

**CAPITAL FUTURES CORPORATION AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2022 and 2021**

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

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Independent Auditors' Review Report

To the Board of Directors of
Capital Futures Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of Capital Futures Corporation and its subsidiaries as of September 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2022 and 2021, as well as the changes in equity and cash flows for the nine months ended September 30, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, the related rules of Preparing Financial Reports of Managed Futures Enterprises, the Regulations Governing the Preparation of Financial Reports by Securities Firms and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in note 4(c), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$36,761 thousands and \$44,977 thousands, constituting 0.07% and 0.10% of consolidated total assets as of September 30, 2022 and 2021, respectively, total liabilities amounting to \$5,528 thousands and \$6,044 thousands, constituting 0.01% and 0.02% of consolidated total liabilities as of September 30, 2022 and 2021, respectively, and total comprehensive income(loss) amounting to \$(1,728) thousands, \$(966) thousands, \$(5,061) thousands and \$(4,591) thousands, constituting (0.61)%, (1.03)%, (0.78)% and (1.15)% of consolidated total comprehensive income (loss) for the three months and nine months ended September 30, 2022 and 2021, respectively.



Furthermore, as stated in note 6(d), the other equity accounted investments of Capital Futures Corporation and its subsidiaries in its investee companies of \$0 thousands and \$49,850 thousands as of September 30, 2022 and 2021, respectively, and its equity in net earnings on these investee companies of \$0 thousands, \$328 thousands, \$0 thousands and \$1,099 thousands for the three months and nine months ended September 30, 2022 and 2021, respectively, and its equity in other comprehensive income (loss) on these investee companies of \$0 thousands, \$(52) thousands, \$0 thousands and \$(424) thousands for the three months and nine months ended September 30, 2022 and 2021, respectively, and its subsidiaries, respectively were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Capital Futures Corporation and its subsidiaries as of September 30, 2022 and 2021, and of its consolidated financial performance for the three months and nine months ended September 30, 2022 and 2021, as well as its consolidated cash flows for the nine months ended September 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.

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

KPMG

Taipei, Taiwan (Republic of China)
November 10, 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 review 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 and Report Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2022, December 31, 2021, and September 30, 2021

(Expressed in Thousands of New Taiwan Dollars)

