs to prevent unethical conduct and setting out in each program the</li> </ol> | <p>Article 5 (Responsible unit)</p> <p>The Company shall designate the solely responsible unit (hereinafter, “responsible unit”) under the board of directors and provide it with sufficient resources and competent personnel to be in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports to the board of directors:</p> <ol style="list-style-type: none"> <li>1. Assisting in incorporating ethics and moral values into the Company’s business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</li> <li>2. Adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to the Company’s operations and business.</li> </ol> | <p>1. Revised the title and provisions of this Article in accordance with the Article 17 of Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, the responsible unit shall, at least once a year, report to the board of directors and regularly analyses and assess the risks of unethical conduct.</p> <p>2. Added the Article 7 in accordance with the Article 8 of Ethical Corporate Management Best Practice Principles for TWSE/GTSM</p> |

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| <p>standard operating procedures and conduct guidelines with respect to the Company's operations and business.</p> <p>3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>4. Disseminating and coordinating awareness and educational activities with respect to ethics policy.</p> <p>5. Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p> <p>7. <u>Preparing and retaining properly documented information such as ethical management policy, compliance statements, commitment and implementation.</u></p> | <p>3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>4. Disseminating and coordinating awareness and educational activities with respect to ethics policy.</p> <p>5. Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p> | <p>Listed Companies, the Company shall prepare and retain properly documented information regarding ethical management policies, statements, undertakings and enforcement.</p> |
| <p>Article 11 (Recusal)</p> <p>When a director attending or present at a board meeting, or the juristic person represented thereby, has a stake in a matter under discussion in the meeting ,</p>   | <p>Article 11 (Recusal)</p> <p>When a director attending or present at a board meeting, or the juristic person represented thereby, has a stake in a matter under discussion in the meeting ,</p>  | <p>1. Revised the Paragraph 1 of this Article in accordance with the Paragraph1 of</p>   |

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| <p>that director shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of this Company would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.</p> <p><u>Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.</u></p> <p>(The rest is omitted.)</p> | <p>that director shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of this Company would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.</p> <p>(The rest is omitted.)</p> | <p>Article 16 of Regulations Governing Procedure for Board of Directors Meetings of Public Companies.</p> <p>2. Added the Paragraph 2 to this Article in accordance with the Paragraph 3 of the Article 206 of the Company Act, stipulating the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.</p> |
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| <p>Article 16 (Compliance and announcement of policy of ethical management)</p> <p><u>The Company shall request its directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.</u></p> <p>(The rest is omitted.)</p>                             | <p>Article 16 (Announcement of policy of ethical management)</p> <p>(The rest is omitted.)</p>   | <p>Revised the title and the Paragraph 1 of this Article in accordance with Article 8 of Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, the Company shall request its directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.</p> |
| <p>Article 21 (Handling of unethical conduct by personnel of the Company)</p> <p>When receiving the report about unethical or unseemly conduct of employees, the Company shall immediately verify the facts. If a person being reported of is confirmed to have indeed violated the applicable laws and regulations or the Company's policy and regulations of ethical</p> | <p>Article 21 (Handling of unethical conduct by personnel of the Company)</p> <p>When receiving the report about unethical or unseemly conduct of employees, the Company shall immediately verify the facts. If a person being reported of is confirmed to have indeed violated the applicable laws and regulations or the Company's policy and regulations of ethical</p> | <p>1. Revised the Paragraph 1 of this Article in accordance with Article 23 of Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed</p>   |



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| <p>management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition, and when necessary, the Company will <u>report to the competent authority, refer said person to judicial authority for investigation, or</u> institute legal proceedings <u>and seek</u> damages to safeguard its reputation and its rights and interests.</p> <p><u>If the report's accuracy is verified, the Company may, based on its contribution to the corporate governance, grant proper award to the reporter in accordance with the Company's personnel regulations.</u></p> <p>(The rest is omitted.)</p> | <p>management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition, and when necessary, the Company will <u>seek</u> institute legal proceedings <u>for</u> damages to safeguard its reputation and its rights and interests.</p> <p>(The rest is omitted.)</p> | <p>Companies, stipulating the proper follow-up after the investigation.</p> <p>2. Added the Paragraph 2 to this Article in accordance with the Company's Codes of Implementation of Whistleblower System.</p> |
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## Capital Futures Corp.

### The Procedures for Ethical Management and Guidelines for Conduct

#### Article 1 (Purpose of adoption and scope of application)

The Company engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency, and in order to fully implement a policy of ethical management and actively prevent unethical conduct, these Procedures for Ethical Management and Guidelines for Conduct (hereinafter, “Procedures and Guidelines”) are adopted pursuant to the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the applicable laws and regulations of the places where the Company and its business groups and organizations operate, with a view to providing all personnel of the Company with clear directions for the performance of their duties.

The scope of application of these Procedures and Guidelines includes the subsidiaries of the Company, any incorporated foundation in which the Company’s accumulated contributions, direct or indirect, exceed 50 percent of the total funds of the foundation, and other group enterprises and organizations, such as institutions or juristic persons, substantially controlled by the Company.

#### Article 2 (Applicable subjects)

For the purposes of these Procedures and Guidelines, the term “personnel of the Company” refers to any director, managerial officer, employee, mandatary or person having substantial control, of the Company or its group enterprises and organizations.

Any provision, promise, request, or acceptance of improper benefits by any personnel of the Company through a third party will be presumed to be an act by the personnel of the Company.

#### Article 3 (Unethical conduct)

For the purposes of these Procedures and Guidelines, “unethical conduct” means that any personnel of the Company, in the course of their duties, directly or indirectly provides, promises, requests, or

accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.

The counterparties of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staffs, and government-owned or private-owned enterprises or institutions and their directors, supervisors, managerial officers, employees, persons having substantial control, or other interested parties.

Article 4 (Types of benefits)

For the purposes of these Procedures and Guidelines, the term “benefits” means any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name.

Article 5 (Responsible unit and duties)

The Company shall designate the solely responsible unit (hereinafter, “responsible unit”) under the board of directors and provide it with sufficient resources and competent personnel to be in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports (at least once a year) to the board of directors:

1. Assisting in incorporating ethics and moral values into the Company’s business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
2. Analyzing and assessing the risks of unethical conduct within the business scope on a regular basis and accordingly adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines

with respect to the Company's operations and business.

3. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.
4. Promoting and coordinating awareness and educational activities with respect to ethics policy.
5. Developing a whistle-blowing system and ensuring its operating effectiveness.
6. Assisting the board of directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.
7. Preparing and retaining properly documented information such as ethical management policy, compliance statements, commitment and implementation.

Article 6 (Prohibition against providing or accepting improper benefits)

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, the conduct of the given personnel of the Company shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and these Procedures and Guidelines, and the relevant procedures shall have been carried out:

1. The conduct complies with the laws of the operating area.
2. The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.
3. The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.

4. Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.
5. Attendance at folk festivals that are open to and invite the attendance of the general public.
6. Rewards, emergency assistance, condolence payments, or honorariums from the management.
7. The conduct is for social customs or complies with the rules of the Company.

Article 7 (Procedures for handling the acceptance of improper benefits)  
Except under any of the circumstances set forth in the preceding article, when any personnel of the Company are provided with or are promised, either directly or indirectly, any benefits by a third party, the matter shall be handled in accordance with the following procedures:

1. If there is no relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and the responsible unit shall be notified if necessary.
2. If a relationship of interest does exist between the party providing or offering the benefit and the official duties of the Company's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify the responsible unit. When the benefit cannot be returned, then within 3 days from the acceptance of the benefit, the personnel shall refer the matter to the responsible unit for handling.

"A relationship of interest between the party providing or offering the benefit and the official duties of the Company's personnel," as referred to in the preceding paragraph, refers to one of the following circumstances:

1. When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.
2. When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.
3. Other circumstances in which a decision regarding the Company's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

The responsible unit of the Company shall make a proposal, based on the nature and value of the benefit under Paragraph 1, that it be returned, accepted on payment, given to the public, donated to charity, or handled in another appropriate manner. The proposal shall be implemented after being reported and be approved by the chairman.

Article 8 (Prohibition of and handling procedure for facilitating payments)

The Company shall neither provide nor promise any facilitating payment.

If any personnel of the Company provides or promises a facilitating payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify the responsible unit.

Upon receipt of the report under the preceding paragraph, the responsible unit shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the responsible unit shall also immediately report to the relevant judicial agency.

Article 9 (Procedures for handling political contributions)

Political contributions by the Company shall be made in accordance with the "Ordinary Expenditure Authorized Form" of the Company and the following provisions:

1. It shall be ascertained that the political contribution is in compliance with the laws and regulations governing political contributions in the country in which the recipient is located, including the maximum amount and the form in which a

contribution may be made.

2. A written record of the decision-making process shall be kept.
3. Account entries shall be made for all political contributions in accordance with applicable laws and regulations and relevant procedures for accounting treatment.
4. In making political contributions, commercial dealings, applications for permits, or carrying out other matters involving the interests of the Company with the related government agencies shall be avoided.

Article 10 (Procedures for handling charitable donations or sponsorships)  
Charitable donations or sponsorships by the Company shall be provided in accordance with the “Ordinary Expenditure Authorized Form” of the Company and the following provisions:

1. It shall be ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country where the Company is doing business.
2. A written record of the decision making process shall be kept.
3. A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery.
4. The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of the Company’s commercial dealings or a party with which any personnel of the Company has a relationship of interest.
5. After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution.

Article 11 (Recusal)

Directors shall remain a lot of self-discipline, and shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of the Company would be prejudiced when attending or present at a board meeting, or the juristic person represented thereby, has a stake in a matter under discussion in the

meeting, and shall not participate in the discussion or vote on that proposal, and shall recuse himself or herself from any discussion and voting, and shall not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.

Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.

If in the course of conducting company business, any personnel of the Company discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.

No personnel of the Company may use company resources on commercial activities other than those of the Company, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of the Company.

Article 12 (The unit and the duty of confidential mechanism)

Each department and office of the Company shall pay attention to the management, storage, and secrecy of the Company's business confidential information.

Article 13 (No Disclosure of Business Secrets)

The Company's staff may not disclose business secrets of the Company that they become aware of to others and may not pry or collect business secrets of the Company not relevant to their work.

Article 14 (No insider trading)

The Company's staff shall follow the requirements of the Securities



Exchange Act and may not engage themselves in insider trading taking advantage of the information they are aware of and yet to be released to the public and may not disclose it to others in order to prevent others from engaging in insider trading with the said yet-to-be-published information.

Article 15 (Confidentiality agreement)

Other institutions or staff involved in the Company's mergers, severance, acquisitions, and assignment of shares, important memorandums of understanding, strategic alliances, other business collaboration projects, or important contracts shall sign the Confidentiality Agreement with the Company to undertake that they will not disclose business secrets of the Company or other important information they become aware of to other people and may not use the said information unless with permission from the Company.

Article 16 (Compliance and declaration of integrity policy)

The Company shall request its directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.

The Company shall, in its internal rules, annual report, official website, and other documents, disclose its integrity policy and declare it adequately during product launch conferences and investors conferences, among other external activities so that its suppliers, customers and business-related institutions and personnel have a better understanding of the Company's integrity philosophy and regulations.

