

**CAPITAL FUTURES CORPORATION AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2023 and 2022**

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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.

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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 March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2023 and 2022, 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 the Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. 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 Standards on Auditing of the Republic of China 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 \$30,981 thousands and \$39,619 thousands, constituting 0.06% and 0.08% of consolidated total assets as of March 31, 2023 and 2022, respectively, total liabilities amounting to \$3,880 thousands and \$4,688 thousands, constituting 0.01% and 0.01% of consolidated total liabilities as of March 31, 2023 and 2022, respectively, and total comprehensive income(loss) amounting to \$(1,494) thousands and \$(1,363) thousands, constituting (0.64)% and (0.75)% of consolidated total comprehensive income (loss) for the three months ended March 31, 2023 and 2022, respectively.

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 March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022 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 CHEN, YI JEN.

KPMG

Taipei, Taiwan (Republic of China)

May 11, 2023

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing as of March 31, 2023 and 2022

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2023, December 31, 2022, and March 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

		March 31, 2023		December 31, 2022		March 31, 2022				March 31, 2023		December 31, 2022		March 31, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Assets															
Current assets:															
111100	Cash and cash equivalents (Note 6(a))	\$ 5,640,842	11	5,156,882	10	5,398,170	10	211100	Short-term borrowings (Note 6(i))	\$ -	-	-	-	141,907	-
112000	Financial assets at fair value through profit or loss- current (Note 6(b))	490,696	1	574,791	1	433,586	1	212000	Financial liabilities at fair value through profit or loss- current (Note 6(b))	236,779	1	844,885	2	87,328	-
113200	Financial assets at fair value through other comprehensive income- current (Note 6(b))	37,817	-	43,686	-	46,595	-	214080	Futures traders' equity (Note 6(f))	40,624,681	83	41,087,125	82	44,100,210	86
114010	Bonds purchased under resale agreements (Note 6(b))	237,456	1	43,166	-	113,018	-	214100	Leverage contract trading - customers' equity	826,682	2	849,887	2	698,525	2
114070	Customers margin accounts (Note 6(f))	40,741,331	83	41,252,625	83	44,133,631	85	214130	Accounts payable	45,861	-	52,349	-	100,968	-
114080	Receivable - futures margin (Note 6(g))	-	-	7	-	27	-	214140	Accounts payable- related parties (Note 7)	16,837	-	12,761	-	19,006	-
114090	Security borrowing collateral price	16,955	-	473,545	1	-	-	214150	Advance receipts	2,116	-	2,215	-	3,037	-
114100	Security borrowing margin	197,829	-	868,437	2	-	-	214160	Receipts under custody	5,322	-	5,196	-	5,550	-
114130	Accounts receivable	19,096	-	10,552	-	29,731	-	214170	Other payables	147,677	-	223,095	-	134,792	-
114140	Accounts receivable- related parties (Note 7)	1,122	-	884	-	1,998	-	214180	Other payables- related parties (Note 7)	28,720	-	4,620	-	972	-
114150	Prepayments	74,886	-	39,686	-	7,653	-	214600	Current income tax liabilities	127,584	-	82,948	-	58,569	-
114170	Other receivables	342,435	1	207,742	-	423,844	1	215100	Provisions- current	6,449	-	6,039	-	5,884	-
114180	Other receivables- related parties (Note 7)	17,169	-	7,414	-	5,682	-	216000	Lease liabilities- current (Note 6(j))	15,913	-	20,616	-	27,979	-
114300	Leverage contract trading-customers' margin accounts	792,344	2	856,021	2	777,255	2	219000	Other current liabilities	17,574	-	13,751	-	20,788	-
114600	Current income tax assets	234	-	233	-	238	-			<u>42,102,195</u>	<u>86</u>	<u>43,205,487</u>	<u>86</u>	<u>45,405,515</u>	<u>88</u>
119000	Other current assets	-	-	-	-	2	-								
		<u>48,610,212</u>	<u>99</u>	<u>49,535,671</u>	<u>99</u>	<u>51,371,430</u>	<u>99</u>								
Non-current assets:															
123200	Financial assets at fair value through other comprehensive income- non- current (Note 6(b))	53,772	-	1,263	-	1,529	-	226000	Lease liabilities- non-current (Note 6(j))	14,383	-	16,540	-	29,075	-
125000	Property and equipment (Note 6(d))	40,604	-	42,724	-	41,115	-	228000	Deferred income tax liabilities	39,125	-	37,828	-	26,605	-
125800	Right-of-use assets (Note 6(e))	29,895	-	36,948	-	56,922	-			<u>53,508</u>	<u>-</u>	<u>54,368</u>	<u>-</u>	<u>55,680</u>	<u>-</u>
127000	Intangible assets (Note 6(h))	62,395	-	61,640	-	67,322	-	906003	Total liabilities	<u>42,155,703</u>	<u>86</u>	<u>43,259,855</u>	<u>86</u>	<u>45,461,195</u>	<u>88</u>
129000	Other non-current assets	376,537	1	365,122	1	356,212	1								
		563,203	1	507,697	1	523,100	1								
Equity attributable to owners of parent:															
301010	Common stock (Note 6(m))	2,104,376	4	2,104,376	4	2,104,376	4	301010	Common stock (Note 6(m))	2,104,376	4	2,104,376	4	2,104,376	4
302000	Capital surplus (Note 6(m))	1,663,251	4	1,663,251	3	1,663,251	3	302000	Capital surplus (Note 6(m))	1,663,251	4	1,663,251	3	1,663,251	3
304010	Legal reserve	678,939	1	678,939	2	626,803	1	304010	Legal reserve	678,939	1	678,939	2	626,803	1
304020	Special reserve	1,579,617	3	1,579,617	3	1,446,574	3	304020	Special reserve	1,579,617	3	1,579,617	3	1,446,574	3
304040	Unappropriated earnings (Note 6(m))	1,026,943	2	785,292	2	677,680	1	304040	Unappropriated earnings (Note 6(m))	1,026,943	2	785,292	2	677,680	1
305000	Other equity	(37,799)	-	(30,087)	-	(87,876)	-	305000	Other equity	(37,799)	-	(30,087)	-	(87,876)	-
		<u>7,015,327</u>	<u>14</u>	<u>6,781,388</u>	<u>14</u>	<u>6,430,808</u>	<u>12</u>			<u>7,015,327</u>	<u>14</u>	<u>6,781,388</u>	<u>14</u>	<u>6,430,808</u>	<u>12</u>
306000	Non-controlling interests	<u>2,385</u>	<u>-</u>	<u>2,125</u>	<u>-</u>	<u>2,527</u>	<u>-</u>			<u>2,385</u>	<u>-</u>	<u>2,125</u>	<u>-</u>	<u>2,527</u>	<u>-</u>
906004	Total equity	<u>7,017,712</u>	<u>14</u>	<u>6,783,513</u>	<u>14</u>	<u>6,433,335</u>	<u>12</u>			<u>7,017,712</u>	<u>14</u>	<u>6,783,513</u>	<u>14</u>	<u>6,433,335</u>	<u>12</u>
906002	Total liabilities and equity	<u>\$ 49,173,415</u>	<u>100</u>	<u>50,043,368</u>	<u>100</u>	<u>51,894,530</u>	<u>100</u>			<u>\$ 49,173,415</u>	<u>100</u>	<u>50,043,368</u>	<u>100</u>	<u>51,894,530</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 Standards on Auditing

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES

Consolidated Statement of Comprehensive Income

For the three months ended March 31, 2023 and 2022

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

		For the three months ended March 31,			
		2023		2022	
		Amount	%	Amount	%
Income:					
401000	Brokerage fee revenue (Note 6(o))	\$ 427,300	82	494,759	73
410000	Net gains (losses) on sale of trading securities	915	-	(3,899)	(1)
421300	Dividend revenue	124	-	324	-
421500	Net gains (losses) on measurement of trading securities at fair value through profit or loss	(662)	-	(78)	-
421600	Net gains (losses) on covering of borrowed securities and bonds with resale agreements-short sales	(55,131)	(10)	-	-
421610	Net gains (losses) on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss	(20,126)	(4)	-	-
424100	Futures commission revenue (Note 6(o))	54,294	10	74,271	11
424200	Securities commission revenue	2,748	1	6,621	1
424400	Net gains (losses) on derivative instruments- futures (Note 6(o))	86,501	17	54,421	8
424500	Net gains (losses) on derivative instruments - OTC (Note 6(o))	22,570	4	42,834	6
424800	Management fee revenue	441	-	151	-
424900	Consulting fee revenue	2,248	-	4,040	1
428000	Other operating revenue	1,936	-	6,556	1
		<u>523,158</u>	<u>100</u>	<u>680,000</u>	<u>100</u>
Expenses:					
501000	Brokerage fees	61,808	12	76,861	11
502000	Brokerage fees - proprietary trading	2,175	-	2,016	-
521200	Financial costs	7,798	2	1,756	-
425300	Expected credit impairment losses and reversal gains (Note 6(p))	(75)	-	(55)	-
524100	Futures commission expenses (Note 6(o))	109,026	21	145,106	21
524300	Clearing and settlement expenses	37,649	7	49,188	7
528000	Other operating expenditure	1,551	-	1,998	-
531000	Employee benefit expenses (Note 6(o))	153,033	29	142,075	21
532000	Depreciation and amortization expenses (Note 6(o))	13,354	3	16,342	3
533000	Other operating expenses (Note 6(o))	114,224	22	117,727	18
		<u>500,543</u>	<u>96</u>	<u>553,014</u>	<u>81</u>
	Net operating income	<u>22,615</u>	<u>4</u>	<u>126,986</u>	<u>19</u>
Non-operating income and expenses:					
602000	Other gains and losses (Note 6(o))	284,488	54	59,889	9
		<u>284,488</u>	<u>54</u>	<u>59,889</u>	<u>9</u>
902001	Net income before income tax	307,103	58	186,875	28
701000	Less: Income tax expenses (Note 6(l))	65,392	12	32,148	5
	Net income	<u>241,711</u>	<u>46</u>	<u>154,727</u>	<u>23</u>
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	7,270	1	(463)	-
805599	Less: 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>7,270</u>	<u>1</u>	<u>(463)</u>	<u>-</u>
805600	Components that may be reclassified subsequently to profit or loss:				
805610	Exchange differences on translation of foreign operations	(14,782)	(3)	26,497	4
805699	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 6(l))	-	-	-	-
	Subtotal of components that may be reclassified subsequently to profit or loss	<u>(14,782)</u>	<u>(3)</u>	<u>26,497</u>	<u>4</u>
805000	Other comprehensive income	<u>(7,512)</u>	<u>(2)</u>	<u>26,034</u>	<u>4</u>
902006	Total comprehensive income	<u>\$ 234,199</u>	<u>44</u>	<u>180,761</u>	<u>27</u>
Net income attributable to:					
913100	Shareholders of the parent	\$ 241,462	46	154,884	23
913200	Non-controlling interests	249	-	(157)	-
		<u>\$ 241,711</u>	<u>46</u>	<u>154,727</u>	<u>23</u>
Comprehensive income attributable to:					
914100	Shareholders of the parent	\$ 233,939	44	180,685	27
914200	Non-controlling interests	260	-	76	-
		<u>\$ 234,199</u>	<u>44</u>	<u>180,761</u>	<u>27</u>
975000	Basic earnings per share (Dollar) (Note 6(n))	<u>\$ 1.15</u>		<u>0.74</u>	
985000	Diluted earnings per share (Dollar) (Note 6(n))	<u>\$ 1.15</u>		<u>0.74</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 three months ended March 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										
	Stock		Retained earnings				Other equity				
	Common stocks	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Equity related to non-current assets classified as held for sale	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2022	\$ 2,104,376	1,663,621	626,803	1,446,574	522,796	(117,825)	4,148	(2,129)	6,248,364	25,734	6,274,098
Net income for the three months ended March 31, 2022	-	-	-	-	154,884	-	-	-	154,884	(157)	154,727
Other comprehensive income	-	-	-	-	-	26,264	(463)	-	25,801	233	26,034
Total comprehensive income	-	-	-	-	154,884	26,264	(463)	-	180,685	76	180,761
Disposal of subsidiaries or investments accounted for using equity method	-	-	-	-	-	-	-	2,129	2,129	-	2,129
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(370)	-	-	-	-	-	-	(370)	-	(370)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(23,283)	(23,283)
Balance at March 31, 2022	<u>\$ 2,104,376</u>	<u>1,663,251</u>	<u>626,803</u>	<u>1,446,574</u>	<u>677,680</u>	<u>(91,561)</u>	<u>3,685</u>	<u>-</u>	<u>6,430,808</u>	<u>2,527</u>	<u>6,433,335</u>
Balance at January 1, 2023	\$ 2,104,376	1,663,251	678,939	1,579,617	785,292	(23,060)	(7,027)	-	6,781,388	2,125	6,783,513
Net income for the three months ended March 31, 2023	-	-	-	-	241,462	-	-	-	241,462	249	241,711
Other comprehensive income	-	-	-	-	-	(14,793)	7,270	-	(7,523)	11	(7,512)
Total comprehensive income	-	-	-	-	241,462	(14,793)	7,270	-	233,939	260	234,199
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	189	-	(189)	-	-	-	-
Balance at March 31, 2023	<u>\$ 2,104,376</u>	<u>1,663,251</u>	<u>678,939</u>	<u>1,579,617</u>	<u>1,026,943</u>	<u>(37,853)</u>	<u>54</u>	<u>-</u>	<u>7,015,327</u>	<u>2,385</u>	<u>7,017,712</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 Cash Flows