		<u>September 30, 2022</u>		<u>December 31, 2021</u>		<u>September 30, 2021</u>				<u>September 30, 2022</u>		<u>December 31, 2021</u>		<u>September 30, 2021</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>			<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Assets															
Current assets:															
111100	Cash and cash equivalents (Note 6(a))	\$ 5,574,275	11	5,248,044	12	5,096,998	11	211100	Short-term borrowings (Note 6(j))	\$ 126,040	-	109,784	-	138,042	-
112000	Financial assets at fair value through profit or loss- current (Note 6(b))	583,428	1	357,902	1	350,989	1	212000	Financial liabilities at fair value through profit or loss- current (Note 6(b))	339,258	1	67,806	-	65,394	-
113200	Financial assets at fair value through other comprehensive income- current (Note 6(b))	42,568	-	28,268	-	35,179	-	214080	Futures traders' equity (Note 6(g))	43,265,265	84	39,205,280	84	39,053,627	85
114010	Bonds purchased under resale agreements (Note 6(b))	91,100	-	84,013	-	186,592	-	214100	Leverage contract trading - customers' equity	966,226	2	630,830	2	510,823	1
114070	Customers margin accounts (Note 6(g))	43,286,902	84	39,255,077	84	39,090,882	85	214130	Accounts payable	93,982	-	45,693	-	43,675	-
114080	Receivable - futures margin (Note 6(h))	334	-	-	-	-	-	214140	Accounts payable- related parties (Note 7)	16,112	-	11,448	-	12,249	-
114100	Security borrowing margin	223,071	-	-	-	-	-	214150	Advance receipts	2,275	-	3,252	-	3,294	-
114130	Accounts receivable	12,678	-	18,034	-	31,128	-	214160	Receipts under custody	7,233	-	4,920	-	6,833	-
114140	Accounts receivable- related parties (Note 7)	666	-	3,011	-	1,536	-	214170	Other payables	176,142	-	136,080	-	101,377	-
114150	Prepayments	13,175	-	7,803	-	10,305	-	214180	Other payables- related parties (Note 7)	28,865	-	1,293	-	1,985	-
114170	Other receivables	408,216	1	409,498	1	341,470	1	214600	Current income tax liabilities	24,852	-	38,213	-	29,884	-
114180	Other receivables- related parties (Note 7)	31,982	-	4,181	-	10,708	-	215100	Provisions- current	6,719	-	5,618	-	6,538	-
114300	Leverage contract trading-customers' margin accounts	969,675	2	624,232	1	508,917	1	216000	Lease liabilities- current (Note 6(k))	25,511	-	24,112	-	26,053	-
114600	Current income tax assets	237	-	230	-	228	-	219000	Other current liabilities	28,093	-	9,768	-	17,469	-
114710	Non-current assets classified as held for sale (Note 6(c))	-	-	50,112	-	-	-			<u>45,106,573</u>	<u>87</u>	<u>40,294,097</u>	<u>86</u>	<u>40,017,243</u>	<u>86</u>
119000	Other current assets	<u>2</u>	-	<u>2</u>	-	<u>2</u>	-	Non-current liabilities:							
		<u>51,238,309</u>	<u>99</u>	<u>46,090,407</u>	<u>99</u>	<u>45,664,934</u>	<u>99</u>	226000	Lease liabilities- non-current (Note 6(k))	18,080	-	23,017	-	28,205	-
Non-current assets:															
123200	Financial assets at fair value through other comprehensive income- non- current (Note 6(b))	1,169	-	1,581	-	1,543	-	228000	Deferred income tax liabilities	48,712	-	16,324	-	13,048	-
124100	Investments under equity method (Note 6(d))	-	-	-	-	49,850	-	229000	Other non-current liabilities	-	-	-	-	96	-
125000	Property and equipment (Note 6(e))	36,291	-	47,372	-	52,716	-			<u>66,792</u>	<u>-</u>	<u>39,341</u>	<u>-</u>	<u>41,349</u>	<u>-</u>
125800	Right-of-use assets (Note 6(f))	43,331	-	47,037	-	54,172	-	906003	Total liabilities	<u>45,173,365</u>	<u>87</u>	<u>40,333,438</u>	<u>86</u>	<u>40,058,592</u>	<u>86</u>
127000	Intangible assets (Note 6(i))	63,900	-	70,581	-	71,875	-	Equity attributable to owners of parent:							
128000	Deferred income tax assets	-	-	-	-	520	-	301010	Common stock (Note 6(n))	2,104,376	4	2,104,376	5	2,104,376	5
129000	Other non-current assets	<u>354,190</u>	<u>1</u>	<u>350,558</u>	<u>1</u>	<u>345,123</u>	<u>1</u>	302000	Capital surplus (Note 6(n))	1,663,251	3	1,663,621	4	1,663,621	4
		498,881	1	517,129	1	575,799	1	304010	Legal reserve	678,939	2	626,803	1	626,803	1
906001	Total assets	<u>\$ 51,737,190</u>	<u>100</u>	<u>46,607,536</u>	<u>100</u>	<u>46,240,733</u>	<u>100</u>	304020	Special reserve	1,579,617	3	1,446,574	3	1,446,574	3
								304040	Unappropriated earnings (Note 6(n))	541,283	1	522,796	1	427,029	1
								305000	Other equity	(6,171)	-	(115,806)	-	(112,736)	-
										<u>6,561,295</u>	<u>13</u>	<u>6,248,364</u>	<u>14</u>	<u>6,155,667</u>	<u>14</u>
								306000	Non-controlling interests	2,530	-	25,734	-	26,474	-
								906004	Total equity	<u>6,563,825</u>	<u>13</u>	<u>6,274,098</u>	<u>14</u>	<u>6,182,141</u>	<u>14</u>
								906002	Total liabilities and equity	<u>\$ 51,737,190</u>	<u>100</u>	<u>46,607,536</u>	<u>100</u>	<u>46,240,733</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