Article 17 (Integrity assessment prior to conclusion of business relationship)

Before creating a business relationship, the Company shall evaluate the legitimacy, integrity policy, and presence of dishonest act records or not of the dealer, the supplier, the customer, or any other business counterpart first in order to ensure fair and transparent business operation approaches and that no bribery will be requested, provided, or accepted. While performing the said evaluation in the preceding

paragraph, the Company may adopt an appropriate audit procedure by which the business counterparts are examined against the following matters in order to understand the status of ethical corporate management:

1. The country, operation site, organization and structure, operational policy, and payment location of the enterprise
2. Whether there is the integrity policy in place for the enterprise
3. Whether the enterprise has had any record of bribery or illegal political contributions, among other dishonest acts at the Judicial Yuan over the past year or not.

Article 18 (Clarifying integrity policy to business counterpart)

While doing business, the Company's staff shall explain to the counterpart the Company's integrity policy and applicable requirements and explicitly reject illegitimate interests provided, promised, requested, or accepted, directly or indirectly, in any form or any name, including kickbacks, commissions, facilitation payment, or illegitimate interests provided or accepted through other means.

Article 19 (Avoidance of transactions with dishonest operators)

The Company's staff shall avoid business transactions with dealers, supplies, customers, or other counterparts known for their unethical corporate management and once dishonest conditions are found with any such counterpart, business interactions shall be discontinued immediately and such counterparts will be rejected in order to fulfill the Company's integrity policy.

Article 20 (Ethical corporate management defined in contract)

When the Company signs a contract with others, it will fully understand the ethical corporate management status of the counterpart and include compliance with ethical corporate management and the following matters as part of the contract terms and conditions if necessary:

1. When a party is aware of the violation of someone by accepting commissions, kickbacks, or other interests that are banned in the contract, the status of the said someone, how such interests are

provided, promised, requested, or accepted, the value or other interests shall be made known to the other party immediately, with related evidence provided and cooperate during investigation conducted by the other party. In the event that a party is harmed as such, damages may be requested from the other party and they may be deducted from the contract value that is due.

2. Either party may terminate the contract unconditionally at any time if the other party is found to have been involved in dishonest acts.
3. Specific and reasonable payment terms and conditions shall be defined, including the payment location, method, and applicable taxation laws and regulations that need to be fulfilled, etc. The requirements of the competent authority, however, are to be followed if they are available.

Article 21 (Handling of unethical conduct by personnel of the Company)

When receiving the report about unethical or unseemly conduct of employees, the Company shall immediately verify the facts. If a person being reported of is confirmed to have indeed violated the applicable laws and regulations or the Company's policy and regulations of ethical management, the Company shall immediately require the violator to cease the conduct and shall make an appropriate disposition, and when necessary, the Company will report to the competent authority, refer said person to judicial authority for investigation, or institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.

If the report's accuracy is verified, the Company may, based on its contribution to the corporate governance, grant proper award to the reporter in accordance with the Company's personnel regulations. As to the unethical conduct which has occurred, the Company shall require relevant units to examine their internal control and operating procedures, and then take improving measures to avoid happening again.

The Company's dedicated unit shall report to the board of directors about unethical conducts, handling methods, and improving

measures.

Article 22 (Management of dishonest acts of others against the Company)

In the event of any dishonest act of others against the Company, if such act involves illegal acts, the Company's staff shall report related facts to the judicial or prosecution authority; if a public agency or a civil servant is involved, the Agency against Corruption of the government shall be notified.

Article 23 (Creation of reward, penalty, and complaint system and disciplinary disposition)

The Company shall include ethical corporate management as part of its employee performance rating and human resources policy and set up defined and effective rewards and penalties and complaints systems. For its staff involved in severe dishonest acts, the Company shall dismiss them in compliance with applicable laws and regulations or the Company's personnel policy.

The Company shall disclose on the internal website of the Company the information of the violator, such as the title, name, date of violation, details of violation, and handling status.

Article 24 (Enforcement)

These Guidelines shall enter into force after having been adopted by the Board of Directors shall be presented during the shareholders' meeting; and the same shall apply to any amendment thereto.

## Attachment 6

### 2021 Corporate Social Responsibility (CSR) Activities Plans

| Stakeholders            | Plans and policies  |
|-------------------------|---|
| Employees               | <ol style="list-style-type: none"> <li>1. Arranging education training for employees.</li> <li>2. Holding the year end party, providing the banquet, the dancing and singing entertainment, and the lucky draw.</li> <li>3. Regular health checks for employees.</li> <li>4. Employee group insurance: <ul style="list-style-type: none"> <li>● The Company provides employees with a wide variety of group insurance coverage, including life, accidental injury, and occupational injury.</li> <li>● Employees are invited to include their family members into group insurance at discounted premium. Term life, accidental injury, medical treatment, and cancer insurance policies have been offered to care for employees and their family members.</li> </ul> </li> <li>5. Welfare measures of the Welfare Committee: <ul style="list-style-type: none"> <li>● The allowance for the employee's marriage.</li> <li>● Funeral subsidies for the death of the employee and employee's family</li> <li>● Solatium for the hospitalization and the surgery of employees.</li> <li>● Birth and travel subsidy.</li> <li>● Emergency relief loan.</li> <li>● Solatium for natural disaster.</li> </ul> </li> </ol> |
| Customers and investors | <ol style="list-style-type: none"> <li>1. Holding investment seminars, trading competitions and providing marketing proposals.</li> <li>2. To provide financial services of the digital growth and the internet technology, the Company establishes a multiple electronic trading platform to provide customers with a much more convenient order process.</li> <li>3. Keep promoting the idea of “loving the Earth by environmental protection; then having happiness in life” with the online</li> </ol>  |

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|                               | account-opening and e-statement services.  |
| Shareholders                  | <ol style="list-style-type: none"> <li>1. Holding general shareholders' meeting every year.</li> <li>2. Disclosing comprehensive information of the annual report, CSR report and the Company's official website to shareholders.</li> </ol>   |
| Ethical management            | The Company has the Rules Governing Ethical Management and the Procedures for Ethical Management and Guidelines for Conduct, and our Ethical Management Committee is the dedicated unit in charge of promoting ethical management issues.  |
| Society and community service | <ol style="list-style-type: none"> <li>1. Social welfare activities and the donation.</li> <li>2. Academic-industry cooperation.</li> <li>3. Blood donation.</li> </ol>  |
| Environmental protection      | <ol style="list-style-type: none"> <li>1. Promoting energy conservation and carbon reduction policies to reduce the use of water, electricity and petroleum.</li> <li>2. Giving priority to the use of products of manufacturers with the environmental protection label.</li> <li>3. Promoting recycling and disposing the waste properly.</li> </ol> |

## Achievements of 2020 CSR Plans

| Stakeholders | 2020 Plans   | Achievements  |
|--------------|--|---|
| Employees    | 1. Investment seminars/ education and training.          | <p>1. In order to cultivate various kinds of 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 organizational talent development and personal career development.</p> <ul style="list-style-type: none"> <li>● July 13, 2020 – Step. 18, 2020: The 3th global derivatives consultant training plan.</li> <li>● July 29, 2020: Internet celebrity plan – building own profitable brand.</li> <li>● Aug. 18, 2020 – Aug. 21, 2020: EA setting and writing.</li> <li>● Aug. 19, 2020: Learning how to make profit via the fan page on social media.</li> <li>● Step. 9, 2020: Practical skills about management and marketing of Line@.</li> <li>● Step. 9, 2020, the prospect of semi-conductor industry.</li> </ul> |
|              | 2. Talent training through Capital Financial University. | 2. Talent training through Capital Financial University. Activity from July to October in 2020.   |
|              | 3. Healthy-workplace series of activities.               | 3. Healthy-workplace series of activities: Engaging physicians and nursing personnel to the Company every quarter/ four times a month to provide health consulting services and the correct concept of the precaution against diseases and the advice on treatment for employees. For the protection of personal privacy, the consultations were conducted one on one. In 2020, there were total 110 employees taking the consultation. 8 employees advised on maternal health  |

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|-------------------------|---|--|
|                         | <p>4. Regular health checks</p> <p>5. Employee group insurance</p> <p>6. Various welfare measures of the Welfare Committee.</p> | <p>protection, 9 employees reflected on the abnormal burden of workload, 12 employees spoke of the danger of human engineering.</p> <p>4. The Company engaged the hospital to conduct health check for employees in the workplace, there were 220 employees participating in.</p> <p>5. Employee group insurance</p> <ul style="list-style-type: none"> <li>● The Company provides employees with a wide variety of group insurance coverage from life, accidental injury, medical insurance for accidental injuries, to occupational accidents.</li> <li>● To take good care of employees and their family, employees and their family members can insure the group insurance, including term life, accidental injury, medical insurance for accidental injuries, and cancer insurance, at a discounted premium.</li> </ul> <p>6. Various welfare measures of the Welfare Committee in 2020:</p> <p>(1) Travel subsidy: 224 people; total amount of subsidy: NT\$1,002,000.</p> <p>(2) Marriage allowance: 2 people; total amount of subsidy: NT\$6,000.</p> <p>(3) Funeral subsidy: 2 people; total amount of subsidy: NT\$10,000.</p> <p>(4) Hospitalization subsidy: 6 people; total amount of subsidy: NT\$65,000.</p> <p>(5) Birth subsidy: 8 person; total amount of subsidy: NT\$24,000.</p> |
| Customers and investors | 1. Investment seminars, trading competitions and marketing proposals  | <p>1. The company held trading competitions, investment forums and fine professional lecture course in various themes and provided different level for investors in accordance with their familiarity with products:</p> <ul style="list-style-type: none"> <li>● Jan. 15, 2020: Global Hot Money Shifting</li> <li>● Jan. 20, 2020 – Jan. 29, 2020: Capital Making Money during the Chinese New Year</li> </ul>   |



|  |  |  |
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|  |  | <ul style="list-style-type: none"> <li>● Jan. 1, 2020 – Dec. 31, 2020: Capital Winner Seminar</li> <li>● Feb. 17, 2020: Top Traders of juristic persons sharing</li> <li>● Feb. 25, 2020: The Secret about Finding Soaring Stocks &amp; How Charming the Leverage is.</li> <li>● March 1, 2020- May 31, 2020: Trade CME Micro-products and Get a Gift</li> <li>● March 5, 2020: Masters Lead the Way to 5G Mobile Futures</li> <li>● March 11, 2020: How China Responds after Covid-19 Pandemic?!</li> <li>● March 14, 2020 – April 27, 2020: Traders Training Campus and Intelligent Trading Courses</li> <li>● March 30, 2020 – April 24, 2020: The Mock Competition of Forex Leverage Trading</li> <li>● April 8, 2020: The Secret about How to Win More in Day-Trading by Winners</li> <li>● April 30, 2020: The Plunge of Oil Price – the Rare Chance to Invest?!</li> <li>● May 1, 2020 – October 31, 2020: Trade Nano-gold and Get a Gift</li> <li>● June 5, 2020 – Step. 10, 2020: Capital View SOP</li> <li>● June 18, 2020: Global Top Forum: VIX Investment Strategies for Passive People</li> <li>● June 23, 2020: Getting Rich by Investing in Oil</li> <li>● June 24, 2020 – Step. 16, 2020: The Era of Gold is Coming</li> <li>● July 7, 2020: Hong Kong, the Place Where China and U.S. Fight.</li> <li>● Aug. 17, 2020: The Future and the Strategies for Investing in Chinese Stock during the Financial Frenzy</li> <li>● Aug. 19, 2020: Global Inflation and Easing Monetary Policy by the Central Bank</li> <li>● Aug. 21, 2020: Chinese Stock Rising, How to Follow the Trend by Using Technical Analysis</li> <li>● Step. 19, 2020 – Step. 21, 2020: Traders</li> </ul> |
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|--|---|---|
|  |   | <p>Training Campus</p> <ul style="list-style-type: none"> <li>● October 17, 2020 – October 18, 2020: Stock Market Winners Training Campus</li> <li>● October 30, 2020: Disclosure of U.S. Pre-election Strategies</li> <li>● Dec. 22, 2020: Award Ceremony for Prospects of Global Market and the Winners Hall of Fame</li> </ul>   |
|  | 2. Digital and internet technology financial services and electronic trading platform promotion | <p>2. Digital and internet technology financial services and electronic trading platform promotion:</p> <ul style="list-style-type: none"> <li>● The Company initiated Digital Growth Plan in 2020 when digital and internet technology pushes the financial industry forward to the new era. To deep down touch customers, the Company creates a better service and user experience on top of its internet information system.</li> <li>● Established Digital Growth Department and hired Professor, Ming-Hui Wen, as a consultant, to improve user experience via digital operation and marketing thinking in cooperation.</li> <li>● Capital sets Customers Service Center to devote itself to the promotion of electronic trading service. After APP and web online self- examination system launched, the frequency of manual operation dropped, and the human resource turned to develop in aspects of customers experience, interface design, program establishment and intelligent services.</li> </ul> |
|  | 3. Promotion of e-statement   | <p>3. To protect the Earth by environmental protection; then to have happiness in life:</p> <ul style="list-style-type: none"> <li>● In 2020, there were 13,365 accounts opened and 7,791 accounts of it were opened online. The ratio of electronic account open is 58%.</li> <li>● In 2020, there were 27,590 accounts trading, and 26,813 accounts of it were trading online. The ratio of electronic</li> </ul>   |

