

**CAPITAL FUTURES CORPORATION AND  
SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Three Months Ended March 31, 2021 and 2020**

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

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## Independent Auditors' Review Report

To the Board of Directors of  
Capital Futures Corporation:

### Introduction

We have reviewed the accompanying consolidated balance sheets of Capital Futures Corporation and its subsidiaries as of March 31, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2021 and 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, the related rules of Preparing Financial Reports of Managed Futures Enterprises, the Regulations Governing the Preparation of Financial Reports by Securities Firms and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

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

### Basis for Qualified Conclusion

As stated in note 4(c), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$43,943 thousands and \$70,365 thousands, constituting 0.09% and 0.14% of consolidated total assets as of March 31, 2021 and 2020, respectively, total liabilities amounting to \$2,531 thousands and \$4,443 thousands, constituting 0.01% and 0.01% of consolidated total liabilities as of March 31, 2021 and 2020, respectively, and total comprehensive income(loss) amounting to \$(2,113) thousands and \$2,000 thousands, constituting (1.17)% and 1.13% of consolidated total comprehensive income (loss) for the three months ended March 31, 2021 and 2020, respectively.

Furthermore, as stated in note 6(c), the other equity accounted investments of Capital Futures Corporation and its subsidiaries in its investee companies of \$49,762 thousands and \$49,088 thousands as of March 31, 2021 and 2020, respectively, and its equity in net earnings on these investee companies of \$501 thousands and \$1,005 thousands for the three months ended March 31, 2021 and 2020, respectively, and its equity in other comprehensive income (loss) on these investee companies of \$(16) thousands and \$178 thousands for the three months ended March 31, 2021 and 2020, respectively, and its subsidiaries, respectively were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.



### **Qualified Conclusion**

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Capital Futures Corporation and its subsidiaries as of March 31, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, the related rules of Preparing Financial Reports of Managed Futures Enterprises, the Regulations Governing the Preparation of Financial Reports by Securities Firms and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

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

### **Notes to Readers**

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

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

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

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**March 31, 2021, December 31, 2020, and March 31, 2020**

(Expressed in Thousands of New Taiwan Dollars)

Assets		March 31, 2021		December 31, 2020		March 31, 2020		Liabilities and Equity		March 31, 2021		December 31, 2020		March 31, 2020			
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%		
<b>Current assets:</b>								<b>Current liabilities:</b>									
111100	Cash and cash equivalents (Note 6(a))	\$ 5,328,138	12	5,259,993	11	5,460,978	11	212000	Financial liabilities at fair value through profit or loss- current (Note 6(b))	\$ 88,680	-	61,349	-	31,636	-		
112000	Financial assets at fair value through profit or loss- current (Note 6(b))	528,883	1	450,635	1	335,980	1	214080	Futures traders' equity (Note 6(f))	38,816,621	84	39,140,989	85	43,468,158	86		
113200	Financial assets at fair value through other comprehensive income- current (Note 6(b))	206,465	-	119,204	-	-	-	214100	Leverage contract trading - customers' equity	430,832	1	352,056	1	270,231	1		
114010	Bonds purchased under resale agreements (Note 6(b))	57,552	-	244,530	1	38,002	-	214130	Accounts payable	104,915	-	136,981	-	58,882	-		
114070	Customers margin accounts (Note 6(f))	38,897,714	84	39,174,200	85	43,755,655	86	214140	Accounts payable- related parties (Note 7)	19,566	-	14,679	-	29,394	-		
114080	Receivable - futures margin (Note 6(g))	137	-	-	-	17	-	214150	Advance receipts	4,246	-	3,773	-	5,449	-		
114100	Security borrowing margin	46,494	-	-	-	-	-	214160	Receipts under custody	5,437	-	5,078	-	4,698	-		
114130	Accounts receivable	56,777	-	131,775	-	28,709	-	214170	Other payables	100,330	-	142,850	-	120,245	-		
114140	Accounts receivable- related parties (Note 7)	1,727	-	2,735	-	1,323	-	214180	Other payables- related parties (Note 7)	5,402	-	4,881	-	11,998	-		
114150	Prepayments	11,169	-	7,279	-	12,897	-	214600	Current income tax liabilities	97,124	-	61,758	-	132,086	-		
114170	Other receivables	184,750	1	76,756	-	92,506	-	215100	Provisions- current	5,885	-	5,577	-	6,328	-		
114180	Other receivables- related parties (Note 7)	3,822	-	3,841	-	4,049	-	216000	Lease liabilities- current (Note 6(i))	24,041	-	27,882	-	24,353	-		
114300	Leverage contract trading-customers' margin accounts	429,988	1	352,962	1	296,843	1	219000	Other current liabilities	12,771	-	15,248	-	17,766	-		
114600	Current income tax assets	237	-	238	-	225	-			39,715,850	85	39,973,101	86	44,181,224	87		
119000	Other current assets	2	-	5	-	2	-	<b>Non-current liabilities:</b>									
		<u>45,753,855</u>	<u>99</u>	<u>45,824,153</u>	<u>99</u>	<u>50,027,186</u>	<u>99</u>	226000	Lease liabilities- non-current (Note 6(i))	25,630	-	30,597	-	8,862	-		
<b>Non-current assets:</b>								228000	Deferred income tax liabilities	14,874	-	15,251	-	6,516	-		
123200	Financial assets at fair value through other comprehensive income- non- current (Note 6(b))	1,526	-	1,349	-	1,076	-	229000	Other non-current liabilities	7,750	-	7,487	-	6,713	-		
124100	Investments under equity method (Note 6(c))	49,762	-	49,281	-	49,088	-			48,254	-	53,335	-	22,091	-		
125000	Property and equipment (Note 6(d))	54,883	-	63,272	-	67,122	-	906003	<b>Total liabilities</b>	<u>39,764,104</u>	<u>85</u>	<u>40,026,436</u>	<u>86</u>	<u>44,203,315</u>	<u>87</u>		
125800	Right-of-use assets (Note 6(e))	49,720	-	58,504	-	33,239	-	<b>Equity attributable to owners of parent:</b>									
127000	Intangible assets (Note 6(h))	76,410	-	79,546	-	84,549	-	301010	Common stock (Note 6(l))	2,104,376	5	2,104,376	5	2,104,376	4		
128000	Deferred income tax assets	417	-	414	-	192	-	302000	Capital surplus (Note 6(l))	1,874,058	4	1,873,996	4	1,876,938	4		
129000	Other non-current assets	344,712	1	336,876	1	328,429	1	304010	Legal reserve	564,658	1	564,658	1	504,667	1		
		577,430	1	589,242	1	563,695	1	304020	Special reserve	1,280,666	3	1,280,666	3	1,142,132	2		
								304040	Unappropriated earnings (Note 6(l))	782,583	2	623,005	1	764,191	2		
								305000	Other equity	(66,043)	-	(87,037)	-	(33,699)	-		
										<u>6,540,298</u>	<u>15</u>	<u>6,359,664</u>	<u>14</u>	<u>6,358,605</u>	<u>13</u>		
										306000	<b>Non-controlling interests</b>	26,883	-	27,295	-	28,961	-
										906004	<b>Total equity</b>	<u>6,567,181</u>	<u>15</u>	<u>6,386,959</u>	<u>14</u>	<u>6,387,566</u>	<u>13</u>
906001	<b>Total assets</b>	<u>\$ 46,331,285</u>	<u>100</u>	<u>46,413,395</u>	<u>100</u>	<u>50,590,881</u>	<u>100</u>	906002	<b>Total liabilities and equity</b>	<u>\$ 46,331,285</u>	<u>100</u>	<u>46,413,395</u>	<u>100</u>	<u>50,590,881</u>	<u>100</u>		

See accompanying notes to consolidated financial statements.

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

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the three months ended March 31, 2021 and 2020**

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

		<b>For the three months ended March 31</b>			
		<b>2021</b>		<b>2020</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Income:</b>					
401000	Brokerage fee revenue (Note 6(n))	\$ 469,589	73	569,057	91
410000	Net gains (losses) on sale of trading securities	14,787	2	(18,814)	(3)
421300	Dividend revenue	1,199	-	734	-
421500	Net gains (losses) on measurement of trading securities at fair value through profit or loss	1,059	-	(8,328)	(1)
421600	Losses on covering of borrowed securities and bonds with resale agreements-short sales	-	-	(944)	-
421610	Net gains on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss	210	-	1,108	-
424100	Futures commission revenue (Note 6(n))	97,232	15	60,778	10
424200	Securities commission revenue	4,591	1	2,021	-
424400	Net gains on derivative instruments- futures (Note 6(n))	19,412	3	2,181	-
424500	Net gains on derivative instruments - OTC (Note 6(n))	20,502	3	14,006	2
424800	Management fee revenue	940	-	19	-
424900	Consulting fee revenue	5,585	1	2,756	-
428000	Other operating revenue	8,809	2	4,378	1
		<u>643,915</u>	<u>100</u>	<u>628,952</u>	<u>100</u>
<b>Expenses:</b>					
501000	Brokerage fees	97,383	15	74,687	12
502000	Brokerage fees - proprietary trading	137	-	1,884	-
521200	Financial costs	1,097	-	4,754	1
425300	Reversal of expected credit impairment loss (Note 6(o))	(64)	-	(83)	-
524100	Futures commission expenses (Note 6(n))	132,805	21	161,446	26
524300	Clearing and settlement expenses	45,902	7	46,039	7
528000	Other operating expenditure	1,371	-	1,099	-
531000	Employee benefit expenses (Note 6(n))	119,340	19	125,474	20
532000	Depreciation and amortization expenses (Note 6(n))	19,652	3	19,014	3
533000	Other operating expenses (Note 6(n))	99,116	15	95,237	15
		<u>516,739</u>	<u>80</u>	<u>529,551</u>	<u>84</u>
<b>Net operating income</b>		<u>127,176</u>	<u>20</u>	<u>99,401</u>	<u>16</u>
<b>Non-operating income and expenses:</b>					
601000	Share of profit of associates and joint ventures under equity method (Note 6(c))	501	-	1,005	-
602000	Other gains and losses (Note 6(n))	69,648	11	115,995	18
		<u>70,149</u>	<u>11</u>	<u>117,000</u>	<u>18</u>
902001	<b>Net income before income tax</b>	197,325	31	216,401	34
701000	<b>Less: Income tax expenses (Note 6(k))</b>	38,123	6	51,749	8
<b>Net income</b>		<u>159,202</u>	<u>25</u>	<u>164,652</u>	<u>26</u>
<b>Other comprehensive income:</b>					
805500	<b>Components that may not be reclassified subsequently to profit or loss:</b>				
805540	Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income	21,757	3	(299)	-
805599	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
<b>Subtotal of components that may not be reclassified subsequently into profit or loss</b>		<u>21,757</u>	<u>3</u>	<u>(299)</u>	<u>-</u>
805600	<b>Components that may be reclassified subsequently to profit or loss:</b>				
805610	Exchange differences on translation of foreign operations	(803)	-	12,374	2
805699	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 6(k))	(4)	-	45	-
<b>Subtotal of components that may be reclassified subsequently to profit or loss</b>		<u>(799)</u>	<u>-</u>	<u>12,329</u>	<u>2</u>
805000	<b>Other comprehensive income</b>	20,958	3	12,030	2
902006	<b>Total comprehensive income</b>	<u>\$ 180,160</u>	<u>28</u>	<u>176,682</u>	<u>28</u>
<b>Net income attributable to:</b>					
913100	Shareholders of the parent	\$ 159,578	25	164,287	26
913200	Non-controlling interests	(376)	-	365	-
		<u>\$ 159,202</u>	<u>25</u>	<u>164,652</u>	<u>26</u>
<b>Comprehensive income attributable to:</b>					
914100	Shareholders of the parent	\$ 180,572	28	176,009	28
914200	Non-controlling interests	(412)	-	673	-
		<u>\$ 180,160</u>	<u>28</u>	<u>176,682</u>	<u>28</u>
975000	<b>Basic earnings per share (Dollar) (Note 6(m))</b>	<u>\$ 0.76</u>		<u>0.92</u>	
985000	<b>Diluted earnings per share (Dollar) (Note 6(m))</b>	<u>\$ 0.76</u>		<u>0.92</u>	

See accompanying notes to consolidated financial statements.