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2023	2022
Cash flows from (used in) operating activities:		
Net income before income tax	\$ 307,103	186,875
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expenses	12,338	14,250
Amortization expenses	1,016	2,092
Expected credit impairment reversal gains	(75)	(55)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	19,060	(3,145)
Interest expenses	7,798	1,756
Interest income (including financial income)	(277,129)	(41,107)
Dividend revenue	(263)	(324)
Losses on disposal of property and equipment	-	10
Impairment losses	1,150	1,250
Losses on disposal of Joint Venture	-	1,210
Total adjustments to reconcile profit	<u>(236,105)</u>	<u>(24,063)</u>
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets at fair value through loss(profit)	85,161	(72,539)
Increase in bond purchased under resale agreements	(194,290)	(29,005)
Decrease (increase) in customer margin accounts	511,294	(4,878,554)
Decrease in receivable-futures margin	82	28
Decrease (increase) in leverage contract trading - customer's margin accounts	63,677	(153,023)
Decrease in security borrowing margin	670,608	-
Decrease in security borrowing collateral price	456,590	-
Increase in accounts receivable	(8,544)	(11,697)
Decrease (increase) in accounts receivable - related parties	(238)	1,013
Decrease (increase) in prepayments	(5,935)	150
Increase in other receivables	(132,230)	(13,877)
Increase in other receivables- related parties	(9,740)	(1,496)
Increase in net defined benefit assets	(659)	(643)
Increase in clearing and settlement fund	(9,725)	(4,794)
Increase in refundable deposits	(1,031)	(217)
Increase (decrease) in financial liabilities at fair value through profit or loss	(628,232)	19,522
Increase (decrease) in futures traders' equity	(462,444)	4,894,930
Increase (decrease) in leverage contract trading - customer's equity	(23,205)	67,695
Increase (decrease) in accounts payable	(6,488)	55,275
Increase in accounts payable - related parties	4,076	7,558
Decrease in advance receipts	(99)	(215)
Increase in receipts under custody	126	630
Decrease in other payables	(78,864)	(1,657)
Increase (decrease) in other payables - related parties	25,458	(324)
Increase in provisions for liabilities	410	266
Increase in other current liabilities	3,823	11,020
Total changes in operating assets and liabilities	<u>259,581</u>	<u>(109,954)</u>
Total adjustments	<u>23,476</u>	<u>(134,017)</u>
Cash inflow generated from operations	330,579	52,858
Interest received	274,651	40,568
Dividends received	263	389
Interest paid	(5,816)	(1,490)
Income taxes paid	(19,459)	(1,511)
Net cash flows from operating activities	<u>580,218</u>	<u>90,814</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(50,560)	(18,738)
Proceeds from disposal of financial assets at fair value through other comprehensive income	11,190	-
Acquisition of property and equipment	(3,338)	(592)
Acquisition of intangible assets	(2,947)	-
Proceeds from disposal of non-current assets held-for-sale	-	51,031
Increase in prepayments for business facilities	(29,265)	-
Net cash flows from (used in) investing activities	<u>(74,920)</u>	<u>31,701</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term loans	-	32,123
Acquisition of ownership interests in subsidiaries	-	(23,653)
Payments of lease liabilities	(6,649)	(6,938)
Net cash flows from (used in) financing activities	<u>(6,649)</u>	<u>1,532</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(14,689)</u>	<u>26,079</u>
Net increase in cash and cash equivalents	483,960	150,126
Cash and cash equivalents at beginning of period	5,156,882	5,248,044
Cash and cash equivalents at end of period	<u>\$ 5,640,842</u>	<u>5,398,170</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 Standards on Auditing as of March 31, 2023 and 2022

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2023 and 2022

(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 May 11, 2023.

(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. 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, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

The Group does not expect the following 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”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(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, 2022. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

- (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;

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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.

(c) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

Principles of preparation of the consolidated financial statements are the same as those of the consolidated financial statements for the year ended December 31, 2022. For the related information, please refer to note 4 (c) of the consolidated financial statements for the year ended December 31, 2022.

Subsidiaries included in the consolidated financial report are as follows:

Name of the investor	Subsidiaries	Business type	Ratio of Equity Ownership			Note
			March 31, 2023	December 31, 2022	March 31, 2022	
The Company	CSC Futures (HK) Ltd.	Futures dealing business and other businesses permitted by local law of Hong Kong	100.00 %	100.00 %	100.00 %	(Note 1)
The Company	Capital International Technology Corp.	Management consulting and information service business.	100.00 %	100.00 %	100.00 %	(Note 2)
Capital International Technology Corp.	Capital True Partner Technology Co., Ltd.	Management consulting and information service business.	51.00 %	51.00 %	51.00 %	(Note 2)
Capital International Technology Corp.	Capital Futures Technology (Shanghai) Co., Ltd.	Management, consulting and information service business.	100.00 %	100.00 %	100.00 %	(Note 2)

Note 1: The Company acquired 100% of the equity on February 15, 2022.

Note 2: These companies are individually immaterial subsidiaries, and financial statements have not been reviewed by the independent auditors. These subsidiaries, in aggregate, represented total consolidated assets of \$30,981 and \$39,619 and total consolidated liabilities of \$3,880 and \$4,688 as of March 31, 2023 and 2022, respectively, and total consolidated comprehensive income (loss) of \$(1,494) and \$(1,363) for the three months ended March 31, 2023 and 2022, respectively.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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, 2022.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts:

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2022 consolidated financial statements. Please refer to note 6 to the 2022 annual consolidated financial statements

(a) Cash and cash equivalents

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Cash	\$ 135	112	118
Demand deposits	423,391	238,610	643,098
Time deposits	4,232,773	3,747,221	3,764,814
Futures margin- excess margin	<u>984,543</u>	<u>1,170,939</u>	<u>990,140</u>
Total	<u>\$ 5,640,842</u>	<u>5,156,882</u>	<u>5,398,170</u>

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

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Open-ended funds and money- market instruments	\$ 60,000	20,000	40,000
Open-ended funds and money- market instruments valuation adjustment	1,045	(269)	1,799
Trading securities- proprietary trading	402	18,204	105,655
Trading securities- proprietary trading valuation adjustment	(192)	447	(605)
Securities invested by securities broker	26,344	15,996	-
Securities invested by securities broker valuation adjustment	(39)	(453)	-
Call options- non-hedging	153,135	89,232	108,151
Futures margin- proprietary fund- non-hedging	48,081	211,865	36,544
Leverage derivatives- non-hedging	184,636	202,915	140,557
Equity derivatives- non-hedging	<u>17,284</u>	<u>16,854</u>	<u>1,485</u>
Total	<u>\$ 490,696</u>	<u>574,791</u>	<u>433,586</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 three months ended March 31, 2023 and 2022, will increase \$876 and \$1,468, 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>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Equity investments at fair value through other comprehensive income			
Listed stocks	\$ 40,856	51,857	44,320
Valuation adjustment	<u>(3,039)</u>	<u>(8,171)</u>	<u>2,275</u>
Total	<u>\$ 37,817</u>	<u>43,686</u>	<u>46,595</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 ended March 31, 2023 and 2022, the dividends are both of \$124, related to equity investment at fair value through other comprehensive income held on March 31, 2023 and 2022, respectively, were recognized. For investments in equity securities disposed of for the three months ended March 31, 2023 and 2022, no dividend income was recognized in the reported periods.

During the three months ended March 31, 2023 and 2022, due to the consideration of asset allocation and managing and adjusting the investment portfolio, the Group sold shares of stocks for a fair value \$11,190 and \$0, respectively, and cumulative dispose gains for the three months ended March 31, 2023 and 2022, amounted to \$189 and \$0, respectively, were transferred from other equity items to retained earnings.

(iii) Bonds purchased under resale agreements

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Bonds purchased under resale agreements	<u>\$ 237,456</u>	<u>43,166</u>	<u>113,018</u>
Resale price under the agreements	<u>\$ 237,526</u>	<u>43,190</u>	<u>113,038</u>
Interest rates	<u>0.77%~0.83%</u>	<u>0.77%</u>	<u>0.23%~0.38%</u>
Date of repurchase	<u>2023.04.06~2023.04.14</u>	<u>2023.01.03~2023.01.13</u>	<u>2022.04.06~2022.04.22</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>March 31, 2023</u>		<u>December 31, 2022</u>		<u>March 31, 2022</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 %	\$ 1,286	0.0042 %	1,263	0.0042 %	1,529
CME Group	0.0025 %	52,486	- %	-	- %	-
Total		<u>\$ 53,772</u>		<u>1,263</u>		<u>1,529</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 ended March 31, 2023 and 2022, the dividends of \$12 and \$0, related to equity investments at fair value through other comprehensive income held on March 31, 2023 and 2022, respectively, were recognized. No strategic investments were disposed of during the three months ended March 31, 2023 and 2022, 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>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Put options - non-hedging	\$ 107,230	128,886	78,313
Liabilities on sale of borrowed securities - non-hedging	122,423	704,686	-
Liabilities on sale of borrowed securities valuation adjustment - non-hedging	830	(19,315)	-
Leverage derivatives- non-hedging	5,659	28,918	8,693
Equity derivatives- non-hedging	637	1,710	322
	<u>\$ 236,779</u>	<u>844,885</u>	<u>87,328</u>

(c) Non-current assets held for sale

On November 11, 2021, the Board of Directors of the Company approved to sell True Partner Advisor Hong Kong Ltd., the associate of the Company, at the disposal amount of USD\$1,123 thousands and HK\$5,520 thousands. Thus, the investments accounted for using equity method were reclassified as assets to held for sale. On December 31, 2021, the assets classified as held for sale and the other related comprehensive income amounted to \$50,112 and \$(2,129), respectively. All shares were transferred on February 15, 2022.

