

**CAPITAL FUTURES CORPORATION AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2021 and 2020**

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The independent auditors' review 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 independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statement of Comprehensive Income	5
6. Consolidated Statement of Changes in Equity	6
7. Consolidated Statement of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~10
(4) Summary of significant accounting policies	10~12
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	12
(6) Explanation of significant accounts	13~46
(7) Related-party transactions	46~51
(8) Pledged assets	52
(9) Significant commitments and contingencies	52
(10) Losses due to major disasters	52
(11) Significant subsequent events	52
(12) Derivative instrument transactions	52~56
(13) Restrictions and enforcement of the Company's various financial ratios under Futures Trading Act	56
(14) Specific inherent risks in operating as futures dealer	56
(15) Other	56
(16) Other disclosures	
(a) Information on significant transactions	57~58
(b) Information on investees	59
(c) Information on overseas branches and representative offices	59
(d) Information on investment in Mainland China	59
(e) Major shareholders	60
(17) Segment information	61~62
9. Disclosures of Securities Dealing Department	63~75



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Independent Auditors' Review Report

To the Board of Directors of
Capital Futures Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of Capital Futures Corporation and its subsidiaries as of September 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2021 and 2020, as well as the changes in equity and cash flows for the nine months ended September 30, 2021 and 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. 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 International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in note 4(c), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$44,977 thousands and \$72,327 thousands, constituting 0.10% and 0.16% of consolidated total assets as of September 30, 2021 and 2020, respectively, total liabilities amounting to \$6,044 thousands and \$5,518 thousands, constituting 0.02% and 0.01% of consolidated total liabilities as of September 30, 2021 and 2020, respectively, and total comprehensive income(loss) amounting to \$(966) thousands, \$(33) thousands, \$(4,591) thousands and \$2,887 thousands, constituting (1.03)%, (0.02)%, (1.15)% and 0.63% of consolidated total comprehensive income (loss) for the three months and nine months ended September 30, 2021 and 2020, respectively.



Furthermore, as stated in note 6(c), the other equity accounted investments of Capital Futures Corporation and its subsidiaries in its investee companies of \$49,850 thousands and \$49,850 thousands as of September 30, 2021 and 2020, respectively, and its equity in net earnings on these investee companies of \$328 thousands, \$653 thousands, \$1,099 thousands and \$2,479 thousands for the three months and nine months ended September 30, 2021 and 2020, respectively, and its equity in other comprehensive income (loss) on these investee companies of \$(52) thousands, \$(279) thousands, \$(424) thousands and \$(391) thousands for the three months and nine months ended September 30, 2021 and 2020, respectively, and its subsidiaries, respectively were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Capital Futures Corporation and its subsidiaries as of September 30, 2021 and 2020, and of its consolidated financial performance for the three months and nine months ended September 30, 2021 and 2020, as well as its consolidated cash flows for the nine months ended September 30, 2021 and 2020 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 International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are WU, CHENG YEN and CHUNG, TAN TAN.

KPMG

Taipei, Taiwan (Republic of China)
November 11, 2021

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and 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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2021, December 31, 2020, and September 30, 2020

(Expressed in Thousands of New Taiwan Dollars)

		September 30, 2021		December 31, 2020		September 30, 2020				September 30, 2021		December 31, 2020		September 30, 2020	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Assets															
Current assets:															
111100	Cash and cash equivalents (Note 6(a))	\$ 5,096,998	11	5,259,993	11	5,118,945	11	211100	Short-term borrowings (Note 6(i))	\$ 138,042	-	-	-	-	-
112000	Financial assets at fair value through profit or loss-current (Note 6(b))	350,989	1	450,635	1	637,473	2	212000	Financial liabilities at fair value through profit or loss-current (Note 6(b))	65,394	-	61,349	-	28,852	-
113200	Financial assets at fair value through other comprehensive income-current (Note 6(b))	35,179	-	119,204	-	-	-	214080	Futures traders' equity (Note 6(f))	39,053,627	85	39,140,989	85	39,449,478	85
114010	Bonds purchased under resale agreements (Note 6(b))	186,592	-	244,530	1	109,510	-	214100	Leverage contract trading - customers' equity	510,823	1	352,056	1	321,355	1
114070	Customers margin accounts (Note 6(f))	39,090,882	85	39,174,200	85	39,511,357	85	214130	Accounts payable	43,675	-	136,981	-	102,883	-
114080	Receivable - futures margin (Note 6(g))	-	-	-	-	5	-	214140	Accounts payable- related parties (Note 7)	12,249	-	14,679	-	15,024	-
114130	Accounts receivable	31,128	-	131,775	-	13,487	-	214150	Advance receipts	3,294	-	3,773	-	2,959	-
114140	Accounts receivable- related parties (Note 7)	1,536	-	2,735	-	711	-	214160	Receipts under custody	6,833	-	5,078	-	5,230	-
114150	Prepayments	10,305	-	7,279	-	11,161	-	214170	Other payables	101,377	-	142,850	-	83,946	-
114170	Other receivables	341,470	1	76,756	-	100,480	-	214180	Other payables- related parties (Note 7)	1,985	-	4,881	-	4,566	-
114180	Other receivables- related parties (Note 7)	10,708	-	3,841	-	4,612	-	214600	Current income tax liabilities	29,884	-	61,758	-	43,241	-
114300	Leverage contract trading-customers' margin accounts	508,917	1	352,962	1	322,938	1	215100	Provisions- current	6,538	-	5,577	-	6,176	-
114600	Current income tax assets	228	-	238	-	226	-	216000	Lease liabilities- current (Note 6(j))	26,053	-	27,882	-	31,044	-
119000	Other current assets	2	-	5	-	2	-	219000	Other current liabilities	17,469	-	15,248	-	12,385	-
		<u>45,664,934</u>	<u>99</u>	<u>45,824,153</u>	<u>99</u>	<u>45,830,907</u>	<u>99</u>			<u>40,017,243</u>	<u>86</u>	<u>39,973,101</u>	<u>86</u>	<u>40,107,139</u>	<u>86</u>
Non-current assets:															
123200	Financial assets at fair value through other comprehensive income- non-current (Note 6(b))	1,543	-	1,349	-	1,319	-	Non-current liabilities:							
124100	Investments under equity method (Note 6(c))	49,850	-	49,281	-	49,850	-	226000	Lease liabilities- non-current (Note 6(j))	28,205	-	30,597	-	36,355	-
125000	Property and equipment (Note 6(d))	52,716	-	63,272	-	65,437	-	228000	Deferred income tax liabilities	13,048	-	15,251	-	9,644	-
125800	Right-of-use assets (Note 6(e))	54,172	-	58,504	-	67,429	-	229000	Other non-current liabilities	96	-	7,487	-	6,729	-
127000	Intangible assets (Note 6(h))	71,875	-	79,546	-	81,268	-			<u>41,349</u>	<u>-</u>	<u>53,335</u>	<u>-</u>	<u>52,728</u>	<u>-</u>
128000	Deferred income tax assets	520	-	414	-	334	-	906003	Total liabilities	<u>40,058,592</u>	<u>86</u>	<u>40,026,436</u>	<u>86</u>	<u>40,159,867</u>	<u>86</u>
129000	Other non-current assets	345,123	1	336,876	1	328,629	1	Equity attributable to owners of parent:							
		575,799	1	589,242	1	594,266	1	301010	Common stock (Note 6(m))	2,104,376	5	2,104,376	5	2,104,376	5
								302000	Capital surplus (Note 6(m))	1,663,621	4	1,873,996	4	1,873,598	4
								304010	Legal reserve	626,803	1	564,658	1	564,658	1
								304020	Special reserve	1,446,574	3	1,280,666	3	1,280,666	3
								304040	Unappropriated earnings (Note 6(m))	427,029	1	623,005	1	482,431	1
								305000	Other equity	(112,736)	-	(87,037)	-	(69,094)	-
									Total equity attributable to owners of parent	<u>6,155,667</u>	<u>14</u>	<u>6,359,664</u>	<u>14</u>	<u>6,236,635</u>	<u>14</u>
								306000	Non-controlling interests	<u>26,474</u>	<u>-</u>	<u>27,295</u>	<u>-</u>	<u>28,671</u>	<u>-</u>
								906004	Total equity	<u>6,182,141</u>	<u>14</u>	<u>6,386,959</u>	<u>14</u>	<u>6,265,306</u>	<u>14</u>
906001	Total assets	<u>\$ 46,240,733</u>	<u>100</u>	<u>46,413,395</u>	<u>100</u>	<u>46,425,173</u>	<u>100</u>	906002	Total liabilities and equity	<u>\$ 46,240,733</u>	<u>100</u>	<u>46,413,395</u>	<u>100</u>	<u>46,425,173</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES

Consolidated Statement of Comprehensive Income

For the three months and nine months ended September 30, 2021 and 2020

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

	For the three months ended September 30,				For the nine months ended September 30,				
	2021		2020		2021		2020		
	Amount	%	Amount	%	Amount	%	Amount	%	
Income:									
401000	Brokerage fee revenue (Note 6(o))	\$ 443,800	74	460,614	74	1,375,613	72	1,473,655	81
410000	Net gains (losses) on sale of trading securities	9,279	2	54,769	9	39,121	2	60,273	3
421300	Dividend revenue	8,456	1	2,294	-	11,223	1	3,417	-
421500	Net gains (losses) on measurement of trading securities at fair value through profit or loss	(12,840)	(2)	(3,642)	(1)	(6,897)	-	(6,910)	-
421600	Net gains (losses) on covering of borrowed securities and bonds with resale agreements-short sales	5,091	-	(360)	-	6,531	-	(1,304)	-
421610	Net gains (losses) on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss	(2,474)	-	18	-	-	-	1,109	-
424100	Futures commission revenue (Note 6(o))	72,318	12	94,741	15	263,944	14	242,477	13
424200	Securities commission revenue	8,725	1	3,371	1	21,246	1	7,339	-
424400	Net gains (losses) on derivative instruments- futures (Note 6(o))	36,357	6	(14,407)	(2)	94,374	5	(24,854)	(1)
424500	Net gains (losses) on derivative instruments - OTC (Note 6(o))	25,354	4	18,776	3	63,433	3	45,688	3
424800	Management fee revenue	398	-	34	-	2,119	-	60	-
424900	Consulting fee revenue	4,134	1	2,719	-	14,080	1	8,803	-
428000	Other operating revenue	4,575	1	5,338	1	14,737	1	13,966	1
		<u>603,173</u>	<u>100</u>	<u>624,265</u>	<u>100</u>	<u>1,899,524</u>	<u>100</u>	<u>1,823,719</u>	<u>100</u>
Expenses:									
501000	Brokerage fees	84,847	14	108,495	17	271,806	15	279,174	15
502000	Brokerage fees - proprietary trading	492	-	836	-	1,928	-	3,012	-
521200	Financial costs	950	-	1,327	-	3,729	-	6,842	-
521640	Loss from securities borrowing transactions	-	-	70	-	-	-	70	-
425300	Expected credit impairment losses and reversal gains (Note 6(p))	(55)	-	(82)	-	(181)	-	1,451	-
524100	Futures commission expenses (Note 6(o))	117,268	19	122,404	20	380,237	20	411,245	23
524300	Clearing and settlement expenses	51,089	8	47,232	8	147,488	8	136,808	8
528000	Other operating expenditure	1,388	-	1,433	-	4,031	-	3,389	-
531000	Employee benefit expenses (Note 6(o))	131,110	22	107,245	17	375,709	20	354,018	20
532000	Depreciation and amortization expenses (Note 6(o))	16,792	3	19,313	3	56,046	3	57,752	3
533000	Other operating expenses (Note 6(o))	101,193	17	99,386	16	308,372	16	288,290	16
		<u>505,074</u>	<u>83</u>	<u>507,659</u>	<u>81</u>	<u>1,549,165</u>	<u>82</u>	<u>1,542,051</u>	<u>85</u>
		<u>98,099</u>	<u>17</u>	<u>116,606</u>	<u>19</u>	<u>350,359</u>	<u>18</u>	<u>281,668</u>	<u>15</u>
Net operating income									
Non-operating income and expenses:									
601000	Shares of profit of associates and joint ventures under equity method (Note 6(c))	328	-	653	-	1,099	-	2,479	-
602000	Other gains and losses (Note 6(o))	39,011	6	97,122	16	139,744	7	331,856	18
		<u>39,339</u>	<u>6</u>	<u>97,775</u>	<u>16</u>	<u>140,843</u>	<u>7</u>	<u>334,335</u>	<u>18</u>
902001	Net income before income tax	137,438	23	214,381	35	491,202	25	616,003	33
701000	Less: Income tax expenses (Note 6(l))	29,989	5	42,200	7	97,803	5	134,059	7
	Net income	<u>107,449</u>	<u>18</u>	<u>172,181</u>	<u>28</u>	<u>393,399</u>	<u>20</u>	<u>481,944</u>	<u>26</u>
805000	Other comprehensive income:								
805500	Components that may not be reclassified subsequently to profit or loss:								
805540	Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income	(11,148)	(2)	82	-	30,071	2	(56)	-
805599	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Subtotal of components that may not be reclassified subsequently into profit or loss	<u>(11,148)</u>	<u>(2)</u>	<u>82</u>	<u>-</u>	<u>30,071</u>	<u>2</u>	<u>(56)</u>	<u>-</u>
805600	Components that may be reclassified subsequently to profit or loss:								
805610	Exchange differences on translation of foreign operations	(2,609)	-	(17,235)	(3)	(24,501)	(1)	(24,393)	(1)
805699	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 6(l))	(14)	-	(70)	-	(106)	-	(98)	-
	Subtotal of components that may be reclassified subsequently to profit or loss	<u>(2,595)</u>	<u>-</u>	<u>(17,165)</u>	<u>(3)</u>	<u>(24,395)</u>	<u>(1)</u>	<u>(24,295)</u>	<u>(1)</u>
805000	Other comprehensive income	<u>(13,743)</u>	<u>(2)</u>	<u>(17,083)</u>	<u>(3)</u>	<u>5,676</u>	<u>1</u>	<u>(24,351)</u>	<u>(1)</u>
902006	Total comprehensive income	<u>\$ 93,706</u>	<u>16</u>	<u>155,098</u>	<u>25</u>	<u>399,075</u>	<u>21</u>	<u>457,593</u>	<u>25</u>
Net income attributable to:									
913100	Shareholders of the parent	\$ 107,281	18	172,113	28	393,525	20	480,883	26
913200	Non-controlling interests	168	-	68	-	(126)	-	1,061	-
		<u>\$ 107,449</u>	<u>18</u>	<u>172,181</u>	<u>28</u>	<u>393,399</u>	<u>20</u>	<u>481,944</u>	<u>26</u>
Comprehensive income attributable to:									
914100	Shareholders of the parent	\$ 93,616	16	155,454	25	399,896	21	457,210	25
914200	Non-controlling interests	90	-	(356)	-	(821)	-	383	-
		<u>\$ 93,706</u>	<u>16</u>	<u>155,098</u>	<u>25</u>	<u>399,075</u>	<u>21</u>	<u>457,593</u>	<u>25</u>
975000	Basic earnings per share (Dollar) (Note 6(n))	<u>\$ 0.51</u>		<u>0.82</u>		<u>1.87</u>		<u>2.41</u>	
985000	Diluted earnings per share (Dollar) (Note 6(n))	<u>\$ 0.51</u>		<u>0.82</u>		<u>1.87</u>		<u>2.40</u>	

