

**CAPITAL FUTURES CORPORATION****Financial Statements**

**With Independent Auditors' Report  
For the Years Ended December 31, 2023 and 2022**

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

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## Independent Auditors' Report

To the Board of Directors of Capital Futures Corporation

### Opinion

We have audited the financial statements of Capital Futures Corporation (“the Company”), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, the related rules of Preparing Financial Reports of Managed Futures Enterprises and the Regulations Governing the Preparation of Financial Reports by Securities Firms.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Key Audit Matters

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

Brokerage fee revenue recognized:

Related accounting policies of brokerage fee revenue recognized, please refer to Note 4(n) revenue recognition. Explanation of brokerage fee revenue, please refer to the financial report Note 6(n)(i) comprehensive income statement brokerage fee revenue.

Explanation of key audit matters:

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

Audit procedures in response:

According to the key audit matters as described above, we perform main audit procedures including the sampling test on brokerage business dealing internal control and brokerage fee revenue recorded amount, then compare with the entrusted data from brokerage business and evaluate the revenue recognized policies in compliance with the related bulletin.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Wu, Cheng-Yen and Chen, Yi-Jen.

KPMG

Taipei, Taiwan (Republic of China)

March 12, 2024

#### **Notes to Readers**

The accompanying financial statements are intended only to present the 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 audit such financial statements are those generally accepted and applied in the Republic of China.

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(English Translation of Financial Statements Originally Issued in Chinese)

## CAPITAL FUTURES CORPORATION

## Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2023		December 31, 2022		Liabilities and Equity		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
111100	Cash and cash equivalents (Note 6(a))	\$ 5,062,327	11	4,513,256	10	212000	Financial liabilities at fair value through profit or loss- current (Note 6(b))	\$ 226,781	1	844,885	2
112000	Financial assets at fair value through profit or loss- current (Note 6(b))	764,009	2	574,711	1	214080	Futures traders' equity (Note 6(f))	37,736,980	81	38,496,045	81
113200	Financial assets at fair value through other comprehensive income- current (Note 6(b))	13,243	-	43,686	-	214100	Leverage contract trading - customers' equity	733,533	2	849,887	2
114010	Bonds purchased under resale agreements (Note 6(b))	91,634	-	43,166	-	214130	Accounts payable	115,216	-	50,890	-
114070	Customers margin accounts (Note 6(f))	37,787,311	81	38,527,278	81	214140	Accounts payable- related parties (Note 7)	8,956	-	12,761	-
114080	Receivable - futures margin (Note 6(g))	-	-	7	-	214150	Advance receipts	1,970	-	2,215	-
114090	Security borrowing collateral price	117,392	-	473,545	1	214160	Receipts under custody	4,953	-	5,149	-
114100	Security borrowing margin	88,680	-	868,437	2	214170	Other payables	199,740	-	205,506	1
114130	Accounts receivable	43,391	-	10,362	-	214180	Other payables- related parties (Note 7)	5,758	-	10,826	-
114140	Accounts receivable- related parties (Note 7)	1,118	-	884	-	214600	Current income tax liabilities	162,806	-	82,787	-
114150	Prepayments	2,463	-	35,111	-	215100	Provisions- current	6,938	-	6,039	-
114170	Other receivables	66,833	-	42,743	-	216000	Lease liabilities- current (Note 6(i))	26,513	-	15,019	-
114180	Other receivables- related parties (Note 7)	3,649	-	7,291	-	219000	Other current liabilities	39,975	-	13,751	-
114300	Leverage contract trading-customers' margin accounts	712,455	2	856,021	2			39,269,119	84	40,595,760	86
		<u>44,754,505</u>	<u>96</u>	<u>45,996,498</u>	<u>97</u>						
<b>Non-current assets:</b>						<b>Non-current liabilities:</b>					
123200	Financial assets at fair value through other comprehensive income- non- current (Note 6(b))	130,833	1	1,263	-	226000	Lease liabilities- non-current (Note 6(i))	52,218	-	10,315	-
124100	Investments under equity method (Note 6(c))	1,053,613	2	985,309	2	228000	Deferred income tax liabilities (Note 6(k))	30,231	-	37,828	-
125000	Property and equipment (Note 6(d))	129,958	-	36,012	-			82,449	-	48,143	-
125800	Right-of-use assets (Note 6(e))	78,547	-	25,162	-	906003	<b>Total liabilities</b>	<u>39,351,568</u>	<u>84</u>	<u>40,643,903</u>	<u>86</u>
127000	Intangible assets (Note 6(h))	51,287	-	48,030	-	301010	Common stock (Note 6(l))	2,104,376	4	2,104,376	4
129000	Other non-current assets	326,274	1	333,017	1	302000	Capital surplus (Note 6(l))	1,663,251	4	1,663,251	4
		1,770,512	4	1,428,793	3	304010	Legal reserve	757,377	2	678,939	1
		<u>1,770,512</u>	<u>4</u>	<u>1,428,793</u>	<u>3</u>	304020	Special reserve	1,650,772	4	1,579,617	3
						304040	Unappropriated earnings (Note 6(l))	1,010,085	2	785,292	2
						305000	Other equity	(12,412)	-	(30,087)	-
						906004	<b>Total equity</b>	<u>7,173,449</u>	<u>16</u>	<u>6,781,388</u>	<u>14</u>
906001	<b>Total assets</b>	<u>\$ 46,525,017</u>	<u>100</u>	<u>47,425,291</u>	<u>100</u>	906002	<b>Total liabilities and equity</b>	<u>\$ 46,525,017</u>	<u>100</u>	<u>47,425,291</u>	<u>100</u>

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

## CAPITAL FUTURES CORPORATION

## Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
<b>Income:</b>					
401000	Brokerage fee revenue (Note 6(n))	\$ 1,734,612	87	2,128,288	82
410000	Net gains (losses) on sale of trading securities	(126,081)	(6)	(7,830)	-
421300	Dividend revenue	134,409	7	4,589	-
421500	Net gains (losses) on measurement of trading securities at fair value through profit or loss	8,815	-	1,031	-
421600	Net gains (losses) on covering of borrowed securities and bonds with resale agreements-short sales	(78,525)	(4)	11,210	-
421610	Net gains (losses) on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss	(18,733)	(1)	19,315	1
424200	Securities commission revenue	12,761	1	14,122	1
424400	Net gains (losses) on derivative instruments- futures (Note 6(n))	222,589	11	224,289	9
424500	Net gains (losses) on derivative instruments - OTC (Note 6(n))	102,359	5	169,949	7
424800	Management fee revenue	3,377	-	685	-
424900	Consulting fee revenue	6,418	-	13,916	-
428000	Other operating revenue	1,025	-	8,041	-
		<u>2,003,026</u>	<u>100</u>	<u>2,587,605</u>	<u>100</u>
<b>Expenses:</b>					
501000	Brokerage fees	243,617	12	297,580	12
502000	Brokerage fees - proprietary trading	6,889	-	13,031	1
521200	Financial costs	63,714	3	23,795	1
521640	Loss from securities borrowing transactions	8	-	190	-
425300	Expected credit impairment losses and reversal gains (Note 6(o))	(299)	-	(264)	-
524100	Futures commission expenses (Note 6(n))	372,312	19	477,280	18
524300	Clearing and settlement expenses	167,457	8	207,540	8
528000	Other operating expenditure	6,146	-	7,624	-
531000	Employee benefit expenses (Note 6(n))	572,204	29	551,714	21
532000	Depreciation and amortization expenses (Note 6(n))	52,747	3	49,517	2
533000	Other operating expenses (Note 6(n))	417,165	21	457,079	18
		<u>1,901,960</u>	<u>95</u>	<u>2,085,086</u>	<u>81</u>
	<b>Net operating income</b>	<u>101,066</u>	<u>5</u>	<u>502,519</u>	<u>19</u>
<b>Non-operating income and expenses:</b>					
601100	Shares of profit of associates and joint ventures under equity method (Note 6(c))	71,338	4	4,803	-
602000	Other gains and losses (Note 6(n))	1,103,310	55	450,307	18
		<u>1,174,648</u>	<u>59</u>	<u>455,110</u>	<u>18</u>
902001	<b>Net income before income tax</b>	1,275,714	64	957,629	37
701000	<b>Less: Income tax expenses (Note 6(k))</b>	265,518	13	175,769	7
	<b>Net income</b>	<u>1,010,196</u>	<u>51</u>	<u>781,860</u>	<u>30</u>
<b>Other comprehensive income:</b>					
805500	<b>Components that may not be reclassified subsequently to profit or loss:</b>				
805510	Actuarial gain (loss) on defined benefit plans (Note 6(j))	(934)	-	2,515	-
805540	Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income	21,355	1	(11,175)	-
805599	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	<b>Subtotal of components that may not be reclassified subsequently into profit or loss</b>	<u>20,421</u>	<u>1</u>	<u>(8,660)</u>	<u>-</u>
805600	<b>Components that may be reclassified subsequently to profit or loss:</b>				
805610	Exchange differences on translation of foreign operations	(2,915)	-	94,562	4
805660	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(119)	-	203	-
805699	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	<b>Subtotal of components that may be reclassified subsequently to profit or loss</b>	<u>(3,034)</u>	<u>-</u>	<u>94,765</u>	<u>4</u>
805000	<b>Other comprehensive income</b>	<u>17,387</u>	<u>1</u>	<u>86,105</u>	<u>4</u>
902006	<b>Total comprehensive income</b>	<u>\$ 1,027,583</u>	<u>52</u>	<u>867,965</u>	<u>34</u>
975000	<b>Basic earnings per share (NT dollars) (Note 6(m))</b>	<u>\$ 4.80</u>		<u>3.72</u>	
985000	<b>Diluted earnings per share (NT dollars) (Note 6(m))</b>	<u>\$ 4.79</u>		<u>3.71</u>	

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

**CAPITAL FUTURES CORPORATION****Statements of Changes in Equity****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	Stock		Retained earnings			Other equity			Total 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	
<b>Balance at January 1, 2022</b>	\$ 2,104,376	1,663,621	626,803	1,446,574	522,796	(117,825)	4,148	(2,129)	6,248,364
Net income for the year ended December 31, 2022	-	-	-	-	781,860	-	-	-	781,860
Other comprehensive income	-	-	-	-	2,515	94,765	(11,175)	-	86,105
Total comprehensive income	-	-	-	-	784,375	94,765	(11,175)	-	867,965
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	52,136	-	(52,136)	-	-	-	-
Special reserve	-	-	-	104,273	(104,273)	-	-	-	-
Cash dividends	-	-	-	-	(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
Difference between consideration and carrying amount of subsidiaries acquired	-	(370)	-	-	-	-	-	-	(370)
<b>Balance at December 31, 2022</b>	2,104,376	1,663,251	678,939	1,579,617	785,292	(23,060)	(7,027)	-	6,781,388
Net income for the year ended December 31, 2023	-	-	-	-	1,010,196	-	-	-	1,010,196
Other comprehensive income	-	-	-	-	(934)	(3,034)	21,355	-	17,387
Total comprehensive income	-	-	-	-	1,009,262	(3,034)	21,355	-	1,027,583
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	78,438	-	(78,438)	-	-	-	-
Special reserve	-	-	-	156,874	(156,874)	-	-	-	-
Cash dividends	-	-	-	-	(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)	-	-
<b>Balance at December 31, 2023</b>	\$ 2,104,376	1,663,251	757,377	1,650,772	1,010,085	(26,094)	13,682	-	7,173,449

See accompanying notes to financial statements.



(English Translation of Financial Statements Originally Issued in Chinese)

## CAPITAL FUTURES CORPORATION

## Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
<b>Cash flows from (used in) operating activities:</b>		
Net income before income tax	\$ 1,275,714	957,629
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	47,421	43,172
Amortization expense	5,326	6,345
Expected credit impairment reversal gain	(299)	(264)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	8,978	(21,029)
Interest expense	63,714	23,795
Interest income (including financial income)	(1,100,337)	(409,651)
Dividend revenue	(395,452)	(5,116)
Shares of (profit) loss of associates and joint ventures under equity method	(71,338)	(4,803)
Loss (gain) on lease modification	(5)	-
Loss on disposal of Joint Venture	-	1,210
<b>Total adjustments to reconcile profit (loss)</b>	<u>(1,441,992)</u>	<u>(366,341)</u>
<b>Changes in operating assets and liabilities:</b>		
Increase in financial assets at fair value through profit or loss	(179,543)	(216,276)
Decrease (increase) in bond purchased under resale agreements	(48,468)	40,847
Decrease (increase) in customer margin accounts	739,967	(772,727)
Decrease in receivable-futures margin	306	257
Decrease (increase) in leverage contract trading - customer's margin accounts	143,566	(231,789)
Decrease (increase) in security borrowing margin	779,757	(868,437)
Decrease (increase) in security borrowing collateral price	356,153	(473,545)
Decrease (increase) in accounts receivable	(33,029)	7,485
Decrease (increase) in accounts receivable - related parties	(234)	2,127
Increase in prepayments	(98)	(31,829)
Decrease (increase) in other receivables	3,450	(4,118)
Decrease (increase) in other receivables- related parties	3,652	(3,437)
Increase in net defined benefit assets	(2,563)	(5,580)
Decrease in other current assets	-	2
Decrease (increase) in clearing and settlement fund	9,708	(10,440)
Decrease (increase) in refundable deposits	(1,336)	150
Increase (decrease) in financial liabilities at fair value through profit or loss	(636,837)	796,394
Increase (decrease) in futures traders' equity	(759,065)	761,002
Increase (decrease) in leverage contract trading - customer's equity	(116,354)	219,057
Increase in accounts payable	64,326	6,574
Increase (decrease) in accounts payable - related parties	(3,805)	1,313
Decrease in advance receipts	(245)	(1,037)
Increase (decrease) in receipts under custody	(196)	272
Increase (decrease) in other payables	(6,466)	80,783
Increase (decrease) in other payables - related parties	(5,365)	316
Increase in provisions for liabilities	899	421
Increase in other current liabilities	25,224	3,983
<b>Total changes in operating assets and liabilities</b>	<u>333,404</u>	<u>(698,232)</u>
<b>Total adjustments</b>	<u>(1,108,588)</u>	<u>(1,064,573)</u>
Cash inflow (outflow) generated from operations	167,126	(106,944)
Interest received	1,075,214	380,548
Dividends received	393,025	5,182
Interest paid	(62,863)	(21,780)
Income taxes paid	(193,096)	(109,691)
<b>Net cash flows from operating activities</b>	<u>1,379,406</u>	<u>147,315</u>
<b>Cash flows from (used in) investing activities:</b>		
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 investments accounted for using equity method	-	(23,653)
Proceeds from disposal of non-current assets classified as held for sale	-	51,031
Acquisition of property and equipment	(84,191)	(20,724)
Acquisition of intangible assets	(7,008)	(2,291)
Increase in prepayments for business facilities	(1,170)	-
<b>Net cash flows used in investing activities</b>	<u>(170,141)</u>	<u>(21,912)</u>
<b>Cash flows from (used in) financing activities:</b>		
Cash dividends paid	(635,522)	(336,700)
Payments of lease liabilities	(24,672)	(21,834)
<b>Net cash flows used in financing activities</b>	<u>(660,194)</u>	<u>(358,534)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	549,071	(233,131)
<b>Cash and cash equivalents at beginning of period</b>	4,513,256	4,746,387
<b>Cash and cash equivalents at end of period</b>	<u>\$ 5,062,327</u>	<u>4,513,256</u>

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

## CAPITAL FUTURES CORPORATION

### Notes to the Financial Statements

For the years ended December 31, 2023 and 2022

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

#### (1) Company history

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

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

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

The financial statements were authorized for issuance by the Board of Directors on March 12, 2024.

#### (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 Company has initially adopted the following new amendments, which do not have a significant impact on its 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”

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

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

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

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

The Company 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 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 Company 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 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 IAS 21 “Lack of Exchangeability”

**(4) Summary of material accounting policies:**

The material accounting policies presented in the financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial report.

- (a) Statement of compliance

These 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, and the Regulations Governing the Preparation of Financial Reports by Securities Firms.

- (b) Basis of preparation

- (i) Basis of measurement

Except for the following significant account, the 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);

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

- 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 mentioned in (Note 4(o))(ii) stated.

(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 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) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the reporting currency at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated at the average exchange rate. Translation differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve in equity.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such a monetary item are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income.

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non current.

- (i) Assets arising from operating activities that are expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) Assets held for the trading purposes;
- (iii) Assets that are expected to be realized within twelve months from the balance sheet date;
- (iv) Cash and cash equivalent, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non current.

An entity shall classify a liability as current when:

- (i) Liabilities arising from operating activities that are expected to be settled in the normal operating cycle;
- (ii) Liabilities incurred for the trading purposes;
- (iii) Liabilities that are to be settled within twelve months from the balance sheet date;
- (iv) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalent comprises time deposit with maturity within one year, excess future margin, and commercial paper, short-term and highly liquid investments that are readily convertible to known amounts of cash and subjected to an insignificant risk of changes in value.

(f) Financial instruments

Trade receivables issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, trade receivables, other receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days overdue or within 30 days but breached the contract. The Company considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;  
or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For debtors, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(Continued)



**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities

1) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

2) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

(iii) Non-hedging derivative financial instruments

Derivatives are recognized initially at fair value and transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

(g) Investments in subsidiaries

When preparing parent-Company-only financial report, the Company uses equity method in evaluating the control of an investee. Under equity method, the net income or loss for the period of parent-Company-only financial report and other comprehensive income of parent-Company-only financial report are the same as net income or loss for the period attributed to owners of parents of consolidated report and other comprehensive income attributed to owners of parents of consolidated report, respectively. The equity of the parent-Company-only financial statements are the same as the equity attributable to the owners of parents of the consolidated report.

Any change in ownership interest of the subsidiaries, not resulting in loss of control, is treated as equity transaction between the owners.

(h) Securities under agreements

The Company engages in securities under resell agreements trading and the nature of transaction substance is financing. When entering securities under resell agreements transactions, the Company establishes an account "Investment in Bonds with resell agreements" with the actual amount of lending and recognizes financing interest revenue by the interest period of resell agreements and no profit and loss is recognized.

(i) Securities borrowing transactions

The Company engages in securities lending transactions, the amount of the sale of securities borrowing recognized liability, and to distinguish hedging and non-hedging purposes, in accordance with stocks and bonds. The amount paid to redeem shares or bonds borrowed, as a deduction of the subjects, the collateral paid in cash recorded as security borrowing margin, short sales delivered for securities market financing recorded as security borrowing collateral price.

(j) Customers margin accounts and future traders' equity

The customers' margin refers to the guarantee deposits and premiums collected from futures customers and also the spread calculated based on the market prices everyday. It is reflected under current assets of the balance sheet. Futures traders' equity refers to futures customers' deposit the guarantee deposits and option premiums and also the spread calculated based on the market prices everyday. It is reflected under current liabilities. The loss is offset only against the balance of the same customers' own margin accounts. If a customer incurs a loss in excess of the margin account balance, the excess is recognized a receivable.

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

(k) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of a significant part of an item of property and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other income and expenses.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

The depreciable amount of an asset is determined after deducting its residual values, and it shall be allocated on a systematic basis over its useful life. Items of property and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property and equipment are as follows:

- 1) Office equipment                      3 ~ 5 years
- 2) Leasehold improvement is depreciated equally over the shorter period of estimated useful life or the lease term.