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

Consolidated Statement of Comprehensive Income

For the three months and nine months ended September 30, 2022 and 2021

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

	For the three months ended September 30,				For the nine months ended September 30,				
	2022		2021		2022		2021		
	Amount	%	Amount	%	Amount	%	Amount	%	
Income:									
401000	Brokerage fee revenue (Note 6(p))	\$ 499,011	69	443,800	74	1,497,305	71	1,375,613	72
410000	Net gains (losses) on sale of trading securities	(2,916)	-	9,279	2	(30,463)	(1)	39,121	2
421300	Dividend revenue	2,625	1	8,456	1	4,466	-	11,223	1
421500	Net gains (losses) on measurement of trading securities at fair value through profit or loss	1,709	-	(12,840)	(2)	371	-	(6,897)	-
421600	Net gains (losses) on covering of borrowed securities and bonds with resale agreements-short sales	2,196	-	5,091	-	2,196	-	6,531	-
421610	Net gains (losses) on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss	24,317	3	(2,474)	-	24,317	1	-	-
424100	Futures commission revenue (Note 6(p))	88,540	12	72,318	12	242,718	12	263,944	14
424200	Securities commission revenue	2,200	-	8,725	1	11,470	1	21,246	1
424400	Net gains (losses) on derivative instruments- futures (Note 6(p))	51,121	7	36,357	6	174,341	8	94,374	5
424500	Net gains (losses) on derivative instruments - OTC (Note 6(p))	50,704	7	25,354	4	136,540	7	63,433	3
424800	Management fee revenue	169	-	398	-	434	-	2,119	-
424900	Consulting fee revenue	2,553	-	4,134	1	10,739	-	14,080	1
428000	Other operating revenue	7,665	1	4,575	1	21,318	1	14,737	1
		<u>729,894</u>	<u>100</u>	<u>603,173</u>	<u>100</u>	<u>2,095,752</u>	<u>100</u>	<u>1,899,524</u>	<u>100</u>
Expenses:									
501000	Brokerage fees	85,118	12	84,847	14	243,466	12	271,806	15
502000	Brokerage fees - proprietary trading	3,319	-	492	-	8,180	1	1,928	-
521200	Financial costs	5,178	1	950	-	9,974	1	3,729	-
521640	Loss from securities borrowing transactions	190	-	-	-	190	-	-	-
425300	Expected credit impairment losses and reversal gains (Note 6(q))	(31)	-	(55)	-	584	-	(181)	-
524100	Futures commission expenses (Note 6(p))	144,564	20	117,268	19	436,233	21	380,237	20
524300	Clearing and settlement expenses	52,541	7	51,089	8	154,465	7	147,488	8
528000	Other operating expenditure	1,729	-	1,388	-	5,910	-	4,031	-
531000	Employee benefit expenses (Note 6(p))	161,536	22	131,110	22	443,041	21	375,709	20
532000	Depreciation and amortization expenses (Note 6(p))	15,591	2	16,792	3	46,993	2	56,046	3
533000	Other operating expenses (Note 6(p))	121,421	17	101,193	17	361,674	17	308,372	16
		<u>591,156</u>	<u>81</u>	<u>505,074</u>	<u>83</u>	<u>1,710,710</u>	<u>82</u>	<u>1,549,165</u>	<u>82</u>
	Net operating income	<u>138,738</u>	<u>19</u>	<u>98,099</u>	<u>17</u>	<u>385,042</u>	<u>18</u>	<u>350,359</u>	<u>18</u>
Non-operating income and expenses:									
601000	Shares of profit of associates and joint ventures under equity method (Note 6(d))	-	-	328	-	-	-	1,099	-
602000	Other gains and losses (Note 6(p))	141,299	19	39,011	6	269,454	13	139,744	7
		<u>141,299</u>	<u>19</u>	<u>39,339</u>	<u>6</u>	<u>269,454</u>	<u>13</u>	<u>140,843</u>	<u>7</u>
902001	Net income before income tax	<u>280,037</u>	<u>38</u>	<u>137,438</u>	<u>23</u>	<u>654,496</u>	<u>31</u>	<u>491,202</u>	<u>25</u>
701000	Less: Income tax expenses (Note 6(m))	<u>54,515</u>	<u>7</u>	<u>29,989</u>	<u>5</u>	<u>114,272</u>	<u>5</u>	<u>97,803</u>	<u>5</u>
	Net income	<u>225,522</u>	<u>31</u>	<u>107,449</u>	<u>18</u>	<u>540,224</u>	<u>26</u>	<u>393,399</u>	<u>20</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	(2,901)	-	(11,148)	(2)	(12,387)	(1)	30,071	2
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>(2,901)</u>	<u>-</u>	<u>(11,148)</u>	<u>(2)</u>	<u>(12,387)</u>	<u>(1)</u>	<u>30,071</u>	<u>2</u>
805600	Components that may be reclassified subsequently to profit or loss:								
805610	Exchange differences on translation of foreign operations	62,005	8	(2,609)	-	120,114	6	(24,501)	(1)
805699	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 6(m))	-	-	(14)	-	-	-	(106)	-
	Subtotal of components that may be reclassified subsequently to profit or loss	<u>62,005</u>	<u>8</u>	<u>(2,595)</u>	<u>-</u>	<u>120,114</u>	<u>6</u>	<u>(24,395)</u>	<u>(1)</u>
805000	Other comprehensive income	<u>59,104</u>	<u>8</u>	<u>(13,743)</u>	<u>(2)</u>	<u>107,727</u>	<u>5</u>	<u>5,676</u>	<u>1</u>
902006	Total comprehensive income	<u>\$ 284,626</u>	<u>39</u>	<u>93,706</u>	<u>16</u>	<u>647,951</u>	<u>31</u>	<u>399,075</u>	<u>21</u>
Net income attributable to:									
913100	Shareholders of the parent	\$ 225,522	31	107,281	18	540,366	26	393,525	20
913200	Non-controlling interests	-	-	168	-	(142)	-	(126)	-
		<u>\$ 225,522</u>	<u>31</u>	<u>107,449</u>	<u>18</u>	<u>540,224</u>	<u>26</u>	<u>393,399</u>	<u>20</u>
Comprehensive income attributable to:									
914100	Shareholders of the parent	\$ 284,602	39	93,616	16	647,872	31	399,896	21
914200	Non-controlling interests	24	-	90	-	79	-	(821)	-
		<u>\$ 284,626</u>	<u>39</u>	<u>93,706</u>	<u>16</u>	<u>647,951</u>	<u>31</u>	<u>399,075</u>	<u>21</u>
975000	Basic earnings per share (Dollar) (Note 6(o))	<u>\$ 1.07</u>		<u>0.51</u>		<u>2.57</u>		<u>1.87</u>	
985000	Diluted earnings per share (Dollar) (Note 6(o))	<u>\$ 1.07</u>		<u>0.51</u>		<u>2.57</u>		<u>1.87</u>	

See accompanying notes to consolidated financial statements.