See accompanying notes to consolidated financial statements.

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

Consolidated Statement of Changes in Equity

For the nine months ended September 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Equity attributable to owners of parent

	Equity attributable to owners of parent					Other equity		Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Stock	Retained earnings				Exchange differences on translation of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income			
	Common stocks	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings					
Balance at January 1, 2020	\$ 1,764,376	1,047,338	504,667	1,142,132	599,904	(46,677)	1,256	5,012,996	28,288	5,041,284
Net income for the nine months ended September 30, 2020	-	-	-	-	480,883	-	-	480,883	1,061	481,944
Other comprehensive income	-	-	-	-	-	(23,617)	(56)	(23,673)	(678)	(24,351)
Total comprehensive income	-	-	-	-	480,883	(23,617)	(56)	457,210	383	457,593
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	59,991	-	(59,991)	-	-	-	-	-
Special reserve	-	-	-	119,981	(119,981)	-	-	-	-	-
Cash dividends	-	-	-	-	(399,831)	-	-	(399,831)	-	(399,831)
Special reserve for the contra equity account	-	-	-	18,553	(18,553)	-	-	-	-	-
Capital increase by cash (Note 6(m))	340,000	826,260	-	-	-	-	-	1,166,260	-	1,166,260
Balance at September 30, 2020	\$ 2,104,376	1,873,598	564,658	1,280,666	482,431	(70,294)	1,200	6,236,635	28,671	6,265,306
Balance at January 1, 2021	\$ 2,104,376	1,873,996	564,658	1,280,666	623,005	(89,953)	2,916	6,359,664	27,295	6,386,959
Net income for the nine months ended September 30, 2021	-	-	-	-	393,525	-	-	393,525	(126)	393,399
Other comprehensive income	-	-	-	-	-	(23,700)	30,071	6,371	(695)	5,676
Total comprehensive income	-	-	-	-	393,525	(23,700)	30,071	399,896	(821)	399,075
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	62,145	-	(62,145)	-	-	-	-	-
Special reserve	-	-	-	124,291	(124,291)	-	-	-	-	-
Cash dividends	-	-	-	-	(393,518)	-	-	(393,518)	-	(393,518)
Special reserve for the contra equity account	-	-	-	41,617	(41,617)	-	-	-	-	-
Other changes in capital surplus:										
Cash dividends from capital surplus	-	(210,437)	-	-	-	-	-	(210,437)	-	(210,437)
Right of inclusion options exercised	-	62	-	-	-	-	-	62	-	62
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	32,070	-	(32,070)	-	-	-
Balance at September 30, 2021	\$ 2,104,376	1,663,621	626,803	1,446,574	427,029	(113,653)	917	6,155,667	26,474	6,182,141

See accompanying notes to consolidated financial statements.

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

Consolidated Statement of Cash Flows

For the nine months ended September 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30,	
	2021	2020
Cash flows from (used in) operating activities:		
Net income before income tax	\$ 491,202	616,003
Adjustments:		
Adjustments to reconcile:		
Depreciation expenses	49,186	50,409
Amortization expenses	6,860	7,343
Expected credit impairment losses and reversal gains	(181)	1,451
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	10,959	(13,162)
Interest expenses	3,729	6,842
Interest income (including financial income)	(135,560)	(302,498)
Dividend revenue	(13,763)	(3,456)
Shares of profit of associates and joint ventures under equity method	(1,099)	(2,479)
Losses on disposal of property and equipment	66	-
Gains on lease modification	-	(41)
Impairment losses	3,643	-
Total adjustments to reconcile	<u>(76,160)</u>	<u>(255,591)</u>
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets at fair value through profit or loss	88,687	(112,573)
Decrease (increase) in bond purchased under resale agreements	57,938	(63,510)
Decrease (increase) in customer margin accounts	83,318	(4,019,191)
Decrease (increase) in receivable-futures margin	181	(1,454)
Increase in leverage contract trading - customer's margin accounts	(155,955)	(14,395)
Decrease in security borrowing margin	-	3,874
Decrease in accounts receivable	100,647	52
Decrease in accounts receivable - related parties	1,199	11
Increase in prepayments	(3,026)	(2,884)
Increase in other receivables	(270,120)	(27,567)
Increase in other receivables- related parties	(6,869)	(543)
Decrease in other current assets	3	-
Increase in clearing and settlement fund	(7,094)	(8,925)
Decrease (increase) in refundable deposits	(1,153)	469
Increase in financial liabilities at fair value through profit or loss	4,045	7,125
Increase (decrease) in futures traders' equity	(87,362)	4,013,500
Increase in leverage contract trading - customer's equity	158,767	12,765
Increase (decrease) in accounts payable	(93,306)	59,071
Increase (decrease) in accounts payable - related parties	(2,430)	4,110
Increase (decrease) in advance receipts	(479)	448
Increase in receipts under custody	1,755	1,374
Decrease in other payables	(41,986)	(48,644)
Increase (decrease) in other payables - related parties	(2,896)	3,703
Increase in provisions for liabilities	961	224
Increase in other current liabilities	2,221	1,715
Increase (decrease) in other non-current liabilities	(7,391)	10
Total changes in operating assets and liabilities	<u>(180,345)</u>	<u>(191,235)</u>
Total adjustments	<u>(256,505)</u>	<u>(446,826)</u>
Cash inflow generated from operations	234,697	169,177
Interest received	141,359	310,037
Dividends received	13,372	3,487
Interest paid	(3,389)	(6,529)
Income taxes paid	(131,880)	(176,567)
Net cash flows from operating activities	<u>254,159</u>	<u>299,605</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(316,994)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	430,896	-
Acquisition of property and equipment	(13,680)	(22,432)
Acquisition of intangible assets	(2,895)	(6,433)
Net cash flows from (used in) investing activities	<u>97,327</u>	<u>(28,865)</u>
Cash flows from (used in) financing activities:		
Cash dividends paid	(603,955)	(399,831)
Increase in short-term loans	138,042	-
Payments of lease liabilities	(25,066)	(26,676)
Proceeds from issue of share capital	-	1,166,260
Proceeds from right of inclusion options exercised	62	-
Net cash flows from (used in) financing activities	<u>(490,917)</u>	<u>739,753</u>
Effect of exchange rate changes on cash and cash equivalents	(23,564)	(23,517)
Net increase (decrease) in cash and cash equivalents	(162,995)	986,976
Cash and cash equivalents at beginning of period	5,259,993	4,131,969
Cash and cash equivalents at end of period	<u>\$ 5,096,998</u>	<u>5,118,945</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the nine months ended September 30, 2021 and 2020

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

(1) Company history

Capital Futures Corporation (the “Company”) was incorporated on February 26, 1997 and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is 32nd and B1 Fl. No. 97, Tun Hwa South Rd., Sec. 2, Taipei, Taiwan, R.O.C. The Company established the Taichung branch. The Company's common shares were listed at Taipei Exchange (TPEX) officially on April 27, 2009, then transferred to Taiwan Stock Exchange (TWSE) on October 16, 2017. The composition of the consolidated financial statements includes the Company and the subsidiaries (the “Group”). The Group is authorized to conduct the following businesses:

- (a) Futures business
- (b) Futures advisory business
- (c) Securities introducing brokerage
- (d) Futures management business
- (e) Management consulting and information software service
- (f) Securities business on a proprietary basis
- (g) Securities investment consulting
- (h) Lever Exchange Agency

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issuance by the Board of Directors on November 11, 2021.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”
- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(4) Summary of significant accounting policies:

(a) Statement of compliance

These consolidated financial statements have been prepared 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 guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2020. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2020.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant account, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial assets at fair value through profit or loss are measured at fair value (including derivative instruments);
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liabilities (assets) are measured as the fair value of the plan assets less the present value of the defined benefit obligation, and the upper limit of the number of effects.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Basis of consolidation

- (i) Principles of preparation of the consolidated financial statements are the same as those of the consolidated financial statements for the year ended December 31, 2020. For the related information, please refer to note 4 (c) of the consolidated financial statements for the year ended December 31, 2020.
- (ii) List of subsidiaries in the consolidated financial statements

Subsidiaries included in the consolidated financial report are as follows:

Name of the investor	Subsidiaries	Business type	Ratio of Equity Ownership			Note
			September 30, 2021	December 31, 2020	September 30, 2020	
The Company	CSC Futures (HK) Ltd.	Futures dealing business and other businesses permitted by local law of Hong Kong	97.27 %	97.27 %	97.27 %	The corporation established in December, 1998. The Company acquired 100% of the equity on November 1, 2012, disposed 5% of the equity on April 2, 2014, acquired 5% of the equity on December 23, 2014, disposed 5% of the equity on April 30, 2015 and acquired 2.27% of the equity when the corporation raised its capital by HK\$100,000 thousands on December 12, 2016. As of September 30, 2021, the paid in capitals amounted to HK\$220,000 thousands.
The Company	Capital International Technology Corp.	Management consulting and information service business.	100.00 %	100.00 %	100.00 %	The corporation established in December, 2014. As of September 30, 2021, the paid in capitals amounted to \$50,000.(Note)
Capital International Technology Corp.	Capital True Partner Technology Co., Ltd.	Management consulting and information service business.	51.00 %	51.00 %	51.00 %	The corporation established in August 20, 2008. The Company acquired 51% of the equity on February 9, 2015 and held controlling interest. As of September 30, 2021, the paid in capitals amounted to CNY\$1,000 thousands.(Note)

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of the investor	Subsidiaries	Business type	Ratio of Equity Ownership			Note
			September 30, 2021	December 31, 2020	September 30, 2020	
Capital International Technology Corp.	Capital Futures Technology (Shanghai) Co., Ltd.	Management, consulting and information service business.	100.00 %	100.00 %	100.00 %	The corporation established in October, 2016. As of September 30, 2021, the paid in capitals amounted to CNY\$4,000 thousands.(Note)

Note: These companies are individually immaterial subsidiaries, and financial statements have not been reviewed. These subsidiaries, in aggregate, represented total consolidated assets of \$44,977 and \$72,327 and total consolidated liabilities of \$6,044 and \$5,518 as of September 30, 2021 and 2020, respectively, and total consolidated comprehensive income (loss) of \$(966), \$(33), \$(4,591) and \$2,887 for the three months and nine months ended September 30, 2021 and 2020, respectively.

(d) Employee benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(e) Income tax

The Group estimated and disclosed interim income tax under IAS 34 “Interim Financial Reporting” Appendix B12.