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change(s) is accounted for as a change in an accounting estimate.

(l) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company has listed right of use assets and leasing liabilities that are not categorized as investment properties as individual items in the balance sheet.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office equipment and transportation equipment etc. that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(m) Intangible assets

Intangible assets of the Company are the requirements for transacting business on an exchange. The seats are regarded as intangible assets with an indefinite useful life and measured at cost while originally recognized. After initial recognition, an intangible asset shall be carried at its cost less any accumulated impairment losses. As for computer software, it was amortized on a straight-line basis over estimated useful life of three years, and in the meanwhile, the amortization would be recognized in gains or losses. The residual value, amortization period and amortization method for an intangible asset with a finite useful life are reviewed at each financial year-end. The change is accounted for as a change in an accounting estimate.

(n) Revenue recognition

The main revenue is brokerage fee revenue and is recognized based on an accrual basis.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(iv) Short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Income tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting date and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - 1) the same taxable entity; or
  - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(q) Earnings per share (“EPS”)

The Company presents its basic and diluted earnings per share attributable to the Company’s ordinary equity holders. The basic earnings per share of the Company is calculated by dividing profit or loss attributable to the Company’s ordinary equity holders by the weighted average number of ordinary shares outstanding during the period. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all diluted potential ordinary shares. The diluted potential ordinary shares of the Company include the estimation of employee remuneration.

(r) Segment information

The Company has disclosed the segment information on the consolidated financial report, thus, the Company does not disclose it on this financial report.

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

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

The preparation of the 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, and the Regulations Governing the Preparation of Financial Reports by Securities Firms, 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.

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.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

Impairment of investments under equity method:

At each reporting date, the Company reviews the carrying amounts of its investments under equity method to determine whether there is any indication of impairment. The recoverable amount of the CGUs is determined based on the calculation of the value in use. The calculation needs to estimate the expected future cash flow of the CGUs and select the appropriate discount rate.

**(6) Explanation of significant accounts:**

(a) Cash and cash equivalents

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Cash	\$ 60	60
Demand deposits	193,299	167,792
Time deposits	3,970,605	3,666,368
Futures margin- excess margin	649,286	679,036
Commercial paper	249,077	-
Total	<u>\$ 5,062,327</u>	<u>4,513,256</u>

(Continued)



**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

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

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Open-ended funds and money- market instruments	\$ 30,000	20,000
Open-ended funds and money- market instruments valuation adjustment	263	(269)
Trading securities- proprietary trading	294,712	17,938
Trading securities- proprietary trading valuation adjustment	9,416	633
Securities invested by securities broker	6,314	15,996
Securities invested by securities broker valuation adjustment	7	(453)
Call options- non-hedging	194,196	89,232
Futures margin- proprietary fund- non-hedging	62,540	211,865
Leverage derivatives- non-hedging	150,671	202,915
Equity derivatives- non-hedging	<u>15,890</u>	<u>16,854</u>
Total	<b><u>\$ 764,009</u></b>	<b><u>574,711</u></b>

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 years ended December 31, 2023 and 2022, will increase \$3,407 and \$538, 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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Equity investments at fair value through other comprehensive income		
Listed stocks	\$ 15,893	51,857
Valuation adjustment	<u>(2,650)</u>	<u>(8,171)</u>
Total	<b><u>\$ 13,243</u></b>	<b><u>43,686</u></b>

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

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

During the year ended December 31, 2023 and 2022, the dividends of \$124 and \$1,125, related to equity investment at fair value through other comprehensive income held on December 31, 2023 and 2022, respectively, were recognized. For investments in equity securities disposed of for the years ended December 31, 2023 and 2022, the dividends of \$124 and \$0, were recognized in the reported periods.

During the year ended December 31, 2023 and 2022, due to the consideration of asset allocation and managing and adjusting the investment portfolio, the Company sold shares of stocks for a fair value \$36,610 and \$0, respectively, and cumulative dispose gains for the year ended December 31, 2023 and 2022, amounted to \$646 and \$0, respectively, were transferred from other equity items to retained earnings.

(iii) Bonds purchased under resale agreements

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bonds purchased under resale agreements	<u>\$ 91,634</u>	<u>43,166</u>
Resale price under the agreements	<u>\$ 91,670</u>	<u>43,190</u>
Interest rates	<u>0.95%~1.00%</u>	<u>0.77%</u>
Date of repurchase	<u>2024.01.02~2024.01.12</u>	<u>2023.01.03~2023.01.13</u>

(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>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Ownership ratio</u>	<u>Amount</u>	<u>Ownership ratio</u>	<u>Amount</u>
Taiwan Futures Exchange Co., Ltd	0.0042 %	\$ 1,504	0.0042 %	1,263
CME Group	0.0056 %	<u>129,329</u>	-	-
Total		<u>\$ 130,833</u>		<u>1,263</u>

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

During the year ended December 31, 2023 and 2022, the dividends of \$3,794 and \$56, related to equity investments at fair value through other comprehensive income held on December 31, 2023 and 2022, respectively, were recognized. No strategic investments were disposed of during the year ended December 31, 2023 and 2022, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

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

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Put options - non-hedging	\$ 82,162	128,886
Liabilities on sale of borrowed securities - non-hedging	129,773	704,686
Liabilities on sale of borrowed securities valuation adjustment - non-hedging	(562)	(19,315)
Leverage derivatives- non-hedging	15,402	28,918
Equity derivatives- non-hedging	<u>6</u>	<u>1,710</u>
	<u><u>\$ 226,781</u></u>	<u><u>844,885</u></u>

- (c) Investments under equity method

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

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Subsidiaries	<u><u>\$ 1,053,613</u></u>	<u><u>985,309</u></u>

- (i) Subsidiaries

The accounting figures of investee, which is controlled by the Company, are combined into the financial statements; please refer to the financial report of 2023.

For the years ended December 31, 2023 and 2022, the Company's share of gains or losses of the subsidiaries were as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Audited by the certified public accountants	<u><u>\$ 71,338</u></u>	<u><u>4,803</u></u>

- (ii) Collateral and pledge

As of December 31, 2023 and 2022, the Company did not provide any investment accounted for using equity method as collaterals for its loans.

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

(d) Property and equipment

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

	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
<b>Cost:</b>			
Balance at January 1, 2023	\$ 88,918	7,518	96,436
Additions	77,574	6,617	84,191
Transfer from prepayments for business facilities	32,341	-	32,341
Scrap	<u>(34,722)</u>	<u>(1,220)</u>	<u>(35,942)</u>
Balance at December 31, 2023	<u><u>\$ 164,111</u></u>	<u><u>12,915</u></u>	<u><u>177,026</u></u>
Balance at January 1, 2022	\$ 75,730	13,455	89,185
Additions	20,027	697	20,724
Scrap	<u>(6,839)</u>	<u>(6,634)</u>	<u>(13,473)</u>
Balance at December 31, 2022	<u><u>\$ 88,918</u></u>	<u><u>7,518</u></u>	<u><u>96,436</u></u>
<b>Accumulated depreciation:</b>			
Balance at January 1, 2023	\$ 55,863	4,561	60,424
Depreciation	20,207	2,379	22,586
Scrap	<u>(34,722)</u>	<u>(1,220)</u>	<u>(35,942)</u>
Balance at December 31, 2023	<u><u>\$ 41,348</u></u>	<u><u>5,720</u></u>	<u><u>47,068</u></u>
Balance at January 1, 2022	\$ 43,950	8,677	52,627
Depreciation	18,752	2,518	21,270
Scrap	<u>(6,839)</u>	<u>(6,634)</u>	<u>(13,473)</u>
Balance at December 31, 2022	<u><u>\$ 55,863</u></u>	<u><u>4,561</u></u>	<u><u>60,424</u></u>
<b>Carrying amounts:</b>			
Balance at December 31, 2023	<u><u>\$ 122,763</u></u>	<u><u>7,195</u></u>	<u><u>129,958</u></u>
Balance at December 31, 2022	<u><u>\$ 33,055</u></u>	<u><u>2,957</u></u>	<u><u>36,012</u></u>

As of December 31, 2023 and 2022, the Company did not provide any property and equipment as collateral and pledge.

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

## (e) Right-of-use assets

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

	<u>Buildings</u>	<u>Equipment</u>	<u>Total</u>
<b>Cost:</b>			
Balance at January 1, 2023	\$ 69,721	9,895	79,616
Additions	74,368	4,689	79,057
Derecognition	<u>(55,734)</u>	<u>(5,311)</u>	<u>(61,045)</u>
Balance at December 31, 2023	<u>\$ 88,355</u>	<u>9,273</u>	<u>97,628</u>
Balance at January 1, 2022	\$ 55,734	7,383	63,117
Additions	<u>13,987</u>	<u>2,512</u>	<u>16,499</u>
Balance at December 31, 2022	<u>\$ 69,721</u>	<u>9,895</u>	<u>79,616</u>
<b>Accumulated depreciation:</b>			
Balance at January 1, 2023	\$ 48,717	5,737	54,454
Depreciation	22,228	2,607	24,835
Derecognition	<u>(55,734)</u>	<u>(4,474)</u>	<u>(60,208)</u>
Balance at December 31, 2023	<u>\$ 15,211</u>	<u>3,870</u>	<u>19,081</u>
Balance at January 1, 2022	\$ 29,201	3,351	32,552
Depreciation	<u>19,516</u>	<u>2,386</u>	<u>21,902</u>
Balance at December 31, 2022	<u>\$ 48,717</u>	<u>5,737</u>	<u>54,454</u>
<b>Carrying amounts:</b>			
Balance at December 31, 2023	<u>\$ 73,144</u>	<u>5,403</u>	<u>78,547</u>
Balance at December 31, 2022	<u>\$ 21,004</u>	<u>4,158</u>	<u>25,162</u>

## (f) Customers margin accounts/futures traders' equity

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Customers margin accounts		
Cash in bank	\$ 26,695,229	29,852,912
Balance of the futures clearing house	5,832,851	4,474,937
Balance of other futures commission merchants	5,258,170	4,176,441
Marketable securities	<u>1,061</u>	<u>22,988</u>
Balance of customers margin accounts	<u>37,787,311</u>	<u>38,527,278</u>

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Plus adjustment items:		
Commission cost	\$ 3,335	4,214
Others	119	49
Deduction adjustment items:		
Brokerage fee revenue	(10,959)	(15,843)
Futures transaction tax	(1,544)	(1,617)
Interest income	(3,202)	(5,668)
Temporary credits	(812)	(758)
Remittance amount of the customers after the market closed	(37,268)	(11,610)
Balance of futures traders' equity	<u>\$ 37,736,980</u>	<u>38,496,045</u>
 (g) Receivable - futures margin		
	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Receivable - futures margin - current	\$ 373	380
Less: Loss allowance	<u>373</u>	<u>373</u>
Subtotal	<u>-</u>	<u>7</u>
Receivable - futures margin - non-current	6,084	6,383
Less: Loss allowance	<u>6,084</u>	<u>6,383</u>
Subtotal	<u>-</u>	<u>-</u>
Total	<u>\$ -</u>	<u>7</u>

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

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Balance on January 1	\$ 6,756	7,020
Impairment losses recognized (reversed)	<u>(299)</u>	<u>(264)</u>
Balance on December 31	<u>\$ 6,457</u>	<u>6,756</u>

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

(h) Intangible assets

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

	<b>The seats of foreign futures exchanges (Note)</b>	<b>Computer software</b>	<b>Total</b>
<b>Cost:</b>			
Balance at January 1, 2023	\$ 44,325	12,480	56,805
Additions	-	7,008	7,008
Transfer from prepayments for business facilities	-	1,575	1,575
Scrap	-	(6,945)	(6,945)
Balance at December 31, 2023	<u>\$ 44,325</u>	<u>14,118</u>	<u>58,443</u>
Balance at January 1, 2022	\$ 44,325	24,093	68,418
Additions	-	2,291	2,291
Scrap	-	(13,904)	(13,904)
Balance at December 31, 2022	<u>\$ 44,325</u>	<u>12,480</u>	<u>56,805</u>
<b>Amortization and impairment losses:</b>			
Balance at January 1, 2023	\$ -	8,775	8,775
Amortization	-	5,326	5,326
Scrap	-	(6,945)	(6,945)
Balance at December 31, 2023	<u>\$ -</u>	<u>7,156</u>	<u>7,156</u>
Balance at January 1, 2022	\$ -	16,334	16,334
Amortization	-	6,345	6,345
Scrap	-	(13,904)	(13,904)
Balance at December 31, 2022	<u>\$ -</u>	<u>8,775</u>	<u>8,775</u>
<b>Carrying value:</b>			
Balance at December 31, 2023	<u>\$ 44,325</u>	<u>6,962</u>	<u>51,287</u>
Balance at December 31, 2022	<u>\$ 44,325</u>	<u>3,705</u>	<u>48,030</u>

Note: The Company obtained the seats of foreign futures exchanges - NYMEX, COMEX, CBOT 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.

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

(i) Lease liabilities

The Company's lease liabilities were as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Current	<u>\$ 26,513</u>	<u>15,019</u>
Non-current	<u>\$ 52,218</u>	<u>10,315</u>

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

The amounts recognized in profit or loss were as follows :

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Interest on lease liabilities	<u>\$ 802</u>	<u>311</u>
Expenses relating to short-term leases	<u>\$ 8,539</u>	<u>4,438</u>
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	<u>\$ 177</u>	<u>303</u>

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

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Total cash outflow for leases	<u>\$ 34,190</u>	<u>26,886</u>

(i) Real estate leases

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

(ii) Other leases

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

(j) Employee benefits

(i) Defined benefit plans

The reconciliation in the present value of the defined benefit obligations and fair value of plan assets were as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Present value of defined benefit obligations	<u>\$ (8,667)</u>	<u>(9,933)</u>
Fair value of plan assets	<u>19,192</u>	<u>18,829</u>
Recognized liabilities for defined benefit obligations	<u>\$ 10,525</u>	<u>8,896</u>

(Continued)



**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

The Company made defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$19,192 as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of defined benefit obligation

The movement in present value of the defined benefit obligation for the Company in 2023 and 2022 were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Defined benefit obligation at January 1	\$ 9,933	16,473
Current service costs and interest	(2,218)	(2,346)
Benefits paid	(122)	(3,057)
Remeasurement of net defined benefit obligation	<u>1,074</u>	<u>(1,137)</u>
Defined benefit obligation at December 31	<b><u>\$ 8,667</u></b>	<b><u>9,933</u></b>

3) Movements in fair value of defined benefit plan assets

The movements in fair value of defined benefit plan assets of the Company in 2023 and 2022 were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Fair value of plan assets at January 1	\$ 18,829	17,274
Interest revenue	261	80
Benefits paid	(122)	-
Remeasurement of net defined benefit obligation		
- Return on plan assets (except net interests of period)	140	1,378
Contributions to the plan assets	<u>84</u>	<u>97</u>
Fair value of plan assets at December 31	<b><u>\$ 19,192</u></b>	<b><u>18,829</u></b>

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

4) Expense recognized in profit or loss

The expenses recognized in profit or loss of the Company in 2023 and 2022 were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Current service cost	\$ (2,324)	(2,400)
Net interest of net defined benefit obligation	(155)	(26)
	<b>\$ (2,479)</b>	<b>(2,426)</b>

5) Remeasurement of net defined benefit obligation recognized in other comprehensive income

For the years ended December 31, 2023 and 2022, the accumulated remeasurement of net defined benefit obligation recognized in other comprehensive income was as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Accumulated amount on January 1	\$ (9,165)	(11,680)
Recognized during the period	(934)	2,515
Accumulated amount on December 31	<b>\$ (10,099)</b>	<b>(9,165)</b>

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Discount rate	1.625 %	1.380 %
Future salary growth rate	3.000 %	3.000 %

The expected contribution to the defined benefit plan for the next year is \$84. The weighted average duration of the defined benefit obligation is 12.38 years.

7) Sensitivity Analysis

When calculating the present value of the defined benefit obligations, the Company uses judgments and estimations to determine the actuarial assumptions, including discount rate and future salary increases. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

For the years ended December 31, 2023 and 2022, the effects of adopting significant actuarial assumptions to defined benefit obligations were as follows:

	<b>Effects to defined benefit obligations</b>	
	<b>Increase 0.5%</b>	<b>Decrease 0.5%</b>
December 31, 2023		
Discount rate	\$ (524)	568
Future salary increasing rate	543	(507)
December 31, 2022		
Discount rate	(215)	226
Future salary increasing rate	184	(178)

The sensitivity analysis presented above is based on the condition that other variables are unchanged. In practice, the changes of many assumptions are correlated. The method that the sensitivity analysis adopted is in accordance with the method of calculating net pension liability.

The assumptions and methods adopted for current period sensitivity analysis are identical with the previous period.

(ii) Defined contribution plans

In accordance with the Labor Pension Act of R.O.C, the Company contributes 6% of the employee's monthly wages to the Bureau of the Labor Insurance. Therefore, the Company has no further legal or constructive obligations to make any additional contribution once the contributions have been paid.

The Company contributed \$15,069 and \$14,292 under defined contribution plan to the Bureau of the Labor Insurance in the year 2023 and 2022, respectively.

(k) Income taxes

(i) Income tax expense

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

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Current income tax expense	\$ 273,115	154,265
Deferred income tax expense	(7,597)	21,504
Total	<b>\$ 265,518</b>	<b>175,769</b>

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

The amounts of income tax expense (benefit) recognized in other comprehensive income of the Company in 2023 and 2022 were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Net income before income tax	\$ 1,275,714	957,629
Income tax using the Company's domestic tax rate	255,143	191,526
Tax-exempt income	29,147	(7,463)
Adjustments to prior year's income tax	1,115	(2,102)
Others	(19,887)	(6,192)
Total	<u>\$ 265,518</u>	<u>175,769</u>

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred income tax liabilities

As of December 31, 2023 and 2022, the details of the Company's unrecognized deferred tax liabilities were as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Aggregate amount of temporary differences related to investments in subsidiaries	<u>\$ (29,227)</u>	<u>(13,933)</u>

The dividend policies of the Company's subsidiaries, CSC Futures (HK) Ltd. was prescribed not to appropriate the retained earning until December 31, 2023. Also, the Company does not plan to dispose of the investees in foreseeable future. Thus, the temporary differences related to investments in subsidiaries for the portion of not to intend to dispose or to appropriate are not recognized under deferred tax liabilities.

2) Recognized deferred income tax liabilities

As of December 31, 2023 and 2022, the details of the Company's recognized deferred tax assets and liabilities were as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Recognized deferred tax liabilities:		
Unrealized gains on derivative financial instruments	<u>\$ 30,231</u>	<u>37,828</u>

(iii) Income tax assessment status

The Company's income tax returns through 2021 were assessed by the Tax Authority.

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

(l) Capital and other equity

(i) Common stock

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

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

(iii) Retained earnings

1) Legal reserve

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

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

2) Special reserve

In accordance with Article 41 of the Securities and Exchange Law, 20 percent of the current year's earnings after tax plus items other than earnings after tax should be set aside as special reserve. Ruling No. 1110380212 issued by the Financial Supervisory Commission on January 21, 2022, an equivalent amount of special reserve should be set aside from earnings after tax of the current year and the undistributed earnings of the prior period based on the decreased amount of stockholders' equity. For the cumulative deduction in stockholders' equity of the prior period, the equal amount of special reserve set aside based on undistributed earnings should not be distributed. If there is any reversal of the deduction in stockholders' equity, the earnings may be distributed based on the reversal proportion.