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

**Consolidated Statements of Changes in Equity**

**For the three months ended March 31, 2021 and 2020**

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

Equity attributable to owners of parent

	Equity attributable to owners of parent					Other equity		Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Stock	Retained earnings				Exchange differences on translation of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income			
	Common stocks	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings					
<b>Balance at January 1, 2020</b>	\$ 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 three months ended March 31, 2020	-	-	-	-	164,287	-	-	164,287	365	164,652
Other comprehensive income	-	-	-	-	-	12,021	(299)	11,722	308	12,030
Total comprehensive income	-	-	-	-	164,287	12,021	(299)	176,009	673	176,682
Capital increase by cash (Note 6(1))	340,000	829,600	-	-	-	-	-	1,169,600	-	1,169,600
<b>Balance at March 31, 2020</b>	<b>\$ 2,104,376</b>	<b>1,876,938</b>	<b>504,667</b>	<b>1,142,132</b>	<b>764,191</b>	<b>(34,656)</b>	<b>957</b>	<b>6,358,605</b>	<b>28,961</b>	<b>6,387,566</b>
<b>Balance at January 1, 2021</b>	\$ 2,104,376	1,873,996	564,658	1,280,666	623,005	(89,953)	2,916	6,359,664	27,295	6,386,959
Net income for the three months ended March 31, 2021	-	-	-	-	159,578	-	-	159,578	(376)	159,202
Other comprehensive income	-	-	-	-	-	(763)	21,757	20,994	(36)	20,958
Total comprehensive income	-	-	-	-	159,578	(763)	21,757	180,572	(412)	180,160
Right of inclusion options exercised	-	62	-	-	-	-	-	62	-	62
<b>Balance at March 31, 2021</b>	<b>\$ 2,104,376</b>	<b>1,874,058</b>	<b>564,658</b>	<b>1,280,666</b>	<b>782,583</b>	<b>(90,716)</b>	<b>24,673</b>	<b>6,540,298</b>	<b>26,883</b>	<b>6,567,181</b>

See accompanying notes to consolidated financial statements.

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

**Consolidated Statements of Cash Flows**

**For the three months ended March 31, 2021 and 2020**

(Expressed in Thousands of New Taiwan Dollars)

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash flows from (used in) operating activities:</b>		
Net income before income tax	\$ 197,325	216,401
Adjustments:		
Adjustments to reconcile:		
Depreciation expense	17,190	16,682
Amortization expense	2,462	2,332
Reversal of expected credit impairment loss	(64)	(83)
Net losses (gains) on financial assets or liabilities at fair value through profit or loss	(3,005)	6,691
Interest expense	1,097	4,754
Interest income (including financial income)	(51,693)	(120,077)
Dividend revenue	(1,199)	(734)
Share of profit of associates and joint ventures under equity method	(501)	(1,005)
Impairment loss	1,206	-
<b>Total adjustments to reconcile</b>	<b>(34,507)</b>	<b>(91,440)</b>
<b>Changes in operating assets and liabilities:</b>		
Decrease (increase) in financial assets at fair value through profit or loss	(75,453)	169,068
Decrease in bond purchased under resale agreements	186,978	7,998
Decrease (increase) in customer margin accounts	276,486	(8,263,489)
Decrease (increase) in receivable-futures margin	(73)	68
Decrease (increase) in leverage contract trading - customer's margin accounts	(77,026)	11,700
Decrease (increase) in security borrowing margin	(46,494)	3,874
Decrease (increase) in accounts receivable	74,998	(15,170)
Decrease (increase) in accounts receivable - related parties	1,008	(601)
Increase in prepayments	(3,890)	(4,620)
Increase in other receivables	(110,104)	(14,845)
Decrease in other receivables - related parties	16	15
Decrease in other current assets	3	-
Increase in clearing and settlement fund	(6,328)	(8,456)
Decrease (increase) in refundable deposits	(1,508)	200
Increase in financial liabilities at fair value through profit or loss	27,541	9,908
Increase (decrease) in futures traders' equity	(324,368)	8,032,180
Increase (decrease) in leverage contract trading - customer's equity	78,776	(38,359)
Increase (decrease) in accounts payable	(32,066)	15,070
Increase in accounts payable - related parties	4,887	18,480
Increase in advance receipts	473	2,938
Increase in receipts under custody	359	842
Decrease in other payables	(43,159)	(14,248)
Increase in other payables - related parties	520	11,127
Increase in provisions for liabilities	308	376
Increase (decrease) in other current liabilities	(2,477)	7,096
Increase (decrease) in other non-current liabilities	263	(6)
<b>Total changes in operating assets and liabilities</b>	<b>(70,330)</b>	<b>(68,854)</b>
<b>Total adjustments</b>	<b>(104,837)</b>	<b>(160,294)</b>
Cash inflow generated from operations	92,488	56,107
Interest received	53,931	122,949
Dividends received	1,074	689
Interest paid	(756)	(2,661)
Income taxes paid	(3,134)	(8,537)
<b>Net cash flows from operating activities</b>	<b>143,603</b>	<b>168,547</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(65,681)	-
Acquisition of property and equipment	-	(7,825)
Acquisition of intangible assets	(541)	(4,635)
<b>Net cash flows used in investing activities</b>	<b>(66,222)</b>	<b>(12,460)</b>
<b>Cash flows from (used in) financing activities:</b>		
Payment of lease liabilities	(8,530)	(8,720)
Proceed from issue of share capital	-	1,169,600
Proceed from right of inclusion options exercised	62	-
<b>Net cash flows from (used in) financing activities</b>	<b>(8,468)</b>	<b>1,160,880</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(768)</b>	<b>12,042</b>
<b>Net increase in cash and cash equivalents</b>	<b>68,145</b>	<b>1,329,009</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>5,259,993</b>	<b>4,131,969</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 5,328,138</b>	<b>5,460,978</b>

See accompanying notes to consolidated financial statements.



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

## CAPITAL FUTURES CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

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

#### (1) Company history

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

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

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

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

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

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

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

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

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (b) The impact of IFRS issued by 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:

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	<p>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.</p> <p>The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.</p>	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 Equipment – Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, the related rules of Preparing Financial Reports of Managed Futures Enterprises, the Regulations Governing the Preparation of Financial Reports by Securities Firms and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

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

(b) Basis of preparation

(i) Basis of measurement

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

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

(ii) Functional and presentation currency

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

(c) Basis of consolidation

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

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) List of subsidiaries in the consolidated financial statements

Subsidiaries included in the consolidated financial report are as follows:

Name of the investor	Subsidiaries	Business type	Ratio of Equity Ownership			Note
			March 31, 2021	December 31, 2020	March 31, 2020	
The Company	CSC Futures (HK) Ltd.	Futures dealing business	97.27 %	97.27 %	97.27 %	The corporation established in December, 1998. The Company acquired 100% of the equity on November 1, 2012, disposed 5% of the equity on April 2, 2014, acquired 5% of the equity on December 23, 2014, disposed 5% of the equity on April 30, 2015 and acquired 2.27% of the equity when the corporation raised its capital by HK\$100,000 thousands on December 12, 2016. As of March 31, 2021, the paid in capitals amounted to HK\$220,000 thousands.
The Company	Capital International Technology Corp.	Management consulting and information service business.	100.00 %	100.00 %	100.00 %	The corporation established in December, 2014. As of March 31, 2021, the paid in capitals amounted to \$50,000. (Note)
Capital International Technology Corp.	Capital True Partner Technology Co., Ltd.	Management consulting and information service business.	51.00 %	51.00 %	51.00 %	The corporation established in August 20, 2008. The Company acquired 51% of the equity on February 9, 2015 and held controlling interest. As of March 31, 2021, the paid in capitals amounted to CNY\$1,000 thousands. (Note)
Capital International Technology Corp.	Capital Futures Technology (Shanghai) Co., Ltd.	Management, consulting and information service business.	100.00 %	100.00 %	100.00 %	The corporation established in October, 2016. As of March 31, 2021, the paid in capitals amounted to CNY\$4,000 thousands. (Note)

Note: These companies are individually immaterial subsidiaries, and financial statements have not been reviewed. These subsidiaries, in aggregate, represented total consolidated assets of \$43,943 and \$70,365 and total consolidated liabilities of \$2,531 and \$4,443 as of March 31, 2021 and 2020, respectively, and total consolidated comprehensive income (loss) of \$(2,113) and \$2,000 for the three months ended March 31, 2021 and 2020, respectively.

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(d) Employee benefits

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

(e) Income tax

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

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

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

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

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

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

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

(a) Cash and cash equivalents

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Cash	\$ 117	96	131
Demand deposits	357,951	493,633	540,541
Time deposits	4,217,490	3,918,024	3,863,480
Futures margin- excess margin	687,711	754,254	1,048,827
Commercial paper	<u>64,869</u>	<u>93,986</u>	<u>7,999</u>
Total	<u>\$ 5,328,138</u>	<u>5,259,993</u>	<u>5,460,978</u>

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Open-ended funds and money-market instruments	\$ 40,000	30,000	210,134
Open-ended funds and money-market instruments valuation adjustment	(982)	72	(577)
Trading securities- proprietary trading	257,190	205,298	45,528
Trading securities- proprietary trading valuation adjustment	12,009	10,922	(1,975)
Securities invested by securities broker	69,329	48,166	-
Securities invested by securities broker valuation adjustment	6,546	934	-
Call options- non-hedging	19,465	40,164	29,473
Futures margin-proprietary fund-non- hedging	65,307	51,699	33,305
Leverage derivatives- non- hedging	<u>60,019</u>	<u>63,380</u>	<u>20,092</u>
Total	<u>\$ 528,883</u>	<u>450,635</u>	<u>335,980</u>

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 the three months ended March 31, 2021 and 2020, will increase \$3,841 and \$2,531, 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.

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Equity investments at fair value through other comprehensive income			
Listed stocks	\$ 162,627	99,266	-
OTC stocks	<u>20,572</u>	<u>18,252</u>	<u>-</u>
	183,199	117,518	-
Valuation adjustment	<u>23,266</u>	<u>1,686</u>	<u>-</u>
Total	<u>\$ 206,465</u>	<u>119,204</u>	<u>-</u>

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

During the three months ended March 31, 2021 and 2020, the dividends of \$200 and \$0, respectively, related to equity investment at fair value through other comprehensive income held on the three months then ended, were recognized.