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

Consolidated Statement of Changes in Equity

For the nine months ended September 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										
	Stock		Retained earnings				Other equity				
	Common stocks	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Equity related to non-current assets classified as held for sale	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 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 nine months ended September 30, 2021	-	-	-	-	393,525	-	-	-	393,525	(126)	393,399
Other comprehensive income	-	-	-	-	-	(23,700)	30,071	-	6,371	(695)	5,676
Total comprehensive income	-	-	-	-	393,525	(23,700)	30,071	-	399,896	(821)	399,075
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	-	-	-	-	32,070	-	(32,070)	-	-	-	-
Balance at September 30, 2021	\$ 2,104,376	1,663,621	626,803	1,446,574	427,029	(113,653)	917	-	6,155,667	26,474	6,182,141
Balance at January 1, 2022	\$ 2,104,376	1,663,621	626,803	1,446,574	522,796	(117,825)	4,148	(2,129)	6,248,364	25,734	6,274,098
Net income for the nine months ended September 30, 2022	-	-	-	-	540,366	-	-	-	540,366	(142)	540,224
Other comprehensive income	-	-	-	-	-	119,893	(12,387)	-	107,506	221	107,727
Total comprehensive income	-	-	-	-	540,366	119,893	(12,387)	-	647,872	79	647,951
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	52,136	-	(52,136)	-	-	-	-	-	-
Special reserve	-	-	-	104,273	(104,273)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(336,700)	-	-	-	(336,700)	-	(336,700)
Special reserve for the contra equity account	-	-	-	28,770	(28,770)	-	-	-	-	-	-
Disposal of subsidiaries or investments accounted for using equity method	-	-	-	-	-	-	-	2,129	2,129	-	2,129
Difference between consideration and carrying amount of subsidiaries acquired	-	(370)	-	-	-	-	-	-	(370)	-	(370)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(23,283)	(23,283)
Balance at September 30, 2022	\$ 2,104,376	1,663,251	678,939	1,579,617	541,283	2,068	(8,239)	-	6,561,295	2,530	6,563,825

See accompanying notes to consolidated financial statements.

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

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES

Consolidated Statement of Cash Flows

For the nine months ended September 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30,	
	2022	2021
Cash flows from (used in) operating activities:		
Net income before income tax	\$ 654,496	491,202
Adjustments:		
Adjustments to reconcile:		
Depreciation expenses	41,589	49,186
Amortization expenses	5,404	6,860
Expected credit impairment losses and reversal gains	584	(181)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(25,597)	10,959
Interest expenses	9,974	3,729
Interest income (including financial income)	(214,744)	(135,560)
Dividend revenue	(4,993)	(13,763)
Shares of profit of associates and joint ventures under equity method	-	(1,099)
Losses on disposal of property and equipment	10	66
Impairment losses	3,623	3,643
Loss (gain) on lease modification	742	-
Losses on disposal of Joint Venture	1,210	-
Total adjustments to reconcile	<u>(182,198)</u>	<u>(76,160)</u>
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets at fair value through profit or loss	(224,246)	88,687
Decrease (increase) in bond purchased under resale agreements	(7,087)	57,938
Decrease (increase) in customer margin accounts	(4,031,825)	83,318
Decrease (increase) in receivable-futures margin	(170)	181
Increase in leverage contract trading - customer's margin accounts	(345,443)	(155,955)
Increase in security borrowing margin	(223,071)	-
Decrease in accounts receivable	5,356	100,647
Decrease in accounts receivable - related parties	2,345	1,199
Increase in prepayments	(5,372)	(3,026)
Decrease (increase) in other receivables	17,463	(270,120)
Increase in other receivables- related parties	(27,782)	(6,869)
Increase in net defined benefit assets	(4,959)	-
Decrease in other current assets	-	3
Decrease (increase) in clearing and settlement fund	2,290	(7,094)
Increase in refundable deposits	(963)	(1,153)
Increase in financial liabilities at fair value through profit or loss	295,769	4,045
Increase (decrease) in futures traders' equity	4,059,237	(87,362)
Increase in leverage contract trading - customer's equity	335,396	158,767
Increase (decrease) in accounts payable	48,289	(93,306)
Increase (decrease) in accounts payable - related parties	4,664	(2,430)
Decrease in advance receipts	(977)	(479)
Increase in receipts under custody	2,313	1,755
Increase (decrease) in other payables	37,756	(41,986)
Increase (decrease) in other payables - related parties	27,573	(2,896)
Increase in provisions for liabilities	1,101	961
Increase in other current liabilities	18,325	2,221
Decrease in other non-current liabilities	-	(7,391)
Total changes in operating assets and liabilities	<u>(14,018)</u>	<u>(180,345)</u>
Total adjustments	<u>(196,216)</u>	<u>(256,505)</u>
Cash inflow generated from operations	458,280	234,697
Interest received	198,479	141,359
Dividends received	5,058	13,372
Interest paid	(7,795)	(3,389)
Income taxes paid	(95,245)	(131,880)
Net cash flows from operating activities	<u>558,777</u>	<u>254,159</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(26,275)	(316,994)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	430,896
Acquisition of property and equipment	(8,580)	(13,680)
Acquisition of intangible assets	(2,076)	(2,895)
Proceeds from disposal of non-current assets held-for-sale	51,031	-
Net cash flows from investing activities	<u>14,100</u>	<u>97,327</u>
Cash flows from (used in) financing activities:		
Cash dividends paid	(336,700)	(603,955)
Increase in short-term loans	16,256	138,042
Payments of lease liabilities	(21,220)	(25,066)
Acquisition of ownership interests in subsidiaries	(23,653)	-
Proceeds from right of inclusion options exercised	-	62
Net cash flows used in financing activities	<u>(365,317)</u>	<u>(490,917)</u>
Effect of exchange rate changes on cash and cash equivalents	118,671	(23,564)
Net increase (decrease) in cash and cash equivalents	326,231	(162,995)
Cash and cash equivalents at beginning of period	5,248,044	5,259,993
Cash and cash equivalents at end of period	<u>\$ 5,574,275</u>	<u>5,096,998</u>

See accompanying notes to consolidated financial statements.