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

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

3) Undistributed earnings

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

The Company's fiscal year 2022 earnings distribution resolved by the shareholders' meeting on May 31, 2023 and fiscal year 2021 earnings distribution resolved by the shareholders' meeting on June 21, 2022, were as follows:

	<b>For the years ended December 31,</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Amount</b>	<b>Per share (NT dollars)</b>	<b>Amount</b>	<b>Per share (NT dollars)</b>
Cash dividends	\$ <b>635,522</b>	3.02	<b>336,700</b>	1.60

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

According to the resolution of board meeting on March 12, 2024, the Company's 2023 proposal of earnings distribution for owners were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	
	<b>Amount</b>	<b>Per share (NT dollars)</b>
Cash dividend	<b>\$ 723,905</b>	3.44

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

(m) Earnings per share

The basic earnings per share and diluted earnings per share for the years ended December 31, 2023 and 2022 were calculated as follows:

(i) Basic earnings per share

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Net income attributable to common shareholders of the Company	<b>\$ 1,010,196</b>	<b>781,860</b>
Weighted-average number of common stock shares outstanding (thousands of shares)	<b>210,438</b>	<b>210,438</b>
Basic earnings per share (dollar)	<b>\$ 4.80</b>	<b>3.72</b>

(ii) Diluted earnings per share

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Net income attributable to common shareholders of the Company	<b>\$ 1,010,196</b>	<b>781,860</b>
Weighted-average number of common stock shares outstanding (thousands of shares)	210,438	210,438
Effect of potentially dilutive common stock - Employee remuneration (thousands of shares)	345	348
Weighted-average outstanding shares of diluted earnings per share (thousands of shares)	<b>210,783</b>	<b>210,786</b>
Diluted earnings per share (dollar)	<b>\$ 4.79</b>	<b>3.71</b>

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

(n) Items of the statements of comprehensive income

(i) Brokerage fee revenue

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Consignment trading handling fee revenue- Domestic futures	\$ 927,589	1,171,818
Consignment trading handling fee revenue- Foreign futures	790,940	956,470
Consignment trading handling fee revenue-Leverage Exchange Agency Trading	16,083	-
	<b><u>\$ 1,734,612</u></b>	<b><u>2,128,288</u></b>

(ii) Net gains (losses) on derivative instruments

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Non-hedging		
Net gains (losses) on futures contracts		
Gains on futures contracts	\$ 1,039,330	912,661
Losses on futures contracts	(953,434)	(889,268)
	<b><u>\$ 85,896</u></b>	<b><u>23,393</u></b>
Net gains (losses) on option contracts		
Gains on option contracts	\$ 427,706	698,236
Losses on option contracts	(291,013)	(497,340)
	<b><u>\$ 136,693</u></b>	<b><u>200,896</u></b>
Net gains (losses) on leverage derivatives		
Gains on leverage derivatives	\$ 1,612,091	1,842,208
Losses on leverage derivatives	(1,516,580)	(1,694,428)
	<b><u>\$ 95,511</u></b>	<b><u>147,780</u></b>
Net gains (losses) on equity derivatives		
Gains on equity derivatives	\$ 143,327	159,866
Losses on equity derivatives	(136,479)	(137,697)
	<b><u>\$ 6,848</u></b>	<b><u>22,169</u></b>
Non-hedging		
Total gains on derivative financial instruments	\$ 3,222,454	3,612,971
Total losses on derivative financial instruments	(2,897,506)	(3,218,733)
	<b><u>\$ 324,948</u></b>	<b><u>394,238</u></b>

(Continued)



**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

## (iii) Futures commission expenses

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Re-consigned futures trading	\$ 238,130	287,931
Futures introducing broker business	134,182	189,349
	<b>\$ 372,312</b>	<b>477,280</b>

## (iv) Employee benefit, depreciation and amortization expenses

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Employee benefit expenses		
Salary expense	\$ 489,102	475,987
Labor and health insurance expense	31,054	28,587
Pension expense	12,590	11,866
Director remuneration	31,667	27,012
Others	7,791	8,262
Depreciation expense	47,421	43,172
Amortization expense	5,326	6,345
	<b>\$ 624,951</b>	<b>601,231</b>

## (v) Other operating expenses

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Postage expense	\$ 56,935	47,379
Taxes	90,123	109,869
Rental expense	8,808	4,782
Information technology expense	160,978	192,195
Professional service fee	26,216	32,010
Others	74,105	70,844
	<b>\$ 417,165</b>	<b>457,079</b>

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

## (vi) Other gains and losses

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Interest income	\$ 1,100,337	409,651
Dividend income	261,043	527
Net gains on non-operating financial instruments at fair value through profit or loss	940	683
Net gains (losses) on foreign exchange	(1,057)	34,914
Net gains (losses) on disposal of investments	(270,637)	3,028
Other non-operating revenue - other	14,528	9,064
Other non-operating expense - other	(1,844)	(7,560)
	<b><u>\$ 1,103,310</u></b>	<b><u>450,307</u></b>

## (vii) Remuneration to employees and directors

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

For the year ended December 31, 2023 and 2022, the estimated amounts of remuneration to employee were \$14,749 and \$11,473, and to directors by the Company were \$14,749 and \$11,473, 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 years ended December 31, 2023 and 2022. If the actual distribution amount differs from the estimated amount in the following year, the difference is treated as a change in accounting estimate and recognized as profit or loss in the following year. The difference is recognized as profit or loss in the following year. If the Board of Directors resolved to distribute the employees' remuneration in the form of shares, the number of shares of the distribution is based on the closing price of the day before the Board of Directors' meeting date.

The estimated amounts of remuneration to employee and director by the Company for fiscal years of 2022 and 2021 were both \$11,473 and \$7,196, respectively. There was no difference between accounting estimates and board's resolutions. Related information would be available at the Market Observation Post System website.

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

(o) Financial Instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represent the maximum credit exposure. As of December 31, 2023 and 2022 the maximum credit exposure amounted to \$43,550,468 and \$44,668,807, respectively.

2) Concentration of credit risk

The exposure of credit risk by geographic region in December 31, 2023 as shown in below, mainly focusing on Taiwan (accounted for 89.05%), secondly in Europe (accounted for 8.28%), thirdly in Asia (accounted for 2.33% excluded Taiwan). The proportion of investment by geographic region did not change significantly compared to the same period last year.

Area	December 31, 2023	December 31, 2022
Taiwan	\$ 38,780,375	40,860,129
Asia (excluded Taiwan)	1,013,649	3,542,370
North America	149,837	128,095
Europe	3,606,607	92,540
Oceania	-	45,673
Total	<u>\$ 43,550,468</u>	<u>44,668,807</u>

3) Impairment losses

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

	December 31, 2023		December 31, 2022	
	Gross carrying amount	Impairment	Gross carrying amount	Impairment
Current	\$ 121,448	6,457	68,043	6,756
Past due 0~30 days	-	-	-	-
Past due 31~120 days	-	-	-	-
Past due 121~360 days	-	-	-	-
Past due more than 360 days	-	-	-	-
	<u>\$ 121,448</u>	<u>6,457</u>	<u>68,043</u>	<u>6,756</u>

Allowance for doubtful debts under receivables is recorded for the bad debt expense or impairment losses. Where a claim becomes definitely uncollectible, the allowance for doubtful debts should be written off to financial assets account. As of December 31, 2023 and 2022, the loss allowance of receivables were recognized \$6,457 and \$6,756, respectively.

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

4) Credit risk of receivables

Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(f). The Company 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 Company. Thus, the Company regarded the financial assets as default and recognized impairment losses. The movement of loss allowance for the years ended December 31, 2023 and 2022 was as follows:

<b>For the years ended December 31, 2023</b>						
	<b>12-month ECL</b>	<b>Lifetime ECL-not credit impaired</b>	<b>Lifetime ECL - credit impaired</b>			<b>Total</b>
			<b>Accounts receivable</b>	<b>Receivable- futures margin</b>	<b>Other receivables</b>	
Balance on January 1	\$ -	-	-	6,756	-	6,756
Reversal of impairment losses	-	-	-	(299)	-	(299)
Balance on December 31	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>6,457</u>	<u>-</u>	<u>6,457</u>
<b>For the years ended December 31, 2022</b>						
	<b>12-month ECL</b>	<b>Lifetime ECL-not credit impaired</b>	<b>Lifetime ECL - credit impaired</b>			<b>Total</b>
			<b>Accounts receivable</b>	<b>Receivable- futures margin</b>	<b>Other receivables</b>	
Balance on January 1	\$ -	-	-	7,020	-	7,020
Reversal of impairment losses	-	-	-	(264)	-	(264)
Balance on December 31	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>6,756</u>	<u>-</u>	<u>6,756</u>

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

(ii) Liquidity risk

The following table shows the effect of contract maturity on financial liabilities. The Company 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>
<b>December 31, 2023</b>							
Financial liabilities at fair value through profit or loss	\$ 226,781	226,781	226,781	-	-	-	-
Futures traders' equity	37,736,980	37,736,980	37,736,980	-	-	-	-
Leverage contract trading- customers' equity	733,533	733,533	733,533	-	-	-	-
Accounts payable	124,172	124,172	124,172	-	-	-	-
Receipts under custody	4,953	4,953	4,953	-	-	-	-
Other payables	205,498	205,498	205,498	-	-	-	-
Lease liabilities	78,731	81,118	14,165	13,554	26,779	26,620	-
	<u>\$ 39,110,648</u>	<u>39,113,035</u>	<u>39,046,082</u>	<u>13,554</u>	<u>26,779</u>	<u>26,620</u>	<u>-</u>
<b>December 31, 2022</b>							
Financial liabilities at fair value through profit or loss	\$ 844,885	844,885	844,885	-	-	-	-
Futures traders' equity	38,496,045	38,496,045	38,496,045	-	-	-	-
Leverage contract trading- customers' equity	849,887	849,887	849,887	-	-	-	-
Accounts payable	63,651	63,651	63,651	-	-	-	-
Receipts under custody	5,149	5,149	5,149	-	-	-	-
Other payables	216,332	216,332	216,332	-	-	-	-
Lease liabilities	25,334	25,526	11,115	4,007	3,715	6,689	-
	<u>\$ 40,501,283</u>	<u>40,501,475</u>	<u>40,487,064</u>	<u>4,007</u>	<u>3,715</u>	<u>6,689</u>	<u>-</u>

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

(iii) Currency risk

1) Exposure to foreign currency risk

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

	<b>December 31, 2023</b>		
	<b>Foreign currency (dollar)</b>	<b>Exchange rate</b>	<b>Thousands of New Taiwan Dollars</b>
<b><u>Financial assets</u></b>			
<b><u>Monetary items</u></b>			
USD	\$ 518,853,562.12	30.7050	15,931,399
EUR	12,344,345.62	33.9800	419,461
GBP	544,955.69	39.1500	21,335
JPY	1,032,990,184.00	0.2172	224,365
HKD	282,133,813.04	3.9290	1,108,504
AUD	2,839,857.28	20.9800	59,580
CHF	56,230.60	36.4900	2,052
SGD	128,357.59	23.2900	2,989
CNY	9,225,312.88	4.3270	39,918
NZD	123,973.43	19.4800	2,415
ZAR	3,752,125.79	1.6570	6,217
<b><u>Non-monetary items</u></b>			
USD	11,157,083.06	30.7050	342,578
JPY	1,697,776.00	0.2172	369
GBP	4,527.85	39.1500	177
AUD	4,121.35	20.9800	86
CAD	6,159.20	23.2000	143
ZAR	388,850.20	1.6570	644
<b><u>Investments under equity method</u></b>			
HKD	265,532,578.94	3.8990	1,035,312

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

<b>December 31, 2023</b>			
<b><u>Financial liabilities</u></b>	<b><u>Foreign currency</u></b>	<b><u>Exchange rate</u></b>	<b><u>Thousands of</u></b>
	<b><u>(dollar)</u></b>		<b><u>New Taiwan</u></b>
			<b><u>Dollars</u></b>
<b><u>Monetary items</u></b>			
USD	\$ 511,533,334.90	30.7050	15,706,631
EUR	12,250,362.83	33.9800	416,267
GBP	473,913.81	39.1500	18,554
JPY	989,504,381.00	0.2172	214,920
HKD	281,929,199.10	3.9290	1,107,700
AUD	2,773,861.25	20.9800	58,196
CHF	136,846.05	36.4900	4,994
SGD	238,745.67	23.2900	5,560
CNY	7,803,511.92	4.3270	33,766
NZD	933.08	19.4800	18
CAD	7,849.17	23.2000	182
<b><u>Non-monetary items</u></b>			
USD	12,726.95	30.7050	391
CNY	1,857,743.84	4.3270	8,039
NZD	8,735.90	19.4800	170
SGD	4,822.19	23.2900	112
CHF	183,499.75	36.4900	6,696

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

	<b>December 31, 2022</b>		
	<b>Foreign currency (dollar)</b>	<b>Exchange rate</b>	<b>Thousands of New Taiwan Dollars</b>
<b><u>Financial assets</u></b>			
<b><u>Monetary items</u></b>			
USD	\$ 485,178,892.26	30.7100	14,899,844
EUR	15,481,382.92	32.7200	506,551
GBP	613,979.84	37.0900	22,773
JPY	1,270,340,944.00	0.2324	295,227
HKD	427,890,565.93	3.9380	1,685,033
AUD	507,027.83	20.8300	10,561
SGD	393,283.20	22.8800	8,998
CNY	16,753,061.53	4.4080	73,847
NZD	287,587.27	19.4400	5,591
ZAR	4,513,830.30	1.8110	8,175
<b><u>Non-monetary items</u></b>			
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
<b><u>Investments under equity method</u></b>			
HKD	245,353,219.44	3.9080	958,841

(Continued)



**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

December 31, 2022			
	Foreign currency (dollar)	Exchange rate	Thousands of New Taiwan Dollars
<b><u>Financial liabilities</u></b>			
<b><u>Monetary items</u></b>			
USD	\$ 472,341,654.77	30.7100	14,505,612
EUR	15,470,944.54	32.7200	506,209
GBP	510,244.51	37.0900	18,925
JPY	1,306,376,164.00	0.2324	303,602
HKD	427,346,959.00	3.9380	1,682,892
AUD	568,429.89	20.8300	11,840
CHF	226,089.22	33.2100	7,508
SGD	236,390.76	22.8800	5,409
CNY	11,354,663.05	4.4080	50,051
CAD	328,816.46	22.6700	7,454
<b><u>Non-monetary items</u></b>			
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

The Company disclosed the summarized information on exchange gain or loss. The realized and unrealized exchange gains amounted to \$304 and \$43,495 for the year ended December 31, 2023 and 2022, respectively.

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

2) Sensitivity analysis

The currency risk of the Company 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 years ended December 31, 2023 and 2022, with all other variable factors remain constant, a strengthening (weakening) 1% of the TWD against the above major foreign currency, would cause after-tax comprehensive income result in a decrease or an increase by \$12,923 and \$13,055, respectively. The analytical basis was the same in both years.

(iv) Analysis in interest rates

For the years ended December 31, 2023 and 2022, with all other variable factors remain constant, when the interest rate increases or decreases by 100 basis points, would cause after-tax comprehensive income result in an increase or a decrease by \$6,848 and \$6,925. This is mainly due to the Company'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**  
**Notes to the Financial Statements**

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

The Company'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>Assets and Liabilities items</u>	<u>December 31, 2023</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>
<b><u>Fair value evaluated on a recurring basis</u></b>				
<u>Non derivative assets and liabilities</u>				
Assets:				
Financial assets at fair value through profit or loss				
Beneficiary certificate	\$ 41,211	41,211	-	-
Stock investment	299,501	299,501	-	-
Financial assets at fair value through other comprehensive income	144,076	142,572	-	1,504
Liabilities:				
Financial liabilities at fair value through profit or loss	129,211	129,211	-	-
<u>Derivative assets and liabilities</u>				
Assets:				
Financial assets at fair value through profit or loss	\$ 423,297	256,736	166,561	-
Liabilities:				
Financial liabilities at fair value through profit or loss	97,570	82,162	15,408	-
<u>Assets and Liabilities items</u>	<u>December 31, 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>
<b><u>Fair value evaluated on a recurring basis</u></b>				
<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	18,749	18,749	-	-
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**  
**Notes to the Financial Statements**

b) Valuation techniques

i) Non-derivative financial instruments

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

ii) Derivative financial instruments

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

iii) Transfer between Level 1 and Level 2

There is no transfer between Level 1 and Level 2 for the years ended December 31, 2023 and 2022.

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

(In Thousands Dollars)

		For the years ended December 31, 2023								
		Gains and losses on valuation		Addition		Reduction				
Item	Beginning Balance	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	Ending Balance		
Financial assets at fair value through other comprehensive income	\$ 1,263	-	241	-	-	-	-	1,504		
		For the years ended December 31, 2022								
		Gains and losses on valuation		Addition		Reduction				
Item	Beginning Balance	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	Ending Balance		
Financial assets at fair value through other comprehensive income	\$ 1,581	-	(318)	-	-	-	-	1,263		

(Continued)

## CAPITAL FUTURES CORPORATION

### Notes to the Financial Statements

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

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

The Company'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"> <li>• Price-to-Book Ratio</li> <li>• Discount for lack of marketability</li> </ul>	<ul style="list-style-type: none"> <li>• The higher price to-book-ratio is, the higher fair value is.</li> <li>• The higher discount for lack of marketability is, the lower the fair value is.</li> </ul>

- 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 Company 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
<b>December 31, 2023</b>		
Financial assets fair value through other comprehensive income	\$ <u>15</u>	<u>(15)</u>
<b>December 31, 2022</b>		
Financial assets fair value through other comprehensive income	\$ <u>13</u>	<u>(13)</u>

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

Favorable and unfavorable movements of the Company 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 Company does not disclose the fair value.

(p) Financial risk management

(i) General description

The Company is exposed to risks below due to the application of financial instruments

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The note expresses the exposure, measurement and management target, policy and procedure of the aforementioned risks. Detailed information about the financial instruments has been disclosed as each note to the consolidated financial statements.

(ii) Risk management structure

To effectively control risks, a management procedure is to build up from top to bottom that includes the Board of Directors, managers of all departments and the employees to participate. From the macroscopic perspective of the Company, qualitative and quantitative approaches are taken to recognize, evaluate, monitor and respond to various potential risks. As a result, the Company may make reasonable risky asset allocation and maximize returns for shareholders within a bearable risk range. On September 21, 2007, the Company deliberated this institution of risk management based on the "Principles of Futures Commission Merchant's Risk Management Practices" and the "Futures Commission Merchant's Self Checklist for the Establishment of Risk Management Mechanism" as promulgated in the letter ref. No. (Taiwan-Futures-Audit) 0940024340 of the Taiwan Futures Exchange. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board of Directors has established the Risk Management Committee, attributable to General Manager's Office and responsible for developing and monitoring Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

(iii) Credit risk

Credit risk is the risk that the Company engaged in financial trading exposed, including issuers credit issue, traders credit issue and the subject assets credit risk. And the risk of financial loss to the Company if a customer of brokerage business fails to meet its contractual obligations of margin calls or settlement. According to futures trading practices, futures commission merchant can close position in accordance with the prior agreement of both parties due to the system designed such as advance customers margin, intraday in-time clearing and when customers fail to meet its contractual obligations of margin calls. Therefore, the influence is not significant to the credit risk of the Company. Moreover, most brokerage customers are the general investors and professional institutions. The object sources of investors and the amount of investment are widely dispersed, and thus, there is no situation such as concentration of credit risk.

