

**CAPITAL FUTURES CORPORATION AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Report
For the Six Months Ended June 30, 2022 and 2021**

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

The independent auditors' 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' report and consolidated financial statements, the Chinese version shall prevail.

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安侯建業聯合會計師事務所
KPMG

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

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

Independent Auditors' Report

To the Board of Directors of Capital Futures Corporation

Opinion

We have audited the consolidated financial statements of Capital Futures Corporation and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of June 30, 2022, December 31, and June 30, 2021, and the consolidated statement of comprehensive income for the three months and six months ended June 30, 2022 and 2021, as well as the changes in equity and cash flows for the six months ended June 30, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2022, December 31, and June 30, 2021, and its consolidated financial performance for the three months and six months ended June 30, 2022 and 2021, as well as its consolidated cash flows for the six months ended June 30, 2022 and 2021 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.

Basis for Opinion

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

Key Audit Matters

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

Brokerage fee revenue recognized:

Related accounting policies of brokerage fee revenue recognized, please refer to Note 4(p) revenue recognition of the consolidated financial statements as of and for the year ended December 31, 2021. Explanation of brokerage fee revenue, please refer to the consolidated financial report Note 6(p)(i) comprehensive income statement brokerage fee revenue.

Explanation of key audit matters:

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

Audit procedures in response:

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

Other Matter

Capital Futures Corporation has prepared its individual financial statements as of and for the years ended June 30, 2022 and 2021, on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)

August 25, 2022

Notes to Readers

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

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

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

Consolidated Statement of Comprehensive Income

For the three months and six months ended June 30, 2022 and 2021

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

	For the three months ended June 30,				For the six months ended June 30,				
	2022		2021		2022		2021		
	Amount	%	Amount	%	Amount	%	Amount	%	
Income:									
401000	Brokerage fee revenue (Note 6(p))	\$ 503,535	73	462,224	72	998,294	73	931,813	72
410000	Net gains (losses) on sale of trading securities	(23,648)	(3)	15,055	2	(27,547)	(2)	29,842	2
421300	Dividend revenue	1,517	-	1,568	-	1,841	-	2,767	-
421500	Net gains (losses) on measurement of trading securities at fair value through profit or loss	(1,260)	-	4,884	1	(1,338)	-	5,943	1
421600	Net gains (losses) on covering of borrowed securities and bonds with resale agreements-short sales	-	-	1,440	-	-	-	1,440	-
421610	Net gains (losses) on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss	-	-	2,264	-	-	-	2,474	-
424100	Futures commission revenue (Note 6(p))	79,907	12	94,394	14	154,178	11	191,626	15
424200	Securities commission revenue	2,649	-	7,930	1	9,270	1	12,521	1
424400	Net gains (losses) on derivative instruments- futures (Note 6(p))	68,799	10	38,605	6	123,220	9	58,017	4
424500	Net gains (losses) on derivative instruments - OTC (Note 6(p))	43,002	6	17,577	3	85,836	6	38,079	3
424800	Management fee revenue	114	-	781	-	265	-	1,721	-
424900	Consulting fee revenue	4,146	1	4,361	1	8,186	1	9,946	1
428000	Other operating revenue	7,097	1	1,353	-	13,653	1	10,162	1
		<u>685,858</u>	<u>100</u>	<u>652,436</u>	<u>100</u>	<u>1,365,858</u>	<u>100</u>	<u>1,296,351</u>	<u>100</u>
Expenses:									
501000	Brokerage fees	81,487	12	89,576	14	158,348	12	186,959	15
502000	Brokerage fees - proprietary trading	2,845	-	1,299	-	4,861	-	1,436	-
521200	Financial costs	3,040	-	1,682	-	4,796	-	2,779	-
425300	Expected credit impairment losses and reversal gains (Note 6(q))	670	-	(62)	-	615	-	(126)	-
524100	Futures commission expenses (Note 6(p))	146,563	22	130,164	20	291,669	21	262,969	20
524300	Clearing and settlement expenses	52,736	8	50,497	8	101,924	8	96,399	8
528000	Other operating expenditure	2,183	-	1,272	-	4,181	-	2,643	-
531000	Employee benefit expenses (Note 6(p))	139,430	21	125,259	19	281,505	21	244,599	19
532000	Depreciation and amortization expenses (Note 6(p))	15,060	2	19,602	3	31,402	2	39,254	3
533000	Other operating expenses (Note 6(p))	122,526	18	108,063	17	240,253	18	207,179	16
		<u>566,540</u>	<u>83</u>	<u>527,352</u>	<u>81</u>	<u>1,119,554</u>	<u>82</u>	<u>1,044,091</u>	<u>81</u>
		<u>119,318</u>	<u>17</u>	<u>125,084</u>	<u>19</u>	<u>246,304</u>	<u>18</u>	<u>252,260</u>	<u>19</u>
Net operating income									
Non-operating income and expenses:									
601000	Shares of profit of associates and joint ventures under equity method (Note 6(d))	-	-	270	-	-	-	771	-
602000	Other gains and losses (Note 6(p))	68,266	10	31,085	5	128,155	9	100,733	8
		<u>68,266</u>	<u>10</u>	<u>31,355</u>	<u>5</u>	<u>128,155</u>	<u>9</u>	<u>101,504</u>	<u>8</u>
902001	Net income before income tax	187,584	27	156,439	24	374,459	27	353,764	27
701000	Less: Income tax expenses (Note 6(m))	27,609	4	29,691	5	59,757	4	67,814	5
	Net income	<u>159,975</u>	<u>23</u>	<u>126,748</u>	<u>19</u>	<u>314,702</u>	<u>23</u>	<u>285,950</u>	<u>22</u>
805000	Other comprehensive income:								
805500	Components that may not be reclassified subsequently to profit or loss:								
805540	Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income	(9,023)	(1)	19,462	3	(9,486)	(1)	41,219	3
805599	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Subtotal of components that may not be reclassified subsequently into profit or loss	<u>(9,023)</u>	<u>(1)</u>	<u>19,462</u>	<u>3</u>	<u>(9,486)</u>	<u>(1)</u>	<u>41,219</u>	<u>3</u>
805600	Components that may be reclassified subsequently to profit or loss:								
805610	Exchange differences on translation of foreign operations	31,612	5	(21,089)	(3)	58,109	4	(21,892)	(1)
805699	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 6(m))	-	-	(88)	-	-	-	(92)	-
	Subtotal of components that may be reclassified subsequently to profit or loss	<u>31,612</u>	<u>5</u>	<u>(21,001)</u>	<u>(3)</u>	<u>58,109</u>	<u>4</u>	<u>(21,800)</u>	<u>(1)</u>
805000	Other comprehensive income	<u>22,589</u>	<u>4</u>	<u>(1,539)</u>	<u>-</u>	<u>48,623</u>	<u>3</u>	<u>19,419</u>	<u>2</u>
902006	Total comprehensive income	<u>\$ 182,564</u>	<u>27</u>	<u>125,209</u>	<u>19</u>	<u>363,325</u>	<u>26</u>	<u>305,369</u>	<u>24</u>
Net income attributable to:									
913100	Shareholders of the parent	\$ 159,960	23	126,666	19	314,844	23	286,244	22
913200	Non-controlling interests	15	-	82	-	(142)	-	(294)	-
		<u>\$ 159,975</u>	<u>23</u>	<u>126,748</u>	<u>19</u>	<u>314,702</u>	<u>23</u>	<u>285,950</u>	<u>22</u>
Comprehensive income attributable to:									
914100	Shareholders of the parent	\$ 182,585	27	125,708	19	363,270	26	306,280	24
914200	Non-controlling interests	(21)	-	(499)	-	55	-	(911)	-
		<u>\$ 182,564</u>	<u>27</u>	<u>125,209</u>	<u>19</u>	<u>363,325</u>	<u>26</u>	<u>305,369</u>	<u>24</u>
975000	Basic earnings per share (Dollar) (Note 6(o))	<u>\$ 0.76</u>		<u>0.60</u>		<u>1.50</u>		<u>1.36</u>	
985000	Diluted earnings per share (Dollar) (Note 6(o))	<u>\$ 0.76</u>		<u>0.60</u>		<u>1.50</u>		<u>1.36</u>	

See accompanying notes to consolidated financial statements.

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

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**Consolidated Statement of Changes in Equity****For the six months ended June 30, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent											Non-controlling interests	Total equity
	Stock					Retained earnings					Other equity		
	Common stocks	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Equity related to non-current assets classified as held for sale	Total equity attributable to owners of parent				
Balance at January 1, 2021	\$ 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 six months ended June 30, 2021	-	-	-	-	286,244	-	-	-	286,244	(294)	285,950		
Other comprehensive income	-	-	-	-	-	(21,183)	41,219	-	20,036	(617)	19,419		
Total comprehensive income	-	-	-	-	286,244	(21,183)	41,219	-	306,280	(911)	305,369		
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	62,145	-	(62,145)	-	-	-	-	-	-		
Special reserve	-	-	-	124,291	(124,291)	-	-	-	-	-	-		
Cash dividends	-	-	-	-	(393,518)	-	-	-	(393,518)	-	(393,518)		
Special reserve for the contra equity account	-	-	-	41,617	(41,617)	-	-	-	-	-	-		
Other changes in capital surplus:													
Cash dividends from capital surplus	-	(210,437)	-	-	-	-	-	-	(210,437)	-	(210,437)		
Right of inclusion options exercised	-	62	-	-	-	-	-	-	62	-	62		
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	37,252	-	(37,252)	-	-	-	-		
Balance at June 30, 2021	\$ 2,104,376	1,663,621	626,803	1,446,574	324,930	(111,136)	6,883	-	6,062,051	26,384	6,088,435		
Balance at January 1, 2022	\$ 2,104,376	1,663,621	626,803	1,446,574	522,796	(117,825)	4,148	(2,129)	6,248,364	25,734	6,274,098		
Net income for the six months ended June 30, 2022	-	-	-	-	314,844	-	-	-	314,844	(142)	314,702		
Other comprehensive income	-	-	-	-	-	57,912	(9,486)	-	48,426	197	48,623		
Total comprehensive income	-	-	-	-	314,844	57,912	(9,486)	-	363,270	55	363,325		
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	52,136	-	(52,136)	-	-	-	-	-	-		
Special reserve	-	-	-	104,273	(104,273)	-	-	-	-	-	-		
Cash dividends	-	-	-	-	(336,700)	-	-	-	(336,700)	-	(336,700)		
Special reserve for the contra equity account	-	-	-	28,770	(28,770)	-	-	-	-	-	-		
Disposal of subsidiaries or investments accounted for using equity method	-	-	-	-	-	-	-	2,129	2,129	-	2,129		
Difference between consideration and carrying amount of subsidiaries acquired	-	(370)	-	-	-	-	-	-	(370)	-	(370)		
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(23,283)	(23,283)		
Balance at June 30, 2022	\$ 2,104,376	1,663,251	678,939	1,579,617	315,761	(59,913)	(5,338)	-	6,276,693	2,506	6,279,199		

See accompanying notes to consolidated financial statements.