Income tax expense is best estimated by multiplying pretax income for the interim reporting period using the effective annual tax rate as forecasted by the management, and is recognized as current tax expense.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled and recognized directly in equity or other comprehensive income as tax expense.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity 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 IAS 34 “Interim Financial Reporting” requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In these consolidated financial statements, judgments and key sources of estimation uncertainty used by management in the application of critical accounting policies are expected to be consistent with those of Note 5 of the consolidated financial statements for the year ended December 31, 2020.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Cash	\$ 115	96	131
Demand deposits	1,007,126	493,633	533,094
Time deposits	3,277,663	3,918,024	3,743,052
Futures margin- excess margin	812,094	754,254	828,675
Commercial paper	<u>-</u>	<u>93,986</u>	<u>13,993</u>
Total	<u>\$ 5,096,998</u>	<u>5,259,993</u>	<u>5,118,945</u>

(b) Financial assets and liabilities, bonds purchased under resale agreements

(i) Financial assets at fair value through profit or loss- current

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Open-ended funds and money- market instruments	\$ 15,000	30,000	238,653
Open-ended funds and money- market instruments valuation adjustment	-	72	17,014
Trading securities- proprietary trading	170,904	205,298	261,969
Trading securities- proprietary trading valuation adjustment	3,883	10,922	(792)
Securities invested by securities broker	10,790	48,166	6,142
Securities invested by securities broker valuation adjustment	(194)	934	125
Call options- non-hedging	50,511	40,164	22,936
Futures margin- proprietary fund- non-hedging	48,073	51,699	55,779
Leverage derivatives- non-hedging	51,950	63,380	35,647
Equity derivatives	<u>72</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 350,989</u>	<u>450,635</u>	<u>637,473</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

If there is an increase in the securities price of 1% on the reporting date (assume that all other variables remained constantly), the impact on after-tax comprehensive income for the nine months ended September 30, 2021 and 2020, will increase \$2,004 and \$5,231, respectively. Conversely, if there is a decrease in the securities price of 1% on the reporting date based on all other variables remained constantly, there will be the same amount but opposite direction of influence.

(ii) Financial assets at fair value through other comprehensive income- current

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Equity investments at fair value through other comprehensive income			
Listed stocks	\$ 35,687	99,266	-
OTC stocks	-	18,252	-
	<u>35,687</u>	<u>117,518</u>	<u>-</u>
Valuation adjustment	(508)	1,686	-
Total	<u>\$ 35,179</u>	<u>119,204</u>	<u>-</u>

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group did not intend to hold for trading purposes.

During the three months and nine months ended September 30, 2021 and 2020, the dividends of \$5,047, \$0, \$6,439 and \$0, related to equity investment at fair value through other comprehensive income held on the three months and nine months then ended, respectively, were recognized.

During the three months and nine months ended September 30, 2021 and 2020, due to the consideration of asset allocation and managing and adjusting the investment portfolio, the Group sold shares of stocks for a fair value \$230,336, \$0, \$430,896 and \$0, respectively, and cumulative dispose gains for the three months and nine months ended September 30, 2021 and 2020, amounted to \$(5,182), \$0, \$32,070 and \$0, respectively, were transferred from other equity items to retained earnings.

(iii) Bonds purchased under resale agreements

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Bonds purchased under resale agreements	<u>\$ 186,592</u>	<u>244,530</u>	<u>109,510</u>
Resale price under the agreements	<u>\$ 186,604</u>	<u>244,545</u>	<u>109,526</u>
Interest rates	<u>0.16%~0.19%</u>	<u>0.16%~ 0.22%</u>	<u>0.22%~ 0.32%</u>
Date of repurchase	<u>2021.10.01~2021.10.15</u>	<u>2021.01.05~2021.01.15</u>	<u>2020.10.12~2020.10.26</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Financial assets at fair value through other comprehensive income- non-current

Equity instruments at fair value through other comprehensive income:

<u>Investee Company</u>	<u>September 30, 2021</u>		<u>December 31, 2020</u>		<u>September 30, 2020</u>	
	<u>Ownership ratio</u>	<u>Amount</u>	<u>Ownership ratio</u>	<u>Amount</u>	<u>Ownership ratio</u>	<u>Amount</u>
Taiwan Futures Exchange Co., Ltd	0.0042 %	\$ <u>1,543</u>	0.0042 %	<u>1,349</u>	0.0042 %	<u>1,319</u>

The Group holds shares of Taiwan Futures Exchange for long-term strategic purposes and not for trading, therefore, the Group had classified these equity instruments as FVOCI.

During the three months and nine months ended September 30, 2021 and 2020, the dividends of \$50, \$39, \$50 and \$39, related to equity investments at fair value through other comprehensive income held on the nine months then ended, were recognized. No strategic investments were disposed of during the three months and nine months ended September 30, 2021 and 2020, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

(v) Financial liabilities at fair value through profit or loss- current

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Put options - non-hedging	\$ 62,866	59,577	26,606
Leverage derivatives- non-hedging	2,510	1,772	2,246
Equity derivatives	18	-	-
	<u>\$ 65,394</u>	<u>61,349</u>	<u>28,852</u>

(c) Investments under equity method

Investments under equity method on the reporting date were as follows:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Associate	<u>\$ 49,850</u>	<u>49,281</u>	<u>49,850</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Associate

The Group acquired 49% of the outstanding in True Partner Advisor Hong Kong Ltd. shares for consideration of US \$1,123 thousands on October 2, 2015, in which the Group has significant influence. Below is the relevant information:

Name of associate	Relationship with the Company	Principal place of business /Register country of company	Ownership equity and % of right to vote		
			September 30, 2021	December 31, 2020	September 30, 2020
True Partner Advisor Hong Kong Ltd.	Its main business is assets management, and it's the Company's strategic alliances to expand assets managing business.	Hong Kong	49.00 %	49.00 %	49.00 %

Financial information of the individually immaterial associate under equity method is summarized as follows. The information is included in the consolidated financial statement of the Group:

	September 30, 2021	December 31, 2020	September 30, 2020	
Carrying amount of interest in associate	\$ <u>49,850</u>	<u>49,281</u>	<u>49,850</u>	
	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Group's share of total comprehensive income in the investee's:				
Profit from continuing operations	\$ 328	653	1,099	2,479
Other comprehensive losses	(52)	(279)	(424)	(391)
Total comprehensive income	\$ <u>276</u>	<u>374</u>	<u>675</u>	<u>2,088</u>

(ii) Collateral and pledge

As of September 30, 2021, December 31 and September 30, 2020, the Group did not provide any investment accounted for using equity method as collaterals for its loans.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Property and equipment

The cost and accumulated depreciation of the property and equipment of the Group were as follows:

	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
Cost:			
Balance at January 1, 2021	\$ 146,301	25,244	171,545
Additions	9,301	4,379	13,680
Disposal	(1,332)	(2,874)	(4,206)
Effect of exchange rate changes	(1,082)	(85)	(1,167)
Balance at September 30, 2021	<u>\$ 153,188</u>	<u>26,664</u>	<u>179,852</u>
Balance at January 1, 2020	\$ 134,613	22,186	156,799
Additions	18,693	3,739	22,432
Effect of exchange rate changes	(936)	(77)	(1,013)
Balance at September 30, 2020	<u>\$ 152,370</u>	<u>25,848</u>	<u>178,218</u>
Accumulated depreciation:			
Balance at January 1, 2021	\$ 90,631	17,642	108,273
Depreciation	20,408	3,431	23,839
Disposal	(1,266)	(2,874)	(4,140)
Effect of exchange rate changes	(814)	(22)	(836)
Balance at September 30, 2021	<u>\$ 108,959</u>	<u>18,177</u>	<u>127,136</u>
Balance at January 1, 2020	\$ 76,051	13,919	89,970
Depreciation	20,314	3,180	23,494
Effect of exchange rate changes	(608)	(75)	(683)
Balance at September 30, 2020	<u>\$ 95,757</u>	<u>17,024</u>	<u>112,781</u>
Carrying amounts:			
Balance at January 1, 2021	<u>\$ 55,670</u>	<u>7,602</u>	<u>63,272</u>
Balance at September 30, 2021	<u>\$ 44,229</u>	<u>8,487</u>	<u>52,716</u>
Balance at September 30, 2020	<u>\$ 56,613</u>	<u>8,824</u>	<u>65,437</u>

As of September 30, 2021, December 31 and September 30, 2020, the Group did not provide any property and equipment as collateral and pledge.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Right-of-use assets

The Group leases buildings and equipment. Information about leases for which the Group as a lessee was presented below:

	<u>Buildings</u>	<u>Equipment</u>	<u>Total</u>
Cost:			
Balance at January 1, 2021	\$ 94,062	11,591	105,653
Additions	19,948	1,440	21,388
Derecognition	(21,859)	-	(21,859)
Effect of exchange rate changes	(562)	-	(562)
Balance at September 30, 2021	<u>\$ 91,589</u>	<u>13,031</u>	<u>104,620</u>
Balance at January 1, 2020	\$ 60,635	8,977	69,612
Additions	57,296	2,614	59,910
Derecognition	(22,876)	-	(22,876)
Effect of exchange rate changes	(589)	-	(589)
Balance at September 30, 2020	<u>\$ 94,466</u>	<u>11,591</u>	<u>106,057</u>
Accumulated depreciation:			
Balance at January 1, 2021	\$ 41,062	6,087	47,149
Depreciation	23,059	2,288	25,347
Derecognition	(21,859)	-	(21,859)
Effect of exchange rate changes	(189)	-	(189)
Balance at September 30, 2021	<u>\$ 42,073</u>	<u>8,375</u>	<u>50,448</u>
Balance at January 1, 2020	\$ 27,215	2,916	30,131
Depreciation	24,472	2,443	26,915
Derecognition	(18,060)	-	(18,060)
Effect of change rate changes	(358)	-	(358)
Balance at September 30, 2020	<u>\$ 33,269</u>	<u>5,359</u>	<u>38,628</u>
Carrying amounts:			
Balance at January 1, 2021	<u>\$ 53,000</u>	<u>5,504</u>	<u>58,504</u>
Balance at September 30, 2021	<u>\$ 49,516</u>	<u>4,656</u>	<u>54,172</u>
Balance at September 30, 2020	<u>\$ 61,197</u>	<u>6,232</u>	<u>67,429</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Customers margin accounts/futures traders' equity

As of September 30, 2021, December 31 and September 30, 2020, the differences between customers' margin accounts and futures traders' equity were reconciled as follows:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Customers margin accounts			
Cash in bank	\$ 29,567,730	29,144,632	28,687,760
Balance of the futures clearing house	5,990,182	6,038,034	5,535,011
Balance of other futures commission merchants	3,530,232	3,990,936	5,288,284
Marketable securities	<u>2,738</u>	<u>598</u>	<u>302</u>
Balance of customers margin accounts	<u>39,090,882</u>	<u>39,174,200</u>	<u>39,511,357</u>
Plus adjustment items:			
Commission cost	\$ 4,076	2,352	1,769
Others	705	26	43
Deduction adjustment items:			
Brokerage fee revenue	(17,849)	(11,746)	(11,514)
Futures transaction tax	(2,857)	(2,289)	(2,066)
Interest income	(569)	(789)	(2,344)
Temporary credits	(2,469)	(3,034)	(15,253)
Remittance amount of the customers after the market closed	(13,515)	(11,879)	(10,442)
Other receivables	(4,777)	(5,848)	(22,072)
Others	<u>-</u>	<u>(4)</u>	<u>-</u>
Balance of futures traders' equity	<u>\$ 39,053,627</u>	<u>39,140,989</u>	<u>39,449,478</u>

(g) Receivable - futures margin

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Receivable - futures margin - current	\$ 258	330	389
Less: Loss allowance	<u>258</u>	<u>330</u>	<u>384</u>
Subtotal	<u>-</u>	<u>-</u>	<u>5</u>
Receivable - futures margin - non-current	6,817	7,471	32,048
Less: Loss allowance	<u>6,817</u>	<u>7,471</u>	<u>32,048</u>
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ -</u>	<u>-</u>	<u>5</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The movement in the allowance for receivable- futures margin was as follows:

	For the nine months ended September 30,	
	2021	2020
Balance on January 1	\$ 7,801	30,981
Impairment losses recognized (reversed)	(181)	1,451
Amounts written off	(545)	-
Balance on September 30	\$ 7,075	32,432

(h) Intangible assets

The cost, amortization, and impairment losses of intangible assets were as follows:

	Goodwill (Note2)	The seats of foreign futures exchanges (Note1)	Computer software	Total
Cost:				
Balance at January 1, 2021	\$ 22,088	50,153	29,293	101,534
Additions	-	-	2,895	2,895
Effect of exchange rate changes	-	(154)	(68)	(222)
Balance at September 30, 2021	\$ 22,088	49,999	32,120	104,207
Balance at January 1, 2020	\$ 22,088	50,436	28,362	100,886
Additions	-	-	6,433	6,433
Effect of exchange rate changes	-	(153)	(34)	(187)
Balance at September 30, 2020	\$ 22,088	50,283	34,761	107,132
Amortization and impairment losses:				
Balance at January 1, 2021	\$ 1,204	4,007	16,777	21,988
Amortization	-	-	6,860	6,860
Impairment losses	3,643	-	-	3,643
Effect of exchange rate changes	-	(106)	(53)	(159)
Balance at September 30, 2021	\$ 4,847	3,901	23,584	32,332
Balance at January 1, 2020	\$ -	4,201	14,450	18,651
Amortization	-	-	7,343	7,343
Effect of exchange rate changes	-	(105)	(25)	(130)
Balance at September 30, 2020	\$ -	4,096	21,768	25,864

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Goodwill (Note2)</u>	<u>The seats of foreign futures exchanges (Note1)</u>	<u>Computer software</u>	<u>Total</u>
Carrying value:				
Balance at January 1, 2021	\$ <u>20,884</u>	<u>46,146</u>	<u>12,516</u>	<u>79,546</u>
Balance at September 30, 2021	\$ <u>17,241</u>	<u>46,098</u>	<u>8,536</u>	<u>71,875</u>
Balance at September 30, 2020	\$ <u>22,088</u>	<u>46,187</u>	<u>12,993</u>	<u>81,268</u>

Note: 1. The Group obtained the seats of foreign futures exchanges - NYMEX, COMEX, CBOT, HKEX and CME for business development. In accordance with IAS No. 38 “Intangible Assets” endorsed by the FSC, the seats are regarded as intangible assets with an indefinite useful life.