Approaches taken to manage credit risk at current stage are as follows:

- 1) Credit inquiry and assessment before trade: inquire client's credit and ascertain the legality before transaction
- 2) Credit rating management: treat trades with special credit particularly.
- 3) Credit supervision after transaction: regularly inspect client's profit and loss of positions. Evaluate and monitor credit enhancement (including collaterals) on a regular basis.
- 4) Other effective risk reduction measures: collaterals, guarantee, credit risk netting and offset agreement.

Summarize information on expected credit loss (credit risk exposure amount, counterparty default probability and return rate) and unexpected credit loss, as well as quantify the credit VaR.

(iv) Liquidity risk

Liquidity risks are market liquidity risk and capital liquidity risk

- 1) Market liquidity risk:

Market liquidity risk is the risk which the Company cannot immediately cover or offset the risk of derivative positions. When the condition of insufficient market depth or an unexpected event occurs, it's not easy to obtain trading opportunities or significant spread risk. Due to small trading volume, some domestic futures contracts have this liquidity risk. Therefore, when the proprietary segment of the Company engages in arbitrage trading, it should consider the liquidity risk of goods. Futures commodity liquidity can depend on daily trading volume and open interest (OI) to measure. The more the daily trading volume and open interest as well as the greater liquidity are, the relatively lower the liquidity risk is.

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

2) Capital liquidity risk:

Capital liquidity risk is the one that the Company fails to meet its contractual obligations when increasing margins is required by settlement or trading. Therefore, the Company should control and manage the allocation of capital in order to avoid the risk of capital liquidity and financial losses of the Company when proprietary segment of the Company engages in futures trading.

Liquidity risk management of the Company includes :

- 1) Market liquidity risk management: To avoid loss caused by market liquidity risk, the Company stipulates capital amount budgeted for proprietary trade department in the annual operating plan. Also, a daily report on the Adjusted Net Capital (ANC) ratio is filed to the competent authority. As for other departments and proprietary trade, the risk control office supervises daily trade by comparing actual cash flow and the authorized amount.
- 2) Capital liquidity risk management : The finance department is independent from other units in transferring financial resources. To control capital liquidity risk and to consider capital needs of various products for domestic and foreign markets, the finance department composes daily reports, such as the “Margin Withdrawal/Deposit List”, “Securities Transaction Applications”, and other management report forms. After reviewing and approving by the management, these reports will be implemented and filed.

(v) Market risk

Market risk is the possibility of loss resulting from trading due to futures price reversal of the Company’s proprietary business. It means that the market price or fluctuation trend is not beneficial to the Company’s profitability, which results in risky events happen.

The Company’s market risk management comprises trading strategy monitoring, loss up limit control, trading margin up limit control, remaining position up limit and open-delta value control, margins ratio control for domestic and foreign remaining positions and the implied volatility inspection of option price.

Quantitative Measurement on Market Risk was as follows:

- 1) Statistic-based measurement: the Value at Risk (VaR) of linear products (stocks) is measured by the Variance Co-Variance (Risk Metrics Approach--EWMA), which calculates the maximal probable risk of portfolio under a certain confidence level for the next business day. The Value at Risk of non-linear products (options) is measured by the Delta-Gamma Approximations (the “Greeks”). After offsetting the risks of trade contracts, the measurement vehicle calculates the maximal probable risk of portfolio under a certain confidence level for the next business day. To test the accuracy, back testing approach is taken to try finding out the violations within one year under pre-calculated VaR using the actual valued profit and loss of inventory positions for the previous day (P&L for T-1 day)

(Continued)



**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

- 2) Sensitivity analysis measures the sensitivity of the positions to individual risk factors (such as interest rate and exchange rate). The sensitivity analysis on exchange rate variation includes evaluation and analysis on the proprietary overseas capital and service fee revenue from foreign futures products.
- 3) Stress test emulates and measures the impacts on portfolio value at unusual market change, from which responding actions can be made. The portfolio stress test at current stage aims at the weighted index or targeted stock price within  $\pm 15\%$  change.

(q) Capital management

The Company's objectives for managing capital are to safeguard the capacity to continue to operate and achieve the Company's operating principles, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders or issue new shares. The Company adopts a risk-adjusted return on capital to allocate the Company's capital reasonably and effectively.

As of December 31, 2023, the Company didn't change the method of capital management.

(r) Financing activities not affecting current cash flow

The Company's financing activities which did not affect the current cash flow for the year ended December 31, 2023 and 2022, were as follows:

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

	January 1, 2023		<u>Non-cash changes</u>			December 31, 2023
	Cash flows	Other	Foreign exchange movement	Fair value changes		
Lease liabilities	\$ 25,334	(25,474)	78,871	-	-	78,731
Total liabilities from financing activities	<u>\$ 25,334</u>	<u>(25,474)</u>	<u>78,871</u>	<u>-</u>	<u>-</u>	<u>78,731</u>

	January 1, 2022		<u>Non-cash changes</u>			December 31, 2022
	Cash flows	Other	Foreign exchange movement	Fair value changes		
Lease liabilities	\$ 30,775	(22,145)	16,704	-	-	25,334
Total liabilities from financing activities	<u>\$ 30,775</u>	<u>(22,145)</u>	<u>16,704</u>	<u>-</u>	<u>-</u>	<u>25,334</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 Company. It owns 56.58% of all shares outstanding of the Company, and has issued the consolidated financial statements available for public use.

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

(b) Names and relationship with related parties

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

<u>Name of related party</u>	<u>Relationship with the Company</u>
Capital Securities Corporation	The parent company
Capital International Technology Co., Ltd	Subsidiary
CSC Futures (HK) Ltd.	Subsidiary
Capital True Partner Technology Co., Ltd.	Sub-subsidiary
Capital Futures Technology (Shanghai) Co., Ltd.	Sub-subsidiary
Capital Investment Trust Corp.	Associate
Fu Tai Construction Corporation	Related party in Substance
Funds issued by Capital Investment Trust Corp.	Funds issued by Associate
Other related parties	Key management personnel

(c) Key management personnel compensation

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 110,093	76,333
Post-employment benefits	1,225	990
Total	<u>\$ 111,318</u>	<u>77,323</u>

(d) Significant transactions with related parties

(i) The amounts of futures trading between the Company and related parties for the year ended December 31, 2023 and 2022 were as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
<b><u>Brokerage fee revenue</u></b>		
Capital Securities Corporation	\$ 34,162	29,146
CSC Future (HK) Ltd.	103,034	131,872
Funds issued by Capital Investment Trust Corp.	1,846	82
Other related parties	264	513
Total	<u>\$ 139,306</u>	<u>161,613</u>

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
<b><u>Futures traders' equity</u></b>		
Capital Securities Corporation	\$ 1,760,408	2,202,884
CSC Futures (HK) Ltd	4,643,380	3,720,246
Funds issued by Capital Investment Trust Corp.	671,147	275,178
Other related parties	270	270
Total	<b>\$ 7,075,205</b>	<b>6,198,578</b>
<b><u>Customers margin account- other futures commission merchants</u></b>		
CSC Futures (HK) Ltd	<b>\$ 755,989</b>	<b>616,876</b>
<b><u>Futures margin-proprietary fund</u></b>		
CSC Futures (HK) Ltd	<b>\$ 2</b>	<b>-</b>

Transaction terms are the same as those with general clients.

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

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
<b><u>Interest expense</u></b>		
Capital Securities Corporation	\$ 35	67
CSC Futures (HK) Ltd	20,667	9,344
Funds issued by Capital Investment Trust Corp.	573	296
Total	<b>\$ 21,275</b>	<b>9,707</b>

(ii) Accounts payable and receivable:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
<b><u>Accounts receivable</u></b>		
Capital Securities Corporation	<b>\$ 1,118</b>	<b>884</b>
<b><u>Accounts payable</u></b>		
Capital Securities Corporation	<b>\$ 8,956</b>	<b>12,761</b>

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
<b>Other receivables (Note 1)</b>		
Capital Securities Corporation	<b>\$ <u>3,649</u></b>	<b><u>7,291</u></b>
<b>Other payables</b>		
Capital Securities Corporation (Note 2)	\$ 295	4,051
CSC Securities (HK) Ltd. (Note 3)	5,463	4,158
Capital True Partner Technology Co., Ltd. (Note 4)	-	<u>2,617</u>
Total	<b>\$ <u>5,758</u></b>	<b><u>10,826</u></b>

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

(Note 2) Allocation of expenses and interests payable.

(Note 3) Payables for Service charge discounts and interests.

(Note 4) Payables for professional service fee.

(iii) Bonds purchased under resale agreements

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Bonds purchased under resale agreements	<b>\$ <u>31,426</u></b>	<b><u>43,166</u></b>
Resale price under the agreements	<b>\$ <u>31,450</u></b>	<b><u>43,190</u></b>
Interest rates	<b><u>1.00%</u></b>	<b><u>0.77%</u></b>
Date of repurchase	<b><u>2024.01.12</u></b>	<b><u>2023.01.03~2023.01.13</u></b>
	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Interest income	<b>\$ <u>713</u></b>	<b><u>395</u></b>

(iv) Leases

The Company signed three-year lease contracts and rented the office from Capital Securities Corporation. As of December 31, 2023 and 2022, the total value of effective contracts were \$53,141 and \$51,091, respectively. For the year ended December 31, 2023 and 2022, the Company recognized the amount of \$455 and \$200 as interest expense. As of December 31, 2023 and 2022, lease liabilities amounted to \$44,521 and \$9,900, respectively, and refundable deposits were amounted to \$4,620 and \$4,450 .

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

The Company signed five-year and three-month lease contracts and rented the office from Fu Tai Construction Corporation. As of December 31, 2023 and 2022, the total value of effective contracts were \$24,090 and \$0, respectively. For the year ended December 31, 2023 and 2022, the Company recognized the amount of \$249 and \$0 as interest expense. As of December 31, 2023 and 2022, lease liabilities amounted to \$20,283 and \$0, respectively, and refundable deposits were amounted to \$1,165 and \$0.

(v) Rental expenses

The Company 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 years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Capital Securities Corporation	<u>\$ 904</u>	<u>854</u>

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

(vi) Securities commission income

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

<u>Related parties</u>	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Capital Securities Corporation	<u>\$ 12,761</u>	<u>14,122</u>

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

<u>Related parties</u>	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Capital Securities Corporation	<u>\$ 123</u>	<u>35</u>

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

<u>Related parties</u>	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Capital Securities Corporation	<u>\$ 34</u>	<u>-</u>

(ix) Commission cost

<u>Related parties</u>	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Capital Securities Corporation	\$ 131,141	186,991
CSC Futures (HK) Ltd.	12,555	9,536
Total	<u>\$ 143,696</u>	<u>196,527</u>

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

- (x) Information technology expenses

	<b>For the years ended December 31,</b>	
<b>Related parties</b>	<b>2023</b>	<b>2022</b>
Capital Securities Corporation	\$ <b>53,440</b>	<b>48,191</b>

- (xi) Stock service fees

	<b>For the years ended December 31,</b>	
<b>Related parties</b>	<b>2023</b>	<b>2022</b>
Capital Securities Corporation	\$ <b>659</b>	<b>628</b>

- (xii) Human resource and legal service fees

	<b>For the years ended December 31,</b>	
<b>Related parties</b>	<b>2023</b>	<b>2022</b>
Capital Securities Corporation	\$ <b>300</b>	<b>300</b>

- (xiii) Securities transaction fees

	<b>For the years ended December 31,</b>	
<b>Related parties</b>	<b>2023</b>	<b>2022</b>
Capital Securities Corporation	\$ <b>469</b>	<b>1,743</b>

- (xiv) Discretionary service commission fees

	<b>For the years ended December 31,</b>	
<b>Related parties</b>	<b>2023</b>	<b>2022</b>
Capital Securities Corporation	\$ <b>340</b>	<b>20</b>

- (xv) Brokerage fees - proprietary trading

	<b>For the years ended December 31,</b>	
<b>Related parties</b>	<b>2023</b>	<b>2022</b>
Capital Securities Corporation	\$ <b>267</b>	<b>-</b>

- (xvi) Stationery and printing fees

	<b>For the years ended December 31,</b>	
<b>Related parties</b>	<b>2023</b>	<b>2022</b>
Capital Securities Corporation	\$ <b>32</b>	<b>38</b>

- (xvii) Repair and maintenance fees

	<b>For the years ended December 31,</b>	
<b>Related parties</b>	<b>2023</b>	<b>2022</b>
Capital International Technology Co., Ltd.	\$ <b>1,882</b>	<b>3,226</b>

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

(xviii) Professional service fees

	<b>For the years ended December 31,</b>	
<b>Related parties</b>	<b>2023</b>	<b>2022</b>
Capital True Partner Technology Co., Ltd.	\$ <b>20,677</b>	<b>28,074</b>

(xix) Consulting fees

	<b>For the years ended December 31,</b>	
<b>Related parties</b>	<b>2023</b>	<b>2022</b>
Other related parties	\$ <b>39</b>	<b>21</b>

**(8) Pledged assets: None.**

**(9) Commitments and contingencies:**

The Company purchased software and hardware systems for business development. As of December 31, 2023, the Company had outstanding balance \$1,530.

**(10) Losses Due to Major Disasters: None.**

**(11) Subsequent Events: None.**

**(12) Derivative instrument transactions:**

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

**December 31, 2023**

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/Short	Number of contracts			
Futures contract:						
	TAIEX Futures	Long	445	\$ 1,586,880	1,590,217	
	TAIEX Futures	Short	16	(57,010)	(57,152)	
	Mini Taiex Futures	Long	362	322,557	323,224	
	Mini Taiex Futures	Short	60	(52,593)	(53,542)	
	Electronic Sector Index Futures	Long	2	7,038	7,135	
	Financial Insurance Index Futures	Long	3	5,163	5,158	
	NTD Gold Futures	Short	1	(770)	(767)	
	Taiwan Stock Futures	Long	1,630	309,347	311,055	
	Taiwan Stock Futures	Short	3,547	(417,206)	(427,330)	
	US Dollar Index Futures	Short	48	(149,950)	(148,901)	
	Mini Taiex Weekly Futures	Long	332	295,916	297,006	
	Mini Financial Futures	Short	4	(1,719)	(1,719)	
	Subtotal			1,847,653		

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

**December 31, 2023**

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/Short	Number of contracts			
Options contract:						
	Stock Options (Call)	Long	36	\$ 150	193	
	Stock Options (Call)	Short	103	(667)	(717)	
	Stock Options (Put)	Short	31	(249)	(224)	
	Stock Options (Put)	Long	89	372	368	
	TAIEX Options (Call)	Long	3,363	112,684	125,734	
	TAIEX Options (Call)	Short	4,635	(48,055)	(64,308)	
	TAIEX Options (Put)	Long	6,936	83,712	64,039	
	TAIEX Options (Put)	Short	4,185	(17,811)	(11,508)	
	TAIEX Weekly Options (Call)	Long	1,283	2,054	2,087	
	TAIEX Weekly Options (Call)	Short	1,138	(3,905)	(3,855)	
	TAIEX Weekly Options (Put)	Long	1,415	2,141	1,730	
	TAIEX Weekly Options (Put)	Short	643	(1,328)	(1,120)	
	Electronic Sector Index Options (Call)	Short	20	(171)	(273)	
	Financial Insurance Index Options (Call)	Long	22	51	36	
	Financial Insurance Index Options (Call)	Short	27	(60)	(113)	
	Financial Insurance Index Options (Put)	Long	25	54	9	
	Financial Insurance Index Options (Put)	Short	10	(16)	(1)	
	Gold Options (Call)	Short	11	(51)	(9)	
	Gold Options (Put)	Short	10	(25)	(34)	
	Subtotal			128,880		
Total				<u>\$ 1,976,533</u>		

(Continued)



**CAPITAL FUTURES CORPORATION**  
**Notes to the 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	
	E-mini 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	43,719	
	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 Options (Call)	Long	94	262	182	
	Financial Insurance Index Options (Call)	Short	33	(65)	(31)	
	Financial Insurance Index Options (Put)	Long	16	64	22	
	Financial Insurance Index Options (Put)	Short	85	(235)	(168)	
	Gold Options (Call)	Long	23	241	216	
	Gold Options (Call)	Short	10	(48)	(38)	
	Gold Options (Put)	Long	7	25	5	
	Gold Options (Put)	Short	6	(28)	(4)	
	Subtotal			<u>(31,906)</u>		
Total				<u>\$ 123,886</u>		

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

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

Item	December 31, 2023	December 31, 2022
Leverage derivatives- long	\$ <u>4,606,396</u>	<u>4,078,689</u>
Leverage derivatives- short	\$ <u>4,592,219</u>	<u>4,059,360</u>
Equity derivatives- long	\$ <u>234,573</u>	<u>352,576</u>
Equity derivatives- short	\$ <u>234,554</u>	<u>352,547</u>

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

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

Art.	Calculation formula	Current Period		Last Period		Standard	Enforcement
		Calculation	Ratio	Calculation	Ratio		
17	Stockholders' equity	7,173,449	4.44	6,781,388	3.16	≥ 1	Satisfactory to requirement
	(Total liabilities– futures traders' equity)			2,147,858			
17	Current Assets	44,754,505	1.14	45,996,498	1.13	≥ 1	"
	Current Liabilities	39,269,119		40,595,760			
22	Stockholders' equity	7,173,449	643.36 %	6,781,388	608.20 %	≥ 60%	"
	Minimum paid-in capital	1,115,000		1,115,000		≥ 40%	
22	Post-adjustment net capital	5,191,652	53.77 %	3,701,351	44.35 %	≥ 20%	"
	Total customer margin deposits required for open positions of customers			9,654,651		8,344,985	

**(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 Company needs sufficient liquidity to cover the transactions and suffer the loss may occur.

**(15) Other: None.**

(Continued)

## CAPITAL FUTURES CORPORATION

### Notes to the Financial Statements

#### (16) Other disclosures:

##### (a) Information on significant transactions:

##### (i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number (Note 1)	Name of lender	Name of borrower	Account name	Related party	Maximum balance of the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	CSC Futures (HK) Ltd.	F190402	Account receivables -Customer	No	60,934	60,934	-	10.27%	1	3,487		-		-	207,062	,035,312
1	CSC Futures (HK) Ltd.	F611702	Account receivables -Customer	No	426,535	426,535	31,990	6.52%~ 7.77%	1	173,801		-		-	426,535	,035,312
1	CSC Futures (HK) Ltd.	F613059	Account receivables -Customer	No	91,400	91,400	-	9.27%	1	14,455		-		-	207,062	,035,312
1	CSC Futures (HK) Ltd.	F612688	Account receivables -Customer	No	15,233	15,233	-	8.27%	1	-		-		-	207,062	,035,312
1	CSC Futures (HK) Ltd.	F612687	Account receivables -Customer	No	-	-	-	8.27%	1	56		-		-	207,062	,035,312
1	CSC Futures (HK) Ltd.	F612851	Account receivables -Customer	No	60,934	60,934	-	8.27%	1	1,259		-		-	207,062	,035,312
1	CSC Futures (HK) Ltd.	F613091	Account receivables -Customer	No	45,700	45,700	-	8.27%	1	9,507		-		-	207,062	,035,312
1	CSC Futures (HK) Ltd.	F190416	Account receivables -Customer	No	213,268	213,268	-	6.77%	1	3,488		-		-	213,268	,035,312

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.

