Stock Code:6024

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019

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Representation Letter

The entities that are required to be included in the combined financial statements of Capital Futures Corporation as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Capital Futures Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Capital Futures Corporation
Chairman: Sun, Tien-Shan
Date: March 25, 2021

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Independent Auditors' Report

To the Board of Directors of Capital Futures Corporation

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

Brokerage fee revenue recognized:

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

Explanation of key audit matters:

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

Audit procedures in response:

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

Other Matter

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

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are LEE, FENG HUI and CHUNG, TAN TAN.

KPMG

Taipei, Taiwan (Republic of China)
March 25, 2021

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

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

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets:				
111100	Cash and cash equivalents (Note 6(a))	$ 5,259,993	11	4,131,969	10
112000	Financial assets at fair value through profit or loss- current (Note 6(b))	450,635	1	512,847	1
113200	Financial assets at fair value through comprehensive income- current (Note 6(b))	119,204	-	-	-
114010	Bonds purchased under resale agreements (Note 6(b))	244,530	1	46,000	-
114070	Customers margin accounts (Note 6(f))	39,174,200	85	35,492,166	87
114080	Receivable - futures margin (Note 6(g))	-	-	2	-
114100	Security borrowing margin	-	-	3,874	-
114130	Accounts receivable	131,775	-	13,539	-
114140	Accounts receivable- related parties (Note 7)	2,735	-	722	-
114150	Prepayments	7,279	-	8,277	-
114170	Other receivables	76,756	-	80,484	-
114180	Other receivables- related parties (Note 7)	3,841	-	4,068	-
114300	Leverage contract trading- customers' margin accounts	352,962	1	308,543	1
114600	Current income tax assets	238	-	228	-
119000	Other current assets	5	-	2	-
		45,824,153	99	40,602,721	99
	Non-current assets:				
123200	Financial assets at fair value through other comprehensive income- non-current (Note 6(b))	1,349	-	1,375	-
124100	Investments under equity method (Note 6(c))	49,281	-	47,860	-
125000	Property and equipment (Note 6(d))	63,272	-	66,829	-
125800	Right-of-use assets (Note 6(e))	58,504	-	39,481	-
127000	Intangible assets (Note 6(h))	79,546	-	82,235	-
128000	Deferred income tax assets (Note 6(k))	414	-	236	-
129000	Other non-current assets	336,876	1	320,173	1
		589,242	1	558,189	1
906001	**Total assets**	$ 46,413,395	100	41,160,910	100

	Liabilities and Equity	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current liabilities:				
212000	Financial liabilities at fair value through profit or loss- current (Note 6(b))	$ 61,349	-	22,836	-
214080	Futures traders' equity (Note 6(f))	39,140,989	85	35,435,978	87
214100	Leverage contract trading - customers' equity	352,056	1	308,590	1
214130	Accounts payable	136,981	-	43,812	-
214140	Accounts payable- related parties (Note 7)	14,679	-	10,914	-
214150	Advance receipts	3,773	-	2,511	-
214160	Receipts under custody	5,078	-	3,856	-
214170	Other payables	142,850	-	132,096	-
214180	Other payables- related parties (Note 7)	4,881	-	871	-
214600	Current income tax liabilities	61,758	-	86,626	-
215100	Provisions- current	5,577	-	5,952	-
216000	Lease liabilities- current (Note 6(i))	27,882	-	27,546	-
219000	Other current liabilities	15,248	-	10,670	-
		39,973,101	86	36,092,258	88
	Non-Current liabilities:				
226000	Lease liabilities- non-current (Note 6(i))	30,597	-	11,882	-
228000	Deferred income tax liabilities (Note 6(k))	15,251	-	8,767	-
229000	Other non-current liabilities (Note 6(j))	7,487	-	6,719	-
		53,335	-	27,368	-
906003	**Total liabilities**	40,026,436	86	36,119,626	88
	Equity attributable to owners of parent:				
301010	Common stock (Note 6(l))	2,104,376	5	1,764,376	4
302000	Capital surplus (Note 6(l))	1,873,996	4	1,047,338	3
304010	Legal reserve	564,658	1	504,667	1
304020	Special reserve	1,280,666	3	1,142,132	3
304040	Unappropriated earnings (Note 6(l))	623,005	1	599,904	1
305000	Other equity	(87,037)	-	(45,421)	-
	Total equity attributable to owners of parent	6,359,664	14	5,012,996	12
306000	Non-controlling interests	27,295	-	28,288	-
906004	**Total equity**	6,386,959	14	5,041,284	12
906002	**Total liabilities and equity**	$ 46,413,395	100	41,160,910	100

See accompanying notes to consolidated financial statements.

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

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

		2020		2019	
		Amount	**%**	**Amount**	**%**
	Income:				
401000	Brokerage fee revenue (Note 6(n))	$ 1,896,284	78	1,577,235	82
410000	Net gains on sale of trading securities	115,501	5	54,758	3
421300	Dividend revenue	3,545	-	1,101	-
421500	Net gains (losses) on measurement of trading securities at fair value through profit or loss	4,945	-	14,751	1
421600	Losses on covering of borrowed securities and bonds with resale agreements-short sales	(1,304)	-	(1,144)	-
421610	Net losses on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss	1,109	-	(1,108)	-
424100	Futures commission revenue (Note 6(n))	322,130	13	209,879	11
424200	Securities commission revenue	11,437	-	4,622	-
424400	Net gains (losses) on derivative instruments- futures (Note 6(n))	(22,772)	(1)	(16,016)	(1)
424500	Net gains (losses) on derivative instruments - OTC (Note 6(n))	62,602	3	36,424	2
424800	Management fee revenue	220	-	204	-
424900	Consulting fee revenue	12,219	1	15,076	1
428000	Other operating revenue	20,320	1	20,996	1
		2,426,236	100	1,916,778	100
	Expenses:				
501000	Brokerage fees	370,883	15	266,476	14
502000	Brokerage fees - proprietary trading	3,147	-	1,325	-
521200	Financial costs	7,404	-	19,791	1
521640	Loss from securities borrowing transactions	70	-	193	-
425300	(Reversal of) expected credit impairment loss (Note 6(o))	413	-	(2,237)	-
524100	Futures commission expenses (Note 6(n))	525,520	22	432,079	22
524300	Clearing and settlement expenses	180,753	8	149,055	8
528000	Other operating expenditure	4,552	-	2,129	-
531000	Employee benefit expenses (Note 6(n))	496,948	21	457,346	24
532000	Depreciation and amortization expenses (Note 6(n))	77,442	3	67,600	4
533000	Other operating expenses (Note 6(n))	388,007	16	345,359	18
		2,055,139	85	1,739,116	91
	Net operating income	371,097	15	177,662	9
	Non-operating income and expenses:				
601000	Share of profit (loss) of associates and joint ventures under equity method (Note 6(c))	2,304	-	2,469	-
602000	Other gains and losses (Note 6(n))	411,105	17	566,483	30
		413,409	17	568,952	30
902001	**Net income before income tax**	784,506	32	746,614	39
701000	**Less: Income tax expenses (Note 6(k))**	162,162	6	146,938	8
	Net income	622,344	26	599,676	31
805000	**Other comprehensive income:**				
805500	**Components that may not be reclassified subsequently to profit or loss:**				
805510	Actuarial gains (losses) on defined benefit plans (Note 6(j))	(709)	-	(664)	-
805540	Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income	1,660	-	320	-
805599	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Subtotal of components that may not be reclassified subsequently to profit or loss	951	-	(344)	-
805600	**Components that may be reclassified subsequently to profit or loss:**				
805610	Exchange differences on translation of foreign operations	(44,625)	(2)	(19,498)	(1)
805699	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 6(k))	(178)	-	(66)	-
	Subtotal of components that may be reclassified subsequently to profit or loss	(44,447)	(2)	(19,432)	(1)
805000	**Other comprehensive income**	(43,496)	(2)	(19,776)	(1)
902006	**Total comprehensive income**	**$ 578,848**	**24**	**579,900**	**30**
	Net income attributable to:				
913100	Shareholders of the parent	$ 622,166	26	600,009	31
913200	Non-controlling interests	178	-	(333)	-
		$ 622,344	**26**	**599,676**	**31**
	Comprehensive income attributable to:				
914100	Shareholders of the parent	$ 579,841	24	580,792	30
914200	Non-controlling interests	(993)	-	(892)	-
		$ 578,848	**24**	**579,900**	**30**
975000	**Basic earnings per share (Dollar) (Note 6(m))**	**$**	**3.07**		**3.40**
985000	**Diluted earnings per share (Dollar) (Note 6(m))**	**$**	**3.07**		**3.40**

See accompanying notes to consolidated financial statements.

