

**CAPITAL FUTURES CORPORATION AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2023 and 2022**

Address: 32nd and B1 Fl. No. 97, Tun Hwa South Rd., Sec. 2, Taipei, Taiwan, R.O.C.
Telephone: 886-2-2700-2888

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

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statement of Comprehensive Income	5
6. Consolidated Statement of Changes in Equity	6
7. Consolidated Statement of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of material accounting policies	9~11
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	11
(6) Explanation of significant accounts	12~42
(7) Related-party transactions	42~48
(8) Pledged assets	48
(9) Significant commitments and contingencies	48
(10) Losses due to major disasters	48
(11) Significant subsequent events	48
(12) Derivative instrument transactions	49~53
(13) Restrictions and enforcement of the Company's various financial ratios under Futures Trading Act	54
(14) Specific inherent risks in operating as futures dealer	54
(15) Other	54
(16) Other disclosures	
(a) Information on significant transactions	55~56
(b) Information on investees	56
(c) Information on overseas branches and representative offices	57
(d) Information on investment in Mainland China	57
(e) Major shareholders	57
(17) Segment information	58~59
9. Disclosures of Securities Dealing Department	60~72



安侯建業聯合會計師事務所
KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel + 886 2 8101 6666
傳真 Fax + 886 2 8101 6667
網址 Web home.kpmg/tw

Independent Auditors' Review Report

To the Board of Directors of
Capital Futures Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of Capital Futures Corporation and its subsidiaries as of September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2023 and 2022, as well as the changes in equity and cash flows for the nine months ended September 30, 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 \$29,154 thousands and \$36,761 thousands, constituting 0.06% and 0.07% of consolidated total assets as of September 30, 2023 and 2022, respectively, total liabilities amounting to \$5,962 thousands and \$5,528 thousands, constituting 0.01% and 0.01% of consolidated total liabilities as of September 30, 2023 and 2022, respectively, and total comprehensive income(loss) amounting to \$(2,154) thousands, \$(1,728) thousands, \$(5,403) thousands and \$(5,061) thousands, constituting (0.66)%, (0.61)%, (0.65)% and (0.78)% of consolidated total comprehensive income (loss) for the three months and nine months ended September 30, 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 September 30, 2023 and 2022, and of its consolidated financial performance for the three months and nine months ended September 30, 2023 and 2022, as well as its consolidated cash flows for the nine months ended September 30, 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)
November 10, 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 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.

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

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**Consolidated Balance Sheets****September 30, 2023, December 31, 2022, and September 30, 2022****(Expressed in Thousands of New Taiwan Dollars)**

Assets		September 30, 2023		December 31, 2022		September 30, 2022		Liabilities and Equity		September 30, 2023		December 31, 2022		September 30, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
111100	Cash and cash equivalents (Note 6(a))	\$ 5,460,706	11	5,156,882	10	5,574,275	11	211100	Short-term borrowings (Note 6(h))	\$ -	-	-	-	126,040	-
112000	Financial assets at fair value through profit or loss- current (Note 6(b))	763,908	2	574,791	1	583,428	1	212000	Financial liabilities at fair value through profit or loss- current (Note 6(b))	66,443	-	844,885	2	339,258	1
113200	Financial assets at fair value through other comprehensive income- current (Note 6(b))	12,635	-	43,686	-	42,568	-	214080	Futures traders' equity (Note 6(e))	41,373,437	83	41,087,125	82	43,265,265	84
114010	Bonds purchased under resale agreements (Note 6(b))	122,428	-	43,166	-	91,100	-	214100	Leverage contract trading - customers' equity	802,530	2	849,887	2	966,226	2
114070	Customers margin accounts (Note 6(e))	41,579,864	84	41,252,625	83	43,286,902	84	214130	Accounts payable	63,224	-	52,349	-	93,982	-
114080	Receivable - futures margin (Note 6(f))	-	-	7	-	334	-	214140	Accounts payable- related parties (Note 7)	10,375	-	12,761	-	16,112	-
114090	Security borrowing collateral price	13,923	-	473,545	1	-	-	214150	Advance receipts	1,802	-	2,215	-	2,275	-
114100	Security borrowing margin	23,782	-	868,437	2	223,071	-	214160	Receipts under custody	6,832	-	5,196	-	7,233	-
114130	Accounts receivable	18,450	-	10,552	-	12,678	-	214170	Other payables	175,210	1	223,095	-	176,142	-
114140	Accounts receivable- related parties (Note 7)	973	-	884	-	666	-	214180	Other payables- related parties (Note 7)	823	-	4,620	-	28,865	-
114150	Prepayments	18,620	-	39,686	-	13,175	-	214600	Current income tax liabilities	120,968	-	82,948	-	24,852	-
114170	Other receivables	95,817	-	207,742	-	408,216	1	215100	Provisions- current	7,090	-	6,039	-	6,719	-
114180	Other receivables- related parties (Note 7)	4,929	-	7,414	-	31,982	-	216000	Lease liabilities- current (Note 6(i))	31,952	-	20,616	-	25,511	-
114300	Leverage contract trading-customers' margin accounts	797,165	2	856,021	2	969,675	2	219000	Other current liabilities	24,505	-	13,751	-	28,093	-
114600	Current income tax assets	233	-	233	-	237	-			<u>42,685,191</u>	<u>86</u>	<u>43,205,487</u>	<u>86</u>	<u>45,106,573</u>	<u>87</u>
119000	Other current assets	-	-	-	-	2	-	Non-current liabilities:							
		<u>48,913,433</u>	<u>99</u>	<u>49,535,671</u>	<u>99</u>	<u>51,238,309</u>	<u>99</u>	226000	Lease liabilities- non-current (Note 6(i))	60,645	-	16,540	-	18,080	-
Non-current assets:								228000	Deferred income tax liabilities	26,612	-	37,828	-	48,712	-
123200	Financial assets at fair value through other comprehensive income- non- current (Note 6(b))	130,817	-	1,263	-	1,169	-			<u>87,257</u>	<u>-</u>	<u>54,368</u>	<u>-</u>	<u>66,792</u>	<u>-</u>
125000	Property and equipment (Note 6(c))	132,136	-	42,724	-	36,291	-	906003	Total liabilities	<u>42,772,448</u>	<u>86</u>	<u>43,259,855</u>	<u>86</u>	<u>45,173,365</u>	<u>87</u>
125800	Right-of-use assets (Note 6(d))	92,364	-	36,948	-	43,331	-	Equity attributable to owners of parent:							
127000	Intangible assets (Note 6(g))	59,228	-	61,640	-	63,900	-	301010	Common stock (Note 6(l))	2,104,376	4	2,104,376	4	2,104,376	4
129000	Other non-current assets	427,125	1	365,122	1	354,190	1	302000	Capital surplus (Note 6(l))	1,663,251	3	1,663,251	3	1,663,251	3
		<u>841,670</u>	<u>1</u>	<u>507,697</u>	<u>1</u>	<u>498,881</u>	<u>1</u>	304010	Legal reserve	757,377	2	678,939	2	678,939	2
								304020	Special reserve	1,650,772	3	1,579,617	3	1,579,617	3
								304040	Unappropriated earnings (Note 6(l))	767,906	2	785,292	2	541,283	1
								305000	Other equity	36,322	-	(30,087)	-	(6,171)	-
										<u>6,980,004</u>	<u>14</u>	<u>6,781,388</u>	<u>14</u>	<u>6,561,295</u>	<u>13</u>
								306000	Non-controlling interests	2,651	-	2,125	-	2,530	-
								906004	Total equity	<u>6,982,655</u>	<u>14</u>	<u>6,783,513</u>	<u>14</u>	<u>6,563,825</u>	<u>13</u>
906001	Total assets	<u>\$ 49,755,103</u>	<u>100</u>	<u>50,043,368</u>	<u>100</u>	<u>51,737,190</u>	<u>100</u>	906002	Total liabilities and equity	<u>\$ 49,755,103</u>	<u>100</u>	<u>50,043,368</u>	<u>100</u>	<u>51,737,190</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

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

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**Consolidated Statement of Comprehensive Income****For the three months and nine months ended September 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)**

	For the three months ended September 30,				For the nine months ended September 30,			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
Income:								
401000	\$ 438,133	58	499,011	69	1,240,337	74	1,497,305	71
410000	(143,348)	(19)	(2,916)	-	(128,306)	(8)	(30,463)	(1)
421300	51,445	7	2,625	1	134,197	8	4,466	-
421500	50,304	7	1,709	-	(3,266)	-	371	-
421600	(1,053)	-	2,196	-	(81,261)	(5)	2,196	-
421610	1,170	-	24,317	3	(19,169)	(1)	24,317	1
424100	98,841	13	88,540	12	220,173	13	242,718	12
424200	4,622	1	2,200	-	10,562	1	11,470	1
424400	220,082	29	51,121	7	206,106	12	174,341	8
424500	26,873	4	50,704	7	79,640	5	136,540	7
424800	930	-	169	-	2,094	-	434	-
424900	1,344	-	2,553	-	5,176	-	10,739	-
428000	2,438	-	7,665	1	8,418	1	21,318	1
	<u>751,781</u>	<u>100</u>	<u>729,894</u>	<u>100</u>	<u>1,674,701</u>	<u>100</u>	<u>2,095,752</u>	<u>100</u>
Expenses:								
501000	94,602	13	85,118	12	224,704	13	243,466	12
502000	2,020	-	3,319	-	5,411	-	8,180	1
521200	10,421	1	5,178	1	29,903	2	9,974	1
521640	298	-	190	-	298	-	190	-
425300	(21)	-	(31)	-	(172)	-	584	-
524100	123,862	17	144,564	20	334,471	20	436,233	21
524300	48,183	7	52,541	7	124,258	7	154,465	7
528000	1,251	-	1,729	-	4,474	-	5,910	-
531000	173,952	23	161,536	22	476,013	29	443,041	21
532000	16,753	2	15,591	2	44,615	3	46,993	2
533000	121,447	16	121,421	17	349,922	21	361,674	17
	<u>592,768</u>	<u>79</u>	<u>591,156</u>	<u>81</u>	<u>1,593,897</u>	<u>95</u>	<u>1,710,710</u>	<u>82</u>
Net operating income	<u>159,013</u>	<u>21</u>	<u>138,738</u>	<u>19</u>	<u>80,804</u>	<u>5</u>	<u>385,042</u>	<u>18</u>
Non-operating income and expenses:								
602000	187,756	25	141,299	19	885,444	53	269,454	13
	<u>187,756</u>	<u>25</u>	<u>141,299</u>	<u>19</u>	<u>885,444</u>	<u>53</u>	<u>269,454</u>	<u>13</u>
902001	346,769	46	280,037	38	966,248	58	654,496	31
701000	70,504	9	54,515	7	198,640	12	114,272	5
Net income	<u>276,265</u>	<u>37</u>	<u>225,522</u>	<u>31</u>	<u>767,608</u>	<u>46</u>	<u>540,224</u>	<u>26</u>
Other comprehensive income:								
805500	Components that may not be reclassified subsequently to profit or loss:							
805540	12,086	2	(2,901)	-	20,731	1	(12,387)	(1)
805599	-	-	-	-	-	-	-	-
	<u>12,086</u>	<u>2</u>	<u>(2,901)</u>	<u>-</u>	<u>20,731</u>	<u>1</u>	<u>(12,387)</u>	<u>(1)</u>
805600	Components that may be reclassified subsequently to profit or loss:							
805610	37,928	5	62,005	8	46,325	3	120,114	6
805699	-	-	-	-	-	-	-	-
	<u>37,928</u>	<u>5</u>	<u>62,005</u>	<u>8</u>	<u>46,325</u>	<u>3</u>	<u>120,114</u>	<u>6</u>
805000	50,014	7	59,104	8	67,056	4	107,727	5
902006	<u>\$ 326,279</u>	<u>44</u>	<u>284,626</u>	<u>39</u>	<u>834,664</u>	<u>50</u>	<u>647,951</u>	<u>31</u>
Net income attributable to:								
913100	\$ 276,291	37	225,522	31	767,083	46	540,366	26
913200	(26)	-	-	-	525	-	(142)	-
	<u>\$ 276,265</u>	<u>37</u>	<u>225,522</u>	<u>31</u>	<u>767,608</u>	<u>46</u>	<u>540,224</u>	<u>26</u>
Comprehensive income attributable to:								
914100	\$ 326,232	44	284,602	39	834,138	50	647,872	31
914200	47	-	24	-	526	-	79	-
	<u>\$ 326,279</u>	<u>44</u>	<u>284,626</u>	<u>39</u>	<u>834,664</u>	<u>50</u>	<u>647,951</u>	<u>31</u>
975000	<u>\$ 1.31</u>		<u>1.07</u>		<u>3.65</u>		<u>2.57</u>	
985000	<u>\$ 1.31</u>		<u>1.07</u>		<u>3.64</u>		<u>2.57</u>	