No strategic investments were disposed of during the three months ended March 31, 2021 and 2020, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

(iii) Bonds purchased under resale agreements

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Bonds purchased under resale agreements	\$ <u>57,552</u>	<u>244,530</u>	<u>38,002</u>
Resale price under the agreements	\$ <u>57,563</u>	<u>244,545</u>	<u>38,006</u>
Interest rates	<u>0.18%~ 0.19%</u>	<u>0.16%~ 0.22%</u>	<u>0.40%</u>
Date of repurchase	<u>2021.04.21~2021.04.29</u>	<u>2021.01.05~2021.01.15</u>	<u>2020.04.10~2020.04.14</u>

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

Equity instruments at fair value through other comprehensive income:

<u>Investee Company</u>	<u>March 31, 2021</u>		<u>December 31, 2020</u>		<u>March 31, 2020</u>	
	<u>Ownership ratio</u>	<u>Amount</u>	<u>Ownership ratio</u>	<u>Amount</u>	<u>Ownership ratio</u>	<u>Amount</u>
Taiwan Futures Exchange Co., Ltd	0.0042 %	\$ <u>1,526</u>	0.0042 %	<u>1,349</u>	0.0042 %	<u>1,076</u>

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

During the three months ended March 31, 2021 and 2020, the dividends both of \$0, related to equity investments at fair value through other comprehensive income held on the three months then ended, were recognized. No strategic investments were disposed of during the three months ended March 31, 2021 and 2020, 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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Put options - non-hedging	\$ 53,801	59,577	30,777
Liabilities on sale of borrowed securities - non-hedging	34,290	-	-
Liabilities on sale of borrowed securities valuation adjustment - non-hedging	(210)	-	-
Leverage derivatives- non-hedging	<u>799</u>	<u>1,772</u>	<u>859</u>
	<u>\$ 88,680</u>	<u>61,349</u>	<u>31,636</u>

(c) Investments under equity method

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Associate	<u>\$ 49,762</u>	<u>49,281</u>	<u>49,088</u>

(i) Associate

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

<u>Name of associate</u>	<u>Relationship with the Company</u>	<u>Principal place of business /Register country of company</u>	<u>Ownership equity and % of right to vote</u>		
			<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
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 %	49.00 %

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Carrying amount of interest in associate	<u>\$ 49,762</u>	<u>49,281</u>	<u>49,088</u>

(Continued)



**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Group's share of total comprehensive income:		
Profit from continuing operations	\$ 501	1,005
Other comprehensive income (losses)	<u>(16)</u>	<u>178</u>
Total comprehensive income	<u><b>\$ 485</b></u>	<u><b>1,183</b></u>

(ii) Collateral and pledge

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

(iii) The unreviewed financial statements of investments accounted for using equity method

Investments were accounted for by using the equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

(d) Property and equipment

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

	<b>Office equipment</b>	<b>Leasehold improvements</b>	<b>Total</b>
<b>Cost:</b>			
Balance at January 1, 2021	\$ 146,301	25,244	171,545
Disposal	(58)	-	(58)
Effect of exchange rate changes	<u>(79)</u>	<u>(3)</u>	<u>(82)</u>
Balance at March 31, 2021	<u><b>\$ 146,164</b></u>	<u><b>25,241</b></u>	<u><b>171,405</b></u>
Balance at January 1, 2020	\$ 134,613	22,186	156,799
Additions	7,825	-	7,825
Effect of exchange rate changes	<u>292</u>	<u>38</u>	<u>330</u>
Balance at March 31, 2020	<u><b>\$ 142,730</b></u>	<u><b>22,224</b></u>	<u><b>164,954</b></u>
<b>Accumulated depreciation:</b>			
Balance at January 1, 2021	\$ 90,631	17,642	108,273
Depreciation	7,200	1,188	8,388
Disposal	(58)	-	(58)
Effect of exchange rate changes	<u>(78)</u>	<u>(3)</u>	<u>(81)</u>
Balance at March 31, 2021	<u><b>\$ 97,695</b></u>	<u><b>18,827</b></u>	<u><b>116,522</b></u>
Balance at January 1, 2020	\$ 76,051	13,919	89,970
Depreciation	6,617	1,016	7,633
Effect of exchange rate changes	<u>191</u>	<u>38</u>	<u>229</u>
Balance at March 31, 2020	<u><b>\$ 82,859</b></u>	<u><b>14,973</b></u>	<u><b>97,832</b></u>

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
<b>Carrying amounts:</b>			
Balance at January 1, 2021	\$ <u>55,670</u>	<u>7,602</u>	<u>63,272</u>
Balance at March 31, 2021	\$ <u>48,469</u>	<u>6,414</u>	<u>54,883</u>
Balance at March 31, 2020	\$ <u>59,871</u>	<u>7,251</u>	<u>67,122</u>

As of March 31, 2021, December 31 and March 31, 2020, 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:

	<u>Buildings</u>	<u>Equipment</u>	<u>Total</u>
<b>Cost:</b>			
Balance at January 1, 2021	\$ 94,062	11,591	105,653
Effect of exchange rate changes	<u>(41)</u>	<u>-</u>	<u>(41)</u>
Balance at March 31, 2021	\$ <u>94,021</u>	<u>11,591</u>	<u>105,612</u>
Balance at January 1, 2020	\$ 60,635	8,977	69,612
Additions	-	2,614	2,614
Effect of exchange rate changes	<u>255</u>	<u>-</u>	<u>255</u>
Balance at March 31, 2020	\$ <u>60,890</u>	<u>11,591</u>	<u>72,481</u>
<b>Accumulated depreciation:</b>			
Balance at January 1, 2021	\$ 41,062	6,087	47,149
Depreciation	8,082	720	8,802
Effect of exchange rate changes	<u>(59)</u>	<u>-</u>	<u>(59)</u>
Balance at March 31, 2021	\$ <u>49,085</u>	<u>6,807</u>	<u>55,892</u>
Balance at January 1, 2020	\$ 27,215	2,916	30,131
Depreciation	8,187	862	9,049
Effect of exchange rate changes	<u>62</u>	<u>-</u>	<u>62</u>
Balance at March 31, 2020	\$ <u>35,464</u>	<u>3,778</u>	<u>39,242</u>
<b>Carrying amounts:</b>			
Balance at January 1, 2021	\$ <u>53,000</u>	<u>5,504</u>	<u>58,504</u>
Balance at March 31, 2021	\$ <u>44,936</u>	<u>4,784</u>	<u>49,720</u>
Balance at March 31, 2020	\$ <u>25,426</u>	<u>7,813</u>	<u>33,239</u>

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(f) Customers margin accounts/futures traders' equity

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Customers margin accounts			
Cash in bank	\$ 29,057,385	29,144,632	30,664,955
Balance of the futures clearing house	6,064,525	6,038,034	7,002,803
Balance of other futures commission merchants	3,774,442	3,990,936	6,087,714
Marketable securities	<u>1,362</u>	<u>598</u>	<u>183</u>
Balance of customers margin accounts	<u>38,897,714</u>	<u>39,174,200</u>	<u>43,755,655</u>
Plus adjustment items:			
Commission cost	1,730	2,352	9,076
Others	6	26	20
Deduction adjustment items:			
Commission income	(12,188)	(11,746)	(35,805)
Futures transaction tax	(2,523)	(2,289)	(1,927)
Interest income	(762)	(789)	(5,157)
Temporary credits	(27,122)	(3,034)	(1,828)
Remittance amount of the customers after the market closed	(10,071)	(11,879)	(15,597)
Other receivables	(30,163)	(5,848)	(236,279)
Others	<u>-</u>	<u>(4)</u>	<u>-</u>
Balance of futures traders' equity	<u>\$ 38,816,621</u>	<u>39,140,989</u>	<u>43,468,158</u>

(g) Receivable - futures margin

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Receivable - futures margin - current	\$ 395	330	401
Less: Loss allowance	<u>258</u>	<u>330</u>	<u>384</u>
Subtotal	<u>137</u>	<u>-</u>	<u>17</u>
Receivable - futures margin - non-current	6,934	7,471	30,514
Less: Loss allowance	<u>6,934</u>	<u>7,471</u>	<u>30,514</u>
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 137</u>	<u>-</u>	<u>17</u>

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Balance on January 1	\$ 7,801	30,981
Impairment losses recognized (reversed)	(64)	(83)
Amounts written off	(545)	-
Balance on March 31	<u>\$ 7,192</u>	<u>30,898</u>

(h) Intangible assets

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

	<u>Goodwill</u> <u>(Note2)</u>	<u>The seats of</u> <u>foreign futures</u> <u>exchanges</u> <u>(Note1)</u>	<u>Computer</u> <u>software</u>	<u>Total</u>
<b>Cost:</b>				
Balance at January 1, 2021	\$ 22,088	50,153	29,293	101,534
Additions	-	-	541	541
Effect of exchange rate changes	-	(4)	(32)	(36)
Balance at March 31, 2021	<u>\$ 22,088</u>	<u>50,149</u>	<u>29,802</u>	<u>102,039</u>
Balance at January 1, 2020	\$ 22,088	50,436	28,362	100,886
Additions	-	-	4,635	4,635
Effect of exchange rate changes	-	78	(46)	32
Balance at March 31, 2020	<u>\$ 22,088</u>	<u>50,514</u>	<u>32,951</u>	<u>105,553</u>
<b>Amortization and impairment loss:</b>				
Balance at 1 January 1, 2021	\$ 1,204	4,007	16,777	21,988
Amortization	-	-	2,462	2,462
Impairment loss	1,206	-	-	1,206
Effect of exchange rate changes	-	(3)	(24)	(27)
Balance at March 31, 2021	<u>\$ 2,410</u>	<u>4,004</u>	<u>19,215</u>	<u>25,629</u>
Balance at January 1, 2020	\$ -	4,201	14,450	18,651
Amortization	-	-	2,332	2,332
Effect of exchange rate changes	-	54	(33)	21
Balance at March 31, 2020	<u>\$ -</u>	<u>4,255</u>	<u>16,749</u>	<u>21,004</u>

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
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	<u>Goodwill (Note2)</u>	<u>The seats of foreign futures exchanges (Note1)</u>	<u>Computer software</u>	<u>Total</u>
<b>Carrying value:</b>				
Balance at January 1, 2021	\$ <u>20,884</u>	<u>46,146</u>	<u>12,516</u>	<u>79,546</u>
Balance at March 31, 2021	\$ <u>19,678</u>	<u>46,145</u>	<u>10,587</u>	<u>76,410</u>
Balance at March 31, 2020	\$ <u>22,088</u>	<u>46,259</u>	<u>16,202</u>	<u>84,549</u>

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

2. The Group recognized an impairment loss of \$1,206 for the three months ended March 31, 2021, using 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:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Current	\$ <u>24,041</u>	<u>27,882</u>	<u>24,353</u>
Non-current	\$ <u>25,630</u>	<u>30,597</u>	<u>8,862</u>

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

The amounts recognized in profit or loss were as follows :

	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Interest on lease liabilities	\$ <u>172</u>	<u>205</u>
Expenses relating to short-term leases	\$ <u>1,028</u>	<u>663</u>
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	\$ <u>76</u>	<u>76</u>

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

	<u>For the three months ended March 31</u>	
	<u>2021</u>	<u>2020</u>
Total cash outflow for leases	\$ <u>9,806</u>	<u>9,664</u>

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
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(i) Real estate leases

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

(ii) Other leases

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

(j) Employee benefits

(i) Defined benefit plans

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

The Group recognized expenses in profit or loss for the three months ended March 31, 2021 and 2020 were \$290 and \$87, respectively.