2. The Group recognized an impairment loss of \$3,643 for the nine months ended September 30, 2021, by using a discount rate of 4.65% on the basis of the future recoverable amount of sub-subsidiary from Mainland China.

(i) Short-term borrowings

<u>Nature of borrowings</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Credit loan	\$ <u>138,042</u>	<u>-</u>	<u>-</u>
Interest rate range	<u>1.38%</u>	<u>-</u>	<u>-</u>

(j) Lease liabilities

The Group's lease liabilities were as follows:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Current	\$ <u>26,053</u>	<u>27,882</u>	<u>31,044</u>
Non-current	\$ <u>28,205</u>	<u>30,597</u>	<u>36,355</u>

The maturity analysis please refer to note 6(p) financial instruments.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts recognized in profit or loss were as follows :

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Interest on lease liabilities	\$ <u>237</u>	<u>210</u>	<u>674</u>	<u>574</u>
Expenses relating to short-term leases	\$ <u>601</u>	<u>955</u>	<u>2,663</u>	<u>2,336</u>
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	\$ <u>75</u>	<u>75</u>	<u>227</u>	<u>227</u>

The amounts recognized in the statement of cash flows for the Group were as follows :

	For the nine months ended September 30,	
	2021	2020
Total cash outflow for leases	\$ <u>28,630</u>	<u>29,852</u>

(i) Real estate leases

The Group leases buildings for its office space. The leases of office space typically run for 1 to 5 years.

(ii) Other leases

The Group leases equipment with contract terms of 1 to 5 years.

(k) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2020 and 2019.

The Group recognized expenses in profit or loss for the three months and nine months ended September 30, 2021 and 2020 were \$5,013, \$88, \$5,593 and \$263, respectively.

(ii) Defined contribution plans

The Group's expenses under the pension plan contributed to the Bureau of Labor Insurance for the three months and nine months ended September 30, 2021 and 2020 were \$3,546, \$3,305, \$10,187 and \$9,637, respectively.

(iii) The pension costs of foreign subsidiaries in accordance with the local laws and regulations for the three months and nine months ended September 30, 2021 and 2020 were \$709, \$366, \$2,189 and \$1,331, respectively.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(l) Income taxes

(i) The Group's tax rate interpretation was as follow:

The Company and its subsidiary Capital International Technology Corp. are founded in Taiwan. The corporate income tax rates are both 20% for the nine months ended September 30, 2021 and 2020.

The subsidiary CSC Futures (HK) Ltd. is founded in Hong Kong. The corporate income tax rates are both 16.5% for the nine months ended September 30, 2021 and 2020.

The tax rates of reinvestment business of subsidiaries including Capital True Partner Technology Co., Ltd. and Capital Futures Technology (Shanghai) Co., Ltd. founded in Mainland China are both 25% for the nine months ended September 30, 2021 and 2020.

(ii) Income tax expense

1) The amounts of income tax expense (benefit) for the three months and nine months ended September 30, 2021 and 2020 were as follows:

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Current income tax expense	\$ 32,000	43,999	100,006	133,182
Deferred income tax expense (benefit)	(2,011)	(1,799)	(2,203)	877
Total	<u>\$ 29,989</u>	<u>42,200</u>	<u>97,803</u>	<u>134,059</u>

2) The amounts of income tax benefit (expense) recognized in other comprehensive income of the Group in 2021 and 2020 were as follows:

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Exchange difference on translation of foreign operations	<u>\$ (14)</u>	<u>(70)</u>	<u>(106)</u>	<u>(98)</u>

(iii) Income tax assessment status

The Company's income tax returns through 2019 were assessed by the Tax Authority.

The subsidiary Capital International Technology Corp.'s income tax returns through 2019 were assessed by the Tax Authority.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Capital and other equity

(i) Common stock

As of September 30, 2021, December 31 and September 30, 2020, the company had authorized capital both of \$2,500,000, with par value of \$10 per share; the issued common stock were 210,438 thousands shares.

A resolution was passed during the board meeting held on 28 November 2019 for the issuance of 34,000 thousands ordinary shares for cash, with par value of \$10 per share. It was agreed during the board meeting held on 25 February, 2020 to issue at \$34.4 per share, amounting to \$2,104,376 after issue of share capital. The Company has received approval on 30 January, 2020 from the Financial Supervisory Commission with ruling No. 1090300222 for this capital increase, with 26 March, 2020 as the date of capital increase, related issuance costs have been deducted from the stock surplus.

(ii) Capital surplus

The detail of the capital surplus of the Company is as follows:

	<u>September 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>September 30,</u> <u>2020</u>
Share premium			
Capital addition-Share premium	\$ 1,635,556	1,845,993	1,845,993
Capital addition-Employee stock option	24,134	24,134	24,134
Difference arising from disposal of the subsidiaries' share price and its carry value	2,476	2,476	2,476
Changes in ownership interests in subsidiaries	995	995	995
Right of inclusion options exercised	<u>460</u>	<u>398</u>	<u>-</u>
	<u>\$ 1,663,621</u>	<u>1,873,996</u>	<u>1,873,598</u>

In accordance with the R.O.C Company Act, realized capital surplus can only be used to cover accumulated deficit or to issue new shares or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital surplus to be capitalized shall not exceed 10 percent of the paid-in capital each year.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The above-mentioned capital addition reserves a portion of shares for subscription by employees. The fair value of the stock options granted was \$0, and the Company used the Black-Scholes valuation model to recognize the above capital addition employee stock options with compensation cost \$0, and adjusted the capital surplus at the same time. The evaluation model are as follows:

Share price at grant date	\$	31.95
Exercise price	\$	34.40
Expected Volatility		15.55 %
Expected life days		5 days
Risk-free interest rate		0.256 %

Expected volatility based on weighted-average historical volatility, it is then adjusted for expected changes due to publicly available information; expected risk-free rate is based on government bonds.

The above information of employee options as follows:

	<u>For the year ended December 31, 2020</u>	
	<u>Weighted average exercise price(NTD)</u>	<u>Number of options</u>
Outstanding at January 1	\$ -	-
Granted shares	34.40	1,032
Exercised shares	34.40	(1,032)
Expired shares	34.40	-
Outstanding at December 31		<u>-</u>

(iii) Retained earnings

1) Legal reserve

When companies incur no loss, they are able to distribute new shares or cash dividends through legal reserve under the resolution of stockholders' meeting, but companies can only distribute the part that the reserve exceeds 25% of the paid in capital.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Special reserve

In accordance with Article 41 of the Securities and Exchange Law, 20 percent of the current year's earnings after tax should be set aside as special reserve. Ruling No. 1010048029 issued by the Financial Supervisory Commission on November 1, 2012, an equivalent amount of special reserve should be set aside from earnings after tax of the current year and the undistributed earnings of the prior period based on the decreased amount of stockholders' equity. For the cumulative deduction in stockholders' equity of the prior period, the equal amount of special reserve set aside based on undistributed earnings should not be distributed. If there is any reversal of the deduction in stockholders' equity, the earnings may be distributed based on the reversal proportion.

In accordance with Ruling No. 10500278285 issued by the Financial Supervisory Commission on August 5, 2016, 0.5% to 1.0% of the current year's earnings after tax should be set aside as special reserve for year 2016 to 2018. From year 2017, the aforementioned special reserve can be reversed within an amount equal to the expenditures stemming from employee re training, re assignments, or relocations made necessary by the introduction of financial technology. An accumulated amount of \$10,378 was accounted for from the year 2016 to 2018.

In accordance with Ruling No. 1080321644 issued by the Financial Supervisory Commission on July 10, 2019, from year 2019, a special reserve can not to be set aside, but an certain amount of budget should be designated for the current year to pay for employee transformation and training to protect employee's right and interest. From year 2019, the special reserve can be reversed within an amount equal to special reserve for year 2016 to 2018 when the aforementioned fees being expended.

3) Undistributed earnings

According to the Company's Articles of Incorporation, after-tax earnings should first offset accumulated deficit, and then 10% of the remainder should be appropriated as legal reserve. However, when the legal reserve has reached the paid-up capital, is not within this limit. And then 20% of the remainder should be appropriated as special reserve due to the need of Company's operation and the law, if there's earning plus undistributed earnings of beginning of the year, the Company's earnings distribution was proposed by board of directors and is subject to the resolution of the shareholders' meeting.

The Company's fiscal year 2020 earnings distribution and cash dividends from capital surplus resolved by the shareholders' meeting on May 20, 2021 and fiscal year 2019 earnings distribution resolved by the shareholders' meeting on June 19, 2020, were as follows:

	For the years ended December 31,			
	2020		2019	
	Amount	Per share (dollar)	Amount	Per share (dollar)
Cash dividends	<u>\$ 603,955</u>	2.87	<u>399,831</u>	1.90

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The information about the appropriations approved by the board meeting and stockholders' meeting is available at the Market Observation Post System website.

(n) Earnings per share

The basic earnings per share and diluted earnings per share were calculated as follows:

(i) Basic earnings per share

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Net income attributable to common shareholders of the Company	\$ <u>107,281</u>	<u>172,113</u>	<u>393,525</u>	<u>480,883</u>
Weighted-average number of common stock shares outstanding (thousands of shares)	<u>210,438</u>	<u>210,438</u>	<u>210,438</u>	<u>199,890</u>
Basic earnings per share (dollar)	\$ <u>0.51</u>	<u>0.82</u>	<u>1.87</u>	<u>2.41</u>

(ii) Diluted earnings per share

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Net income attributable to common shareholders of the Company	\$ <u>107,281</u>	<u>172,113</u>	<u>393,525</u>	<u>480,883</u>
Weighted-average number of common stock shares outstanding (thousands of shares)	210,438	210,438	210,438	199,890
Effect of potentially dilutive common stock - Employee remuneration (thousands of shares)	48	60	151	178
Weighted-average outstanding shares of diluted earnings per share (thousands of shares)	<u>210,486</u>	<u>210,498</u>	<u>210,589</u>	<u>200,068</u>
Diluted earnings per share (dollar)	\$ <u>0.51</u>	<u>0.82</u>	<u>1.87</u>	<u>2.40</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(o) Items of the statements of comprehensive income

(i) Brokerage fee revenue

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Consignment trading handling fee revenue- Domestic futures	\$ 269,548	256,245	816,755	763,651
Consignment trading handling fee revenue- Foreign futures	174,252	204,369	558,858	710,004
	<u>\$ 443,800</u>	<u>460,614</u>	<u>1,375,613</u>	<u>1,473,655</u>

(ii) Futures commission revenue

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Futures commission revenue- CSC Futures (HK) Ltd.	\$ <u>72,318</u>	<u>94,741</u>	<u>263,944</u>	<u>242,477</u>

Future commission revenue is the commission revenue from future trading by the subsidiary CSC Futures (HK) Ltd, which is reflected under “Brokerage commission income”. The Group recognized the commission from CSC Futures (HK) Ltd as “Futures commission revenue” in the consolidated financial statements.