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

Consolidated Statement of Cash Flows

For the six months ended June 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30,	
	2022	2021
Cash flows from (used in) operating activities:		
Net income before income tax	\$ 374,459	353,764
Adjustments:		
Adjustments to reconcile:		
Depreciation expenses	27,639	34,611
Amortization expenses	3,763	4,643
Expected credit impairment losses and reversal gains	615	(126)
Net gain on financial assets or liabilities at fair value through profit or loss	2,049	(5,475)
Interest expenses	4,796	2,779
Interest income (including financial income)	(98,346)	(97,878)
Dividend revenue	(2,016)	(3,022)
Shares of profit of associates and joint ventures under equity method	-	(771)
Losses on disposal of property and equipment	10	66
Impairment losses	2,445	2,398
Loss (gain) on lease modification	717	-
Losses on disposal of Joint Venture	1,210	-
Total adjustments to reconcile	(57,118)	(62,775)
Changes in operating assets and liabilities:		
Increase in financial assets at fair value through profit or loss	(196,010)	(142,488)
Decrease in bond purchased under resale agreements	18,962	196,957
Decrease (increase) in customer margin accounts	(5,693,771)	758,384
Decrease (increase) in receivable-futures margin	(28)	126
Increase in leverage contract trading - customer's margin accounts	(202,940)	(95,073)
Increase in security borrowing margin	-	(38,556)
Increase in accounts receivable	(6,857)	(29,010)
Decrease (increase) in accounts receivable - related parties	2,206	(662)
Decrease (increase) in prepayments	(2,790)	672
Increase in net defined benefit asset	(4,330)	-
Decrease (increase) in other receivables	77,112	(267,103)
Increase in other receivables- related parties	(27,214)	(646)
Decrease in other current assets	-	3
Increase in clearing and settlement fund	(11,005)	(3,340)
Increase in refundable deposits	(432)	(1,447)
Increase in financial liabilities at fair value through profit or loss	166,233	18,931
Increase (decrease) in futures traders' equity	5,643,129	(778,157)
Increase in leverage contract trading - customer's equity	198,966	97,322
Increase (decrease) in accounts payable	4,099	(58,933)
Increase (decrease) in accounts payable - related parties	5,553	(592)
Decrease in advance receipts	(690)	(333)
Increase in receipts under custody	1,719	1,250
Increase (decrease) in other payables	35,423	(31,054)
Increase (decrease) in other payables - related parties	26,702	(499)
Increase in provisions for liabilities	1,085	1,287
Increase in other current liabilities	29,914	1,185
Increase in other non-current liabilities	-	524
Total changes in operating assets and liabilities	65,036	(371,252)
Total adjustments	7,918	(434,027)
Cash inflow (outflow) generated from operations	382,377	(80,263)
Interest received	91,600	102,045
Dividends received	902	2,321
Interest paid	(4,682)	(2,775)
Income taxes paid	(39,876)	(63,515)
Net cash flows from (used in) operating activities	430,321	(42,187)
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(24,374)	(159,245)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	200,560
Acquisition of property and equipment	(7,166)	(10,839)
Acquisition of intangible assets	(426)	(2,545)
Proceeds from disposal of non-current assets held-for-sale	51,031	-
Net cash flows from investing activities	19,065	27,931
Cash flows from (used in) financing activities:		
Cash dividends paid	-	(603,955)
Increase in short-term loans	37,656	138,072
Payments of lease liabilities	(14,022)	(17,701)
Acquisition of ownership interests in subsidiaries	(23,653)	-
Proceeds from right of inclusion options exercised	-	62
Net cash flows used in financing activities	(19)	(483,522)
Effect of exchange rate changes on cash and cash equivalents	57,354	(21,038)
Net increase (decrease) in cash and cash equivalents	506,721	(518,816)
Cash and cash equivalents at beginning of period	5,248,044	5,259,993
Cash and cash equivalents at end of period	\$ 5,754,765	4,741,177

See accompanying notes to consolidated financial statements.

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

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2022 and 2021

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

(1) Company history

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

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

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

The consolidated financial statements were authorized for issuance by the Board of Directors on August 25, 2022.

(3) New standards, amendments and interpretations adopted:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- 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”

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
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- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

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

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

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

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

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”

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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, 2021. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2021.

(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) List of subsidiaries in the consolidated financial statements.

Principles of preparation of the consolidated financial statements are the same as those of the consolidated financial statements for the year ended December 31, 2021. For the related information, please refer to note 4 (c) of the consolidated financial statements for the year ended December 31, 2021.

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to 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
			June 30, 2022	December 31, 2021	June 30, 2021	
The Company	CSC Futures (HK) Ltd.	Futures dealing business and other businesses permitted by local law of Hong Kong	100.00 %	97.27 %	97.27 %	(Note 1)
The Company	Capital International Technology Corp.	Management consulting and information service business.	100.00 %	100.00 %	100.00 %	
Capital International Technology Corp.	Capital True Partner Technology Co., Ltd.	Management consulting and information service business.	51.00 %	51.00 %	51.00 %	
Capital International Technology Corp.	Capital Futures Technology (Shanghai) Co., Ltd.	Management, consulting and information service business.	100.00 %	100.00 %	100.00 %	

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

(d) Employee benefits

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

(e) Income tax

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

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

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

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

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

In these consolidated financial statements, judgments and key sources of estimation uncertainty used by management in the application of critical accounting policies are expected to be consistent with those of Note 5 of the consolidated financial statements for the year ended December 31, 2021.

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Cash	\$ 140	139	115
Demand deposits	436,579	755,294	627,399
Time deposits	4,314,748	3,738,248	3,357,207
Futures margin- excess margin	1,003,298	744,369	749,518
Commercial paper	-	9,994	6,938
Total	<u>\$ 5,754,765</u>	<u>5,248,044</u>	<u>4,741,177</u>

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

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Open-ended funds and money- market instruments	\$ 15,000	20,000	55,000
Open-ended funds and money- market instruments valuation adjustment	-	566	369
Trading securities- proprietary trading	17,505	112,398	293,602
Trading securities- proprietary trading valuation adjustment	(1,871)	(522)	16,513
Securities invested by securities broker	48,253	15,000	61,278
Securities invested by securities broker valuation adjustment	(2,135)	(1,990)	559
Call options- non-hedging	190,009	59,268	64,209
Futures margin- proprietary fund- non-hedging	88,923	68,855	42,722
Leverage derivatives- non-hedging	189,986	81,844	61,872
Equity derivatives- non-hedging	6,193	2,483	-
Total	<u>\$ 551,863</u>	<u>357,902</u>	<u>596,124</u>

If there is an increase in the securities price of 1% on the reporting date (assume that all other variables remained constantly), the impact on after-tax comprehensive income for the six months ended June 30, 2022 and 2021, will increase \$768 and \$4,273, respectively. Conversely, if there is a decrease in the securities price of 1% on the reporting date based on all other variables remained constantly, there will be the same amount but opposite direction of influence.

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Equity investments at fair value through other comprehensive income			
Listed stocks	\$ 49,956	25,582	96,686
OTC stocks	-	-	16,769
	<u>49,956</u>	<u>25,582</u>	<u>113,455</u>
Valuation adjustment	(6,410)	2,686	5,340
Total	<u>\$ 43,546</u>	<u>28,268</u>	<u>118,795</u>

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

During the three months and six months ended June 30, 2022 and 2021, the dividends of \$214, \$1,192, \$338 and \$1,392, related to equity investment at fair value through other comprehensive income held on June 30, 2022 and 2021, respectively, were recognized.

During the three months and six months ended June 30, 2022 and 2021, due to the consideration of asset allocation and managing and adjusting the investment portfolio, the Group sold shares of stocks for a fair value \$0, \$200,560, \$0 and \$200,560, respectively, and cumulative dispose gains for the three months and six months ended June 30, 2022 and 2021, amounted to \$0, \$37,252, \$0 and \$37,252, respectively, were transferred from other equity items to retained earnings.

- (iii) Bonds purchased under resale agreements

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Bonds purchased under resale agreements	<u>\$ 65,051</u>	<u>84,013</u>	<u>47,573</u>
Resale price under the agreements	<u>\$ 65,072</u>	<u>84,021</u>	<u>47,578</u>
Interest rates	<u>0.45%~0.50%</u>	<u>0.20%~0.21%</u>	<u>0.18%</u>
Date of repurchase	<u>2022.07.08~2022.07.18</u>	<u>2022.01.03~2022.01.14</u>	<u>2021.07.08~2021.07.19</u>

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

Equity instruments at fair value through other comprehensive income:

Investee Company	<u>June 30, 2022</u>		<u>December 31, 2021</u>		<u>June 30, 2021</u>	
	Ownership ratio	Amount	Ownership ratio	Amount	Ownership ratio	Amount
Taiwan Futures Exchange Co., Ltd	0.0042 %	<u>\$ 1,191</u>	0.0042 %	<u>1,581</u>	0.0042 %	<u>1,662</u>

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 and six months ended June 30, 2022 and 2021, the dividends of \$56, \$0, \$56 and \$0, related to equity investments at fair value through other comprehensive income held on June 30, 2022 and 2021, respectively, were recognized. No strategic investments were disposed of during the three months and six months ended June 30, 2022 and 2021, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Put options - non-hedging	\$ 224,028	51,130	70,965
Liabilities on sale of borrowed securities - non-hedging	-	-	28,482
Redeem liabilities on sale of borrowed securities - non-hedging	-	-	(21,163)
Liabilities on sale of borrowed securities valuation adjustment - non-hedging	-	-	(2,474)
Leverage derivatives- non-hedging	9,828	16,671	1,996
Equity derivatives- non-hedging	<u>183</u>	<u>5</u>	<u>-</u>
	<u>\$ 234,039</u>	<u>67,806</u>	<u>77,806</u>

(c) Non-current assets held for sale

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

(d) Investments under equity method

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Associate	\$ -	-	<u>49,588</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Associate

The Group acquired 49% of the outstanding in True Partner Advisor Hong Kong 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:

Name of associate	Relationship with the Company	Principal place of business /Register country of company	Ownership equity and % of right to vote		
			June 30, 2022	December 31, 2021	June 30, 2021
True Partner Advisor Hong Kong 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 %

On November 11, 2021, the Board of Directors of the Group approved to sell True Partner Advisor Hong Kong Ltd., the associate of the Group. All shares were transferred on February 15, 2022. Thus the investments accounted for using equity method were reclassified as assets to held-for-sale, please refer to note 6(c).