##### (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 December 31, 2023			Revenue of investee	Net income (losses) of investee	Share of profits/losses of investee	Cash dividend	Note
						December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value					
Capital Futures Corporation	CSC Futures (HK) Ltd.	Hong Kong	1998.12.9	Gin Guan Zheng Zhi No. 1010027412 letter	Futures dealing business and other businesses permitted by local law of Hong Kong	886,284	886,284	220,000	100.00 %	1,035,312	325,140	79,386	79,386	-	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 %	18,301	1,792	(8,048)	(8,048)	-	Subsidiary

(Continued)

## CAPITAL FUTURES CORPORATION

### Notes to the 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 December 31, 2023	Net income (losses) of the investee	Direct or indirect share holdings(%) by the company	Highest percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Capital True Partner Technology Co., Ltd.	Management consulting and information service business	5,013	(C)	24,372	-	-	24,372	1,747	51.00%	51.00%	890 B (2)	9,553	-
Capital Futures Technology (Shanghai) Co., Ltd.	Management consulting and information service business	18,863	(C)	18,863	-	-	18,863	(5,157)	100.00%	100.00%	(5,157) B (2)	2,500	-

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)

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
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**  
**Notes to the Financial Statements**

**(17) Segment information:**

Please refer to the consolidated financial report for the year ended December 31, 2023.

**Capital Futures Corporation**  
**Statement of cash and cash equivalents**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

Item	Description	Amount
Cash :		
Petty cash		\$ 60
Demand deposits		
NTD		159,289
Foreign currencies	The foreign currencies and exchange rates included are as follows:	34,010
	USD 1,075,766.19 @ 30.7050	
	JPY 24,295.00 @ 0.2172	
	EUR 5,000.00 @ 33.9800	
	HKD 0.07 @ 3.9290	
	SGD 19,088.45 @ 23.2900	
	AUD 200.00 @ 20.9800	
	CNY 81,856.69 @ 4.3270	
Cash equivalents :		
Time deposits		
NTD	The maturity date is December 30, 2023 to December 28, 2024, the interest rate is between 0.850%~1.650%	3,939,900
Foreign currencies	The maturity date is January 4, 2024, the interest rate is 5.600%	30,705
	USD 1,000,000.00 @ 30.7050	
Futures excess (under) margin		
NTD		475,214
Foreign currencies	The foreign currencies and exchange rates included are as follows:	174,072
	USD 4,702,376.42 @ 30.7050	
	ZAR 3,595,311.21 @ 1.6570	
	GBP 71,219.47 @ 39.1500	
	HKD 484.00 @ 3.9290	
	EUR 88,869.25 @ 33.9800	
	AUD 57,355.69 @ 20.9800	
	CAD (7,965.38)@ 23.2000	
	JPY 33,686,326.00 @ 0.2172	
	NZD 123,973.43 @ 19.4800	
	CHF 34,586.11 @ 36.4900	
	SGD 4,544.76 @ 23.2900	
	CNY 1,340,403.22 @ 4.3270	
Commercial paper	The maturity date is January 2, 2024 to February 26, 2024, the interest rate is between 1.20%~1.43%	249,077
Total		<u>\$ 5,062,327</u>

**Capital Futures Corporation**  
**Statement of financial assets at fair value through profit or loss – current**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

Name of financial instrument	Description	Shares or units (in thousands)	Par value (Dollars)	Total amount	Interest rate	Acquisition cost	Fair value		Fair value changes is attributable to the changes in credit risk	Note
							Unit price(Dollars)	Total amount		
<u>Beneficiary certificates</u>										
Open-ended funds and money- market instruments										
Other(Note)		2,972	-	-	-	\$ 30,000	-	30,263		
Securities invested by securities broker										
Other(Note)		190	-	-	-	6,314	-	6,321		
Trading securities- proprietary trading										
Other(Note)		150	-	-	-	4,640	-	4,627		
<u>Listed stocks</u>										
Trading securities- proprietary trading										
Taiwan Semiconductor Manufacturing Co., Ltd.		84	10	840	-	47,555	593.00	49,812		
Other(Note)		3,891	10	38,910	-	204,533	-	209,825		
<u>OTC stocks</u>										
Trading securities- proprietary trading										
Other(Note)		237	10	2,370	-	37,984	-	39,864		
Total						331,026		<u>340,712</u>		
Valuation adjustment						9,686				
						<u>\$ 340,712</u>				
Call options								194,196		Table 1
Futures margin-proprietary fund- non-hedging								62,540		Table 2
Leverage derivatives								150,671		
Equity derivatives								15,890		
Total								<u>764,009</u>		

Note: The amount of each item is less than 5% of the total.

**Capital Futures Corporation**

**Statement of call options**

**December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

Table 1

<u>Name of financial instrument</u>	<u>Description</u>	<u>Number of contracts</u>	<u>Contract size or paid for (received from) premium</u>	<u>Fair Value</u>	<u>Unrealized gain (loss)</u>	<u>Note</u>
<b>Call options</b>						
<b>Call</b>						
		3,363	\$ 112,684	125,734	13,050	
		1,283	2,054	2,087	33	
		36	150	193	43	
		22	51	36	(15)	
			<u>114,939</u>	<u>128,050</u>	<u>13,111</u>	
<b>Put</b>						
		6,936	83,712	64,039	(19,673)	
		1,415	2,141	1,730	(411)	
		89	372	368	(4)	
		25	54	9	(45)	
			<u>86,279</u>	<u>66,146</u>	<u>(20,133)</u>	
Total			<u>\$ 201,218</u>	<u>194,196</u>	<u>(7,022)</u>	



**Capital Futures Corporation**  
**Statement of futures margin proprietary fund – non**  
**– hedging**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

Table 2

<b>Futures clearing house (Other futures commission merchant)</b>	<b>Description</b>	<b>Currency</b>	<b>Foreign currency (Dollars)</b>	<b>Exchange rate</b>	<b>Amount (NTD)</b>	<b>Note</b>
	Phillip Futures Pte Ltd.	USD	\$ 997,275.59	30.7050	\$ 30,621	
	SG Securities(HK) Limited	USD	116,160.00	30.7050	3,567	
	LMAX	USD	835,212.21	30.7050	25,645	
	CMC Markets UK Plc	USD	88,169.18	30.7050	2,707	
	Total				<b>\$ 62,540</b>	

**Capital Futures Corporation**

**Statement of financial assets at fair value through other comprehensive income – current**

**December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

Name of financial instrument	Description	Shares (in thousands)	Par value (Dollars)	Total amount	Interest rate	Acquisition cost	Accumulated impairment	Fair Value		Note
								Unit price (Dollars)	Total amount	
Equity Instrument :										
<u>Listed stocks</u>										
	Taiwan Cement Corp.	380	10	3,800	-	\$ 15,893	Not applicable	34.85	13,243	
Total						15,893			<u>13,243</u>	
Valuation Adjustment						(2,650)				
Total						<u>\$ 13,243</u>				

**Capital Futures Corporation**  
**Statement of bonds purchased under resale**  
**agreements**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

Client name	Trading conditions			Bonds		Amount	Note
	Start date	Maturity date	Rate	Type	Par Value		
International Bills Finance Corporation	2023.12.25	2024.01.02	0.95 %	B618BQ	\$ 27,700	30,021	
"	2023.12.27	2024.01.03	0.95 %	B93543	30,000	30,187	
Capital Securities Corporation	2023.12.15	2024.01.12	1.00 %	A12101R	31,000	31,426	
						<u>\$ 91,634</u>	

**Statement of customers margin accounts**

Item	Current Period		Previous period	
	Amount	%	Amount	%
Cash in banks	\$ 26,695,229	71	29,852,912	77
Marketable securities	1,061	-	22,988	-
Balance of the futures clearing house	5,832,851	15	4,474,937	12
Balance of other futures commission merchants	5,258,170	14	4,176,441	11
Total	<u>\$ 37,787,311</u>	<u>100</u>	<u>38,527,278</u>	<u>100</u>

- Notes :
1. Cash in banks : The balance of the margin and premium of futures traders in the "customer margin accounts" opened by the futures broker in each bank .
  2. Marketable Securities : Futures brokers conduct futures brokerage business and collect marketable securities from futures traders to cover transaction margin and premium in accordance with regulations .
  3. Balance of futures clearing house : The settlement balance after the futures broker with clearing membership has transferred the margin and premium from the futures trader to the futures clearing institution .
  4. Balance of other futures commission merchants : The settlement balance of margin and premium of futures brokers who are not clearing members after transferring them to futures brokers who are clearing members.

**Capital Futures Corporation**  
**Statement of customers margin accounts – cash in**  
**bank**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Bank</u>	<u>Account</u>	<u>Currency</u>	<u>Foreign currency (Dollars)</u>	<u>Exchange rate</u>	<u>Amount (NTD)</u>	<u>Note</u>
Yuanta Bank	000020372005678899	NTD	-	-	\$ 3,556,092	
Sunny Bank	000000120450002567	NTD	-	-	3,476,708	
Entie Commercial Bank	000004050600287700	USD	84,112,979.40	30.7050	2,582,689	
Taishin Bank	000000068750059107	USD	75,067,667.56	30.7050	2,304,953	
Taichung Bank	000000092278050538	USD	72,094,018.79	30.7050	2,213,647	
Sunny Bank	000000120450002550	NTD	-	-	2,153,253	
Shin Kong Commercial Bank	000000462110022256	USD	44,009,869.88	30.7050	1,351,323	
Shin Kong Commercial Bank	000000462101005381	NTD	-	-	1,317,756	
Far Eastern International Bank	000002700100004155	NTD	-	-	1,284,680	
Other (note)		USD	82,262,906.24	30.7050	2,525,883	
		JPY	409,852,753.00	0.2172	89,020	
		HKD	91,524,091.54	3.9290	359,598	
		CNY	4,245,077.47	4.3270	18,368	
		GBP	83,925.54	39.1500	3,286	
		EUR	398,090.12	33.9800	13,527	
		AUD	1,317,134.89	20.9800	27,633	
		CHF	12,455.60	36.4900	455	
		SGD	15,768.36	23.2900	367	
		NTD	-	-	3,415,991	
Total					<u>\$ 26,695,229</u>	

Note : If the balance of each account exceeds 5% of the total, it would be disclosed separately, otherwise it would be disclosed together.

**Capital Futures Corporation**  
**Statement of customers margin accounts –**  
**marketable securities**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

Type of securities as margin collateral	Number of shares (in thousands)	Par value			Valuation		Fair value	Note
		Amount in NTD or foreign currency amount	Exchange rate	Interest Rate	Collateral amount	Non-collateral amount		
0056 Yuanta Taiwan	3	\$ 30	-	-	-	78	112	
1210 Greatwall Ent	3	30	-	-	-	123	175	
1101 Taiwan Cement	7	70	-	-	120	51	244	
1303 Nanya Technology	1	10	-	-	-	46	66	
1605 Walsin	30	300	-	-	-	812	1,159	
1718 China Man-Made Fiber	110	1,100	-	-	-	629	899	
1907 YFY Inc	60	600	-	-	450	919	1,956	
2002 Sinosteel	4	40	-	-	-	76	108	
2317 Hon Hai	6	60	-	-	21	418	627	
2412 Chunghwa Telecom	22	220	-	-	-	1,848	2,640	
2801 Chang Hwa	7	70	-	-	-	88	125	
2884 Esun Financial	6	60	-	-	25	83	155	
2885 Yuanta Financial	80	800	-	-	-	1,546	2,208	
2886 Mega Financial	3	30	-	-	-	82	118	
2888 Shin Kong Financial	310	3,100	-	-	445	1,476	2,744	
2890 SinoPac Financial	7	70	-	-	-	96	138	
2892 First Financial	5	50	-	-	-	96	137	
3045 Taiwan Mobile	8	80	-	-	-	552	789	
4904 Far EasTone	2	20	-	-	-	112	160	
9904 Pou Chen	2	20	-	-	-	43	62	
Total					\$ 1,061	9,174	14,622	

Note: According to the regulations of the Futures Exchange, the valuation of the stock is calculated at a 30% discount to the closing price of stock.

**Capital Futures Corporation**  
**Statement of customers margin accounts – balance**  
**of futures clearing house**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Name of futures clearing house</u>	<u>Description</u>	<u>Currency</u>	<u>Foreign currency (Dollars)</u>	<u>Exchange rate</u>	<u>Amount (NTD) (Collateral valuation)</u>	<u>Note</u>
Taiwan Futures Exchange	Cash in banks	NTD	-	-	\$ 5,570,063	
	Open Position profit or loss	NTD	-	-	186,410	
	Cash in banks	USD	192,865.50	30.7050	5,922	
	Open Position profit or loss	USD	21,471.00	30.7050	659	
	Cash in banks	CNY	3,550,638.00	4.3270	15,364	
	Cash in banks	JPY	95,874,200.00	0.2172	20,824	
	Open Position profit or loss	JPY	1,417,800.00	0.2172	308	
	Cash in banks	HKD	1,000,000.00	3.9290	3,929	
	Cash in banks	AUD	1,400,000.00	20.9800	<u>29,372</u>	
Total					<u>\$ 5,832,851</u>	

**Capital Futures Corporation**  
**Statement of customers margin accounts – balance**  
**of other futures commission merchants**

**December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

<b>Name of other Futures Commission Merchants</b>	<b>Description</b>	<b>Currency</b>	<b>Foreign currency (Dollars)</b>	<b>Exchange rate</b>	<b>Amount (NTD)</b>	<b>Note</b>
SG Securities (HK) Limited	Cash in banks	USD	95,846,078.33	30.7050	\$ 2,942,954	
	Open Position profit or loss	USD	3,298,044.09	30.7050	101,266	
	Cash in banks	CHF	9,618.89	36.4900	351	
	Open Position profit or loss	CHF	(430.00)	36.4900	(16)	
	Cash in banks	JPY	15,239,725.00	0.2172	3,310	
	Open Position profit or loss	JPY	(1,735,000.00)	0.2172	(377)	
	Cash in banks	GBP	107,013.46	39.1500	4,189	
	Open Position profit or loss	GBP	(6.25)	39.1500	-	
	Cash in banks	EUR	11,588,807.25	33.9800	393,788	
	Open Position profit or loss	EUR	263,579.00	33.9800	8,956	
Phillip Futures Pte Ltd.	Cash in banks	AUD	58,709.63	20.9800	1,232	
	Cash in banks	USD	19,842,880.85	30.7050	609,276	
	Open Position profit or loss	USD	6,649,981.00	30.7050	204,188	
	Cash in banks	JPY	106,359,121.00	0.2172	23,101	
	Open Position profit or loss	JPY	225,000.00	0.2172	49	
	Cash in banks	SGD	87,456.02	23.2900	2,037	
Nissan Century Securities Co., Ltd.	Open Position profit or loss	SGD	1,500.00	23.2900	35	
	Cash in banks	JPY	381,296,605.00	0.2172	82,818	
CSC Futures (HK) Ltd.	Open Position profit or loss	JPY	(18,945,900.00)	0.2172	(4,115)	
	Cash in banks	USD	381,921.77	30.7050	11,727	
	Open Position profit or loss	USD	(3,460.00)	30.7050	(106)	
	Cash in banks	HKD	162,491,544.93	3.9290	638,429	
ADM Investor Services, Inc.	Open Position profit or loss	HKD	26,963,380.00	3.9290	105,939	
	Cash in banks	USD	4,193,098.91	30.7050	128,749	
	Open Position profit or loss	USD	(490,380.26)	30.7050	(15,057)	
	Cash in banks	GBP	285,383.47	39.1500	11,173	
Marex Financial	Open Position profit or loss	GBP	(2,580.00)	39.1500	(101)	
	Cash in banks	USD	112,510.77	30.7050	3,455	
StoneX	Cash in banks	USD	29,975.78	30.7050	920	
<b>Total</b>					<b>\$ 5,258,170</b>	

**Capital Futures Corporation**  
**Statement of receivable- futures margins**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Client Code</u>	<u>Account</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Amount (NTD)</u>	<u>Note</u>
9052284	9052284	-	-	\$ 2,293	
9112883	9112883	-	-	2,005	
6555508	6555508	-	-	1,133	
9059203	9059203	-	-	530	
Other		-	-	496	The amount of each item is less than 5% of the total.
Less: Loss allowance		-	-	<u>(6,457)</u>	
Total				<u>\$ -</u>	

**Statement of accounts receivable**

<u>Client name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Non-related parties			
Taiwan Stock Exchange	Stock settlement	\$ 33,652	
Taipei Exchange	Stock settlement	6,432	
Phillip Futures Pte Ltd.	Foreign exchange square position settlement	2,504	
Other	Management fee revenue and commission discount, etc.	803	The amount of each item is less than 5% of the total.
	Subtotal	<u>43,391</u>	
Related parties			
Capital Securities Corporation	Securities commission revenue- securities introducing broker	1,118	
Total		<u>\$ 44,509</u>	



**Capital Futures Corporation**  
**Statement of prepayments**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Client name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
ICE Technology Corporation	Equipment expense	\$ 630	
Light Star Information Co., Ltd.	Repair and maintenance expense	610	
Golden Technology Co., Ltd.	Equipment expense	540	
Other	Information and membership fees, etc.	683	The amount of each item is less than 5% of the total.
Total		<u>\$ 2,463</u>	

**Statement of other receivables**

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Non-related parties			
Interests receivable		\$ 62,982	
Dividends receivable		2,551	
Other	Other	1,300	The amount of each item is less than 5% of the total.
	Subtotal	<u>66,833</u>	
Related parties			
Receivables- apportioned futures introducing broker		3,509	
Other	Interest revenue and information expense	140	The amount of each item is less than 5% of the total.
	Subtotal	<u>3,649</u>	
Total		<u>\$ 70,482</u>	

**Capital Futures Corporation**  
**Statement of changes in financial assets at fair value**  
**through other comprehensive income –non-current**  
**For the year ended December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

**Equity Securities**

<b>Financial Instruments</b>	<b>Beginning balance</b>		<b>Addition</b>		<b>Decrease</b>		<b>Ending balance</b>		<b>Accumulated impairment</b>	<b>Collateral/Pledge</b>	<b>Note</b>
	<b>Shares or units</b>	<b>Fair Value</b>	<b>Shares or units</b>	<b>Amount</b>	<b>Shares or units</b>	<b>Amount</b>	<b>Shares or units</b>	<b>Fair Value</b>			
Taiwan Futures Exchange	20,114	\$ 1,263	2,815	241	-	-	22,929	1,504	N/A	No	
CME Group	-	-	20,000	129,329	-	-	20,000	129,329	"	"	
<b>Total</b>		<b>\$ 1,263</b>		<b>129,570</b>		<b>-</b>		<b>130,833</b>			

**Capital Futures Corporation**  
**Statement of changes in investments under equity method**  
**For the year ended December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

Name	Beginning balance		Addition		Decrease		Ending balance			Net equity		Collateral	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Shareholding ratio	Amount	Unit price	Total amount	/ Pledge	Note
CFC Futures(HK) Ltd.	220,000,000	\$ 958,841	-	79,386	-	(2,915)	220,000,000	100.00 %	1,035,312	4.71	1,035,312	No	Note 1 & 2
Capital International Technology Co., Ltd.	5,000,000	26,468	-	-	-	(8,167)	5,000,000	100.00 %	18,301	3.66	18,301	No	Note1 & 3
		<u>\$ 985,309</u>		<u>79,386</u>		<u>(11,082)</u>			<u>1,053,613</u>				

Note1: Evaluated by equity method.