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

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the nine months ended September 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 November 10, 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”

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (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”
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(4) Summary of significant accounting policies:

(a) Statement of compliance

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

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 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.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Basis of consolidation

List of subsidiaries in the consolidated financial statements

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

Subsidiaries included in the consolidated financial report are as follows:

Name of the investor	Subsidiaries	Business type	Ratio of Equity Ownership			Note
			September 30, 2022	December 31, 2021	September 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 %	(Note 2)
Capital International Technology Corp.	Capital True Partner Technology Co., Ltd.	Management consulting and information service business.	51.00 %	51.00 %	51.00 %	(Note 2)
Capital International Technology Corp.	Capital Futures Technology (Shanghai) Co., Ltd.	Management, consulting and information service business.	100.00 %	100.00 %	100.00 %	(Note 2)

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

Note 2: These companies are individually immaterial subsidiaries, and financial statements have not been reviewed by the independent auditors. These subsidiaries, in aggregate, represented total consolidated assets of \$36,761 and \$44,977 and total consolidated liabilities of \$5,528 and \$6,044 as of September 30, 2022 and 2021, respectively, and total consolidated comprehensive income (loss) of \$(1,728), \$(966), \$(5,061) and \$(4,591) for the three months and nine months ended September 30, 2022 and 2021, respectively.

(d) Employee benefits

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

(e) Income tax

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

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

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Cash	\$ 130	139	115
Demand deposits	364,981	755,294	1,007,126
Time deposits	4,152,452	3,738,248	3,277,663
Futures margin- excess margin	1,056,712	744,369	812,094
Commercial paper	-	9,994	-
Total	<u>\$ 5,574,275</u>	<u>5,248,044</u>	<u>5,096,998</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Open-ended funds and money-market instruments	\$ -	20,000	15,000
Open-ended funds and money-market instruments valuation adjustment	-	566	-
Trading securities- proprietary trading	20,773	112,398	170,904
Trading securities- proprietary trading valuation adjustment	(173)	(522)	3,883
Securities invested by securities broker	7,500	15,000	10,790
Securities invested by securities broker valuation adjustment	(515)	(1,990)	(194)
Call options- non-hedging	179,421	59,268	50,511
Futures margin- proprietary fund- non-hedging	123,181	68,855	48,073
Leverage derivatives- non-hedging	242,480	81,844	51,950
Equity derivatives- non-hedging	10,761	2,483	72
Total	<u>\$ 583,428</u>	<u>357,902</u>	<u>350,989</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 nine months ended September 30, 2022 and 2021, will increase \$276 and \$2,004, respectively. Conversely, if there is a decrease in the securities price of 1% on the reporting date based on all other variables remained constantly, there will be the same amount but opposite direction of influence.

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Equity investments at fair value through other comprehensive income			
Listed stocks	\$ 51,857	25,582	35,687
Valuation adjustment	(9,289)	2,686	(508)
Total	<u>\$ 42,568</u>	<u>28,268</u>	<u>35,179</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

During the three months and nine months ended September 30, 2022 and 2021, the dividends of \$663, \$5,047, \$1,001 and \$6,439, related to equity investment at fair value through other comprehensive income held on September 30, 2022 and 2021, respectively, were recognized.

During the three months and nine months ended September 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, \$230,336, \$0 and \$430,896, respectively, and cumulative dispose gains for the three months and nine months ended September 30, 2022 and 2021, amounted to \$0, \$(5,182), \$0 and \$32,070, respectively, were transferred from other equity items to retained earnings.

(iii) Bonds purchased under resale agreements

	September 30, 2022	December 31, 2021	September 30, 2021
Bonds purchased under resale agreements	<u>\$ 91,100</u>	<u>84,013</u>	<u>186,592</u>
Resale price under the agreements	<u>\$ 91,142</u>	<u>84,021</u>	<u>186,604</u>
Interest rates	<u>0.65%~0.75%</u>	<u>0.20%~0.21%</u>	<u>0.16%~0.19%</u>
Date of repurchase	<u>2022.10.07~2022.10.14</u>	<u>2022.01.03~2022.01.14</u>	<u>2021.10.01~2021.10.15</u>

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

Equity instruments at fair value through other comprehensive income:

<u>Investee Company</u>	<u>September 30, 2022</u>		<u>December 31, 2021</u>		<u>September 30, 2021</u>	
	<u>Ownership ratio</u>	<u>Amount</u>	<u>Ownership ratio</u>	<u>Amount</u>	<u>Ownership ratio</u>	<u>Amount</u>
Taiwan Futures Exchange Co., Ltd	0.0042 %	<u>\$ 1,169</u>	0.0042 %	<u>1,581</u>	0.0042 %	<u>1,543</u>

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

During the three months and nine months ended September 30, 2022 and 2021, the dividends of \$0, \$50, \$56 and \$50, related to equity investments at fair value through other comprehensive income held on September 30, 2022 and 2021, respectively, were recognized. No strategic investments were disposed of during the three months and nine months ended September 30, 2022 and 2021, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	September 30, 2022	December 31, 2021	September 30, 2021
Put options - non-hedging	\$ 218,779	51,130	62,866
Liabilities on sale of borrowed securities - non-hedging	135,116	-	-
Liabilities on sale of borrowed securities valuation adjustment - non-hedging	(24,317)	-	-
Leverage derivatives- non-hedging	6,207	16,671	2,510
Equity derivatives- non-hedging	<u>3,473</u>	<u>5</u>	<u>18</u>
	<u><u>\$ 339,258</u></u>	<u><u>67,806</u></u>	<u><u>65,394</u></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:

	September 30, 2022	December 31, 2021	September 30, 2021
Associate	\$ <u>-</u>	<u>-</u>	<u><u>49,850</u></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		
			September 30, 2022	December 31, 2021	September 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:

	September 30, 2022	December 31, 2021	September 30, 2021
Carrying amount of interest in associate	\$ -	-	49,850

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Group's share of total comprehensive income in the investee's:				
Profit from continuing operations	\$ -	328	-	1,099
Other comprehensive losses	-	(52)	-	(424)
Total comprehensive income	\$ -	276	-	675

(ii) Collateral and pledge

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

(Continued)

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	8,201	379	8,580
Disposal	(21)	-	(21)
Effect of exchange rate changes	5,255	434	5,689
Balance at September 30, 2022	<u>\$ 129,989</u>	<u>17,517</u>	<u>147,506</u>
Balance at January 1, 2021	\$ 146,301	25,244	171,545
Additions	9,301	4,379	13,680
Disposal	(1,332)	(2,874)	(4,206)
Effect of exchange rate changes	(1,082)	(85)	(1,167)
Balance at September 30, 2021	<u>\$ 153,188</u>	<u>26,664</u>	<u>179,852</u>
Accumulated depreciation:			
Balance at January 1, 2022	\$ 76,661	9,225	85,886
Depreciation	18,262	2,574	20,836
Disposal	(11)	-	(11)
Effect of exchange rate changes	4,414	90	4,504
Balance at September 30, 2022	<u>\$ 99,326</u>	<u>11,889</u>	<u>111,215</u>
Balance at January 1, 2021	\$ 90,631	17,642	108,273
Depreciation	20,408	3,431	23,839
Disposal	(1,266)	(2,874)	(4,140)
Effect of exchange rate changes	(814)	(22)	(836)
Balance at September 30, 2021	<u>\$ 108,959</u>	<u>18,177</u>	<u>127,136</u>
Carrying amounts:			
Balance at January 1, 2022	<u>\$ 39,893</u>	<u>7,479</u>	<u>47,372</u>
Balance at September 30, 2022	<u>\$ 30,663</u>	<u>5,628</u>	<u>36,291</u>
Balance at September 30, 2021	<u>\$ 44,229</u>	<u>8,487</u>	<u>52,716</u>

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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	14,547	2,512	17,059
Derecognition	(3,698)	-	(3,698)
Decrease	(1,604)	-	(1,604)
Effect of exchange rate changes	2,293	-	2,293
Balance at September 30, 2022	<u>\$ 91,964</u>	<u>9,895</u>	<u>101,859</u>
Balance at January 1, 2021	\$ 94,062	11,591	105,653
Additions	19,948	1,440	21,388
Derecognition	(21,859)	-	(21,859)
Effect of exchange rate changes	(562)	-	(562)
Balance at September 30, 2021	<u>\$ 91,589</u>	<u>13,031</u>	<u>104,620</u>
Accumulated depreciation:			
Balance at January 1, 2022	\$ 37,421	3,351	40,772
Depreciation	18,959	1,794	20,753
Derecognition	(3,698)	-	(3,698)
Effect of exchange rate changes	701	-	701
Balance at September 30, 2022	<u>\$ 53,383</u>	<u>5,145</u>	<u>58,528</u>
Balance at January 1, 2021	\$ 41,062	6,087	47,149
Depreciation	23,059	2,288	25,347
Derecognition	(21,859)	-	(21,859)
Effect of change rate changes	(189)	-	(189)
Balance at September 30, 2021	<u>\$ 42,073</u>	<u>8,375</u>	<u>50,448</u>
Carrying amounts:			
Balance at January 1, 2022	<u>\$ 43,005</u>	<u>4,032</u>	<u>47,037</u>
Balance at September 30, 2022	<u>\$ 38,581</u>	<u>4,750</u>	<u>43,331</u>
Balance at September 30, 2021	<u>\$ 49,516</u>	<u>4,656</u>	<u>54,172</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Customers margin accounts/futures traders' equity