(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, 2023	\$ 134,820	11,132	145,952
Additions	3,334	4	3,338
Effect of exchange rate changes	<u>(585)</u>	<u>(50)</u>	<u>(635)</u>
Balance at March 31, 2023	<u>\$ 137,569</u>	<u>11,086</u>	<u>148,655</u>
Balance at January 1, 2022	\$ 116,554	16,704	133,258
Additions	437	155	592
Disposal	(21)	-	(21)
Effect of exchange rate changes	<u>1,321</u>	<u>100</u>	<u>1,421</u>
Balance at March 31, 2022	<u>\$ 118,291</u>	<u>16,959</u>	<u>135,250</u>
Accumulated depreciation:			
Balance at January 1, 2023	\$ 97,369	5,859	103,228
Depreciation	4,806	578	5,384
Effect of exchange rate changes	<u>(542)</u>	<u>(19)</u>	<u>(561)</u>
Balance at March 31, 2023	<u>\$ 101,633</u>	<u>6,418</u>	<u>108,051</u>
Balance at January 1, 2022	\$ 76,661	9,225	85,886
Depreciation	6,189	972	7,161
Disposal	(11)	-	(11)
Effect of exchange rate changes	<u>1,080</u>	<u>19</u>	<u>1,099</u>
Balance at March 31, 2022	<u>\$ 83,919</u>	<u>10,216</u>	<u>94,135</u>
Carrying amounts:			
Balance at January 1, 2023	<u>\$ 37,451</u>	<u>5,273</u>	<u>42,724</u>
Balance at March 31, 2023	<u>\$ 35,936</u>	<u>4,668</u>	<u>40,604</u>
Balance at March 31, 2022	<u>\$ 34,372</u>	<u>6,743</u>	<u>41,115</u>

As of March 31, 2023, December 31 and March 31, 2022, 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, 2023	\$ 90,880	9,895	100,775
Effect of exchange rate changes	(221)	-	(221)
Balance at March 31, 2023	<u>\$ 90,659</u>	<u>9,895</u>	<u>100,554</u>
Balance at January 1, 2022	\$ 80,426	7,383	87,809
Additions	13,987	2,512	16,499
Derecognition	(3,149)	-	(3,149)
Effect of exchange rate changes	694	-	694
Balance at March 31, 2022	<u>\$ 91,958</u>	<u>9,895</u>	<u>101,853</u>
Accumulated depreciation:			
Balance at January 1, 2023	\$ 58,090	5,737	63,827
Depreciation	6,362	592	6,954
Effect of exchange rate changes	(122)	-	(122)
Balance at March 31, 2023	<u>\$ 64,330</u>	<u>6,329</u>	<u>70,659</u>
Balance at January 1, 2022	\$ 37,421	3,351	40,772
Depreciation	6,479	610	7,089
Derecognition	(3,149)	-	(3,149)
Effect of change rate changes	219	-	219
Balance at March 31, 2022	<u>\$ 40,970</u>	<u>3,961</u>	<u>44,931</u>
Carrying amounts:			
Balance at January 1, 2023	<u>\$ 32,790</u>	<u>4,158</u>	<u>36,948</u>
Balance at March 31, 2023	<u>\$ 26,329</u>	<u>3,566</u>	<u>29,895</u>
Balance at March 31, 2022	<u>\$ 50,988</u>	<u>5,934</u>	<u>56,922</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Customers margin accounts/futures traders' equity

As of March 31, 2023, December 31 and March 31, 2022, the differences between customers' margin accounts and futures traders' equity were reconciled as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Customers margin accounts			
Cash in bank	\$ 28,039,133	31,462,155	32,724,780
Balance of the futures clearing house	5,610,659	5,428,820	7,266,417
Balance of other futures commission merchants	7,064,928	4,338,662	4,139,028
Marketable securities	<u>26,611</u>	<u>22,988</u>	<u>3,406</u>
Balance of customers margin accounts	<u>40,741,331</u>	<u>41,252,625</u>	<u>44,133,631</u>
Plus adjustment items:			
Commission cost	4,067	4,214	3,300
Others	25	-	30,171
Deduction adjustment items:			
Brokerage fee revenue	(15,981)	(15,952)	(13,912)
Futures transaction tax	(1,834)	(1,617)	(2,426)
Interest income	(8,010)	(5,668)	(451)
Temporary credits	(30,944)	(29,355)	(572)
Remittance amount of the customers after the market closed	(15,732)	(11,610)	(18,381)
Other receivables	(48,241)	(104,766)	(31,150)
Others	<u>-</u>	<u>(746)</u>	<u>-</u>
Balance of futures traders' equity	<u>\$ 40,624,681</u>	<u>41,087,125</u>	<u>44,100,210</u>

(g) Receivable - futures margin

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Receivable - futures margin - current	\$ 373	380	285
Less: Loss allowance	<u>373</u>	<u>373</u>	<u>258</u>
Subtotal	<u>-</u>	<u>7</u>	<u>27</u>
Receivable - futures margin - non-current	6,308	6,383	6,707
Less: Loss allowance	<u>6,308</u>	<u>6,383</u>	<u>6,707</u>
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ -</u>	<u>7</u>	<u>27</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:

	<u>For the three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Balance on January 1	\$ 6,756	7,020
Impairment losses recognized (reversed)	(75)	(55)
Balance on March 31	<u>\$ 6,681</u>	<u>6,965</u>

(h) Intangible assets

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

	<u>Goodwill</u>	<u>The seats of</u>	<u>Computer</u>	<u>Total</u>
	<u>(Note2)</u>	<u>foreign futures</u>	<u>software</u>	
		<u>(Note1)</u>		
Cost:				
Balance at January 1, 2023	\$ 22,088	50,577	16,625	89,290
Additions	-	-	2,947	2,947
Effect of exchange rate changes	-	(94)	22	(72)
Balance at March 31, 2023	<u>\$ 22,088</u>	<u>50,483</u>	<u>19,594</u>	<u>92,165</u>
Balance at January 1, 2022	\$ 22,088	49,955	28,178	100,221
Effect of exchange rate changes	-	171	153	324
Balance at March 31, 2022	<u>\$ 22,088</u>	<u>50,126</u>	<u>28,331</u>	<u>100,545</u>
Amortization and impairment losses:				
Balance at January 1, 2023	\$ 10,957	4,299	12,394	27,650
Amortization	-	-	1,016	1,016
Impairment losses	1,150	-	-	1,150
Effect of exchange rate changes	-	(65)	19	(46)
Balance at March 31, 2023	<u>\$ 12,107</u>	<u>4,234</u>	<u>13,429</u>	<u>29,770</u>
Balance at January 1, 2022	\$ 6,155	3,871	19,614	29,640
Amortization	-	-	2,092	2,092
Impairment loss	1,250	-	-	1,250
Effect of exchange rate changes	-	118	123	241
Balance at March 31, 2022	<u>\$ 7,405</u>	<u>3,989</u>	<u>21,829</u>	<u>33,223</u>
Carrying value:				
Balance at January 1, 2023	<u>\$ 11,131</u>	<u>46,278</u>	<u>4,231</u>	<u>61,640</u>
Balance at March 31, 2023	<u>\$ 9,981</u>	<u>46,249</u>	<u>6,165</u>	<u>62,395</u>
Balance at March 31, 2022	<u>\$ 14,683</u>	<u>46,137</u>	<u>6,502</u>	<u>67,322</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 \$1,150 and \$1,250 for the three months ended March 31, 2023 and 2022, by using the discount rate of 4.30% and 4.60% on the basis of the future recoverable amount of sub-subsidiary from Mainland China.

(i) Short-term borrowings

<u>Nature of borrowings</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Credit loan	\$ -	-	141,907
Interest rate range	-	-	1.70%

(j) Lease liabilities

The Group's lease liabilities were as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Current	\$ 15,913	20,616	27,979
Non-current	\$ 14,383	16,540	29,075

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

The amounts recognized in profit or loss were as follows :

	<u>For the three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Interest on lease liabilities	\$ 125	206
Expenses relating to short-term leases	\$ 1,755	603
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	\$ 76	76

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

	<u>For the three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Total cash outflow for leases	\$ 8,605	7,823

(i) Real estate leases

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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, 2022 and 2021.

The Group recognized expenses in profit or loss for the three months ended March 31, 2023 and 2022 were \$(639) and \$(606), respectively.

(ii) Defined contribution plans

The Group's expenses under the pension plan contributed to the Bureau of Labor Insurance for the three months ended March 31, 2023 and 2022 were \$3,833 and \$3,412, respectively.

(iii) The pension costs of foreign subsidiaries in accordance with the local laws and regulations for the three months ended March 31, 2023 and 2022 were \$844 and \$692, respectively.

(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 three months ended March 31, 2023 and 2022.

The subsidiary CSC Futures (HK) Ltd. is founded in Hong Kong. The corporate income tax rates are both 16.5% for the three months ended March 31, 2023 and 2022.

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 three months ended March 31, 2023 and 2022.

(ii) Income tax expense

The amounts of income tax expense (benefit) for the three months ended March 31, 2023 and 2022 were as follows:

	For the three months ended March 31,	
	2023	2022
Current income tax expense	\$ 64,095	21,867
Deferred income tax expense	1,297	10,281
Total	\$ 65,392	32,148

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Income tax assessment status

The Company's income tax returns through 2020 were assessed by the Tax Authority.

The subsidiary Capital International Technology Corp.'s income tax returns through 2021 were assessed by the Tax Authority.

(m) Capital and other equity

(i) Common stock

As of March 31, 2023, December 31 and March 31, 2022, the company had authorized capital both of \$2,500,000, with par value of \$10 per share and 250,000 thousand shares; the issued common stock were 210,438 thousand shares.

(ii) Capital surplus

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Share premium			
Capital addition-Share premium	\$ 1,635,556	1,635,556	1,635,556
Capital addition-Employee stock option	24,134	24,134	24,134
Difference between consideration transferred and carrying amount of subsidiaries acquired and disposed	2,106	2,106	2,106
Changes in ownership interests in subsidiaries	995	995	995
Right of inclusion options exercised	460	460	460
	<u>\$ 1,663,251</u>	<u>1,663,251</u>	<u>1,663,251</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.