See accompanying notes to consolidated financial statements.

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

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**Consolidated Statement of Changes in Equity****For the nine months ended September 30, 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 nine months ended September 30, 2022	-	-	-	-	540,366	-	-	-	540,366	(142)	540,224
Other comprehensive income	-	-	-	-	-	119,893	(12,387)	-	107,506	221	107,727
Total comprehensive income	-	-	-	-	540,366	119,893	(12,387)	-	647,872	79	647,951
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	52,136	-	(52,136)	-	-	-	-	-	-
Special reserve	-	-	-	104,273	(104,273)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(336,700)	-	-	-	(336,700)	-	(336,700)
Special reserve for the contra equity account	-	-	-	28,770	(28,770)	-	-	-	-	-	-
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	-	(370)	-	-	-	-	-	-	(370)	-	(370)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(23,283)	(23,283)
Balance at September 30, 2022	\$ 2,104,376	1,663,251	678,939	1,579,617	541,283	2,068	(8,239)	-	6,561,295	2,530	6,563,825
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 nine months ended September 30, 2023	-	-	-	-	767,083	-	-	-	767,083	525	767,608
Other comprehensive income	-	-	-	-	-	46,324	20,731	-	67,055	1	67,056
Total comprehensive income	-	-	-	-	767,083	46,324	20,731	-	834,138	526	834,664
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	78,438	-	(78,438)	-	-	-	-	-	-
Special reserve	-	-	-	156,874	(156,874)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(635,522)	-	-	-	(635,522)	-	(635,522)
Reversal of special reserve for the contra equity account	-	-	-	(85,719)	85,719	-	-	-	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	646	-	(646)	-	-	-	-
Balance at September 30, 2023	\$ 2,104,376	1,663,251	757,377	1,650,772	767,906	23,264	13,058	-	6,980,004	2,651	6,982,655

See accompanying notes to consolidated financial statements.

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

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**Consolidated Statement of Cash Flows****For the nine months ended September 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	For the nine months ended September 30,	
	2023	2022
Cash flows from (used in) operating activities:		
Net income before income tax	\$ 966,248	654,496
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expenses	40,327	41,589
Amortization expenses	4,288	5,404
Expected credit impairment loss (reversal gains)	(172)	584
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	21,302	(25,597)
Interest expenses	29,903	9,974
Interest income (including financial income)	(888,690)	(214,744)
Dividend revenue	(392,157)	(4,993)
Losses on disposal of property and equipment	-	10
Impairment losses	3,422	3,623
Loss (gain) on lease modification	(5)	742
Losses on disposal of Joint Venture	-	1,210
Total adjustments to reconcile profit	<u>(1,181,782)</u>	<u>(182,198)</u>
Changes in operating assets and liabilities:		
Increase in financial assets at fair value through profit or loss	(191,250)	(224,246)
Increase in bond purchased under resale agreements	(79,262)	(7,087)
Increase in customer margin accounts	(327,239)	(4,031,825)
Decrease (increase) in receivable-futures margin	231	(170)
Decrease (increase) in leverage contract trading - customer's margin accounts	58,856	(345,443)
Decrease (increase) in security borrowing margin	844,655	(223,071)
Decrease in security borrowing collateral price	459,622	-
Decrease (increase) in accounts receivable	(7,898)	5,356
Decrease (increase) in accounts receivable - related parties	(89)	2,345
Increase in prepayments	(4,480)	(5,372)
Decrease in other receivables	138,740	17,463
Decrease (increase) in other receivables- related parties	2,492	(27,782)
Increase in net defined benefit asset	(1,979)	(4,959)
Decrease (increase) in clearing and settlement fund	(58,652)	2,290
Increase in refundable deposits	(1,372)	(963)
Increase (decrease) in financial liabilities at fair value through profit or loss	(797,611)	295,769
Increase in futures traders' equity	286,260	4,059,237
Increase (decrease) in leverage contract trading - customer's equity	(47,357)	335,396
Increase in accounts payable	10,875	48,289
Increase (decrease) in accounts payable - related parties	(2,386)	4,664
Decrease in advance receipts	(413)	(977)
Increase in receipts under custody	1,636	2,313
Increase (decrease) in other payables	(55,205)	37,756
Increase (decrease) in other payables - related parties	(2,437)	27,573
Increase in provisions for liabilities	1,051	1,101
Increase in other current liabilities	10,754	18,325
Total changes in operating assets and liabilities	<u>237,542</u>	<u>(14,018)</u>
Total adjustments	<u>(944,240)</u>	<u>(196,216)</u>
Cash inflow generated from operations	22,008	458,280
Interest received	861,843	198,479
Dividends received	392,182	5,058
Interest paid	(24,089)	(7,795)
Income taxes paid	(171,836)	(95,245)
Net cash flows from operating activities	<u>1,080,108</u>	<u>558,777</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(114,382)	(26,275)
Proceeds from disposal of financial assets at fair value through other comprehensive income	36,610	-
Acquisition of property and equipment	(74,520)	(8,580)
Acquisition of intangible assets	(3,629)	(2,076)
Proceeds from disposal of non-current assets held-for-sale	-	51,031
Increase in prepayments for business facilities	(8,370)	-
Net cash flows from (used in) investing activities	<u>(164,291)</u>	<u>14,100</u>
Cash flows from (used in) financing activities:		
Cash dividends paid	(635,522)	(336,700)
Increase in short-term loans	-	16,256
Payments of lease liabilities	(22,453)	(21,220)
Acquisition of ownership interests in subsidiaries	-	(23,653)
Net cash flows used in financing activities	<u>(657,975)</u>	<u>(365,317)</u>
Effect of exchange rate changes on cash and cash equivalents	45,982	118,671
Net increase in cash and cash equivalents	303,824	326,231
Cash and cash equivalents at beginning of period	5,156,882	5,248,044
Cash and cash equivalents at end of period	<u>\$ 5,460,706</u>	<u>5,574,275</u>

See accompanying notes to consolidated financial statements.

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

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the nine months ended September 30, 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 November 10, 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

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(c) 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 IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material 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 material 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.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Basis of preparation

(i) Basis of measurement

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

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

(ii) Functional and presentation currency

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

(c) Basis of consolidation

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
			September 30, 2023	December 31, 2022	September 30, 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.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 \$29,154 and \$36,761 and total consolidated liabilities of \$5,962 and \$5,528 as of September 30, 2023 and 2022, respectively, and total consolidated comprehensive income (loss) of \$(2,154), \$(1,728), \$(5,403) and \$(5,061) for the three months and nine months ended September 30, 2023 and 2022, respectively.

(d) Employee benefits

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

(e) Income tax

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

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

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

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

The preparation of the consolidated financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, the related rules of Preparing Financial Reports of Managed Futures Enterprises, the Regulations Governing the Preparation of Financial Reports by Securities Firms and IAS 34 “Interim Financial Reporting” requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In these consolidated financial statements, judgments and key sources of estimation uncertainty used by management in the application of critical accounting policies are expected to be consistent with those of Note 5 of the consolidated financial statements for the year ended December 31, 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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Cash	\$ 165	112	130
Demand deposits	417,603	238,610	364,981
Time deposits	3,672,382	3,747,221	4,152,452
Futures margin- excess margin	1,253,231	1,170,939	1,056,712
Commercial paper	<u>117,325</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 5,460,706</u>	<u>5,156,882</u>	<u>5,574,275</u>

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

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Open-ended funds and money- market instruments	\$ 329,000	20,000	-
Open-ended funds and money- market instruments valuation adjustment	453	(269)	-
Trading securities- proprietary trading	107,441	18,204	20,773
Trading securities- proprietary trading valuation adjustment	(3,300)	447	(173)
Securities invested by securities broker	23,308	15,996	7,500
Securities invested by securities broker valuation adjustment	422	(453)	(515)
Call options- non-hedging	96,807	89,232	179,421
Futures margin- proprietary fund- non-hedging	71,925	211,865	123,181
Leverage derivatives- non-hedging	128,340	202,915	242,480
Equity derivatives- non-hedging	<u>9,512</u>	<u>16,854</u>	<u>10,761</u>
Total	<u>\$ 763,908</u>	<u>574,791</u>	<u>583,428</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

If there is an increase in the securities price of 1% on the reporting date (assume that all other variables remained constantly), the impact on after-tax comprehensive income for the nine months ended September 30, 2023 and 2022, will increase \$4,573 and \$276, respectively. Conversely, if there is a decrease in the securities price of 1% on the reporting date based on all other variables remained constantly, there will be the same amount but opposite direction of influence.

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

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Equity investments at fair value through other comprehensive income			
Listed stocks	\$ 15,893	51,857	51,857
Valuation adjustment	<u>(3,258)</u>	<u>(8,171)</u>	<u>(9,289)</u>
Total	<u>\$ 12,635</u>	<u>43,686</u>	<u>42,568</u>

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

During the three months and nine months ended September 30, 2023 and 2022, the dividends of \$0, \$663, \$124 and \$1,001, related to equity investment at fair value through other comprehensive income held on June 30, 2023 and 2022, respectively, were recognized. For investments in equity securities disposed of for the three months and nine months ended September 30, 2023 and 2022, the dividends of \$0, \$0, \$124 and \$0, were recognized in the reported periods.

During the three months and nine months ended September 30, 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 \$0, \$0, \$36,610 and \$0, respectively, and cumulative dispose gains for the three months and nine months ended September 30, 2023 and 2022, amounted to \$0, \$0, \$646 and \$0, respectively, were transferred from other equity items to retained earnings.