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Customers margin accounts			
Cash in bank	\$ 32,522,152	27,671,541	29,567,730
Balance of the futures clearing house	6,332,033	7,926,606	5,990,182
Balance of other futures commission merchants	4,431,209	3,652,626	3,530,232
Marketable securities	<u>1,508</u>	<u>4,304</u>	<u>2,738</u>
Balance of customers margin accounts	<u>43,286,902</u>	<u>39,255,077</u>	<u>39,090,882</u>
Plus adjustment items:			
Commission cost	6,847	3,439	4,076
Other payables	30,505	-	-
Others	125	364	705
Deduction adjustment items:			
Brokerage fee revenue	(27,958)	(12,674)	(17,849)
Futures transaction tax	(3,054)	(1,652)	(2,857)
Interest income	(2,211)	(523)	(569)
Temporary credits	(987)	(3,122)	(2,469)
Remittance amount of the customers after the market closed	(24,904)	(7,535)	(13,515)
Other receivables	<u>-</u>	<u>(28,094)</u>	<u>(4,777)</u>
Balance of futures traders' equity	<u>\$ 43,265,265</u>	<u>39,205,280</u>	<u>39,053,627</u>

(h) Receivable - futures margin

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Receivable - futures margin - current	\$ 592	258	258
Less: Loss allowance	<u>258</u>	<u>258</u>	<u>258</u>
Subtotal	<u>334</u>	<u>-</u>	<u>-</u>
Receivable - futures margin - non-current	6,598	6,762	6,817
Less: Loss allowance	<u>6,598</u>	<u>6,762</u>	<u>6,817</u>
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 334</u>	<u>-</u>	<u>-</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
Balance on January 1	\$ 7,020	7,801
Impairment losses recognized (reversed)	(164)	(181)
Amounts written off	-	(545)
Balance on September 30	<u>\$ 6,856</u>	<u>7,075</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>Computer</u>	<u>Total</u>
	<u>(Note2)</u>	<u>foreign futures</u>	<u>software</u>	
		<u>exchanges</u>		
		<u>(Note1)</u>		
Cost:				
Balance at January 1, 2022	\$ 22,088	49,955	28,178	100,221
Additions	-	-	2,076	2,076
Effect of exchange rate changes	-	792	121	913
Balance at September 30, 2022	<u>\$ 22,088</u>	<u>50,747</u>	<u>30,375</u>	<u>103,210</u>
Balance at January 1, 2021	\$ 22,088	50,153	29,293	101,534
Additions	-	-	2,895	2,895
Effect of exchange rate changes	-	(154)	(68)	(222)
Balance at September 30, 2021	<u>\$ 22,088</u>	<u>49,999</u>	<u>32,120</u>	<u>104,207</u>
Amortization and impairment losses:				
Balance at January 1, 2022	\$ 6,155	3,871	19,614	29,640
Amortization	-	-	5,404	5,404
Impairment losses	3,623	-	-	3,623
Effect of exchange rate changes	-	544	99	643
Balance at September 30, 2022	<u>\$ 9,778</u>	<u>4,415</u>	<u>25,117</u>	<u>39,310</u>
Balance at January 1, 2021	\$ 1,204	4,007	16,777	21,988
Amortization	-	-	6,860	6,860
Impairment loss	3,643	-	-	3,643
Effect of exchange rate changes	-	(106)	(53)	(159)
Balance at September 30, 2021	<u>\$ 4,847</u>	<u>3,901</u>	<u>23,584</u>	<u>32,332</u>

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Goodwill (Note2)</u>	<u>The seats of foreign futures exchanges (Note1)</u>	<u>Computer software</u>	<u>Total</u>
Carrying value:				
Balance at January 1, 2022	\$ <u>15,933</u>	<u>46,084</u>	<u>8,564</u>	<u>70,581</u>
Balance at September 30, 2022	\$ <u>12,310</u>	<u>46,332</u>	<u>5,258</u>	<u>63,900</u>
Balance at September 30, 2021	\$ <u>17,241</u>	<u>46,098</u>	<u>8,536</u>	<u>71,875</u>

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

2. The Group recognized an impairment loss of \$3,623 and \$3,643 for the nine months ended September 30, 2022 and 2021, by using the discount rate of 4.30% and 4.65% on the basis of the future recoverable amount of sub-subsidiary from Mainland China.

(j) Short-term borrowings

<u>Nature of borrowings</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Credit loan	\$ <u>126,040</u>	<u>109,784</u>	<u>138,042</u>
Interest rate range	<u>3.75%</u>	<u>1.46%</u>	<u>1.38%</u>

(k) Lease liabilities

The Group's lease liabilities were as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Current	\$ <u>25,511</u>	<u>24,112</u>	<u>26,053</u>
Non-current	\$ <u>18,080</u>	<u>23,017</u>	<u>28,205</u>

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

The amounts recognized in profit or loss were as follows :

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Interest on lease liabilities	\$ <u>165</u>	<u>237</u>	<u>549</u>	<u>674</u>
Expenses relating to short-term leases	\$ <u>1,786</u>	<u>601</u>	<u>3,015</u>	<u>2,663</u>
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	\$ <u>75</u>	<u>75</u>	<u>227</u>	<u>227</u>

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	For the nine months ended September 30,	
	2022	2021
Total cash outflow for leases	\$ 25,011	28,630

(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 nine months ended September 30, 2022 and 2021 were \$(606), \$5,013, \$(1,819) and \$5,593, respectively.