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:

	June 30, 2022	December 31, 2021	June 30, 2021
Carrying amount of interest in associate	\$ -	-	49,588
	For the three months ended June 30, 2022	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Group's share of total comprehensive income in the investee's:			
Profit from continuing operations	\$ -	270	771
Other comprehensive losses	-	(356)	(372)
Total comprehensive income	<u>\$ -</u>	<u>(86)</u>	<u>399</u>

(ii) Collateral and pledge

As of June 30, 2022, December 31 and June 30, 2021, the Group did not provide any investment accounted for using equity method as collaterals for its loans.

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Property and equipment

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

	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
Cost:			
Balance at January 1, 2022	\$ 116,554	16,704	133,258
Additions	6,878	288	7,166
Disposal	(21)	-	(21)
Effect of exchange rate changes	<u>2,580</u>	<u>211</u>	<u>2,791</u>
Balance at June 30, 2022	<u>\$ 125,991</u>	<u>17,203</u>	<u>143,194</u>
Balance at January 1, 2021	\$ 146,301	25,244	171,545
Additions	6,778	4,061	10,839
Disposal	(1,334)	(2,878)	(4,212)
Effect of exchange rate changes	<u>(959)</u>	<u>(70)</u>	<u>(1,029)</u>
Balance at June 30, 2021	<u>\$ 150,786</u>	<u>26,357</u>	<u>177,143</u>
Accumulated depreciation:			
Balance at January 1, 2022	\$ 76,661	9,225	85,886
Depreciation	12,160	1,805	13,965
Disposal	(11)	-	(11)
Effect of exchange rate changes	<u>2,129</u>	<u>39</u>	<u>2,168</u>
Balance at June 30, 2022	<u>\$ 90,939</u>	<u>11,069</u>	<u>102,008</u>
Balance at January 1, 2021	\$ 90,631	17,642	108,273
Depreciation	14,134	2,415	16,549
Disposal	(1,268)	(2,878)	(4,146)
Effect of exchange rate changes	<u>(696)</u>	<u>(14)</u>	<u>(710)</u>
Balance at June 30, 2021	<u>\$ 102,801</u>	<u>17,165</u>	<u>119,966</u>
Carrying amounts:			
Balance at January 1, 2022	<u>\$ 39,893</u>	<u>7,479</u>	<u>47,372</u>
Balance at June 30, 2022	<u>\$ 35,052</u>	<u>6,134</u>	<u>41,186</u>
Balance at June 30, 2021	<u>\$ 47,985</u>	<u>9,192</u>	<u>57,177</u>

As of June 30, 2022, December 31 and June 30, 2021, the Group did not provide any property and equipment as collateral and pledge.

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Right-of-use assets

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

	<u>Buildings</u>	<u>Equipment</u>	<u>Total</u>
Cost:			
Balance at January 1, 2022	\$ 80,426	7,383	87,809
Additions	14,545	2,512	17,057
Derecognition	(3,125)	-	(3,125)
Decrease	(1,550)	-	(1,550)
Effect of exchange rate changes	1,166	-	1,166
Balance at June 30, 2022	<u>\$ 91,462</u>	<u>9,895</u>	<u>101,357</u>
Balance at January 1, 2021	\$ 94,062	11,591	105,653
Additions	19,972	1,440	21,412
Derecognition	(21,507)	-	(21,507)
Effect of exchange rate changes	(501)	-	(501)
Balance at June 30, 2021	<u>\$ 92,026</u>	<u>13,031</u>	<u>105,057</u>
Accumulated depreciation:			
Balance at January 1, 2022	\$ 37,421	3,351	40,772
Depreciation	12,472	1,202	13,674
Derecognition	(3,125)	-	(3,125)
Effect of exchange rate changes	333	-	333
Balance at June 30, 2022	<u>\$ 47,101</u>	<u>4,553</u>	<u>51,654</u>
Balance at January 1, 2021	\$ 41,062	6,087	47,149
Depreciation	16,599	1,463	18,062
Derecognition	(21,507)	-	(21,507)
Effect of change rate changes	(135)	-	(135)
Balance at June 30, 2021	<u>\$ 36,019</u>	<u>7,550</u>	<u>43,569</u>
Carrying amounts:			
Balance at January 1, 2022	<u>\$ 43,005</u>	<u>4,032</u>	<u>47,037</u>
Balance at June 30, 2022	<u>\$ 44,361</u>	<u>5,342</u>	<u>49,703</u>
Balance at June 30, 2021	<u>\$ 56,007</u>	<u>5,481</u>	<u>61,488</u>

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Customers margin accounts/futures traders' equity

As of June 30, 2022, December 31 and June 30, 2021, the differences between customers' margin accounts and futures traders' equity were reconciled as follows:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Customers margin accounts			
Cash in bank	\$ 34,370,623	27,671,541	27,828,123
Balance of the futures clearing house	6,381,384	7,926,606	7,272,072
Balance of other futures commission merchants	4,194,979	3,652,626	3,313,888
Marketable securities	<u>1,862</u>	<u>4,304</u>	<u>1,733</u>
Balance of customers margin accounts	<u>44,948,848</u>	<u>39,255,077</u>	<u>38,415,816</u>
Plus adjustment items:			
Commission cost	3,405	3,439	1,822
Others	360	364	1,241
Deduction adjustment items:			
Brokerage fee revenue	(17,373)	(12,674)	(11,709)
Futures transaction tax	(3,039)	(1,652)	(2,833)
Interest income	(723)	(523)	(880)
Temporary credits	(9,542)	(3,122)	(1,040)
Remittance amount of the customers after the market closed	(36,501)	(7,535)	(13,972)
Other receivables	<u>(36,303)</u>	<u>(28,094)</u>	<u>(25,613)</u>
Balance of futures traders' equity	<u>\$ 44,849,132</u>	<u>39,205,280</u>	<u>38,362,832</u>

(h) Receivable - futures margin

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Receivable - futures margin - current	\$ 394	258	258
Less: Loss allowance	<u>258</u>	<u>258</u>	<u>258</u>
Subtotal	<u>136</u>	<u>-</u>	<u>-</u>
Receivable - futures margin - non-current	6,654	6,762	6,872
Less: Loss allowance	<u>6,654</u>	<u>6,762</u>	<u>6,872</u>
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 136</u>	<u>-</u>	<u>-</u>

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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 six months ended June 30,</u>	
	<u>2022</u>	<u>2021</u>
Balance on January 1	\$ 7,020	7,801
Impairment losses recognized (reversed)	(108)	(126)
Amounts written off	-	(545)
Balance on June 30	<u>\$ 6,912</u>	<u>7,130</u>

(i) Intangible assets

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

	<u>Goodwill</u>	<u>The seats of</u> <u>foreign futures</u> <u>exchanges</u>	<u>Computer</u> <u>software</u>	<u>Total</u>
	<u>(Note2)</u>	<u>(Note1)</u>		
Cost:				
Balance at January 1, 2022	\$ 22,088	49,955	28,178	100,221
Additions	-	-	426	426
Effect of exchange rate changes	-	382	89	471
Balance at June 30, 2022	<u>\$ 22,088</u>	<u>50,337</u>	<u>28,693</u>	<u>101,118</u>
Balance at January 1, 2021	\$ 22,088	50,153	29,293	101,534
Additions	-	-	2,545	2,545
Effect of exchange rate changes	-	(137)	(65)	(202)
Balance at June 30, 2021	<u>\$ 22,088</u>	<u>50,016</u>	<u>31,773</u>	<u>103,877</u>
Amortization and impairment losses:				
Balance at January 1, 2022	\$ 6,155	3,871	19,614	29,640
Amortization	-	-	3,763	3,763
Impairment losses	2,445	-	-	2,445
Effect of exchange rate changes	-	263	73	336
Balance at June 30, 2022	<u>\$ 8,600</u>	<u>4,134</u>	<u>23,450</u>	<u>36,184</u>
Balance at January 1, 2021	\$ 1,204	4,007	16,777	21,988
Amortization	-	-	4,643	4,643
Impairment loss	2,398	-	-	2,398
Effect of exchange rate changes	-	(94)	(49)	(143)
Balance at June 30, 2021	<u>\$ 3,602</u>	<u>3,913</u>	<u>21,371</u>	<u>28,886</u>

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Carrying value:	Goodwill (Note2)	The seats of foreign futures exchanges (Note1)	Computer software	Total
Balance at January 1, 2022	\$ <u>15,933</u>	<u>46,084</u>	<u>8,564</u>	<u>70,581</u>
Balance at June 30, 2022	\$ <u>13,488</u>	<u>46,203</u>	<u>5,243</u>	<u>64,934</u>
Balance at June 30, 2021	\$ <u>18,486</u>	<u>46,103</u>	<u>10,402</u>	<u>74,991</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 \$2,445 and \$2,398 for the six months ended June 30, 2022 and 2021, by using the discount rate of 4.45% and 4.65% on the basis of the future recoverable amount of sub-subsidiary from Mainland China.

(j) Short-term borrowings

Nature of borrowings	June 30, 2022	December 31, 2021	June 30, 2021
Credit loan	\$ <u>147,440</u>	<u>109,784</u>	<u>138,072</u>
Interest rate range	<u>2.29%</u>	<u>1.46%</u>	<u>1.40%</u>

(k) Lease liabilities

The Group's lease liabilities were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Current	\$ <u>28,262</u>	<u>24,112</u>	<u>27,141</u>
Non-current	\$ <u>21,784</u>	<u>23,017</u>	<u>34,362</u>

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

The amounts recognized in profit or loss were as follows :

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Interest on lease liabilities	\$ <u>178</u>	<u>265</u>	<u>384</u>	<u>437</u>
Expenses relating to short-term leases	\$ <u>626</u>	<u>1,044</u>	<u>1,229</u>	<u>2,072</u>
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	\$ <u>76</u>	<u>76</u>	<u>152</u>	<u>152</u>

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
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The amounts recognized in the statement of cash flows for the Group were as follows :

	For the six months ended June 30,	
	2022	2021
Total cash outflow for leases	\$ 15,787	20,362

(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.