(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 plus items other than earnings after tax should be set aside as special reserve. Ruling No. 1110380212 issued by the Financial Supervisory Commission on January 21, 2022, 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. 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 2022 earnings distribution proposed by the board meeting on March 13, 2023 and fiscal year 2021 earnings distribution and cash dividends from capital surplus resolved by the shareholders' meeting on June 21, 2022, were as follows:

	For the years ended December 31,			
	2022		2021	
	Amount	Per share (dollar)	Amount	Per share (dollar)
Cash dividends	\$ 635,522	3.02	336,700	1.60

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Earnings per share

The basic earnings per share and diluted earnings per share for the three months ended March 31, 2023 and 2022 were calculated as follows:

(i) Basic earnings per share

	For the three months ended March 31,	
	2023	2022
Net income attributable to common shareholders of the Company	<u>\$ 241,462</u>	<u>154,884</u>
Weighted-average number of common stock shares outstanding (thousands of shares)	<u>210,438</u>	<u>210,438</u>
Basic earnings per share (dollar)	<u>\$ 1.15</u>	<u>0.74</u>

(ii) Diluted earnings per share

	For the three months ended March 31,	
	2023	2022
Net income attributable to common shareholders of the Company	<u>\$ 241,462</u>	<u>154,884</u>
Weighted-average number of common stock shares outstanding (thousands of shares)	210,438	210,438
Effect of potentially dilutive common stock - Employee remuneration (thousands of shares)	335	84
Weighted-average outstanding shares of diluted earnings per share (thousands of shares)	<u>210,773</u>	<u>210,522</u>
Diluted earnings per share (dollar)	<u>\$ 1.15</u>	<u>0.74</u>

(o) Items of the statements of comprehensive income

(i) Brokerage fee revenue

	For the three months ended March 31,	
	2023	2022
Consignment trading handling fee revenue- Domestic futures	\$ 184,712	247,160
Consignment trading handling fee revenue- Foreign futures	236,134	247,599
Consignment trading handling fee revenue- Lever Exchange Agency Trading	6,454	-
	<u>\$ 427,300</u>	<u>494,759</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Futures commission revenue

	For the three months ended March 31,	
	2023	2022
Futures commission revenue- CSC Futures (HK) Ltd.	\$ 54,294	74,271

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 March 31,	
	2023	2022
Non-hedging		
Net gains (losses) on futures contracts		
Gains on futures contracts	\$ 214,048	107,414
Losses on futures contracts	(120,432)	(174,828)
	\$ 93,616	(67,414)
Net gains (losses) on option contracts		
Gains on option contracts	\$ 112,159	148,315
Losses on option contracts	(119,274)	(26,143)
	\$ (7,115)	122,172
Net gains (losses) on leverage derivatives		
Gains on leverage derivatives	\$ 422,642	538,596
Losses on leverage derivatives	(402,403)	(501,236)
	\$ 20,239	37,360
Net gains (losses) on equity derivatives		
Gains on equity derivatives	\$ 63,090	37,965
Losses on equity derivatives	(60,759)	(32,491)
	\$ 2,331	5,474
Net gains (losses) on derivative financial instruments - overseas subsidiaries	\$ -	(337)
Total gains on derivative financial instruments	\$ 811,939	832,290
Total losses on derivative financial instruments	(702,868)	(734,698)
Net gains (losses) on derivative financial instruments - overseas subsidiaries	-	(337)
	\$ 109,071	97,255

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Futures commission expenses

	For the three months ended March 31,	
	2023	2022
Re-consigned futures trading	\$ 66,282	74,689
Futures introducing broker business	32,586	48,633
Commission expenses - CSC Futures (HK) Ltd.	10,158	21,784
	\$ 109,026	145,106

(v) Employee benefit, depreciation and amortization expenses

	For the three months ended March 31,	
	2023	2022
Employee benefit expenses		
Salary expense	\$ 137,099	128,549
Labor and health insurance expense	9,325	7,715
Pension expense	4,038	3,498
Others	2,571	2,313
Depreciation expense	12,338	14,250
Amortization expense	1,016	2,092
	\$ 166,387	158,417

(vi) Other operating expenses

	For the three months ended March 31,	
	2023	2022
Postage expense	\$ 16,872	14,715
Taxes	22,106	21,799
Rental expense	1,850	689
Information technology expense	44,465	54,315
Professional service fee	3,477	2,935
Others	25,454	23,274
	\$ 114,224	117,727

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vii) Other gains and losses

	<u>For the three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Interest income	\$ 277,129	41,107
Dividend income	139	-
Net gains (losses) on non-operating financial instruments at fair value through profit or loss	1,728	3,223
Net gains (losses) on foreign exchange	2,375	16,667
Net gains (losses) on disposal of investments	1,626	(4,524)
Losses on disposal of property and equipment	-	(10)
Other non-operating revenue - other	4,141	4,695
Other non-operating expense - other	<u>(2,650)</u>	<u>(1,269)</u>
	<u>\$ 284,488</u>	<u>59,889</u>

(viii) Remuneration to employees and directors

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. 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 ended March 31, 2023 and 2022, the estimated amounts of remuneration to employee were \$4,620 and \$3,150, and to directors by the Company were \$4,620 and \$3,150, respectively, which were calculated based on the Company's net profit before income tax and remuneration to employees and directors multiple the earnings allocation percentage as specified in the Company's articles. It was recognized as operating expense for the three months ended March 31, 2023 and 2022. If the actual distribution amount differs from the estimated amount in the following year, the difference is treated as a change in accounting estimate and recognized as profit or loss in the following year. The difference is recognized as profit or loss in the following year. 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 by the Company for fiscal years of 2022 and 2021 were both \$11,473 and \$7,196, respectively. Remuneration to employees and directors for the year ended December 31, 2022 has not yet been actually allotted. There was no difference between accounting estimates and board's resolutions for fiscal year 2021. Related information would be available at the Market Observation Post System website.

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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 March 31, 2023, December 31 and March 31, 2022 the maximum credit exposure amounted to \$48,820,787, \$49,300,552 and \$51,524,859, respectively.

2) Concentration of credit risk

The exposure of credit risk by geographic region in March 31, 2023 as shown in below, mainly focusing on Taiwan (accounted for 77.66%), secondly in Asia (accounted for 20.37% excluded Taiwan), thirdly in North America (accounted for 1.49%). The proportion of investment by geographic region did not change significantly compared to the same period last year.

<u>Area</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Taiwan	\$ 37,915,536	41,285,753	44,260,483
Asia (excluded Taiwan)	9,946,587	7,338,504	6,652,260
North America	725,665	440,835	465,469
Europe	186,475	189,787	121,896
Oceania	46,524	45,673	24,751
Total	<u>\$ 48,820,787</u>	<u>49,300,552</u>	<u>51,524,859</u>

3) Impairment losses

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

	<u>March 31, 2023</u>		<u>December 31, 2022</u>		<u>March 31, 2022</u>	
	<u>Gross carrying amount</u>	<u>Impairm ent</u>	<u>Gross carrying amount</u>	<u>Impairm ent</u>	<u>Gross carrying amount</u>	<u>Impairm ent</u>
Current	\$ 386,503	6,681	233,355	6,756	468,247	6,965
Past due 0~30 days	-	-	-	-	-	-
Past due 31~120 days	-	-	-	-	-	-
Past due 121~360 days	-	-	-	-	-	-
Past due more than 360 days	-	-	-	-	-	-
	<u>\$ 386,503</u>	<u>6,681</u>	<u>233,355</u>	<u>6,756</u>	<u>468,247</u>	<u>6,965</u>

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 March 31, 2023, December 31 and March 31, 2022, the loss allowance of receivables were recognized \$6,681, \$6,756 and \$6,965, respectively.

4) Credit risk of receivables

Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g). 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 three months ended March 31, 2023 and 2022 was as follows:

	For the three months ended March 31, 2023					
	12-month ECL	Lifetime ECL-not credit impaired	Lifetime ECL - credit impaired			Total
			Accounts receivable	Receivable- futures margin	Other receivables	
Balance on January 1	\$ -	-	-	6,756	-	6,756
Reversal of impairment losses	-	-	-	(75)	-	(75)
Balance on March 31	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>6,681</u>	<u>-</u>	<u>6,681</u>

	For the three months ended March 31, 2022					
	12-month ECL	Lifetime ECL-not credit impaired	Lifetime ECL - credit impaired			Total
			Accounts receivable	Receivable- futures margin	Other receivables	
Balance on January 1	\$ -	-	-	7,020	-	7,020
Reversal of impairment losses	-	-	-	(55)	-	(55)
Balance on March 31	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>6,965</u>	<u>-</u>	<u>6,965</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.

	<u>Carrying amount</u>	<u>Contract cash flow</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 year</u>	<u>2-5 year</u>	<u>More than 5 year</u>
March 31, 2023							
Financial liabilities at fair value through profit or loss	\$ 236,779	236,779	236,779	-	-	-	-
Futures traders' equity	40,624,681	40,624,681	40,624,681	-	-	-	-
Leverage contract trading- customers' equity	826,682	826,682	826,682	-	-	-	-
Accounts payable	62,698	62,698	62,698	-	-	-	-
Receipts under custody	5,322	5,322	5,322	-	-	-	-
Other payables	176,397	176,397	176,397	-	-	-	-
Lease liabilities	<u>30,296</u>	<u>31,188</u>	<u>11,317</u>	<u>5,149</u>	<u>7,713</u>	<u>7,009</u>	<u>-</u>
	<u>\$ 41,962,855</u>	<u>41,963,747</u>	<u>41,943,876</u>	<u>5,149</u>	<u>7,713</u>	<u>7,009</u>	<u>-</u>
December 31, 2022							
Financial liabilities at fair value through profit or loss	\$ 844,885	844,885	844,885	-	-	-	-
Futures traders' equity	41,087,125	41,087,125	41,087,125	-	-	-	-
Leverage contract trading- customers' equity	849,887	849,887	849,887	-	-	-	-
Accounts payable	65,110	65,110	65,110	-	-	-	-
Receipts under custody	5,196	5,196	5,196	-	-	-	-
Other payables	227,715	227,715	227,715	-	-	-	-
Lease liabilities	<u>37,156</u>	<u>38,555</u>	<u>14,448</u>	<u>7,246</u>	<u>9,186</u>	<u>7,675</u>	<u>-</u>
	<u>\$ 43,117,074</u>	<u>43,118,473</u>	<u>43,094,366</u>	<u>7,246</u>	<u>9,186</u>	<u>7,675</u>	<u>-</u>
March 31, 2022							
Short-term borrowings	\$ 141,907	141,907	141,907	-	-	-	-
Financial liabilities at fair value through profit or loss	87,328	87,328	87,328	-	-	-	-
Futures traders' equity	44,100,210	44,100,210	44,100,210	-	-	-	-
Leverage contract trading- customers' equity	698,525	698,525	698,525	-	-	-	-
Accounts payable	119,974	119,974	119,974	-	-	-	-
Receipts under custody	5,550	5,550	5,550	-	-	-	-
Other payables	135,764	135,764	135,764	-	-	-	-
Lease liabilities	<u>57,054</u>	<u>58,039</u>	<u>14,294</u>	<u>14,199</u>	<u>16,402</u>	<u>13,144</u>	<u>-</u>
	<u>\$ 45,346,312</u>	<u>45,347,297</u>	<u>45,303,552</u>	<u>14,199</u>	<u>16,402</u>	<u>13,144</u>	<u>-</u>

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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:

	March 31, 2023		
	Foreign currency (dollar)	Exchange rate	Thousands of New Taiwan Dollars
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 616,915,459.69	30.4500	18,785,076
EUR	14,629,885.21	33.1500	484,981
GBP	643,211.56	37.6700	24,230
JPY	1,530,993,835.00	0.2288	350,291
HKD	122,083,618.06	3.8790	473,562
AUD	470,525.23	20.3300	9,566
SGD	422,960.45	22.9100	9,690
KRW	1,984,009,335.00	0.0236	46,823
CNY	120,165,363.03	4.4310	532,453
MYR	445,395.22	6.6180	2,948
THB	3,272,654.86	0.8973	2,937
NZD	435,090.47	19.0500	8,288
ZAR	3,613,151.14	1.7090	6,175
<u>Non-monetary items</u>			
USD	9,798,896.37	30.4500	298,376
GBP	3,810.99	37.6700	144
AUD	1,869.92	20.3300	38
CNY	70,759.68	4.4310	314
NZD	12,970.30	19.0500	247
CAD	3,947.45	22.4700	89
ZAR	690,509.85	1.7090	1,180
SGD	160.00	22.9100	4