(iii) Bonds purchased under resale agreements

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Bonds purchased under resale agreements	<u>\$ 122,428</u>	<u>43,166</u>	<u>91,100</u>
Resale price under the agreements	<u>\$ 122,462</u>	<u>43,190</u>	<u>91,142</u>
Interest rates	<u>0.95%</u>	<u>0.77%</u>	<u>0.65%~0.75%</u>
Date of repurchase	<u>2023.10.03~2023.10.13</u>	<u>2023.01.03~2023.01.13</u>	<u>2022.10.07~2022.10.14</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

Equity instruments at fair value through other comprehensive income:

<u>Investee Company</u>	<u>September 30, 2023</u>		<u>December 31, 2022</u>		<u>September 30, 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 %	\$ 1,595	0.0042 %	1,263	0.0042 %	1,169
CME Group	0.0056 %	<u>129,222</u>	- %	-	- %	-
Total		<u>\$ 130,817</u>		<u>1,263</u>		<u>1,169</u>

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

During the three months and nine months ended September 30, 2023 and 2022, the dividends of \$497, \$0, \$1,040 and \$56, related to equity investments at fair value through other comprehensive income held on September 30, 2023 and 2022, respectively, were recognized. No strategic investments were disposed of during the three months and nine months ended September 30, 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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Put options - non-hedging	\$ 41,381	128,886	218,779
Liabilities on sale of borrowed securities - non-hedging	20,400	704,686	135,116
Liabilities on sale of borrowed securities valuation adjustment - non-hedging	(127)	(19,315)	(24,317)
Leverage derivatives- non-hedging	3,851	28,918	6,207
Equity derivatives- non-hedging	<u>938</u>	<u>1,710</u>	<u>3,473</u>
	<u>\$ 66,443</u>	<u>844,885</u>	<u>339,258</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) 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	67,899	6,621	74,520
Transfer from prepayments for business facilities	32,341	-	32,341
Effect of exchange rate changes	<u>1,960</u>	<u>160</u>	<u>2,120</u>
Balance at September 30, 2023	<u>\$ 237,020</u>	<u>17,913</u>	<u>254,933</u>
Balance at January 1, 2022	\$ 116,554	16,704	133,258
Additions	8,201	379	8,580
Disposal	(21)	-	(21)
Effect of exchange rate changes	<u>5,255</u>	<u>434</u>	<u>5,689</u>
Balance at September 30, 2022	<u>\$ 129,989</u>	<u>17,517</u>	<u>147,506</u>
Accumulated depreciation:			
Balance at January 1, 2023	\$ 97,369	5,859	103,228
Depreciation	15,557	2,151	17,708
Effect of exchange rate changes	<u>1,799</u>	<u>62</u>	<u>1,861</u>
Balance at September 30, 2023	<u>\$ 114,725</u>	<u>8,072</u>	<u>122,797</u>
Balance at January 1, 2022	\$ 76,661	9,225	85,886
Depreciation	18,262	2,574	20,836
Disposal	(11)	-	(11)
Effect of exchange rate changes	<u>4,414</u>	<u>90</u>	<u>4,504</u>
Balance at September 30, 2022	<u>\$ 99,326</u>	<u>11,889</u>	<u>111,215</u>
Carrying amounts:			
Balance at January 1, 2023	<u>\$ 37,451</u>	<u>5,273</u>	<u>42,724</u>
Balance at September 30, 2023	<u>\$ 122,295</u>	<u>9,841</u>	<u>132,136</u>
Balance at September 30, 2022	<u>\$ 30,663</u>	<u>5,628</u>	<u>36,291</u>

As of September 30, 2023, December 31 and September 30, 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

(d) 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
Additions	75,073	3,434	78,507
Derecognition	(58,458)	(5,311)	(63,769)
Effect of exchange rate changes	<u>752</u>	<u>-</u>	<u>752</u>
Balance at September 30, 2023	<u><u>\$ 108,247</u></u>	<u><u>8,018</u></u>	<u><u>116,265</u></u>
Balance at January 1, 2022	\$ 80,426	7,383	87,809
Additions	14,547	2,512	17,059
Derecognition	(3,698)	-	(3,698)
Decrease	(1,604)	-	(1,604)
Effect of exchange rate changes	<u>2,293</u>	<u>-</u>	<u>2,293</u>
Balance at September 30, 2022	<u><u>\$ 91,964</u></u>	<u><u>9,895</u></u>	<u><u>101,859</u></u>
Accumulated depreciation:			
Balance at January 1, 2023	\$ 58,090	5,737	63,827
Depreciation	20,729	1,890	22,619
Derecognition	(58,458)	(4,474)	(62,932)
Effect of exchange rate changes	<u>387</u>	<u>-</u>	<u>387</u>
Balance at September 30, 2023	<u><u>\$ 20,748</u></u>	<u><u>3,153</u></u>	<u><u>23,901</u></u>
Balance at January 1, 2022	\$ 37,421	3,351	40,772
Depreciation	18,959	1,794	20,753
Derecognition	(3,698)	-	(3,698)
Effect of exchange rate changes	<u>701</u>	<u>-</u>	<u>701</u>
Balance at September 30, 2022	<u><u>\$ 53,383</u></u>	<u><u>5,145</u></u>	<u><u>58,528</u></u>
Carrying amounts:			
Balance at January 1, 2023	<u><u>\$ 32,790</u></u>	<u><u>4,158</u></u>	<u><u>36,948</u></u>
Balance at September 30, 2023	<u><u>\$ 87,499</u></u>	<u><u>4,865</u></u>	<u><u>92,364</u></u>
Balance at September 30, 2022	<u><u>\$ 38,581</u></u>	<u><u>4,750</u></u>	<u><u>43,331</u></u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Customers margin accounts/futures traders' equity

As of September 30, 2023, December 31 and September 30, 2022, the differences between customers' margin accounts and futures traders' equity were reconciled as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Customers margin accounts			
Cash in bank	\$ 30,093,791	31,462,155	32,522,152
Balance of the futures clearing house	5,631,185	5,428,820	6,332,033
Balance of other futures commission merchants	5,853,812	4,338,662	4,431,209
Marketable securities	<u>1,076</u>	<u>22,988</u>	<u>1,508</u>
Balance of customers margin accounts	<u>41,579,864</u>	<u>41,252,625</u>	<u>43,286,902</u>
Plus adjustment items:			
Commission cost	\$ 4,483	4,214	6,847
Other payables	-	-	30,505
Others	-	-	125
Deduction adjustment items:			
Brokerage fee revenue	(18,160)	(15,952)	(27,958)
Futures transaction tax	(2,377)	(1,617)	(3,054)
Interest income	(6,479)	(5,668)	(2,211)
Temporary credits	(743)	(29,355)	(987)
Remittance amount of the customers after the market closed	(22,675)	(11,610)	(24,904)
Other receivables	(160,458)	(104,766)	-
Others	<u>(18)</u>	<u>(746)</u>	<u>-</u>
Balance of futures traders' equity	<u>\$ 41,373,437</u>	<u>41,087,125</u>	<u>43,265,265</u>

(f) Receivable - futures margin

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Receivable - futures margin - current	\$ 373	380	592
Less: Loss allowance	<u>373</u>	<u>373</u>	<u>258</u>
Subtotal	<u>-</u>	<u>7</u>	<u>334</u>
Receivable - futures margin - non-current	6,159	6,383	6,598
Less: Loss allowance	<u>6,159</u>	<u>6,383</u>	<u>6,598</u>
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ -</u>	<u>7</u>	<u>334</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 nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Balance on January 1	\$ 6,756	7,020
Impairment losses recognized (reversed)	(224)	(164)
Balance on September 30	<u>\$ 6,532</u>	<u>6,856</u>

(g) Intangible assets

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

	<u>Goodwill</u>	<u>The seats of</u> <u>foreign futures</u>	<u>Computer</u>	<u>Total</u>
	<u>(Note2)</u>	<u>exchanges</u>	<u>software</u>	
		<u>(Note1)</u>		
Cost:				
Balance at January 1, 2023	\$ 22,088	50,577	16,625	89,290
Additions	-	-	3,629	3,629
Transfer from prepayments for business facilities	-	-	1,575	1,575
Effect of exchange rate changes	-	296	6	302
Balance at September 30, 2023	<u>\$ 22,088</u>	<u>50,873</u>	<u>21,835</u>	<u>94,796</u>
Balance at January 1, 2022	\$ 22,088	49,955	28,178	100,221
Additions	-	-	2,076	2,076
Effect of exchange rate changes	-	792	121	913
Balance at September 30, 2022	<u>\$ 22,088</u>	<u>50,747</u>	<u>30,375</u>	<u>103,210</u>
Amortization and impairment losses:				
Balance at January 1, 2023	\$ 10,957	4,299	12,394	27,650
Amortization	-	-	4,288	4,288
Impairment losses	3,422	-	-	3,422
Effect of exchange rate changes	-	203	5	208
Balance at September 30, 2023	<u>\$ 14,379</u>	<u>4,502</u>	<u>16,687</u>	<u>35,568</u>
Balance at January 1, 2022	\$ 6,155	3,871	19,614	29,640
Amortization	-	-	5,404	5,404
Impairment losses	3,623	-	-	3,623
Effect of exchange rate changes	-	544	99	643
Balance at September 30, 2022	<u>\$ 9,778</u>	<u>4,415</u>	<u>25,117</u>	<u>39,310</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Goodwill (Note2)</u>	<u>The seats of foreign futures exchanges (Note1)</u>	<u>Computer software</u>	<u>Total</u>
Carrying value:				
Balance at January 1, 2023	\$ <u>11,131</u>	<u>46,278</u>	<u>4,231</u>	<u>61,640</u>
Balance at September 30, 2023	\$ <u>7,709</u>	<u>46,371</u>	<u>5,148</u>	<u>59,228</u>
Balance at September 30, 2022	\$ <u>12,310</u>	<u>46,332</u>	<u>5,258</u>	<u>63,900</u>

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

2. The Group recognized an impairment loss of \$3,422 and \$3,623 for the nine months ended September 30, 2023 and 2022, by using the discount rate of 4.20% and 4.30% on the basis of the future recoverable amount of sub-subsidiary from Mainland China.

(h) Short-term borrowings

<u>Nature of borrowings</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Credit loan	\$ <u>-</u>	<u>-</u>	<u>126,040</u>
Interest rate range	<u>-</u>	<u>-</u>	<u>3.75%</u>

(i) Lease liabilities

The Group's lease liabilities were as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current	\$ <u>31,952</u>	<u>20,616</u>	<u>25,511</u>
Non-current	\$ <u>60,645</u>	<u>16,540</u>	<u>18,080</u>

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

The amounts recognized in profit or loss were as follows :

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Interest on lease liabilities	\$ <u>384</u>	<u>165</u>	<u>649</u>	<u>549</u>
Expenses relating to short-term leases	\$ <u>2,589</u>	<u>1,786</u>	<u>6,147</u>	<u>3,015</u>
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	\$ <u>25</u>	<u>75</u>	<u>177</u>	<u>227</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	For the nine months ended September 30,	
	2023	2022
Total cash outflow for leases	\$ 29,426	25,011

(i) Real estate leases

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

(ii) Other leases

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

(j) 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 and nine months ended September 30, 2023 and 2022 were \$(639), \$(606), \$(1,917) and \$(1,819), respectively.