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

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent									
	Share Capital		Retained earnings			Other equity				
	Common stock	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	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance on January 1, 2019	$ 1,764,376	1,047,338	421,147	990,784	835,315	(27,804)	936	5,032,092	29,180	5,061,272
Net income for the year ended December 31, 2019	-	-	-	-	600,009	-	-	600,009	(333)	599,676
Other comprehensive income	-	-	-	-	(664)	(18,873)	320	(19,217)	(559)	(19,776)
Total comprehensive income	-	-	-	-	599,345	(18,873)	320	580,792	(892)	579,900
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	83,520	-	(83,520)	-	-	-	-	-
Special reserve	-	-	-	171,217	(171,217)	-	-	-	-	-
Cash dividends	-	-	-	-	(599,888)	-	-	(599,888)	-	(599,888)
Reversal of special reserve for the contra equity account	-	-	-	(19,869)	19,869	-	-	-	-	-
Balance on December 31, 2019	1,764,376	1,047,338	504,667	1,142,132	599,904	(46,677)	1,256	5,012,996	28,288	5,041,284
Net income for the year ended December 31, 2020	-	-	-	-	622,166	-	-	622,166	178	622,344
Other comprehensive income	-	-	-	-	(709)	(43,276)	1,660	(42,325)	(1,171)	(43,496)
Total comprehensive income	-	-	-	-	621,457	(43,276)	1,660	579,841	(993)	578,848
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	59,991	-	(59,991)	-	-	-	-	-
Special reserve	-	-	-	119,981	(119,981)	-	-	-	-	-
Cash dividends	-	-	-	-	(399,831)	-	-	(399,831)	-	(399,831)
Special reserve for the contra equity account	-	-	-	18,553	(18,553)	-	-	-	-	-
Capital increase by cash (Note 6(l))	340,000	826,260	-	-	-	-	-	1,166,260	-	1,166,260
Right of inclusion	-	398	-	-	-	-	-	398	-	398
Balance on December 31, 2020	**$ 2,104,376**	**1,873,996**	**564,658**	**1,280,666**	**623,005**	**(89,953)**	**2,916**	**6,359,664**	**27,295**	**6,386,959**

See accompanying notes to consolidated financial statements.

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

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

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

See accompanying notes to consolidated financial statements.

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

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

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

(1) Company history

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

(a) Futures business

(b) Futures advisory business

(c) Securities introducing brokerage

(d) Futures management business

(e) Management consulting and information software service

(f) Securities business on a proprietary basis

(g) Securities investment consulting

(h) Lever Exchange Agency

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

The consolidated financial statements were authorized for issuance by the Board of Directors on March 25, 2021.

(3) New standards, amendments and interpretations adopted:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2020:

- Amendments to IFRS 3 "Definition of a Business"
- Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"
- Amendments to IAS 1 and IAS 8 "Definition of Material"
- Amendments to IFRS 16 "COVID-19-Related Rent Concessions"

(Continued)

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform－Phase 2”

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 16 “Property, Plant and Equipmentt－Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts－Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(Continued)

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(4) Summary of significant accounting policies:

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

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, the related rules of Preparing Financial Reports of Managed Futures Enterprises, the Regulations Governing the Preparation of Financial Reports by Securities Firms and with the IFRSs, IASs, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

(b) Basis of preparation

(i) Basis of measurement

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

1) Financial instruments measured at fair value through profit or loss are measured at fair value (including derivative instruments);

2) Financial instruments measured at fair value through other comprehensive income are measured at fair value;

3) The defined benefit liability (obligation) is recognized 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(q)) stated.

(ii) Functional and presentation currency

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

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries.

Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non controlling interests having a deficit balance.

Intercompany transactions, balances and any unrealized gains or losses on transactions between companies within the Group are eliminated.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
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(ii) List of subsidiaries in the consolidated financial statements

Subsidiaries included in the consolidated financial report are as follows:

Name of the investor	Subsidiaries	Business type	Ratio of Equity Ownership December 31, 2020	Ratio of Equity Ownership December 31, 2019	Note
The Company	CSC Futures (HK) Ltd.	Futures dealing business	97.27 %	97.27 %	The corporation established in December, 1998. The Company acquired 100% of the equity on November 1, 2012, disposed 5% of the equity on April 2, 2014, acquired 5% of the equity on December 23, 2014, disposed 5% of the equity on April 30, 2015 and acquired 2.27% of the equity when the corporation raised its capital by HK$100,000 thousands on December 12, 2016. As of December 31, 2020, the paid in capitals amounted to HK$220,000 thousands.
The Company	Capital International Technology Corp.	Management consulting and information service business.	100.00 %	100.00 %	The corporation established in December, 2014. As of December 31, 2020, the paid in capitals amounted to $50,000.
Capital International Technology Corp.	Capital True Partner Technology Co., Ltd.	Management consulting and information service business.	51.00 %	51.00 %	The corporation established in August 20, 2008. The Company acquired 51% of the equity on February 9, 2015 and held controlling interest. As of December 31, 2020, the paid in capitals amounted to CNY$1,000 thousands.
Capital International Technology Corp.	Capital Futures Technology (Shanghai) Co., Ltd.	Management, consulting and information service business.	100.00 %	100.00 %	The corporation established in October, 2016. As of December 31, 2020, the paid in capitals amounted to CNY$4,000 thousands.

(d) 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 items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income.

(e) 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.

(f) 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.

(Continued)

(g) Financial instruments

Trade receivables issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group 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.

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 Group 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 Group 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.

(Continued)

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.

Dividend income is recognized in profit or loss on the date on which the Group'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 Group 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 Group 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 Group 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 Group 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 Group's historical experience and informed credit assessment as well as forward-looking information.

(Continued)

The Group 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 Group 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 Group considers a financial asset to be in default when the financial asset is more than 90 days past dueor the debtor is unlikely to pay its credit obligations to the Group in full.

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

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 Group 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 Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group 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 charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

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The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For debtors, the Group 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 Group 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 Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group 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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group 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 Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group 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.

(Continued)

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 Group 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.

(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.

(h) Investments in associates and joint ventures

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

A holding of 20% or more of the voting power (directly or through subsidiaries) will indicate significant unless it can be clearly demonstrated otherwise. Investments in associates are accounted for using equity method and are recognized initially at cost. The carrying amount of the investment in associates includes goodwill which is arising from the acquisition.

On initial recognition, the investor's share of the investee's profit or loss is recognized in the investor's profit or loss. Distributions received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount may also be required arising from changes in the investee's other comprehensive income.

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

The investor's share of the changes from foreign exchange translation differences is recognized in net assets/equity of the investor.

(i) Securities under agreements

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

(j) Securities borrowing transactions

The Group 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.

(Continued)

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(k) 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.

(l) 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 Group. 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.

(m) Leases

(i) Identifying a lease

At inception of a contract, the Group 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. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

– the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

– the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

– the customer has the right to direct the use of the asset throughout the period of use only if either:

1) the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or

2) the relevant decisions about how and for what purpose the asset is used are predetermined and:

- the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or

- the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(ii) As a leasee

The Group 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 Group's incremental borrowing rate. Generally, the Group 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 Group'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.

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 Group 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 Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group 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 Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(n) Intangible assets

Intangible assets of the Group 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.

(o) Revenue recognition

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

(p) Impairment of non financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets and employee benefits) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(Continued)

(q) 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 Group'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 Group, 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.

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 Group 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 Group 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 Group can no longer withdraw the offer of those benefits and when the Group 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 Group 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.

(Continued)

(r) Share-based payment

The grant-date fair value of share-based payment awards granted to employee is recognized as employee expenses with a corresponding increase in equity, over the period which the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of award that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(s) 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 purposes 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 Group 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.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, 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 Group 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.

(Continued)

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.

Income tax of overseas subsidiaries is estimated in accordance with local regulation. Income tax of the Group is the sum of the income tax of subsidiaries in the consolidated financial statements.

(t) Earnings per share ("EPS")

The Group presents its basic and diluted earnings per share attributable to the Company's ordinary equity holders. The basic earnings per share of the Group 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 Group include the estimation of employee remuneration.

(u) Segment information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's CEO who allocates resources and assesses segment performance. Each operating segment consists of standalone financial information.

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

The preparation of the financial statements in conformity with Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants , the related rules of Preparing Financial Reports of Managed Futures Enterprises, Regulations Governing the Preparation of Financial Reports by Securities Firms and the IFRSs endorsed by the FSC 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 goodwill

The assessment of impairment of goodwill requires the Group to make subjective judgments to identify CGUs, allocate the goodwill to relevant CGUs, and estimate the recoverable amount of relevant CGUs.