(ii) Defined contribution plans

The Group's expenses under the pension plan contributed to the Bureau of Labor Insurance for the three months ended March 31, 2021 and 2020 were \$3,249 and \$3,158, respectively.

(iii) The pension costs of foreign subsidiaries in accordance with the local laws and regulations for the three months ended March 31, 2021 and 2020 were \$765 and \$610, respectively.

(k) Income taxes

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

The Company and its subsidiary Capital International Technology Corp. are founded in Taiwan. The corporate income tax rates are both 20% for the three months ended March 31, 2021 and 2020.

The subsidiary CSC Futures (HK) Ltd. is founded in Hong Kong. The corporate income tax rates are both 16.5% for the three months ended March 31, 2021 and 2020.

The tax rates of reinvestment business of subsidiaries including Capital True Partner Technology Co., Ltd. and Capital Futures Technology (Shanghai) Co., Ltd. founded in Mainland China are both 25% for the three months ended March 31, 2021 and 2020.

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Income tax expense

- 1) The amounts of income tax expense (benefit) for the three months ended March 31, 2021 and 2020 were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Current income tax expense	\$ 38,500	54,000
Deferred income tax expense (benefit)	(377)	(2,251)
Total	<b>\$ 38,123</b>	<b>51,749</b>

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

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Exchange difference on translation of foreign operations	\$ (4)	45

(iii) Income tax assessment status

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

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

(I) Capital and other equity

(i) Common stock

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

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

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
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(ii) Capital surplus

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Share premium			
Capital addition-Share premium	\$ 1,845,993	1,845,993	1,849,333
Capital addition-Employee stock option	24,134	24,134	24,134
Difference arising from disposal of the subsidiaries' share price and its carry value	2,476	2,476	2,476
Changes in ownership interests in subsidiaries	995	995	995
Right of inclusion options exercised	<u>460</u>	<u>398</u>	<u>-</u>
	<u>\$ 1,874,058</u>	<u>1,873,996</u>	<u>1,876,938</u>

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.

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

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

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

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The above information of employee options as follows:

	<b>For the three months ended March 31, 2020</b>	
	<b>Weighted average exercise price(NTD)</b>	<b>Number of options</b>
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.

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 2015 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.

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

3) Undistributed earnings

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

The Company's fiscal year 2020 earnings distribution proposed by the board meeting on March 25, 2021 and fiscal year 2019 earnings distribution resolved by the shareholders' meeting on June 19, 2020, were as follows:

	<b>For the three months ended March 31,</b>			
	<b>2020</b>		<b>2019</b>	
	<b>Amount</b>	<b>Per share (dollar)</b>	<b>Amount</b>	<b>Per share (dollar)</b>
Cash dividends	<b>\$ 393,518</b>	1.87	<b>399,831</b>	1.90

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

(m) Earnings per share

The basic earnings per share and diluted earnings per share for the three months ended March 31, 2021 and 2020 were calculated as follows:

(i) Basic earnings per share

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Net income attributable to common shareholders of the Company	<b>\$ 159,578</b>	<b>164,287</b>
Weighted-average number of common stock shares outstanding (thousands of shares)	<b>210,438</b>	<b>178,679</b>
Basic earnings per share (dollar)	<b>\$ 0.76</b>	<b>0.92</b>

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Diluted earnings per share

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Net income attributable to common shareholders of the Company	\$ <u>159,578</u>	<u>164,287</u>
Weighted-average number of common stock shares outstanding (thousands of shares)	210,438	178,679
Influence from stock dividends for employee (thousands of shares)	57	73
Weighted-average outstanding shares of diluted earnings per share (thousands of shares)	<u>210,495</u>	<u>178,752</u>
Diluted earnings per share (dollar)	\$ <u>0.76</u>	<u>0.92</u>

(n) Items of the statements of comprehensive income

(i) Brokerage fee revenue

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Consignment trading handling fee revenue- Domestic futures	\$ 260,996	283,635
Consignment trading handling fee revenue- Foreign futures	208,593	285,422
	<u>\$ 469,589</u>	<u>569,057</u>

(ii) Futures commission revenue

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Futures commission revenue- CSC Futures (HK) Ltd.	\$ <u>97,232</u>	<u>60,778</u>

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

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Net gains (losses) on derivative instruments

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Non-hedging		
Net gains (losses) on futures contracts		
Gains on futures contracts	\$ 89,658	102,425
Losses on futures contracts	(36,655)	(89,435)
	<b>\$ 53,003</b>	<b>12,990</b>
Net gains (losses) on option contracts		
Gains on option contracts	\$ 51,622	127,741
Losses on option contracts	(85,213)	(140,494)
	<b>\$ (33,591)</b>	<b>(12,753)</b>
Net gains (losses) on leverage derivatives		
Gains on leverage derivatives	\$ 151,361	190,132
Losses on leverage derivatives	(130,859)	(176,126)
	<b>\$ 20,502</b>	<b>14,006</b>
Net gains on derivative financial instruments - overseas subsidiaries	<b>\$ -</b>	<b>1,944</b>
Non-hedging		
Total gains on derivative financial instruments	\$ 292,641	420,298
Total losses on derivative financial instruments	(252,727)	(406,055)
Net gains (losses) on derivative financial instruments - overseas subsidiaries	-	1,944
	<b>\$ 39,914</b>	<b>16,187</b>

(iv) Futures commission expenses

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Re-consigned futures trading	\$ 60,357	85,206
Futures introducing broker business	46,454	58,890
Commission expenses - CSC Futures (HK) Ltd.	25,994	17,350
	<b>\$ 132,805</b>	<b>161,446</b>

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(v) Employee benefit, depreciation and amortization expenses

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Employee benefit expenses		
Salary expense	\$ 105,378	112,875
Labor and health insurance expense	7,426	6,394
Pension expense	4,304	3,855
Others	2,232	2,350
Depreciation expense	17,190	16,682
Amortization expense	2,462	2,332
	<b>\$ 138,992</b>	<b>144,488</b>

(vi) Other operating expenses

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Postage expense	\$ 14,890	13,506
Taxes	18,249	22,126
Rental expense	1,104	739
Information technology expense	37,102	36,623
Professional service fee	3,391	2,675
Others	24,380	19,568
	<b>\$ 99,116</b>	<b>95,237</b>

(vii) Other gains and losses

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Interest income	\$ 51,693	120,077
Net gains on non-operating financial instruments at fair value through profit or loss	1,736	529
Net gains (losses) on foreign exchange	2,205	(2,422)
Net gains (losses) on disposal of investments	13,789	(7,402)
Other non-operating revenue - other	1,967	5,373
Other non-operating expense - other	(1,742)	(160)
	<b>\$ 69,648</b>	<b>115,995</b>

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(viii) Remuneration to employees, directors and supervisors

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

For the three months ended March 31, 2021 and 2020, the estimated amounts of remuneration to employee were \$2,350 and \$2,500, and to directors and supervisors by the Company were \$2,350 and \$2,500, respectively, which were calculated based on the Company's net profit before income tax and remuneration to employees and directors and supervisors multiple the earnings allocation percentage as specified in the Company's articles. It was recognized as operating expense for the three months ended March 31, 2021 and 2020. If the Board of Directors resolved to distribute the employees' remuneration in the form of shares, the number of shares of the distribution is based on the closing price of the day before the Board of Directors' meeting date.

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

(o) Financial Instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represent the maximum credit exposure. As of March 31, 2021, December 31 and March 31, 2020 the maximum credit exposure amounted to \$46,088,685, \$46,154,856 and \$50,343,567, 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 of credit risk by geographic region in March 31, 2021 as shown in below, mainly focusing on Taiwan (accounted for 86.71%), secondly in Asia (accounted for 12.42% excluded Taiwan), thirdly in North America (accounted for 0.66%). The proportion of investment by geographic region did not change significantly compared to the same period last year.

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
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<u>Area</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Taiwan	\$ 38,399,035	38,658,873	41,142,939
Asia (excluded Taiwan)	5,498,585	5,707,811	7,311,806
North America	292,136	277,056	736,754
Europe	77,891	19,516	40,862
Oceania	15,757	15,467	22,274
Total	<u>\$ 44,283,404</u>	<u>44,678,723</u>	<u>49,254,635</u>

3) Impairment loss

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

	<u>March 31, 2021</u>		<u>December 31, 2020</u>		<u>March 31, 2020</u>	
	<u>Gross carrying amount</u>	<u>Impairment</u>	<u>Gross carrying amount</u>	<u>Impairment</u>	<u>Gross carrying amount</u>	<u>Impairment</u>
Current	\$ 254,405	7,192	222,364	7,257	135,058	8,454
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
	<u>\$ 254,405</u>	<u>7,192</u>	<u>222,908</u>	<u>7,801</u>	<u>157,502</u>	<u>30,898</u>

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 March 31, 2021, December 31 and March 31, 2020, the loss allowance of receivables were recognized \$7,192, \$7,801 and \$30,898, respectively.

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

4) Credit risk of receivables

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

<b>For the three months ended March 31, 2021</b>						
	<b>12-month ECL</b>	<b>Lifetime ECL-not credit impaired</b>	<b>Lifetime ECL - credit impaired</b>			<b>Total</b>
			<b>Accounts receivable</b>	<b>Receivable- futures margin</b>	<b>Other receivables</b>	
Balance on January 1	\$ -	-	-	7,801	-	7,801
Reversal of impairment loss	-	-	-	(64)	-	(64)
Amounts written off	-	-	-	(545)	-	(545)
Balance on March 31	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>7,192</u>	<u>-</u>	<u>7,192</u>
<b>For the three months ended March 31, 2020</b>						
	<b>12-month ECL</b>	<b>Lifetime ECL-not credit impaired</b>	<b>Lifetime ECL - credit impaired</b>			<b>Total</b>
			<b>Accounts receivable</b>	<b>Receivable- futures margin</b>	<b>Other receivables</b>	
Balance on January 1	\$ -	-	-	30,981	-	30,981
Reversal of impairment loss	-	-	-	(83)	-	(83)
Balance on March 31	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>30,898</u>	<u>-</u>	<u>30,898</u>