(ii) Defined contribution plans

The Group's expenses under the pension plan contributed to the Bureau of Labor Insurance for the three months and nine months ended September 30, 2023 and 2022 were \$3,694, \$3,649, \$11,375 and \$10,576, respectively.

(iii) The pension costs of foreign subsidiaries in accordance with the local laws and regulations for the three months and nine months ended September 30, 2023 and 2022 were \$940, \$777, \$2,644 and \$2,155, respectively.

(k) Income taxes

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

The Company and its subsidiary Capital International Technology Corp. are founded in Taiwan. The corporate income tax rates are both 20% for the nine months ended September 30, 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 nine months ended September 30, 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 nine months ended September 30, 2023 and 2022.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Income tax expense

The amounts of income tax expense (benefit) for the three months and nine months ended September 30, 2023 and 2022 were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current income tax expense	\$ 89,052	43,037	209,856	81,884
Deferred income tax expense	(18,548)	11,478	(11,216)	32,388
Total	<u>\$ 70,504</u>	<u>54,515</u>	<u>198,640</u>	<u>114,272</u>

(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.

(l) Capital and other equity

(i) Common stock

As of September 30, 2023, December 31 and September 30, 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>September 30,</u>	<u>December 31,</u>	<u>September 30,</u>
	<u>2023</u>	<u>2022</u>	<u>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>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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.

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, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings 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.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 resolved by the shareholders' meeting on May 31, 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 (NT dollars)	Amount	Per share (NT dollars)
Cash dividends	\$ 635,522	3.02	336,700	1.60

(m) Earnings per share

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

(i) Basic earnings per share

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Net income attributable to common shareholders of the Company	\$ 276,291	225,522	767,083	540,366
Weighted-average number of common stock shares outstanding (thousands of shares)	210,438	210,438	210,438	210,438
Basic earnings per share (NT dollars)	\$ 1.31	1.07	3.65	2.57

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Diluted earnings per share

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Net income attributable to common shareholders of the Company	\$ <u>276,291</u>	<u>225,522</u>	<u>767,083</u>	<u>540,366</u>
Weighted-average number of common stock shares outstanding (thousands of shares)	210,438	210,438	210,438	210,438
Effect of potentially dilutive common stock - Employee remuneration (thousands of shares)	252	100	327	229
Weighted-average outstanding shares of diluted earnings per share (thousands of shares)	<u>210,690</u>	<u>210,538</u>	<u>210,765</u>	<u>210,667</u>
Diluted earnings per share (NT dollars)	\$ <u>1.31</u>	<u>1.07</u>	<u>3.64</u>	<u>2.57</u>

(n) Items of the statements of comprehensive income

(i) Brokerage fee revenue

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Consignment trading handling fee revenue- Domestic futures	\$ 242,915	265,693	618,773	782,016
Consignment trading handling fee revenue- Foreign futures	191,225	233,318	608,664	715,289
Consignment trading handling fee revenue- Leverage Exchange Agency Trading	3,993	-	12,900	-
	<u>\$ 438,133</u>	<u>499,011</u>	<u>1,240,337</u>	<u>1,497,305</u>

(ii) Futures commission revenue

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Futures commission revenue- CSC Futures (HK) Ltd.	\$ <u>98,841</u>	<u>88,540</u>	<u>220,173</u>	<u>242,718</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Non-hedging				
Net gains (losses) on futures contracts				
Gains on futures contracts	\$ 367,670	235,262	878,488	501,189
Losses on futures contracts	(242,867)	(218,536)	(853,199)	(567,776)
	<u>\$ 124,803</u>	<u>16,726</u>	<u>25,289</u>	<u>(66,587)</u>
Net gains (losses) on option contracts				
Gains on option contracts	\$ 129,054	147,461	362,679	481,223
Losses on option contracts	(38,376)	(113,054)	(183,718)	(239,940)
	<u>\$ 90,678</u>	<u>34,407</u>	<u>178,961</u>	<u>241,283</u>
Net gains (losses) on leverage derivatives				
Gains on leverage derivatives	\$ 326,421	477,276	1,138,942	1,426,603
Losses on leverage derivatives	(301,617)	(431,358)	(1,065,235)	(1,305,630)
	<u>\$ 24,804</u>	<u>45,918</u>	<u>73,707</u>	<u>120,973</u>
Net gains (losses) on equity derivatives				
Gains on equity derivatives	\$ 31,492	30,480	122,698	94,247
Losses on equity derivatives	(29,423)	(25,694)	(116,765)	(78,680)
	<u>\$ 2,069</u>	<u>4,786</u>	<u>5,933</u>	<u>15,567</u>
Net gains (losses) on derivative financial instruments - overseas subsidiaries	<u>\$ 4,601</u>	<u>(12)</u>	<u>1,856</u>	<u>(355)</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Total gains on derivative financial instruments	\$ 854,637	890,479	2,502,807	2,503,262
Total losses on derivative financial instruments	(612,283)	(788,642)	(2,218,917)	(2,192,026)
Net gains (losses) on derivative financial instruments - overseas subsidiaries	4,601	(12)	1,856	(355)
	<u>\$ 246,955</u>	<u>101,825</u>	<u>285,746</u>	<u>310,881</u>

(iv) Futures commission expenses

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Re-consigned futures trading	\$ 55,874	68,295	174,189	211,898
Futures introducing broker business	37,860	46,621	101,667	145,103
Commission expenses - CSC Futures (HK) Ltd.	30,128	29,648	58,615	79,232
	<u>\$ 123,862</u>	<u>144,564</u>	<u>334,471</u>	<u>436,233</u>

(v) Employee benefit, depreciation and amortization expenses

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Employee benefit expenses				
Salary expense	\$ 158,649	147,346	430,938	402,344
Labor and health insurance expense	8,432	7,789	25,507	22,496
Pension expense	3,995	3,820	12,102	10,912
Others	2,876	2,581	7,466	7,289
Depreciation expense	15,108	13,950	40,327	41,589
Amortization expense	1,645	1,641	4,288	5,404
	<u>\$ 190,705</u>	<u>177,127</u>	<u>520,628</u>	<u>490,034</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vi) Other operating expenses

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Postage expense	\$ 19,115	16,345	54,655	46,427
Taxes	27,091	27,565	69,433	71,748
Rental expense	2,637	1,871	6,391	3,272
Information technology expense	43,596	53,398	132,498	162,899
Professional service fee	3,203	696	9,870	8,978
Others	25,805	21,546	77,075	68,350
	<u>\$ 121,447</u>	<u>121,421</u>	<u>349,922</u>	<u>361,674</u>

(vii) Other gains and losses

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Interest income	\$ 324,158	116,398	888,690	214,744
Dividend income	33,794	352	257,960	527
Net gains (losses) on non-operating financial instruments at fair value through profit or loss	130,346	1,620	1,133	909
Net gains (losses) on foreign exchange	3,807	14,737	6,989	41,018
Net gains (losses) on disposal of investments	(306,768)	4,717	(275,024)	2,676
Other non-operating revenue - other	3,630	8,291	11,161	18,713
Other non-operating expense - other	(1,211)	(4,816)	(5,465)	(9,133)
	<u>\$ 187,756</u>	<u>141,299</u>	<u>885,444</u>	<u>269,454</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.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the three months and nine months ended September 30, 2023 and 2022, the estimated amounts of remuneration to employee were \$3,000, \$3,160, \$11,370 and \$7,860, and to directors by the Company were \$3,000, \$3,160, \$11,370 and \$7,860, 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 nine months ended September 30, 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. There was no difference between accounting estimates and board's resolutions. Related information would be available at the Market Observation Post System website.

(o) Financial Instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represent the maximum credit exposure. As of September 30, 2023, December 31 and September 30, 2022 the maximum credit exposure amounted to \$48,902,075, \$49,300,552 and \$51,503,172, respectively.

2) Concentration of credit risk

The exposure of credit risk by geographic region in September 30, 2023 as shown in below, mainly focusing on Taiwan (accounted for 79.15%), secondly in Asia (accounted for 18.82% excluded Taiwan), thirdly in Europe (accounted for 1.39%). The proportion of investment by geographic region did not change significantly compared to the same period last year.

<u>Area</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Taiwan	\$ 38,707,759	41,285,753	43,579,939
Asia (excluded Taiwan)	9,204,685	7,338,504	7,249,177
North America	277,148	440,835	403,841
Europe	679,576	189,787	201,862
Oceania	<u>32,907</u>	<u>45,673</u>	<u>68,353</u>
Total	<u>\$ 48,902,075</u>	<u>49,300,552</u>	<u>51,503,172</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Impairment losses

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

	September 30, 2023		December 31, 2022		September 30, 2022	
	Gross carrying amount	Impairment	Gross carrying amount	Impairment	Gross carrying amount	Impairment
Current	\$ 126,701	6,532	233,355	6,756	460,732	6,856
Past due 0~30 days	-	-	-	-	-	-
Past due 31~120 days	-	-	-	-	-	-
Past due 121~360 days	-	-	-	-	-	-
Past due more than 360 days	-	-	-	-	-	-
	\$ 126,701	6,532	233,355	6,756	460,732	6,856

Allowance for doubtful debts under receivables is recorded for the bad debt expense or impairment losses. Where a claim becomes definitely uncollectible, the allowance for doubtful debts should be written off to financial assets account. As of September 30, 2023, December 31 and September 30, 2022, the loss allowance of receivables were recognized \$6,532, \$6,756 and \$6,856, respectively.

4) Credit risk of receivables

Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g) of the consolidated financial statement for the year ended December 31, 2022. The Group regards a financial asset as a default when the client of brokerage business is unable to fulfill the margin call or settlement obligation or accrued receivables past due, as well as other receivable of stock default that the company as securities interactive business, which the counterparty is unable to pay the Group. Thus, the Group regarded the financial assets as default and recognized impairment losses. The movement of loss allowance for the nine months ended September 30, 2023 and 2022 was as follows:

	For the nine months ended September 30, 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
Impairment losses (reversal of impairment losses)	-	-	52	(224)	-	(172)
Amounts written off	-	-	(52)	-	-	(52)
Balance on September 30	\$ -	-	-	6,532	-	6,532

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the nine months ended September 30, 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
Impairment losses (reversal of impairment losses)	-	-	748	(164)	-	584
Amounts written off	-	-	(748)	-	-	(748)
Balance on September 30	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>6,856</u>	<u>-</u>	<u>6,856</u>