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
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(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash	$ 96	129
Demand deposits	493,633	552,573
Time deposits	3,918,024	2,973,498
Futures margin- excess margin	754,254	594,777
Commercial paper	93,986	10,992
Total	$ **5,259,993**	**4,131,969**

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

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

	December 31, 2020	December 31, 2019
Open-ended funds and money- market instruments	$ 30,000	112,948
Open-ended funds and money- market instruments valuation adjustment	72	1,492
Trading securities- proprietary trading	205,298	152,933
Trading securities- proprietary trading valuation adjustment	10,922	6,350
Securities invested by securities broker	48,166	146,849
Securities invested by securities broker valuation adjustment	934	(1,589)
Call options- non-hedging	40,164	3,482
Futures margin-proprietary fund- non-hedging	51,699	51,316
Non-hedging leverage derivatives	63,380	39,066
Total	$ **450,635**	**512,847**

If there is an increase in the securities price of 1% on the reporting date (assume that all other variables remain the same), the impact on after-tax comprehensive income for 2020 and 2019 will increase $2,954 and $4,190, respectively. Conversely, if there is a decrease in the securities price of 1% on the reporting date based on all other variables remain the same, there will be the same amount but opposite direction of influence.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
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(ii) Financial assets at fair value through other comprehensive income- current

	December 31, 2020	December 31, 2019
Equity investments at fair value through other comprehensive income		
Listed stocks	$ 99,266	-
OTC stocks	18,252	-
	117,518	-
Valuation adjustment	1,686	-
Total	$ 119,204	-

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

During the years ended December 31, 2020 and 2019, the dividends of $75 and $0, respectively, related to equity investment at fair value through other comprehensive income held on the years then ended, were recognized.

No strategic investments were disposed in 2020 and 2019,and the there were no transfers of any cumulative gain or loss within equity relating to these investments.

(iii) Bonds purchased under resale agreements

	December 31, 2020	December 31, 2019
Bonds purchased under resale agreements	$ 244,530	46,000
Resale price under the agreements	$ 244,545	46,007
Interest rates	0.16%~ 0.22%	0.47%
Date of repurchase	2021.01.05~2021.01.15	2020.01.06

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

	December 31, 2020		December 31, 2019	
Investee Company	Ownership ratio	Amount	Ownership ratio	Amount
Taiwan Futures Exchange Co., Ltd	0.0042 %	$ 1,349	0.0042 %	1,375

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

During the years ended December 31, 2020 and 2019, the dividends of $39 and $51, respectively, related to equity investments at fair value through other comprehensive income held on the years then ended, were recognized. No strategic investments were disposed in 2020 and 2019, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	December 31, 2020	December 31, 2019
Put options - non-hedging	$ 59,577	11,897
Liabilities on sale of borrowed securities - non-hedging	-	2,257
Liabilities on sale of borrowed securities valuation adjustment - non-hedging	-	1,108
Non-hedging leverage derivatives	1,772	7,574
	$ 61,349	**22,836**

(c) Investments under equity method

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

	December 31, 2020	December 31, 2019
Associate	**$ 49,281**	**47,860**

(i) Associate

The Group acquired 49% of True Partner Capital Advisor Co., Ltd. shares with US $1,123 on October 2, 2015, which indicate significant. Below is the relevant information:

Name of associate	Relationship with the Company	Principal place of business /Register country of company	Ownership equity and % of right to vote December 31, 2020	Ownership equity and % of right to vote December 31, 2019
True Partner Capital Advisor Co., Ltd.	Its main business is assets management, and it's the Company's strategic alliances to expand assets managing business.	Hong Kong	49.00 %	49.00 %

The insignificant associate uses equity method and its financial information is summarized as follows. The information is included in the consolidated financial statement of the Group:

	December 31, 2020	December 31, 2019
Summarized ending balance of the insignificant associate	**$ 49,281**	**47,860**

	For the years ended December 31, 2020	2019
Shares belong to the Group:		
Net gains from continuing operations	$ 2,304	2,469
Other comprehensive income (losses)	(705)	(262)
Total comprehensive income	**$ 1,599**	**2,207**

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Collateral and pledge

As of December 31, 2020 and 2019, the Group did not provide any investment accounted for using equity method as collaterals for its loans.

(d) Property and equipment

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

		Office equipment	Leasehold improvements	Total
Cost:				
Balance at January 1, 2020	$	134,613	22,186	156,799
Additions		25,197	3,739	28,936
Disposal		(12,032)	(543)	(12,575)
Effect of exchange rate changes		(1,477)	(138)	(1,615)
Balance at December 31, 2020	$	146,301	25,244	171,545
Balance at January 1, 2019	$	107,380	20,501	127,881
Additions		45,766	1,747	47,513
Disposal		(17,793)	-	(17,793)
Effect of exchange rate changes		(740)	(62)	(802)
Balance at December 31, 2019	$	134,613	22,186	156,799
Accumulated depreciation:				
Balance at January 1, 2020	$	76,051	13,919	89,970
Depreciation		27,589	4,403	31,992
Disposal		(12,032)	(543)	(12,575)
Effect of exchange rate changes		(977)	(137)	(1,114)
Balance at December 31, 2020	$	90,631	17,642	108,273
Balance at January 1, 2019	$	70,156	9,273	79,429
Depreciation		24,262	4,708	28,970
Disposal		(17,793)	-	(17,793)
Effect of exchange rate changes		(574)	(62)	(636)
Balance at December 31, 2019	$	76,051	13,919	89,970
Carrying amounts:				
Balance at December 31, 2020	$	55,670	7,602	63,272
Balance at December 31, 2019	$	58,562	8,267	66,829

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
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As of December 31, 2020 and 2019, the Group did not provide any property and equipment as collateral and pledge.

(e) Right-of-use assets

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

		Buildings	Equipment	Total
Cost:				
Balance at January 1, 2020	$	60,635	8,977	69,612
Additions		57,296	2,614	59,910
Derecognition		(22,876)	-	(22,876)
Effect of exchange rate changes		(993)	-	(993)
Balance at December 31, 2020	**$**	**94,062**	**11,591**	**105,653**
Balance at January 1, 2019	$	-	-	-
Effects of retrospective application		37,696	3,369	41,065
Additions		23,525	5,608	29,133
Derecognition		(77)	-	(77)
Effect of exchange rate changes		(509)	-	(509)
Balance at December 31, 2019	**$**	**60,635**	**8,977**	**69,612**
Accumulated depreciation:				
Balance at January 1, 2020	$	27,215	2,916	30,131
Depreciation		32,539	3,171	35,710
Derecognition		(18,060)	-	(18,060)
Effect of exchange rate changes		(632)	-	(632)
Balance at December 31, 2020	**$**	**41,062**	**6,087**	**47,149**
Balance at January 1, 2019	$	-	-	-
Effects of retrospective application		-	-	-
Depreciation		27,360	2,916	30,276
Effect of exchange rate changes		(145)	-	(145)
Balance at December 31, 2019	**$**	**27,215**	**2,916**	**30,131**
Carrying amounts:				
Balance at December 31, 2020	**$**	**53,000**	**5,504**	**58,504**
Balance at December 31, 2019	**$**	**33,420**	**6,061**	**39,481**

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Customers margin accounts/futures traders' equity

As of December 31, 2020 and 2019, the difference between customers’ margin accounts and futures traders' equity were reconciled as follows:

	December 31, 2020	December 31, 2019
Customers margin accounts		
Cash in bank	$ 29,144,632	26,981,210
Balance of the futures clearing house	6,038,034	4,874,988
Balance of other futures commission merchants	3,990,936	3,635,783
Marketable securities	598	185
Balance of customers margin accounts	39,174,200	35,492,166
Plus adjustment items:		
Commission cost	2,352	1,248
Others	26	(66)
Deduction adjustment items:		
Commission income	(11,746)	(7,426)
Futures transaction tax	(2,289)	(1,342)
Interest income	(789)	(5,699)
Temporary credits	(3,034)	(1,817)
Remittance amount of the customers after the market closed	(11,879)	(9,235)
Other receivables	(5,848)	-
Others	(4)	(31,851)
Balance of futures traders' equity	**$ 39,140,989**	**35,435,978**

(g) Receivable - futures margin

	December 31, 2020	December 31, 2019
Receivable - futures margin - current	$ 330	386
Less: Loss allowance	330	384
Subtotal	-	2
Receivable - futures margin - non-current	7,471	30,597
Less: Loss allowance	7,471	30,597
Subtotal	-	-
Total	**$ -**	**2**

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
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The movement in the allowance for receivable- futures margin was as follows:

		2020	2019
Balance on January 1	$	30,981	33,370
Impairment losses recognized (reversed)		413	(2,389)
Amounts written off		(23,593)	-
Balance on December 31	$	7,801	30,981