(l) 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, 2021 and 2020.

The Group recognized expenses in profit or loss for the three months and six months ended June 30, 2022 and 2021 were \$(607), \$290, \$(1,213) and \$580, respectively.

(ii) Defined contribution plans

The Group's expenses under the pension plan contributed to the Bureau of Labor Insurance for the three months and six months ended June 30, 2022 and 2021 were \$3,515, \$3,392, \$6,927 and \$6,641, respectively.

(iii) The pension costs of foreign subsidiaries in accordance with the local laws and regulations for the three months and six months ended June 30, 2022 and 2021 were \$686, \$715, \$1,378 and \$1,480, respectively.

(m) 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 six months ended June 30, 2022 and 2021.

The subsidiary CSC Futures (HK) Ltd. is founded in Hong Kong. The corporate income tax rates are both 16.5% for the six months ended June 30, 2022 and 2021.

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 six months ended June 30, 2022 and 2021.

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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 and six months ended June 30, 2022 and 2021 were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Current income tax expense	\$ 16,980	29,506	38,847	68,006
Deferred income tax expense	10,629	185	20,910	(192)
Total	<u>\$ 27,609</u>	<u>29,691</u>	<u>59,757</u>	<u>67,814</u>

- 2) The amounts of income tax expense (benefit) recognized in other comprehensive income of the Group for the three months ended March 31, 2022 and 2021 were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Exchange difference on translation of foreign operations	<u>\$ -</u>	<u>(88)</u>	<u>-</u>	<u>(92)</u>

(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 2020 were assessed by the Tax Authority.

(n) Capital and other equity

(i) Common stock

As of June 30, 2022, December 31 and June 30, 2021, the company had authorized capital both of \$2,500,000, with par value of \$10 per share and 250,000 thousand shares; the issued common stock were 210,438 thousand shares.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Capital surplus

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Share premium			
Capital addition-Share premium	\$ 1,635,556	1,635,556	1,635,556
Capital addition-Employee stock option	24,134	24,134	24,134
Difference between consideration transferred and carrying amount of subsidiaries acquired and disposed	2,106	2,476	2,476
Changes in ownership interests in subsidiaries	995	995	995
Right of inclusion options exercised	<u>460</u>	<u>460</u>	<u>460</u>
	<u>\$ 1,663,251</u>	<u>1,663,621</u>	<u>1,663,621</u>

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

(iii) Retained earnings

1) Legal reserve

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

2) Special reserve

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

3) Undistributed earnings

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

The Company's fiscal year 2021 earnings distribution proposed by the shareholders' meeting on June 21, 2022 and fiscal year 2020 earnings distribution and cash dividends from capital surplus resolved by the shareholders' meeting on May 20, 2021, were as follows:

	For the years ended December 31,			
	2021		2020	
	Amount	Per share (dollar)	Amount	Per share (dollar)
Cash dividends	<u>\$ 336,700</u>	1.60	<u>603,955</u>	2.87

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(o) Earnings per share

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

(i) Basic earnings per share

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Net income attributable to common shareholders of the Company	\$ 159,960	126,666	314,844	286,244
Weighted-average number of common stock shares outstanding (thousands of shares)	210,438	210,438	210,438	210,438
Basic earnings per share (dollar)	\$ 0.76	0.60	1.50	1.36

(ii) Diluted earnings per share

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Net income attributable to common shareholders of the Company	\$ 159,960	126,666	314,844	286,244
Weighted-average number of common stock shares outstanding (thousands of shares)	210,438	210,438	210,438	210,438
Effect of potentially dilutive common stock - Employee remuneration (thousands of shares)	45	46	129	103
Weighted-average outstanding shares of diluted earnings per share (thousands of shares)	210,483	210,484	210,567	210,541
Diluted earnings per share (dollar)	\$ 0.76	0.60	1.50	1.36

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(p) Items of the statements of comprehensive income

(i) Brokerage fee revenue

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Consignment trading handling fee revenue- Domestic futures	\$ 269,163	286,211	516,323	547,207
Consignment trading handling fee revenue- Foreign futures	234,372	176,013	481,971	384,606
	<u>\$ 503,535</u>	<u>462,224</u>	<u>998,294</u>	<u>931,813</u>

(ii) Futures commission revenue

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Futures commission revenue- CSC Futures (HK) Ltd.	<u>\$ 79,907</u>	<u>94,394</u>	<u>154,178</u>	<u>191,626</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.

(iii) Net gains (losses) on derivative instruments

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Non-hedging				
Net gains (losses) on futures contracts				
Gains on futures contracts	\$ 158,513	60,015	265,927	149,673
Losses on futures contracts	(174,412)	(110,483)	(349,240)	(147,138)
	<u>\$ (15,899)</u>	<u>(50,468)</u>	<u>(83,313)</u>	<u>2,535</u>
Non-hedging				
Net gains (losses) on option contracts				
Gains on option contracts	\$ 185,447	118,627	333,762	170,249
Losses on option contracts	(100,743)	(28,512)	(126,886)	(113,725)
	<u>\$ 84,704</u>	<u>90,115</u>	<u>206,876</u>	<u>56,524</u>

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Net gains (losses) on leverage derivatives				
Gains on leverage derivatives	\$ 410,731	130,072	949,327	281,433
Losses on leverage derivatives	(373,036)	(112,495)	(874,272)	(243,354)
	<u>\$ 37,695</u>	<u>17,577</u>	<u>75,055</u>	<u>38,079</u>
Net gains (losses) on equity derivatives				
Gains on equity derivatives	\$ 25,802	-	63,767	-
Losses on equity derivatives	(20,495)	-	(52,986)	-
	<u>\$ 5,307</u>	<u>-</u>	<u>10,781</u>	<u>-</u>
Net gains (losses) on derivative financial instruments - overseas subsidiaries	<u>\$ (6)</u>	<u>(1,042)</u>	<u>(343)</u>	<u>(1,042)</u>
Non-hedging				
Total gains on derivative financial instruments	\$ 780,493	308,714	1,612,783	601,355
Total losses on derivative financial instruments	(668,686)	(251,490)	(1,403,384)	(504,217)
Net gains (losses) on derivative financial instruments - overseas subsidiaries	(6)	(1,042)	(343)	(1,042)
	<u>\$ 111,801</u>	<u>56,182</u>	<u>209,056</u>	<u>96,096</u>

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Futures commission expenses

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Re-consigned futures trading	\$ 68,914	51,913	143,603	112,270
Futures introducing broker business	49,849	47,384	98,482	93,838
Commission expenses - CSC Futures (HK) Ltd.	27,800	30,867	49,584	56,861
	<u>\$ 146,563</u>	<u>130,164</u>	<u>291,669</u>	<u>262,969</u>

(v) Employee benefit, depreciation and amortization expenses

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Employee benefit expenses				
Salary expense	\$ 126,449	111,660	254,998	217,038
Labor and health insurance expense	6,992	6,800	14,707	14,226
Pension expense	3,594	4,397	7,092	8,701
Others	2,395	2,402	4,708	4,634
Depreciation expense	13,389	17,421	27,639	34,611
Amortization expense	1,671	2,181	3,763	4,643
	<u>\$ 154,490</u>	<u>144,861</u>	<u>312,907</u>	<u>283,853</u>

(vi) Other operating expenses

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Postage expense	\$ 15,367	14,863	30,082	29,753
Taxes	22,384	23,521	44,183	41,770
Rental expense	712	1,120	1,401	2,224
Information technology expense	55,186	40,651	109,501	77,753
Professional service fee	5,347	3,994	8,282	7,385
Others	23,530	23,914	46,804	48,294
	<u>\$ 122,526</u>	<u>108,063</u>	<u>240,253</u>	<u>207,179</u>

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vii) Other gains and losses

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Interest income	\$ 57,239	46,185	98,346	97,878
Dividend income	175	255	175	255
Net gains (losses) on non-operating financial instruments at fair value through profit or loss	(3,935)	(4,678)	(711)	(2,942)
Net losses on foreign exchange	9,614	(19,017)	26,281	(16,812)
Net gains (losses) on disposal of investments	2,484	3,310	(2,041)	17,099
Gains (losses) on disposal of property and equipment	-	-	(10)	-
Other non-operating revenue - other	5,727	6,783	10,422	8,750
Other non-operating expense - other	(3,038)	(1,753)	(4,307)	(3,495)
	\$ 68,266	31,085	128,155	100,733

(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 and six months ended June 30, 2022 and 2021, the estimated amounts of remuneration to employee were \$1,550, \$1,750, \$4,700 and \$4,100, and to directors and supervisors by the Company were \$1,550, \$1,750, \$4,700 and \$4,100, 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 six months ended June 30, 2022 and 2021. If the actual distribution amount differs from the estimated amount in the following year, the difference is treated as a change in accounting estimate and recognized as profit or loss in the following year. The difference is recognized as profit or loss in the following year. If the Board of Directors resolved to distribute the employees' remuneration in the form of shares, the number of shares of the distribution is based on the closing price of the day before the Board of Directors' meeting date.

The estimated amounts of remuneration to employee and director and supervisors by the Company for fiscal years of 2021 and 2020 were both \$7,196 and \$9,071, respectively. There was no difference between accounting estimates and board's resolutions. Related information would be available at the Market Observation Post System website.

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(q) Financial Instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represent the maximum credit exposure. As of June 30, 2022, December 31 and June 30, 2021 the maximum credit exposure amounted to \$52,829,613, \$46,209,098 and \$44,816,348, respectively.

2) Concentration of credit risk

The exposure of credit risk by geographic region in June 30, 2022 as shown in below, mainly focusing on Taiwan (accounted for 86.90%), secondly in Asia (accounted for 12.04% excluded Taiwan), thirdly in North America (accounted for 0.62%). The proportion of investment by geographic region did not change significantly compared to the same period last year.