(ii) Liquidity risk

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

	Carrying amount	Contract cash flow	Within 6 months	6-12 months	1-2 year	2-5 year	More than 5 year
September 30, 2023							
Financial liabilities at fair value through profit or loss	\$ 66,443	66,443	66,443	-	-	-	-
Futures traders' equity	41,373,437	41,373,437	41,373,437	-	-	-	-
Leverage contract trading- customers' equity	802,530	802,530	802,530	-	-	-	-
Accounts payable	73,599	73,599	73,599	-	-	-	-
Receipts under custody	6,832	6,832	6,832	-	-	-	-
Other payables	176,033	176,033	176,033	-	-	-	-
Lease liabilities	92,597	96,101	17,266	16,487	27,756	34,592	-
	<u>\$ 42,591,471</u>	<u>42,594,975</u>	<u>42,516,140</u>	<u>16,487</u>	<u>27,756</u>	<u>34,592</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	37,156	38,555	14,448	7,246	9,186	7,675	-
	<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>
September 30, 2022							
Short-term borrowings	\$ 126,040	126,040	126,040	-	-	-	-
Financial liabilities at fair value through profit or loss	339,258	339,258	339,258	-	-	-	-
Futures traders' equity	43,265,265	43,265,265	43,265,265	-	-	-	-
Leverage contract trading- customers' equity	966,226	966,226	966,226	-	-	-	-
Accounts payable	110,094	110,094	110,094	-	-	-	-
Receipts under custody	7,233	7,233	7,233	-	-	-	-
Other payables	205,007	205,007	205,007	-	-	-	-
Lease liabilities	43,591	45,209	14,705	11,556	9,472	9,476	-
	<u>\$ 45,062,714</u>	<u>45,064,332</u>	<u>45,033,828</u>	<u>11,556</u>	<u>9,472</u>	<u>9,476</u>	<u>-</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Currency risk

1) Exposure to foreign currency risk

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

	September 30, 2023		
	Foreign currency (dollar)	Exchange rate	Thousands of New Taiwan Dollars
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 612,832,157.91	32.2700	19,776,094
EUR	13,327,212.24	33.9100	451,926
GBP	599,636.18	39.2300	23,524
JPY	1,474,050,167.00	0.2162	318,690
HKD	39,081,842.62	4.1230	161,134
AUD	4,753,972.68	20.5500	97,694
CHF	425,667.85	35.0600	14,924
SGD	330,692.46	23.5300	7,781
KRW	2,373,880,466.00	0.0240	56,973
CNY	54,215,775.07	4.4150	239,363
MYR	1,032,609.76	6.5740	6,788
THB	4,197,685.86	0.8822	3,703
NZD	317,470.26	19.1700	6,086
CAD	15,409.16	23.9000	368
ZAR	730,434.38	1.6800	1,227
VND	3,395,786,250.00	0.0013	4,415
<u>Non-monetary items</u>			
USD	9,481,084.58	32.2700	305,955
GBP	2,601.29	39.2300	102
EUR	114,920.00	33.9100	3,897
NZD	397.46	19.1700	8
CHF	16,041.59	35.0600	562
ZAR	567,949.14	1.6800	954
AUD	2,547.62	20.5500	52

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

September 30, 2023			
Financial liabilities	Foreign currency (dollar)	Exchange rate	Thousands of New Taiwan Dollars
<u>Monetary items</u>			
USD	\$ 592,644,145.27	32.2700	19,124,627
EUR	13,270,864.83	33.9100	450,015
GBP	452,681.06	39.2300	17,759
JPY	1,479,670,134.08	0.2162	319,905
HKD	145,134,609.45	4.1230	598,390
AUD	4,790,072.99	20.5500	98,436
CHF	21,994.23	35.0600	771
SGD	355,969.17	23.5300	8,376
KRW	2,850,120,884.08	0.0240	68,403
CNY	45,215,751.31	4.4150	199,628
MYR	995,412.33	6.5740	6,544
THB	1,539,010.00	0.8822	1,358
NZD	55,866.26	19.1700	1,071
ZAR	102,685.47	1.6800	173
VND	3,158,804,500.00	0.0013	4,106
<u>Non-monetary items</u>			
USD	60,884.07	32.2700	1,965
JPY	9,151,385.00	0.2162	1,979
CAD	906.72	23.9000	22
CNY	186,471.43	4.4150	823
SGD	17.58	23.5300	-

(Continued)

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

(Continued)

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

September 30, 2022			
<u>Financial assets</u>	Foreign currency (dollar)	Exchange rate	Thousands of New Taiwan Dollars
<u>Monetary items</u>			
USD	\$ 630,916,957.68	31.7500	20,031,613
EUR	12,585,043.88	31.2600	393,408
GBP	638,780.05	35.5300	22,696
JPY	1,222,695,986.00	0.2201	269,115
HKD	81,243,486.77	4.0440	328,549
AUD	672,425.72	20.6600	13,892
CHF	456,688.10	32.5200	14,851
SGD	496,707.13	22.2100	11,032
KRW	3,831,965,490.00	0.0224	85,836
CNY	99,398,015.37	4.4730	444,607
MYR	66,255.31	6.5960	437
THB	4,948,337.86	0.8452	4,182
NZD	414,253.54	18.1900	7,535
ZAR	909,464.78	1.7750	1,614
<u>Non-monetary items</u>			
USD	9,664,612.28	31.7500	306,851
GBP	15.17	35.5300	1
EUR	95,304.00	31.2600	2,979
CHF	25,667.28	32.5200	835

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

September 30, 2022			
<u>Financial liabilities</u>	<u>Foreign currency (dollar)</u>	<u>Exchange rate</u>	<u>Thousands of New Taiwan Dollars</u>
<u>Monetary items</u>			
USD	\$ 607,458,435.01	31.7500	19,286,805
EUR	12,576,758.24	31.2600	393,149
GBP	577,343.41	35.5300	20,513
JPY	1,221,294,796.08	0.2201	268,807
HKD	114,252,742.70	4.0440	462,038
AUD	663,319.84	20.6600	13,704
CHF	57,104.98	32.5200	1,857
SGD	289,736.46	22.2100	6,435
KRW	3,778,067,186.95	0.0224	84,629
CNY	87,614,388.25	4.4730	391,899
MYR	51,509.15	6.5960	340
THB	2,778,710.00	0.8452	2,349
NZD	144,202.45	18.1900	2,623
CAD	29,289.45	23.2400	681
ZAR	196,650.23	1.7750	349
<u>Non-monetary items</u>			
USD	142,062.77	31.7500	4,511
JPY	1,437,306.00	0.2201	316
CAD	8,533.34	23.2400	198
AUD	18,280.91	20.6600	378
CNY	287,243.69	4.4730	1,285
NZD	73,902.67	18.1900	1,344
ZAR	927,989.88	1.7750	1,647
SGD	42.12	22.2100	1

The Group disclosed the summarized information on exchange gain or loss. The realized and unrealized exchange gains amounted to \$4,275, \$18,802, \$8,349 and \$51,692 for the three months and nine months ended September 30, 2023 and 2022, respectively.

(Continued)

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 nine months ended September 30, 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 \$4,623 and \$7,953, respectively. The analytical basis was the same in both years.

(iv) Analysis in interest rates

For the nine months ended September 30, 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 \$5,158 and \$5,213. This is mainly due to the Group's time deposits in variable rate, guarantee deposited for business operations in variable rate and settlement fund in variable rate.

(v) Fair value and hierarchy information

1) Fair value information

a) General description

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

b) Definition of fair value hierarchy

i) Level 1

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

ii) Level 2

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

iii) Level 3

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Based on fair value measurement

a) Hierarchy information of fair value

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

September 30, 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	\$ 386,137	386,137	-	-
Stock investment	71,187	71,187	-	-
Financial assets at fair value through other comprehensive income	143,452	141,857	-	1,595
Liabilities:				
Financial liabilities at fair value through profit or loss				
	20,273	20,273	-	-
<u>Derivative assets and liabilities</u>				
Assets:				
Financial assets at fair value through profit or loss				
	\$ 306,584	168,732	137,852	-
Liabilities:				
Financial liabilities at fair value through profit or loss				
	46,170	41,381	4,789	-
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

<u>Assets and Liabilities items</u>	<u>September 30, 2022</u>			
	<u>Total</u>	<u>Public quote of the same financial instrument in an active market (Level 1)</u>	<u>Observable price except public quote in an active market (Level 2)</u>	<u>Based neither on direct market data nor from the counter party (Level 3)</u>
<u>Fair value evaluated on a recurring basis</u>				
<u>Non derivative assets and liabilities</u>				
Assets:				
Financial assets at fair value through profit or loss				
Beneficiary certificate	\$ 6,985	6,985	-	-
Stock investment	20,600	20,600	-	-
Financial assets at fair value through other comprehensive income	43,737	42,568	-	1,169
Liabilities:				
Financial liabilities at fair value through profit or loss	110,799	110,799	-	-
<u>Derivative assets and liabilities</u>				
Assets:				
Financial assets at fair value through profit or loss	\$ 555,843	302,602	253,241	-
Liabilities:				
Financial liabilities at fair value through profit or loss	228,459	218,779	9,680	-

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.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

iii) Transfer between Level 1 and Level 2

There is no transfer between Level 1 and Level 2 for the nine months ended September 30, 2023 and 2022.

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

(In Thousands Dollars)

Item	For the nine months ended September 30, 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	-	332	-	-	-	-	1,595

Item	For the nine months ended September 30, 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	-	(412)	-	-	-	-	1,169

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

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

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

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

	Change in fair value recognized in other comprehensive income	
	Favorable	Unfavorable
September 30, 2023		
Financial assets fair value through other comprehensive income	\$ <u>16</u>	<u>(16)</u>
December 31, 2022		
Financial assets fair value through other comprehensive income	\$ <u>13</u>	<u>(13)</u>
September 30, 2022		
Financial assets fair value through other comprehensive income	\$ <u>12</u>	<u>(12)</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.

- (p) 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.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(q) 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.

(r) Financing activities not affecting current cash flow

The Group's financing activities which did not affect the current cash flow for the nine months ended September 30, 2023 and 2022, were as follows:

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

	January 1, 2023	Cash flows	Non-cash changes			September 30, 2023
			Other	Foreign exchange movement	Fair value changes	
Lease liabilities	\$ 37,156	(23,102)	78,168	375	-	92,597
Total liabilities from financing activities	<u>\$ 37,156</u>	<u>(23,102)</u>	<u>78,168</u>	<u>375</u>	<u>-</u>	<u>92,597</u>

	January 1, 2022	Cash flows	Non-cash changes			September 30, 2022
			Other	Foreign exchange movement	Fair value changes	
Lease liabilities	\$ 47,129	(21,769)	16,620	1,611	-	43,591
Total liabilities from financing activities	<u>\$ 47,129</u>	<u>(21,769)</u>	<u>16,620</u>	<u>1,611</u>	<u>-</u>	<u>43,591</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 of related parties and their relationship with related parties

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

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Name of related party</u>	<u>Relationship with the Group</u>
Fu Tai Construction Corporation	Material related party
Other related parties	Key management personnel

(c) Key management personnel compensation

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 38,700	22,457	100,120	61,641
Post-employment benefits	352	267	964	783
Total	<u>\$ 39,052</u>	<u>22,724</u>	<u>101,084</u>	<u>62,424</u>

(d) Significant transactions with related parties

- (i) The amounts of futures trading between the Group and related parties for the three months and nine months ended September 30, 2023 and 2022 were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<u>Brokerage fee revenue</u>				
Capital Securities Corporation	\$ 7,843	7,971	24,229	21,159
Funds issued by Capital Investment Trust Corp.	672	17	837	54
Other related parties	95	113	238	461
Total	<u>\$ 8,610</u>	<u>8,101</u>	<u>25,304</u>	<u>21,674</u>

	<u>September 30,</u>	<u>December 31,</u>	<u>September 30,</u>
	<u>2023</u>	<u>2022</u>	<u>2022</u>
<u>Futures traders' equity</u>			
Capital Securities Corporation	\$ 1,658,167	2,202,884	2,305,838
Funds issued by Capital Investment Trust Corp.	262,855	275,178	272,694
Other related parties	3,742	270	343
Total	<u>\$ 1,924,764</u>	<u>2,478,332</u>	<u>2,578,875</u>

Transaction terms are the same as those with general clients.