|                    |  |  |
|--------------------|--|--|
|                    |  | <p>trading is 97%.</p> <ul style="list-style-type: none"> <li>● The Company provides e-statement of all products and keeps promoting e-statements via marketing activities to reduce the use of paper, which effectively reduces the waste of paper and ink when printing and lower the cost and pollution of transportation when mailing.</li> <li>● Customers can open accounts, trade, manage accounts, deposit and withdraw, research reports in APP or web. The Company also promotes fully electronic trading via educational videos on the official website and YouTube to achieve paperless goal and reduce the time cost customers may pay at the counter in person, and to help environmental protection by energy saving and carbon reduction.</li> </ul> |
| Shareholders       | <p>1. General shareholders' meeting every year</p> <p>2. Disclosing comprehensive information of the annual report, CSR report and the Company's official website to shareholders.</p> <p>3. Continuing education of directors</p> | <p>1. 2020 general shareholders' meeting was held on June 19, 2020.</p> <p>2. The information is disclosed in the annual report and CSR report, and on the Market Observation Post System (MOPS) website and the Company's official website before every June.</p> <p>3. All 7 directors (including independent directors) have finished 6 hours education courses, the new directors also finished 12 hours education courses, there were 51 hours in total. The themes of courses covers finance, risk control, business, commerce, legal, accounting, CSR, corporate ethics, internal control system and financial statements and so on.</p>  |
| Ethical management | The Company has the Rules Governing  | 1. The ethical management committee which sub.   |

|                      |   |   |
|----------------------|---|---|
|                      | Ethical Management and the Procedures for Ethical Management and Guidelines for Conduct and the specialized unit in charge of pushing ahead ethical management is the ethical management committee. | <p>2. The Company held education trainings in ethical management for employees through various e-systems.</p> <p>3. The Company discloses Rules Governing Ethical Management to make sure suppliers, customers and other relevant corporates and persons understand its faith and rules of ethical management.</p> <p>4. The report on the Company's implementation of ethical management was conducted in the board meeting on Jan. 25, 2021.</p>  |
| Social and community | <p>1. Social welfare activities and donations</p> <p>2. Academic-industry cooperation, talents cultivation</p>  | <p>1. Social welfare activities and donation:</p> <ul style="list-style-type: none"> <li>● Participated in the Tamsui river cleanup held by CommonWealth Magazine and the Society and Wilderness to perform CSR.</li> <li>● Donations in 2020: <ul style="list-style-type: none"> <li>➢ 2020 BE HEROES Soccer Elite Campus: NT\$100,000</li> <li>➢ Financial Services Enterprise Education Welfare Fund: NT\$100,000</li> <li>➢ Financial Governance and Legal Compliance Association: NT\$1,000,000</li> <li>➢ Cross-strait Sports Research Association: NT\$50,000</li> <li>➢ Forex trading of Depart of Finance of Feng Chia University: NT\$16,800</li> </ul> </li> </ul> <p>2. The Company has cooperated with National Taiwan University, National ChengChi University, National Taiwan Normal University, National Sun Yat-sen University, Fu Jen Catholic University, Chung Yuan Christian University, Ming Chuan University, Chang Gung University, National Taichung University of Science and Technology and other famous universities to conduct the intern program which has been the 7<sup>th</sup> year, recruiting nearly 50 students in finance-relevant departments in Taipei and Taichung to cultivate talents for the</p> |

|  |                    |   |
|--|--------------------|---|
|  | 3. Blood donations | financial industry in Taiwan.<br><br>3. Capital group’s blood donation welfare activity, which has been 13 <sup>th</sup> year in 2020, summons passionate blood donors in 18 hotspots around the Taiwan from July to October. |
|--|--------------------|---|

## **Independent Auditors' Report**

To the Board of Directors of Capital Futures Corporation

### **Opinion**

We have audited the consolidated financial statements of Capital Futures Corporation and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, the related rules of Preparing Financial Reports of Managed Futures Enterprises, the Regulations Governing the Preparation of Financial Reports by Securities Firms and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **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 Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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 Group's financial statements are stated as follows:

Brokerage fee revenue recognized:

Related accounting policies of brokerage fee revenue recognized, please refer to the consolidated financial report note 4(o) revenue recognized. Explanation of brokerage fee revenue, please refer to the consolidated financial report note 6(n)(i). Comprehensive income statement brokerage fee revenue.

Explanation of key audit matters:

The Group's main income is brokerage fee revenue from entrusted futures dealing. The existence and accuracy of brokerage fee revenue have major affect on the financial report. Therefore, brokerage fee revenue recognized is one of the important evaluation matters of the Group'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 brokerage fee revenue recorded amount, then compare with the entrusted data from brokerage business and evaluate the revenue recognized policies are managed by the related bulletin.

## Other Matter

Capital Futures Corporation has prepared its individual financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unmodified opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group 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 Group's financial reporting process.

## Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 (Republic of China)

March 25, 2021

#### Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 auditors' report and the accompanying consolidated 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 auditors' report and consolidated financial statements, the Chinese version shall prevail.



(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
CAPITAL FUTURES CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

|  | December 31, 2020    |            | December 31, 2019 |            |
|--|----------------------|------------|-------------------|------------|
|  | Amount               | %          | Amount            | %          |
| <b>Assets</b>  |                      |            |                   |            |
| <b>Current assets:</b>   |                      |            |                   |            |
| 111100 Cash and cash equivalents (Note 6(a))   | \$ 5,259,993         | 11         | 4,131,969         | 10         |
| 112000 Financial assets at fair value through profit or loss- current (Note 6(b))                  | 450,635              | 1          | 512,847           | 1          |
| 113200 Financial assets at fair value through comprehensive income- current (Note 6(b))            | 119,204              | -          | -                 | -          |
| 114010 Bonds purchased under resale agreements (Note 6(b))   | 244,530              | 1          | 46,000            | -          |
| 114070 Customers margin accounts (Note 6(f))   | 39,174,200           | 85         | 35,492,166        | 87         |
| 114080 Receivable - futures margin (Note 6(g))   | -                    | -          | 2                 | -          |
| 114100 Security borrowing margin   | -                    | -          | 3,874             | -          |
| 114130 Accounts receivable   | 131,775              | -          | 13,539            | -          |
| 114140 Accounts receivable- related parties (Note 7)   | 2,735                | -          | 722               | -          |
| 114150 Prepayments   | 7,279                | -          | 8,277             | -          |
| 114180 Other receivables- related parties (Note 7)   | 3,841                | -          | 4,068             | -          |
| 114300 Leverage contract trading- customers' margin accounts                                       | 352,962              | 1          | 308,543           | 1          |
| 114600 Current income tax assets   | 238                  | -          | 228               | -          |
| 119000 Other current assets  | 5                    | -          | 2                 | -          |
|  | <u>45,824,153</u>    | <u>99</u>  | <u>40,602,721</u> | <u>99</u>  |
| <b>Non-current assets:</b>   |                      |            |                   |            |
| 123200 Financial assets at fair value through other comprehensive income- non- current (Note 6(b)) | 1,349                | -          | 1,375             | -          |
| 124100 Investments under equity method (Note 6(c))   | 49,281               | -          | 47,860            | -          |
| 125000 Property and equipment (Note 6(d))  | 63,272               | -          | 66,829            | -          |
| 125800 Right-of-use assets (Note 6(e))   | 58,504               | -          | 39,481            | -          |
| 127000 Intangible assets (Note 6(h))   | 79,546               | -          | 82,235            | -          |
| 128000 Deferred income tax assets (Note 6(k))  | 414                  | -          | 236               | -          |
| 129000 Other non-current assets  | 336,876              | 1          | 320,173           | 1          |
|  | <u>589,242</u>       | <u>1</u>   | <u>558,189</u>    | <u>1</u>   |
| <b>Total assets</b>  | <u>\$ 46,413,395</u> | <u>100</u> | <u>41,160,910</u> | <u>100</u> |
|  |                      |            |                   |            |
| <b>Liabilities and Equity</b>  |                      |            |                   |            |
| <b>Current liabilities:</b>  |                      |            |                   |            |
| 212000 Financial liabilities at fair value through profit or loss- current (Note 6(b))             | \$ 61,349            | -          | 22,836            | -          |
| 214080 Futures traders' equity (Note 6(f))   | 39,140,989           | 85         | 35,435,978        | 87         |
| 214100 Leverage contract trading - customers' equity   | 352,056              | 1          | 308,590           | 1          |
| 214130 Accounts payable  | 136,981              | -          | 43,812            | -          |
| 214140 Accounts payable- related parties (Note 7)  | 14,679               | -          | 10,914            | -          |
| 214150 Advance receipts  | 3,773                | -          | 2,511             | -          |
| 214160 Receipts under custody  | 5,078                | -          | 3,856             | -          |
| 214170 Other payables  | 142,850              | -          | 132,096           | -          |
| 214180 Other payables- related parties (Note 7)  | 4,881                | -          | 871               | -          |
| 214600 Current income tax liabilities  | 61,758               | -          | 86,626            | -          |
| 215100 Provisions- current   | 5,577                | -          | 5,952             | -          |
| 216000 Lease liabilities- current (Note 6(i))  | 27,882               | -          | 27,546            | -          |
| 219000 Other current liabilities   | 15,248               | -          | 10,670            | -          |
|  | <u>39,973,101</u>    | <u>86</u>  | <u>36,092,258</u> | <u>88</u>  |
| <b>Non-Current liabilities:</b>  |                      |            |                   |            |
| 226000 Lease liabilities- non-current (Note 6(i))  | 30,597               | -          | 11,882            | -          |
| 228000 Deferred income tax liabilities (Note 6(k))   | 15,251               | -          | 8,767             | -          |
| 229000 Other non-current liabilities (Note 6(j))   | 7,487                | -          | 6,719             | -          |
|  | <u>53,335</u>        | <u>-</u>   | <u>27,368</u>     | <u>-</u>   |
| <b>Total liabilities</b>   | <u>40,026,436</u>    | <u>86</u>  | <u>36,119,626</u> | <u>88</u>  |
| <b>Equity attributable to owners of parent:</b>  |                      |            |                   |            |
| 301010 Common stock (Note 6(l))  | 2,104,376            | 5          | 1,764,376         | 4          |
| 302000 Capital surplus (Note 6(l))   | 1,873,996            | 4          | 1,047,338         | 3          |
| 304010 Legal reserve   | 564,658              | 1          | 504,667           | 1          |
| 304020 Special reserve   | 1,280,666            | 3          | 1,142,132         | 3          |
| 304040 Unappropriated earnings (Note 6(l))   | 623,005              | 1          | 599,904           | 1          |
| 305000 Other equity  | (87,037)             | -          | (45,421)          | -          |
| <b>Total equity attributable to owners of parent</b>   | <u>6,359,664</u>     | <u>14</u>  | <u>5,012,996</u>  | <u>12</u>  |
| 306000 Non-controlling interests   | 27,295               | -          | 28,288            | -          |
| 906004 <b>Total equity</b>   | <u>6,386,959</u>     | <u>14</u>  | <u>5,041,284</u>  | <u>12</u>  |
| 906002 <b>Total liabilities and equity</b>   | <u>\$ 46,413,395</u> | <u>100</u> | <u>41,160,910</u> | <u>100</u> |