(h) Intangible assets

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

		Goodwill (Note2)	The seats of foreign futures exchanges (Note1)	Computer software	Total
Cost:					
Balance at January 1, 2020	$	22,088	50,436	28,362	100,886
Additions		-	-	8,323	8,323
Scrap		-	-	(7,458)	(7,458)
Effect of exchange rate changes		-	(283)	66	(217)
Balance at December 31, 2020	$	22,088	50,153	29,293	101,534
Balance at January 1, 2019	$	22,088	50,550	25,491	98,129
Additions		-	-	12,646	12,646
Scrap		-	-	(9,621)	(9,621)
Effect of exchange rate changes		-	(114)	(154)	(268)
Balance at December 31, 2019	$	22,088	50,436	28,362	100,886
Amortization and impairment loss:					
Balance at 1 January 1, 2020	$	-	4,201	14,450	18,651
Amortization		-	-	9,740	9,740
Impairment loss		1,204	-	-	1,204
Scrap		-	-	(7,458)	(7,458)
Effect of exchange rate changes		-	(194)	45	(149)
Balance at December 31, 2020	$	1,204	4,007	16,777	21,988
Balance at January 1, 2019	$	-	4,280	15,817	20,097
Amortization		-	-	8,354	8,354
Scrap		-	-	(9,621)	(9,621)
Effect of exchange rate changes		-	(79)	(100)	(179)
Balance at December 31, 2019	$	-	4,201	14,450	18,651

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
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	Goodwill (Note2)	The seats of foreign futures exchanges (Note1)	Computer software	Total
Carrying value:				
Balance at December 31, 2020	$ 20,884	46,146	12,516	79,546
Balance at December 31, 2019	$ 22,088	46,235	13,912	82,235

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

2. The Group recognized an impairment loss of $1,204 in 2020, according to discount rate of 4.65% on the basis of the future recoverable amount of sub-subsidiary from Mainland China.

(i) Lease liabilities

The Group's lease liabilities were as follows:

	December 31, 2020	December 31, 2019
Current	$ 27,882	27,546
Non-current	$ 30,597	11,882

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

The amounts recognized in profit or loss were as follows：

	For the years ended December 31, 2020	2019
Interest on lease liabilities	$ 787	796
Expenses relating to short-term leases	$ 3,340	3,175
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	$ 303	303

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

	For the years ended December 31 2020	2019
Total cash outflow for leases	$ 39,950	34,164

(i) Real estate leases

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

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Notes to the Consolidated Financial Statements

(ii) Other leases

The Group 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:

		December 31, 2020	December 31, 2019
Present value of defined benefit obligations	$	(24,328)	(24,616)
Fair value of plan assets		16,841	17,897
Recognized liabilities for defined benefit obligations	**$**	**(7,487)**	**(6,719)**

The Group 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 Group 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 Group’ s Bank of Taiwan labor pension reserve account balance amounted to $16,841 as of December 31, 2020. 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 Group in 2020 and 2019 were as follows:

		For the years ended December 31, 2020	2019
Defined benefit obligation at January 1	$	24,616	26,128
Current service costs and interest		472	607
Benefits paid		(2,073)	(3,444)
Remeasurement of net defined benefit obligation			
- Experience gains or losses		522	963
- Actuarial losses (gains) arising from changes in financial assumptions		791	362
Defined benefit obligation at December 31	**$**	**24,328**	**24,616**

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Movements in fair value of defined benefit plan assets

The movements in fair value of defined benefit plan assets of the Group in 2020 and 2019 were as follows:

	For the years ended December 31,	
	2020	**2019**
Fair value of plan assets at January 1	$ 17,897	18,216
Interest income	122	172
Benefits paid	(2,073)	(1,590)
Remeasurement of net defined benefit obligation		
- Return on plan assets (except net interests of period)	604	661
Contributions to the plan assets	291	438
Fair value of plan assets at December 31	**$ 16,841**	**17,897**

4) Expense recognized in profit or loss

The expenses recognized in profit or loss of the Group in 2020 and 2019 were as follows:

	For the years ended December 31,	
	2020	**2019**
Current service cost	$ 307	363
Net interest of net defined benefit obligation	43	72
	$ 350	**435**

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

For the years ended December 31, 2020 and 2019, the accumulated remeasurement of net defined benefit obligation recognized in other comprehensive income were as follows:

	For the years ended December 31,	
	2020	**2019**
Accumulated amount on January 1	$ (12,130)	(11,466)
Recognized during the period	(709)	(664)
Accumulated amount on December 31	**$ (12,839)**	**(12,130)**

6) Actuarial assumptions

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

	For the years ended December 31,	
	2020	**2019**
Discount rate	0.41 %	0.67 %
Future salary growth rate	3.00 %	2.50 %

(Continued)

The expected contribution to the defined benefit plan for the next year is \$150. The weighted average duration of the defined benefit obligation is 1 years.

7) Sensitivity Analysis

When calculating the present value of the defined benefit obligations, the Group 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.

For the years ended December 31, 2020 and 2019, the effects of adopting significant actuarial assumptions to defined benefit obligations were as follows:

	Effects to defined benefit obligations	
	Increase 0.5%	**Decrease 0.5%**
December 31, 2020		
Discount rate	$ (525)	446
Future salary increasing rate	409	(398)
December 31, 2019		
Discount rate	(582)	606
Future salary increasing rate	470	(457)

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 Group contributes 6% of the employee’s monthly wages to the Bureau of the Labor Insurance. Therefore, the Group has no further legal or constructive obligations to make any additional contribution once the contributions have been paid.

The Group contributed \$12,876 and \$12,059 under defined contribution plan to the Bureau of the Labor Insurance in the year 2020 and 2019, respectively.

(iii) For the years ended December 31, 2020 and 2019 the pension costs contributed by overseas subsidiaries in compliance with local ordinance were\$1,699 and \$3,031, respectively.

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Income taxes

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

The Company and its subsidiary Capital International Technology Corp. are founded in Taiwan. The corporate income tax rate is both 20% for the years ended December 31, 2020 and 2019.

The subsidiary CSC Futures (HK) Ltd. is founded in Hong Kong. The corporate income tax rate is both 16.5% for the years ended December 31, 2020 and 2019.

The tax rate of reinvestment business of subsidiaries including Capital True Partner Technology Co., Ltd. and Capital Futures Technology (Shanghai) Co., Ltd. which founded in Mainland China are both 25% for the years ended December 31, 2020 and 2019.

(ii) Income tax expense

1) The amount of income tax expense (benefit) for the years ended December 31, 2020 and 2019 were as follows:

	For the years ended December 31,	
	2020	**2019**
Current income tax expense	$ 155,678	147,727
Deferred income tax expense (benefit)	6,484	(789)
Total	**$ 162,162**	**146,938**

2) The amount of income tax expense (benefit) recognized in other comprehensive income of the Group in 2020 and 2019 were as follows:

	For the years ended December 31,	
	2020	**2019**
Exchange difference on translation of foreign operations	**$ (178)**	**(66)**

Reconciliation of income tax expense (benefit) and profit before tax of the Group for 2020 and 2019 were as follows:

	For the years ended December 31, 2020	2019
Net income before income tax	$ 784,506	746,614
Income tax using the Company's domestic tax rate	156,092	148,744
Tax-exempt income	(5,966)	603
Unrecognized deferred tax assets for current-year losses	(279)	54
Unrecognized temporary differences for current year	2,607	(220)
Adjustments to prior year's income tax	7,293	(4,074)
10% surtax on undistributed earnings	49	4
Others	2,366	1,827
Total	**$ 162,162**	**146,938**

(iii) Deferred tax assets and liabilities

1) Unrecognized deferred income tax liabilities

As of December 31, 2020 and 2019, the details of the Group’s unrecognized deferred tax liabilities were as follows:

	December 31, 2020	December 31, 2019
Aggregate amount of temporary differences related to investments in subsidiaries	**$ 3,605**	**14,845**

The dividend policies of the Group’s subsidiaries, CSC Futures (HK) Ltd. and Capital True Partner Technology Co., Ltd., were prescribed not to appropriate the retain earning until December 31, 2020. Also, the Group 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.

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
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2) Unrecognized deferred income tax assets

As of December 31, 2020 and 2019, the details of the Group's unrecognized deferred tax assets were as follows:

	December 31, 2020	December 31, 2019
Unrealized losses on foreign investments under Equity Method	$ 620	275
Tax loss carried forward	595	874
	$ 1,215	**1,149**

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2020, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Unused tax loss	Expiry date
2017 (Assessed)	$ 1,141	2027
2018 (Assessed)	1,564	2028
2019 (Assessed)	269	2029
Total	**$ 2,974**	

3) Recognized deferred income tax assets and liabilities

As of December 31, 2020 and 2019, the details of the Group's recognized deferred tax assets and liabilities were as follows:

	December 31, 2020	December 31, 2019
Recognized deferred tax assets:		
Exchange difference on translation of foreign operations	**$ 414**	**236**
Recognized deferred tax liabilities:		
Unrealized gains on foreign investments under Equity Method	$ 2,930	2,469
Unrealized gains on derivative financial instruments	12,321	6,298
Total	**$ 15,251**	**8,767**

(Continued)

(iv) Income tax assessment status

The Company's income tax returns through 2018 were assessed by the Tax Authority.