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<u>Interest expense</u>				
Capital Securities Corporation	\$ 1	5	22	44
Funds issued by Capital Investment Trust Corp.	-	1	174	20
Total	<u>\$ 1</u>	<u>6</u>	<u>196</u>	<u>64</u>

(ii) Accounts payable and receivable:

	<u>September 30,</u>	<u>December 31,</u>	<u>September 30,</u>
	<u>2023</u>	<u>2022</u>	<u>2022</u>
<u>Accounts receivable</u>			
Capital Securities Corporation	<u>\$ 973</u>	<u>884</u>	<u>666</u>
<u>Accounts payable</u>			
Capital Securities Corporation	<u>\$ 10,375</u>	<u>12,761</u>	<u>16,112</u>
<u>Other receivables (Note 1)</u>			
Capital Securities Corporation	\$ 3,689	7,291	31,768
CSC Securities (HK) Ltd.	<u>1,240</u>	<u>123</u>	<u>214</u>
Total	<u>\$ 4,929</u>	<u>7,414</u>	<u>31,982</u>
<u>Other payables</u>			
Capital Securities Corporation (Note 2)	\$ 213	4,051	28,282
CSC Securities (HK) Ltd. (Note 3)	<u>610</u>	<u>569</u>	<u>583</u>
Total	<u>\$ 823</u>	<u>4,620</u>	<u>28,865</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 and interests to the parent company.

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Bonds purchased under resale agreements

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Bonds purchased under resale agreements	\$ <u>32,364</u>	<u>43,166</u>	<u>91,100</u>
Resale price under the agreements	\$ <u>32,382</u>	<u>43,190</u>	<u>91,142</u>
Interest rates	<u>0.95%</u>	<u>0.77%</u>	<u>0.65%~0.75%</u>
Date of repurchase	<u>2023.10.13</u>	<u>2023.01.03~2023.01.13</u>	<u>2022.10.07~2022.10.14</u>
	<u>For the three months ended September 30,</u>	<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>
Interest income	\$ <u>84</u>	<u>115</u>	<u>636</u>
			<u>234</u>

(iv) Leases

The Group signed three-year lease contracts and rented the office from Capital Securities Corporation. As of September 30, 2023, December 31 and September 30, 2022, the total value of effective contracts were all \$53,289. For the three months and nine months ended September 30, 2023 and 2022, the Group recognized the amount of \$177, \$47, \$212 and \$174 as interest expense. As of September 30, 2023, December 31 and September 30, 2022, lease liabilities amounted to \$48,840, \$10,326 and \$14,731, respectively, and refundable deposits were all amounted to \$4,633.

The Group signed five-year and three-month lease contracts and rented the office from Fu Tai Construction Corporation. As of September 30, 2023, December 31 and September 30, 2022, the total value of effective contracts were \$24,090, \$0 and \$0. For the three months and nine months ended September 30, 2023 and 2022, the Group recognized the amount of \$109, \$0, \$146 and \$0 as interest expense. As of September 30, 2023, December 31 and September 30, 2022, lease liabilities amounted to \$21,403, \$0 and \$0, respectively, and refundable deposits were amounted to \$1,165, \$0 and \$0.

The Group signed one-year lease contracts and rented the office from CSC International Holdings Ltd. As of September 30, 2023, December 31 and September 30, 2022, the total value of effective contracts were all \$552 (CNY\$127 thousands). For the three months and nine months ended September 30, 2023 and 2022, the Group all recognized the amount of \$0 as interest expense. As of September 30, 2023, December 31 and September 30, 2022, lease liabilities were amounted to \$372, \$232 and \$377, respectively, and refundable deposits were all amounted to \$140.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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 September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Capital Securities Corporation	\$ <u>228</u>	<u>213</u>	<u>680</u>	<u>627</u>

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 September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Capital Securities Corporation	\$ 4,180	2,181	9,813	11,296
CSC Securities (HK) Ltd.	442	19	749	174
	<u>\$ 4,622</u>	<u>2,200</u>	<u>10,562</u>	<u>11,470</u>

(vii) Interest income (Rent deposit interest and other)

Related parties	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Capital Securities Corporation	\$ <u>17</u>	<u>17</u>	<u>56</u>	<u>39</u>

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

Related parties	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Capital Securities Corporation	\$ <u>-</u>	<u>-</u>	<u>33</u>	<u>-</u>

(ix) Commission cost

Related parties	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Capital Securities Corporation	\$ 37,066	46,051	99,216	143,493
CSC Securities (HK) Ltd.	-	-	18	-
Total	<u>\$ 37,066</u>	<u>46,051</u>	<u>99,234</u>	<u>143,493</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(x) Information technology expenses

Related parties	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Capital Securities Corporation	\$ <u>13,360</u>	<u>12,048</u>	<u>40,080</u>	<u>36,143</u>

(xi) Stock service fees

Related parties	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Capital Securities Corporation	\$ <u>162</u>	<u>170</u>	<u>497</u>	<u>466</u>

(xii) Human resource and legal service fees

Related parties	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Capital Securities Corporation	\$ <u>75</u>	<u>75</u>	<u>225</u>	<u>225</u>

(xiii) Securities transaction fees

Related parties	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Capital Securities Corporation	\$ <u>4</u>	<u>826</u>	<u>440</u>	<u>1,153</u>

(xiv) Discretionary service commission fees

Related parties	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Capital Securities Corporation	\$ <u>98</u>	<u>-</u>	<u>248</u>	<u>-</u>

(xv) Brokerage fees - proprietary trading

Related parties	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Capital Securities Corporation	\$ 1	-	254	-
CSC Securities (HK) Ltd.	-	-	18	-
	<u>\$ 1</u>	<u>-</u>	<u>272</u>	<u>-</u>

(xvi) Management service fees

Related parties	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
CSC Securities (HK) Ltd.	\$ <u>1,145</u>	<u>1,071</u>	<u>3,319</u>	<u>2,895</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(xvii) Stationery and printing fees

<u>Related parties</u>	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Capital Securities Corporation	\$ <u>5</u>	<u>5</u>	<u>32</u>	<u>38</u>

(xviii) Consulting fees

<u>Related parties</u>	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Other related parties	\$ <u>9</u>	<u>-</u>	<u>39</u>	<u>-</u>

(8) Pledged assets:None.

(9) Significant commitments and contingencies:

The Group purchased software and hardware systems for business development. As of September 30, 2023, the Group had outstanding balance payment \$6,180.

(10) Losses due to major disasters:None.

(11) Significant subsequent events:None.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Derivative instrument transactions:

- (a) As of September 30, 2023, December 31 and September 30, 2022, the open positions of futures and option contracts were as follows:

September 30, 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	121	\$ 397,504	396,071	
	Mini Taiex Futures	Long	29	23,905	23,729	
	Mini Taiex Futures	Short	105	(86,101)	(85,907)	
	Electronic Sector Index Futures	Long	2	6,431	6,391	
	Electronic Sector Index Futures	Short	3	(9,576)	(9,586)	
	NTD Gold Futures	Long	8	6,015	5,905	
	Taiwan Stock Futures	Long	574	140,052	138,234	
	Taiwan Stock Futures	Short	2,124	(183,299)	(179,401)	
	US Dollar Index Futures	Short	45	(151,612)	(153,659)	
	Mini Taiex Weekly Futures	Long	42	34,359	34,352	
	Mini Financial Futures	Long	8	3,256	3,249	
	Mini Electronic Futures	Long	46	18,386	18,374	
	Mini DAX Futures	Short	20	(52,706)	(52,649)	
	E-Mini S&P 500 Futures	Short	130	(91,262)	(90,730)	
	CME BTC	Short	7	(29,658)	(30,362)	
	CME MBT	Short	5	(423)	(434)	
	Subtotal			25,271		

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

September 30, 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	37	\$ 112	90	
	Stock Options (Call)	Short	38	(163)	(92)	
	Stock Options (Put)	Short	10	(76)	(78)	
	Stock Options (Put)	Long	40	156	133	
	TAIEX Options (Call)	Long	3,226	47,147	42,767	
	TAIEX Options (Call)	Short	2,455	(22,494)	(15,802)	
	TAIEX Options (Put)	Long	3,963	48,884	48,984	
	TAIEX Options (Put)	Short	2,320	(21,338)	(19,987)	
	TAIEX Weekly Options (Call)	Long	921	1,749	1,777	
	TAIEX Weekly Options (Call)	Short	972	(2,723)	(2,946)	
	TAIEX Weekly Options (Put)	Long	857	2,438	2,144	
	TAIEX Weekly Options (Put)	Short	786	(1,967)	(1,475)	
	Electronic Sector Index Options(Call)	Long	4	45	43	
	Electronic Sector Index Options(Call)	Short	40	(641)	(663)	
	Electronic Sector Index Options(Put)	Long	6	26	15	
	Financial Insurance Index Options(Call)	Long	20	50	12	
	Financial Insurance Index Options(Call)	Short	26	(81)	(55)	
	Financial Insurance Index Options(Put)	Long	60	125	167	
	Financial Insurance Index Options(Put)	Short	63	(120)	(77)	
	Gold Option (Call)	Long	52	243	116	
	Gold Option (Call)	Short	28	(126)	(67)	
	Gold Option (put)	Long	97	512	559	
	Gold Option (put)	Short	56	(85)	(139)	
	Subtotal			<u>51,673</u>		
Total				<u>\$ <u>76,944</u></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

September 30, 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	227	\$ 608,692	607,114	
	TAIEX Futures	Short	17	(48,088)	(45,336)	
	Mini Taiex Futures	Long	260	175,867	174,038	
	Mini Taiex Futures	Short	552	(400,938)	(368,612)	
	Electronic Sector Index Futures	Short	7	(17,204)	(17,014)	
	Financial Insurance Index Futures	Long	9	13,189	13,051	
	Stock Futures	Long	1,099	116,353	102,276	
	Stock Futures	Short	34	(13,285)	(13,213)	
	US Dollar Index Futures	Long	25	89,210	88,967	
	US Dollar Index Futures	Short	14	(48,510)	(49,821)	
	Mini Taiex Weekly Futures	Short	95	(63,525)	(63,679)	
	Mini Financial Futures	Long	27	9,813	9,788	
	Mini Electronic Futures	Short	1	(308)	(304)	
	E-Mini S&P 500 Futures	Short	1	(592)	(572)	
	E-Mini Nasdaq 100 Futures	Short	12	(9,075)	(8,409)	
	Nikkei 225 Index Futures	Short	2	(8,276)	(8,238)	
	Mini S&P 500 Futures	Short	15	(87,074)	(85,761)	
	Coffee Futures	Short	3	(7,960)	(7,913)	
	E-Mini Russell 2000 Index Futures	Short	5	(13,452)	(13,254)	
	Chicago SRW Wheat Futures	Long	10	14,618	14,629	
	Canadian Dollar Futures	Short	1	(2,316)	(2,299)	
	DAX Futures	Short	3	(28,303)	(28,448)	
	Subtotal			<u>278,836</u>		