Note2: The increase in the current period was due to the recognition of \$79,386 of the share of profit of subsidiaries, affiliates and joint ventures recognized under equity method and the recognition of \$2,915 of exchange differences on translation of foreign operations.

Note3: The decrease in the current period was due to the recognition of \$8,048 of the share of profit of subsidiaries, affiliates and joint ventures recognized under equity method and \$119 of the other comprehensive income.

**Capital Futures Corporation**  
**Statement of changes in property and equipment**  
**For the year ended December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Beginning Balance</u>	<u>Addition</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Collateral/ Pledge</u>	<u>Note</u>
Equipment						
Office equipment	\$ 88,918	109,915	(34,722)	164,111	No	
Leasehold improvements	7,518	6,617	(1,220)	12,915	"	
<b>Total</b>	<b>\$ 96,436</b>	<b>116,532</b>	<b>(35,942)</b>	<b>177,026</b>		

**Statement of changes in accumulated depreciation of  
property and equipment**

<u>Item</u>	<u>Beginning Balance</u>	<u>Addition</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Note</u>
Equipment					
Office equipment	\$ 55,863	20,207	(34,722)	41,348	Note 1
Leasehold improvements	4,561	2,379	(1,220)	5,720	Note 2
<b>Total</b>	<b>\$ 60,424</b>	<b>22,586</b>	<b>(35,942)</b>	<b>47,068</b>	

Note 1: The estimated useful life is 3 to 5 years, and depreciation is calculated using the straight-line method.

Note 2: Depreciation is computed using the straight-line method over the estimated useful lives or shorter lease period.

**Capital Futures Corporation**  
**Statement of changes in right-of-use assets**  
**For the year ended December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Beginning balance</u>	<u>Addition</u>	<u>Decrease</u>	<u>Ending balance</u>	<u>Note</u>
Buildings	\$ 69,721	74,368	(55,734)	88,355	
Equipment	9,895	4,689	(5,311)	9,273	
<b>Total</b>	<b>\$ 79,616</b>	<b>79,057</b>	<b>(61,045)</b>	<b>97,628</b>	

**Statement of changes in accumulated depreciation of  
right-of-use assets**

<u>Item</u>	<u>Beginning balance</u>	<u>Addition</u>	<u>Decrease</u>	<u>Ending balance</u>	<u>Note</u>
Buildings	\$ 48,717	22,228	(55,734)	15,211	
Equipment	5,737	2,607	(4,474)	3,870	
<b>Total</b>	<b>\$ 54,454</b>	<b>24,835</b>	<b>(60,208)</b>	<b>19,081</b>	

**Statement of changes in intangible assets**

<u>Item</u>	<u>Beginning balance</u>	<u>Addition</u>	<u>Decrease</u>	<u>Ending balance</u>	<u>Note</u>
Computer software	\$ 3,705	8,583	5,326	6,962	Note 1
Foreign futures exchange seats	44,325	-	-	44,325	Note 2
<b>Total</b>	<b>\$ 48,030</b>	<b>8,583</b>	<b>5,326</b>	<b>51,287</b>	

Note 1: Computer software has an estimated useful life of 3 years and amortization is calculated using the straight-line method.

Note 2: Intangible assets with indefinite useful lives are tested for impairment on an annual basis.

**Capital Futures Corporation**  
**Statement of other non-current assets**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Guarantee deposited for business operations		\$ <u>140,000</u>	Time deposit
Settlement fund		<u>167,553</u>	
Net defined benefit assets		<u>10,525</u>	
Refundable deposits	Office deposit	6,548	
	Guild self-regulatory margin	1,560	
	Other	88	The amount of each item is less than 5% of the total.
	Subtotal	<u>8,196</u>	
Total		<u>\$ <u>326,274</u></u>	

**Capital Futures Corporation**  
**Statement of financial liabilities at fair value through profit or loss –current**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

Name of Financial Instrument	Description	Shares or units	Par value	Total amount	Interest rate	Fair Value		Changes in fair value attributable to changes in credit risk	Note
						Unit price	Total amount		
Securities borrowing payable									
<u>Listed stocks</u>									
Jentech Precision Industrial Co., Ltd.		40	10 \$	31,180		769.00	30,760		
VIA Technologies, Inc.		112	10	17,342		156.50	17,528		
Other(Note)		128	10	<u>17,788</u>			<u>16,939</u>		
Subtotal				<u>66,310</u>			<u>65,227</u>		
<u>OTC stocks</u>									
Co-Tech Development Corp.		1,050	10	63,108		60.60	63,630		
Other(Note)		8	10	<u>355</u>			<u>354</u>		
Subtotal				<u>63,463</u>			<u>63,984</u>		
Total				129,773			<u><b>129,211</b></u>		
Securities borrowing payable valuation adjustment				(562)					
				<u><b>\$ 129,211</b></u>					
Put options							\$ 82,162		Table 1
Leverage derivatives							15,402		
Equity derivatives							<u>6</u>		
Total							<u><b>\$ 226,781</b></u>		

Note : If the balance of each account exceeds 5% of the total, it would be disclosed separately, otherwise it would be disclosed together.

**Capital Futures Corporation**  
**Statement of put options**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

Table 1

<u>Name of financial instrument</u>	<u>Description</u>	<u>Number of contracts</u>	<u>Contract size or paid for (received from) premium</u>	<u>Fair Value</u>	<u>Unrealized gain (loss)</u>	<u>Note</u>
<b>Put options</b>						
<b>Call</b>						
	Stock Options	103	\$ 667	717	(50)	
	TAIEX Options	4,635	48,055	64,308	(16,253)	
	TAIEX Weekly Options	1,138	3,905	3,855	50	
	Electronic Sector Index Options	20	171	273	(102)	
	Financial Insurance Index Options	27	60	113	(53)	
	Gold Options	11	<u>51</u>	<u>9</u>	<u>42</u>	
	Subtotal		<u>52,909</u>	<u>69,275</u>	<u>(16,366)</u>	
<b>Put</b>						
	Stock Options	31	249	224	25	
	TAIEX Options	4,185	17,811	11,508	6,303	
	TAIEX Weekly Options	643	1,328	1,120	208	
	Financial Insurance Index Options	10	16	1	15	
	Gold Options	10	<u>25</u>	<u>34</u>	<u>(9)</u>	
	Subtotal		<u>19,429</u>	<u>12,887</u>	<u>6,542</u>	
Total			<u>\$ 72,338</u>	<u>82,162</u>	<u>(9,824)</u>	



**Capital Futures Corporation**  
**Statement of futures traders' equity**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Client Code</u>	<u>Currency</u>	<u>Foreign currency (Dollars)</u>	<u>Exchange rate</u>	<u>Amount (NTD)</u>	<u>Note</u>
9975062	USD	79,257,835.40	30.7050	\$ 2,433,612	
9970766	NTD	-	-	1,115,049	
	USD	51,566,745.28	30.7050	1,583,357	
Other	NTD	-	-	19,804,175	The amount of each client is less than 5% of the total.
	USD	356,567,085.51	30.7050	10,948,392	
	EUR	12,249,460.66	33.9800	416,237	
	GBP	473,652.47	39.1500	18,543	
	JPY	989,044,939.00	0.2172	214,820	
	AUD	2,773,861.25	20.9800	58,195	
	HKD	281,913,918.21	3.9290	1,107,640	
	CNY	7,795,715.35	4.3270	33,732	
	SGD	104,668.18	23.2900	2,438	
	CHF	21,639.23	36.4900	790	
Total				<u>\$ 37,736,980</u>	

**Capital Futures Corporation**  
**Statement of accounts payable**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Non-related parties:			
Taiwan Futures Exchange	Transaction fees and clearing and settlement expenses	\$ 31,842	
Taiwan Stock Exchange	Stock settlement and transaction fees	67,686	
Taipei Exchange	Stock settlement and transaction fees	10,649	
Other	Commission expenses and foreign exchange spot payments, etc.	5,039	The amount of each client is less than 5% of the total.
	Subtotal	<u>115,216</u>	
Related parties:			
Capital Securities Corporation	Commission expenses	<u>8,956</u>	
Total		<u><u>\$ 124,172</u></u>	

**Capital Futures Corporation**  
**Statement of other payables**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Non-related parties:		
Bonus payable	Year-end bonus and performance bonus, etc.	\$ 136,406
Employees' remuneration payable		14,749
Directors and supervisors' remuneration payable		14,749
Other	Equipment maintenance fee, etc.	<u>33,836</u>
Subtotal		<u>199,740</u>
Related parties:		
Discount on handling fee payable		3,613
Other	Interest expense, etc.	<u>2,145</u>
Subtotal		<u>5,758</u>
Total		<u>\$ 205,498</u>

**Statement of provisions – current**

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Employees' non-leave bonus payable		<u>\$ 6,938</u>	

**Capital Futures Corporation**  
**Statement of lease liabilities**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Lease term</u>	<u>Discount rate</u>	<u>Ending balance</u>	<u>Note</u>
Buildings		2022.1.1~2028.8.31	0.91%~2.07%	\$ 73,298	
Equipment		2021.6.15~2028.11.30	0.81%~2.02%	<u>5,433</u>	
				<u>\$ 78,731</u>	

Note: Those due within one year have been reclassified as current liabilities.

**Statement of other current liabilities**

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Temporary credits	Cash flow in after the market closed and others	<u>\$ 38,975</u>	

**Statement of deferred income tax liabilities**

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Unrealized gains on derivative financial instruments		<u>\$ 30,231</u>	

**Capital Futures Corporation**  
**Statement of gains (losses) on derivative instruments**  
**For the year ended December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
<u>Gains on derivative instruments:</u>			
Futures contract gain— non-hedged and realized	The benefits arising from futures trading for trading purposes	\$ 1,016,935	
Futures contract gain— non-hedged and unrealized	"	22,395	
Option trading gain— non-hedged and realized	The benefits arising from option trading for trading purposes	427,706	
Exchange rate derivatives trading gain— non-hedged and realized	The benefits arising from leverage derivative trading for trading purposes	367,228	
Exchange rates derivatives trading gain— non-hedged and unrealized	"	11,490	
Products derivatives trading gain— non-hedged and realized	The benefits arising from leverage derivative trading for trading purposes	1,212,645	
Products derivatives trading gain— non-hedged and unrealized	"	20,728	
Equity derivatives trading gain— non-hedged and realized	The benefits arising from equity derivative trading for trading purposes	140,969	
Equity derivatives trading gain— non-hedged and unrealized	"	2,358	
Subtotal		<u>3,222,454</u>	
<u>Losses on derivative instruments:</u>			
Futures contract loss— non-hedged and realized	The loss arising from futures trading for trading purposes	953,434	
Option trading loss— non-hedged and realized	The loss arising from option trading for trading purposes	281,915	
Option trading loss— non-hedged and unrealized	"	9,098	
Exchange rate derivatives trading loss— non-hedged and realized	The loss arising from leverage derivative trading for trading purposes	332,158	
Exchange rate derivatives trading loss— non-hedged and unrealized	"	6,118	
Products derivatives trading loss— non-hedged and realized	The loss arising from leverage derivative trading for trading purposes	1,113,477	
Products derivatives trading loss— non-hedged and unrealized	"	64,827	
Equity derivatives trading loss— non-hedged and realized	The loss arising from equity derivative trading for trading purposes	134,861	
Equity derivatives trading loss— non-hedged and unrealized	"	1,618	
Subtotal		<u>2,897,506</u>	
Total		<u>\$ 324,948</u>	

**Capital Futures Corporation**  
**Statement of gains (losses) on sale of trading**  
**securities**  
**For the year ended December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Revenue from sale of securities</u>	<u>Costs from sale of securities</u>	<u>Gains (losses) on sale of securities</u>	<u>Note</u>
Trading- TSE:				
Stocks	\$ 1,694,705	1,809,819	(115,114)	
Other	<u>137,459</u>	<u>139,126</u>	<u>(1,667)</u>	
Subtotal	<u>1,832,164</u>	<u>1,948,945</u>	<u>(116,781)</u>	
Trading- OTC:				
Stocks	345,333	353,936	(8,603)	
Other	<u>29,744</u>	<u>30,441</u>	<u>(697)</u>	
Subtotal	<u>375,077</u>	<u>384,377</u>	<u>(9,300)</u>	
Total	<u>\$ 2,207,241</u>	<u>2,333,322</u>	<u>(126,081)</u>	

**Statement of futures commission expenses**

<u>Item</u>	<u>Payment Party</u>	<u>Amount</u>	<u>Note</u>
Re-consigned futures trading	SG Securities (HK) Limited	\$ 178,807	
	Phillip Futures Pte Ltd.	27,596	
	ADM Investor Services, Inc.	13,812	
	CSC Futures (Hong Kong) Limited	12,556	
	LMAX Global	2,934	
	Nissan Century Securities Co., Ltd.	2,151	
	CMC Markets UK	273	
	MF Global Singapore Pte Ltd.	1	
Futures introducing broker business	Capital Securities Corporation	131,141	
	Union Securities Co., Ltd.	1,923	
	Primasia Securities Company Limited	<u>1,118</u>	
Total		<u>\$ 372,312</u>	

**Capital Futures Corporation**  
**Statement of employee benefit, depreciation,**  
**amortization, and other operating expenses**  
**For the years ended December 31, 2023 and 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

Item	2023	2022	Note
<b>Employee benefit expenses</b>			
Salary expense	\$ 489,102	475,987	
Labor and health insurance expense	31,054	28,587	
Pension expense	12,590	11,866	
Directors' remuneration	31,667	27,012	
Other employee benefits expense	7,791	8,262	
<b>Depreciation expense</b>	47,421	43,172	
<b>Amortization expense</b>	5,326	6,345	
<b>Other operating expense</b>	417,165	457,079	
	<u>\$ 1,042,116</u>	<u>1,058,310</u>	

Additional information on the number of employees of the Company for 2023 and 2022 were as follows :

	2023	2022
Employees	<u>319</u>	<u>306</u>
Number of directors- non-employees	<u>6</u>	<u>6</u>
Average employee benefit expense	<u>\$ 1,727</u>	<u>1,749</u>
Average employee salary expense	<u>\$ 1,563</u>	<u>1,587</u>
Adjustments to average employee salaries and wages	<u>(1.51)%</u>	
Supervisor's remuneration	<u>\$ -</u>	<u>-</u>

Remuneration policy (including directors, managers and employees):

The remuneration of the Company's directors is based on their participation and contribution to the Company's operations and is authorized to be determined by the Board of Directors in accordance with the industry standard. The remuneration of the Company's managers and employees shall be determined by reference to the industry norm, taking into account the reasonableness of the relationship between the individual's performance, the degree of participation and contribution to the Company's operations, the responsibilities, the Company's operating performance and future risks. Compensation for directors and managers shall be reviewed by the Remuneration Committee and approved by the Board of Directors.

**Capital Futures Corporation**  
**Statement of financial costs**  
**For the year ended December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Interest expense	Excess margin and payment to foreign futures institution, etc.	\$ <u><u>63,714</u></u>	

**Statement of expected credit impairment loss (gain)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Receivables- futures margin	Breach of Futures traders	\$ <u><u>(299)</u></u>	Note1

Note 1: In accordance with the Ministry of Finance's 881030 Taiwan Financial Securities (7) Regulation No. 91625, when a debit balance is created on the futures trader's equity and a default is reported, the default amount should be recorded as a margin receivable on futures transactions and the expected credit impairment loss should be recorded in full. If the defaulters repay the defaulted amount in subsequent years, the Company will record the expected credit impairment benefit.



**Capital Futures Corporation**  
**Statement of other gains and losses**  
**For the year ended December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Interest income	Interest on time deposits and interest on demand deposit	\$ 1,100,337	
Dividend income		261,043	
Net gains on non-operating financial instruments at fair value through profit or loss		940	
Other income	Incentives and subsidy, etc.	<u>14,528</u>	
Subtotal		<u>1,376,848</u>	
Net losses on disposal of investments		(270,637)	
Net losses on foreign exchange		(1,057)	
Other expenses	Investment transaction fee and transaction tax expense	(1,844)	
Subtotal		<u>(273,538)</u>	
Total		<u><u>\$ 1,103,310</u></u>	

**CAPITAL FUTURES CORPORATION**  
**Financial Statements of Securities Dealing Department**  
**For the Years Ended December 31, 2023 and 2022**

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

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

Assets		December 31, 2023		December 31, 2022		Liabilities and Equity		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
111100	Cash and cash equivalents (Note 6(a))	\$ 664,241	59	894,994	69	212000	Financial liabilities at fair value through profit or loss- current (Note 6(d))	\$ 12,120	1	219,709	17
112000	Financial assets at fair value through profit or loss- current (Note 6(b))	304,128	27	18,571	2	214130	Accounts payable	78,428	7	7,760	1
113200	Financial assets at fair value through comprehensive income- current (Note 6(b))	13,243	1	43,686	3	214170	Other payables	1,378	-	2,671	-
114010	Bonds purchased under resale agreements(Note 6(b))	60,208	5	-	-	216000	Lease liabilities- current	124	-	82	-
114100	Security borrowing margin	15,715	2	318,164	24			92,050	8	230,222	18
114130	Accounts receivable	40,084	4	8,837	1	<b>Non-current liabilities:</b>					
114150	Prepayments	6	-	32	-	226000	Lease liabilities- non-current	175	-	4	-
114170	Other receivables	611	-	5,176	-	229110	Inter-department accounts, credit(note 6(e))	37,864	4	95,989	7
114600	Current income tax assets	518	-	124	-		<b>Total liabilities</b>	130,089	12	326,215	25
		1,098,754	98	1,289,584	99	<b>Equity:</b>					
<b>Non-current assets:</b>						301110	Assigned working capital	800,000	71	800,000	61
125000	Property and equipment	1,777	-	389	-	304000	Retained earnings	191,084	17	190,284	15
125800	Right-of-use assets	298	-	85	-	305000	Other equity	(2,650)	-	(8,171)	(1)
127000	Intangible assets	20	-	3	-		<b>Total equity</b>	988,434	88	982,113	75
129000	Other non-current assets (Note 6(c))	17,674	2	18,267	1						
		19,769	2	18,744	1						
<b>Total assets</b>		<b>\$ 1,118,523</b>	<b>100</b>	<b>1,308,328</b>	<b>100</b>	<b>Total liabilities and equity</b>		<b>\$ 1,118,523</b>	<b>100</b>	<b>1,308,328</b>	<b>100</b>

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 years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	<u>2023</u>		<u>2022</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b>Income:</b>				
410000	\$ (126,081)	(15,546)	(7,830)	(33)
421300	134,409	16,573	4,589	20
421500	8,815	1,087	1,031	4
421600	(12,018)	(1,482)	11,517	49
421610	(5,675)	(700)	5,675	24
428000	1,361	168	8,581	36
	<u>811</u>	<u>100</u>	<u>23,563</u>	<u>100</u>
<b>Expenses:</b>				
502000	248	31	181	1
521200	3	-	3	-
521640	8	1	190	1
528000	-	-	116	-
531000	2,750	339	3,797	16
532000	451	56	599	3
533000	8,024	989	9,977	42
	<u>11,484</u>	<u>1,416</u>	<u>14,863</u>	<u>63</u>
<b>Net operating income (loss)</b>	<u>(10,673)</u>	<u>(1,316)</u>	<u>8,700</u>	<u>37</u>
<b>Non-operating income and expenses:</b>				
602000	10,827	1,335	5,348	23
	<u>10,827</u>	<u>1,335</u>	<u>5,348</u>	<u>23</u>
902001	154	19	14,048	60
701000	-	-	-	-
<b>Net income</b>	<u>154</u>	<u>19</u>	<u>14,048</u>	<u>60</u>
<b>Other comprehensive income:</b>				
805500	Components that may not be reclassified subsequently to profit or loss:			
805540	6,167	760	(10,857)	(46)
805599	-	-	-	-
	<u>6,167</u>	<u>760</u>	<u>(10,857)</u>	<u>(46)</u>
	<u>6,167</u>	<u>760</u>	<u>(10,857)</u>	<u>(46)</u>
805000	6,167	760	(10,857)	(46)
902006	<u>\$ 6,321</u>	<u>779</u>	<u>3,191</u>	<u>14</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 years ended December 31, 2023 and 2022**

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

**(1) Company history**

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

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

The financial statements of the Department were authorized for issuance by the Board of Directors on March 12, 2024.