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

(l) Capital and other equity

(i) Common stock

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

As of December 31, 2020 and 2019, the Company had authorized capital both of $2,500,000, with par value of $10 per share; the issued common stock were 210,438 thousand shares, and 176,438 thousand shares.

(ii) Capital surplus

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

	December 31, 2020	December 31, 2019
Share premium		
Capital addition-Share premium	$ 1,845,993	1,019,733
Capital addition-Employee stock option	24,134	24,134
Difference arising from disposal the subsidiaries' share price and its carry value	2,476	2,476
Changes in ownership interests in subsidiaries	995	995
Right of inclusion	398	-
	$ 1,873,996	**1,047,338**

In accordance with the ROC 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.

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

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

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

The above information of employee options as follows:

	For the years ended December 31, 2020	
	Weighted average exercise price (NTD)	**Number of options**
Outstanding at January 1	$ -	-
Granted shares	34.00	1,032
Exercised shares	34.00	(1,032)
Expired shares	34.00	-
Outstanding at December 31		-

(iii) Retained earnings

1) Legal reserve

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

2) Special reserve

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

(Continued)

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

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

3) Undistributed earnings

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

According to the resolution of shareholders' meeting on June 19, 2020 and May 30, 2019, the Company's 2019 and 2018 earnings distribution for owners were as follows:

	For the years ended December 31,			
	2019		2018	
	Amount	Per share	Amount	Per share
Cash dividends	$ 399,831	1.90	599,888	3.40

According to the resolution of board meeting on March 25, 2021, the Company's 2020 earnings distribution for owners were as follows:

	For the years ended December 31,	
	2020	
	Amount	Per share
Cash dividends	$ 393,518	1.87

The relevant information on earnings distribution approved by the stockholders' meeting can be accessed through the Market Observation Post System or other sites.

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(m) Earnings per share

The basic earnings per share and diluted earnings per share for the years ended December 31, 2020 and 2019 were calculated as follows:

(i) Basic earnings per share

	For the years ended December 31,	
	2020	**2019**
Net income attributable to common shareholders of the Company	$ **622,166**	**600,009**
Weighted-average number of common stock shares outstanding (thousands of shares)	**202,541**	**176,438**
Basic earnings per share (dollar)	$ **3.07**	**3.40**

(ii) Diluted earnings per share

	For the years ended December 31,	
	2020	**2019**
Net income attributable to common shareholders of the Company	$ **622,166**	**600,009**
Weighted-average number of common stock shares outstanding (thousands of shares)	202,541	176,438
Influence from stock dividends for employee (thousands of shares)	234	202
Weighted-average outstanding shares of diluted earnings per share (thousands of shares)	**202,775**	**176,640**
Diluted earnings per share (dollar)	$ **3.07**	**3.40**

(n) Items of the statements of comprehensive income

(i) Brokerage fee revenue

	For the years ended December 31,	
	2020	**2019**
Consignment trading handling fee revenue - Domestic futures	$ 994,090	793,127
Consignment trading handling fee revenue- Foreign futures	902,194	784,108
	$ **1,896,284**	**1,577,235**

(ii) Futures commission revenue

	For the years ended December 31,	
	2020	**2019**
Futures commission revenues - CSC Futures (HK) Ltd.	$ **322,130**	**209,879**

(Continued)

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

(iii) Net gains (losses) on derivative instruments

	For the years ended December 31,	
	2020	**2019**
Non-hedging		
Net gains (losses) on futures contracts		
Gains on futures contracts	$ 235,486	83,421
Losses on futures contracts	(241,099)	(79,563)
	$ (5,613)	**3,858**
Net gains (losses) on option contracts		
Gains on option contracts	$ 183,967	23,460
Losses on option contracts	(202,372)	(32,539)
	$ (18,405)	**(9,079)**
Net gains (losses) on leverage derivatives		
Gains on leverage derivatives	$ 530,918	203,064
Losses on leverage derivatives	(468,316)	(166,640)
	$ 62,602	**36,424**
Net gains (losses) on derivative instruments - overseas subsidiaries	**$ 1,246**	**(10,795)**
Non-hedging		
Total gains on derivative instruments	$ 950,371	309,945
Total losses on derivative instruments	(911,787)	(278,742)
Net gains (losses) on derivative instruments - overseas subsidiaries	1,246	(10,795)
	$ 39,830	**20,408**

(iv) Futures commission expenses

	For the years ended December 31,	
	2020	**2019**
Re-consigned futures trading	$ 266,087	246,008
Futures introducing broker business	185,190	131,039
Commission expenses - CSC Futures (HK) Ltd.	74,243	55,032
	$ 525,520	**432,079**

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(v) Employee benefit, depreciation and amortization expenses

	For the years ended December 31,	
	2020	**2019**
Employee benefit expenses		
Salary expense	$ 411,144	389,244
Labor and health insurance expense	24,272	22,823
Pension expense	14,925	15,525
Director remuneration	23,396	21,559
Others	23,211	8,195
Depreciation expense	67,702	59,246
Amortization expense	9,740	8,354
	$ 574,390	**524,946**

(vi) Other operating expenses

	For the years ended December 31,	
	2020	**2019**
Postage expense	$ 58,773	55,304
Taxes	68,710	48,327
Rental expense	3,643	3,478
Information technology expense	157,191	139,799
Professional service fee	12,715	6,418
Others	86,975	92,033
	$ 388,007	**345,359**

(vii) Other income and expenses

	For the years ended December 31,	
	2020	**2019**
Interest income	$ 364,733	541,224
Dividend income	39	356
Net gains (losses) on non-operating financial instruments at fair value through profit or loss	3,913	8,080
Net gains (losses) on foreign exchange	(7,133)	(5,327)
Net gains (losses) on disposal of investments	32,767	6,954
Other non-operating revenue - other	18,287	16,465
Other non-operating expense - other	(1,501)	(1,269)
	$ 411,105	**566,483**

(Continued)

(viii) Remuneration to employees, directors and supervisors

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

For the years ended December 31, 2020 and 2019, the estimated amounts of remuneration to employee were $9,071 and $8,714, and to directors and supervisors by the Company were $9,071 and $8,714, respectively, which were calculated based on the Company’s net profit before income tax and remuneration to employees and directors and supervisors multiple the earnings allocation percentage as specified in the Company’s articles. It is recognized as operating expense for the years ended December 31, 2020 and 2019. If the Board of Directors resolved to distribute the employees’ remuneration in the form of shares, the number of shares of the distribution is based on the closing price of the day before the Board of Directors’ meeting date.

The estimated amounts of remuneration to employee and director and supervisors by the Company for 2019 and 2018 were both $8,714 and $12,083, respectively. There was no difference between accounting estimates and actual distribution. Related information would be available at the Market Observation Post System website.

(o) Financial Instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represent the maximum credit exposure. As of December 31, 2020 and 2019 the maximum credit exposure amounted to $46,154,856 and $40,915,762, respectively.

2) Concentration of credit risk

The main counterparties which the Group transacts with regarding cash and cash equivalents, bonds purchased under resale agreements and customer margin deposit are domestic and overseas financial institutions.

The exposure area of credit risk in December 31, 2020 as shown in below, focusing on Taiwan (proportion 86.53%), secondly was Asia (proportion 12.78% excluded Taiwan), thirdly was North America (proportion 0.62%). The proportion of investment area did not change significantly compared to the same period last year.

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Area		December 31, 2020	December 31, 2019
Taiwan	$	38,658,873	33,979,742
Asia (excluded Taiwan)		5,707,811	5,510,080
North America		277,056	150,403
Europe		19,516	14,983
Oceania		15,467	14,927
Total	$	**44,678,723**	**39,670,135**

3) Impairment loss

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

	December 31, 2020			December 31, 2019	
		Total amount	**Impairment**	**Total amount**	**Impairment**
Not past due	$	222,364	7,257	107,352	8,537
Past due 0~30 days		-	-	-	-
Past due 31~120 days		-	-	-	-
Past due 121~360 days		544	544	-	-
Past due more than 360 days		-	-	22,444	22,444
	$	**222,908**	**7,801**	**129,796**	**30,981**

Allowance for doubtful debts under receivables is recorded for the bad debt expense or impairment loss. Where a claim becomes definitely uncollectible, the allowance for doubtful debts should be written off to financial assets account. As of December 31, 2020 and 2019, the loss allowance of accrued receivables were recognized $7,801 and $30,981, respectively.