Area	June 30, 2022	December 31, 2021	June 30, 2021
Taiwan	\$ 45,908,705	40,050,017	39,063,503
Asia (excluded Taiwan)	6,361,294	5,512,355	5,178,578
North America	326,099	444,031	458,933
Europe	190,820	178,761	88,450
Oceania	42,695	23,934	26,884
Total	<u>\$ 52,829,613</u>	<u>46,209,098</u>	<u>44,816,348</u>

3) Impairment losses

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

	June 30, 2022		December 31, 2021		June 30, 2021	
	Gross carrying amount	Impairment	Gross carrying amount	Impairment	Gross carrying amount	Impairment
Current	\$ 404,385	6,912	441,744	7,020	516,192	7,130
Past due 0~30 days	-	-	-	-	-	-
Past due 31~120 days	-	-	-	-	-	-
Past due 121~360 days	-	-	-	-	-	-
Past due more than 360 days	-	-	-	-	-	-
	<u>\$ 404,385</u>	<u>6,912</u>	<u>441,744</u>	<u>7,020</u>	<u>516,192</u>	<u>7,130</u>

Allowance for doubtful debts under receivables is recorded for the bad debt expense or impairment losses. Where a claim becomes definitely uncollectible, the allowance for doubtful debts should be written off to financial assets account. As of June 30, 2022, December 31 and June 30, 2021, the loss allowance of receivables were recognized \$6,912, \$7,020 and \$7,130, 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 statement for the year ended December 31, 2021. 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 six months ended June 30, 2022 and 2021 was as follows:

For the six months ended June 30, 2022						
	12-month ECL	Lifetime ECL-not credit impaired	Lifetime ECL - credit impaired			Total
			Accounts receivable	Receivable- futures margin	Other receivables	
Balance on January 1	\$ -	-	-	7,020	-	7,020
Impairment losses (reversal of impairment losses)	-	-	723	(108)	-	615
Amounts written off	-	-	(723)	-	-	(723)
Balance on March 31	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>6,912</u>	<u>-</u>	<u>6,912</u>
For the six months ended June 30, 2021						
	12-month ECL	Lifetime ECL-not credit impaired	Lifetime ECL - credit impaired			Total
			Accounts receivable	Receivable- futures margin	Other receivables	
Balance on January 1	\$ -	-	-	7,801	-	7,801
Reversal of impairment losses	-	-	-	(126)	-	(126)
Amounts written off	-	-	-	(545)	-	(545)
Balance on March 31	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>7,130</u>	<u>-</u>	<u>7,130</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
June 30, 2022							
Short-term borrowings	\$ 147,440	147,440	147,440	-	-	-	-
Financial liabilities at fair value through profit or loss	234,039	234,039	234,039	-	-	-	-
Futures traders' equity	44,849,132	44,849,132	44,849,132	-	-	-	-
Leverage contract trading- customers' equity	829,796	829,796	829,796	-	-	-	-
Accounts payable	66,793	66,793	66,793	-	-	-	-
Receipts under custody	6,639	6,639	6,639	-	-	-	-
Other payables	536,438	536,438	536,438	-	-	-	-
Lease liabilities	50,046	51,741	14,548	14,501	11,414	11,278	-
	<u>\$ 46,720,323</u>	<u>46,722,018</u>	<u>46,684,825</u>	<u>14,501</u>	<u>11,414</u>	<u>11,278</u>	<u>-</u>
December 31, 2021							
Short-term borrowings	\$ 109,784	109,784	109,784	-	-	-	-
Financial liabilities at fair value through profit or loss	67,806	67,806	67,806	-	-	-	-
Futures traders' equity	39,205,280	39,205,280	39,205,280	-	-	-	-
Leverage contract trading- customers' equity	630,830	630,830	630,830	-	-	-	-
Accounts payable	57,141	57,141	57,141	-	-	-	-
Receipts under custody	4,920	4,920	4,920	-	-	-	-
Other payables	137,373	137,373	137,373	-	-	-	-
Lease liabilities	47,129	48,106	12,542	12,082	16,751	6,731	-
	<u>\$ 40,260,263</u>	<u>40,261,240</u>	<u>40,225,676</u>	<u>12,082</u>	<u>16,751</u>	<u>6,731</u>	<u>-</u>
June 30, 2021							
Short-term borrowings	\$ 138,072	138,072	138,072	-	-	-	-
Financial liabilities at fair value through profit or loss	77,806	77,806	77,806	-	-	-	-
Futures traders' equity	38,362,832	38,362,832	38,362,832	-	-	-	-
Leverage contract trading- customers' equity	449,378	449,378	449,378	-	-	-	-
Accounts payable	92,135	92,135	92,135	-	-	-	-
Receipts under custody	6,328	6,328	6,328	-	-	-	-
Other payables	116,505	116,505	116,505	-	-	-	-
Lease liabilities	61,503	62,900	14,871	12,978	25,040	10,011	-
	<u>\$ 39,304,559</u>	<u>39,305,956</u>	<u>39,257,927</u>	<u>12,978</u>	<u>25,040</u>	<u>10,011</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:

	June 30, 2022		
	Foreign currency (dollar)	Exchange rate	New Taiwan Dollars
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 707,447,953.62	29.7200	21,025,353
EUR	12,411,078.39	31.0500	385,364
GBP	818,974.99	36.0700	29,540
JPY	1,193,122,419.47	0.2182	260,339
HKD	177,840,598.52	3.7880	673,660
AUD	718,997.56	20.4500	14,704
CHF	191,661.31	31.1200	5,964
SGD	808,462.89	21.3700	17,277
KRW	3,458,192,629.00	0.0231	79,884
CNY	65,836,781.98	4.4390	292,249
MYR	66,578.09	6.4730	431
THB	3,689,325.86	0.8469	3,124
NZD	200,733.51	18.5000	3,714
CAD	64,047.73	23.0200	1,474
ZAR	393,789.99	1.8310	721
<u>Non-monetary items</u>			
USD	8,123,450.29	29.7200	241,429
JPY	2,134,411.00	0.2182	466
AUD	812.30	20.4500	17
NZD	1,213.66	18.5000	22
ZAR	64,684.19	1.8310	118

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	June 30, 2022		
	<u>Foreign currency (dollar)</u>	<u>Exchange rate</u>	<u>New Taiwan Dollars</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$ 689,246,934.82	29.7200	20,484,419
EUR	12,333,027.82	31.0500	382,941
GBP	663,481.11	36.0700	23,932
JPY	1,175,447,121.08	0.2182	256,483
HKD	256,389,243.46	3.7880	971,202
AUD	571,027.81	20.4500	11,678
CHF	47,995.12	31.1200	1,494
SGD	570,077.78	21.3700	12,183
KRW	3,411,780,315.95	0.0231	78,812
CNY	56,982,333.88	4.4390	252,945
MYR	51,923.00	6.4730	336
THB	1,724,370.00	0.8469	1,460
NZD	2,824.25	18.5000	52
ZAR	315,482.80	1.8310	578
<u>Non-monetary items</u>			
USD	293,764.80	29.7200	8,731
CAD	7,450.26	23.0200	171
GBP	77.68	36.0700	3
CNY	215,464.73	4.4390	956
SGD	134.42	21.3700	3
CHF	4,716.29	31.1200	147

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2021		
	Foreign currency (dollar)	Exchange rate	New Taiwan Dollars
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 687,606,057.15	27.6800	19,032,936
EUR	7,499,764.63	31.3200	234,893
GBP	2,865,625.70	37.3000	106,888
JPY	920,325,934.00	0.2405	221,338
HKD	96,884,094.94	3.5490	343,842
AUD	1,276,131.30	20.0800	25,625
CHF	96,069.16	30.1800	2,899
SGD	1,036,095.45	20.4600	21,199
KRW	508,737,740.00	0.0235	11,955
CNY	64,757,086.34	4.3440	281,305
MYR	28,543.89	6.3550	181
THB	3,094,960.25	0.8347	2,583
NZD	121,046.26	18.8900	2,287
CAD	210,587.59	21.6200	4,553
ZAR	79,953.20	1.7330	139
<u>Non-monetary items</u>			
USD	5,998,835.66	27.6800	166,048
AUD	579.00	20.0800	12

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2021		
	Foreign currency (dollar)	Exchange rate	New Taiwan Dollars
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$ 651,079,267.64	27.6800	18,021,874
EUR	7,423,239.95	31.3200	232,496
GBP	2,728,139.19	37.3000	101,760
JPY	902,428,539.33	0.2405	217,034
HKD	127,452,880.79	3.5490	452,330
AUD	1,204,843.25	20.0800	24,193
CHF	40,130.61	30.1800	1,211
SGD	633,340.54	20.4600	12,958
KRW	476,241,410.27	0.0235	11,192
CNY	55,904,524.62	4.3440	242,850
MYR	14,198.00	6.3550	90
THB	1,502,560.00	0.8347	1,254
CAD	3,625.57	21.6200	78
ZAR	11,568.75	1.7330	20
<u>Non-monetary items</u>			
USD	327,341.50	27.6800	9,061
JPY	1,407,485.00	0.2405	339
CAD	65,713.48	21.6200	1,421
GBP	1,782.13	37.3000	66
CNY	1,196,134.98	4.3440	5,196
NZD	5,411.35	18.8900	102
ZAR	68,993.76	1.7330	120
SGD	418.80	20.4600	9
CHF	12,012.67	30.1800	362

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	June 30, 2021		
	<u>Foreign currency (dollar)</u>	<u>Exchange rate</u>	<u>New Taiwan Dollars</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 607,729,387.66	27.8600	16,931,341
EUR	7,196,969.34	33.1500	238,580
GBP	3,004,294.34	38.5400	115,786
JPY	833,820,695.00	0.2521	210,206
HKD	132,235,915.72	3.5870	474,330
AUD	1,454,662.17	20.9400	30,461
CHF	7,769.52	30.2000	235
SGD	1,133,250.53	20.7300	23,492
KRW	776,254,399.00	0.0249	19,329
CNY	84,454,621.02	4.3090	363,915
MYR	34,652.28	6.4400	223
THB	5,478,289.41	0.8744	4,790
NZD	95,423.53	19.4900	1,860
CAD	102,785.29	22.4800	2,311
ZAR	377,321.21	1.9500	736
<u>Non-monetary items</u>			
USD	5,650,159.28	27.8600	157,413
AUD	308.65	20.9400	6
CNY	147,462.95	4.3090	635
CAD	1,376.33	22.4800	31
CHF	3,079.91	30.2000	93
ZAR	4,283.16	1.9500	8
<u>Investments under equity method</u>			
HKD	13,824,395.32	3.5870	49,588

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	June 30, 2021		
	<u>Foreign currency (dollar)</u>	<u>Exchange rate</u>	<u>New Taiwan Dollars</u>
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$ 563,971,865.16	27.8600	15,712,256
EUR	7,113,747.78	33.1500	235,821
GBP	2,894,901.36	38.5400	111,569
JPY	828,452,781.33	0.2521	208,853
HKD	176,484,128.18	3.5870	633,049
AUD	1,373,780.47	20.9400	28,767
CHF	2,007.63	30.2000	61
SGD	666,615.46	20.7300	13,819
KRW	680,925,441.53	0.0249	16,955
CNY	25,710,874.46	4.3090	110,788
MYR	20,306.39	6.4400	131
THB	4,290,060.00	0.8744	3,751
ZAR	7,965.49	1.9500	16
<u>Non-monetary items</u>			
USD	66,607.37	27.8600	1,856
JPY	301,472.00	0.2521	76
GBP	1,272.13	38.5400	49
NZD	750.29	19.4900	15
SGD	3.26	20.7300	-

The Group disclosed the summarized information on exchange gain or loss. The realized and unrealized exchange loss amounted to \$13,070, \$(21,849), \$32,890 and \$(19,320) for the three months and six months ended June 30, 2022 and 2021, respectively.