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	March 31, 2023		
	Foreign currency (dollar)	Exchange rate	Thousands of New Taiwan Dollars
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$ 592,775,524.22	30.4500	18,050,015
EUR	14,447,730.61	33.1500	478,942
GBP	479,768.27	37.6700	18,073
JPY	1,549,282,420.08	0.2288	354,476
HKD	224,188,392.36	3.8790	869,627
AUD	582,751.93	20.3300	11,847
CHF	199,748.67	33.2800	6,647
SGD	277,767.45	22.9100	6,364
KRW	1,919,220,850.08	0.0236	45,294
CNY	111,817,977.70	4.4310	495,465
MYR	420,179.77	6.6180	2,781
THB	887,900.00	0.8973	797
NZD	838.61	19.0500	16
CAD	317,100.02	22.4700	7,125
<u>Non-monetary items</u>			
USD	147,880.36	30.4500	4,503
JPY	1,302,456.00	0.2288	298
CHF	44,915.23	33.2800	1,495

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2022		
	Foreign currency (dollar)	Exchange rate	Thousands of New Taiwan Dollars
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 526,788,667.26	30.7100	16,177,680
EUR	15,518,579.76	32.7200	507,768
GBP	613,979.84	37.0900	22,773
JPY	1,328,178,110.00	0.2324	308,669
HKD	195,645,468.17	3.9380	770,452
AUD	507,027.83	20.8300	10,561
SGD	445,939.29	22.8800	10,203
KRW	4,716,122,472.00	0.0246	116,017
CNY	136,059,087.28	4.4080	599,748
MYR	112,518.34	6.6990	754
THB	2,983,710.86	0.8941	2,668
NZD	287,587.27	19.4400	5,591
ZAR	4,513,830.30	1.8110	8,175
<u>Non-monetary items</u>			
USD	9,307,738.03	30.7100	285,841
JPY	1,187,954.00	0.2324	276
AUD	2,471.66	20.8300	51
NZD	4,904.05	19.4400	95
ZAR	169,089.77	1.8100	306

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2022		
	Foreign currency (dollar)	Exchange rate	Thousands of New Taiwan Dollars
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$ 502,799,164.26	30.7100	15,440,962
EUR	15,435,097.89	32.7200	505,036
GBP	509,938.26	37.0900	18,914
JPY	1,360,617,256.08	0.2324	316,207
HKD	339,110,463.95	3.9380	1,335,417
AUD	568,429.89	20.8300	11,840
CHF	226,089.22	33.2100	7,508
SGD	263,134.10	22.8800	6,021
KRW	4,656,726,570.95	0.0246	114,555
CNY	124,425,903.75	4.4080	548,469
MYR	96,089.08	6.6990	644
THB	688,500.00	0.8941	616
CAD	328,816.46	22.6700	7,454
<u>Non-monetary items</u>			
USD	660,112.48	30.7100	20,272
CAD	2,514.08	22.6700	57
GBP	3,118.21	37.0900	116
CNY	2,093,312.79	4.4080	9,227
SGD	161.20	22.8800	4
CHF	28,668.74	33.2100	952

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	March 31, 2022		
	Foreign currency (dollar)	Exchange rate	Thousands of New Taiwan Dollars
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 712,747,786.82	28.6250	20,402,405
EUR	10,118,963.76	31.9200	322,997
GBP	2,686,634.55	37.6200	101,071
JPY	1,012,666,156.00	0.2353	238,280
HKD	152,436,268.62	3.6560	557,307
AUD	1,313,125.04	21.4200	28,127
CHF	177,792.49	30.9400	5,501
SGD	970,442.70	21.1600	20,535
KRW	861,806,288.00	0.0238	20,511
CNY	64,633,412.61	4.5060	291,238
MYR	28,543.89	6.5360	187
THB	3,322,246.55	0.8651	2,874
NZD	91,553.27	19.8900	1,821
CAD	87,432.33	22.8800	2,000
ZAR	590,547.22	1.9820	1,170
<u>Non-monetary items</u>			
USD	6,482,548.09	28.6250	185,563
JPY	2,452,802.00	0.2353	577
GBP	4,740.28	37.6200	178
AUD	4,425.86	21.4200	95
CHF	96.23	30.9400	3
ZAR	540.60	1.9820	1

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	March 31, 2022		
	Foreign currency (dollar)	Exchange rate	Thousands of New Taiwan Dollars
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$ 680,233,628.81	28.6250	19,471,688
EUR	10,040,015.66	31.9200	320,477
GBP	2,558,424.79	37.6200	96,248
JPY	1,022,345,206.08	0.2353	240,558
HKD	254,294,504.48	3.6560	929,701
AUD	1,262,057.02	21.4200	27,033
CHF	38,525.98	30.9400	1,192
SGD	711,092.32	21.1600	15,047
KRW	825,376,956.27	0.0238	19,644
CNY	57,858,409.07	4.5060	260,710
MYR	14,198.00	6.5360	93
THB	1,516,760.00	0.8651	1,312
CAD	781.58	22.8800	18
ZAR	9,355.52	1.9820	19
<u>Non-monetary items</u>			
USD	219,146.84	28.6250	6,273
CAD	5,733.37	22.8800	131
CNY	560,085.99	4.5060	2,524
NZD	4,369.22	19.8900	87
SGD	6.31	21.1600	-

The Group disclosed the summarized information on exchange gain or loss. The realized and unrealized exchange gains amounted to \$1,852 and \$19,820 for the three months ended March 31, 2023 and 2022, respectively.

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 three months ended March 31, 2023 and 2022, 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 \$5,469 and \$6,317, respectively. The analytical basis was the same in both years.

(iv) Analysis in interest rates

For the three months ended March 31, 2023 and 2022, 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 \$1,733 and \$1,711. 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.

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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:

March 31, 2023				
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)
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	\$ 84,225	84,225	-	-
Stock investment	3,335	3,335	-	-
Financial assets at fair value through other comprehensive income	91,589	90,303	-	1,286
Liabilities:				
Financial liabilities at fair value through profit or loss	123,253	123,253	-	-
<u>Derivative assets and liabilities</u>				
Assets:				
Financial assets at fair value through profit or loss	\$ 403,136	201,216	201,920	-
Liabilities:				
Financial liabilities at fair value through profit or loss	113,526	107,230	6,296	-
December 31, 2022				
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)
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	\$ 35,096	35,096	-	-
Stock investment	18,829	18,829	-	-
Financial assets at fair value through other comprehensive income	44,949	43,686	-	1,263
Liabilities:				
Financial liabilities at fair value through profit or loss	685,371	685,371	-	-
<u>Derivative assets and liabilities</u>				
Assets:				
Financial assets at fair value through profit or loss	\$ 520,866	301,097	219,769	-
Liabilities:				
Financial liabilities at fair value through profit or loss	159,514	128,886	30,628	-

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Assets and Liabilities items	March 31, 2022			
	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	\$ 41,799	41,799	-	-
Stock investment	105,050	105,050	-	-
Financial assets at fair value through other comprehensive income	48,124	46,595	-	1,529
<u>Derivative assets and liabilities</u>				
Assets:				
Financial assets at fair value through profit or loss	\$ 286,737	144,695	142,042	-
Liabilities:				
Financial liabilities at fair value through profit or loss	87,328	78,313	9,015	-

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 three months ended March 31, 2023 and 2022.

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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 three months ended March 31, 2023							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	\$ 1,263	-	23	-	-	-	-	1,286

Item	For the three months ended March 31, 2022							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	\$ 1,581	-	(52)	-	-	-	-	1,529

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.

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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
March 31, 2023		
Financial assets fair value through other comprehensive income	\$ <u>13</u>	<u>(13)</u>
December 31, 2022		
Financial assets fair value through other comprehensive income	\$ <u>13</u>	<u>(13)</u>
March 31, 2022		
Financial assets fair value through other comprehensive income	\$ <u>15</u>	<u>(15)</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(r) of the consolidated financial statements for the year ended December 31, 2022.

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk free rates (referred to as 'IBOR reform'). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. The Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an 'unreformed contract').

The Group's remaining IBOR at the reporting date are corporate credit loans indexed to US dollar LIBOR. The alternative reference rate for US dollar LIBOR is the Secured Overnight Financing Rate (SOFR). The Financial Conduct Authority (FCA) announced on March 2021 that US dollar LIBOR (except for one-week and two-month US dollar LIBOR) would no longer be available or representative from June 30, 2023. The Group had finished the process of implementing appropriate fallback clauses for all US dollar LIBOR-indexed exposures by the end of 2021. These clauses automatically switch the instrument from USD LIBOR to SOFR when US dollar LIBOR either ceases to be provided or is no longer representative. Please refer to note 6(s) of the consolidated financial statements for the year ended December 31, 2022 for further details.

The following table shows the total amounts of unreformed contracts and those with appropriate fallback language on March 31, 2023, December 31 and March 31, 2022. The amounts of financial assets and financial liabilities are shown at their carrying amounts and derivatives are shown at their notional amounts.

	USD LIBOR			
	Total amount of unreformed contracts		Amount with appropriate fallback clause	
March 31, 2023				
Financial liabilities				
Credit loan	USD	-	USD	-
December 31, 2022				
Financial liabilities				
Credit loan	USD	-	USD	-
March 31, 2022				
Financial liabilities				
Credit loan	USD	5,000	USD	5,000

(s) Capital management

There were no material changes in the Group's financial risk management goals, policies and procedures as disclosed in Note 6(t) of the consolidated financial statements for the year ended December 31, 2022.

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(t) Financing activities not affecting current cash flow

The Group's financing activities which did not affect the current cash flow for the three months ended March 31, 2023 and 2022, were as follows:

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

	January 1, 2023	Cash flows	Non-cash changes			March 31, 2023
			Other	Foreign exchange movement	Fair value changes	
Lease liabilities	\$ 37,156	(6,774)	19	(105)	-	30,296
Total liabilities from financing activities	<u>\$ 37,156</u>	<u>(6,774)</u>	<u>19</u>	<u>(105)</u>	<u>-</u>	<u>30,296</u>

	January 1, 2022	Cash flows	Non-cash changes			March 31, 2022
			Other	Foreign exchange movement	Fair value changes	
Lease liabilities	\$ 47,129	(7,144)	16,599	470	-	57,054
Total liabilities from financing activities	<u>\$ 47,129</u>	<u>(7,144)</u>	<u>16,599</u>	<u>470</u>	<u>-</u>	<u>57,054</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
Other related parties	Key management personnel

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Key management personnel compensation

	For the three months ended March 31,	
	2023	2022
Short-term employee benefits	\$ 42,996	28,667
Post-employment benefits	257	257
Total	\$ 43,253	28,924

(d) Significant transactions with related parties

- (i) The amounts of futures trading between the Group and related parties for the three months ended March 31, 2023 and 2022 were as follows:

	For the three months ended March 31,	
	2023	2022
<u>Brokerage fee revenue</u>		
Capital Securities Corporation	\$ 7,528	6,329
Funds issued by Capital Investment Trust Corp.	96	18
Other related parties	13	115
Total	\$ 7,637	6,462

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Futures traders' equity</u>			
Capital Securities Corporation	\$ 2,215,970	2,202,884	2,077,686
Funds issued by Capital Investment Trust Corp.	63,572	275,178	267,676
Other related parties	1,479	270	588
Total	\$ 2,281,021	2,478,332	2,345,950

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 March 31,	
	2023	2022
<u>Interest expense</u>		
Capital Securities Corporation	\$ 3	12
Funds issued by Capital Investment Trust Corp.	11	-
Total	\$ 14	12

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Accounts payable and receivable:

<u>Accounts receivable</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Capital Securities Corporation	\$ <u>1,122</u>	<u>884</u>	<u>1,998</u>
<u>Accounts payable</u>			
Capital Securities Corporation	\$ <u>16,837</u>	<u>12,761</u>	<u>19,006</u>
<u>Other receivables (Note 1)</u>			
Capital Securities Corporation	\$ 17,041	7,291	4,878
CSC Securities (HK) Ltd.	<u>128</u>	<u>123</u>	<u>804</u>
Total	\$ <u>17,169</u>	<u>7,414</u>	<u>5,682</u>
<u>Other payables</u>			
Capital Securities Corporation (Note 2)	\$ 28,493	4,051	364
CSC Securities (HK) Ltd. (Note 3)	<u>227</u>	<u>569</u>	<u>608</u>
Total	\$ <u>28,720</u>	<u>4,620</u>	<u>972</u>

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

(Note 2) Payables for allocated expenses, payables for stock settlement, 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>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Bonds purchased under resale agreements	\$ <u>237,456</u>	<u>43,166</u>	<u>113,018</u>
Resale price under the agreements	\$ <u>237,526</u>	<u>43,190</u>	<u>113,038</u>
Interest rates	<u>0.77%~0.83%</u>	<u>0.77%</u>	<u>0.23%~0.38%</u>
Date of repurchase	<u>2023.04.06~2023.04.14</u>	<u>2023.01.03~2023.01.13</u>	<u>2022.04.06~2022.04.22</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended March 31,	
	2023	2022
Interest income	\$ 391	38

(iv) Leases

The Group signed three-year lease contracts and rented the office from Capital Securities Corporation. As of March 31, 2023, December 31 and March 31, 2022, the total value of effective contracts were all \$53,289. For the three months ended March 31, 2023 and 2022, the Group recognized the amount of \$23 and \$69 as interest expense. As of March 31, 2023, December 31 and March 31, 2022, lease liabilities amounted to \$5,908, \$10,326 and \$23,265, respectively, and refundable deposits were all amounted to \$4,633.

The Group signed one-year lease contracts and rented the office from CSC International Holdings Ltd. As of March 31, 2023, December 31 and March 31, 2022, the total value of effective contract were all \$552 (CNY\$127 thousands). For the three months ended March 31, 2023 and 2022, the Group all recognized the amount of \$0 as interest expense. As of March 31, 2023, December 31 and March 31, 2022, lease liabilities were amounted to \$93, \$232 and \$95. As of March 31, 2023, December 31 and March 31, 2022 the refundable deposits were all amounted to \$140.

(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 March 31,	
	2023	2022
Capital Securities Corporation	\$ 221	207

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

(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 March 31,	
	2023	2022
Capital Securities Corporation	\$ 2,743	6,486
CSC Securities (HK) Ltd.	5	135
	\$ 2,748	6,621

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vii) Interest income (Rent deposit interest)

<u>Related parties</u>	<u>For the three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Capital Securities Corporation	<u>\$ 17</u>	<u>9</u>

(viii) Interest income (Securities borrowing and securities lending)

<u>Related parties</u>	<u>For the three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Capital Securities Corporation	<u>\$ 2</u>	<u>-</u>

(ix) Commission cost

<u>Related parties</u>	<u>For the three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Capital Securities Corporation	<u>\$ 31,492</u>	<u>48,356</u>

(x) Information technology expenses

<u>Related parties</u>	<u>For the three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Capital Securities Corporation	<u>\$ 13,360</u>	<u>12,048</u>

(xi) Stock service fees

<u>Related parties</u>	<u>For the three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Capital Securities Corporation	<u>\$ 162</u>	<u>144</u>

(xii) Human resource and legal service fees

<u>Related parties</u>	<u>For the three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Capital Securities Corporation	<u>\$ 75</u>	<u>75</u>

(xiii) Securities transaction fees

<u>Related parties</u>	<u>For the three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Capital Securities Corporation	<u>\$ 280</u>	<u>-</u>

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(xiv) Discretionary service commission fees

<u>Related parties</u>	<u>For the three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Capital Securities Corporation	<u>\$ 62</u>	<u>-</u>

(xv) Management service fees

<u>Related parties</u>	<u>For the three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
CSC Securities (HK) Ltd.	<u>\$ 1,052</u>	<u>837</u>

(xvi) Stationery and printing fees

<u>Related parties</u>	<u>For the three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Capital Securities Corporation	<u>\$ 1</u>	<u>1</u>

(xvii) Consulting fees

<u>Related parties</u>	<u>For the three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Other related parties	<u>\$ 15</u>	<u>-</u>

(8) Pledged assets:None.

(9) Significant commitments and contingencies:

The Group purchased software and hardware systems for business development. As of March 31, 2023, the Group had outstanding balance \$30,969.

(10) Losses due to major disasters:None.

(11) Significant subsequent events:None.

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Derivative instrument transactions:

- (a) As of March 31, 2023, December 31 and March 31, 2022, the open positions of futures and option contracts were as follows:

March 31, 2023

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	108	\$ 341,321	341,573	
	TAIEX Futures	Short	28	(87,459)	(88,476)	
	Mini Taiex Futures	Long	175	138,030	138,135	
	Mini Taiex Futures	Short	173	(134,775)	(136,296)	
	Electronic Sector Index Futures	Long	3	8,983	9,067	
	Financial Insurance Index Futures	Long	5	7,628	7,641	
	Financial Insurance Index Futures	Short	3	(4,522)	(4,586)	
	NTD Gold Futures	Long	1	680	732	
	NTD Gold Futures	Short	15	(10,851)	(10,983)	
	Taiwan Stock Futures	Long	1,097	150,195	151,056	
	Taiwan Stock Futures	Short	321	(17,899)	(18,065)	
	US Dollar Index Futures	Short	28	(89,352)	(87,124)	
	Mini Taiex Weekly Futures	Short	30	(23,817)	(23,818)	
	Mini Financial Futures	Long	36	13,757	13,754	
	Mini Electronic Futures	Short	24	(8,985)	(9,067)	
	E-Mini S&P 500 Futures	Long	60	37,425	37,798	
	Coffee Futures	Short	3	(5,824)	(5,841)	
	Emin Russell 2000 Index Futures	Long	1	272	276	
	FTSE China A50 Index Futures	Long	10	4,046	4,052	
	Subtotal			<u>318,853</u>		

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

March 31, 2023

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	39	\$ 187	215	
	Stock Options (Call)	Short	66	(486)	(521)	
	Stock Options (Put)	Short	8	(16)	(2)	
	Stock Options (Put)	Long	103	519	275	
	TAIEX Options (Call)	Long	4,477	85,057	109,608	
	TAIEX Options (Call)	Short	4,717	(53,399)	(73,949)	
	TAIEX Options (Put)	Long	5,451	58,643	35,845	
	TAIEX Options (Put)	Short	3,543	(33,186)	(22,787)	
	TAIEX Weekly Options (Call)	Long	1,469	4,312	4,234	
	TAIEX Weekly Options (Call)	Short	1,342	(4,224)	(4,109)	
	TAIEX Weekly Options (Put)	Long	1,704	3,121	2,355	
	TAIEX Weekly Options (Put)	Short	1,898	(4,797)	(4,722)	
	Electronic Sector Index Options(Put)	Long	1	5	-	
	Financial Insurance Index Options(Call)	Long	58	129	175	
	Financial Insurance Index Options(Call)	Short	113	(236)	(462)	
	Financial Insurance Index Options(Put)	Long	41	217	186	
	Financial Insurance Index Options(Put)	Short	71	(182)	(18)	
	Gold Option (Call)	Long	18	130	238	
	Gold Option (Call)	Short	12	(122)	(299)	
	Gold Option (put)	Long	4	19	4	
	Gold Option (put)	Short	71	(450)	(361)	
	Subtotal			<u>55,241</u>		
Total				<u>\$ 374,094</u>		

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2022

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	12	\$ 33,584	33,469	
	TAIEX Futures	Short	64	(180,858)	(180,624)	
	Mini Taiex Futures	Long	35	24,538	24,396	
	Mini Taiex Futures	Short	345	(244,333)	(243,213)	
	Electronic Sector Index Futures	Short	7	(18,045)	(18,025)	
	Financial Insurance Index Futures	Short	3	(4,492)	(4,483)	
	NTD Gold Futures	Short	4	(2,667)	(2,712)	
	Taiwan Stock Futures	Long	6,944	660,461	633,265	
	Taiwan Stock Futures	Short	20	(5,846)	(5,869)	
	US Dollar Index Futures	Short	14	(44,641)	(44,399)	
	Mini Taiex Weekly Futures	Long	51	36,157	36,096	
	Mini Financial Futures	Short	20	(7,415)	(7,472)	
	Mini Electronic Futures	Long	56	18,042	18,025	
	E-Mini S&P 500 Futures	Short	125	(73,669)	(74,107)	
	E-Mini Nasdaq 100 Futures	Short	12	(8,583)	(8,124)	
	Nikkei 225 Index Futures	Short	10	(39,897)	(39,570)	
	Mini Oil Futures	Long	14	17,161	17,265	
	Emin Russell 2000 Index Futures	Short	10	(27,085)	(27,192)	
	Soybean Futures	Long	10	23,380	23,401	
	Subtotal			<u>155,792</u>		
Options contract:						
	Stock Options (Call)	Long	49	\$ 455	455	
	Stock Options (Call)	Short	44	(385)	(425)	
	Stock Options (Put)	Short	31	(374)	(244)	
	Stock Options (Put)	Long	35	572	446	
	TAIEX Options (Call)	Long	6,775	41,960	34,353	
	TAIEX Options (Call)	Short	5,361	(50,773)	(48,719)	
	TAIEX Options (Put)	Long	6,546	50,874	43,912	
	TAIEX Options (Put)	Short	6,458	(67,257)	(61,088)	
	TAIEX Weekly Options (Call)	Long	2,709	5,010	4,333	
	TAIEX Weekly Options (Call)	Short	2,339	(9,953)	(9,614)	
	TAIEX Weekly Options (Put)	Long	3,532	5,282	5,303	
	TAIEX Weekly Options (Put)	Short	2,539	(7,542)	(8,555)	
	Electronic Sector Index Options (Call)	Long	3	17	5	
	Electronic Sector Index Options (Call)	Short	1	(8)	-	
	Financial Insurance Index Option (Call)	Long	94	262	182	
	Financial Insurance Index Option (Call)	Short	33	(65)	(31)	
	Financial Insurance Index Option (Put)	Long	16	64	22	
	Financial Insurance Index Option (Put)	Short	85	(235)	(168)	
	Gold option (Call)	Long	23	241	216	
	Gold option (Call)	Short	10	(48)	(38)	
	Gold option (Put)	Long	7	25	5	
	Gold option (Put)	Short	6	(28)	(4)	
	Subtotal			<u>(31,906)</u>		
Total				<u>\$ 123,886</u>		