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Liquidity risk

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

	Carrying amount	Contract cash flow	Within 6 months	6-12 months	1-2 year	2-5 year	More than 5 year
<b>March 31, 2021</b>							
Financial liabilities at fair value through profit or loss	\$ 88,680	88,680	88,680	-	-	-	-
Futures traders' equity	38,816,621	38,816,621	38,816,621	-	-	-	-
Leverage contract trading- customers' equity	430,832	430,832	430,832	-	-	-	-
Accounts payable	124,481	124,481	124,481	-	-	-	-
Receipts under custody	5,437	5,437	5,437	-	-	-	-
Other payables	105,732	105,732	105,732	-	-	-	-
Lease liabilities	49,671	50,282	13,558	10,896	19,251	6,577	-
	<u>\$ 39,621,454</u>	<u>39,622,065</u>	<u>39,585,341</u>	<u>10,896</u>	<u>19,251</u>	<u>6,577</u>	<u>-</u>
<b>December 31, 2020</b>							
Financial liabilities at fair value through profit or loss	\$ 61,349	61,349	61,349	-	-	-	-
Futures traders' equity	39,140,989	39,140,989	39,140,989	-	-	-	-
Leverage contract trading- customers' equity	352,056	352,056	352,056	-	-	-	-
Accounts payable	151,660	151,660	151,660	-	-	-	-
Receipts under custody	5,078	5,078	5,078	-	-	-	-
Other payables	147,731	147,731	147,731	-	-	-	-
Lease liabilities	58,479	59,262	16,686	11,704	19,482	11,390	-
	<u>\$ 39,917,342</u>	<u>39,918,125</u>	<u>39,875,549</u>	<u>11,704</u>	<u>19,482</u>	<u>11,390</u>	<u>-</u>
<b>March 31, 2020</b>							
Financial liabilities at fair value through profit or loss	\$ 31,636	31,636	31,636	-	-	-	-
Futures traders' equity	43,468,158	43,468,158	43,468,158	-	-	-	-
Leverage contract trading- customers' equity	270,231	270,231	270,231	-	-	-	-
Accounts payable	88,276	88,276	88,276	-	-	-	-
Receipts under custody	4,698	4,698	4,698	-	-	-	-
Other payables	132,243	132,243	132,243	-	-	-	-
Lease liabilities	33,215	33,741	15,380	9,409	6,808	2,144	-
	<u>\$ 44,028,457</u>	<u>44,028,983</u>	<u>44,010,622</u>	<u>9,409</u>	<u>6,808</u>	<u>2,144</u>	<u>-</u>

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (iii) Currency risk

## 1) Exposure to foreign currency risk

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

	<b>March 31, 2021</b>		
	<b>Foreign currency (dollar)</b>	<b>Exchange rate</b>	<b>New Taiwan Dollars</b>
<b><u>Financial assets</u></b>			
<b><u>Monetary items</u></b>			
USD	\$ 624,403,303.66	28.5350	17,817,348
EUR	7,253,034.23	33.4800	242,832
GBP	2,853,058.43	39.2300	111,925
JPY	785,093,743.00	0.2577	202,319
HKD	125,553,803.80	3.6700	460,782
AUD	1,821,930.69	21.7100	39,554
CHF	69,150.09	30.2800	2,094
SGD	5,579,831.02	21.2100	118,348
KRW	402,622,334.00	0.0254	10,227
CNY	137,800,307.61	4.3440	598,605
MYR	164,416.44	6.5725	1,081
THB	4,779,184.91	0.9149	4,372
NZD	41,721.22	19.9500	832
CAD	3,621.98	22.6500	82
ZAR	442,818.86	1.9200	850
<b><u>Non-monetary items</u></b>			
USD	4,456,255.10	28.5350	127,159
AUD	902.13	21.7100	20
CNY	240,495.76	4.3440	1,045
NZD	422.41	19.9500	8
CAD	69.16	22.6500	2
CHF	112.31	30.2800	3
ZAR	2,754.90	1.9200	5
<b><u>Investments under equity method</u></b>			
HKD	13,559,234.60	3.6700	49,762

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>March 31, 2021</b>		
	<u>Foreign currency (dollar)</u>	<u>Exchange rate</u>	<u>New Taiwan Dollars</u>
<b><u>Financial liabilities</u></b>			
<b><u>Monetary items</u></b>			
USD	\$ 580,068,736.44	28.5350	16,552,261
EUR	7,175,105.99	33.4800	240,223
GBP	2,764,485.95	39.2300	108,451
JPY	787,632,741.33	0.2577	202,973
HKD	166,666,241.45	3.6700	611,665
AUD	1,758,605.66	21.7100	38,179
CHF	52,154.03	30.2800	1,579
SGD	634,389.48	21.2100	13,455
KRW	382,618,634.66	0.0254	9,719
CNY	27,286,869.34	4.3440	118,534
MYR	150,039.39	6.5725	986
THB	3,953,700.00	0.9149	3,617
ZAR	8,860.06	1.9200	17
<b><u>Non-monetary items</u></b>			
USD	1,951.38	28.5350	56
JPY	1,593,514.00	0.2577	411
GBP	8,447.36	39.2300	331
SGD	61.82	21.2100	1

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>December 31, 2020</b>		
	<b>Foreign currency (dollar)</b>	<b>Exchange rate</b>	<b>New Taiwan Dollars</b>
<b><u>Financial assets</u></b>			
<b><u>Monetary items</u></b>			
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
<b><u>Non-monetary items</u></b>			
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
<b><u>Investments under equity method</u></b>			
HKD	13,417,144.02	3.6730	49,281

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>December 31, 2020</b>		
	<b>Foreign currency (dollar)</b>	<b>Exchange rate</b>	<b>New Taiwan Dollars</b>
<b><u>Financial liabilities</u></b>			
<b><u>Monetary items</u></b>			
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
<b><u>Non-monetary items</u></b>			
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**

	<b>March 31, 2020</b>		
	<u>Foreign currency (dollar)</u>	<u>Exchange rate</u>	<u>New Taiwan Dollars</u>
<b><u>Financial assets</u></b>			
<b><u>Monetary items</u></b>			
USD	\$ 632,062,345.75	30.2250	19,104,084
EUR	10,668,546.86	33.2400	354,622
GBP	2,890,176.57	37.2500	107,659
JPY	1,127,220,652.00	0.2788	314,269
HKD	108,633,618.11	3.8980	423,454
AUD	363,071.02	18.6400	6,768
CHF	57,834.32	31.3800	1,815
SGD	475,639.15	21.2300	10,098
KRW	548,163,917.00	0.0250	13,704
CNY	35,826,963.22	4.2550	152,444
MYR	418,026.30	6.7175	2,808
THB	17,415,239.81	0.9270	16,144
NZD	59,647.39	18.1100	1,080
CAD	(71,851.66)	21.3100	(1,531)
<b><u>Non-monetary items</u></b>			
USD	1,864,015.41	30.2250	56,340
AUD	6,490.27	18.6400	121
CAD	12,854.27	21.3100	274
<b><u>Investments under equity method</u></b>			
HKD	12,593,224.22	3.8980	49,088

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>March 31, 2020</b>		
	<b>Foreign currency (dollar)</b>	<b>Exchange rate</b>	<b>New Taiwan Dollars</b>
<b><u>Financial liabilities</u></b>			
<b><u>Monetary items</u></b>			
USD	\$ 602,942,634.51	30.2250	18,223,941
EUR	10,610,393.62	33.2400	352,689
GBP	2,816,782.83	37.2500	104,925
JPY	1,177,664,977.00	0.2788	328,333
HKD	138,076,847.45	3.8980	538,224
AUD	785,185.90	18.6400	14,636
CHF	57,496.39	31.3800	1,804
SGD	580,671.22	21.2300	12,328
KRW	390,698,850.32	0.0250	9,767
CNY	27,677,172.92	4.2550	117,766
MYR	416,389.00	6.7175	2,797
THB	15,332,952.00	0.9270	14,214
NZD	487.82	18.1100	9
CAD	5,345.29	21.3100	114
<b><u>Non-monetary items</u></b>			
USD	5,182.47	30.2250	157
JPY	1,081,749.00	0.2788	301
GBP	76.32	37.2500	3
CNY	39,301.26	4.2550	167
NZD	12,762.22	18.1100	231

Due to the variety of currencies, the Group disclosed the summarized information on exchange gain or loss. The realized and unrealized exchange gain (loss) amounted to \$2,529 and \$(1,454) for the three months ended March 31, 2021 and 2020, respectively.

2) Sensitivity analysis

The currency risk of the Group arises mainly from cash and cash equivalents, customers' margin accounts, financial assets at fair value through profit or loss and futures traders' equity, which are denominated in foreign currency. Foreign exchange gain or loss occurs as foreign currency was translated to TWD currency. For the three months ended March 31, 2021 and 2020, 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 \$15,094 and \$7,127, respectively. The analytical basis was the same in both years.

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iv) Analysis in interest rates

For the three months ended March 31, 2021 and 2020, with all other variable factors remain constant, when the interest rate increases or decreases by 100 basis points, would cause after-tax comprehensive income result in an increase or a decrease by \$1,717 and \$1,754. This is mainly due to the Group's time deposits and guarantee 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.

(Continued)



**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Based on fair value measurement

a) Hierarchy information of fair value

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

March 31, 2021				
Assets and Liabilities items	Total	Public quote of the same financial instrument in an active market (Level 1)	Observable price except public quote in an active market (Level 2)	Based neither on direct market data nor from the counter party (Level 3)
<b><u>Fair value evaluated on a recurring basis</u></b>				
<u>Non derivative assets and liabilities</u>				
Assets:				
Financial assets at fair value through profit or loss				
Beneficiary certificate	\$ 174,150	174,150	-	-
Stock investment	209,942	209,942	-	-
Financial assets at fair value through other comprehensive income	207,991	206,465	-	1,526
Liabilities:				
Financial liabilities at fair value through profit or loss	34,080	34,080	-	-
<u>Derivative assets and liabilities</u>				
Assets:				
Financial assets at fair value through profit or loss	\$ 144,791	84,772	60,019	-
Liabilities:				
Financial liabilities at fair value through profit or loss	54,600	53,801	799	-
December 31, 2020				
Non-derivative assets and liabilities	Total	Public quote of the same financial instrument in an active market (Level 1)	Observable price except public quote in an active market (Level 2)	Based neither on direct market data nor from the counter party (Level 3)
<b><u>Fair value evaluated on a recurring basis</u></b>				
<u>Non derivative assets and liabilities</u>				
Assets:				
Financial assets at fair value through profit or loss				
Beneficiary certificate	\$ 192,882	192,882	-	-
Stock investment	102,510	102,510	-	-
Financial assets at fair value through other comprehensive income	120,553	119,204	-	1,349
<u>Derivative assets and liabilities</u>				
Assets:				
Financial assets at fair value through profit or loss	\$ 155,243	91,863	63,380	-
Liabilities:				
Financial liabilities at fair value through profit or loss	61,349	59,577	1,772	-

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Assets and Liabilities items	March 31, 2020			
	Total	Public quote of the same financial instrument in an active market (Level 1)	Observable price except public quote in an active market (Level 2)	Based neither on direct market data nor from the counter party (Level 3)
<b><u>Fair value evaluated on a recurring basis</u></b>				
<u>Non derivative assets and liabilities</u>				
Assets:				
Financial assets at fair value through profit or loss				
Beneficiary certificate	\$ 228,104	228,104	-	-
Stock investment	25,006	25,006	-	-
Financial assets at fair value through other comprehensive income	1,076	-	-	1,076
<u>Derivative assets and liabilities</u>				
Assets:				
Financial assets at fair value through profit or loss	\$ 82,870	62,778	20,092	-
Liabilities:				
Financial liabilities at fair value through profit or loss	31,636	30,777	859	-

b) Valuation techniques

i) Non-derivative financial instruments

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

ii) Derivative financial instruments

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

iii) Transfer between Level 1 and Level 2

There is no transfer between Level 1 and Level 2 for the three months ended March 31, 2021 and 2020.