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Sensitivity analysis

The currency risk of the Group arises mainly from cash and cash equivalents, customers' margin accounts, financial assets at fair value through profit or loss and futures traders' equity, which are denominated in foreign currency. Foreign exchange gain or loss occurs as foreign currency was translated to TWD currency. For the six months ended June 30, 2022 and 2021, with all other variable factors remain constant, a strengthening (weakening) 1% of the TWD against the above major foreign currency, would cause after-tax comprehensive income result in a decrease or an increase by \$4,379 and \$12,380, respectively. The analytical basis was the same in both years.

(iv) Analysis in interest rates

For the six months ended June 30, 2022 and 2021, 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 \$3,505 and \$3,425. This is mainly due to the Group's time deposits in variable rate, guarantee deposited for business operations in variable rate and settlement fund in variable rate.

(v) Fair value and hierarchy information

1) Fair value information

a) General description

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

b) Definition of fair value hierarchy

i) Level 1

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

ii) Level 2

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

iii) Level 3

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

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

		<u>June 30, 2022</u>			
<u>Assets and Liabilities items</u>	<u>Total</u>	<u>Public quote of the same financial instrument in an active market (Level 1)</u>	<u>Observable price except public quote in an active market (Level 2)</u>	<u>Based neither on direct market data nor from the counter party (Level 3)</u>	
<u>Fair value evaluated on a recurring basis</u>					
<u>Non derivative assets and liabilities</u>					
Assets:					
Financial assets at fair value through profit or loss					
Beneficiary certificate	\$ 43,470	43,470	-	-	
Stock investment	33,282	33,282	-	-	
Financial assets at fair value through other comprehensive income	44,737	43,546	-	1,191	
<u>Derivative assets and liabilities</u>					
Assets:					
Financial assets at fair value through profit or loss	\$ 475,111	278,932	196,179	-	
Liabilities:					
Financial liabilities at fair value through profit or loss	234,039	224,028	10,011	-	
		<u>December 31, 2021</u>			
<u>Assets and Liabilities items</u>	<u>Total</u>	<u>Public quote of the same financial instrument in an active market (Level 1)</u>	<u>Observable price except public quote in an active market (Level 2)</u>	<u>Based neither on direct market data nor from the counter party (Level 3)</u>	
<u>Fair value evaluated on a recurring basis</u>					
<u>Non derivative assets and liabilities</u>					
Assets:					
Financial assets at fair value through profit or loss					
Beneficiary certificate	\$ 33,576	33,576	-	-	
Stock investment	111,876	111,876	-	-	
Financial assets at fair value through other comprehensive income	29,849	28,268	-	1,581	
<u>Derivative assets and liabilities</u>					
Assets:					
Financial assets at fair value through profit or loss	\$ 212,450	128,123	84,327	-	
Liabilities:					
Financial liabilities at fair value through profit or loss	67,806	51,130	16,676	-	

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Assets and Liabilities items	June 30, 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)
Fair value evaluated on a recurring basis				
<u>Non derivative assets and liabilities</u>				
Assets:				
Financial assets at fair value through profit or loss				
Beneficiary certificate	\$ 232,008	232,008	-	-
Stock investment	195,313	195,313	-	-
Financial assets at fair value through other comprehensive income	120,457	118,795	-	1,662
Liabilities:				
Financial liabilities at fair value through profit or loss	4,845	4,845	-	-
<u>Derivative assets and liabilities</u>				
Assets:				
Financial assets at fair value through profit or loss	\$ 168,803	106,931	61,872	-
Liabilities:				
Financial liabilities at fair value through profit or loss	72,961	70,965	1,996	-

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.

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

iii) Transfer between Level 1 and Level 2

There is no transfer between Level 1 and Level 2 for the six months ended June 30, 2022 and 2021.

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

(In Thousands Dollars)

Item	For the six months ended June 30, 2022							Ending Balance
	Beginning Balance	Gains and losses on valuation		Addition		Reduction		
		Amount recognized in profit or loss	Amount recognized in comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3	
Financial assets at fair value through other comprehensive income	\$ 1,581	-	(390)	-	-	-	-	1,191

Item	For the six months ended June 30, 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	-	313	-	-	-	-	1,662

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

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

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

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

	Change in fair value recognized in other comprehensive income	
	Favorable	Unfavorable
June 30, 2022		
Financial assets fair value through other comprehensive income	\$ <u>12</u>	<u>(12)</u>
December 31, 2021		
Financial assets fair value through other comprehensive income	\$ <u>16</u>	<u>(16)</u>
June 30, 2021		
Financial assets fair value through other comprehensive income	\$ <u>17</u>	<u>(17)</u>

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

- c) Financial instruments not measured at fair value

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

- (r) Financial risk management

There were no material changes in the Group's financial risk management goals and policies as disclosed in Note 6(r) of the consolidated financial statements for the year ended December 31, 2021.

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(s) Managing interest rate benchmark reform and associated risks

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

The Group’s remaining IBOR exposures at the reporting date are corporate debt securities indexed to US dollar LIBOR. The alternative reference rate for US dollar LIBOR is the Secured Overnight Financing Rate (SOFR). The Group had finished the process of implementing appropriate fallback clauses for all US dollar LIBOR-indexed exposures by the end of 2021. These clauses automatically switch the instrument from USD LIBOR to SOFR when US dollar LIBOR either ceases to be provided or is no longer representative. Please refer to note 6(s) of the consolidated financial statements for the year ended December 31, 2021 for further details.

The following table shows the total amounts of unreformed contracts and those with appropriate fallback language on June 30, 2022 and on December 31, 2021. The amounts of financial assets and financial liabilities are shown at their carrying amounts and derivatives are shown at their notional amounts.

	USD LIBOR			
	Total amount of unreformed contracts		Amount with appropriate fallback clause	
June 30, 2022				
Financial liabilities				
Credit loan	USD	5,000	USD	5,000
December 31, 2021				
Financial liabilities				
Credit loan	USD	4,000	USD	4,000

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(t) Capital management

There were no material changes in the Group's financial risk management goals, policies and procedures as disclosed in Note 6(t) of the consolidated financial statements for the year ended December 31, 2021.

(u) Financing activities not affecting current cash flow

The Group's financing activities which did not affect the current cash flow for the six months ended June 30, 2022 and 2021, were as follows:

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

	January 1, 2022	Cash flows	Non-cash changes			June 30, 2022
			Other	Foreign exchange movement	Fair value changes	
Lease liabilities	\$ 47,129	(14,406)	16,482	841	-	50,046
Total liabilities from financing activities	<u>\$ 47,129</u>	<u>(14,406)</u>	<u>16,482</u>	<u>841</u>	<u>-</u>	<u>50,046</u>

	January 1, 2021	Cash flows	Non-cash changes			June 30, 2021
			Other	Foreign exchange movement	Fair value changes	
Lease liabilities	\$ 58,479	(18,138)	21,526	(364)	-	61,503
Total liabilities from financing activities	<u>\$ 58,479</u>	<u>(18,138)</u>	<u>21,526</u>	<u>(364)</u>	<u>-</u>	<u>61,503</u>

(7) Related-party transactions:

(a) Parent company and ultimate controlling party

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

(b) Names and relationship with related parties

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

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Key management personnel compensation

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 10,517	11,518	39,184	39,007
Post-employment benefits	259	269	516	519
Total	<u>\$ 10,776</u>	<u>11,787</u>	<u>39,700</u>	<u>39,526</u>

(d) Significant transactions with related parties

- (i) The amounts of futures trading between the Group and related parties for the three months and six months ended June 30, 2022 and 2021 were as follows:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>Brokerage fee revenue</u>				
Capital Securities Corporation	\$ 6,859	2,568	13,188	4,868
Funds issued by Capital Investment Trust Corp.	19	29	37	89
Other related parties	233	-	348	-
Total	<u>\$ 7,111</u>	<u>2,597</u>	<u>13,573</u>	<u>4,957</u>

	<u>December 31,</u>		<u>June 30, 2021</u>
	<u>June 30, 2022</u>	<u>2021</u>	
<u>Futures traders' equity</u>			
Capital Securities Corporation	\$ 2,092,060	1,406,887	1,131,780
Funds issued by Capital Investment Trust Corp.	275,364	269,049	272,305
Other related parties	1,241	763	-
Total	<u>\$ 2,368,665</u>	<u>1,676,699</u>	<u>1,404,085</u>

Transaction terms are the same as those with general clients.