4) Credit risk of receivables

Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g). The Group regards a financial asset as a default when the client of brokerage business is unable to fulfill the margin call or settlement obligation or accrued receivables past due, as well as other receivable of stock default that the company as securities interactive business, which the counterparty is unable to pay the Group. Thus, the Group regarded the financial assets as default and recognized impairment losses. The movement of loss allowance for the years ended December 31, 2020 and 2019 was as follows:

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For the years ended December 31, 2020

	12-month ECL	Lifetime ECL-not credit impaired	Lifetime ECL - credit impaired: Accounts receivable	Lifetime ECL - credit impaired: Receivable-futures margin	Lifetime ECL - credit impaired: Other receivables	Total
Balance on January 1	$ -	-	-	30,981	-	30,981
Provision of impairment loss	-	-	-	413	-	413
Amounts written off	-	-	-	(23,593)	-	(23,593)
Balance on December 31	**$ -**	**-**	**-**	**7,801**	**-**	**7,801**

For the years ended December 31, 2019

	12-month ECL	Lifetime ECL-not credit impaired	Lifetime ECL - credit impaired: Accounts receivable	Lifetime ECL - credit impaired: Receivable-futures margin	Lifetime ECL - credit impaired: Other receivables	Total
Balance on January 1	$ -	-	-	33,370	152	33,522
Provision or reversal of impairment loss	-	-	-	(2,389)	152	(2,237)
Amounts written off	-	-	-	-	(304)	(304)
Balance on December 31	**$ -**	**-**	**-**	**30,981**	**-**	**30,981**

(ii) Liquidity risk

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

	Carrying amount	Contract cash flow	Within 6 months	6-12 months	1-2 year	2-5 year	More than 5 year
December 31, 2020							
Financial liabilities at fair value through profit or loss	$ 61,349	61,349	61,349	-	-	-	-
Futures traders' equity	39,140,989	39,140,989	39,140,989	-	-	-	-
Leverage contract trading- customers' equity	352,056	352,056	352,056	-	-	-	-
Accounts payable	151,660	151,660	151,660	-	-	-	-
Receipts under custody	5,078	5,078	5,078	-	-	-	-
Other payable	147,731	147,731	147,731	-	-	-	-
Lease liabilities	58,479	59,262	16,686	11,704	19,482	11,390	-
	$ 39,917,342	**39,918,125**	**39,875,549**	**11,704**	**19,482**	**11,390**	**-**
December 31, 2019							
Financial liabilities at fair value through profit or loss	$ 22,836	22,836	22,836	-	-	-	-
Futures traders' equity	35,435,978	35,435,978	35,435,978	-	-	-	-
Leverage contract trading- customers' equity	308,590	308,590	308,590	-	-	-	-
Accounts payable	54,726	54,726	54,726	-	-	-	-
Receipts under custody	3,856	3,856	3,856	-	-	-	-
Other payable	132,967	132,967	132,967	-	-	-	-
Lease liabilities	39,428	40,117	17,924	10,147	9,520	2,526	-
	$ 35,998,381	**35,999,070**	**35,976,877**	**10,147**	**9,520**	**2,526**	**-**

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(iii) Currency risk

1) Exposure to foreign currency risk

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

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

(Continued)

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	December 31, 2019		
	Foreign Currency (dollar)	Exchange rate	New Taiwan Dollars
Financial assets			
Monetary items			
USD	$ 588,514,556.92	29.9800	17,643,666
EUR	6,829,880.85	33.5900	229,416
GBP	3,088,904.16	39.3600	121,579
JPY	783,993,334.00	0.2760	216,382
HKD	112,564,168.71	3.8490	433,259
AUD	1,707,065.83	21.0100	35,865
CHF	62,191.27	30.9300	1,924
SGD	253,894.15	22.2800	5,657
KRW	327,068,503.00	0.0262	8,569
CNY	36,372,495.76	4.3050	156,584
MYR	26,959.54	7.0330	190
THB	3,513,779.81	1.0098	3,548
NZD	62,939.96	20.1900	1,271
CAD	74,905.50	22.9900	1,722
Non-monetary items			
USD	4,203,877.55	29.9800	126,032
JPY	1,408,881.00	0.2760	389
CAD	21.90	22.9900	1
AUD	4,538.28	21.0100	95
CNY	4,699,184.91	4.3050	20,230
NZD	7,544.96	20.1900	152
Investments under equity method			
HKD	12,434,330.74	3.8490	47,860

(Continued)

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Notes to the Consolidated Financial Statements

	December 31, 2019		
	Foreign Currency (dollar)	Exchange rate	New Taiwan Dollars
Financial liabilities			
Monetary items			
USD	$ 564,365,654.36	29.9800	16,919,682
EUR	6,798,658.00	33.5900	228,367
GBP	3,020,578.48	39.3600	118,890
JPY	846,895,131.00	0.2760	233,743
HKD	153,308,836.36	3.8490	590,086
AUD	1,737,739.71	21.0100	36,510
CHF	62,129.83	30.9300	1,922
SGD	279,407.99	22.2800	6,225
KRW	172,660,349.98	0.0262	4,524
CNY	27,420,049.66	4.3050	118,043
MYR	25,963.00	7.0330	183
THB	1,766,250.00	1.0098	1,784
Non-monetary items			
USD	175,268.09	29.9800	5,254
CNY	538,827.12	4.3050	2,320

Due to the variety of currencies, the Group disclosed the summarized information on exchange gain or loss. The realized and unrealized exchange loss amounted to $11,081 and $7,023 for the years ended December 31, 2020 and 2019, respectively.

2) Sensitivity analysis

The currency risk of the Group arises mainly from cash and cash equivalents, customers' margin accounts, financial assets at fair value through profit or loss and futures traders' equity, which are denominated in foreign currency. Foreign exchange gain or loss occurs as foreign currency was translated to TWD currency. For the years ended December 31, 2020 and 2019, 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 a decrease or an increase by $9,329 and $6,295, respectively. The analytical basis was the same in both years.

(iv) Analysis in interest rates

For the years ended December 31, 2020 and 2019, 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 $6,918 and $6,948. This is mainly due to the Group's time deposits and guaranty deposited for business operations in variable rates 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.

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2) Based on fair value measurement

a) Hierarchy information of fair value

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

	December 31, 2020			
Assets and Liabilities items	**Total**	**Public quote of the same financial instrument in an active market (Level 1)**	**Observable price except public quote in an active market (Level 2)**	**Based neither on direct market data nor from the counter party (Level 3)**
Fair value evaluated on a recurring basis				
Non derivative assets and liabilities				
Assets:				
Financial assets at fair value through profit or loss				
Beneficiary certificate	$ 192,882	192,882	-	-
Stock investment	102,510	102,510	-	-
Financial assets at fair value through other comprehensive income	120,553	119,204	-	1,349
Derivative assets and liabilities				
Assets:				
Financial assets at fair value through profit or loss	$ 155,243	91,863	63,380	-
Liabilities:				
Financial liabilities at fair value through profit or loss	61,349	59,577	1,772	-

	December 31, 2019			
Assets and Liabilities items	**Total**	**Public quote of the same financial instrument in an active market (Level 1)**	**Observable price except public quote in an active market (Level 2)**	**Based neither on direct market data nor from the counter party (Level 3)**
Fair value evaluated on a recurring basis				
Non derivative assets and liabilities				
Assets:				
Financial assets at fair value through profit or loss				
Beneficiary certificate	$ 264,548	264,548	-	-
Stock investment	154,435	154,435	-	-
Financial assets at fair value through other comprehensive income	1,375	-	-	1,375
Liabilities:				
Financial liabilities at fair value through profit or loss	3,365	3,365	-	-
Derivative assets and liabilities				
Assets:				
Financial assets at fair value through profit or loss	$ 93,864	54,798	39,066	-
Liabilities:				
Financial liabilities at fair value through profit or loss	19,471	11,897	7,574	-

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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, 2020 and 2019.

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

(In Thousands Dollars)

	For the years ended December 31, 2020							
		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	$ 1,375	-	(26)	-	-	-	-	1,349

	For the years ended December 31, 2019							
		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	$ 1,055	-	320	-	-	-	-	1,375

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
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v) Quantified information of fair value measurement for significant unobservable inputs (Level 3)

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

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

Item	Valuation technique	Significant unobservable inputs	Correlation between inputs and fair value
Financial assets at fair value through other comprehensive income equity instruments without an active market	Market approach	• Price-to-Book Ratio • Discount for lack of marketability	• The higher price to-book-ratio is, the higher fair value is. • The higher discount for lack of marketability is, the lower the fair value is.

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

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

	Change in fair value recognized in other comprehensive income	
	Favorable	**Unfavorable**
December 31, 2020		
Financial assets fair value through other comprehensive income	$ 13	(13)
December 31, 2019		
Financial assets fair value through other comprehensive income	$ 14	(14)

(Continued)

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

c) Financial instruments not measured at fair value

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

(p) Financial risk management

(i) General description

The Group 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 Group, qualitative and quantitative approaches are taken to recognize, evaluate, monitor and respond to various potential risks. As a result, the Group 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' Office and responsible for developing and monitoring Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
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(iii) Credit risk

Credit risk is the risk that the Group 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 Group 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 Group. 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 Group 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 Group 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.