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

(In Thousands Dollars)

Item	For the three months ended March 31, 2021							Ending Balance
	Beginning Balance	Gains and losses on valuation		Addition		Reduction		
		Amount recognized in profit or loss	Amount recognized in comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3	
Financial assets at fair value through other comprehensive income	\$ 1,349	-	177	-	-	-	-	1,526

  

Item	For the three months ended March 31, 2020							Ending Balance
	Beginning Balance	Gains and losses on valuation		Addition		Reduction		
		Amount recognized in profit or loss	Amount recognized in comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3	
Financial assets at fair value through other comprehensive income	\$ 1,375	-	(299)	-	-	-	-	1,076

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

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

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

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

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

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

	<b>Change in fair value recognized in other comprehensive income</b>	
	<b>Favorable</b>	<b>Unfavorable</b>
<b>March 31, 2021</b>		
Financial assets fair value through other comprehensive income	\$ <u>15</u>	<u>(15)</u>
<b>December 31, 2020</b>		
Financial assets fair value through other comprehensive income	\$ <u>13</u>	<u>(13)</u>
<b>March 31, 2020</b>		
Financial assets fair value through other comprehensive income	\$ <u>11</u>	<u>(11)</u>

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

- c) Financial instruments not measured at fair value

For financial instruments not measured at fair value, such as cash and cash equivalents, 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

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

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(q) Capital management

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

(r) Financing activities not affecting current cash flow

The Group's financing activities which did not affect the current cash flow for the three months ended March 31, 2021 and 2020, were as follows:

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

	January 1, 2021	Cash flows	Non-cash changes			March 31, 2021
			Other	Foreign exchange movement	Fair value changes	
Lease liabilities	\$ 58,479	(8,702)	(127)	21	-	49,671
Total liabilities from financing activities	<u>\$ 58,479</u>	<u>(8,702)</u>	<u>(127)</u>	<u>21</u>	<u>-</u>	<u>49,671</u>

	January 1, 2020	Cash flows	Non-cash changes			March 31, 2020
			Other	Foreign exchange movement	Fair value changes	
Lease liabilities	\$ 39,428	(8,925)	2,515	197	-	33,215
Total liabilities from financing activities	<u>\$ 39,428</u>	<u>(8,925)</u>	<u>2,515</u>	<u>197</u>	<u>-</u>	<u>33,215</u>

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

(a) Parent company and ultimate controlling party

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

(b) Names and relationship with related parties

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

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

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Key management personnel compensation

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Short-term employee benefits	\$ 27,489	28,753
Post-employment benefits	250	281
Total	<b>\$ 27,739</b>	<b>29,034</b>

(d) Significant transactions with related parties

- (i) The amounts of futures trading between the Group and related parties for the three months ended March 31, 2021 and 2020 were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
<u>Brokerage fee revenue</u>		
Capital Securities Corporation	\$ 2,300	1,679
Funds issued by Capital Investment Trust Corp.	60	199
Total	<b>\$ 2,360</b>	<b>1,878</b>

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
<u>Futures traders' equity</u>			
Capital Securities Corporation	\$ 1,085,570	824,368	1,289,165
Funds issued by Capital Investment Trust Corp.	316,808	335,742	193,877
	<b>\$ 1,402,378</b>	<b>1,160,110</b>	<b>1,483,042</b>

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. Interest expense for the three months ended March 31, 2021 and 2020 were amounted to \$9 and \$41, respectively.

- (ii) Accounts payable and receivable:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
<u>Accounts receivable</u>			
Capital Securities Corporation	\$ 1,727	2,679	816
CSC Securities (HK) Ltd.	-	56	507
	<b>\$ 1,727</b>	<b>2,735</b>	<b>1,323</b>
<u>Accounts payable</u>			
Capital Securities Corporation	<b>\$ 19,566</b>	<b>14,679</b>	<b>29,394</b>

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
<b><u>Other receivables (Note 1)</u></b>			
Capital Securities Corporation	\$ 3,822	3,841	4,032
CSC Securities (HK) Ltd.	-	-	17
	<u>\$ 3,822</u>	<u>3,841</u>	<u>4,049</u>
<b><u>Other payables</u></b>			
Capital Securities Corporation (Note 2)	\$ 4,576	4,762	11,993
CSC Securities (HK) Ltd. (Note 3)	826	119	5
	<u>\$ 5,402</u>	<u>4,881</u>	<u>11,998</u>

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

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

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

(iii) Bonds purchased under resale agreements

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Bonds purchased under resale agreements	\$ <u>57,552</u>	<u>244,530</u>	<u>38,002</u>
Resale price under the agreements	\$ <u>57,563</u>	<u>244,545</u>	<u>38,006</u>
Interest rates	<u>0.18%~ 0.19%</u>	<u>0.16%~ 0.22%</u>	<u>0.40%</u>
Date of repurchase	<u>2021.04.21~2021.04.29</u>	<u>2021.01.05~2021.01.15</u>	<u>2020.04.10~2020.04.14</u>
		<b><u>For the three months ended March 31,</u></b>	
		<u>2021</u>	<u>2020</u>
Interest income		<u>\$ 32</u>	<u>83</u>

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iv) Leases

The Group signed three-year lease contracts and rented the office and parking spaces from Capital Securities Corporation. As of March 31, 2021, December 31 and March 31, 2020 the total value of effective contracts were \$53,289, \$53,289 and \$49,989, respectively. For the three months ended March 31, 2021 and 2020, the Group recognized the amount of \$115 and \$29 as interest expense. As of March 31, 2021, December 31 and March 31, 2020, lease liabilities amounted to \$40,926, \$45,251 and \$5,821, respectively, and refundable deposits were amounted to \$4,633, \$4,633 and \$4,205, respectively.

The Group signed two-year lease contracts and rented the office from CSC Securities (HK) Ltd. As of March 31, 2021, December 31 and March 31, 2020, the total value of effective contracts were \$24,435 (HKD\$6,112 thousands), respectively. For the three months ended March 31, 2021 and 2020, the Group recognized the amount of \$28 and \$116 as interest expense. As of March 31, 2021, December 31 and March 31, 2020 lease liabilities were amounted to \$1,847, \$4,604 and \$13,535, respectively.

(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:

<u>Related parties</u>	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Capital Securities Corporation	<u>\$ 248</u>	<u>159</u>

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

(vi) Securities commission income

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

<u>Related parties</u>	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Capital Securities Corporation	\$ 4,278	1,608
CSC Securities (HK) Ltd.	<u>313</u>	<u>413</u>
	<u>\$ 4,591</u>	<u>2,021</u>

(vii) Interest income (Rent deposit interest)

<u>Related parties</u>	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Capital Securities Corporation	<u>\$ 9</u>	<u>20</u>

(Continued)



**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(viii) Securities brokerage charge

<u>Related parties</u>	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Capital Securities Corporation	\$ 46,099	58,332
CSC Securities (HK) Ltd.	168	-
	<u>\$ 46,267</u>	<u>58,332</u>

(ix) Information technology expenses

<u>Related parties</u>	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Capital Securities Corporation	\$ 12,736	11,472

(x) Stock service fees

<u>Related parties</u>	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Capital Securities Corporation	\$ 126	116

(xi) Human resource and legal service fees

<u>Related parties</u>	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Capital Securities Corporation	\$ 75	75

(xii) Securities transaction fees

<u>Related parties</u>	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Capital Securities Corporation	\$ 11	-

(xiii) Discretionary service commission fees

<u>Related parties</u>	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Capital Securities Corporation	\$ 40	-

(xiv) Management service fees

<u>Related parties</u>	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
CSC Securities (HK) Ltd.	\$ 894	877

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(xv) Stationery and printing fees

<b>Related parties</b>	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Capital Securities Corporation	<b>\$ 1</b>	<b>1</b>

**(8) Pledged assets:None**

**(9) Significant commitments and contingencies:None**

**(10) Losses due to major disasters:None**

**(11) Significant subsequent events:None**

**(12) Derivative instrument transactions:**

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

**March 31, 2021**

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/Short	Number of contracts			
Futures contract:						
	TAIEX Futures	Long	60	\$ 197,616	197,018	
	TAIEX Futures	Short	17	(51,512)	(53,544)	
	Mini Taiex Futures	Long	107	81,820	86,490	
	Mini Taiex Futures	Short	267	(219,872)	(219,199)	
	Weekly Mini Taiex Futures	Long	11	9,109	9,048	
	Corn Futures	Long	5	3,731	3,906	
	Coffee Futures	Long	3	4,122	3,964	
	Subtotal			25,014		
Options contract:						
	Stock Options (Call)	Long	5	\$ 1	1	
	TAIEX Options (Call)	Long	872	8,250	10,622	
	TAIEX Options (Call)	Short	695	(25,064)	(38,031)	
	TAIEX Options (Put)	Long	1,716	17,676	8,296	
	TAIEX Options (Put)	Short	1,416	(31,391)	(15,673)	
	TAIEX Weekly Options (Call)	Long	124	280	246	
	TAIEX Weekly Options (Call)	Short	24	(74)	(59)	
	TAIEX Weekly Options (Put)	Long	63	260	300	
	TAIEX Weekly Options (Put)	Short	7	(33)	(38)	
	Subtotal			(30,095)		
Total				\$ (5,081)		

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**December 31, 2020**

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

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**March 31, 2020**

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/Short	Number of contracts			
Futures contract:						
	TAIEX Futures	Long	38	\$ 72,701	72,866	
	TAIEX Futures	Short	3	(5,134)	(5,717)	
	Electronic Sector Index Futures	Long	3	4,748	5,105	
	Financial Insurance Index Futures	Long	5	5,516	5,557	
	Financial Insurance Index Futures	Short	3	(3,224)	(3,292)	
	Gold(TWD) Futures	Long	1	586	586	
	Gold(TWD) Futures	Short	3	(1,768)	(1,774)	
	Stock Futures	Long	21	3,267	3,254	
	Stock Futures	Short	63	(18,962)	(18,987)	
	Taiwan 50 Index Futures	Long	16	12,041	12,018	
	Morgan Futures	Short	59	(66,177)	(66,160)	
	Subtotal			<u>3,594</u>		
Options contract:						
	Stock Options (Call)	Long	294	\$ 5,457	7,008	
	Stock Options (Call)	Short	308	(5,899)	(7,297)	
	Stock Options (Put)	Short	404	(11,126)	(18,257)	
	Stock Options (Put)	Long	336	10,129	17,539	
	TAIEX Options (Call)	Long	69	461	662	
	TAIEX Options (Call)	Short	314	(845)	(1,026)	
	TAIEX Options (Put)	Long	99	2,505	2,341	
	TAIEX Options (Put)	Short	64	(3,070)	(2,984)	
	TAIEX Weekly Options (Call)	Long	30	191	223	
	Electronic Sector Index Options (Put)	Long	20	318	470	
	Financial Insurance Index Options (Call)	Long	29	327	508	
	Financial Insurance Index Options (Call)	Short	22	(519)	(507)	
	Financial Insurance Index Options (Put)	Long	44	237	154	
	Gold Options (Call)	Long	87	207	351	
	Gold Options (Call)	Short	2	(41)	(83)	
	Gold Options (Put)	Long	223	223	217	
	Hushen 300 Options (Call)	Short	150	(1,219)	(623)	
	Subtotal			<u>(2,664)</u>		
Total				<u>\$ 930</u>		

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

Item	March 31, 2021	December 31, 2020	March 31, 2020
Leverage derivatives- long	<u>\$ 1,991,991</u>	<u>1,321,887</u>	<u>824,860</u>
Leverage derivatives- short	<u>\$ 1,992,863</u>	<u>1,282,847</u>	<u>824,860</u>