(iii) Net gains (losses) on derivative instruments

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Non-hedging				
Net gains (losses) on futures contracts				
Gains on futures contracts	\$ 68,037	67,070	217,710	201,133
Losses on futures contracts	(72,656)	(68,899)	(219,794)	(193,361)
	<u>\$ (4,619)</u>	<u>(1,829)</u>	<u>(2,084)</u>	<u>7,772</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Non-hedging				
Net gains (losses) on option contracts				
Gains on option contracts	\$ 75,380	11,669	245,629	132,367
Losses on option contracts	(37,715)	(24,236)	(151,440)	(166,253)
	<u>\$ 37,665</u>	<u>(12,567)</u>	<u>94,189</u>	<u>(33,886)</u>
Net gains (losses) on leverage derivatives				
Gains on leverage derivatives	\$ 144,899	145,096	426,332	422,685
Losses on leverage derivatives	(119,727)	(126,320)	(363,081)	(376,997)
	<u>\$ 25,172</u>	<u>18,776</u>	<u>63,251</u>	<u>45,688</u>
Net gains (losses) on equity derivatives				
Gains on equity derivatives	\$ 540	-	540	-
Losses on equity derivatives	(358)	-	(358)	-
	<u>\$ 182</u>	<u>-</u>	<u>182</u>	<u>-</u>
Net gains (losses) on derivative financial instruments - overseas subsidiaries	<u>\$ 3,311</u>	<u>(11)</u>	<u>2,269</u>	<u>1,260</u>
Total gains on derivative financial instruments	\$ 288,856	223,835	890,211	756,185
Total losses on derivative financial instruments	(230,456)	(219,455)	(734,673)	(736,611)
Net gains (losses) on derivative financial instruments - overseas subsidiaries	3,311	(11)	2,269	1,260
	<u>\$ 61,711</u>	<u>4,369</u>	<u>157,807</u>	<u>20,834</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Futures commission expenses

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Re-consigned futures trading	\$ 50,245	61,227	162,515	210,554
Futures introducing broker business	42,617	43,950	136,455	146,366
Commission expenses - CSC Futures (HK) Ltd.	24,406	17,227	81,267	54,325
	<u>\$ 117,268</u>	<u>122,404</u>	<u>380,237</u>	<u>411,245</u>

(v) Employee benefit, depreciation and amortization expenses

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Employee benefit expenses				
Salary expense	\$ 112,231	94,972	329,269	317,463
Labor and health insurance expense	7,181	6,173	21,407	18,567
Pension expense	9,268	3,759	17,969	11,231
Others	2,430	2,341	7,064	6,757
Depreciation expense	14,575	16,944	49,186	50,409
Amortization expense	2,217	2,369	6,860	7,343
	<u>\$ 147,902</u>	<u>126,558</u>	<u>431,755</u>	<u>411,770</u>

(vi) Other operating expenses

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Postage expense	\$ 14,984	14,530	44,737	43,199
Taxes	19,006	17,452	60,776	53,131
Rental expense	697	1,043	2,921	2,602
Information technology expense	41,003	41,313	118,756	117,089
Professional service fee	3,986	3,258	11,371	9,921
Others	21,517	21,790	69,811	62,348
	<u>\$ 101,193</u>	<u>99,386</u>	<u>308,372</u>	<u>288,290</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vii) Other gains and losses

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Interest income	\$ 37,682	80,834	135,560	302,498
Dividend income	2,285	39	2,540	39
Net gains (losses) on non- operating financial instruments at fair value through profit or loss	(1,120)	3,733	(4,062)	18,963
Net losses on foreign exchange	(959)	(589)	(17,771)	(7,234)
Net gains (losses) on disposal of investments	(2,385)	7,503	14,714	2,036
Other non-operating revenue - other	5,348	5,640	14,098	15,751
Other non-operating expense - other	(1,840)	(38)	(5,335)	(197)
	<u>\$ 39,011</u>	<u>97,122</u>	<u>139,744</u>	<u>331,856</u>

(viii) Remuneration to employees, directors and supervisors

According to the Company's Articles of Incorporation, the Company should aside 0.6%-2.0% of annual profit to be distributed as employees' bonus, and aside not higher than 3% of annual profit to be distributed as remuneration to directors and supervisors. However, the Company's accumulated losses should first be covered. People to receive shares or cash include the employees of subsidiaries meeting certain specific requirements.

For the three months and nine months ended September 30, 2021 and 2020, the estimated amounts of remuneration to employee were \$1,700, \$1,950, \$5,800 and \$6,550, and to directors and supervisors by the Company were \$1,700, \$1,950, \$5,800 and \$6,550, respectively, which were calculated based on the Company's net profit before income tax and remuneration to employees and directors and supervisors multiple the earnings allocation percentage as specified in the Company's articles. It was recognized as operating expense for the nine months ended September 30, 2021 and 2020. If the Board of Directors resolved to distribute the employees' remuneration in the form of shares, the number of shares of the distribution is based on the closing price of the day before the Board of Directors' meeting date.

The estimated amounts of remuneration to employee and director and supervisors by the Company for fiscal years of 2020 and 2019 were both \$9,071 and \$8,714, respectively. There was no difference between accounting estimates and board's resolutions. Related information would be available at the Market Observation Post System website.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(p) Financial Instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represent the maximum credit exposure. As of September 30, 2021, December 31 and September 30, 2020 the maximum credit exposure amounted to \$45,819,775, \$45,882,794 and \$45,698,098, respectively.

2) Concentration of credit risk

The exposure of credit risk by geographic region in September 30, 2021 as shown in below, mainly focusing on Taiwan (accounted for 86.53%), secondly in Asia (accounted for 12.24% excluded Taiwan), thirdly in North America (accounted for 0.97%). The proportion of investment by geographic region did not change significantly compared to the same period last year.

<u>Area</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Taiwan	\$ 39,646,505	39,633,371	38,094,914
Asia (excluded Taiwan)	5,603,406	5,937,255	7,266,382
North America	450,712	277,056	295,902
Europe	95,534	19,645	25,750
Oceania	23,618	15,467	15,150
Total	<u>\$ 45,819,775</u>	<u>45,882,794</u>	<u>45,698,098</u>

3) Impairment losses

The Group's aging analysis of receivables at reporting date is as follows:

	<u>September 30, 2021</u>		<u>December 31, 2020</u>		<u>September 30, 2020</u>	
	<u>Gross carrying amount</u>	<u>Impairment</u>	<u>Gross carrying amount</u>	<u>Impairment</u>	<u>Gross carrying amount</u>	<u>Impairment</u>
Current	\$ 391,917	7,075	222,364	7,257	127,547	8,252
Past due 0~30 days	-	-	-	-	5	5
Past due 31~120 days	-	-	-	-	1,709	1,709
Past due 121~360 days	-	-	544	544	22	22
Past due more than 360 days	-	-	-	-	22,444	22,444
	<u>\$ 391,917</u>	<u>7,075</u>	<u>222,908</u>	<u>7,801</u>	<u>151,727</u>	<u>32,432</u>

Allowance for doubtful debts under receivables is recorded for the bad debt expense or impairment losses. Where a claim becomes definitely uncollectible, the allowance for doubtful debts should be written off to financial assets account. As of September 30, 2021, December 31 and September 30, 2020, the loss allowance of receivables were recognized \$7,075, \$7,801 and \$33,432, respectively.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Credit risk of receivables

Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g) of the consolidated financial statements for the year ended December 31, 2020. The Group regards a financial asset as a default when the client of brokerage business is unable to fulfill the margin call or settlement obligation or accrued receivables past due, as well as other receivable of stock default that the company as securities interactive business, which the counterparty is unable to pay the Group. Thus, the Group regarded the financial assets as default and recognized impairment losses. The movement of loss allowance for the nine months ended September 30, 2021 and 2020 was as follows:

	For the nine months ended September 30, 2021					
	12-month ECL	Lifetime ECL-not credit impaired	Lifetime ECL - credit impaired			Total
			Accounts receivable	Receivable- futures margin	Other receivables	
Balance on January 1	\$ -	-	-	7,801	-	7,801
Reversal of impairment losses	-	-	-	(181)	-	(181)
Amounts written off	-	-	-	(545)	-	(545)
Balance on June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>7,075</u>	<u>-</u>	<u>7,075</u>
	For the nine months ended September 30, 2020					
	12-month ECL	Lifetime ECL-not credit impaired	Lifetime ECL - credit impaired			Total
			Accounts receivable	Receivable- futures margin	Other receivables	
Balance on January 1	\$ -	-	-	30,981	-	30,981
Impairment losses	-	-	-	1,451	-	1,451
Balance on June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>32,432</u>	<u>-</u>	<u>32,432</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Liquidity risk

The following table shows the effect of contract maturity on financial liabilities. The Group predicts the cash flow occurring point or the actual amount of this maturity analysis will not be significantly earlier or different.

	Carrying amount	Contract cash flow	Within 6 months	6-12 months	1-2 year	2-5 year	More than 5 year
September 30, 2021							
Short-term borrowings	\$ 138,042	138,042	138,042	-	-	-	-
Financial liabilities at fair value through profit or loss	65,394	65,394	65,394	-	-	-	-
Futures traders' equity	39,053,627	39,053,627	39,053,627	-	-	-	-
Leverage contract trading- customers' equity	510,823	510,823	510,823	-	-	-	-
Accounts payable	55,924	55,924	55,924	-	-	-	-
Receipts under custody	6,833	6,833	6,833	-	-	-	-
Other payables	103,362	103,362	103,362	-	-	-	-
Lease liabilities	54,258	55,417	14,055	12,604	21,953	6,805	-
	<u>\$ 39,988,263</u>	<u>39,989,422</u>	<u>39,948,060</u>	<u>12,604</u>	<u>21,953</u>	<u>6,805</u>	<u>-</u>
December 31, 2020							
Financial liabilities at fair value through profit or loss	\$ 61,349	61,349	61,349	-	-	-	-
Futures traders' equity	39,140,989	39,140,989	39,140,989	-	-	-	-
Leverage contract trading- customers' equity	352,056	352,056	352,056	-	-	-	-
Accounts payable	151,660	151,660	151,660	-	-	-	-
Receipts under custody	5,078	5,078	5,078	-	-	-	-
Other payables	147,731	147,731	147,731	-	-	-	-
Lease liabilities	58,479	59,262	16,686	11,704	19,482	11,390	-
	<u>\$ 39,917,342</u>	<u>39,918,125</u>	<u>39,875,549</u>	<u>11,704</u>	<u>19,482</u>	<u>11,390</u>	<u>-</u>
September 30, 2020							
Financial liabilities at fair value through profit or loss	\$ 28,852	28,852	28,852	-	-	-	-
Futures traders' equity	39,449,478	39,449,478	39,449,478	-	-	-	-
Leverage contract trading- customers' equity	321,355	321,355	321,355	-	-	-	-
Accounts payable	117,907	117,907	117,907	-	-	-	-
Receipts under custody	5,230	5,230	5,230	-	-	-	-
Other payables	88,512	88,512	88,512	-	-	-	-
Lease liabilities	67,399	68,398	18,072	13,602	20,522	16,202	-
	<u>\$ 40,078,733</u>	<u>40,079,732</u>	<u>40,029,406</u>	<u>13,602</u>	<u>20,522</u>	<u>16,202</u>	<u>-</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk of financial assets and liabilities were as follows:

	September 30, 2021		
	Foreign currency (dollar)	Exchange rate	New Taiwan Dollars
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 646,203,333.29	27.8500	17,996,763
EUR	7,026,490.73	32.3200	227,096
GBP	3,077,663.25	37.4600	115,289
JPY	791,438,872.00	0.2490	197,068
HKD	82,388,890.28	3.5760	294,623
AUD	1,351,195.11	20.0700	27,118
CHF	85,308.53	29.8200	2,544
SGD	1,139,795.83	20.4700	23,332
KRW	1,041,436,510.00	0.0237	24,682
CNY	64,566,461.18	4.3050	277,959
MYR	34,652.28	6.3780	221
THB	2,964,216.47	0.8284	2,456
NZD	162,187.48	19.1800	3,111
CAD	179,398.48	21.9100	3,931
ZAR	508,974.74	1.8420	938
<u>Non-monetary items</u>			
USD	3,368,601.21	27.8500	93,816
JPY	2,042,083.00	0.2490	508
GBP	305.16	37.4600	11
NZD	1,270.22	19.1800	24
ZAR	24,560.30	1.8420	45
SGD	1.41	20.4700	-
<u>Investments under equity method</u>			
HKD	13,940,110.18	3.5760	49,850

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 30, 2021		
	Foreign currency (dollar)	Exchange rate	New Taiwan Dollars
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$ 615,108,015.11	27.8500	17,130,758
EUR	6,929,657.74	32.3200	223,967
GBP	2,944,964.47	37.4600	110,318
JPY	775,136,323.33	0.2490	193,009
HKD	92,402,216.78	3.5760	330,430
AUD	1,230,538.44	20.0700	24,697
CHF	33,373.43	29.8200	995
SGD	709,161.43	20.4700	14,517
KRW	987,704,997.36	0.0237	23,409
CNY	56,496,496.21	4.3050	243,217
MYR	20,306.39	6.3780	130
THB	1,522,850.00	0.8284	1,262
<u>Non-monetary items</u>			
USD	3,875.59	27.8500	108
CAD	6,239.63	21.9100	137
AUD	262.44	20.0700	5
CNY	516,150.40	4.3050	2,222
CHF	1,896.03	29.8200	57

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2020		
	Foreign currency (dollar)	Exchange rate	New Taiwan Dollars
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 686,159,757.77	28.4800	19,541,830
EUR	7,257,270.14	35.0200	254,150
GBP	2,548,784.25	38.9000	99,148
JPY	879,997,536.00	0.2763	243,143
HKD	101,854,081.45	3.6730	374,110
AUD	1,740,498.65	21.9500	38,204
CHF	52,100.08	32.3100	1,683
SGD	536,196.03	21.5600	11,560
KRW	384,840,945.00	0.0264	10,160
CNY	66,210,990.01	4.3770	289,806
MYR	180,116.56	6.7895	1,223
THB	3,468,388.91	0.9556	3,314
NZD	42,605.66	20.5800	877
CAD	5,658.20	22.3500	126
ZAR	65,684.14	1.9490	128
<u>Non-monetary items</u>			
USD	3,609,523.78	28.4800	102,799
GBP	2,022.14	38.9000	79
NZD	1,123.43	20.5800	23
CHF	312.31	32.3100	10
<u>Investments under equity method</u>			
HKD	13,417,144.02	3.6730	49,281