## CAPITAL FUTURES CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

|  |  | 2020              |            | 2019              |            |
|--|--|-------------------|------------|-------------------|------------|
|  |  | Amount            | %          | Amount            | %          |
| <b>Income:</b>                               |  |                   |            |                   |            |
| 401000                                       | Brokerage fee revenue (Note 6(n))  | \$ 1,896,284      | 78         | 1,577,235         | 82         |
| 410000                                       | Net gains on sale of trading securities  | 115,501           | 5          | 54,758            | 3          |
| 421300                                       | Dividend revenue   | 3,545             | -          | 1,101             | -          |
| 421500                                       | Net gains (losses) on measurement of trading securities at fair value through profit or loss                           | 4,945             | -          | 14,751            | 1          |
| 421600                                       | Losses on covering of borrowed securities and bonds with resale agreements-short sales                                 | (1,304)           | -          | (1,144)           | -          |
| 421610                                       | Net losses on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss    | 1,109             | -          | (1,108)           | -          |
| 424100                                       | Futures commission revenue (Note 6(n))   | 322,130           | 13         | 209,879           | 11         |
| 424200                                       | Securities commission revenue  | 11,437            | -          | 4,622             | -          |
| 424400                                       | Net gains (losses) on derivative instruments- futures (Note 6(n))  | (22,772)          | (1)        | (16,016)          | (1)        |
| 424500                                       | Net gains (losses) on derivative instruments - OTC (Note 6(n))   | 62,602            | 3          | 36,424            | 2          |
| 424800                                       | Management fee revenue   | 220               | -          | 204               | -          |
| 424900                                       | Consulting fee revenue   | 12,219            | 1          | 15,076            | 1          |
| 428000                                       | Other operating revenue  | 20,320            | 1          | 20,996            | 1          |
|  |  | <u>2,426,236</u>  | <u>100</u> | <u>1,916,778</u>  | <u>100</u> |
| <b>Expenses:</b>                             |  |                   |            |                   |            |
| 501000                                       | Brokerage fees   | 370,883           | 15         | 266,476           | 14         |
| 502000                                       | Brokerage fees - proprietary trading   | 3,147             | -          | 1,325             | -          |
| 521200                                       | Financial costs  | 7,404             | -          | 19,791            | 1          |
| 521640                                       | Loss from securities borrowing transactions  | 70                | -          | 193               | -          |
| 425300                                       | (Reversal of) expected credit impairment loss (Note 6(o))  | 413               | -          | (2,237)           | -          |
| 524100                                       | Futures commission expenses (Note 6(n))  | 525,520           | 22         | 432,079           | 22         |
| 524300                                       | Clearing and settlement expenses   | 180,753           | 8          | 149,055           | 8          |
| 528000                                       | Other operating expenditure  | 4,552             | -          | 2,129             | -          |
| 531000                                       | Employee benefit expenses (Note 6(n))  | 496,948           | 21         | 457,346           | 24         |
| 532000                                       | Depreciation and amortization expenses (Note 6(n))   | 77,442            | 3          | 67,600            | 4          |
| 533000                                       | Other operating expenses (Note 6(n))   | 388,007           | 16         | 345,359           | 18         |
|  |  | <u>2,055,139</u>  | <u>85</u>  | <u>1,739,116</u>  | <u>91</u>  |
|  |  | <u>371,097</u>    | <u>15</u>  | <u>177,662</u>    | <u>9</u>   |
| <b>Net operating income</b>                  |  |                   |            |                   |            |
| <b>Non-operating income and expenses:</b>    |  |                   |            |                   |            |
| 601000                                       | Share of profit (loss) of associates and joint ventures under equity method (Note 6(c))                                | 2,304             | -          | 2,469             | -          |
| 602000                                       | Other gains and losses (Note 6(n))   | 411,105           | 17         | 566,483           | 30         |
|  |  | <u>413,409</u>    | <u>17</u>  | <u>568,952</u>    | <u>30</u>  |
| 902001                                       | <b>Net income before income tax</b>  | <u>784,506</u>    | <u>32</u>  | <u>746,614</u>    | <u>39</u>  |
| 701000                                       | <b>Less: Income tax expenses (Note 6(k))</b>   | <u>162,162</u>    | <u>6</u>   | <u>146,938</u>    | <u>8</u>   |
|  | <b>Net income</b>  | <u>622,344</u>    | <u>26</u>  | <u>599,676</u>    | <u>31</u>  |
| 805000                                       | <b>Other comprehensive income:</b>   |                   |            |                   |            |
| 805500                                       | <b>Components that may not be reclassified subsequently to profit or loss:</b>   |                   |            |                   |            |
| 805510                                       | Actuarial gains (losses) on defined benefit plans (Note 6(j))  | (709)             | -          | (664)             | -          |
| 805540                                       | Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income      | 1,660             | -          | 320               | -          |
| 805599                                       | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss         | -                 | -          | -                 | -          |
|  | <b>Subtotal of components that may not be reclassified subsequently to profit or loss</b>                              | <u>951</u>        | <u>-</u>   | <u>(344)</u>      | <u>-</u>   |
| 805600                                       | <b>Components that may be reclassified subsequently to profit or loss:</b>   |                   |            |                   |            |
| 805610                                       | Exchange differences on translation of foreign operations  | (44,625)          | (2)        | (19,498)          | (1)        |
| 805699                                       | Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 6(k)) | (178)             | -          | (66)              | -          |
|  | <b>Subtotal of components that may be reclassified subsequently to profit or loss</b>                                  | <u>(44,447)</u>   | <u>(2)</u> | <u>(19,432)</u>   | <u>(1)</u> |
| 805000                                       | <b>Other comprehensive income</b>  | <u>(43,496)</u>   | <u>(2)</u> | <u>(19,776)</u>   | <u>(1)</u> |
| 902006                                       | <b>Total comprehensive income</b>  | <u>\$ 578,848</u> | <u>24</u>  | <u>\$ 579,900</u> | <u>30</u>  |
| <b>Net income attributable to:</b>           |  |                   |            |                   |            |
| 913100                                       | Shareholders of the parent   | \$ 622,166        | 26         | 600,009           | 31         |
| 913200                                       | Non-controlling interests  | 178               | -          | (333)             | -          |
|  |  | <u>\$ 622,344</u> | <u>26</u>  | <u>\$ 599,676</u> | <u>31</u>  |
| <b>Comprehensive income attributable to:</b> |  |                   |            |                   |            |
| 914100                                       | Shareholders of the parent   | \$ 579,841        | 24         | 580,792           | 30         |
| 914200                                       | Non-controlling interests  | (93)              | -          | (892)             | -          |
|  |  | <u>\$ 578,848</u> | <u>24</u>  | <u>\$ 579,900</u> | <u>30</u>  |
| 975000                                       | <b>Basic earnings per share (Dollar) (Note 6(m))</b>   | <u>\$ 3.07</u>    |            | <u>\$ 3.40</u>    |            |
| 985000                                       | <b>Diluted earnings per share (Dollar) (Note 6(m))</b>   | <u>\$ 3.07</u>    |            | <u>\$ 3.40</u>    |            |

**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2020 and 2019**  
**(Expressed in Thousands of New Taiwan Dollars)**

See accompanying notes to consolidated financial statements.



**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES****Consolidated Statements of Cash Flows****For the years ended December 31, 2020 and 2019****(Expressed in Thousands of New Taiwan Dollars)**

|   | 2020                | 2019             |
|---|---------------------|------------------|
| <b>Cash flows from (used in) operating activities:</b>                            |                     |                  |
| Net income before income tax  | \$ 784,506          | 746,614          |
| <b>Adjustments:</b>   |                     |                  |
| Adjustments to reconcile:   |                     |                  |
| Depreciation expense  | 67,702              | 59,246           |
| Amortization expense  | 9,740               | 8,354            |
| (Reversal of) expected credit impairment loss                                     | 413                 | (2,237)          |
| Net gains on financial assets or liabilities at fair value through profit or loss | (9,967)             | (21,723)         |
| Interest expense  | 7,404               | 19,791           |
| Interest income (including financial income)                                      | (364,733)           | (541,224)        |
| Dividend income   | (3,584)             | (1,457)          |
| Share of profit of associates and joint ventures under equity method              | (2,304)             | (2,469)          |
| Gain on lease modification  | (41)                | -                |
| Impairment loss   | 1,204               | -                |
| <b>Total adjustments to reconcile</b>   | <b>(294,166)</b>    | <b>(481,719)</b> |
| <b>Changes in operating assets and liabilities:</b>                               |                     |                  |
| Decrease in financial assets at fair value through profit or loss                 | 71,070              | 5,854            |
| Decrease (increase) in bond purchased under resale agreements                     | (198,530)           | 152,000          |
| Increase in customers margin accounts   | (3,682,034)         | (588,119)        |
| Decrease (increase) in receivable-futures margin                                  | (411)               | 2,388            |
| Increase in leverage contract trading - customer's margin accounts                | (44,419)            | (79,979)         |
| Decrease (increase) in security borrowing margin                                  | 3,874               | (3,874)          |
| Decrease (increase) in accounts receivable  | (118,236)           | 308              |
| Increase in accounts receivable - related parties                                 | (2,013)             | (388)            |
| Decrease in prepayments   | 998                 | 7,542            |
| Increase in other receivables   | (4,018)             | (22,239)         |
| Decrease in other receivables - related parties                                   | 231                 | 15,762           |
| Increase in other current assets  | (3)                 | -                |
| Increase in clearing and settlement fund  | (16,744)            | (2,835)          |
| Decrease (increase) in refundable deposits  | 41                  | (695)            |
| Increase (decrease) in financial liabilities at fair value through profit or loss | 39,622              | (3,172)          |
| Increase in futures traders' equity   | 3,705,011           | 648,735          |
| Increase in leverage contract trading - customer's equity                         | 43,466              | 82,691           |
| Increase in accounts payable  | 93,169              | 6,894            |
| Increase (decrease) in accounts payable - related parties                         | 3,765               | (8)              |
| Increase (decrease) in advance receipts   | 1,262               | (7,753)          |
| Increase (decrease) in receipts under custody                                     | 1,222               | (129)            |
| Increase (decrease) in other payables   | 11,422              | (14,322)         |
| Increase in other payables - related parties                                      | 4,020               | 349              |
| Increase (decrease) in provisions for liabilities                                 | (375)               | 5,952            |
| Increase in other current liabilities   | 4,578               | 2,182            |
| Increase (decrease) in non-current liabilities                                    | 59                  | (1,857)          |
| <b>Total changes in operating assets and liabilities</b>                          | <b>(82,973)</b>     | <b>205,287</b>   |
| <b>Total adjustments</b>  | <b>(377,139)</b>    | <b>(276,432)</b> |
| Cash inflow generated from operations   | 407,367             | 470,182          |
| Interest received   | 372,443             | 544,377          |
| Dividends received  | 3,616               | 1,349            |
| Interest paid   | (8,192)             | (19,071)         |
| Income taxes paid   | (180,549)           | (113,773)        |
| <b>Net Cash flows from operating activities</b>                                   | <b>594,685</b>      | <b>883,064</b>   |
| <b>Cash flows from (used in) investing activities:</b>                            |                     |                  |
| Acquisition of financial assets at fair value through other comprehensive income  | (117,518)           | -                |
| Acquisition of property and equipment   | (28,936)            | (47,513)         |
| Acquisition of intangible assets  | (8,323)             | (12,646)         |
| <b>Net cash flows used in investing activities</b>                                | <b>(154,777)</b>    | <b>(60,159)</b>  |
| <b>Cash flows from (used in) financing activities:</b>                            |                     |                  |
| Payment of lease liabilities  | (35,520)            | (29,890)         |
| Cash dividends paid   | (399,831)           | (599,888)        |
| Capital increase by cash  | 1,166,260           | -                |
| Right of inclusion  | 398                 | -                |
| <b>Net cash flows from (used in) financing activities</b>                         | <b>731,307</b>      | <b>(629,778)</b> |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>               | <b>(43,191)</b>     | <b>(19,113)</b>  |
| <b>Net increase in cash and cash equivalents</b>                                  | <b>1,128,024</b>    | <b>174,014</b>   |
| <b>Cash and cash equivalents at beginning of period</b>                           | <b>4,131,969</b>    | <b>3,957,955</b> |
| <b>Cash and cash equivalents at end of period</b>                                 | <b>\$ 5,259,993</b> | <b>4,131,969</b> |