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

September 30, 2022

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	3	\$ 55	4	
	Stock Options (Put)	Short	2	(55)	(133)	
	TAIEX Options (Call)	Long	8,111	34,871	18,596	
	TAIEX Options (Call)	Short	9,960	(52,916)	(35,316)	
	TAIEX Options (Put)	Long	6,349	94,045	145,932	
	TAIEX Options (Put)	Short	5,802	(84,835)	(165,180)	
	TAIEX Weekly Options (Call)	Long	3,043	6,838	7,151	
	TAIEX Weekly Options (Call)	Short	3,120	(7,752)	(7,629)	
	TAIEX Weekly Options (Put)	Long	2,995	6,419	6,592	
	TAIEX Weekly Options (Put)	Short	2,566	(7,381)	(7,157)	
	Electronic Sector Index Options (Call)	Long	33	161	14	
	Electronic Sector Index Options (Call)	Short	24	(178)	(191)	
	Electronic Sector Index Options (Put)	Short	32	(516)	(2,720)	
	Financial Insurance Index Options (Call)	Long	81	247	132	
	Financial Insurance Index Options (Call)	Short	93	(451)	(227)	
	Financial Insurance Index Options (Put)	Long	111	633	1,000	
	Financial Insurance Index Options (Put)	Short	11	(81)	(226)	
	Subtotal			(10,896)		
Total				\$ <u>267,940</u>		

(b) As of September 30, 2023, December 31 and September 30, 2022, the nominal amount of open positions of leverage derivatives contracts were as follows:

Item	September 30, 2023	December 31, 2022	September 30, 2022
Leverage derivatives- long	\$ <u>2,804,699</u>	<u>4,078,689</u>	<u>3,063,243</u>
Leverage derivatives- short	\$ <u>2,805,581</u>	<u>4,059,360</u>	<u>3,056,022</u>
Equity derivatives- long	\$ <u>187,632</u>	<u>352,576</u>	<u>154,718</u>
Equity derivatives- short	\$ <u>187,633</u>	<u>352,547</u>	<u>154,721</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

Art.	Calculation formula	Current Period		Last Period		Standard	Enforcement
		Calculation	Ratio	Calculation	Ratio		
17	Stockholders' equity	6,980,004	5.08	6,561,295	3.79	≥ 1	Satisfactory to requirement
	(Total liabilities– futures traders' equity)			1,374,701			
17	Current Assets	44,589,125	1.13	47,807,099	1.12	≥ 1	"
	Current Liabilities	39,326,253		42,620,642			
22	Stockholders' equity	6,980,004	626.01 %	6,561,295	588.46 %	≥ 60%	"
	Minimum paid-in capital	1,115,000		1,115,000		≥ 40%	
22	Post-adjustment net capital	5,221,767	63.29 %	4,613,631	55.80 %	≥ 20%	"
	Total customer margin deposits required for open positions of customers			8,250,051		8,268,683	

(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	64,021	64,021	-	9.97%	1	5,245		-		-	212,749	1,063,743
1	CSC Futures (HK) Ltd.	F611702	Account receivables -Customer	No	448,147	448,147	24,008	6.22%~ 7.47%	1	173,114		-		-	448,147	1,063,743
1	CSC Futures (HK) Ltd.	F613059	Account receivables -Customer	No	96,032	96,032	-	8.97%	1	16,197		-		-	212,749	1,063,743
1	CSC Futures (HK) Ltd.	F612688	Account receivables -Customer	No	16,005	16,005	-	7.97%	1	390		-		-	212,749	1,063,743
1	CSC Futures (HK) Ltd.	F612687	Account receivables -Customer	No	-	-	-	7.97%	1	114		-		-	212,749	1,063,743
1	CSC Futures (HK) Ltd.	F612851	Account receivables -Customer	No	64,021	64,021	-	7.97%	1	3,519		-		-	212,749	1,063,743
1	CSC Futures (HK) Ltd.	F613091	Account receivables -Customer	No	48,016	48,016	-	7.97%	1	11,458		-		-	212,749	1,063,743

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	5,736	General transaction	0.34%
2	Capital True Partner Technology Co., Ltd.	CSC Futures (HK) Ltd.	3	Other operating revenue	5,736	General transaction	0.34%
1	CSC Futures (HK) Ltd.	Capital True Partner Technology Co., Ltd.	3	Other payables	5,444		0.01%
2	Capital True Partner Technology Co., Ltd.	CSC Futures (HK) Ltd.	3	Accounts receivable	5,444		0.01%
2	Capital True Partner Technology Co., Ltd.	Capital Futures Corp.	2	Other operating revenue	16,766	General transaction	1.00%

(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			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Capital Futures Corp.	Capital True Partner Technology Co., Ltd.	1	Professional service fees	16,766	General transaction	1.00%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Futures traders' equity	669,861		1.35%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Customers' margin account	669,859		1.35%
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	4,871,691		9.79%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Customers' margin account	4,331,285		8.71%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Customers' margin account	540,406		1.09%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Futures commission revenue	9,882	General transaction	0.59%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Futures commission expenses	9,882	General transaction	0.59%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Brokerage fee revenue	77,429	General transaction	4.62%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Futures commission expenses	77,429	General transaction	4.62%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Interest revenue	14,510	General transaction	0.87%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Financial cost	14,510	General transaction	0.87%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Other payables	5,892		0.01%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Other receivables	5,892		0.01%
3	Capital International Technology Corp.	Capital Futures Corp.	2	Professional service revenue	1,792	General transaction	0.11%
0	Capital Futures Corp.	Capital International Technology Corp.	1	Repair expenses	1,792	General transaction	0.11%

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 September 30, 2023			Revenue of investee	Net income (losses) of investee	Share of profits/losses of investee	Cash dividend	Note
						September 30, 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 %	1,063,743	238,307	58,611	58,611	-	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 %	20,540	1,792	(5,961)	(5,961)	-	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 September 30, 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	1,070	51.00%	51.00%	546 B (3)	10,469	-
Capital Futures Technology (Shanghai) Co., Ltd.	Management consulting and information service business	18,863	(C)	18,863	-	-	18,863	(3,952)	100.00%	100.00%	(3,952) B (3)	3,802	-

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

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

Note 2: Investment gains and losses recognized during the period

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

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

(ii) Limitation on investment in Mainland China:

(In Thousands of New Taiwan Dollars)

Company Name	Accumulated Investment in Mainland China as of September 30, 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 and nine months ended September 30, 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 September 30, 2023				
	Brokerage business	Others	Adjustment and elimination	Total
Segment revenue	\$ 643,081	389,750	(281,050)	751,781
Segment profit or loss	\$ 237,793	108,976	-	346,769
For the three months ended September 30, 2022				
	Brokerage business	Others	Adjustment and elimination	Total
Segment revenue	\$ 677,047	152,987	(100,140)	729,894
Segment profit or loss	\$ 274,648	5,389	-	280,037
For the nine months ended September 30, 2023				
	Brokerage business	Others	Adjustment and elimination	Total
Segment revenue	\$ 1,792,557	651,278	(769,134)	1,674,701
Segment profit or loss	\$ 727,911	238,337	-	966,248

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the nine months ended September 30, 2022			
	Brokerage business	Others	Adjustment and elimination	Total
Segment revenue	\$ 1,918,054	354,725	(177,027)	2,095,752
Segment profit or loss	\$ 626,690	27,806	-	654,496

(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 Nine Months Ended September 30, 2023 and 2022

Table of contents

Contents	Page
1. Cover Page	60
2. Table of Contents	61
3. Securities Dealing Department's Balance Sheets	62
4. Securities Dealing Department's Statements of Comprehensive Income	63
5. Notes to the Financial Statements of Securities Dealing Department	
(1) Company history	64
(2) Approval date and procedures of the financial statements	64
(3) New standards, amendments and interpretations adopted	64
(4) Summary of material accounting policies	64
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	64
(6) Explanation of significant accounts	64~70
(7) Related-party transactions	70~71
(8) Pledged assets	72
(9) Significant commitments and contingencies	72
(10) Losses due to major disasters	72
(11) Significant subsequent events	72
(12) Other	72
(13) Other disclosures	
(a) Information on significant transactions	72
(b) Information on investees	72
(c) Information on overseas branches and representative offices	72
(d) Information on investment in Mainland China	72
(e) Major shareholders	72
(14) Segment information	72

(English Translation of Financial Statements of Securities Dealing Department Originally Issued in Chinese)

CAPITAL FUTURES CORPORATION
Securities Dealing Department's Balance Sheets
September 30, 2023, December 31, 2022, and September 30, 2022
(Expressed in Thousands of New Taiwan Dollars)

Assets		September 30, 2023		December 31, 2022		September 30, 2022		Liabilities and Equity		September 30, 2023		December 31, 2022		September 30, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
111100	Cash and cash equivalents (Note 6(a))	\$ 795,678	78	894,994	69	777,885	71	212000	Financial liabilities at fair value through profit or loss- current (Note 6(d))	\$ 6,877	1	219,709	17	110,799	10
112000	Financial assets at fair value through profit or loss- current (Note 6(b))	74,137	7	18,571	2	20,534	2	214130	Accounts payable	26,366	2	7,760	1	8,597	1
113200	Financial assets at fair value through comprehensive income- current (Note 6(b))	12,635	1	43,686	3	42,568	4	214170	Other payables	803	-	2,671	-	1,597	-
114010	Bonds purchased under resale agreements(Note 6(b))	90,063	9	-	-	-	-	216000	Lease liabilities- current	118	-	82	-	105	-
114100	Security borrowing margin	12,814	1	318,164	24	223,071	20			34,164	3	230,222	18	121,098	11
114130	Accounts receivable	14,421	2	8,837	1	8,858	1	Non-current liabilities:							
114150	Prepayments	6	-	32	-	68	-	226000	Lease liabilities- non-current	186	-	4	-	11	-
114170	Other receivables	3,007	-	5,176	-	396	-	229110	Inter-department accounts, credit(note6(e))	14,308	2	95,989	7	-	-
114600	Current income tax assets	368	-	124	-	37	-	Total liabilities		48,658	5	326,215	25	121,109	11
		1,003,129	98	1,289,584	99	1,073,417	98	Equity:							
Non-current assets:								301110	Assigned working capital	800,000	78	800,000	61	800,000	73
125000	Property and equipment	1,887	-	389	-	272	-	304000	Retained earnings	178,755	17	190,284	15	180,262	17
125800	Right-of-use assets	303	-	85	-	115	-	305000	Other equity	(3,258)	-	(8,171)	(1)	(9,289)	(1)
127000	Intangible assets	3	-	3	-	11	-	Total equity		975,497	95	982,113	75	970,973	89
129000	Other non-current assets (Note 6(c))	18,833	2	18,267	1	18,267	2	Total liabilities and equity		\$ 1,024,155	100	1,308,328	100	1,092,082	100
		21,026	2	18,744	1	18,665	2								
Total assets		\$ 1,024,155	100	1,308,328	100	1,092,082	100								

See accompanying notes to financial statements of securities dealing department.