**(3) New standards, amendments and interpretations adopted:**

The new standards, amendments and interpretations of the Department apply in line with the parent Company-only financial report. Please refer to the parent Company-only 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 parent Company-only financial report, please refer to the parent Company-only 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, 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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Demand deposits	\$ 45,241	99,574
Time deposits	619,000	795,420
Total	<b><u>\$ 664,241</u></b>	<b><u>894,994</u></b>

(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>December 31, 2023</u>	<u>December 31, 2022</u>
Trading securities- proprietary trading	\$ 294,712	17,938
Trading securities- proprietary trading valuation adjustment	9,416	633
Total	<u>\$ 304,128</u>	<u>18,571</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 years ended December 31, 2023 and 2022 will increase \$3,041 and \$186, 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>December 31, 2023</u>	<u>December 31, 2022</u>
Equity investments at fair value through other comprehensive income		
Listed stocks	\$ 15,893	51,857
Valuation adjustment	(2,650)	(8,171)
Total	<u>\$ 13,243</u>	<u>43,686</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 years ended December 31, 2023 and 2022, the dividends of \$124 and \$1,125, 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 year ended December 31, 2023 and 2022, the dividends of \$124 and \$0 were recognized in the reported periods.

During the year ended December 31, 2023 and 2022, due to the consideration of asset allocation and managing and adjusting the investment portfolio, the Department sold shares of stocks for a fair value \$36,610 and \$0, respectively, and cumulative dispose gains for the year ended December 31, 2023 and 2022, amounted to \$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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Bonds purchased under resale agreements	<u>\$ 60,208</u>	<u>-</u>
Resale price under the agreements	<u>\$ 60,220</u>	<u>-</u>
Interest rates	<u>0.95%</u>	<u>-</u>
Date of repurchase	<u>2024.01.02~2024.01.03</u>	<u>-</u>

## (c) Other non-current assets

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

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Liabilities on sale of borrowed securities - non-hedging	\$ 12,084	229,276
Liabilities on sale of borrowed securities valuation adjustment - non-hedging	<u>36</u>	<u>(9,567)</u>
Total	<u>\$ 12,120</u>	<u>219,709</u>

## (e) Inter-department accounts, credit

As of December 31, 2023 and 2022, the Department and the Company's futures department inter-department transactions of \$37,864 and \$95,989, respectively.

## (f) Financial Instruments

## (i) Credit risk

The carrying amount of financial assets represents the maximum credit exposure. As of December 31, 2023 and 2022, the maximum credit exposure amounted to \$1,115,904 and \$1,307,695, 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>
<b>December 31, 2023</b>							
Financial liabilities at fair value through profit or loss	\$ 12,120	12,120	12,120	-	-	-	-
Accounts payable	78,428	78,428	78,428	-	-	-	-
Other payables	1,378	1,378	1,378	-	-	-	-
Lease liabilities	<u>299</u>	<u>307</u>	<u>64</u>	<u>64</u>	<u>112</u>	<u>67</u>	<u>-</u>
Total	<u>\$ 92,225</u>	<u>92,233</u>	<u>91,990</u>	<u>64</u>	<u>112</u>	<u>67</u>	<u>-</u>
<b>December 31, 2022</b>							
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	<u>86</u>	<u>86</u>	<u>61</u>	<u>21</u>	<u>4</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 230,226</u>	<u>230,226</u>	<u>230,201</u>	<u>21</u>	<u>4</u>	<u>-</u>	<u>-</u>

## (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:

	<b>December 31, 2023</b>		
	<u>Foreign currency (dollar)</u>	<u>Exchange rate</u>	<u>Thousands of New Taiwan Dollars</u>
<b><u>Financial assets</u></b>			
<b><u>Monetary items</u></b>			
USD	\$ 43.74	30.7050	2
<b><u>Financial liabilities</u></b>			
<b><u>Monetary items</u></b>			
SGD	2,340.40	23.2900	55

(Continued)

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

	December 31, 2022		
	Foreign currency (dollar)	Exchange rate	Thousands of New Taiwan Dollars
<b><u>Financial assets</u></b>			
<b><u>Monetary items</u></b>			
USD	\$ 2,025,351.31	30.7100	62,199
<b><u>Financial liabilities</u></b>			
<b><u>Monetary items</u></b>			
SGD	\$ 1,380.42	22.8800	32

For the years ended December 31, 2023 and 2022, the foreign exchange gains (including realized and unrealized) were \$1,361 and \$8,581, 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 years ended December 31, 2023 and 2022, with all other variable factors remained constantly, a strengthening (weakening) 1% of the TWD against the USD, would cause after-tax comprehensive income result in a decrease or an increase by \$0 and \$497, respectively. The analytical basis was the same in both years.

(iv) Analysis in interest rates

For the years ended December 31, 2023 and 2022, with all other variable factors remained constantly, when the interest rate increases or decreases by 100 basis points, would cause after-tax comprehensive income resulting in an increase or a decrease by \$61 and \$66. 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 parent Company-only financial report. Please refer to the parent Company-only 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:

		December 31, 2023		
Assets and Liabilities items	Total	Public quote of the same financial instrument in an active market (Level 1)	Observable price except public quote in an active market (Level 2)	Based neither on direct market data nor from the counter party (Level 3)
<b><u>Fair value evaluated on a recurring basis</u></b>				
<u>Non-derivative assets and liabilities</u>				
Assets:				
Financial assets at fair value through profit or loss				
Beneficiary certificate	\$ 4,627	4,627	-	-
Stock investment	299,501	299,501	-	-
Financial assets at fair value through other comprehensive income				
Stock investment	13,243	13,243	-	-
Liabilities :				
Financial liabilities at fair value through profit or loss	12,120	12,120	-	-
		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)
<b><u>Fair value evaluated on a recurring basis</u></b>				
<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	-	-

b) Valuation techniques

The evaluation techniques of the Department in terms of fair value are in consistent with the parent Company-only financial report. Please refer to the parent Company-only financial report.

(Continued)

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

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.

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

(c) Key management personnel compensation : None.

(d) Significant transactions with related parties

(i) Leases

The Department signed lease contracts from Capital Securities Corporation for the rental of office premises. As of December 31, 2023 and 2022, the total value of effective contracts of were \$266 and \$291, respectively. For the years ended December 31, 2023 and 2022, the Department recognized the amount of \$2 and \$3 as interest expense. As of December 31, 2023 and 2022, lease liabilities were amounted to \$223 and \$57, respectively.

(ii) Rental expenses

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

<u>Related parties</u>	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Capital Securities Corporation	<u>\$ 40</u>	<u>96</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.

(Continued)

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

(iii) Information technology expenses

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Related parties</b>		
Capital Securities Corporation	\$ <b>538</b>	<b>970</b>

(iv) Repair and maintenance expenses

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Related parties</b>		
Capital International Technology Co., Ltd.	\$ <b>19</b>	<b>65</b>

**(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.

(Continued)

**Securities Dealing Department of  
Capital Futures Corporation**

**Statement of cash and cash equivalents**

**December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash :		
Demand deposits		
NTD		\$ 45,239
Foreign currencies	The foreign currencies and exchange rates included are as follows:	
	USD           43.74 @   30.7050	2
Cash equivalents :		
Time deposits		
NTD	The maturity date is January 23, 2024 to November 23, 2024, the interest rate is 0.850% ~1.575%	619,000
		<u>\$ 664,241</u>

**Securities Dealing Department of  
Capital Futures Corporation**

**Statement of financial assets at fair value through profit or loss- current**

**December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Name of financial instrument</u>	<u>Description</u>	<u>Shares or units (in thousands)</u>	<u>Par value (Dollars)</u>	<u>Total amount</u>	<u>Interest rate</u>	<u>Acquisition Cost</u>	<u>Fair Value</u>		<u>Fair value changes is attributable to the changes in credit risk</u>	<u>Note</u>
							<u>Unit price (Dollars)</u>	<u>Total amount</u>		
<u>Listed stocks</u>										
Trading securities- proprietary trading										
	Taiwan Semiconductor Manufacturing Co., Ltd.	84	10	840	-	\$ 47,555	593.00	49,812		
	Other(Note)	3,891	10	38,910	-	204,533	-	209,825		
<u>OTC stocks</u>										
Trading securities- proprietary trading										
	Other(Note)	237	10	2,370	-	37,984	-	39,864		
<u>Beneficiary certificate</u>										
Trading securities- proprietary trading										
	Other(Note)	150	10	1,500	-	<u>4,640</u>	-	<u>4,627</u>		
Total						294,712		<u><u>304,128</u></u>		
Valuation adjustment						<u>9,416</u>				
Total						<u><u>\$ 304,128</u></u>				

Note: The amount of each item is less than 5% of the total.

**Securities Dealing Department of  
Capital Futures Corporation**

**Statement of financial assets at fair value through other comprehensive income- current**

**December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Name of financial instrument</u>	<u>Description</u>	<u>Shares (in thousands)</u>	<u>Par value (Dollars)</u>	<u>Total amount</u>	<u>Interest rate</u>	<u>Acquisition Cost</u>	<u>Accumulated impairment</u>	<u>Fair value</u>		<u>Note</u>
								<u>Unit price (Dollars)</u>	<u>Total amount</u>	
Equity Instrument :										
<u>Listed stocks</u>										
Taiwan Cement Corp.		380	10	3,800	-	\$ <u>15,893</u>	Not Applicable	34.85	<u>13,243</u>	
Total						15,893			<u><u>13,243</u></u>	
Valuation adjustment						<u>(2,650)</u>				
Total						<u><u>\$ 13,243</u></u>				



**Securities Dealing Department of  
Capital Futures Corporation**

**Statement of accounts receivable**

**December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Client name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Non related parties :			
Taiwan Stock Exchange	Stock settlement	\$ 33,652	
Taipei Exchange	"	<u>6,432</u>	
Total		<u><u>\$ 40,084</u></u>	

**Statement of prepayments**

<u>Client name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
SysJust Co., Ltd.	Information fee	\$ 5	
Tokio Marine Newa Insurance Co., Ltd.	Insurance expense	1	
Total		<u><u>\$ 6</u></u>	

**Securities Dealing Department of  
Capital Futures Corporation**

**Statement of other receivables**

**December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Dividends receivable		\$ 282	
Interests receivable		<u>329</u>	
Total		<u>\$ <u>611</u></u>	

**Statement of changes in property and equipment**

**For the year ended December 31, 2023**

<u>Item</u>	<u>Beginning balance</u>	<u>Addition</u>	<u>Decrease</u>	<u>Ending balance</u>	<u>Collateral/ Pledge</u>	<u>Note</u>
Office equipment	\$ 3,496	1,690	612	4,574	No	
Leasehold improvements	<u>333</u>	<u>8</u>	-	<u>341</u>	"	
Total	<u>\$ <u>3,829</u></u>	<u>1,698</u>	<u>612</u>	<u>4,915</u>		

**Securities Dealing Department of  
Capital Futures Corporation**

**Statement of changes in accumulated depreciation of  
property and equipment**

**For the year ended December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Beginning balance</u>	<u>Addition</u>	<u>Decrease</u>	<u>Ending balance</u>	<u>Note</u>
Office equipment	\$ 3,107	301	604	2,804	Note 1
Leasehold improvements	333	1	-	334	Note 2
<b>Total</b>	<b>\$ 3,440</b>	<b>302</b>	<b>604</b>	<b>3,138</b>	

Note 1: The estimated useful life is 3 to 5 years, and depreciation is calculated using the straight-line method.

Note 2: Depreciation is computed using the straight-line method over the estimated useful lives or shorter lease period.

**Statement of changes in right-of-use assets**

<u>Item</u>	<u>Beginning balance</u>	<u>Addition</u>	<u>Decrease</u>	<u>Ending balance</u>	<u>Note</u>
Buildings	\$ 287	257	287	257	
Equipment	102	94	103	93	
<b>Total</b>	<b>\$ 389</b>	<b>351</b>	<b>390</b>	<b>350</b>	

**Securities Dealing Department of  
Capital Futures Corporation**

**Statement of changes in accumulated depreciation of  
right-of-use assets**

**For the year ended December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

<b>Item</b>	<b>Beginning balance</b>	<b>Addition</b>	<b>Decrease</b>	<b>Ending balance</b>	<b>Note</b>
Buildings	\$ 231	92	288	35	
Equipment	73	30	86	17	
<b>Total</b>	<b>\$ 304</b>	<b>122</b>	<b>374</b>	<b>52</b>	

**Statement of changes in intangible asset**

<b>Item</b>	<b>Beginning balance</b>	<b>Addition</b>	<b>Decrease</b>	<b>Ending balance</b>	<b>Collateral/ Pledge</b>	<b>Note</b>
Computer software	\$ <u>3</u>	<u>44</u>	<u>27</u>	<u>20</u>	No	Note1

Note 1: Computer software has an estimated useful life of 3 years and amortization is calculated using the straight-line method.

**Securities Dealing Department of  
Capital Futures Corporation**

**Statement of other non-current assets**

**December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

<b>Item</b>	<b>Description</b>	<b>Amount</b>	<b>Note</b>
Guarantee deposited for business operations		\$ 10,000	Time deposit
Settlement fund		<u>7,674</u>	
Total		<u><u>\$ 17,674</u></u>	

**Securities Dealing Department of  
Capital Futures Corporation**

**Statement of financial liabilities at fair value through profit or loss- current**

**December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Name of Financial Instrument</u>	<u>Description</u>	<u>Shares or units</u>	<u>Par value</u>	<u>Total amount</u>	<u>Interest rate</u>	<u>Fair Value</u>		<u>Changes in fair value attributable to changes in credit risk</u>	<u>Note</u>
						<u>Unit price</u>	<u>Total amount</u>		
Securities borrowing payable									
<u>OTC stocks</u>									
Co-Tech Development Corp.		200		\$ 12,084		60.60	12,120		
Total				12,084			<u>12,120</u>		
Securities borrowing payable valuation adjustment				36					
Total				<u>\$ 12,120</u>					

**Securities Dealing Department of  
Capital Futures Corporation  
Statement of accounts payable  
December 31, 2023  
(Expressed in thousands of New Taiwan Dollars)**

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Non-related parties :			
Taiwan Stock Exchange	Stock settlement and transaction fees	\$ 67,686	
Taipei Exchange	Stock settlement and transaction fees	10,649	
Other	Central depository service fee and securities exchange tax, etc.	93	The amount of each client is less than 5% of the total.
Total		<u>\$ 78,428</u>	

**Statement of other payables**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Bonus payable	Year-end bonus and performance bonus	\$ 360
Other	Various advances, etc.	829
	Other	189
		<u>\$ 1,378</u>

**Securities Dealing Department of  
Capital Futures Corporation**

**Statement of lease liabilities**

**December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Lease term</u>	<u>Discount Rate</u>	<u>Ending balance</u>	<u>Note</u>
Buildings		2023.08.01~2026.07.31	2.07%	\$ 223	Note
Equipment		2023.07.01~2028.11.30	2.01%~2.02%	<u>76</u>	"
				<u><u>\$ 299</u></u>	

Note: Those due within one year have been reclassified as current liabilities.

**Statement of gains (losses) on sale of trading  
securities**

**For the year ended December 31, 2023**

<u>Item</u>	<u>Revenue from sale of securities</u>	<u>Costs from sale of securities</u>	<u>Gains (losses) on sale of securities</u>	<u>Note</u>
Trading- TSE:				
Stocks	\$ 1,694,705	1,809,819	(115,114)	
Other	<u>137,459</u>	<u>139,126</u>	<u>(1,667)</u>	
Subtotal:	<u>1,832,164</u>	<u>1,948,945</u>	<u>(116,781)</u>	
Trading- OTC:				
Stocks	345,333	353,936	(8,603)	
Other	<u>29,744</u>	<u>30,441</u>	<u>(697)</u>	
Subtotal:	<u>375,077</u>	<u>384,377</u>	<u>(9,300)</u>	
Total	<u><u>\$ 2,207,241</u></u>	<u><u>2,333,322</u></u>	<u><u>(126,081)</u></u>	



**Securities Dealing Department of  
Capital Futures Corporation**

**Statement of employee benefit, depreciation,  
amortization and other operating expenses**

**For the years ended December 31, 2023 and 2022**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>2023</u>	<u>2022</u>	<u>Note</u>
<b>Employee benefit expenses</b>			
Salary expense	\$ 2,431	3,280	
Labor and health insurance expense	252	279	
Pension expense	157	180	
Directors' remuneration	-	-	
Other employee benefits expense	(90)	58	
<b>Depreciation expense</b>	424	551	
<b>Amortization expense</b>	27	48	
<b>Other operating expense</b>	8,024	9,977	
	<u>\$ 11,225</u>	<u>14,373</u>	

Additional information on the number of employees of the Department for 2023 and 2022 were as follows :

	<u>2023</u>	<u>2022</u>
Employees	<u>4</u>	<u>2</u>
Number of directors- non-employees	<u>-</u>	<u>-</u>
Average employee benefit expense	<u>\$ 688</u>	<u>1,899</u>
Average employee salary expense	<u>\$ 608</u>	<u>1,640</u>
Adjustments to average employee salaries and wages	<u>(62.93)%</u>	
Supervisor's remuneration	<u>\$ -</u>	<u>-</u>

Remuneration policy (including directors, managers and employees):

The remuneration of the Company's directors is based on their participation and contribution to the Company's operations and is authorized to be determined by the Board of Directors in accordance with the industry standard. The remuneration of the Company's managers and employees shall be determined by reference to the industry norm, taking into account the reasonableness of the relationship between the individual's performance, the degree of participation and contribution to the Company's operations, the responsibilities, the Company's operating performance and future risks. Compensation for directors and managers shall be reviewed by the Remuneration Committee and approved by the Board of Directors.