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

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>Interest expense</u>				
Capital Securities Corporation	\$ 27	26	39	35
Funds issued by Capital Investment Trust Corp.	19	14	19	14
Total	<u>\$ 46</u>	<u>40</u>	<u>58</u>	<u>49</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Accounts payable and receivable:

<u>Accounts receivable</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Capital Securities Corporation	\$ <u>805</u>	<u>3,011</u>	<u>3,397</u>
<u>Accounts payable</u>			
Capital Securities Corporation	\$ <u>17,001</u>	<u>11,448</u>	<u>14,087</u>
<u>Other receivables (Note 1)</u>			
Capital Securities Corporation	\$ 31,197	3,846	4,480
CSC Securities (HK) Ltd.	<u>202</u>	<u>335</u>	<u>-</u>
Total	\$ <u>31,399</u>	<u>4,181</u>	<u>4,480</u>
<u>Other payables</u>			
Capital Securities Corporation (Note 2)	\$ 27,465	344	1,847
CSC Securities (HK) Ltd. (Note 3)	<u>529</u>	<u>949</u>	<u>2,535</u>
Total	\$ <u>27,994</u>	<u>1,293</u>	<u>4,382</u>

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

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

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

(iii) Bonds purchased under resale agreements

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Bonds purchased under resale agreements	\$ <u>65,051</u>	<u>84,013</u>	<u>47,573</u>
Resale price under the agreements	\$ <u>65,072</u>	<u>84,021</u>	<u>47,578</u>
Interest rates	<u>0.45%~0.50%</u>	<u>0.20%~ 0.21%</u>	<u>0.18%</u>
Date of repurchase	<u>2022.07.08~2022.07.18</u>	<u>2022.01.03~2022.01.14</u>	<u>2021.07.08~2021.07.19</u>
	<u>For the three months ended June 30, 2022</u>	<u>2021</u>	<u>For the six months ended June 30, 2022</u>
Interest income	\$ <u>81</u>	<u>52</u>	<u>119</u>
			<u>84</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Leases

The Group signed three-year lease contracts and rented the office from Capital Securities Corporation. As of June 30, 2022, December 31 and June 30, 2021, the total value of effective contracts were all \$53,289. For the three months and six months ended June 30, 2022 and 2021, the Group recognized the amount of \$58, \$104, \$127 and \$219 as interest expense. As of June 30, 2022, December 31 and June 30, 2021, lease liabilities amounted to \$19,065, \$27,880 and \$36,589, respectively, and refundable deposits were all amounted to \$4,633.

The Group signed two-year lease contracts and rented the office from CSC Securities (HK) Ltd. As of June 30, 2022, December 31 and June 30, 2021, the total value of effective contracts were all \$0 (HKD\$0 thousands). For the three months and six months ended June 30, 2022 and 2021, the Group recognized the amount of \$0, \$6, \$0 and \$34 as interest expense. As of June 30, 2022, December 31 and June 30, 2021, lease liabilities were all amounted to \$0.

The Group signed one-year lease contracts and rented the office from CSC International Holdings Ltd. As of June 30, 2022, December 31 and June 30, 2021, the total value of effective contract were all \$552 (CNY\$127 thousands). For the three months and six months ended June 30, 2022 and 2021, the Group all recognized the amount of \$0 as interest expense. As of June 30, 2022, December 31 and June 30, 2021, lease liabilities were amounted to \$514, \$229 and \$499.

(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 June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Capital Securities Corporation	\$ <u>207</u>	<u>221</u>	<u>414</u>	<u>469</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 June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Capital Securities Corporation	\$ 2,629	7,816	9,115	12,094
CSC Securities (HK) Ltd.	<u>20</u>	<u>114</u>	<u>155</u>	<u>427</u>
	<u>\$ 2,649</u>	<u>7,930</u>	<u>9,270</u>	<u>12,521</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vii) Interest income (Rent deposit interest)

Related parties	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Capital Securities Corporation	\$ <u>9</u>	<u>8</u>	<u>18</u>	<u>17</u>

(viii) Securities brokerage charge

Related parties	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Capital Securities Corporation	\$ 49,086	47,098	97,442	93,197
CSC Securities (HK) Ltd.	-	86	-	254
	<u>\$ 49,086</u>	<u>47,184</u>	<u>97,442</u>	<u>93,451</u>

(ix) Information technology expenses

Related parties	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Capital Securities Corporation	\$ <u>12,047</u>	<u>11,257</u>	<u>24,095</u>	<u>23,993</u>

(x) Stock service fees

Related parties	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Capital Securities Corporation	\$ <u>152</u>	<u>148</u>	<u>296</u>	<u>274</u>

(xi) Human resource and legal service fees

Related parties	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Capital Securities Corporation	\$ <u>75</u>	<u>75</u>	<u>150</u>	<u>150</u>

(xii) Securities transaction fees

Related parties	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Capital Securities Corporation	\$ 327	75	327	86
CSC Securities (HK) Ltd.	-	254	-	254
Total	<u>\$ 327</u>	<u>329</u>	<u>327</u>	<u>340</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(xiii) Discretionary service commission fees

Related parties	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Capital Securities Corporation	\$ <u> -</u>	<u> -</u>	<u> -</u>	<u> 89</u>

(xiv) Management service fees

Related parties	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
CSC Securities (HK) Ltd.	\$ <u> 987</u>	<u> 710</u>	<u> 1,824</u>	<u> 1,604</u>

(xv) Stationery and printing fees

Related parties	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Capital Securities Corporation	\$ <u> 32</u>	<u> 27</u>	<u> 33</u>	<u> 28</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 AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Derivative instrument transactions:

- (a) As of June 30, 2022, December 31 and June 30, 2021, the open positions of futures and option contracts were as follows:

June 30, 2022

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/Short	Number of contracts			
Futures contract:						
	TAIEX Futures	Long	320	\$ 954,657	932,273	
	TAIEX Futures	Short	51	(157,027)	(145,971)	
	Mini Taiex Futures	Long	273	210,312	195,409	
	Mini Taiex Futures	Short	498	(379,063)	(360,449)	
	Electronic Sector Index Futures	Short	9	(24,938)	(23,940)	
	Financial Insurance Index Futures	Long	4	6,725	6,114	
	Financial Insurance Index Futures	Short	108	(171,770)	(168,156)	
	Stock Futures	Short	6	(603)	(586)	
	US Dollar Index Futures	Long	35	108,748	108,663	
	Mini Taiex Weekly Futures	Short	3	(2,264)	(2,209)	
	Mini Financial Futures	Long	379	150,561	147,526	
	Mini Financial Futures	Short	8	(3,161)	(3,059)	
	Mini Electronic Futures	Long	72	25,032	23,940	
	E-Mini S&P 500 Futures	Short	30	(17,370)	(16,893)	
	E-Mini Nasdaq 100 Futures	Short	25	(17,934)	(17,133)	
	Nikkei 225 Index Futures	Short	4	(15,832)	(15,716)	
	E-mini Crude Oil Futures	Short	3	(4,843)	(4,715)	
	Chicago SRW Wheat Futures	Short	15	(21,814)	(19,704)	
	Subtotal			<u>639,416</u>		

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

June 30, 2022

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/Short	Number of contracts			
Options contract:						
	Stock Options (Put)	Long	88	\$ 10	9	
	TAIEX Options (Call)	Long	8,046	32,155	15,967	
	TAIEX Options (Call)	Short	6,630	(56,496)	(28,683)	
	TAIEX Options (Put)	Long	6,730	86,451	159,620	
	TAIEX Options (Put)	Short	6,589	(99,627)	(182,302)	
	TAIEX Weekly Options (Call)	Long	2,517	6,877	4,692	
	TAIEX Weekly Options (Call)	Short	2,239	(3,795)	(2,769)	
	TAIEX Weekly Options (Put)	Long	1,196	5,981	9,259	
	TAIEX Weekly Options (Put)	Short	1,297	(6,458)	(9,128)	
	Electronic Sector Index Options(Call)	Short	106	(81)	(55)	
	Electronic Sector Index Options(Put)	Long	2	12	24	
	Electronic Sector Index Options(Put)	Short	2	(22)	(49)	
	Finance Insurance Index Options(Call)	Long	80	578	268	
	Finance Insurance Index Options(Call)	Short	21	(145)	(57)	
	Finance Insurance Index Options(Put)	Long	23	158	170	
	Finance Insurance Index Options(Put)	Short	83	(702)	(985)	
	Subtotal			(35,104)		
Total				<u>\$ 604,312</u>		

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 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	74	\$ 262,510	267,889	
	TAIEX Futures	Short	3	(10,733)	(10,795)	
	Mini Taiex Futures	Short	292	(263,581)	(265,111)	
	Electronic Sector Index Futures	Short	25	(86,631)	(87,575)	
	Financial Insurance Index Futures	Long	33	55,909	56,540	
	FTSE China A50 Index Futures	Long	40	17,412	17,236	
	Mini Financial Futures	Short	98	(41,516)	(41,983)	
	Mini Electronic Futures	Long	155	66,410	67,871	
	Mini Electronic Futures	Short	2	(840)	(874)	
	Subtotal			<u>(1,060)</u>		
Options contract:						
	TAIEX Options (Call)	Long	2,177	\$ 29,013	37,581	
	TAIEX Options (Call)	Short	2,154	(24,743)	(30,982)	
	TAIEX Options (Put)	Long	3,086	29,440	15,935	
	TAIEX Options (Put)	Short	2,753	(29,808)	(16,231)	
	TAIEX Weekly Options (Call)	Long	325	1,840	1,504	
	TAIEX Weekly Options (Call)	Short	442	(1,733)	(1,136)	
	TAIEX Weekly Options (Put)	Long	352	816	719	
	TAIEX Weekly Options (Put)	Short	186	(926)	(977)	
	Electronic Sector Index Options (Call)	Long	107	851	1,457	
	Electronic Sector Index Options (Call)	Short	68	(572)	(766)	
	Electronic Sector Index Options (Put)	Long	124	917	562	
	Electronic Sector Index Options (Put)	Short	176	(1,610)	(778)	
	Financial Insurance Index Option (Call)	Long	127	475	732	
	Financial Insurance Index Option (Call)	Short	88	(169)	(253)	
	Financial Insurance Index Option (Put)	Long	196	1,446	778	
	Financial Insurance Index Option (Put)	Short	50	(95)	(7)	
	Subtotal			<u>5,142</u>		
Total				<u>\$ 4,082</u>		

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

June 30, 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	30	\$ 92,235	103,504	
	TAIEX Futures	Short	171	(605,503)	(605,750)	
	Mini Taiex Futures	Long	443	376,799	389,165	
	Mini Taiex Futures	Short	6	(4,896)	(5,074)	
	Electronic Sector Index Futures	Long	3	9,819	9,913	
	Financial Insurance Index Futures	Long	10	14,940	15,050	
	Stock Futures	Long	15	2,270	2,250	
	US Dollar Index Futures	Long	32	81,827	82,404	
	FTSE Stock Index Futures	Short	16	(26,665)	(26,960)	
	Subtotal			(59,174)		
Options contract:						
	Stock Options (Call)	Short	18	\$ (218)	(138)	
	Stock Options (Put)	Long	27	3	3	
	TAIEX Options (Call)	Long	1,484	29,103	49,583	
	TAIEX Options (Call)	Short	1,690	(30,163)	(57,120)	
	TAIEX Options (Put)	Long	2,543	26,024	12,899	
	TAIEX Options (Put)	Short	2,067	(23,869)	(12,732)	
	TAIEX Weekly Options (Call)	Long	189	1,126	1,006	
	TAIEX Weekly Options (Call)	Short	74	(606)	(543)	
	TAIEX Weekly Options (Put)	Long	187	554	472	
	TAIEX Weekly Options (Put)	Short	31	(243)	(229)	
	Financial Insurance Index Options (Call)	Short	40	(166)	(203)	
	Financial Insurance Index Options (Put)	Long	40	333	246	
	Subtotal			1,878		
Total				\$ (57,296)		