## **Independent Auditors' Report**

To 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, 2020 and 2019, the statements of comprehensive income, changes in equity and cash flows for the years then ended 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 of December 31, 2020 and 2019, 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 Managed 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:

Brokerage fee revenue recognized:

Related accounting policies of brokerage fee revenue recognized, please refer to the financial report note 4(o) revenue recognized. Explanation of brokerage fee revenue, please refer to the financial report note 6(o)(i). Comprehensive income statement brokerage fee revenue.

Explanation of key audit matters:

The Company's main income is brokerage fee revenue from entrusted futures dealing. The existence and accuracy of brokerage fee revenue have major effect on the financial report. Therefore, brokerage fee revenue 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 brokerage fee revenue 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 Managed 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.

### **Auditors' 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 auditors' 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 auditors' 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 appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the 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 (Republic of China)  
March 25, 2021

#### **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 financial statements are those generally accepted and applied in the Republic of China.

The 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 auditors' report and financial statements, the Chinese version shall prevail

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

## CAPITAL FUTURES CORPORATION

## Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

|   | December 31, 2020    |            | December 31, 2019 |            | December 31, 2020 |   | December 31, 2019 |            |
|---|----------------------|------------|-------------------|------------|-------------------|---|-------------------|------------|
|   | Amount               | %          | Amount            | %          | Amount            | % | Amount            | %          |
| <b>Assets</b>   |                      |            |                   |            |                   |   |                   |            |
| <b>Current assets:</b>  |                      |            |                   |            |                   |   |                   |            |
| 11100 Cash and cash equivalents (Note 6(a))   | \$ 4,546,619         | 10         | 3,258,958         | 8          |                   |   | \$ 61,272         | -          |
| 11200 Financial assets at fair value through profit or loss- current (Note 6(b))                  | 330,679              | 1          | 512,716           | 1          |                   |   | 38,200,906        | 84         |
| 11320 Financial assets at fair value through comprehensive income- current (Note 6(b))            | 119,204              | -          | -                 | -          |                   |   | 352,056           | 1          |
|   |                      |            |                   |            |                   |   | 136,184           | 1          |
| 11401 Bonds purchased under resale agreements (Note 6(b))   | 244,530              | 1          | 46,000            | -          |                   |   | 14,679            | -          |
| 11407 Customers margin accounts (Note 6(f))   | 38,226,053           | 84         | 34,512,680        | 86         |                   |   | 3,773             | -          |
| 11408 Receivable- futures margin (Note 6(g))  | -                    | -          | 2                 | -          |                   |   | 5,032             | -          |
| 11410 Security borrowing margin   | -                    | -          | 3,874             | -          |                   |   | 125,741           | -          |
| 11413 Accounts receivable   | 131,327              | -          | 11,379            | -          |                   |   | 13,551            | -          |
| 11414 Accounts receivable-related parties (Note 7)  | 2,679                | -          | 374               | -          |                   |   | 61,758            | -          |
| 11415 Prepayments   | 3,330                | -          | 3,955             | -          |                   |   | 5,577             | -          |
| 11417 Other receivables   | 17,388               | -          | 21,347            | -          |                   |   | 22,238            | -          |
| 11418 Other receivables- related parties (Note 7)   | 3,841                | -          | 4,052             | -          |                   |   | 15,248            | -          |
| 11430 Leverage contract trading-customers' margin accounts  | 352,962              | 1          | 308,543           | 1          |                   |   | 39,018,015        | 86         |
| 11900 Other current assets  | 5                    | -          | 2                 | -          |                   |   | -                 | -          |
|   | 43,978,617           | 97         | 38,683,882        | 96         |                   |   | -                 | -          |
| <b>Non-current assets:</b>  |                      |            |                   |            |                   |   |                   |            |
| 12320 Financial assets at fair value through other comprehensive income- non- current (Note 6(b)) | 1,349                | -          | 1,375             | -          |                   |   | 29,447            | -          |
| 12410 Investments under equity method (Note 6(c))   | 973,913              | 2          | 1,030,228         | 3          |                   |   | 15,251            | -          |
| 12500 Property and equipment (Note 6(d))  | 50,864               | -          | 57,721            | -          |                   |   | 7,487             | -          |
| 12580 Right-of-use assets (Note 6(e))   | 51,525               | -          | 21,602            | -          |                   |   | 52,185            | -          |
| 12700 Intangible assets (Note 6(h))   | 55,737               | -          | 56,982            | -          |                   |   | 39,070,200        | 86         |
| 12800 Deferred income tax assets (Note 6(k))  | 414                  | -          | 236               | -          |                   |   | 2,104,376         | 5          |
| 12900 Other non-current assets  | 317,445              | 1          | 303,125           | 1          |                   |   | 1,873,996         | 4          |
|   | 1,451,247            | 3          | 1,471,269         | 4          |                   |   | 4,104,338         | 3          |
|   |                      |            |                   |            |                   |   | 564,658           | 1          |
|   |                      |            |                   |            |                   |   | 1,280,666         | 3          |
|   |                      |            |                   |            |                   |   | 623,005           | 1          |
|   |                      |            |                   |            |                   |   | (87,037)          | -          |
|   |                      |            |                   |            |                   |   | 6,359,664         | 14         |
| <b>906001 Total assets</b>  | <b>\$ 45,429,864</b> | <b>100</b> | <b>40,155,151</b> | <b>100</b> |                   |   | <b>40,155,151</b> | <b>100</b> |
| <b>Liabilities and Equity</b>   |                      |            |                   |            |                   |   |                   |            |
| <b>Current liabilities:</b>   |                      |            |                   |            |                   |   |                   |            |
| Financial liabilities at fair value through profit or loss- current (Note 6(b))                   |                      |            |                   |            |                   |   |                   |            |
| Futures traders' equity (Note 6(f))   |                      |            |                   |            |                   |   |                   |            |
| Leverage contract trading- customers' equity  |                      |            |                   |            |                   |   |                   |            |
| Accounts payable  |                      |            |                   |            |                   |   |                   |            |
| Accounts payable- related parties (Note 7)  |                      |            |                   |            |                   |   |                   |            |
| Advance receipts  |                      |            |                   |            |                   |   |                   |            |
| Receipts under custody  |                      |            |                   |            |                   |   |                   |            |
| Other payables  |                      |            |                   |            |                   |   |                   |            |
| Other payables- related parties (Note 7)  |                      |            |                   |            |                   |   |                   |            |
| Current income tax liabilities  |                      |            |                   |            |                   |   |                   |            |
| Provisions- current   |                      |            |                   |            |                   |   |                   |            |
| Lease liabilities- current (Note 6(i))  |                      |            |                   |            |                   |   |                   |            |
| Other current liabilities   |                      |            |                   |            |                   |   |                   |            |
| <b>Non-Current liabilities:</b>   |                      |            |                   |            |                   |   |                   |            |
| Lease liabilities- non-current (Note 6(i))  |                      |            |                   |            |                   |   |                   |            |
| Deferred income tax liabilities (Note 6(k))   |                      |            |                   |            |                   |   |                   |            |
| Other non- current liabilities (Note 6(j))  |                      |            |                   |            |                   |   |                   |            |
| <b>Total liabilities</b>  |                      |            |                   |            |                   |   |                   |            |
| Common stock (Note 6(l))  |                      |            |                   |            |                   |   |                   |            |
| Capital surplus (Note 6(l))   |                      |            |                   |            |                   |   |                   |            |
| Legal reserve   |                      |            |                   |            |                   |   |                   |            |
| Special reserve   |                      |            |                   |            |                   |   |                   |            |
| Unappropriated earnings (Note 6(l))   |                      |            |                   |            |                   |   |                   |            |
| Other equity  |                      |            |                   |            |                   |   |                   |            |
| <b>Total equity</b>   |                      |            |                   |            |                   |   |                   |            |
| <b>906002 Total liabilities and equity</b>  | <b>\$ 45,429,864</b> | <b>100</b> | <b>40,155,151</b> | <b>100</b> |                   |   | <b>40,155,151</b> | <b>100</b> |



(English Translation of Financial Statements Originally Issued in Chinese)