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2020		
	Foreign currency (dollar)	Exchange rate	New Taiwan Dollars
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$ 652,766,558.31	28.4800	18,590,792
EUR	7,183,427.80	35.0200	251,564
GBP	2,440,098.87	38.9000	94,920
JPY	880,552,975.00	0.2763	243,297
HKD	151,964,507.10	3.6730	558,166
AUD	1,699,687.84	21.9500	37,308
CHF	52,778.65	32.3100	1,705
SGD	610,765.31	21.5600	13,168
KRW	381,095,085.31	0.0264	10,061
CNY	11,227,802.96	4.3770	49,144
MYR	166,226.89	6.7895	1,129
THB	2,572,020.00	0.9556	2,458
NZD	389.98	20.5800	8
CAD	815.44	22.3500	18
<u>Non-monetary items</u>			
USD	12,089.44	28.4800	344
JPY	1,023,292.00	0.2763	283
CAD	3,807.98	22.3500	85
AUD	177.67	21.9500	4
CNY	239,997.19	4.3770	1,051
ZAR	904.88	1.9490	2
SGD	151.66	21.5600	3

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 30, 2020		
	Foreign currency (dollar)	Exchange rate	New Taiwan Dollars
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 639,081,917.74	29.1000	18,597,284
EUR	7,502,511.34	34.1500	256,211
GBP	2,334,507.26	37.3000	87,077
JPY	943,713,431.00	0.2756	260,087
HKD	99,894,055.36	3.7540	375,002
AUD	1,112,123.62	20.7200	23,043
CHF	52,391.63	31.5900	1,655
SGD	386,307.35	21.2600	8,213
KRW	340,459,605.00	0.0251	8,546
CNY	52,592,337.01	4.2690	224,517
MYR	560,333.27	6.7035	3,756
THB	4,680,992.96	0.9242	4,326
NZD	12,706.92	19.1500	243
CAD	7,020.55	21.7100	152
<u>Non-monetary items</u>			
USD	5,590,147.36	29.1000	162,673
GBP	1,942.85	37.3000	72
AUD	4,559.36	20.7200	94
CAD	565.89	21.7200	12
<u>Investments under equity method</u>			
HKD	13,279,159.03	3.7540	49,850

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 30, 2020		
	Foreign currency (dollar)	Exchange rate	New Taiwan Dollars
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$ 611,412,692.57	29.1000	17,792,109
EUR	7,432,103.13	34.1500	253,806
GBP	2,256,672.46	37.3000	84,174
JPY	939,404,965.00	0.2756	258,900
HKD	114,268,932.03	3.7540	428,966
AUD	1,073,536.50	20.7200	22,244
CHF	51,619.63	31.5900	1,631
SGD	482,603.32	21.2600	10,260
KRW	338,179,424.27	0.0251	8,488
CNY	17,929,444.40	4.2690	76,541
MYR	546,864.00	6.7035	3,666
THB	4,020,510.00	0.9242	3,716
CAD	2,285.35	21.7200	50
<u>Non-monetary items</u>			
USD	15,798.20	29.1000	460
CNY	296,009.94	4.2690	1,263
JPY	1,792,221.00	0.2756	494
NZD	1,500.42	19.1500	29

Due to the variety of currencies, the Group disclosed the summarized information on exchange gain or loss. The realized and unrealized exchange loss amounted to \$1,682, \$1,633, \$21,002 and \$9,357 for the three months and nine months ended September 30, 2021 and 2020, respectively.

2) Sensitivity analysis

The currency risk of the Group arises mainly from cash and cash equivalents, customers' margin accounts, financial assets at fair value through profit or loss and futures traders' equity, which are denominated in foreign currency. Foreign exchange gain or loss occurs as foreign currency was translated to TWD currency. For the nine months ended September 30, 2021 and 2020, with all other variable factors remain constant, a strengthening (weakening) 1% of the TWD against the above major foreign currency, would cause after-tax comprehensive income result in a decrease or an increase by \$8,337 and \$8,928, respectively. The analytical basis was the same in both years.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Analysis in interest rates

For the nine months ended September 30, 2021 and 2020, with all other variable factors remain constant, when the interest rate increases or decreases by 100 basis points, would cause after-tax comprehensive income result in an increase or a decrease by \$5,137 and \$5,204. This is mainly due to the Group's time deposits in variable rate, guarantee deposited for business operations in variable rate and settlement fund in variable rate.

(v) Fair value and hierarchy information

1) Fair value information

a) General description

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction among market participants at the measurement date.

b) Definition of fair value hierarchy

i) Level 1

The input of Level 1 is the public quote of the same financial instrument in an active market. An active market is a market that meets all the conditions listed below: Products traded in the market is of homogeneity; it is able to reach buyer and seller anytime in the market and the price information can be accessed by the public. Listed stock, OTC stock, beneficiary certificates, as well as equity and derivative instruments with public quote in an active market possessed by the Company belong to Level 1.

ii) Level 2

The input of Level 2 refers to observable price except public quote in an active market, including direct observable input parameters (such as price) or indirect observable input parameters (derivation from price).

iii) Level 3

The input of Level 3 is not based on observable market data or obtained from the counterparty.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Based on fair value measurement

a) Hierarchy information of fair value

The Group's financial instruments measured at fair value are evaluated on a recurring basis. The financial assets and liabilities measured at fair value were as follows:

		September 30, 2021			
Assets and Liabilities items	Total	Public quote of the same financial instrument in an active market (Level 1)	Observable price except public quote in an active market (Level 2)	Based neither on direct market data nor from the counter party (Level 3)	
<u>Fair value evaluated on a recurring basis</u>					
<u>Non derivative assets and liabilities</u>					
Assets:					
Financial assets at fair value through profit or loss					
Beneficiary certificate	\$ 171,932	171,932	-	-	
Stock investment	28,451	28,451	-	-	
Financial assets at fair value through other comprehensive income	36,722	35,179	-	1,543	
<u>Derivative assets and liabilities</u>					
Assets:					
Financial assets at fair value through profit or loss	\$ 150,606	98,584	52,022	-	
Liabilities:					
Financial liabilities at fair value through profit or loss	65,394	62,866	2,528	-	
		December 31, 2020			
Assets and Liabilities items	Total	Public quote of the same financial instrument in an active market (Level 1)	Observable price except public quote in an active market (Level 2)	Based neither on direct market data nor from the counter party (Level 3)	
<u>Fair value evaluated on a recurring basis</u>					
<u>Non derivative assets and liabilities</u>					
Assets:					
Financial assets at fair value through profit or loss					
Beneficiary certificate	\$ 192,882	192,882	-	-	
Stock investment	102,510	102,510	-	-	
Financial assets at fair value through other comprehensive income	120,553	119,204	-	1,349	
<u>Derivative assets and liabilities</u>					
Assets:					
Financial assets at fair value through profit or loss	\$ 155,243	91,863	63,380	-	
Liabilities:					
Financial liabilities at fair value through profit or loss	61,349	59,577	1,772	-	

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Assets and Liabilities items	September 30, 2020			
	Total	Public quote of the same financial instrument in an active market (Level 1)	Observable price except public quote in an active market (Level 2)	Based neither on direct market data nor from the counter party (Level 3)
Fair value evaluated on a recurring basis				
<u>Non derivative assets and liabilities</u>				
Assets:				
Financial assets at fair value through profit or loss				
Beneficiary certificate	\$ 334,894	334,894	-	-
Stock investment	188,217	188,217	-	-
Financial assets at fair value through other comprehensive income	1,319	-	-	1,319
<u>Derivative assets and liabilities</u>				
Assets:				
Financial assets at fair value through profit or loss	\$ 114,362	78,715	35,647	-
Liabilities:				
Financial liabilities at fair value through profit or loss	28,852	26,606	2,246	-

b) Valuation techniques

i) Non-derivative financial instruments

The valuation of non-derivative financial instruments are based on transparent offer price as fair value if there is existence of active market, i.e. TSE, OTC and investment Trust and investment Adviser. The equity of non-transparent offer price shall be evaluated by valuation techniques by using the Market approach-public company comparable with the discount of lack equity-liquidity.

ii) Derivative financial instruments

The valuation of derivative financial instruments in the active market are mainly measured settlement price of exchange institution as fair value. The fair value of the remaining financial instruments are obtained by financial valuation models or referencing counterparty quotes. Fair value obtained through the calculations of financial valuation models include, but are not limited to, fair value references of substantive factors and characteristics from similar financial instruments, those obtained from the cash flow discounting method or those obtained by other financial valuation techniques. Fair values obtained through financial valuation techniques are derived from market information on the reporting date, and utilizes the fair values derived from the calculations of financial valuation models.

iii) Transfer between Level 1 and Level 2

There is no transfer between Level 1 and Level 2 for the nine months ended September 30, 2021 and 2020.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

iv) Movements of financial assets at fair value classified into Level 3

(In Thousands Dollars)

Item	For the nine months ended September 30, 2021							Ending Balance
	Beginning Balance	Gains and losses on valuation		Addition		Reduction		
		Amount recognized in profit or loss	Amount recognized in comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3	
Financial assets at fair value through other comprehensive income	\$ 1,349	-	194	-	-	-	-	1,543

Item	For the nine months ended September 30, 2020							Ending Balance
	Beginning Balance	Gains and losses on valuation		Addition		Reduction		
		Amount recognized in profit or loss	Amount recognized in comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3	
Financial assets at fair value through other comprehensive income	\$ 1,375	-	(56)	-	-	-	-	1,319

v) Quantified information of fair value measurement for significant unobservable inputs (Level 3)

The Group's Level 3 fair value measurements are financial assets at fair value through other comprehensive income— equity instruments investment.

The Group's equity instruments investment without active market include multiple significant unobservable inputs. Those unobservable inputs of equity instrument without active market are independent from each other, thus, they are not correlative. Since the correlation between significant unobservable inputs and fair value cannot be fully measured in practical, the quantified information is not disclosed.

Item	Valuation technique	Significant unobservable inputs	Correlation between inputs and fair value
Financial assets at fair value through other comprehensive income equity instruments without an active market	Market approach	<ul style="list-style-type: none"> • Price-to-Book Ratio • Discount for lack of marketability 	<ul style="list-style-type: none"> • The higher price to-book-ratio is, the higher fair value is. • The higher discount for lack of marketability is, the lower the fair value is.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- vi) Fair value measurement to Level 3, and the sensitivity analysis of the substitutable appropriate assumption made on fair value

The fair value measurement that the Group made for the financial instruments is deemed reasonable; however, different valuation models or inputs could result in different valuation results. Specifically, if the valuation input of financial instruments classified in the Level 3 changes by 1%, the effects on other comprehensive income are as follows:

	Change in fair value recognized in other comprehensive income	
	Favorable	Unfavorable
September 30, 2021		
Financial assets fair value through other comprehensive income	\$ <u>15</u>	<u>(15)</u>
December 31, 2020		
Financial assets fair value through other comprehensive income	\$ <u>13</u>	<u>(13)</u>
September 30, 2020		
Financial assets fair value through other comprehensive income	\$ <u>13</u>	<u>(13)</u>

Favorable and unfavorable movements of the Group refer to the fluctuation of fair value, and the fair value is calculated through the valuation technique according to the unobservable inputs to different extent. If the fair value of a financial instrument is affected by more than one input, the above table only illustrates the effect as a result of one single input, and the correlation and variance among multiple inputs are not listed here.

- c) Financial instruments not measured at fair value

For financial instruments not measured at fair value, such as cash and cash equivalents, bonds purchased under resale agreements, customers' margin accounts, accounts receivable, deposits, future traders' equity, leverage contract traders' equity, account payables and receipts under custody. The carrying amount is a reasonable approximation of the fair value. Therefore, the Group does not disclose the fair value.

- (q) Financial risk management

There were no material changes in the Group's financial risk management goals and policies as disclosed in Note 6(p) of the consolidated financial statements for the year ended December 31, 2020.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Capital management

There were no material changes in the Group's financial risk management goals, policies and procedures as disclosed in Note 6(q) of the consolidated financial statements for the year ended December 31, 2020.

(s) Financing activities not affecting current cash flow

The Group's financing activities which did not affect the current cash flow for the nine months ended September 30, 2021 and 2020, were as follows:

(i) For right-of-use assets, please refer to note 6(e).

	January 1, 2021	Cash flows	Non-cash changes			September 30, 2021
			Other	Foreign exchange movement	Fair value changes	
Lease liabilities	\$ 58,479	(25,740)	21,889	(370)	-	54,258
Total liabilities from financing activities	<u>\$ 58,479</u>	<u>(25,740)</u>	<u>21,889</u>	<u>(370)</u>	<u>-</u>	<u>54,258</u>

	January 1, 2020	Cash flows	Non-cash changes			September 30, 2020
			Other	Foreign exchange movement	Fair value changes	
Lease liabilities	\$ 39,428	(27,250)	55,454	(233)	-	67,399
Total liabilities from financing activities	<u>\$ 39,428</u>	<u>(27,250)</u>	<u>55,454</u>	<u>(233)</u>	<u>-</u>	<u>67,399</u>

(7) Related-party transactions:

(a) Parent company and ultimate controlling party

Capital Securities Corporation is the parent company and the ultimate controlling party of the Group. It owns 56.58% of all shares outstanding of the Company, and has issued the consolidated financial statements available for public use.