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

March 31, 2022

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	48	\$ 164,641	162,864	
	TAIEX Futures	Short	190	(667,532)	(667,477)	
	Mini Taix Futures	Long	61	51,178	51,475	
	Mini Taix Futures	Short	922	(808,224)	(810,574)	
	Electronic Sector Index Futures	Long	35	115,133	115,345	
	Financial Insurance Index Futures	Long	2	3,565	3,636	
	Financial Insurance Index Futures	Short	87	(161,684)	(163,160)	
	Mini Taix Weekly Futures	Long	121	107,008	106,831	
	Mini Financial Futures	Long	316	146,965	148,157	
	Mini Electronic Futures	Short	185	(75,874)	(76,208)	
	Subtotal			<u>(1,124,824)</u>		
Options contract:						
	TAIEX Options (Call)	Long	4,030	\$ 65,540	77,920	
	TAIEX Options (Call)	Short	3,002	(29,624)	(23,578)	
	TAIEX Options (Put)	Long	2,872	28,981	23,241	
	TAIEX Options (Put)	Short	3,666	(56,348)	(47,024)	
	TAIEX Weekly Options (Call)	Long	812	2,601	2,047	
	TAIEX Weekly Options (Call)	Short	796	(3,416)	(2,418)	
	TAIEX Weekly Options (Put)	Long	1,055	2,731	3,032	
	TAIEX Weekly Options (Put)	Short	486	(2,923)	(3,542)	
	Electronic Sector Index Options (Call)	Long	39	295	179	
	Electronic Sector Index Options (Call)	Short	132	(1,509)	(1,256)	
	Electronic Sector Index Options (Put)	Long	19	266	209	
	Electronic Sector Index Options (Put)	Short	62	(644)	(3)	
	Financial Insurance Index Options (Call)	Long	69	398	1,449	
	Financial Insurance Index Options (Call)	Short	68	(152)	(454)	
	Financial Insurance Index Options (Put)	Long	59	339	74	
	Financial Insurance Index Options (Put)	Short	59	(308)	(38)	
	Subtotal			<u>6,227</u>		
Total				<u>\$ (1,118,597)</u>		

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (b) As of March 31, 2023, December 31 and March 31, 2022, the nominal amount of open positions of leverage derivatives contracts were as follows:

Item	March 31, 2023	December 31, 2022	March 31, 2022
Leverage derivatives- long	\$ <u>3,263,886</u>	<u>4,078,689</u>	<u>2,860,622</u>
Leverage derivatives- short	\$ <u>3,279,436</u>	<u>4,059,360</u>	<u>2,851,148</u>
Equity derivatives- long	\$ <u>297,051</u>	<u>352,576</u>	<u>72,359</u>
Equity derivatives- short	\$ <u>297,017</u>	<u>352,547</u>	<u>72,357</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					≥ 1	Satisfactory to requirement
	(Total liabilities- futures traders' equity)	7,015,327	4.64	6,430,808	5.49		
		1,510,523		1,171,443			
17	Current Assets	44,555,695	1.14	48,773,993	1.12	≥ 1	"
	Current Liabilities	38,974,744		43,642,153			
22	Stockholders' equity	7,015,327	629.18 %	6,430,808	576.75 %	≥ 60%	"
	Minimum paid-in capital	1,115,000		1,115,000		≥ 40%	
22	Post-adjustment net capital		60.43 %		54.36 %	≥ 20%	"
	Total customer margin deposits required for open positions of customers	5,152,585		4,985,389		≥ 15%	
		8,525,914		9,171,615			

(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	60,429	60,429	-	9.99%	1	9,952		-		-	193,649	968,247
1	CSC Futures (HK) Ltd.	F611702	Account receivables -Customer	No	423,005	423,005	279,486	6.24%~ 7.49%	1	160,911		-		-	423,005	968,247
1	CSC Futures (HK) Ltd.	F613059	Account receivables -Customer	No	90,644	90,644	-	8.99%	1	19,012		-		-	193,649	968,247
1	CSC Futures (HK) Ltd.	F612688	Account receivables -Customer	No	15,107	15,107	-	7.99%	1	1,835		-		-	193,649	968,247
1	CSC Futures (HK) Ltd.	F612687	Account receivables -Customer	No	-	-	-	7.99%	1	385		-		-	193,649	968,247
1	CSC Futures (HK) Ltd.	F612851	Account receivables -Customer	No	60,429	60,429	-	7.99%	1	9,481		-		-	193,649	968,247
1	CSC Futures (HK) Ltd.	F613091	Account receivables -Customer	No	45,322	45,322	-	7.99%	1	10,263		-		-	193,649	968,247

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	133	General transaction	0.03%
2	Capital True Partner Technology Co., Ltd.	CSC Futures (HK) Ltd.	3	Other operating revenue	133	General transaction	0.03%
1	CSC Futures (HK) Ltd.	Capital True Partner Technology Co., Ltd.	3	Other payables	132		-%
2	Capital True Partner Technology Co., Ltd.	CSC Futures (HK) Ltd.	3	Accounts receivable	132		-%
2	Capital True Partner Technology Co., Ltd.	Capital Futures Corp.	2	Other operating revenue	7,293	General transaction	1.39%

(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	Professional service fees	7,293	General transaction	1.39%
0	Capital Futures Corp.	Capital True Partner Technology Co., Ltd.	1	Other payables	2,423		-%
2	Capital True Partner Technology Co., Ltd.	Capital Futures Corp.	2	Accounts receivable	2,423		-%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Futures traders' equity	740,183		1.51%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Customers' margin account	740,181		1.51%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Customers' margin account	2		-%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Futures traders' equity	3,572,699		7.27%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Customers' margin account	3,283,411		6.68%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Customers' margin account	289,288		0.59%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Futures commission revenue	2,774	General transaction	0.53%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Futures commission expenses	2,774	General transaction	0.53%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Brokerage fee revenue	24,625	General transaction	4.71%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Futures commission expenses	24,625	General transaction	4.71%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Interest revenue	3,724	General transaction	0.71%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Financial cost	3,724	General transaction	0.71%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Other payables	4,847		0.01%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Other receivables	4,847		0.01%
3	Capital International Technology Corp.	Capital Futures Corp.	2	Professional service revenue	768	General transaction	0.15%
0	Capital Futures Corp.	Capital International Technology Corp.	1	Repair expenses	768	General transaction	0.15%
3	Capital International Technology Corp.	Capital Futures Corp.	2	Accounts receivable	768		-%
0	Capital Futures Corp.	Capital International Technology Corp.	1	Other payables	768		-%

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.

(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 March 31, 2023			Revenue of investee	Net income (losses) of investee	Share of profits/losses of investee	Cash dividend	Note
						March 31, 2023	December 31, 2022	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	886,284	886,284	220,000	100.00 %	968,247	59,819	24,254	24,254	-	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 %	24,715	768	(1,808)	(1,808)	-	Subsidiary

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(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, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2023	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	508	51.00%	51.00%	259 B (3)	12,463	-
Capital Futures Technology (Shanghai) Co., Ltd.	Management consulting and information service business	18,863	(C)	18,863	-	-	18,863	(1,296)	100.00%	100.00%	(1,296) B (3)	6,470	-

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 March 31, 2023	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.

(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.

(Continued)

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 ended March 31, 2023 and 2022, 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 March 31, 2023				
	Brokerage business	Others	Adjustment and elimination	Total
Segment revenue	\$ 606,151	156,512	(239,505)	523,158
Segment profit or loss	\$ 278,366	28,737	-	307,103
For the three months ended March 31, 2022				
	Brokerage business	Others	Adjustment and elimination	Total
Segment revenue	\$ 606,658	105,156	(31,814)	680,000
Segment profit or loss	\$ 184,681	2,194	-	186,875

(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.

CAPITAL FUTURES CORPORATION

Financial Statements of Securities Dealing Department

For the Three Months Ended March 31, 2023 and 2022

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(English Translation of Financial Statements of Securities Dealing Department Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing as of March 31, 2023 and 2022

CAPITAL FUTURES CORPORATION
Securities Dealing Department's Balance Sheets
March 31, 2023, December 31, 2022, and March 31, 2022
(Expressed in Thousands of New Taiwan Dollars)

	March 31, 2023		December 31, 2022		March 31, 2022			March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Assets								Liabilities and Equity					
Current assets:								Current liabilities:					
111100 Cash and cash equivalents (Note 6(a))	\$ 1,004,950	79	894,994	69	791,734	80	212000 Financial liabilities at fair value through profit or loss- current (Note 6(d))	\$ 106,208	8	219,709	17	-	-
112000 Financial assets at fair value through profit or loss-current (Note 6(b))	137	-	18,571	2	104,958	10	214130 Accounts payable	79	-	7,760	1	15,781	2
113200 Financial assets at fair value through comprehensive income- current (Note 6(b))	37,817	3	43,686	3	46,595	5	214170 Other payables	767	-	2,671	-	1,334	-
114100 Security borrowing margin	187,643	15	318,164	24	-	-	216000 Lease liabilities- current	56	-	82	-	292	-
114130 Accounts receivable	16,104	1	8,837	1	28,686	3		107,110	8	230,222	18	17,407	2
114150 Prepayments	16	-	32	-	6	-	Non-current liabilities:						
114170 Other receivables	14,266	1	5,176	-	225	-	226000 Lease liabilities- non-current	-	-	4	-	113	-
114600 Current income tax assets	209	-	124	-	44	-	229110 Inter-department accounts, credit(note 6(e))	198,041	16	95,989	7	-	-
	<u>1,261,142</u>	<u>99</u>	<u>1,289,584</u>	<u>99</u>	<u>972,248</u>	<u>98</u>	Total liabilities	<u>305,151</u>	<u>24</u>	<u>326,215</u>	<u>25</u>	<u>17,520</u>	<u>2</u>
Non-current assets:								Equity:					
125000 Property and equipment	330	-	389	-	436	-	301110 Assigned working capital	800,000	62	800,000	61	800,000	81
125800 Right-of-use assets	55	-	85	-	402	-	304000 Retained earnings	177,110	14	190,284	15	171,589	17
127000 Intangible assets	21	-	3	-	32	-	305000 Other equity	(3,039)	-	(8,171)	(1)	2,275	-
129000 Other non-current assets (Note 6(c))	17,674	1	18,267	1	18,266	2	Total equity	974,071	76	982,113	75	973,864	98
	<u>18,080</u>	<u>1</u>	<u>18,744</u>	<u>1</u>	<u>19,136</u>	<u>2</u>							
Total assets	<u>\$ 1,279,222</u>	<u>100</u>	<u>1,308,328</u>	<u>100</u>	<u>991,384</u>	<u>100</u>	Total liabilities and equity	<u>\$ 1,279,222</u>	<u>100</u>	<u>1,308,328</u>	<u>100</u>	<u>991,384</u>	<u>100</u>

See accompanying notes to financial statements of securities dealing department.

(English Translation of Financial Statements of Securities Dealing Department Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing

CAPITAL FUTURES CORPORATION

Securities Dealing Department's Statements of Comprehensive Income

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		<u>For the three months ended March 31, ,</u>			
		<u>2023</u>		<u>2022</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Income:					
410000	Net gains (losses) on sale of trading securities	\$ 915	6	(3,899)	(787)
421300	Dividend revenue	124	1	324	65
421500	Net gains (losses) on measurement of trading securities at fair value through profit or loss	(655)	(4)	(73)	(15)
421600	Net gains (losses) on covering of borrowed securities and bonds with resale agreements-short sales	(8,651)	(61)	-	-
421610	Net gains (losses) on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss	(5,322)	(38)	-	-
428000	Other operating revenue (losses)	(523)	(4)	3,153	637
		<u>(14,112)</u>	<u>(100)</u>	<u>(495)</u>	<u>(100)</u>
Expenses:					
502000	Brokerage fees- proprietary trading	27	-	75	15
521200	Financial costs	-	-	1	-
528000	Other operating expenditure	-	-	110	23
531000	Employee benefits expense	189	2	1,753	354
532000	Depreciation and amortization expense	93	1	176	36
533000	Other operating expenses	1,599	11	2,604	526
		<u>1,908</u>	<u>14</u>	<u>4,719</u>	<u>954</u>
	Net operating loss	<u>(16,020)</u>	<u>(114)</u>	<u>(5,214)</u>	<u>(1,054)</u>
Non-operating income and expenses:					
602000	Other gains and losses	2,657	19	567	115
		<u>2,657</u>	<u>19</u>	<u>567</u>	<u>115</u>
902001	Net loss before income tax	(13,363)	(95)	(4,647)	(939)
701000	Less: Income tax expenses	-	-	-	-
	Net loss	<u>(13,363)</u>	<u>(95)</u>	<u>(4,647)</u>	<u>(939)</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	5,321	38	(411)	(83)
805599	Less: 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 to profit or loss	<u>5,321</u>	<u>38</u>	<u>(411)</u>	<u>(83)</u>
805000	Other comprehensive income	<u>5,321</u>	<u>38</u>	<u>(411)</u>	<u>(83)</u>
902006	Total comprehensive income	<u>\$ (8,042)</u>	<u>(57)</u>	<u>(5,058)</u>	<u>(1,022)</u>

See accompanying notes to financial statements of securities dealing department.