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
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2) Capital liquidity risk:

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

Liquidity risk management of the Group includes：

1) Market liquidity risk management: To avoid loss caused by market liquidity risk, the Group 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 Group's proprietary business. It means that the market price or fluctuation trend is not beneficial to the Group's profitability, which results in risky events happen.

The Group'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 AND SUBSIDIARIES
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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 ±15% change.

(q) Capital management

The Group's objectives for managing capital are to safeguard the capacity to continue to operate and achieve the Group'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 Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders or issue new shares. The Group adopts a risk-adjusted return on capital to allocate the Group's capital reasonably and effectively.

As of December 31, 2020, the Group didn't change the method of capital management.

(r) Financing activities not affecting current cash flow

The Group's financing activities which did not affect the current cash flow for the year ended December 31, 2020 and 2019, were as follows:

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

			Non-cash changes			
	January 1, 2020	**Cash flows**	**Other**	**Foreign exchange movement**	**Fair value changes**	**December 31, 2020**
Lease liabilities	$ 39,428	(36,307)	55,729	(371)	-	58,479
Total liabilities from financing activities	**$ 39,428**	**(36,307)**	**55,729**	**(371)**	**-**	**58,479**

			Non-cash changes			
	January 1, 2019	**Cash flows**	**Other**	**Foreign exchange movement**	**Fair value changes**	**December 31, 2019**
Lease liabilities	$ 41,065	(30,686)	29,737	(688)	-	39,428
Total liabilities from financing activities	**$ 41,065**	**(30,686)**	**29,737**	**(688)**	**-**	**39,428**

(7) Related-party transactions:

(a) Parent company and ultimate controlling party

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

(b) Names and relationship with related parties

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

Name of related party	Relationship with the Group
Capital Securities Corporation	The parent company
CSC Securities (HK) Ltd.	An Associate
Capital Investment Trust Corp.	An Associate
Funds issued by Capital Invesment Trust Corp.	Funds issued by associate

(c) Key management personnel compensation

	For the years ended December 31,	
	2020	2019
Short-term employee benefits	$ 73,772	72,512
Post-employment benefits	1,141	1,080
Total	**$ 74,913**	**73,592**

(d) Significant transactions with related parties

(i) The amounts of futures trading between the Group and related parties for the years ended December 31, 2020 and 2019 were as follows:

	For the years ended December 31,	
	2020	2019
Brokerage fee revenue		
Capital Securities Corporation	$ 4,876	9,441
Funds issued by Capital Investment Trust Corp.	546	1,148
Total	**$ 5,422**	**10,589**

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		December 31, 2020	December 31, 2019
Futures traders' equity			
Capital Securities Corporation	$	824,368	688,447
Funds issued by Capital Investment Trust Corp.		335,742	142,376
	$	**1,160,110**	**830,823**

Transaction terms are the same as those with general clients.

Capital Securities Corporation deposits margins to the Group for futures proprietary trading, and the Group paid the interest of excess margin annually. In 2020 and 2019, interest expense amounted to $149 and $422, respectively.

Funds issued by Capital Investment Trust Corp. deposits margins to the Group for futures proprietary trading, and the Group paid the interest of excess margin annually. In 2020 and 2019, interest expense amounted to $39 and $92, respectively.

(ii) Accounts payable and receivable:

		December 31, 2020	December 31, 2019
Accounts receivable			
Capital Securities Corporation	$	2,679	374
CSC Securities (HK) Ltd.		56	348
	$	**2,735**	**722**
Accounts payable			
Capital Securities Corporation	$	**14,679**	**10,914**
Other receivables (Note 1)			
Capital Securities Corporation	$	3,841	4,052
CSC Securities (HK) Ltd.		-	16
	$	**3,841**	**4,068**
Other payables			
Capital Securities Corporation (Note 2)	$	4,762	789
CSC Securities (HK) Ltd. (Note 3)		119	82
	$	**4,881**	**871**

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

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

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Bonds purchased under resale agreements

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

	December 31, 2020	December 31, 2019
Bonds purchased under resale agreements	$ 244,530	46,000
Resale price under the agreements	$ 244,545	46,007
Interest rates	0.16%~ 0.22%	0.47%
Date of repurchase	2021.01.05~ 2021.01.15	2020.01.06

	For the years ended December 31, 2020	2019
Interest income	$ 329	461

(iv) Leases

The Group signed three-year lease contracts and rented the office and parking spaces from Capital Securities Corporation. The total value of effective contracts was $53,289. For the years ended December 31, 2020 and 2019, the Group recognized the amount of $259 and $254 as interest expense. As of December 31, 2020 and 2019, lease liabilities were amounted to $45,251 and $10,170, respectively, and refundable deposits amounted to $4,633 and $4,018, respectively.

The Group signed two-year lease contracts and rented the office from CSC Securities (HK) Ltd. The total value of effective contracts was $24,435 (HKD$6,112). For the years ended December 31, 2020 and 2019, the Group recognized the amount of $325 and $354 as interest expense. As of December 31, 2020 and 2019, lease liabilities were amounted to $4,604 and $16,167.

(v) Rental expenses

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

	For the years ended December 31, 2020	2019
Related parties		
Capital Securities Corporation	$ 647	376

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

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
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(vi) Securities commission income

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

	For the years ended December 31,	
Related parties	**2020**	**2019**
Capital Securities Corporation	$ 9,738	3,492
CSC Securities (HK) Ltd.	1,699	1,130
	$ 11,437	**4,622**

(vii) Interest income (Rent deposit interest)

	For the years ended December 31,	
Related parties	**2020**	**2019**
Capital Securities Corporation	**$ 45**	**40**

(viii) Securities brokerage charge

	For the years ended December 31,	
Related parties	**2020**	**2019**
Capital Securities Corporation	$ 183,659	130,341
CSC Securities (HK) Ltd.	375	-
	$ 184,034	**130,341**

(ix) Information technology expenses

	For the years ended December 31,	
Related parties	**2020**	**2019**
Capital Securities Corporation	**$ 50,391**	**46,378**

(x) Stock service fee

	For the years ended December 31,	
Related parties	**2020**	**2019**
Capital Securities Corporation	**$ 502**	**448**

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(xi) Human resource and legal service fees

Related parties	For the years ended December 31, 2020	2019
Capital Securities Corporation	$ 300	345

(xii) Securities transaction fees

Related parties	For the years ended December 31, 2020	2019
Capital Securities Corporation	$ -	10

(xiii) Re-consigned brokerage charge

Related parties	For the years ended December 31, 2020	2019
CSC Securities (HK) Ltd.	$ 375	-

(xiv) Discretionary service commission fees

Related parties	For the years ended December 31, 2020	2019
Capital Securities Corporation	$ 16	-

(xv) Management Service fees

Related parties	For the years ended December 31, 2020	2019
CSC Securities (HK) Ltd.	$ 3,412	9,096

(xvi) Stationery and printing fees

Related parties	For the years ended December 31, 2020	2019
Capital Securities Corporation	$ 80	55

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Pledged assets:None

(9) Commitments and contingencies:None

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:None

(12) Derivative instrument transactions:

(a) As of December 31, 2020 and 2019, the open positions of futures and option contracts were as follows:

December 31, 2020

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2019

Item	Trading category	Open positions Long/ Short	Open positions Number of contracts	Contract size or paid for (received from) premium	Fair value	Note
Futures contract:						
	TAIEX Futures	Short	112	$ (268,932)	(268,666)	
	Mini Taiex Futures	Short	10	(5,998)	(5,997)	
	Electronic Sector Index Futures	Short	2	(4,258)	(4,218)	
	JPY Dollar Futures	Short	5	(17,355)	(17,324)	
	10-Year U.S. Treasury Note Futures	Short	5	(19,421)	(19,250)	
	Stock Futures	Long	62	6,873	6,969	
	Stock Futures	Short	18	(727)	(723)	
	Ultra U.S. Treasury Bond Futures	Short	3	(16,889)	(16,338)	
	Subtotal			(326,707)		
Options contract:						
	Stock Options (Call)	Long	10	$ 1	1	
	Stock Options (Call)	Short	10	(96)	(127)	
	Stock Options (Put)	Long	14	1	1	
	Stock Options (Put)	Short	1	(3)	(1)	
	TAIEX Options (Call)	Long	377	454	357	
	TAIEX Options (Call)	Short	588	(2,298)	(1,728)	
	TAIEX Options (Put)	Long	160	284	332	
	TAIEX Options (Put)	Short	556	(2,332)	(2,779)	
	TAIEX Weekly Options (Call)	Long	2,487	621	221	
	TAIEX Weekly Options (Call)	Short	1,148	(1,109)	(680)	
	TAIEX Weekly Options (Put)	Long	2,494	1,943	2,548	
	TAIEX Weekly Options (Put)	Short	2,714	(3,813)	(6,257)	
	Electronic Sector Index Options (Call)	Long	10	51	22	
	Electronic Sector Index Options (Put)	Short	20	(76)	(33)	
	Financial Insurance Index Options(Call)	Short	20	(10)	(3)	
	Gold Options (Call)	Short	10	(20)	(19)	
	Gold Options (Put)	Long	2	3	-	
	Subtotal			(6,399)		
Total				**$ (333,106)**		