(b) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
Capital Securities Corporation	The parent company
CSC Securities (HK) Ltd.	Associate
CSC International Holdings Ltd.	Associate
Capital Investment Trust Corp.	Associate
Funds issued by Capital Investment Trust Corp.	Funds issued by associate

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Key management personnel compensation

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Short-term employee benefits	\$ 19,375	19,279	58,382	60,780
Post-employment benefits	4,990	281	5,509	853
Total	<u>\$ 24,365</u>	<u>19,560</u>	<u>63,891</u>	<u>61,633</u>

(d) Significant transactions with related parties

- (i) The amounts of futures trading between the Group and related parties for the three months and nine months ended September 30, 2021 and 2020 were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
<u>Brokerage fee revenue</u>				
Capital Securities Corporation	\$ 2,442	1,080	7,310	3,520
Funds issued by Capital Investment Trust Corp.	16	50	105	501
Total	<u>\$ 2,458</u>	<u>1,130</u>	<u>7,415</u>	<u>4,021</u>

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Futures traders' equity</u>			
Capital Securities Corporation	\$ 1,207,945	824,368	1,117,834
Funds issued by Capital Investment Trust Corp.	261,295	335,742	319,021
	<u>\$ 1,469,240</u>	<u>1,160,110</u>	<u>1,436,855</u>

Transaction terms are the same as those with general clients.

Related parties deposit margins to the Group for futures proprietary trading, and the Group paid the interest of excess margin annually.

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
<u>Interest expense</u>				
Capital Securities Corporation	\$ 14	13	49	121
Funds issued by Capital Investment Trust Corp.	-	-	14	23
Total	<u>\$ 14</u>	<u>13</u>	<u>63</u>	<u>144</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Accounts payable and receivable:

<u>Accounts receivable</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Capital Securities Corporation	\$ 1,536	2,679	562
CSC Securities (HK) Ltd.	-	56	149
	<u>\$ 1,536</u>	<u>2,735</u>	<u>711</u>
<u>Accounts payable</u>			
Capital Securities Corporation	<u>\$ 12,249</u>	<u>14,679</u>	<u>15,024</u>
<u>Other receivables (Note 1)</u>			
Capital Securities Corporation	\$ 3,852	3,841	4,596
CSC Securities (HK) Ltd.	6,856	-	16
	<u>\$ 10,708</u>	<u>3,841</u>	<u>4,612</u>
<u>Other payables</u>			
Capital Securities Corporation (Note 2)	\$ 254	4,762	4,510
CSC Securities (HK) Ltd. (Note 3)	1,731	119	56
	<u>\$ 1,985</u>	<u>4,881</u>	<u>4,566</u>

(Note 1) Receivables from future interactive brokers, receivables for information service fee, and interest from bonds purchased under resale agreements.

(Note 2) Payables for allocated expenses and interests to the parent company.

(Note 3) Payables for routine expenses to the associate.

(iii) Bonds purchased under resale agreements

The Group conducted investment with Capital Securities Corporation for bonds purchased under resale agreements shows as follow:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Bonds purchased under resale agreements	<u>\$ 186,592</u>	<u>244,530</u>	<u>109,510</u>
Resale price under the agreements	<u>\$ 186,604</u>	<u>244,545</u>	<u>109,526</u>
Interest rates	<u>0.16%~0.19%</u>	<u>0.16%~0.22%</u>	<u>0.22%~0.32%</u>
Date of repurchase	<u>2021.10.01~2021.10.15</u>	<u>2021.01.05~2021.01.15</u>	<u>2020.10.12~2020.10.26</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Interest income	\$ 26	73	110	222

(iv) Leases

The Group signed three-year lease contracts and rented the office and parking spaces from Capital Securities Corporation. As of September 30, 2021, December 31 and September 30, 2020, the total value of effective contracts were \$53,289, \$53,289 and \$53,289, respectively. For the three months and nine months ended September 30, 2021 and 2020, the Group recognized the amount of \$92, \$92, \$311 and \$133 as interest expense. As of September 30, 2021, December 31 and September 30, 2020, lease liabilities amounted to \$32,240, \$45,251 and \$49,566, respectively, and refundable deposits were amounted to \$4,633, \$4,633 and \$4,258, respectively.

The Group signed two-year lease contracts and rented the office from CSC Securities (HK) Ltd. As of September 30, 2021, December 31 and September 30, 2020, the total value of effective contracts were \$0 (HKD\$0 thousands), \$24,435 (HKD\$6,112 thousands) and \$24,435 (HKD\$6,112 thousands), respectively. For the three months and nine months ended September 30, 2021 and 2020, the Group recognized the amount of \$0, \$70, \$34 and \$278 as interest expense. As of September 30, 2021, December 31 and September 30, 2020, lease liabilities were amounted to \$0, \$4,604 and \$7,502, respectively.

The Group signed one-year lease contracts and rented the office from CSC International Holdings Ltd. As of September 30, 2021, the total value of effective contract was \$552 (CNY\$127 thousands). For the three months and nine months ended September 30, 2021 and 2020, the Group recognized the amount of \$0 as interest expense. As of September 30, 2021 lease liabilities were amounted to \$363.

(v) Rental expenses

The Group entered into lease agreements with related parties and recognized rental expense for applicable short-term or low-value leases as follow:

Related parties	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Capital Securities Corporation	\$ 229	224	698	413

The pricing of the rent between the Group and its related parties are determined according to market conditions and paid on a monthly basis.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vi) Securities commission income

The Group entered into contracts with related parties to engage in securities trading business as permitted by the competent authorities, and details are as follow:

Related parties	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Capital Securities Corporation	\$ 8,628	2,758	20,722	5,805
CSC Securities (HK) Ltd.	97	613	524	1,535
	\$ 8,725	3,371	21,246	7,340

(vii) Interest income (Rent deposit interest)

Related parties	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Capital Securities Corporation	\$ 10	11	27	33

(viii) Securities brokerage charge

Related parties	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Capital Securities Corporation	\$ 42,334	43,650	135,531	145,121
CSC Securities (HK) Ltd.	88	188	342	188
	\$ 42,422	43,838	135,873	145,309

(ix) Information technology expenses

Related parties	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Capital Securities Corporation	\$ 11,997	13,092	35,990	37,655

(x) Stock service fees

Related parties	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Capital Securities Corporation	\$ 144	136	418	376

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(xi) Human resource and legal service fees

Related parties	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Capital Securities Corporation	\$ <u>75</u>	<u>75</u>	<u>225</u>	<u>225</u>

(xii) Securities transaction fees

Related parties	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Capital Securities Corporation	\$ 28	-	114	-
CSC Securities (HK) Ltd.	88	-	342	-
	<u>\$ 116</u>	<u>-</u>	<u>456</u>	<u>-</u>

(xiii) Discretionary service commission fees

Related parties	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Capital Securities Corporation	\$ <u>20</u>	<u>3</u>	<u>109</u>	<u>3</u>

(xiv) Management service fees

Related parties	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
CSC Securities (HK) Ltd.	\$ <u>752</u>	<u>844</u>	<u>2,356</u>	<u>2,590</u>

(xv) Stationery and printing fees

Related parties	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Capital Securities Corporation	\$ <u>7</u>	<u>69</u>	<u>35</u>	<u>80</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Pledged assets:None

(9) Significant commitments and contingencies:None

(10) Losses due to major disasters:None

(11) Significant subsequent events:

A resolution that the Company acquired 2.73% of the outstanding shares in CSC Futures (HK) Ltd. and disposed 49% of the equity shares in the associate, True Partner Advisor Hong Kong Ltd., was passed during the board meeting held on November 11, 2021.

(12) Derivative instrument transactions:

(a) As of September 30, 2021, December 31 and September 30, 2020, the open positions of futures and option contracts were as follows:

September 30, 2021

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/ Short	Number of contracts			
Futures contract:						
	TAIEX Futures	Long	57	\$ 188,252	190,802	
	TAIEX Futures	Short	87	(293,978)	(294,391)	
	Mini Taiex Futures	Long	35	29,579	29,406	
	Mini Taiex Futures	Short	190	(160,824)	(159,875)	
	Electronic Sector Index Futures	Long	33	105,972	104,367	
	Financial Insurance Index Futures	Long	73	117,143	115,807	
	Stock Futures	Short	14	(4,086)	(4,127)	
	Mini Taiex Weekly Futures	Short	3	(2,531)	(2,541)	
	FTSE Taiwan 50 Index Futures	Short	16	(26,444)	(26,083)	
	Mini Electronic Futures	Long	6	2,391	2,370	
	Mini Electronic Futures	Short	69	(27,256)	(27,279)	
	E-Mini Nasdaq-100 Futures	Short	8	(68,311)	(64,733)	
	Subtotal			(140,093)		

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

September 30, 2021

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/Short	Number of contracts			
Options contract:						
	Stock Options (Call)	Long	9	\$ 192	211	
	Stock Options (Call)	Short	15	-	-	
	Stock Options (Put)	Short	14	(159)	(116)	
	Stock Options (Put)	Long	10	40	13	
	TAIEX Options (Call)	Long	2,309	13,508	12,906	
	TAIEX Options (Call)	Short	977	(18,113)	(15,656)	
	TAIEX Options (Put)	Long	1,944	25,202	29,281	
	TAIEX Options (Put)	Short	1,766	(30,557)	(36,710)	
	TAIEX Weekly Options (Call)	Long	400	830	1,260	
	TAIEX Weekly Options (Call)	Short	236	(1,253)	(1,745)	
	TAIEX Weekly Options (Put)	Long	336	882	488	
	TAIEX Weekly Options (Put)	Short	205	(1,469)	(740)	
	Electronic Sector Index Options(Call)	Long	164	499	310	
	Electronic Sector Index Options(Call)	Short	285	(1,764)	(1,265)	
	Electronic Sector Index Options(Put)	Long	241	2,459	4,321	
	Electronic Sector Index Options(Put)	Short	149	(1,208)	(1,822)	
	Finance Insurance Index Options(Call)	Long	119	445	510	
	Finance Insurance Index Options(Call)	Short	493	(2,907)	(4,674)	
	Finance Insurance Index Options(Put)	Long	395	1,388	1,211	
	Finance Insurance Index Options(Put)	Short	47	(172)	(138)	
	Subtotal			(12,157)		
Total				\$ (152,250)		

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2020

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/Short	Number of contracts			
Futures contract:						
	TAIEX Futures	Long	53	\$ 152,446	154,812	
	TAIEX Futures	Short	9	(24,292)	(25,137)	
	Mini Taiex Futures	Long	354	254,049	259,165	
	Mini Taiex Futures	Short	10	(6,770)	(7,040)	
	Stock Futures	Short	1	(391)	(392)	
	Subtotal			<u>375,042</u>		
Options contract:						
	TAIEX Options (Call)	Long	858	\$ 9,293	27,885	
	TAIEX Options (Call)	Short	1,494	(23,968)	(51,486)	
	TAIEX Options (Put)	Long	1,376	12,285	6,320	
	TAIEX Options (Put)	Short	748	(11,981)	(7,066)	
	TAIEX Weekly Options (Call)	Long	144	1,007	1,836	
	TAIEX Weekly Options (Call)	Short	231	(688)	(753)	
	TAIEX Weekly Options (Put)	Long	222	1,085	923	
	TAIEX Weekly Options (Put)	Short	98	(274)	(195)	
	Hushen 300 Options(Call)	Long	30	2,803	3,194	
	Hushen 300 Options(Put)	Long	18	11	6	
	Hushen 300 Options(Put)	Short	18	(122)	(77)	
	Subtotal			<u>(10,549)</u>		
Total				<u>\$ 364,493</u>		

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

September 30, 2020

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/Short	Number of contracts			
Futures contract:						
	TAIEX Futures	Long	66	\$ 165,412	163,374	
	TAIEX Futures	Short	180	(448,420)	(449,028)	
	Mini Taiex Futures	Long	349	217,320	216,920	
	Mini Taiex Futures	Short	1	(610)	(591)	
	Electronic Sector Index Futures	Short	6	(14,087)	(14,358)	
	Financial Insurance Index Futures	Short	2	(2,386)	(2,387)	
	Non-Finance Non-Electronics Sub-Index Futures	Long	2	2,408	2,333	
	Stock Futures	Long	50	44,320	43,200	
	Mini Taiex Weekly Futures	Short	20	(12,527)	(12,506)	
	Subtotal			(48,570)		
Options contract:						
	TAIEX Options (Call)	Long	1,820	\$ 11,323	8,346	
	TAIEX Options (Call)	Short	1,549	(12,317)	(9,880)	
	TAIEX Options (Put)	Long	1,796	16,122	14,026	
	TAIEX Options (Put)	Short	1,353	(16,265)	(15,527)	
	TAIEX Weekly Options (Call)	Long	75	71	64	
	TAIEX Weekly Options (Call)	Short	38	(252)	(237)	
	TAIEX Weekly Options (Put)	Long	143	467	500	
	TAIEX Weekly Options (Put)	Short	70	(317)	(351)	
	Hushen 300 Options (Call)	Short	68	(656)	(611)	
	Subtotal			(1,824)		
Total				\$ (50,394)		