**CAPITAL FUTURES CORPORATION**

**Statements of Comprehensive Income**

**For the years ended December 31, 2020 and 2019**

**(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)**

|   |  | <b>2020</b>       |            | <b>2019</b>       |            |
|---|--|-------------------|------------|-------------------|------------|
|   |  | <b>Amount</b>     | <b>%</b>   | <b>Amount</b>     | <b>%</b>   |
| <b>Income:</b>                            |  |                   |            |                   |            |
| 401000                                    | Brokerage fee revenue (Note 6(n))  | \$ 1,966,511      | 92         | 1,638,480         | 94         |
| 410000                                    | Net gains on sale of trading securities  | 113,688           | 5          | 36,165            | 2          |
| 421300                                    | Dividend revenue   | 3,537             | -          | 1,101             | -          |
| 421500                                    | Net gains (losses) on measurement of trading securities at fair value through profit or loss   | (7,140)           | -          | 13,966            | 1          |
| 421600                                    | Losses on covering of borrowed securities and bonds with resale agreements-short sales   | (1,304)           | -          | (1,144)           | -          |
| 421610                                    | Net gains (losses) losses on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss   | 1,109             | -          | (1,108)           | -          |
| 424200                                    | Securities commission revenue  | 9,738             | -          | 3,492             | -          |
| 424400                                    | Net gains (losses) on derivative instruments- futures (Note 6(n))  | (24,018)          | (1)        | (5,221)           | -          |
| 424500                                    | Net gains (losses) on derivative instruments- OTC (Note 6(n))  | 62,602            | 3          | 36,424            | 2          |
| 424800                                    | Management fee revenue   | 220               | -          | 204               | -          |
| 424900                                    | Consulting fee revenue   | 12,219            | 1          | 15,076            | 1          |
| 428000                                    | Other operating loss   | (4,447)           | -          | (1,800)           | -          |
|   |  | <u>2,132,715</u>  | <u>100</u> | <u>1,735,635</u>  | <u>100</u> |
| <b>Expenses:</b>                          |  |                   |            |                   |            |
| 501000                                    | Brokerage fees   | 265,022           | 12         | 219,170           | 13         |
| 502000                                    | Brokerage fees- proprietary trading  | 3,147             | -          | 1,325             | -          |
| 521200                                    | Financial costs  | 9,324             | -          | 26,592            | 2          |
| 521640                                    | Loss from securities borrowing transactions  | 70                | -          | 193               | -          |
| 425300                                    | (Reversal of) expected credit impairment loss (Note 6(o))  | 413               | -          | (2,237)           | -          |
| 524100                                    | Futures commission expenses (Note 6(n))  | 458,171           | 22         | 385,391           | 22         |
| 524300                                    | Clearing and settlement expenses   | 180,753           | 9          | 149,055           | 9          |
| 528000                                    | Other operating expenditure  | 4,552             | -          | 2,129             | -          |
| 531000                                    | Employee benefit expenses (Note 6(n))  | 424,735           | 20         | 384,246           | 22         |
| 532000                                    | Depreciation and amortization expenses (Note 6(n))   | 58,890            | 3          | 55,275            | 3          |
| 533000                                    | Other operating expenses (Note 6(n))   | 327,807           | 15         | 275,576           | 16         |
|   |  | <u>1,732,884</u>  | <u>81</u>  | <u>1,496,715</u>  | <u>87</u>  |
|   |  | <u>399,831</u>    | <u>19</u>  | <u>238,920</u>    | <u>13</u>  |
| <b>Net operating income</b>               |  |                   |            |                   |            |
| <b>Non-operating income and expenses:</b> |  |                   |            |                   |            |
| 601100                                    | Share of profit (loss) of subsidiaries, associates and joint ventures under equity method (Note 6(c))  | (12,861)          | (1)        | (50,309)          | (3)        |
| 602000                                    | Other gains and losses (Note 6(n))   | 397,615           | 19         | 558,336           | 32         |
|   |  | <u>384,754</u>    | <u>18</u>  | <u>508,027</u>    | <u>29</u>  |
| 902001                                    | <b>Net income before income tax</b>  | <u>784,585</u>    | <u>37</u>  | <u>746,947</u>    | <u>42</u>  |
| 701000                                    | <b>Less: Income tax expenses (Note 6(k))</b>   | <u>162,419</u>    | <u>8</u>   | <u>146,938</u>    | <u>8</u>   |
|   | <b>Net income</b>  | <u>622,166</u>    | <u>29</u>  | <u>600,009</u>    | <u>34</u>  |
| 805000                                    | <b>Other comprehensive income:</b>   |                   |            |                   |            |
| 805500                                    | <b>Components that may not be reclassified subsequently to profit or loss:</b>   |                   |            |                   |            |
| 805510                                    | Actuarial gains (losses) on defined benefit plans (Note 6(j))  | (709)             | -          | (664)             | -          |
| 805540                                    | Unrealized gains from investments in equity instruments at fair value through other comprehensive income   | 1,660             | -          | 320               | -          |
| 805599                                    | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss   | -                 | -          | -                 | -          |
|   | <b>Subtotal of components that may not be reclassified subsequently to profit or loss</b>  | <u>951</u>        | <u>-</u>   | <u>(344)</u>      | <u>-</u>   |
| 805600                                    | <b>Components that may be reclassified subsequently to profit or loss:</b>   |                   |            |                   |            |
| 805610                                    | Exchange differences on translation of foreign operations  | (43,782)          | (2)        | (18,129)          | (1)        |
| 805660                                    | Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss | 328               | -          | (810)             | -          |
| 805699                                    | Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 6(k))   | (178)             | -          | (66)              | -          |
|   | <b>Subtotal of components that may be reclassified subsequently to profit or loss</b>  | <u>(43,276)</u>   | <u>(2)</u> | <u>(18,873)</u>   | <u>(1)</u> |
| 805000                                    | <b>Other comprehensive income</b>  | <u>(42,325)</u>   | <u>(2)</u> | <u>(19,217)</u>   | <u>(1)</u> |
| 902006                                    | <b>Total comprehensive income</b>  | <u>\$ 579,841</u> | <u>27</u>  | <u>\$ 580,792</u> | <u>33</u>  |
| 975000                                    | <b>Basic earnings per share (Dollar) (Note 6(m))</b>   | <u>\$ 3.07</u>    |            | <u>\$ 3.40</u>    |            |
| 985000                                    | <b>Diluted earnings per share (Dollar) (Note 6(m))</b>   | <u>\$ 3.07</u>    |            | <u>\$ 3.40</u>    |            |

**For the years ended December 31, 2020 and 2019  
(Expressed in Thousands of New Taiwan Dollars)**

|   |  |
|---|--|
| <b>Balance on January 1, 2019</b>                         |  |
| Net income for the year ended December 31, 2019           |  |
| Other comprehensive income                                |  |
| Total comprehensive income                                |  |
| Appropriation and distribution of retained earnings:      |  |
| Legal reserve   |  |
| Special reserve   |  |
| Cash dividends  |  |
| Reversal of special reserve for the contra equity account |  |
| <b>Balance on December 31, 2019</b>                       |  |
| Net income for the year ended December 31, 2020           |  |
| Other comprehensive income                                |  |
| Total comprehensive income                                |  |
| Appropriation and distribution of retained earnings:      |  |
| Legal reserve   |  |
| Special reserve   |  |
| Cash dividends  |  |
| Special reserve for the contra equity account             |  |
| Capital increase by cash (Note 6(1))                      |  |
| Right of inclusion  |  |
| <b>Balance on December 31, 2020</b>                       |  |

## (English Translation of Financial Statements Originally Issued in Chinese)

## CAPITAL FUTURES CORPORATION

## Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

|   | 2020                | 2019             |
|---|---------------------|------------------|
| <b>Cash flows from (used in) operating activities:</b>                                    |                     |                  |
| Net income before income tax  | \$ 784,585          | 746,947          |
| Adjustments:  |                     |                  |
| Adjustments to reconcile:   |                     |                  |
| Depreciation expense  | 49,442              | 47,206           |
| Amortization expense  | 9,448               | 8,069            |
| (Reversal of) expected credit impairment loss   | 413                 | (2,237)          |
| Net gains(losses) on financial assets or liabilities at fair value through profit or loss | 4,927               | (20,238)         |
| Interest expense  | 9,324               | 26,592           |
| Interest income (including financial income)  | (358,577)           | (529,587)        |
| Dividend income   | (3,576)             | (1,457)          |
| Share of loss of subsidiaries, associates and joint ventures under equity method          | 12,861              | 50,309           |
| Gain on lease modification  | (41)                | -                |
| <b>Total adjustments to reconcile</b>   | <b>(275,779)</b>    | <b>(421,343)</b> |
| <b>Changes in operating assets and liabilities:</b>                                       |                     |                  |
| Decrease (increase) in financial assets at fair value through profit or loss              | 176,001             | (221,525)        |
| Decrease (increase) in bond purchased under resale agreements                             | (198,530)           | 152,000          |
| Increase in customers margin accounts   | (3,713,373)         | (389,728)        |
| Decrease (increase) in receivable- futures margin   | (411)               | 2,388            |
| Increase in leverage contract trading- customer's margin accounts                         | (44,419)            | (79,979)         |
| Decrease(increase) in security borrowing margin   | 3,874               | (3,874)          |
| Decrease (increase) in accounts receivable  | (119,948)           | 607              |
| Increase in accounts receivable- related parties  | (2,305)             | (146)            |
| Decrease in prepayments   | 625                 | 6,970            |
| Decrease (increase) in other receivables  | (3,496)             | 18,544           |
| Decrease in other receivables- related parties  | 215                 | 15,761           |
| Increase in other current assets  | (3)                 | -                |
| Decrease (increase) in clearing and settlement fund                                       | (13,855)            | 2,954            |
| Increase in refundable deposits   | (465)               | (100)            |
| Increase in financial liabilities at fair value through profit or loss                    | 39,545              | 12,665           |
| Increase in futures traders' equity   | 3,711,073           | 391,651          |
| Increase in leverage contract trading- customer's equity                                  | 43,466              | 82,691           |
| Increase in accounts payable  | 94,533              | 7,476            |
| Increase (decrease) in accounts payable- related parties                                  | 3,765               | (8)              |
| Increase (decrease) in advance receipts   | 1,351               | (695)            |
| Increase (decrease) in receipts under custody   | 1,221               | (135)            |
| Increase (decrease) in other payable  | 8,176               | (1,504)          |
| Increase in other payables- related parties   | 10,266              | 1,086            |
| Increase (decrease) in provisions for liabilities   | (375)               | 5,952            |
| Increase in other current liabilities   | 4,578               | 2,182            |
| (Decrease) increase in non-current liabilities  | 59                  | (1,857)          |
| <b>Total changes in operating assets and liabilities</b>                                  | <b>1,568</b>        | <b>3,376</b>     |
| <b>Total adjustments</b>  | <b>(274,211)</b>    | <b>(417,967)</b> |
| Cash inflow generated from operations   | 510,374             | 328,980          |
| Interest received   | 365,995             | 530,050          |
| Dividends received  | 3,609               | 1,349            |
| Interest paid   | (10,515)            | (25,652)         |
| Income taxes paid   | (180,549)           | (113,773)        |
| <b>Net Cash flows from operating activities</b>   | <b>688,914</b>      | <b>720,954</b>   |
| <b>Cash flows from (used in) investing activities:</b>                                    |                     |                  |
| Acquisition of financial assets at fair value through other comprehensive income          | (117,518)           | -                |
| Acquisition of property and equipment   | (19,807)            | (38,619)         |
| Acquisition of intangible assets  | (8,203)             | (12,646)         |
| <b>Net cash flows used in investing activities</b>  | <b>(145,528)</b>    | <b>(51,265)</b>  |
| <b>Cash flows from (used in) financing activities:</b>                                    |                     |                  |
| Right of inclusion  | 398                 | -                |
| Payment of lease liabilities  | (22,552)            | (21,986)         |
| Cash dividends paid   | (399,831)           | (599,888)        |
| Capital increase by cash  | 1,166,260           | -                |
| <b>Net cash flows from (used in) financing activities</b>                                 | <b>744,275</b>      | <b>(621,874)</b> |
| <b>Net increase in cash and cash equivalents</b>  | <b>1,287,661</b>    | <b>47,815</b>    |
| <b>Cash and cash equivalents at beginning of period</b>                                   | <b>3,258,958</b>    | <b>3,211,143</b> |
| <b>Cash and cash equivalents at end of period</b>   | <b>\$ 4,546,619</b> | <b>3,258,958</b> |