(English Translation of Financial Statements of Securities Dealing Department Originally Issued in Chinese)

CAPITAL FUTURES CORPORATION

Securities Dealing Department's Statements of Comprehensive Income

For the three months and nine months ended September 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended September 30,				For the nine months ended September 30,				
	2023		2022		2023		2022		
	Amount	%	Amount	%	Amount	%	Amount	%	
Income:									
410000	Net gains (losses) on sale of trading securities	\$ (143,348)	(390)	(2,916)	(9)	(128,306)	(1,050)	(30,463)	(263)
421300	Dividend revenue	51,434	140	2,625	8	134,186	1,098	4,466	38
421500	Net gains (losses) on measurement of trading securities at fair value through profit or loss	55,159	150	1,736	5	(1,494)	(12)	412	4
421600	Net gains (losses) on covering of borrowed securities and bonds with resale agreements-short sales	(27)	-	2,196	7	(11,868)	(97)	2,196	19
421610	Net gains (losses) on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss	(425)	(1)	24,317	76	(6,099)	(50)	24,317	210
428000	Other operating revenue	468	1	4,065	13	1,360	11	10,674	92
		<u>(36,739)</u>	<u>(100)</u>	<u>32,023</u>	<u>100</u>	<u>(12,221)</u>	<u>(100)</u>	<u>11,602</u>	<u>100</u>
Expenses:									
502000	Brokerage fees- proprietary trading	97	-	30	-	171	1	142	1
521200	Financial costs	1	-	-	-	2	-	2	-
521640	Loss from securities borrowing transactions	298	1	190	1	298	2	190	2
528000	Other operating expenditure	-	-	-	-	-	-	116	1
531000	Employee benefits expense	747	2	639	2	1,291	11	3,127	27
532000	Depreciation and amortization expense	116	-	138	-	305	3	482	4
533000	Other operating expenses	2,935	8	2,268	7	5,991	49	6,652	57
		<u>4,194</u>	<u>11</u>	<u>3,265</u>	<u>10</u>	<u>8,058</u>	<u>66</u>	<u>10,711</u>	<u>92</u>
	Net operating income (loss)	<u>(40,933)</u>	<u>(111)</u>	<u>28,758</u>	<u>90</u>	<u>(20,279)</u>	<u>(166)</u>	<u>891</u>	<u>8</u>
Non-operating income and expenses:									
602000	Other gains and losses	2,111	6	1,501	5	8,104	66	3,135	27
		<u>2,111</u>	<u>6</u>	<u>1,501</u>	<u>5</u>	<u>8,104</u>	<u>66</u>	<u>3,135</u>	<u>27</u>
902001	Net income (loss) before income tax	<u>(38,822)</u>	<u>(105)</u>	<u>30,259</u>	<u>95</u>	<u>(12,175)</u>	<u>(100)</u>	<u>4,026</u>	<u>35</u>
701000	Less: Income tax expenses	-	-	-	-	-	-	-	-
	Net income (loss)	<u>(38,822)</u>	<u>(105)</u>	<u>30,259</u>	<u>95</u>	<u>(12,175)</u>	<u>(100)</u>	<u>4,026</u>	<u>35</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	(1,824)	(5)	(2,879)	(9)	5,559	46	(11,975)	(103)
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>(1,824)</u>	<u>(5)</u>	<u>(2,879)</u>	<u>(9)</u>	<u>5,559</u>	<u>46</u>	<u>(11,975)</u>	<u>(103)</u>
805000	Other comprehensive income	<u>(1,824)</u>	<u>(5)</u>	<u>(2,879)</u>	<u>(9)</u>	<u>5,559</u>	<u>46</u>	<u>(11,975)</u>	<u>(103)</u>
902006	Total comprehensive income	<u><u>\$ (40,646)</u></u>	<u><u>(110)</u></u>	<u><u>27,380</u></u>	<u><u>86</u></u>	<u><u>(6,616)</u></u>	<u><u>(54)</u></u>	<u><u>(7,949)</u></u>	<u><u>(68)</u></u>

See accompanying notes to financial statements of securities dealing department.

(English Translation of Financial Statements of Securities Dealing Department Originally Issued in Chinese)

CAPITAL FUTURES CORPORATION

Notes to the Financial Statements of Securities Dealing Department

For the three months and nine months ended September 30, 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 November 10, 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 material 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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Demand deposits	\$ 176,678	99,574	110,285
Time deposits	619,000	795,420	667,600
Total	<u>\$ 795,678</u>	<u>894,994</u>	<u>777,885</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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Trading securities- proprietary trading	\$ 75,443	17,938	20,501
Trading securities- proprietary trading valuation adjustment	(1,306)	633	33
Total	<u>\$ 74,137</u>	<u>18,571</u>	<u>20,534</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 nine months ended September 30, 2023 and 2022 will increase \$741 and \$205, 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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Equity investments at fair value through other comprehensive income			
Listed stocks	\$ 15,893	51,857	51,857
Valuation adjustment	(3,258)	(8,171)	(9,289)
Total	<u>\$ 12,635</u>	<u>43,686</u>	<u>42,568</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 and nine months ended September 30, 2023 and 2022, the dividends of \$0, \$663, \$124 and \$1,001, related to equity investment at fair value through other comprehensive income held on the years then ended, respectively, were recognized. For investments in equity securities disposed of for the three months and nine months ended September 30, 2023 and 2022, the dividends of \$0, \$0, \$124 and \$0 were recognized in the reported periods.

During the three months and nine months ended September 30, 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 \$0, \$0, \$36,610 and \$0, respectively, and cumulative dispose gains for the three months and nine months ended September 30, 2023 and 2022, amounted to \$0, \$0, \$646 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

(iii) Bonds purchased under resale agreements

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Bonds purchased under resale agreements	\$ <u>90,063</u>	<u>-</u>	<u>-</u>
Resale price under the agreements	\$ <u>90,080</u>	<u>-</u>	<u>-</u>
Interest rates	<u>0.95%</u>	<u>-</u>	<u>-</u>
Date of repurchase	<u>2023.10.03</u>	<u>-</u>	<u>-</u>

(c) Other non-current assets

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Guarantee deposited for business operations	\$ 10,000	10,000	10,000
Settlement fund	<u>8,833</u>	<u>8,267</u>	<u>8,267</u>
Total	<u>\$ 18,833</u>	<u>18,267</u>	<u>18,267</u>

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Liabilities on sale of borrowed securities - non-hedging	\$ 6,453	229,276	135,116
Liabilities on sale of borrowed securities valuation adjustment - non-hedging	424	(9,567)	(24,317)
Total	<u>\$ 6,877</u>	<u>219,709</u>	<u>110,799</u>

(e) Inter-department accounts, credit

September 30, 2023, December 31 and September 30, 2022, the Department and the Company's futures department inter-department transactions of \$14,308, \$95,989 and \$0.

(f) Financial Instruments

(i) Credit risk

The carrying amount of financial assets represents the maximum credit exposure. As of September 30, 2023, December 31 and September 30, 2022, the maximum credit exposure amounted to \$1,021,588, \$1,307,695 and \$1,091,579, respectively.

(Continued)

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

(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>
September 30, 2023							
Financial liabilities at fair value through profit or loss	\$ 6,877	6,877	6,877	-	-	-	-
Accounts payable	26,366	26,366	26,366	-	-	-	-
Other payables	803	803	803	-	-	-	-
Lease liabilities	304	313	62	62	115	74	-
Total	\$ 34,350	34,359	34,108	62	115	74	-
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	-	-
September 30, 2022							
Financial liabilities at fair value through profit or loss	\$ 110,799	110,799	110,799	-	-	-	-
Accounts payable	8,597	8,597	8,597	-	-	-	-
Other payables	1,597	1,597	1,597	-	-	-	-
Lease liabilities	116	117	61	45	11	-	-
Total	\$ 121,109	121,110	121,054	45	11	-	-

(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>September 30, 2023</u>		
	<u>Foreign currency (dollar)</u>	<u>Exchange rate</u>	<u>New Taiwan Dollars</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
SGD	\$ 2,676.41	23.5300	63

(Continued)

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

December 31, 2022			
	Foreign currency (dollar)	Exchange rate	New Taiwan Dollars
<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
September 30, 2022			
	Foreign currency (dollar)	Exchange rate	New Taiwan Dollars
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 2,008,941.55	31.7500	63,784
<u>Financial liabilities</u>			
<u>Monetary items</u>			
SGD	1,704.00	22.2100	38

For the three months and nine months ended September 30, 2023 and 2022, the foreign exchange gains (losses) (including realized and unrealized) were \$468, \$4,065, \$1,360 and \$10,674, respectively.

2) 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 nine months ended September 30, 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 \$1 and \$510, respectively. The analytical basis was the same in both years.

(iv) Analysis in interest rates

For the nine months ended September 30, 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 \$53 and \$50. This is mainly due to the Department's settlement fund in variable rate.

(Continued)

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

(v) 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.

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:

		<u>September 30, 2023</u>			
<u>Assets and Liabilities items</u>	<u>Total</u>	<u>Public quote of the same financial instrument in an active market (Level 1)</u>	<u>Observable price except public quote in an active market (Level 2)</u>	<u>Based neither on direct market data nor from the counter party (Level 3)</u>	
<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	\$ 74,137	74,137	-	-	
Financial assets at fair value through other comprehensive income					
Stock investment	12,635	12,635	-	-	
Liabilities :					
Financial liabilities at fair value through profit or loss	6,877	6,877	-	-	
		<u>December 31, 2022</u>			
<u>Assets and Liabilities items</u>	<u>Total</u>	<u>Public quote of the same financial instrument in an active market (Level 1)</u>	<u>Observable price except public quote in an active market (Level 2)</u>	<u>Based neither on direct market data nor from the counter party (Level 3)</u>	
<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	-	-	

(Continued)

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

Assets and Liabilities items	Total	September 30, 2022		
		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				
Stock investment	\$ 20,534	20,534	-	-
Financial assets at fair value through other comprehensive income				
Stock investment	42,568	42,568	-	-
Liabilities:				
Financial liabilities at fair value through profit or loss	\$ 110,799	110,799	-	-

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 of related parties and their relationship with related parties

The followings are related parties that have had transactions with the Company during the periods covered in the Department.

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

(c) Key management personnel compensation : None.

(Continued)

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

(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 September 30, 2023, December 31 and September 30, 2022, the total value of effective contracts of were \$266, \$291 and \$291, respectively. For the three months and nine months ended September 30, 2023 and 2022, the Department recognized the amount of \$1, \$0, \$1 and \$2 as interest expense. As of September 30, 2023, December 31 and September 30, 2022, lease liabilities were amounted to \$244, \$57 and \$81, respectively.

(ii) Prepaid repair and maintenance expenses

<u>Related parties</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Capital International Technology Co., Ltd.	\$ <u> -</u>	<u> -</u>	<u> 16</u>

(iii) 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:

<u>Related parties</u>	<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Capital Securities Corporation	\$ <u> 24</u>	<u> 72</u>

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

(iv) Information technology expenses

<u>Related parties</u>	<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Capital Securities Corporation	\$ <u> 405</u>	<u> 728</u>

(v) Repair and maintenance expenses

<u>Related parties</u>	<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>
Capital International Technology Co., Ltd.	\$ <u> 19</u>	<u> 48</u>

(Continued)

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

(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.

(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.