**Securities Dealing Department of**  
**Capital Futures Corporation**  
**Statement of other gains and losses**  
**For the year ended December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Interest income	Interest on time deposits and guarantee deposits, etc.	\$ <u><u>10,827</u></u>	

**CAPITAL FUTURES CORPORATION**

**Financial Statements of Managed Futures Enterprises Department**

**For the Years Ended December 31, 2023 and 2022**

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(English Translation of Financial Statements of Managed Futures Enterprises Department Originally Issued in Chinese)

**CAPITAL FUTURES CORPORATION**  
**Managed Futures Enterprises Department's Balance Sheets**  
**December 31, 2023 and 2022**  
**(Expressed in Thousands of New Taiwan Dollars)**

Assets		December 31, 2023		December 31, 2022		Liabilities and Equity		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%		
<b>Current assets:</b>						<b>Current liabilities:</b>					
111100	Cash and cash equivalents (Note 6(a))	\$ 641	1	1,162	2	214140	Accounts payable-related parties (Note 7)	\$ 30	-	12	-
114010	Bonds purchased under resale agreements (Note 6(b))	31,426	53	38,165	59	214170	Other payables	1,472	2	1,663	3
114130	Management fees receivable	446	1	98	-	216000	Lease liabilities- current	290	1	198	-
114150	Prepayments	6	-	5	-			1,792	3	1,873	3
114170	Other receivables	10	-	6	-						
114180	Other receivables-related parties (Note 7)	15	-	14	-			434	1	4	-
114600	Current income tax assets	29	-	19	-			2,226	4	1,877	3
		<u>32,573</u>	<u>55</u>	<u>39,469</u>	<u>61</u>						
<b>Non-current assets:</b>											
125000	Property and equipment	1,070	2	267	-						
125800	Right-of-use assets	721	1	199	-						
127000	Intangible assets	40	-	3	-						
129000	Other non-current assets	25,000	42	25,000	39						
		<u>26,831</u>	<u>45</u>	<u>25,469</u>	<u>39</u>						
	<b>Total assets</b>	<u>\$ 59,404</u>	<u>100</u>	<u>64,938</u>	<u>100</u>						
						<b>Equity:</b>					
						301110	Assigned working capital	100,000	168	100,000	154
						304000	Accumulated deficit	(42,822)	(72)	(36,939)	(57)
							<b>Total equity</b>	57,178	96	63,061	97
							<b>Total liabilities and equity</b>	<u>\$ 59,404</u>	<u>100</u>	<u>64,938</u>	<u>100</u>

See accompanying notes to financial statements of managed futures enterprises department.

(English Translation of Financial Statements of Managed Futures Enterprises Department Originally Issued in Chinese)

**CAPITAL FUTURES CORPORATION****Managed Futures Enterprises Department's Statements of Comprehensive Income****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

		<b>2023</b>		<b>2022</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Income:</b>					
424800	Total management fee revenues	\$ 3,377	100	685	100
		<u>3,377</u>	<u>100</u>	<u>685</u>	<u>100</u>
<b>Expense:</b>					
521200	Financial costs	8	-	4	1
528000	Other operating expenditure(Note 7)	340	10	20	3
531000	Employee benefits expense (Note 6(c))	6,760	200	5,949	868
532000	Depreciation and amortization expense (Note 6(c))	517	16	556	81
533000	Other operating expenses (Note 6(d))	2,064	61	2,223	325
		<u>9,689</u>	<u>287</u>	<u>8,752</u>	<u>1,278</u>
	<b>Net operating loss</b>	<u>(6,312)</u>	<u>(187)</u>	<u>(8,067)</u>	<u>(1,178)</u>
<b>Non-operating income and expenses:</b>					
602000	Other gains and losses	429	13	248	36
		<u>429</u>	<u>13</u>	<u>248</u>	<u>36</u>
902001	<b>Net loss before income tax</b>	(5,883)	(174)	(7,819)	(1,142)
701000	<b>Less: Income tax expenses</b>	-	-	-	-
	<b>Net loss</b>	<u>(5,883)</u>	<u>(174)</u>	<u>(7,819)</u>	<u>(1,142)</u>
805000	<b>Other comprehensive income</b>	-	-	-	-
902006	<b>Total comprehensive income</b>	<u>\$ (5,883)</u>	<u>(174)</u>	<u>(7,819)</u>	<u>(1,142)</u>

See accompanying notes to financial statements of managed futures enterprises department.

(English Translation of Financial Statements of Managed Futures Enterprises Department Originally Issued in Chinese)

**CAPITAL FUTURES CORPORATION**

**Notes to the Financial Statements of Managed Futures Enterprises Department**

**For the years ended December 31, 2023 and 2022**

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

**(1) Company history**

Managed Futures Enterprises Department of Capital Futures Corporation (the “Department”) started its operations on September 29, 2010.

**(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 March 12, 2024.

**(3) New standards, amendments and interpretations adopted:**

The new standards, amendments and interpretations of the Department apply in line with parent-Company-only financial reports. Please refer to the parent-Company-only financial reports.

**(4) Summary of significant accounting policies:**

The financial statements of the Department have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, and the related rules of Preparing Financial Reports of Managed Futures Enterprises.

The accounting policies of the Department are consistent with the parent-Company-only financial reports, please refer to the parent-Company-only financial reports.

**(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 Futures Commission Merchants, and the related rules of Preparing Financial Reports of Managed Futures Enterprises, 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 estimations and assumptions. The management recognizes any changes in the 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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Demand deposits	<u><u>\$ 641</u></u>	<u><u>1,162</u></u>

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements of Managed Futures Enterprises Department**

## (b) Bonds purchased under resale agreements

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Bonds purchased under resale agreements	\$ <u>31,426</u>	<u>38,165</u>
Resale price under the agreements	\$ <u>31,450</u>	<u>38,188</u>
Interest rates	<u>1.00%</u>	<u>0.77%</u>
Date of repurchase	<u>2024.01.12</u>	<u>2023.01.13</u>

## (c) Employee benefits, depreciation and amortization expenses:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Employee benefit expenses		
Salary expense	\$ 6,067	5,162
Labor and health insurance expense	408	440
Pension expense	195	241
Other employee benefit expense	90	106
Depreciation expense	465	523
Amortization expense	<u>52</u>	<u>33</u>
	<u>\$ 7,277</u>	<u>6,505</u>

## (d) Other operating expenses

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Utilities expense	\$ 66	41
Postage expense	409	357
Entertainment expense	125	111
Taxes	93	38
Repair and maintenance expense	99	117
Advertising expenses	-	224
Information technology expense	717	669
Membership expense	74	104
Transportation expenses	186	196
Other expenses	<u>295</u>	<u>366</u>
	<u>\$ 2,064</u>	<u>2,223</u>

(Continued)



**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements of Managed Futures Enterprises Department**

## (e) Financial instruments

## (i) Credit risks

The carrying amount of financial assets represent the maximum credit exposure. As of December 31, 2023 and 2022, the maximum credit exposure amounted to \$57,538 and \$64,445, respectively.

## (ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contract cash flow</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 year</u>	<u>2-5 year</u>	<u>More than 5 year</u>
<b>December 31, 2023</b>							
Accounts payable	\$ 30	30	30	-	-	-	-
Lease liabilities	724	743	151	151	285	156	-
Other payables	<u>1,472</u>	<u>1,472</u>	<u>1,472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,226</u>	<u>2,245</u>	<u>1,653</u>	<u>151</u>	<u>285</u>	<u>156</u>	<u>-</u>
<b>December 31, 2022</b>							
Accounts payable	\$ 12	12	12	-	-	-	-
Lease liabilities	202	202	161	37	4	-	-
Other payables	<u>1,663</u>	<u>1,663</u>	<u>1,663</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,877</u>	<u>1,877</u>	<u>1,836</u>	<u>37</u>	<u>4</u>	<u>-</u>	<u>-</u>

## (iii) Currency risk

## 1) Exposure to foreign currency risk

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

	<b>December 31, 2023</b>		
	<u>Foreign Currency (dollar)</u>	<u>Exchange rate</u>	<u>Thousands of New Taiwan Dollars</u>
<b><u>Financial liabilities</u></b>			
<b><u>Monetary items</u></b>			
SGD	\$ 2,223.01	23.2900	52

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements of Managed Futures Enterprises Department**

<u>Financial liabilities</u>	December 31, 2022		
	Foreign Currency (dollar)	Exchange rate	Thousands of New Taiwan Dollars
<u>Monetary items</u>			
USD	\$ 193.45	30.7100	6
SGD	1,469.02	22.8800	34

For the years ended December 31, 2023 and 2022, the foreign exchange gains (losses) (including realized and unrealized) were \$1 and \$0, respectively.

2) Sensitivity analysis

The currency risk of the Department arises mainly from other receivables and other payables which are denominated in foreign currency. As of December 31, 2023 and 2022, with all other variable factors remain constant, a strengthening (weakening) 1% of the TWD against the USD, would cause after-tax comprehensive income result in both an increase or a decrease by all \$0. The analytical basis was the same in both years.

(iv) Analysis in interest rates

For the years ended December 31, 2023 and 2022, with all other variable factors remain constant, when the interest rate increases or decreases by 100 basis points, would cause after-tax comprehensive income result in an increase or a decrease by all \$200. This is mainly due to the Department's time deposits and guarantee deposited for business operations in variable rates and settlement fund in variable rate.

(v) Fair value

The management of the Department believes that the fair value information of the amortized cost of financial assets and financial liabilities is consistent with individual financial reports.

**(7) Related-party transactions:**

(a) Parent company and ultimate controlling party

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

(b) Names and relationship with related parties

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

Name of related party	Relationship with the Company
Capital Securities Corporation	The parent company

(c) Key management personnel compensation : None.

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements of Managed Futures Enterprises Department**

(d) Significant transactions with related parties

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
<b><u>Other receivables</u></b>		
Capital Securities Corporation	\$ <u>15</u>	<u>14</u>
<b><u>Accounts payable</u></b>		
Capital Securities Corporation	\$ <u>30</u>	<u>12</u>
	<b><u>For the years ended December 31, 2023</u></b>	<b><u>2022</u></b>
<b><u>Business commission</u></b>		
Capital Securities Corporation	\$ <u>340</u>	<u>20</u>
	<b><u>For the years ended December 31, 2023</u></b>	<b><u>2022</u></b>
<b><u>Information technology expenses</u></b>		
Capital Securities Corporation	\$ <u>534</u>	<u>482</u>

The Department received \$292 and \$201 interest income from the parent company for bond purchased under resale agreements in 2023 and 2022, respectively. As of December 31, 2023 and 2022, respectively \$31,426 and \$38,165 have been undertaken for bond purchased under resale agreements, the maturity date is January 12, 2024 and January 13, 2023, respectively. The interest rate is 1.00% and 0.77%, respectively.

The Department signed lease contracts from Capital Securities Corporation for the rental of office premises. The total value of effective contracts is \$802 and \$889, respectively. For the years ended December 31, 2023 and 2022, the Department recognized the amount of \$7 and \$3 as interest expense. As of December 31, 2023 and 2022, lease liabilities were amounted to \$672 and \$172, respectively.

- (8) **Pledged assets: None.**
- (9) **Commitments and contingencies: None.**
- (10) **Losses Due to Major Disasters: None.**
- (11) **Subsequent Events: None.**
- (12) **Derivative instrument transactions: None.**

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements of Managed Futures Enterprises Department**

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

In accordance with Article 31 of the Managed Futures Enterprise and Financial Supervisory Commission No. 10100480292, this department operates the discretionary futures trading business, and the total amount of the commissioned transaction accounted for its net value shall meet the restrictions listed as follows:

Art.	Calculation formula	Current Period		Last Period		Standard	Enforcement
		Calculation	Ratio	Calculation	Ratio		
31	The total amount of commissioned transactions <hr/> net value	254,500 <hr/> 57,178	4.45	57,000 <hr/> 63,061	0.90	≤ 10	Compliance

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

The Department mainly accepts discretionary entrustment to engage in futures trading business, and its main content is to engage in futures contracts and option transactions on behalf of clients. Before accepting discretionary entrustment to engage in futures trading, the Department should first explain the transaction-related matters to the client in detail, deliver the discretionary futures trading manual and the discretionary futures trading risk notice, inform the nature of futures trading and possible risks, and sign with the client. For futures trading, the contract is fully appointed. The Department has formulated a sound internal control to manage the transaction risks and credit risks that may be faced.

**(15) Other: None.**

**(16) 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.

**(17) Segment information:**

This department only engages in managed futures enterprises as a single industry, therefore it is not applicable.

**Managed Futures Enterprises Department of  
Capital Futures Corporation**

**Statement of cash and cash equivalents**

**December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash :		
Demand deposits		
NTD		\$ <u>641</u>
Total		\$ <u><u>641</u></u>

**Statement of bonds purchased under resale agreements**

<u>Client Name</u>	<u>Trading conditions</u>			<u>Bonds</u>		<u>Amount</u>	<u>Note</u>
	<u>Start date</u>	<u>Maturity date</u>	<u>Interest rate</u>	<u>Type</u>	<u>Par Value</u>		
Capital Securities Corporation	2023.12.15	2024.01.12	1.00 %	A12101R	\$ 31,000	\$ <u><u>31,426</u></u>	

**Managed Futures Enterprises Department of  
Capital Futures Corporation**

**Statement of management fee receivable**

**December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Non-related parties			
Discretionary management fee receivable		\$ <u><u>446</u></u>	

**Statement of prepayments**

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Light Star Information Co., Ltd.	Repair and maintenance fee	\$ 5	
Tokio Marine Newa Insurance Co., Ltd.	Insurance fee	1	
Total		\$ <u><u>6</u></u>	

**Statement of other receivables**

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Non-related parties	Interest income	\$ 10	
Related parties	"	<u>15</u>	
		\$ <u><u>25</u></u>	

**Managed Futures Enterprises Department of  
Capital Futures Corporation**

**Statement of changes in property and equipment**

**For the year ended December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Beginning balance</u>	<u>Addition</u>	<u>Decrease</u>	<u>Ending balance</u>	<u>Collateral/ Pledge</u>	<u>Note</u>
Office equipment	\$ 1,030	939	605	1,364	No	
Leasehold improvements	636	21	-	657	"	
<b>Total</b>	<b>\$ 1,666</b>	<b>960</b>	<b>605</b>	<b>2,021</b>		

**Statement of changes in accumulated depreciation of  
property and equipment**

<u>Item</u>	<u>Beginning balance</u>	<u>Addition</u>	<u>Decrease</u>	<u>Ending balance</u>	<u>Note</u>
Office equipment	\$ 846	133	605	374	Note 1
Leasehold improvements	553	24	-	577	Note 2
<b>Total</b>	<b>\$ 1,399</b>	<b>157</b>	<b>605</b>	<b>951</b>	

Note1: The estimated useful life is 3 to 5 years, and depreciation is calculated using the straight-line method.

Note2: Depreciation is computed using the straight-line method over the estimated useful lives or shorter lease period.

**Managed Futures Enterprises Department of  
Capital Futures Corporation**

**Statement of changes in right-of-use assets**

**For the year ended December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

<b>Item</b>	<b>Beginning balance</b>	<b>Addition</b>	<b>Decrease</b>	<b>Ending balance</b>	<b>Note</b>
Buildings	\$ 875	777	875	777	
Equipment	102	69	102	69	
	<b>\$ 977</b>	<b>846</b>	<b>977</b>	<b>846</b>	

**Statement of changes in accumulated depreciation of right-  
of-use assets**

<b>Item</b>	<b>Beginning balance</b>	<b>Addition</b>	<b>Decrease</b>	<b>Ending balance</b>	<b>Note</b>
Buildings	\$ 705	278	875	108	
Equipment	73	30	86	17	
	<b>\$ 778</b>	<b>308</b>	<b>961</b>	<b>125</b>	

**Statement of changes in intangible assets**

<b>Item</b>	<b>Beginning balance</b>	<b>Addition</b>	<b>Decrease</b>	<b>Ending balance</b>	<b>Note</b>
Computer software	\$ <u>3</u>	<u>89</u>	<u>52</u>	<u>40</u>	Note 1

Note 1: Computer software has an estimated useful life of 3 years and amortization is calculated using the straight-line method.



**Managed Futures Enterprises Department of  
Capital Futures Corporation**

**Statement of other non-current assets**

**December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Guarantee deposited for business operations	Deposit in accordance with Article 17 of the Futures Brokerage Management Rules	\$ <u><u>25,000</u></u>	

**Statement of accounts payable**

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Related parties Capital Securities Corporation	Discretionary service commission fees payable	\$ <u><u>30</u></u>	

**Statement of other payables**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Non-related parties :		
Year-end bonus		\$ 524
Other	Various advances	676
	Other	<u>272</u>
		<u><u>\$ 1,472</u></u>

**Managed Futures Enterprises Department of  
Capital Futures Corporation**  
**Statement of lease liabilities**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Lease term</u>	<u>Discount Rate</u>	<u>Ending balance</u>	<u>Note</u>
Buildings		2023.8.1~2026.7.31	2.07%	\$ 672	
Equipment		2023.7.1~2025.6.30	2.02%	<u>52</u>	
				<u>\$ 724</u>	

Note: Those due within one year have been reclassified as current liabilities.

**Managed Futures Enterprises Department of  
Capital Futures Corporation**

**Statement of employee benefit, depreciation,  
amortization and other operating expenses**

**For the years ended December 31, 2023 and 2022**

**(Expressed in thousands of New Taiwan Dollars)**

Item	2023	2022	Note
<b>Employee benefit expenses</b>			
Salary expense	\$ 6,067	5,162	
Labor and health insurance expense	408	440	
Pension expense	195	241	
Directors' remuneration	-	-	
Other employee benefit expense	90	106	
<b>Depreciation expense</b>	465	523	
<b>Amortization expense</b>	52	33	
<b>Other operating expense</b>	<u>2,064</u>	<u>2,223</u>	
	<u><b>\$ 9,341</b></u>	<u><b>8,728</b></u>	

Additional information on the number of employees of the Department for 2023 and 2022 were as follows:

	2023	2022
Employees	<u>6</u>	<u>6</u>
Number of directors- non-employees	<u>-</u>	<u>-</u>
Average employee benefit expense	<u>\$ 1,127</u>	<u>992</u>
Average employee salary expense	<u>\$ 1,011</u>	<u>860</u>
Adjustments to average employee salaries and wages	<u>17.56 %</u>	
Supervisor's remuneration	<u>\$ -</u>	<u>-</u>

Remuneration policy (including directors, managers and employees):

The remuneration of the Company's directors is based on their participation and contribution to the Company's operations and is authorized to be determined by the Board of Directors in accordance with the industry standard. The remuneration of the Company's managers and employees shall be determined by reference to the industry norm, taking into account the reasonableness of the relationship between the individual's performance, the degree of participation and contribution to the Company's operations, the responsibilities, the Company's operating performance and future risks. Compensation for directors and managers shall be reviewed by the Remuneration Committee and approved by the Board of Directors.

**Managed Futures Enterprises Department of  
Capital Futures Corporation**

**Statement of other gains and losses**

**For the year ended December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Interest income		\$ 428	
Foreign exchange gains and losses		1	
Total		<u>\$ 429</u>	