## Attachment 8

### Capital Futures Corp. 2020 Earnings Distribution Proposal

Unit: NT dollars

| No.  | Items  | Amount      | Remark    |
|--|--|-------------|-----------|
| 1.   | Beginning retained earnings  | 1,547,777   |           |
| 2.   | Less : Actuarial loss on defined benefit plan included in retained earnings          | 708,814     |           |
| 3.   | Add: Net profit after tax  | 622,166,140 |           |
| 4.   | Distributable net profit   | 623,005,103 |           |
| 5.   | Less: 10% legal reserve  | 62,145,733  | (3-2)*10% |
| 6.   | Less: 20% special reserve  | 124,291,465 | (3-2)*20% |
| 7.   | Less: Special reserve appropriated due to reduction of shareholders' equity occurred | 41,616,495  |           |
|  | Distributable items:   |             |           |
|  | Less: Dividend to shareholders   |             |           |
| 8.   | Cash dividends on common shares (NT\$1.87 per share)                                 | 393,518,282 |           |
| 9.   | Unappropriated retained earnings   | 1,433,128   |           |
| <p>Note 1: The principle of profit distribution above means that the profit from the current year has priority to be distributed.</p> <p>Note 2: The cash dividends on common shares (NT\$1.87 per share) are calculated based on 210,437,584 outstanding common shares.</p> <p>Note 3: The legal reserve shall be set aside based on net profit after tax for the current year plus (or minus) the amount of other profit (or loss) items adjusted to the current year's retained earnings, in accordance with Ministry of Economic Affairs Order No. 10802432410.</p> <p>Note 4: Unappropriated retained earnings of No. 9 refers the retained earnings resolved by the shareholders' meeting.</p> |  |             |           |



## Attachment 9

### Capital Futures Corp.

#### Comparison table for the Rules of Procedure for Shareholders Meetings Before and After Amendment

| After the Amendment   | Before the Amendment  | Note  |
|---|---|---|
| <p>Article 3 (Convening shareholders meetings and shareholders meeting notices)</p> <p>(Paragraph 1 to 3 are omitted)</p> <p>Election or dismissal of directors, amendments to the Articles of Association, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the Company, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.</p> | <p>Article 3 (Convening shareholders meetings and shareholders meeting notices)</p> <p>(Paragraph 1 to 3 are omitted)</p> <p>Election or dismissal of directors, amendments to the Articles of Association, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the Company, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion; <u>the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the Company, and such website shall be indicated in the above notice.</u></p> | <p>1. Revised the way of announcement.</p> <p>2. Shareholders may, according to Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda, propose for urging the Company to promote public interests or fulfill its social responsibilities</p> |

|  |   |   |
|--|---|---|
| <p>(Paragraph 5 is omitted)</p> <p>A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. 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. <u>A shareholder may propose a recommendation for urging the Company to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.</u></p> <p>(The rest are omitted)</p> | <p>(Paragraph 5 is omitted)</p> <p>A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal <u>in writing</u> for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda, <u>but the shareholder's proposal is for urging the Company to promote public interests or fulfill its social responsibilities, the proposal may be included in the meeting agenda by the board of directors.</u> 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.</p> <p>(The rest are omitted)</p> |   |
| <p>Article 9 (Call meeting to order)</p> <p>(Paragraph 1 is omitted)</p> <p>The chair shall call the meeting to order at the appointed meeting time <u>and simultaneously announce relevant information, such as total number of no voting right shares and shares represented by the</u></p>  | <p>Article 9 (Call meeting to order)</p> <p>(Paragraph 1 is omitted)</p> <p>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</p>   | <p>To improve the corporate governance and protect shareholders' rights and interests, revised the Paragraph 2 of this Article.</p> |

|  |   |   |
|--|---|---|
| <p><u>shareholders present at the meeting.</u> 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 one 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.</p> <p>(The rest are omitted)</p> | <p>may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one 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.</p> <p>(The rest are omitted)</p>                   |   |
| <p>Article 14 (Election matters)<br/>The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, <u>and the rest of candidates and the numbers of votes with which they received.</u></p> <p>(Paragraph 2 is omitted)</p>   | <p>Article 14 (Election matters)<br/>The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.</p> <p>(Paragraph 2 is omitted)</p> | <p>To improve the corporate governance and protect shareholders' rights and interests, revised the Paragraph 1 of this Article.</p> |

## Capital Futures Corp.

### The Rules of Procedure for Shareholders Meetings

- Article 1 To establish a strong governance system and sound supervisory capabilities for the Company'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/TPEX Listed Companies.
- Article 2 The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the Articles of Association, shall be as provided in these Rules.
- Article 3 (Convening shareholders meetings and shareholders meeting notices)  
Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors. The Company 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, 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 Company 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, the Company 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 the Company 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, amendments to the Articles of Association, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the Company, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1



and 43-6 of the Securities Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

Re-electing whole directors and the date they will assume office are specified in the reasons for convening a shareholders meeting, it shall not be raised to alter the date they assume office by an extempore motion or other methods in the meeting after the re-election complete.

A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. 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. A shareholder may propose a recommendation for urging the Company to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.

Prior to the date on which share transfer registration is suspended before the convention of a regular shareholders' meeting, the company shall give a public notice announcing acceptance of proposal in writing or by way of electronic transmission, the place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than ten (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, the Company 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 the Company 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 the Company 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 the Company, 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 the Company 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 the Company, 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)  
The Company 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. The Company 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.  
The Company 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.

The Company 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, 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 independent director 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. The Company 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)

The Company, 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 and simultaneously announce relevant information, such as total number of no voting right shares and shares represented by the shareholders present at the meeting. 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 one 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 relevant proposals, including extempore motions, and amendments shall be voted case by case. 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 extempore 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 extempore 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, call for a vote and arrange appropriate time for voting.

#### 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 the Company, 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 the Company holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means (in accordance with the proviso of Article 177-1 of the Company Act regarding companies that shall adopt electronic voting: When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence). 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 extempore motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoids the submission of extempore 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 the Company 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 the Company, 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 the Company's Articles of Association, 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 the Company.

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 matters)

The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, and the rest of candidates and the numbers of votes with which they received.

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.

The Company 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 voting results including the total number of calculation and the total votes of every candidate shall be revealed when there is a proposal of director election. The meeting minutes shall be retained for the duration of the existence of the Company.

Article 16 (Public disclosure)

On the day of a shareholders meeting, the Company 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 Taipei Exchange) regulations, the Company 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 the Company, 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 extempore 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.

## Attachment 10

### Capital Futures Corp.

#### Comparison table for the Rules of Election of Directors Before and After Amendment

| After the Amendment  | Before the Amendment   | Note |
|--|--|------|
| <p>Article 3</p> <p>The overall composition of the board of directors shall be taken into consideration in the selection of the Company's directors. <u>The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:</u></p> <p><u>1. Basic requirements and values: Gender, age, nationality, and culture.</u></p> <p><u>2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, and technology), professional skills, and industry experience.</u></p> <p>Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:</p> <ol style="list-style-type: none"> <li>1. The ability to make judgments about operations.</li> <li>2. Accounting and financial analysis ability.</li> <li>3. Business management ability.</li> </ol> | <p>Article 3</p> <p>The overall composition of the board of directors shall be taken into consideration in the selection of the Company's directors.</p> <p>Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:</p> <ol style="list-style-type: none"> <li>1. The ability to make judgments about operations.</li> <li>2. Accounting and financial analysis ability.</li> <li>3. Business management ability.</li> </ol> |      |

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|--|---|--|
| <p>4. Crisis management ability.<br/> 5. Knowledge of the industry.<br/> 6. An international market perspective.<br/> 7. Leadership ability.<br/> 8. Decision-making ability.<br/> <u>More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.</u><br/> <u>The board of directors of this Corporation shall consider adjusting its composition based on the results of performance evaluation.</u></p> | <p>4. Crisis management ability.<br/> 5. Knowledge of the industry.<br/> 6. An international market perspective.<br/> 7. Leadership ability.<br/> 8. Decision-making ability.</p>   |  |
| <p>(Deleted)</p>   | <p><u>Article 4</u><br/> <u>Directors of the Company shall meet the following qualifications:</u><br/> <u>1. Integrity and a practical attitude.</u><br/> <u>2. Impartial judgment.</u><br/> <u>3. Professional knowledge.</u><br/> <u>4. Broad experience.</u><br/> <u>5. Ability to read financial statements.</u><br/> <u>In addition to the requirements of the preceding paragraph, at least one among independent directors of the Company must be an accounting or finance professional.</u></p> | <p>Deleted in accordance with Sample Template for XXX Co., Ltd. Procedures for Election of Directors</p> |
| <p><u>Article 4</u><br/> The Company's independent directors shall meet the provisions set out in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and shall be organized per the Article <u>24</u> set out in Corporate Governance</p>   | <p><u>Article 5</u><br/> The Company's independent directors shall meet the provisions set out in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies., and shall be organized per the rules set out in Corporate Governance</p>   |  |

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|---|---|---|
| Best-Practice Principles for Futures Commission Merchants and the Article 24 of the <u>Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.</u>  | Best-Practice Principles for Futures Commission Merchants.  |   |
| <p>Article <u>5</u><br/>Elections of the Company's directors shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.</p> <p><u>When the number of directors falls below five due to the dismissal of a director for any reason, the Company shall hold a by-election to fill the vacancy at its next shareholders meeting.</u></p> <p><u>When the number of directors falls short by one third of the total number prescribed in the Company's Articles of Association, the Company shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</u></p> <p><u>When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.</u></p> | <p>Article <u>6</u><br/>Elections of the Company's <u>independent</u> directors shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.</p> | <p>1. Revised the number of the article due to removal of the Article 4</p> <p>2. Revise the rule of the dismissal of a director for any reason to by-election.</p> |
| <p>Article <u>6</u><br/>(Omitted)</p>   | <p>Article <u>7</u><br/>(Omitted)</p>   | <p>Revised the number of the article due to</p>   |

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|-------------------------------|--|---|
|                               |  | removal of the Article 4  |
| Article <u>7</u><br>(Omitted) | Article <u>8</u><br>(Omitted)  | Revised the number of the article due to removal of the Article 4   |
| Article <u>8</u><br>(Omitted) | Article <u>9</u><br>(Omitted)  | Revised the number of the article due to removal of the Article 4   |
| Article <u>9</u><br>(Omitted) | Article <u>10</u><br>(Omitted)   | Revised the number of the article due to removal of the Article 4   |
| (Deleted)                     | <p><u>Article 11</u><br/> <u>If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number.</u><br/> <u>However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.</u></p> | Deleted this Article as shareholders are able to know candidates' names, education and experiences, etc., before shareholders' meeting since the elections of the Company's directors is conducted in accordance with the candidate nomination system; therefore, it is no need to identify |

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|  |   | candidates by a shareholder's account number or the identity card number.   |
| <p>Article <u>10</u><br/>A ballot is invalid under any of the following circumstances:</p> <ol style="list-style-type: none"> <li>1. The ballot was not prepared by <u>a person with the right to convene.</u></li> <li>2. A blank ballot is placed in the ballot box.</li> <li>3. The writing is unclear and indecipherable or has been altered.</li> <li>4. The candidate whose name is entered in the ballot <u>does not conform to the director candidate list.</u></li> <li>5. Other words or marks are entered in addition to the number of voting rights allotted.</li> </ol> | <p>Article <u>12</u><br/>A ballot is invalid under any of the following circumstances:</p> <ol style="list-style-type: none"> <li>1. The ballot was not prepared by <u>the board of directors.</u></li> <li>2. A blank ballot is placed in the ballot box.</li> <li>3. The writing is unclear and indecipherable or has been altered.</li> <li>4. The candidate whose name is entered in the ballot <u>is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.</u></li> <li>5. Other words or marks are entered in addition to <u>the candidate's account name or shareholder account number (or identity card number) and the number of voting rights</u> allotted.</li> <li>6. <u>The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.</u></li> </ol> | <ol style="list-style-type: none"> <li>1. Revised the number of the article due to removal of the Article 4 and 11.</li> <li>2. The shareholder may, in accordance with the Article 173, request the board of directors to call a special meeting of shareholders by filing a written proposal under specific circumstances such as the board of directors fails to give a notice for convening.</li> </ol> |