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

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

Art.	Calculation formula	Current Period		Last Period		Standard	Enforcement
		Calculation	Ratio	Calculation	Ratio		
17	Stockholders' equity						
	(Total liabilities– futures traders' equity)	6,540,298	6.94	6,358,605	9.00	≥ 1	Satisfactory to requirement
		941,921		706,507			
17	Current Assets	43,719,998		47,910,361			
	Current Liabilities	38,554,732	1.13	43,006,955	1.11	≥ 1	"
22	Stockholders' equity	6,540,298		6,358,605		≥ 60%	"
	Minimum paid-in capital	1,115,000	586.57 %	1,115,000	570.28 %	≥ 40%	"
22	Post-adjustment net capital						
	Total customer margin deposits required for open positions of customers	4,876,556	63.97 %	5,045,719	52.36 %	≥ 20%	"
		7,623,344		9,637,179		≥ 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**

(Continued)

## CAPITAL FUTURES CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (16) Other disclosures:

(a) Information on significant transactions:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number (Note 1)	Name of lender	Name of borrower	Account name	Related party	Maximum balance of the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	CSC Futures (HK) Ltd.	Klaw Trading Limited	Account receivables -Customer	No	39,621	39,621	2,830	5%	2	-	Trading	-		-	178,994	894,969
1	CSC Futures (HK) Ltd.	AAA Fintech Limited	Account receivables -Customer	No	169,804	169,804	139,522	2.24%	2	-	Trading	-		-	178,994	894,969
1	CSC Futures (HK) Ltd.	Future Leading Investment Pte. Ltd.	Account receivables -Customer	No	84,902	84,902	28,301	1.24%~ 3.24%	2	-	Trading	-		-	178,994	894,969
1	CSC Futures (HK) Ltd.	Alpha Rnd Singapore Pte Ltd	Account receivables -Customer	No	79,242	79,242	-	3.24%	2	-	Trading	-		-	178,994	894,969
1	CSC Futures (HK) Ltd.	Derivatives China Alpha Fund	Account receivables -Customer	No	79,242	79,242	-	3.24%	2	-	Trading	-		-	178,994	894,969
1	CSC Futures (HK) Ltd.	Perfect Hexagon Limited	Account receivables -Customer	No	84,902	84,902	-	3.24%	2	-	Trading	-		-	178,994	894,969

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

(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			Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms	
1	CSC Futures (HK) Ltd.	Capital True Partner Technology Co., Ltd.	3	Information technology expenses	291	General transaction	0.05%
2	Capital True Partner Technology Co., Ltd.	CSC Futures (HK) Ltd.	3	Other operating revenue	376	General transaction	0.06%
1	CSC Futures (HK) Ltd.	Capital True Partner Technology Co., Ltd.	3	Professional service fee	85	General transaction	0.01%
1	CSC Futures (HK) Ltd.	Capital True Partner Technology Co., Ltd.	3	Other payables	65		-%
2	Capital True Partner Technology Co., Ltd.	CSC Futures (HK) Ltd.	3	Accounts receivable	65		-%
2	Capital True Partner Technology Co., Ltd.	Capital Futures Corp.	2	Other operating revenue	6,165	General transaction	0.96%

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms	
0	Capital Futures Corp.	Capital True Partner Technology Co., Ltd.	1	Professional service fees	6,165	General transaction	0.96%
0	Capital Futures Corp.	Capital True Partner Technology Co., Ltd.	1	Other payables	2,036		-%
2	Capital True Partner Technology Co., Ltd.	Capital Futures Corp.	2	Accounts receivable	2,036		-%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Futures traders' equity	310,491		0.67%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Customers' margin account	310,491		0.67%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Futures traders' equity	4,276,816		9.23%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Customers' margin account	3,933,609		8.49%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Customers' margin account	343,207		0.74%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Futures commission revenue	1,818	General transaction	0.28%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Futures commission expenses	1,818	General transaction	0.28%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Brokerage fee revenue	32,210	General transaction	5.00%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Futures commission expenses	32,210	General transaction	5.00%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Interest revenue	217	General transaction	0.03%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Financial cost	217	General transaction	0.03%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Other payables	8,078		0.02%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Other receivables	8,078		0.02%
3	Capital International Technology Corp.	Capital Futures Corp.	2	Professional service revenue	806	General transaction	0.13%
0	Capital Futures Corp.	Capital International Technology Corp.	1	Repair expenses	806	General transaction	0.13%
3	Capital International Technology Corp.	Capital Futures Corp.	2	Accounts receivable	806		-%
0	Capital Futures Corp.	Capital International Technology Corp.	1	Other payables	806		-%

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

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

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

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

(Continued)

## CAPITAL FUTURES CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Date of establishment	FSC Rule No.	Main businesses and products	Original investment amount		Balance as of March 31, 2021			Revenue of investee	Net income (losses) of investee	Share of profits/losses of investee	Cash dividend	Note
						March 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value					
Capital Futures Corporation	CSC Futures (HK) Ltd.	Hong Kong	1998.12.9	Gin Guan Zheng Zhi No. 1010027412 letter	Futures brokerage and other businesses permitted by local law of Hong Kong	862,631	862,631	214,000	97.27 %	870,537	105,122	(12,797)	(12,448)	-	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	5,000	100.00 %	38,961	768	(1,939)	(1,939)	-	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	245	49.00 %	49,762	25,171	1,023	501	-	Associate

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

(d) Information on investment in Mainland China:

(i) Investment in Mainland China and related information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2021	Net income (losses) of the investee	Highest percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Capital True Partner Technology Co., Ltd.	Management, consulting and information service business	5,013	(C)	24,372	-	-	24,372	(55)	51.00%	(28) B (3)	22,228	-
Capital Futures Technology (Shanghai) Co., Ltd.	Management, consulting and information service business	18,863	(C)	18,863	-	-	18,863	(1,162)	100.00%	(1,162) B (3)	14,494	-

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

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

Note 2: Investment gains and losses recognized during the period

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

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

(ii) Limitation on investment in Mainland China:

(In Thousands of New Taiwan Dollars)

Company Name	Accumulated Investment in Mainland China as of March 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Capital International Technology Corp.	43,235	43,235	80,000

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

(Continued)



**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(e) Major shareholders:

<b>Shareholder's Name</b>	<b>Shareholding</b>	<b>Shares</b>	<b>Percentage</b>
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.

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(17) Segment information:**

(a) General information

The Group has one reportable segment: the brokerage segment. This segment is mainly involved in futures brokerage business. The Group's other operating segments are mainly involved in futures and securities business on a proprietary basis and advisory business, etc. For the three months ended March 31, 2021 and 2020, none of the above segments met the quantitative thresholds for reportable segments.

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

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

<b>For the three months ended March 31, 2021</b>				
	<b>Brokerage business</b>	<b>Others</b>	<b>Adjustment and elimination</b>	<b>Total</b>
Segment revenue	\$ <b>606,987</b>	<b>79,759</b>	<b>(42,831)</b>	<b>643,915</b>
Segment profit or loss	\$ <b>176,402</b>	<b>20,923</b>	<b>-</b>	<b>197,325</b>
<b>For the three months ended March 31, 2020</b>				
	<b>Brokerage business</b>	<b>Others</b>	<b>Adjustment and elimination</b>	<b>Total</b>
Segment revenue	\$ <b>686,584</b>	<b>51,310</b>	<b>(108,942)</b>	<b>628,952</b>
Segment profit or loss	\$ <b>232,949</b>	<b>(16,548)</b>	<b>-</b>	<b>216,401</b>

(c) Information about regions

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

(d) Information about major customers

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

**CAPITAL FUTURES CORPORATION**

**Financial Statements of Securities Dealing Department**

**For the Three Months Ended March 31, 2021 and 2020**

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

**CAPITAL FUTURES CORPORATION**  
**Securities Dealing Department's Balance Sheets**  
**March 31, 2021, December 31, 2020, and March 31, 2020**  
**(Expressed in Thousands of New Taiwan Dollars)**

Assets		March 31, 2021		December 31, 2020		March 31, 2020		Liabilities and Equity		March 31, 2021		December 31, 2020		March 31, 2020	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Current assets:</b>															
111100	Cash and cash equivalents (Note 6(a))	\$ 547,703	52	650,656	64	735,676	91	212000	Financial liabilities at fair value through profit or loss- current (Note 6(d))	\$ 34,080	3	-	-	-	-
112000	Financial assets at fair value through profit or loss-current (Note 6(b))	180,571	17	102,408	10	34,455	4	214130	Accounts payable	59,262	6	92,559	9	772	-
113200	Financial assets at fair value through comprehensive income- current (Note 6(b))	206,465	20	119,204	11	-	-	214170	Other payables	4,181	-	8,622	1	1,273	-
114100	Security borrowing margin	46,494	4	-	-	-	-	216000	Lease liabilities- current	288	-	289	-	145	-
114130	Accounts receivable	51,965	5	130,029	13	24,426	3			97,811	9	101,470	10	2,190	-
114150	Prepayments	19	-	28	-	18	-	<b>Non-current liabilities:</b>							
114170	Other receivables	342	-	237	-	344	-	226000	Lease liabilities- non-current	356	-	427	-	24	-
114600	Current income tax assets	90	-	69	-	133	-	<b>Total liabilities</b>							
		1,033,649	98	1,002,631	98	795,052	98	301000	Common stock	98,167	9	101,897	10	2,214	-
<b>Non-current assets:</b>															
125000	Property and equipment	711	-	798	-	1,216	-	304000	Retained earnings	800,000	76	800,000	78	800,000	98
125800	Right-of-use assets	642	-	715	-	168	-	305000	Other equity	132,214	13	118,431	12	12,131	2
127000	Intangible assets	86	-	109	-	147	-	<b>Total equity</b>							
129000	Other non-current assets (Note 6(c))	18,559	2	17,761	2	17,762	2			955,480	91	920,117	90	812,131	100
		19,998	2	19,383	2	19,293	2	<b>Total liabilities and equity</b>							
<b>Total assets</b>		<b>\$ 1,053,647</b>	<b>100</b>	<b>1,022,014</b>	<b>100</b>	<b>814,345</b>	<b>100</b>	<b>\$ 1,053,647 100 1,022,014 100 814,345 100</b>							

See accompanying notes to financial statements of securities dealing department.