(b) As of June 30, 2022, December 31 and June 30, 2021, the nominal amount of open positions of leverage derivatives contracts were as follows:

Item	June 30, 2022	December 31, 2021	June 30, 2021
Leverage derivatives- long	\$ <u>3,416,886</u>	<u>3,800,382</u>	<u>1,843,335</u>
Leverage derivatives- short	\$ <u>3,410,128</u>	<u>3,787,547</u>	<u>1,717,496</u>
Equity derivatives- long	\$ <u>114,087</u>	<u>131,113</u>	<u>-</u>
Equity derivatives- short	\$ <u>114,076</u>	<u>131,101</u>	<u>-</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

Art.	Calculation formula	Current Period		Last Period		Standard	Enforcement
		Calculation	Ratio	Calculation	Ratio		
17	Stockholders' equity		3.43	6,062,051	6.77	≥ 1	Satisfactory to requirement
	(Total liabilities– futures traders' equity)	6,276,693 1,827,555		895,211			
17	Current Assets	50,107,523	1.11	42,610,236	1.12	≥ 1	"
	Current Liabilities	45,171,384		37,894,757			
22	Stockholders' equity	6,276,693	562.93 %	6,062,051	543.68 %	≥ 60%	"
	Minimum paid-in capital	1,115,000		1,115,000		≥ 40%	
22	Post-adjustment net capital		52.15 %	4,531,413	56.87 %	≥ 20%	"
	Total customer margin deposits required for open positions of customers	4,667,624 8,950,460		7,967,419		≥ 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

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(16) Other disclosures:

(a) Information on significant transactions:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number (Note 1)	Name of lender	Name of borrower	Account name	Related party	Maximum balance of the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	CSC Futures (HK) Ltd.	F190402	Account receivables -Customer	No	58,976	58,976	14,744	5.73%	1	10,013		-	-	-	181,062	905,310
1	CSC Futures (HK) Ltd.	F611702	Account receivables -Customer	No	412,831	412,831	294,879	1.98%~ 3.23%	1	208,508		-	-	-	412,831	905,310
1	CSC Futures (HK) Ltd.	F613059	Account receivables -Customer	No	88,464	88,464	-	1.73%~ 3.73%	1	27,264		-	-	-	181,062	905,310
1	CSC Futures (HK) Ltd.	F612688	Account receivables -Customer	No	14,744	14,744	14,744	3.73%	1	2,825		-	-	-	181,062	905,310
1	CSC Futures (HK) Ltd.	F612687	Account receivables -Customer	No	-	-	-	3.73%	1	566		-	-	-	181,062	905,310
1	CSC Futures (HK) Ltd.	F612851	Account receivables -Customer	No	58,976	58,976	-	3.73%	1	11,530		-	-	-	181,062	905,310
1	CSC Futures (HK) Ltd.	F613091	Account receivables -Customer	No	44,232	44,232	-	3.73%	1	4,293		-	-	-	181,062	905,310

Remark: Besides those approved by the board of directors, each loan limit by an individual is 20% amount of the net assets of CSC Futures (HK) Ltd. on the financial statements. The loan limit of total credit lines is calculated by net value of CSC Futures (HK) Ltd. and in line with the rules of liquid capital of Securities & Futures Commission of Hong Kong. CSC Futures(HK) Ltd. obtained its money lender's license in June 2016 and engaged in lending business according to local laws and regulations in Hong Kong.

Note 1: Type of Numbering

(1) 0 represents Parent company

(2) Invested company is being numbered by company type from 1, same company should have same number.

Note 2: Type of Loans

(1) Business transactions

(2) Necessaries of short-term financing

(ii) Guarantees and endorsements for other parties:None

(iii) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None

(iv) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None

(v) Service charge discounts on transactions with related parties in an aggregate amount of NT\$5 million or more:None

(vi) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:None

(vii) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			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	264	General transaction	0.02%
2	Capital True Partner Technology Co., Ltd.	CSC Futures (HK) Ltd.	3	Other operating revenue	264	General transaction	0.02%
2	Capital True Partner Technology Co., Ltd.	Capital Futures Corp.	2	Other operating revenue	11,200	General transaction	0.82%
0	Capital Futures Corp.	Capital True Partner Technology Co., Ltd.	1	Professional service fees	11,200	General transaction	0.82%
0	Capital Futures Corp.	Capital True Partner Technology Co., Ltd.	1	Other payables	1,876		-%
2	Capital True Partner Technology Co., Ltd.	Capital Futures Corp.	2	Accounts receivable	1,876		-%

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Futures traders' equity	550,751		1.04%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Customers' margin account	550,751		1.04%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Futures traders' equity	4,825,247		9.08%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Customers' margin account	4,432,638		8.34%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Customers' margin account	392,609		0.74%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Futures commission revenue	4,137	General transaction	0.30%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Futures commission expenses	4,137	General transaction	0.30%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Brokerage fee revenue	68,225	General transaction	5.00%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Futures commission expenses	68,225	General transaction	5.00%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Interest revenue	1,142	General transaction	0.08%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Financial cost	1,142	General transaction	0.08%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Other payables	6,781		0.01%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Other receivables	6,781		0.01%
3	Capital International Technology Corp.	Capital Futures Corp.	2	Professional service revenue	1,536	General transaction	0.11%
0	Capital Futures Corp.	Capital International Technology Corp.	1	Repair expenses	1,536	General transaction	0.11%
3	Capital International Technology Corp.	Capital Futures Corp.	2	Advance receipts	1,536		-%
0	Capital Futures Corp.	Capital International Technology Corp.	1	Other prepayment	1,536		-%

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

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

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

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

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

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Date of establishment	FSC Rule No.	Main businesses and products	Original investment amount		Balance as of June 30, 2022			Revenue of investee	Net income (losses) of investee	Share of profits/losses of investee	Cash dividend	Note
						June 30, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value					
Capital Futures Corporation	CSC Futures (HK) Ltd.	Hong Kong	1998.12.9	Gin Guan Zheng Zhi No. 1010027412 letter	Futures dealing business and other businesses permitted by local law of Hong Kong	886,284	862,631	220,000	100.00 %	905,310	165,617	(4,342)	(4,225)	-	Subsidiary
Capital Futures Corporation	Capital International Technology Co., Ltd.	Taiwan	2014.12.29	Gin Guan Zheng Zhi No. 1030038387 letter	Management consulting and information service business	50,000	50,000	5,000	100.00 %	30,454	1,536	(3,664)	(3,664)	-	Subsidiary
Capital Futures Corporation	True Partner Advisor Hong Kong Ltd.	Hong Kong	2010.5.31	Gin Guan Zheng Zhi No. 1040027513 letter	Assets Management	-	36,701	-	- %	-	-	-	-	-	Associate (Note1)

Note1: On November 11, 2021, the Board of Directors of the Company approved to sell True Partner Advisor Hong Kong Ltd., the associate of the Company. All shares were transferred on February 15, 2022. The Company does not disclose profit and loss information because it is no longer material.

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

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(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, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2022	Net income (losses) of the investee	Direct or indirect share holdings(%) by the company	Highest percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Capital True Partner Technology Co., Ltd.	Management consulting and information service business	5,013	(C)	24,372	-	-	24,372	(51)	51.00%	51.00%	(26) B (2)	16,097	-
Capital Futures Technology (Shanghai) Co., Ltd.	Management consulting and information service business	18,863	(C)	18,863	-	-	18,863	(2,067)	100.00%	100.00%	(2,067) B (2)	9,812	-

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 June 30, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Capital International Technology Corp.	43,235	43,235	80,000

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

(e) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Capital Securities Corporation		119,066,014	56.58 %

Note 1: The information on the major shareholders in this table is based on the last business day of the end of each quarter by CCB. The total number of ordinary shares and special shares of the company that have been delivered without physical registration (including treasury shares) is calculated by the shareholders of the company up to 5%. There may be differences or differences due to the calculation basis of the preparation between share capital recorded in the company's financial report and the company's actual non-physical registration of shares.

Note 2: If the information above belongs to the trust on behalf of the shareholders, it is disclosed by the individual and trustor who opened the trust account by the trustee. As for shareholders to declare shares who hold more than 10% of their shares in accordance with the Securities and Exchange Act, its shareholding includes personal holding of shares plus the shares delivered to the trust with decision right etc. Please refer to the Public Information Observatory for information on insider shareholding declarations.

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
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(17) Segment information:

(a) General information

The Group has one reportable segment: the brokerage segment. This segment is mainly involved in futures brokerage business. The Group's other operating segments are mainly involved in futures and securities business on a proprietary basis and advisory business, etc. For the three months and six months ended June 30, 2022 and 2021, none of the above segments met the quantitative thresholds for reportable segments.

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

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

For the three months ended June 30, 2022				
	Brokerage business	Others	Adjustment and elimination	Total
Segment revenue	\$ <u>634,349</u>	<u>96,582</u>	<u>(45,073)</u>	<u>685,858</u>
Segment profit or loss	\$ <u>167,361</u>	<u>20,223</u>	<u>-</u>	<u>187,584</u>
For the three months ended June 30, 2021				
	Brokerage business	Others	Adjustment and elimination	Total
Segment revenue	\$ <u>594,636</u>	<u>98,795</u>	<u>(40,995)</u>	<u>652,436</u>
Segment profit or loss	\$ <u>177,102</u>	<u>(20,663)</u>	<u>-</u>	<u>156,439</u>
For the six months ended June 30, 2022				
	Brokerage business	Others	Adjustment and elimination	Total
Segment revenue	\$ <u>1,241,007</u>	<u>201,738</u>	<u>(76,887)</u>	<u>1,365,858</u>
Segment profit or loss	\$ <u>352,042</u>	<u>22,417</u>	<u>-</u>	<u>374,459</u>

(Continued)

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	For the six months ended June 30, 2021			
	Brokerage business	Others	Adjustment and elimination	Total
Segment revenue	<u>\$ 1,201,623</u>	<u>178,554</u>	<u>(83,826)</u>	<u>1,296,351</u>
Segment profit or loss	<u>\$ 353,504</u>	<u>260</u>	<u>-</u>	<u>353,764</u>

(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.