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (b) As of September 30, 2021, December 31 and September 30, 2020, the nominal amount of open positions of leverage derivatives contracts were as follows:

Item	September 30, 2021	December 31, 2020	September 30, 2020
Leverage derivatives- long	\$ <u>2,269,632</u>	<u>1,321,887</u>	<u>1,236,531</u>
Leverage derivatives- short	\$ <u>3,513,237</u>	<u>1,282,847</u>	<u>1,245,061</u>
Equity derivatives- long	\$ <u>20,759</u>	-	-
Equity derivatives- short	\$ <u>20,758</u>	-	-

(13) Restrictions and enforcement of the Company's various financial ratios under Futures Trading Act:

- (a) The restrictions and enforcement of each financial ratio was calculated in accordance with Regulations Governing Futures Commission Merchants as follow:

Art.	Calculation formula	Current Period		Last Period		Standard	Enforcement
		Calculation	Ratio	Calculation	Ratio		
17	Stockholders' equity	6,155,667	7.30	6,236,635	9.46	≥ 1	Satisfactory to requirement
	(Total liabilities– futures traders' equity)			843,578			
17	Current Assets	43,142,005	1.13	43,631,142	1.12	≥ 1	"
	Current Liabilities	38,324,422		38,817,083			
22	Stockholders' equity	6,155,667	552.08 %	6,236,635	559.34 %	≥ 60%	"
	Minimum paid-in capital	1,115,000		1,115,000		≥ 40%	
22	Post-adjustment net capital	4,872,781	69.27 %	4,869,638	61.25 %	≥ 20%	"
	Total customer margin deposits required for open positions of customers			7,034,455		7,949,803	

(14) Specific inherent risks in operating as futures dealer:

Transactions in futures and options carry a high degree of risk because of the amount of initial margin is small relative to the value of the futures contract, meaning that transactions are heavily leveraged, the fluctuation of underlying markets is unpredictable, and the variance risk of the exchange rate is high. Futures industry thus bears higher operation risk than other industries. If the customers can't exercise the contract or maintain the proper margin, in order to dealing with such abrupt condition, the Group needs sufficient liquidity to cover the transactions and suffer the loss may occur.

(15) Other:None

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(16) Other disclosures:

(a) Information on significant transactions:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number (Note 1)	Name of lender	Name of borrower	Account name	Related party	Maximum balance of the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	CSC Futures (HK) Ltd.	F190402	Account receivables -Customer	No	38,652	38,652	-	5%	1	13,631		-		-	172,055	860,274
1	CSC Futures (HK) Ltd.	F611702	Account receivables -Customer	No	276,084	276,084	276,084	1.40%~ 2.65%	1	178,470		-		-	276,084	860,274
1	CSC Futures (HK) Ltd.	F613059	Account receivables -Customer	No	82,825	82,825	46,934	1.15%~ 3.15%	1	37,731		-		-	172,055	860,274
1	CSC Futures (HK) Ltd.	F612688	Account receivables -Customer	No	77,304	13,804	9,042	3.15%	1	2,407		-		-	172,055	860,274
1	CSC Futures (HK) Ltd.	F612687	Account receivables -Customer	No	77,304	-	-	3.15%	1	597		-		-	172,055	860,274
1	CSC Futures (HK) Ltd.	F612851	Account receivables -Customer	No	82,825	55,217	-	3.15%	1	7,073		-		-	172,055	860,274

Remark: Besides those approved by the board of directors, each loan limit by an individual is 20% amount of the net assets of CSC Futures (HK) Ltd. on the financial statements. The loan limit of total credit lines is calculated by net value of CSC Futures (HK) Ltd. and in line with the rules of liquid capital of Securities & Futures Commission of Hong Kong. CSC Futures(HK) Ltd. obtained its money lender's license in June 2016 and engaged in lending business according to local laws and regulations in Hong Kong.

Note 1: Type of Numbering

(1) 0 represents Parent company

(2) Invested company is being numbered by company type from 1, same company should have same number.

Note 2: Type of Loans

(1) Business transactions

(2) Necessaries of short-term financing

(ii) Guarantees and endorsements for other parties:None

(iii) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None

(iv) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None

(v) Service charge discounts on transactions with related parties in an aggregate amount of NT\$5 million or more:None

(vi) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:None

(vii) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	CSC Futures (HK) Ltd.	Capital True Partner Technology Co., Ltd.	3	Information technology expenses	1,051	General transaction	0.06%
2	Capital True Partner Technology Co., Ltd.	CSC Futures (HK) Ltd.	3	Other operating revenue	1,051	General transaction	0.06%
1	CSC Futures (HK) Ltd.	Capital True Partner Technology Co., Ltd.	3	Other payables	128		-%
2	Capital True Partner Technology Co., Ltd.	CSC Futures (HK) Ltd.	3	Accounts receivable	128		-%
2	Capital True Partner Technology Co., Ltd.	Capital Futures Corp.	2	Other operating revenue	15,519	General transaction	0.82%
0	Capital Futures Corp.	Capital True Partner Technology Co., Ltd.	1	Professional service fees	15,519	General transaction	0.82%

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms	
0	Capital Futures Corp.	Capital True Partner Technology Co., Ltd.	1	Other payables	1,819		-%
2	Capital True Partner Technology Co., Ltd.	Capital Futures Corp.	2	Accounts receivable	1,819		-%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Futures traders' equity	210,596		0.47%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Customers' margin account	210,596		0.47%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Futures traders' equity	5,046,914		10.92%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Customers' margin account	4,719,416		10.21%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Customers' margin account	327,498		0.71%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Futures commission revenue	4,588	General transaction	0.24%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Futures commission expenses	4,588	General transaction	0.24%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Brokerage fee revenue	92,535	General transaction	4.87%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Futures commission expenses	92,535	General transaction	4.87%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Interest revenue	1,339	General transaction	0.07%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Financial cost	1,339	General transaction	0.07%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Other payables	5,696		0.01%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Other receivables	5,696		0.01%
3	Capital International Technology Corp.	Capital Futures Corp.	2	Professional service revenue	2,304	General transaction	0.12%
0	Capital Futures Corp.	Capital International Technology Corp.	1	Repair expenses	2,304	General transaction	0.12%
3	Capital International Technology Corp.	Capital Futures Corp.	2	Advance receipts	806		-%
0	Capital Futures Corp.	Capital International Technology Corp.	1	Other prepayment	806		-%

Note 1: The numbers in the Ref No. column represent as follows:

- (1) 0 stands for the parent company.
- (2) Subsidiaries are coded from No. 1 per respective companies.

Note 2: Transaction relationship with the counterparties are as follows:

- (1) Parent company to subsidiaries.
- (2) Subsidiaries to parent company.
- (3) Subsidiaries to subsidiaries.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(b) Information on investees: (excluding information on investees in Mainland China)

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Date of establishment	FSC Rule No.	Main businesses and products	Original investment amount		Balance as of September 30, 2021			Revenue of investee	Net income (losses) of investee	Share of profits/losses of investee	Cash dividend	Note
						September 30, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value					
Capital Futures Corporation	CSC Futures (HK) Ltd.	Hong Kong	1998.12.9	Gin Guan Zheng Zhi No. 1010027412 letter	Futures dealing business and other businesses permitted by local law of Hong Kong	862,631	862,631	214,000	97.27 %	836,789	291,496	(24,475)	(23,807)	-	Subsidiary
Capital Futures Corporation	Capital International Technology Co., Ltd.	Taiwan	2014.12.29	Gin Guan Zheng Zhi No. 1030038387 letter	Management consulting and information service business	50,000	50,000	5,000	100.00 %	35,944	2,304	(4,816)	(4,816)	-	Subsidiary
Capital Futures Corporation	True Partner Advisor Hong Kong Ltd.	Hong Kong	2010.5.31	Gin Guan Zheng Zhi No. 1040027513 letter	Assets Management	36,701	36,701	245	49.00 %	49,850	75,964	2,242	1,099	-	Associate

(c) Information on overseas branches and representative offices: None

(d) Information on investment in Mainland China:

(i) Investment in Mainland China and related information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2021	Net income (losses) of the investee	Direct or indirect share holdings(%) by the company	Highest percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Capital True Partner Technology Co., Ltd.	Management consulting and information service business	5,013	(C)	24,372	-	-	24,372	1,106	51.00%	51.00%	564 B (3)	20,352	-
Capital Futures Technology (Shanghai) Co., Ltd.	Management consulting and information service business	18,863	(C)	18,863	-	-	18,863	(3,139)	100.00%	100.00%	(3,139) B (3)	12,409	-

Note 1: Investment methods are classified into the following three categories:

- A. Directly invest in a Company in Mainland China.
- B. Through investing in an existing Company in the third area, which then invested in the investee in Mainland China (Please indicate the investee name of the third area).
- C. Through a subsidiary to invest in a Company in Mainland China.

Note 2: Investment gains and losses recognized during the period

- A. It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- B. Indicate the basis for investment gains and losses recognition in the number of one of the following three categories:
 - (1) The recognition of investment gains or losses is based on the financial statements audited by international certified public accountant cooperated with certified public accountant of the Republic of China.
 - (2) The recognition of investment gains or losses is based on the financial statements audited by certified public accountant of the Company.
 - (3) The recognition of investment gains or losses is based on the financial statements provided by the investee without audited by certified public account.

Note 3: Above information is expressed in New Taiwan Dollars.

(ii) Limitation on investment in Mainland China:

(In Thousands of New Taiwan Dollars)

Company Name	Accumulated Investment in Mainland China as of September 30, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Capital International Technology Corp.	43,235	43,235	80,000

Note: The Company invests through a subsidiary, Capital International Technology Co., Ltd., to invest in Mainland China. According to the relevant rules to small and medium enterprises, the upper limit for investment in China is \$80,000.

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Capital Securities Corporation		119,066,014	56.58 %

Note 1: The information on the major shareholders in this table is based on the last business day of the end of each quarter by CCB. The total number of ordinary shares and special shares of the company that have been delivered without physical registration (including treasury shares) is calculated by the shareholders of the company up to 5%. There may be differences or differences due to the calculation basis of the preparation between share capital recorded in the company's financial report and the company's actual non-physical registration of shares.

Note 2: If the information above belongs to the trust on behalf of the shareholders, it is disclosed by the individual and trustor who opened the trust account by the trustee. As for shareholders to declare shares who hold more than 10% of their shares in accordance with the Securities and Exchange Act, its shareholding includes personal holding of shares plus the shares delivered to the trust with decision right etc. Please refer to the Public Information Observatory for information on insider shareholding declarations.

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(17) Segment information:

(a) General information

The Group has one reportable segment: the brokerage segment. This segment is mainly involved in futures brokerage business. The Group's other operating segments are mainly involved in futures and securities business on a proprietary basis and advisory business, etc. For the three months and nine months ended September 30, 2021 and 2020, none of the above segments met the quantitative thresholds for reportable segments.

(b) Information about reportable segments and their measurement and reconciliations

The Group does not allocate the income tax expense or extraordinary gain/loss to the reportable segment. The reported information of operating segments are consistent with the internal reports provided to the chief operating decision-maker. All accounting policies of the Group's operating segments' are no material difference from the ones described in Note 4 "significant accounting policies". The Group evaluates segment performance based on the net profit before tax excluding any extraordinary activity and foreign exchange gain/loss. The Group does not evaluate segment's performance based on its assets and liabilities so that there was no disclosure of assets and liabilities of the operating segment.

For the three months ended September 30, 2021				
	Brokerage business	Others	Adjustment and elimination	Total
Segment revenue	\$ <u>554,938</u>	<u>81,717</u>	<u>(33,482)</u>	<u>603,173</u>
Segment profit or loss	\$ <u>158,198</u>	<u>(20,760)</u>	<u>-</u>	<u>137,438</u>
For the three months ended September 30, 2020				
	Brokerage business	Others	Adjustment and elimination	Total
Segment revenue	\$ <u>595,950</u>	<u>102,568</u>	<u>(74,253)</u>	<u>624,265</u>
Segment profit or loss	\$ <u>181,195</u>	<u>33,186</u>	<u>-</u>	<u>214,381</u>
For the nine months ended September 30, 2021				
	Brokerage business	Others	Adjustment and elimination	Total
Segment revenue	\$ <u>1,756,561</u>	<u>260,271</u>	<u>(117,308)</u>	<u>1,899,524</u>
Segment profit or loss	\$ <u>511,702</u>	<u>(20,500)</u>	<u>-</u>	<u>491,202</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the nine months ended September 30, 2020			
	Brokerage business	Others	Adjustment and elimination	Total
Segment revenue	\$ 1,853,639	247,321	(277,241)	1,823,719
Segment profit or loss	\$ 566,147	49,856	-	616,003

(c) Information about regions

Since the revenue from foreign customers were not significant and there was no disclosure.

(d) Information about major customers

There was no disclosure because no individual customer accounted for 10% or more of the Group's revenues for the current periods.