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| <p><u>Article 11</u><br/>The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors <u>and the numbers of votes with which they were elected</u>, shall be announced by the chair on the site.<br/><u>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 one 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.</u></p> | <p><u>Article 13</u><br/>The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors shall be announced by the chair on the site.</p> | <ol style="list-style-type: none"> <li>1. Revised the number of the article due to removal of the Article 4 and 11.</li> <li>2. Revised the rules of the storage of ballots for the election.</li> </ol>   |
| <p><u>Article 12</u><br/>The Board of the Company shall issue notifications to the directors elected.</p>   | <p><u>Article 14</u><br/>The Board of the Company shall issue notifications to the directors elected <u>and the elect should sign the consent to act as director.</u></p>   | <ol style="list-style-type: none"> <li>1. Revised the number of the Article due to removal of the Article 4 and 11.</li> <li>2. Revised the wording in accordance with the Article 12 of Sample Template for XXX Co., Ltd. Procedures for Election of Directors</li> </ol> |
| <p><u>Article 13</u><br/>(Omitted)</p>  | <p><u>Article 15</u><br/>(Omitted)</p>  | <p>Revised the number of the article due to</p>  |

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|  |   | removal of the Article 4 and 11.   |
| <p>Article <u>14</u><br/> This Rules was formulated on May 27<sup>th</sup>, 2009. The first amendment was made on June 19<sup>th</sup>, 2012; the second amendment was made on May 20<sup>th</sup>, 2015; <u>the third amendment was made on _____, _____.</u></p> | <p>Article <u>16</u><br/> This Rules was formulated on May 27<sup>th</sup>, 2009. The first amendment was made on June 19<sup>th</sup>, 2012; the second amendment was made on May 20<sup>th</sup>, 2015.</p> | <ol style="list-style-type: none"> <li>1. Revised the number of the Article due to removal of the Article 4 and 11.</li> <li>2. Added the date of this amendment.</li> </ol> |



Capital Futures Corp.  
The Rules of Election of Directors  
(Draft)

Article 1 The election of the Company's directors shall, in addition to the regulations related to the Company Act and Securities and Exchange Act as well as the codes set out in the Article of Incorporation, be organized per the Rules.

Article 2 The directors of the Company shall be elected by the shareholders' meeting from among the persons with disposing capacity.

Article 3 The overall composition of the board of directors shall be taken into consideration in the selection of the Company's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, and technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

1. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

The board of directors of the Company shall consider adjusting its composition based on the results of performance evaluation.

Article 4 The Company's independent directors shall meet the provisions set out in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and shall be organized per the Article 24 set out in Corporate Governance Best-Practice Principles for Futures Commission Merchants and the Article 24 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

- Article 5 Elections of the Company's directors shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.
- When the number of directors falls below five due to the dismissal of a director for any reason, the Company shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one third of the total number prescribed in the Company's Articles of Association, the Company shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.
- When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.
- Article 6 The cumulative voting method shall be used for election of the Company's directors. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.
- Article 7 The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholder meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.
- Article 8 The number of directors will be as specified in the Company's Articles of Association, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.
- Article 9 Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences. And the scrutineers must be shareholders.
- Article 10 A ballot is invalid under any of the following circumstances:
1. The ballot was not prepared by a person with the right to convene.

2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. The candidate whose name is entered in the ballot does not conform to the director candidate list
5. Other words or marks are entered in addition to the number of voting rights allotted.

Article 11 The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

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 one 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 12 The Board of the Company shall issue notifications to the directors elected.

Article 13 These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

Article 14 The Rules for the Election of Directors was formulated on May 27<sup>th</sup>, 2009. The first amendment was made on June 19<sup>th</sup>, 2012; the second amendment was made on May 20<sup>th</sup>, 2015; the third amendment was made on \_\_\_\_\_, \_\_\_\_.

## Appendix 1

### Capital Futures Corp. Articles of Association

- Article 1      The Company is organized in accordance with the provisions of the R.O.C. Company Act, 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. Employees of the Company subscribing for new shares in accordance with the Company Act include employees of the Company’s parents or subsidiaries meeting certain specific requirements. The certain specific requirements shall be specified by the board of directors.
- Article 5      The Company’s shares are in registered form and issued in accordance with the Company Act and other relevant rules and regulations of the Republic of China. 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 Act 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 Act, 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 avoidance 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 Taipei Exchange.

- 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 cannot 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 cannot 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. If the director who wins most votes or the chairman of the board of directors fails to convene a board meeting, the majority or more of the directors may convene a board meeting on their own.  
For convening a board meeting, the reason should be stated in the meeting notice, and all directors 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 Act, 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 Act 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 independent directors are dismissed 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 Act 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 based on their levels of participation in the Company's operations, the value of their contributions and the industry standard. The remuneration of directors 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 may in their terms of office purchase liability insurance policies to reduce and disperse the risk of damage to all the directors, the Company and shareholders. The board is fully authorized to take care of all the directors' 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, in accordance with the legal procedure, prepare the following documents after the end of each fiscal year to 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 parents or subsidiaries who meet certain specific requirements which shall be determined by the board of directors.

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, and then distribute at least 10% of it as dividends. 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 Act, 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; the fifteenth amendment was made on June 19, 2020.

## Appendix 2

### Capital Futures Corp. Rules of Procedure for Shareholders Meetings (Before Amendant)

- Article 1 To establish a strong governance system and sound supervisory capabilities for the Company'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/TPEX Listed Companies.
- Article 2 The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the Articles of Association, shall be as provided in these Rules.
- Article 3 (Convening shareholders meetings and shareholders meeting notices)  
Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.  
The Company 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, 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 Company 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, the Company 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 the Company 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, alteration of the Articles of Association, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, spin-off, or each Subparagraph, Paragraph 1, Article 185 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 and the essential contents shall be explained in the notice of the reasons for convening a shareholders meeting, and any of the above matters shall not be raised by an extempore motion; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the Company, and such website shall be indicated in the above notice.

Re-electing whole directors and the date they will assume office are specified in the reasons for convening a shareholders meeting, it shall not be raised to alter the date they assume office by an extempore motion or other methods in the meeting after the re-election complete.

A shareholder holding one percent or more of the total number of issued shares may submit to the Company a proposal in writing for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda, but the shareholder's proposal is for urging the Company to promote public interests or fulfill its social responsibilities, the proposal may be included in the meeting agenda by the board of directors. 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 date on which share transfer registration is suspended before the convention of a regular shareholders' meeting, the company shall give a public notice announcing acceptance of proposal in writing or by way of electronic transmission, the place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than ten (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, the Company 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 the Company 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 the Company 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 the Company, 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 the Company 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 the Company, 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)

The Company 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. The Company 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.

The Company 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.

The Company 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, 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 dependent director 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.

The Company 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)

The Company, 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 relevant proposals, including extempore motions, and amendments shall be voted case by case. 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 extempore 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 extempore 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, call for a vote and arrange appropriate time for voting.

#### 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 the Company, 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 the Company holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means (in accordance with the proviso of Article 177-1 of the Company Act regarding companies that shall adopt electronic voting: When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence). 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 extempore motions and amendments to original proposals of that meeting; it is

therefore advisable that the Company avoids the submission of extempore 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 the Company 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 the Company, 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 the Company's Articles of Association, 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 the Company. 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 matters)

The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors 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.

The Company 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 voting results including the total number of calculation and the total votes of every candidate shall be revealed when there is a proposal of director election. The meeting minutes shall be retained for the duration of the existence of the Company.

Article 16 (Public disclosure)

On the day of a shareholders meeting, the Company 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, the Company 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 the Company, 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 extempore 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 3

### Capital Futures Corp. Rules for the Election of Directors (Before Amendment)

- Article 1 The election of the Company's directors shall, in addition to the regulations related to the Company Act and Securities and Exchange Act as well as the codes set out in the Article of Incorporation, be organized per the Rules.
- Article 2 The directors of the Company shall be elected by the shareholders' meeting from among the persons with disposing capacity.
- Article 3 The Company's directors shall be selected in consideration of the overall composition of the Board. Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:
1. The ability to make judgments about operations.
  2. Accounting and financial analysis ability.
  3. Business management ability.
  4. Crisis management ability.
  5. Knowledge of the industry.
  6. An international market perspective.
  7. Leadership ability.
  8. Decision-making ability.
- Article 4 Directors of the Company shall meet the following qualifications:
1. Integrity and a practical attitude.
  2. Impartial judgment.
  3. Professional knowledge.
  4. Broad experience.
  5. Ability to read financial statements.
- In addition to the requirements of the preceding paragraph, at least one among independent directors of the Company must be an accounting or finance professional.
- Article 5 The Company's independent directors shall meet the provisions set out in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and shall be organized per the rules set out in Corporate Governance Best-Practice Principles for Futures Commission Merchants.
- Article 6 Elections of the Company's independent directors shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.
- Article 7 The cumulative voting method shall be used for election of the Company's directors. Each share will have voting rights in number equal

to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

- Article 8 The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholder meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.
- Article 9 The number of directors will be as specified in the Company's Articles of Association, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.
- Article 10 Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the board of directors and publicly checked by the vote monitoring personnel before voting commences. And the scrutineers must be shareholders.
- Article 11 If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.
- Article 12 A ballot is invalid under any of the following circumstances:
1. The ballot was not prepared by the board of directors.
  2. A blank ballot is placed in the ballot box.
  3. The writing is unclear and indecipherable or has been altered.
  4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
  5. Other words or marks are entered in addition to the candidate's

account name or shareholder account number (or identity card number) and the number of voting rights allotted.

6. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.

- Article 13 The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors shall be announced by the chair on the site.
- Article 14 The Board of the Company shall issue notifications to the directors elected and the elect should sign the consent to act as director.
- Article 15 These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.
- Article 16 The Rules for the Election of Directors was formulated on May 27<sup>th</sup>, 2009. The first amendment was made on June 19<sup>th</sup>, 2012; the second amendment was made on May 20<sup>th</sup>, 2015.

## Appendix 4

### Capital Futures Corp. Details of All Directors' Shareholding

1. The Company has issued 210,437,584 ordinary shares as of March 22, 2020.  
The legally required minimum shareholding for the Company's directors:  
12,000,000 shares.<sup>1</sup>
2. As of the book closure date (March 22, 2020) of this annual general meeting, the shareholders' register showed the total number of shares held by directors is 119,179,045, which complied with Article 26 of The Securities Exchange Act. The details are as follows:

As in the Shareholders' Register on April 21<sup>th</sup>, 2020

| Title                         | Name   | Shareholding as of book-close date | Percentage |
|-------------------------------|--|------------------------------------|------------|
| Chairman                      | Capital Securities Corporation<br>Representative: Sun, Tien-Shan   | 119,117,014                        | 56.63      |
| Director                      | Capital Securities Corporation<br>Representative: Wang, Jiunn-Chih |                                    |            |
| Director                      | Capital Securities Corporation<br>Representative: Liu, Ching-Tsun  |                                    |            |
| Director                      | Hung Yeh Investment Co., Ltd.<br>Representative: Lee, Yi-Hui       | 2,031                              | 0          |
| Independent Director          | Chuang, Chih-Chen  | 0                                  | 0          |
| Independent Director          | Chen, Kuo-Tay  | 0                                  | 0          |
| Independent Director          | Hsiao, Nai-Ching   | 0                                  | 0          |
| Total directors' shareholding |  | 119,179,045                        | 56.63      |

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<sup>1</sup> 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.