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
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(b) As of December 31, 2020 and 2019, the nominal amount of open positions of leverage derivatives contracts were as follows:

Item	December 31, 2020	December 31, 2019
Leverage derivatives - long	$ 1,321,887	2,700,301
Leverage derivatives - short	$ 1,282,847	2,448,322

(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 Calculation	Current Period Ratio	Last Period Calculation	Last Period Ratio	Standard	Enforcement
17	Stockholders' equity / (Total liabilities –futures traders' equity)	6,359,664 / 869,294	7.32	5,012,996 / 652,322	7.68	≧1	Satisfactory to requirement
17	Current Assets / Current Liabilities	43,978,617 / 39,018,015	1.13	38,683,882 / 35,119,902	1.10	≧1	〃
22	Stockholders' equity / Minimum paid-in capital	6,359,664 / 1,115,000	570.37 %	5,012,996 / 1,115,000	449.60 %	≧60% ≧40%	〃
22	Post-adjustment net capital / Total customers margin deposits required for open positions of customers	4,868,930 / 7,366,955	66.09 %	3,630,546 / 6,542,582	55.49 %	≧20% ≧15%	〃

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

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

(15) Other:None

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(16) Other disclosures:

(a) Information on significant transactions:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number (Note 1)	Name of lender	Name of borrower	Account name	Related party	Maximum Balance of the Period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral Item	Collateral Value	Individual funding loan limits	Maximum limit of fund financing
1	CSC Futures (HK) Ltd.	Klaw Trading Limited	Account receivables -Customer	No	39,540	39,540	14,121	5%	2	-	Trading	-		-	181,681	908,403
1	CSC Futures (HK) Ltd.	AAA Fintech Limited	Account receivables -Customer	No	169,456	169,456	41,234	2.23%	2	-	Trading	-		-	181,681	908,403
1	CSC Futures (HK) Ltd.	Future Leading Investment Pte. Ltd.	Account receivables -Customer	No	84,728	84,728	-	1.23%~ 3.23%	2	-	Trading	-		-	181,681	908,403
1	CSC Futures (HK) Ltd.	Alpha Rnd Singapore Pte Ltd	Account receivables -Customer	No	79,080	79,080	-	3.23%	2	-	Trading	-		-	181,681	908,403
1	CSC Futures (HK) Ltd.	Derivatives China Alpha Fund	Account receivables -Customer	No	79,080	79,080	-	3.23%	2	-	Trading	-		-	181,681	908,403
1	CSC Futures (HK) Ltd.	Perfect Hexagon Limited	Account receivables -Customer	No	84,728	84,728	-	3.23%	2	-	Trading	-		-	181,681	908,403

Remark: 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

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
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(vii) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	CSC Futures (HK) Ltd.	Capital True Partner Technology Co., Ltd.	3	Information technology expenses	132	General transaction	0.01%
2	Capital True Partner Technology Co., Ltd.	CSC Futures (HK) Ltd.	3	Other operating revenue	9,327	General transaction	0.39%
1	CSC Futures (HK) Ltd.	Capital True Partner Technology Co., Ltd.	3	Professional service fee	9,195	General transaction	0.38%
1	CSC Futures (HK) Ltd.	Capital True Partner Technology Co., Ltd.	3	Other prepayments	74		-%
2	Capital True Partner Technology Co., Ltd.	CSC Futures (HK) Ltd.	3	Other advance revenue	74		-%
1	CSC Futures (HK) Ltd.	Capital True Partner Technology Co., Ltd.	3	Other payables	138		-%
2	Capital True Partner Technology Co., Ltd.	CSC Futures (HK) Ltd.	3	Accounts receivable	138		-%
2	Capital True Partner Technology Co., Ltd.	Capital Futures Corp.	2	Other operating revenue	10,777	General transaction	0.44%
0	Capital Futures Corp.	Capital True Partner Technology Co., Ltd.	1	Professional service fee	10,777	General transaction	0.44%
0	Capital Futures Corp.	Capital True Partner Technology Co., Ltd.	1	Other payables	1,088		-%
2	Capital True Partner Technology Co., Ltd.	Capital Futures Corp.	2	Acoounts receivable	1,088		-%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Futures traders' equity	289,113		0.62%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Customers' margin account	289,113		0.62%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Futures traders' equity	3,717,106		8.01%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Customers' margin account	3,268,407		7.04%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Customers' margin account	448,699		0.97%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Futures commission revenue	6,893	General transaction	0.28%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Futures commission expenses	6,893	General transaction	0.28%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Brokerage fee revenue	70,227	General transaction	2.89%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Futures commission fees	70,227	General transaction	2.89%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Interests revenue	2,881	General transaction	0.12%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Financial cost	2,881	General transaction	0.12%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Other payables	7,421		0.02%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Other receivables	7,421		0.02%
3	Capital International Technology Corp.	Capital Futures Corp.	2	Professional service revenue	2,304	General transaction	0.10%
0	Capital Futures Corp.	Capital International Technology Corp.	1	Repairs and maintenance expense	2,304	General transaction	0.10%

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

(1) 0 stands for the parent company.

(2) Subsidiaries are coded from No. 1 per respective companies.

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

(1) Parent company to subsidiaries.

(2) Subsidiaries to parent company.

(3) Subsidiaries to subsidiaries.

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(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 December 31, 2020	Original investment amount December 31, 2019	Highest Percentage of ownership	Balance as of December 31, 2020 Shares (thousands)	Balance as of December 31, 2020 Percentage of wnership	Balance as of December 31, 2020 Carrying value	Revenue of investee	Net income (losses) of investee	Share of profits/losses of investee	Cash dividend	Note
Capital Futures Corporation	CSC Futures (HK) Ltd.	Hong Kong	1998.12.9	Gin Guan Zheng Zhi No. 1010027412 letter	Futures brokerage and other businesses permitted by local law of Hong Kong	862,631	862,631	97.27 %	214,000	97.27 %	883,604	370,616	(13,999)	(13,616)	-	Subsidiary
Capital Futures Corporation	Capital International Technology Co., Ltd.	Taiwan	2014.12.29	Gin Guan Zheng Zhi No. 1030038387 letter	Consultancy, Information software service	50,000	50,000	100 %	5,000	100.00 %	41,028	2,304	(1,549)	(1,549)	-	Subsidiary
Capital Futures Corporation	True Partner Capital Advisor Co., Ltd.	Hong Kong	2010.5.31	Gin Guan Zheng Zhi No. 1040027513 letter	Assets Management	36,701	36,701	49 %	245	49.00 %	49,281	147,943	4,702	2,304	-	Associate

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

(d) Information on investment in Mainland China:

(i) Investment in Mainland China and related information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows Outflow	Investment flows Inflow	Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period
Capital True Partner Technology Co., Ltd.	Management, consulting and information service business	5,013	(C)	24,372	-	-	24,372	1,144	51.00%	51.00%	583 B (2)	23,482	-
Capital Futures Technology (Shanghai) Co., Ltd.	Management, consulting and information service business	18,863	(C)	18,863	-	-	18,863	(2,321)	100.00%	100.00%	(2,321) B (2)	15,765	-

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:

Company Name	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Capital International Technology Corp.	43,235	43,235	80,000

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

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(e) Major shareholders:

Shareholding Shareholder's Name	Shares	Percentage
Capital Securities Corporation	119,177,014	56.63 %

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.

(17) Segment information:

(a) General information

The Group has one reportable segment: the brokerage segment. This segment is mainly involved in futures brokerage business. The Group's other operating segments are mainly involved in futures and securities business on a proprietary basis and advisory business, etc. For the years ended December 31, 2020 and 2019, the above segments did not meet the quantitative thresholds.

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

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

	For the years ended December 31, 2020			
	Brokerage business	**Others**	**Adjustment and elimination**	**Total**
Segment Revenue	$ **2,397,473**	**362,078**	**(333,315)**	**2,426,236**
Segment profit or loss	$ **714,369**	**70,137**	**-**	**784,506**

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	For the years ended December 31, 2019			
	Brokerage business	Others	Adjustment and elimination	Total
Segment Revenue	$ 2,095,368	324,639	(503,229)	1,916,778
Segment profit or loss	$ 682,987	63,627	-	746,614

(c) Information about regions

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

(d) Information about major customers

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