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

**CAPITAL FUTURES CORPORATION**

**Securities Dealing Department's Statements of Comprehensive Income**

**For the three months ended March 31, 2021 and 2020**

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

		<u>For the three months ended March 31</u>			
		<u>2021</u>		<u>2020</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b>Income:</b>					
410000	Net gains (losses) on sale of trading securities	\$ 14,248	70	(18,814)	(83)
421300	Dividend revenue	220	1	734	3
421500	Net gains (losses) on measurement of trading securities at fair value through profit or loss	5,395	26	(5,668)	(25)
421600	Losses on covering of borrowed securities and bonds with resale agreements-short sales	-	-	(944)	(4)
421610	Net gains on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss	210	1	1,108	5
428000	Other operating revenue	324	2	969	4
		<u>20,397</u>	<u>100</u>	<u>(22,615)</u>	<u>(100)</u>
<b>Expenses:</b>					
502000	Brokerage fees- proprietary trading	137	1	78	-
521200	Financial costs	2	-	1	-
521640	Loss from securities borrowing transactions	-	-	-	-
528000	Other operating expenditure	347	2	309	1
531000	Employee benefits expense	2,304	11	1,042	5
532000	Depreciation and amortization expense	188	1	300	1
533000	Other operating expenses	4,488	22	2,906	13
		<u>7,466</u>	<u>37</u>	<u>4,636</u>	<u>20</u>
	<b>Net operating income (loss)</b>	<u>12,931</u>	<u>63</u>	<u>(27,251)</u>	<u>(120)</u>
<b>Non-operating income and expenses:</b>					
602000	Other gains and losses	852	4	(888)	(4)
		<u>852</u>	<u>4</u>	<u>(888)</u>	<u>(4)</u>
902001	<b>Net income (loss) before income tax</b>	13,783	67	(28,139)	(124)
701000	<b>Less: Income tax expenses</b>	-	-	-	-
	<b>Net income (loss)</b>	<u>13,783</u>	<u>67</u>	<u>(28,139)</u>	<u>(124)</u>
805000	<b>Other comprehensive income:</b>				
805500	<b>Components that may not be reclassified subsequently to profit or loss:</b>				
805540	Unrealized gains from investments in equity instruments at fair value through other comprehensive income	21,580	106	-	-
805599	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	<b>Subtotal of components that may not be reclassified subsequently to profit or loss</b>	<u>21,580</u>	<u>106</u>	<u>-</u>	<u>-</u>
805000	<b>Other comprehensive income</b>	<u>21,580</u>	<u>106</u>	<u>-</u>	<u>-</u>
902006	<b>Total comprehensive income</b>	<u>\$ 35,363</u>	<u>173</u>	<u>(28,139)</u>	<u>(124)</u>

See accompanying notes to financial statements of securities dealing department.

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

**CAPITAL FUTURES CORPORATION**

**Notes to the Financial Statements of Securities Dealing Department**

**March 31, 2021 and 2020**

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

**(1) Company history**

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

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

The financial statements of the Department were authorized for issue by the Board of Directors on May 11, 2021.

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

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

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

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

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

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

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

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

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

(a) Cash and cash equivalents

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Demand deposits	\$ 228,195	324,917	394,351
Time deposits	319,508	325,739	341,325
Total	<u>\$ 547,703</u>	<u>650,656</u>	<u>735,676</u>

(Continued)

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

## (b) Financial assets

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Open-ended funds and money-market instruments	\$ -	-	10,135
Open-ended funds and money-market instruments valuation adjustment	-	-	(577)
Trading securities- proprietary trading	175,838	103,070	24,088
Trading securities- proprietary trading valuation adjustment	4,733	(662)	809
Total	<u>\$ 180,571</u>	<u>102,408</u>	<u>34,455</u>

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 three months ended March 31, 2021 and 2020 will increase \$1,806 and \$345, 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.

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Equity investments at fair value through other comprehensive income			
Listed stocks	\$ 162,627	99,266	-
OTC stocks	<u>20,572</u>	<u>18,252</u>	<u>-</u>
	183,199	117,518	-
Valuation adjustment	<u>23,266</u>	<u>1,686</u>	<u>-</u>
Total	<u>\$ 206,465</u>	<u>119,204</u>	<u>-</u>

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

During the three months ended March 31, 2021 and 2020, the dividends of \$200 and \$0, respectively, related to equity investment at fair value through other comprehensive income held on the three months then ended, were recognized.

(Continued)



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

No strategic investments were disposed of during the three months ended March 31, 2021 and 2020, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

(c) Other non-current assets

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Guarantee deposited for business operations	\$ 10,000	10,000	10,000
Settlement fund	8,559	7,761	7,762
Total	<u>\$ 18,559</u>	<u>17,761</u>	<u>17,762</u>

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Liabilities on sale of borrowed securities - non-hedging	\$ 34,290	-	-
Liabilities on sale of borrowed securities valuation adjustment - non-hedging	(210)	-	-
Total	<u>\$ 34,080</u>	<u>-</u>	<u>-</u>

(e) Financial Instruments

(i) Credit risk

The carrying amount of financial assets represent the maximum credit exposure. As of March 31, 2021, December 31 and March 31, 2020, the maximum credit exposure amounted to \$1,052,099, \$1,020,295 and \$812,663, respectively.

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contract cash flow</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 year</u>	<u>2-5 year</u>	<u>More than 5 year</u>
March 31, 2021							
Financial liabilities at fair value through profit or loss	\$ 34,080	34,080	34,080	-	-	-	-
Accounts payable	59,262	59,262	59,262	-	-	-	-
Other payables	4,181	4,181	4,181	-	-	-	-
Lease liabilities	644	652	148	145	269	90	-
Total	<u>\$ 98,167</u>	<u>98,175</u>	<u>97,671</u>	<u>145</u>	<u>269</u>	<u>90</u>	<u>-</u>

(Continued)

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

	<u>Carrying amount</u>	<u>Contract cash flow</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 year</u>	<u>2-5 year</u>	<u>More than 5 year</u>
<b>December 31, 2020</b>							
Accounts payable	\$ 92,559	92,559	92,559	-	-	-	-
Other payables	8,622	8,622	8,622	-	-	-	-
Lease liabilities	716	726	148	148	273	157	-
<b>Total</b>	<b>\$ 101,897</b>	<b>101,907</b>	<b>101,329</b>	<b>148</b>	<b>273</b>	<b>157</b>	<b>-</b>
<b>March 31, 2020</b>							
Accounts payable	\$ 772	772	772	-	-	-	-
Other payables	1,273	1,273	1,273	-	-	-	-
Lease liabilities	169	170	132	14	24	-	-
<b>Total</b>	<b>\$ 2,214</b>	<b>2,215</b>	<b>2,177</b>	<b>14</b>	<b>24</b>	<b>-</b>	<b>-</b>

## (iii) Currency risk

## 1) Exposure to foreign currency risk

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

	<b>March 31, 2021</b>		
	<u>Foreign currency (dollar)</u>	<u>Exchange rate</u>	<u>New Taiwan Dollars</u>
<b><u>Financial assets</u></b>			
<b><u>Monetary items</u></b>			
USD	\$ 4,263,879.28	28.5350	121,670
HKD	2,878,003.27	3.6700	10,562
CNY	7,130,207.18	4.3440	30,974
<b><u>Non-monetary items</u></b>			
USD	1,338,960.00	28.5350	38,207
<b><u>Financial liabilities</u></b>			
<b><u>Monetary items</u></b>			
SGD	1,239.47	21.2100	26

(Continued)

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

<b>December 31, 2020</b>			
	<b>Foreign currency (dollar)</b>	<b>Exchange rate</b>	<b>New Taiwan Dollars</b>
<b><u>Financial assets</u></b>			
<b><u>Monetary items</u></b>			
USD	\$ 4,802,785.97	28.4800	136,783
HKD	2,878,003.27	3.6730	10,571
CNY	7,089,206.62	4.3770	31,029
<b><u>Non-monetary items</u></b>			
USD	\$ 608,600.00	28.4800	17,333
<b><u>Financial liabilities</u></b>			
<b><u>Monetary items</u></b>			
USD	337.50	28.4800	10
SGD	1,523.24	21.5600	33
<b>March 31, 2020</b>			
	<b>Foreign currency (dollar)</b>	<b>Exchange rate</b>	<b>New Taiwan Dollars</b>
<b><u>Financial assets</u></b>			
<b><u>Monetary items</u></b>			
USD	\$ 3,703,092.87	30.2250	111,926
HKD	2,877,426.22	3.8980	11,216
<b><u>Non-monetary items</u></b>			
USD	749,371.86	30.2250	22,650
<b><u>Financial liabilities</u></b>			
<b><u>Monetary items</u></b>			
USD	337.50	30.2250	10
SGD	2,465.23	21.2300	52

For the three months ended March 31, 2021 and 2020, the foreign exchange gains (including realized and unrealized) were \$324 and \$968, respectively.

(Continued)

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

(iv) Sensitivity analysis

The currency risk of the Department arises mainly from cash and cash equivalents, financial assets at fair value through profit or loss, other receivables, other payables and lease liabilities which are denominated in foreign currency. As of three months ended March 31, 2021 and 2020, 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 \$1,611 and \$1,166, respectively. The analytical basis was the same in both years.

(v) Analysis in interest rates

For the three months ended March 31, 2021 and 2020, with all other variable factors remain constant, when the interest rate increases or decreases by 100 basis points, would cause after-tax comprehensive income result in an increase or a decrease by \$17 and \$60. This is mainly due to the Department's guarantee deposited for business operations in variable rates and settlement fund in variable rate.

(vi) Fair value and hierarchy information

1) Fair value information

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

2) Based on fair value measurement

a) Hierarchy information of fair value

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

Assets and Liabilities items	March 31, 2021			
	Total	Public quote of the same financial instrument in an active market (Level 1)	Observable price except public quote in an active market (Level 2)	Based neither on direct market data nor from the counter party (Level 3)
<b>Fair value evaluated on a recurring basis</b>				
<u>Non-derivative assets and liabilities</u>				
Assets:				
Financial assets at fair value through profit or loss				
Stock investment	\$ 180,571	180,571	-	-
Financial assets at fair value through other comprehensive income				
Stock investment	206,465	206,465	-	-
Liabilities :				
Financial liabilities at fair value through profit or loss	34,080	34,080	-	-

(Continued)

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

		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)
<b><u>Fair value evaluated on a recurring basis</u></b>				
<u>Non-derivative assets and liabilities</u>				
Assets:				
Financial assets at fair value through profit or loss				
Stock investment	\$ 102,408	102,408	-	-
Financial assets at fair value through other comprehensive income				
Stock investment	119,204	119,204	-	-
		March 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)
<b><u>Fair value evaluated on a recurring basis</u></b>				
<u>Non-derivative assets and liabilities</u>				
Assets:				
Financial assets at fair value through profit or loss				
Beneficiary certificate	\$ 9,558	9,558	-	-
Stock investment	24,897	24,897	-	-

b) Valuation techniques

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

3) Financial instruments not measured at fair value

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

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

(a) Parent company and ultimate controlling party

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

(Continued)

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

(b) Names and relationship with related parties

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Capital Securities Corporation	The parent company

(c) Key management personnel compensation : None.

(d) Significant transactions with related parties

(i) Leases

The Department signed lease contracts from Capital Securities Corporation for the rental of office premises. As of March 31, 2021, December 31 and March 31, 2020, the total value of effective contracts were \$807, \$807 and \$1,069, respectively. For the three months ended March 31, 2021 and 2020, the Department recognized the amount of \$2 and \$1 as interest expense. As of March 31, 2021, December 31 and March 31, 2020, lease liabilities were amounted to \$620, \$686 and \$118, respectively.

(ii) Rental expenses

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

<u>Related parties</u>	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Capital Securities Corporation	\$ <u>24</u>	<u>-</u>

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

(iii) Information technology expenses

<u>Related parties</u>	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Capital Securities Corporation	\$ <u>255</u>	<u>233</u>

(8) Pledged assets:None

(9) Significant commitments and contingencies:None

(10) Losses due to major disasters:None

(11) Significant subsequent events:None

(Continued)

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

**(12) Other:**

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

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

**(13) Other disclosures:**

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

**(14) Segment information:**

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