(English Translation of Financial Statements of Securities Dealing Department Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing as of March 31, 2023 and 2022

CAPITAL FUTURES CORPORATION

Notes to the Financial Statements of Securities Dealing Department

For the three months ended March 31, 2023 and 2022

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

(1) Company history

Securities Dealing Department of Capital Futures Corporation (the “Department”) was approved by the Securities and Futures Bureau of the Financial Supervisory Commission to conduct securities-related proprietary business on July 7, 2015 and started its operations on September 1, 2015.

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

The financial statements of the Department were authorized for issuance by the Board of Directors on May 11, 2023.

(3) New standards, amendments and interpretations adopted:

The new standards, amendments and interpretations of the Department apply in line with the consolidated financial report. Please refer to the consolidated financial report.

(4) Summary of significant accounting policies:

The financial statements of the Department have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Firms.

The accounting policies of the Department are consistent with the consolidated financial report, please refer to the consolidated financial report.

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

The preparation of the financial statements of the Department, in conformity with 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 reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Demand deposits	\$ 160,050	99,574	502,634
Time deposits	844,900	795,420	289,100
Total	<u>\$ 1,004,950</u>	<u>894,994</u>	<u>791,734</u>

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements of Securities Dealing Department

(b) Financial assets

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Trading securities- proprietary trading	\$ 139	17,938	105,410
Trading securities- proprietary trading valuation adjustment	(2)	633	(452)
Total	<u>\$ 137</u>	<u>18,571</u>	<u>104,958</u>

If there is an increase in the securities price of 1% on the reporting date (assume that all other variables remained the same), the impact on after-tax comprehensive income for the three months ended March 31, 2023 and 2022 will increase \$1 and \$1,050, respectively. Conversely, if there is a decrease in the securities price of 1% on the reporting date based on all other variables remained the same, there will be the same amount but opposite direction of influence.

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Equity investments at fair value through other comprehensive income			
Listed stocks	\$ 40,856	51,857	44,320
Valuation adjustment	(3,039)	(8,171)	2,275
Total	<u>\$ 37,817</u>	<u>43,686</u>	<u>46,595</u>

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

During the three months ended March 31, 2023 and 2022, the dividends are both of \$124, related to equity investment at fair value through other comprehensive income held on the years then ended, were recognized. For investments in equity securities disposed of for the three months ended March 31, 2023 and 2022, no dividend income was recognized in the reported periods.

During the three months ended March 31, 2023 and 2022, due to the consideration of asset allocation and managing and adjusting the investment portfolio, the Department sold shares of stocks for a fair value \$11,190 and \$0, respectively, and cumulative dispose gains (losses) for the three months ended March 31, 2023 and 2022, amounted to \$189 and \$0, respectively, were transferred from other equity items to retained earnings.

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements of Securities Dealing Department

(c) Other non-current assets

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Guarantee deposited for business operations	\$ 10,000	10,000	10,000
Settlement fund	7,674	8,267	8,266
Total	<u>\$ 17,674</u>	<u>18,267</u>	<u>18,266</u>

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Liabilities on sale of borrowed securities - non-hedging	\$ 105,411	229,276	-
Liabilities on sale of borrowed securities valuation adjustment - non-hedging	797	(9,567)	-
Total	<u>\$ 106,208</u>	<u>219,709</u>	<u>-</u>

(e) Inter-department accounts, credit

March 31, 2023, December 31 and March 31, 2022, the Department and the Company's futures department inter-department transactions of \$198,041, \$95,989 and \$0.

(f) Financial Instruments

(i) Credit risk

The carrying amount of financial assets represents the maximum credit exposure. As of March 31, 2023, December 31 and March 31, 2022, the maximum credit exposure amounted to \$1,278,591, \$1,307,695 and \$990,464, respectively.

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contract cash flow</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 year</u>	<u>2-5 year</u>	<u>More than 5 year</u>
March 31, 2023							
Financial liabilities at fair value through profit or loss	\$ 106,208	106,208	106,208	-	-	-	-
Accounts payable	79	79	79	-	-	-	-
Other payables	767	767	767	-	-	-	-
Lease liabilities	56	56	45	11	-	-	-
Total	<u>\$ 107,110</u>	<u>107,110</u>	<u>107,099</u>	<u>11</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements of Securities Dealing Department

	<u>Carrying amount</u>	<u>Contract cash flow</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 year</u>	<u>2-5 year</u>	<u>More than 5 year</u>
December 31, 2022							
Financial liabilities at fair value through profit or loss	\$ 219,709	219,709	219,709	-	-	-	-
Accounts payable	7,760	7,760	7,760	-	-	-	-
Other payables	2,671	2,671	2,671	-	-	-	-
Lease liabilities	86	86	61	21	4	-	-
Total	\$ 230,226	230,226	230,201	21	4	-	-
March 31, 2022							
Accounts payable	\$ 15,781	15,781	15,781	-	-	-	-
Other payables	1,334	1,334	1,334	-	-	-	-
Lease liabilities	405	407	147	147	113	-	-
Total	\$ 17,520	17,522	17,262	147	113	-	-

(iii) Currency risk

1) Exposure to foreign currency risk

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

	<u>March 31, 2023</u>		
	<u>Foreign currency (dollar)</u>	<u>Exchange rate</u>	<u>New Taiwan Dollars</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 2,045,513.65	30.4500	62,286
<u>Financial liabilities</u>			
<u>Monetary items</u>			
SGD	1,104.76	22.9100	25
	<u>December 31, 2022</u>		
	<u>Foreign currency (dollar)</u>	<u>Exchange rate</u>	<u>New Taiwan Dollars</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 2,025,351.31	30.7100	62,199
<u>Financial liabilities</u>			
<u>Monetary items</u>			
SGD	1,380.42	22.8800	32

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements of Securities Dealing Department

	March 31, 2022		
	Foreign currency (dollar)	Exchange rate	New Taiwan Dollars
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 3,473,022.24	28.6250	99,415
HKD	101.26	3.6560	-
CNY	45.30	4.5060	-
<u>Non-monetary items</u>			
USD	273,600.00	28.6250	7,832
<u>Financial liabilities</u>			
<u>Monetary items</u>			
SGD	2,373.91	21.1600	50

For the three months ended March 31, 2023 and 2022, the foreign exchange gains (losses) (including realized and unrealized) were \$(523) and \$3,153, respectively.

(iv) Sensitivity analysis

The currency risk of the Department arises mainly from cash and cash equivalents, financial assets at fair value through profit or loss, accounts receivable, other receivables, other payables and lease liabilities which are denominated in foreign currency. As of three months ended March 31, 2023 and 2022, with all other variable factors remained constantly, a strengthening (weakening) 1% of the TWD against the USD, would cause after-tax comprehensive income result in a decrease or an increase by \$498 and \$858, respectively. The analytical basis was the same in both years.

(v) Analysis in interest rates

For the three months ended March 31, 2023 and 2022, with all other variable factors remained constantly, when the interest rate increases or decreases by 100 basis points, would cause after-tax comprehensive income resulting in an increase or a decrease by \$15 and \$17. This is mainly due to the Department's settlement fund in variable rate.

(vi) Fair value and hierarchy information

1) Fair value information

The fair value information of the Department is consistent with the consolidated financial report. Please refer to the consolidated financial report.

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements of Securities Dealing Department

- 2) Based on fair value measurement
- a) Hierarchy information of fair value

The Department'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:

March 31, 2023				
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				
Stock investment	\$ 137	137	-	-
Financial assets at fair value through other comprehensive income				
Stock investment	37,817	37,817	-	-
Liabilities :				
Financial liabilities at fair value through profit or loss	106,208	106,208	-	-
December 31, 2022				
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				
Stock investment	\$ 18,571	18,571	-	-
Financial assets at fair value through other comprehensive income				
Stock investment	43,686	43,686	-	-
Liabilities:				
Financial liabilities at fair value through profit or loss	219,709	219,709	-	-
March 31, 2022				
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				
Stock investment	\$ 104,958	104,958	-	-
Financial assets at fair value through other comprehensive income				
Stock investment	46,595	46,595	-	-

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements of Securities Dealing Department

b) Valuation techniques

The evaluation techniques of the Department in terms of fair value are in consistent with the consolidated financial report. Please refer to the consolidated financial report.

3) Financial instruments not measured at fair value

For financial instruments not measured at fair value, such as cash and cash equivalents, accounts receivable, deposits and accounts payable. The carrying amount is a reasonable approximation of the fair value. Therefore, the Department did not disclose the fair value.

(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 Company. 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 Department.

<u>Name of related party</u>	<u>Relationship with the Company</u>
Capital Securities Corporation	The parent company
Capital International Technology Co., Ltd.	A Subsidiary

(c) Key management personnel compensation : None.

(d) Significant transactions with related parties

(i) Leases

The Department signed lease contracts from Capital Securities Corporation for the rental of office premises. As of March 31, 2023, December 31 and March 31, 2022, the total value of effective contracts of were \$291, \$291 and \$807, respectively. For the three months ended March 31, 2023 and 2022, the Department recognized the amount of \$0 and \$1 as interest expense. As of March 31, 2023, December 31 and March 31, 2022, lease liabilities were amounted to \$33, \$57 and \$356, respectively.

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements of Securities Dealing Department

(ii) Rental expenses

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

	For the three months ended March 31,	
	2023	2022
Related parties		
Capital Securities Corporation	\$ 24	24

The rental rate between the Department and the related parties are determined based on the market price and are paid on a monthly basis.

(iii) Information technology expenses

	For the three months ended March 31,	
	2023	2022
Related parties		
Capital Securities Corporation	\$ 135	243

(iv) Repair and maintenance expenses

	For the three months ended March 31,	
	2023	2022
Related parties		
Capital International Technology Co., Ltd.	\$ 8	16

(8) Pledged assets:None.

(9) Significant commitments and contingencies:None.

(10) Losses due to major disasters:None.

(11) Significant subsequent events:None.

(12) Other:

(a) Specific inherent risks in operating as securities dealer:

The main risk exposure of the Department is market price risk. The market price of the securities held by the Department is measured at fair value, i.e., the market price of the securities held is subject to fluctuations of the weighted index. Based on risk management, the Department uses appropriate hedging strategies to reduce risk exposure.

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements of Securities Dealing Department

(13) Other disclosures:

- (a) Information on significant transactions:None.
- (b) Information on investees:None.
- (c) Information on overseas branches and representative offices:None.
- (d) Information on investment in Mainland China:None.
- (e) Major shareholders:None.

(14) Segment information:

This Department only engages in securities proprietary business as a single industry, therefore it is not applicable.