(ii) Defined contribution plans

The Group's expenses under the pension plan contributed to the Bureau of Labor Insurance for the three months and nine months ended September 30, 2022 and 2021 were \$3,649, \$3,546, \$10,576 and \$10,187, respectively.

(iii) The pension costs of foreign subsidiaries in accordance with the local laws and regulations for the three months and nine months ended September 30, 2022 and 2021 were \$777, \$709, \$2,155 and \$2,189, 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 nine months ended September 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 nine months ended September 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 nine months ended September 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 nine months ended September 30, 2022 and 2021 were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Current income tax expense	\$ 43,037	32,000	81,884	100,006
Deferred income tax expense (benefit)	11,478	(2,011)	32,388	(2,203)
Total	<u>\$ 54,515</u>	<u>29,989</u>	<u>114,272</u>	<u>97,803</u>

- 2) The amounts of income tax expense (benefit) recognized in other comprehensive income of the Group for the three months and nine months ended September 30, 2022 and 2021 were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Exchange difference on translation of foreign operations	<u>\$ -</u>	<u>(14)</u>	<u>-</u>	<u>(106)</u>

(iii) Income tax assessment status

The Company's income tax returns through 2020 were assessed by the Tax Authority.

The subsidiary Capital International Technology Corp.'s income tax returns through 2020 were assessed by the Tax Authority.

(n) Capital and other equity

(i) Common stock

As of September 30, 2022, December 31 and September 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.

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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>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>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><u>\$ 1,663,251</u></u>	<u><u>1,663,621</u></u>	<u><u>1,663,621</u></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.

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
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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

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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

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Net income attributable to common shareholders of the Company	\$ <u>225,522</u>	<u>107,281</u>	<u>540,366</u>	<u>393,525</u>
Weighted-average number of common stock shares outstanding (thousands of shares)	<u>210,438</u>	<u>210,438</u>	<u>210,438</u>	<u>210,438</u>
Basic earnings per share (dollar)	\$ <u>1.07</u>	<u>0.51</u>	<u>2.57</u>	<u>1.87</u>

(ii) Diluted earnings per share

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Net income attributable to common shareholders of the Company	\$ <u>225,522</u>	<u>107,281</u>	<u>540,366</u>	<u>393,525</u>
Weighted-average number of common stock shares outstanding (thousands of shares)	210,438	210,438	210,438	210,438
Effect of potentially dilutive common stock - Employee remuneration (thousands of shares)	100	48	229	151
Weighted-average outstanding shares of diluted earnings per share (thousands of shares)	<u>210,538</u>	<u>210,486</u>	<u>210,667</u>	<u>210,589</u>
Diluted earnings per share (dollar)	\$ <u>1.07</u>	<u>0.51</u>	<u>2.57</u>	<u>1.87</u>

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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 September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Consignment trading handling fee revenue- Domestic futures	\$ 265,693	269,548	782,016	816,755
Consignment trading handling fee revenue- Foreign futures	233,318	174,252	715,289	558,858
	<u>\$ 499,011</u>	<u>443,800</u>	<u>1,497,305</u>	<u>1,375,613</u>

(ii) Futures commission revenue

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Futures commission revenue- CSC Futures (HK) Ltd.	<u>\$ 88,540</u>	<u>72,318</u>	<u>242,718</u>	<u>263,944</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 September 30,</u>		<u>For the nine months ended September 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	\$ 235,262	68,037	501,189	217,710
Losses on futures contracts	(218,536)	(72,656)	(567,776)	(219,794)
	<u>\$ 16,726</u>	<u>(4,619)</u>	<u>(66,587)</u>	<u>(2,084)</u>
Non-hedging				
Net gains (losses) on option contracts				
Gains on option contracts	\$ 147,461	75,380	481,223	245,629
Losses on option contracts	(113,054)	(37,715)	(239,940)	(151,440)
	<u>\$ 34,407</u>	<u>37,665</u>	<u>241,283</u>	<u>94,189</u>

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
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	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Net gains (losses) on leverage derivatives				
Gains on leverage derivatives	\$ 477,276	144,899	1,426,603	426,332
Losses on leverage derivatives	(431,358)	(119,727)	(1,305,630)	(363,081)
	<u>\$ 45,918</u>	<u>25,172</u>	<u>120,973</u>	<u>63,251</u>
Net gains (losses) on equity derivatives				
Gains on equity derivatives	\$ 30,480	540	94,247	540
Losses on equity derivatives	(25,694)	(358)	(78,680)	(358)
	<u>\$ 4,786</u>	<u>182</u>	<u>15,567</u>	<u>182</u>
Net gains (losses) on derivative financial instruments - overseas subsidiaries	<u>\$ (12)</u>	<u>3,311</u>	<u>(355)</u>	<u>2,269</u>
Total gains on derivative financial instruments	\$ 890,479	288,856	2,503,262	890,211
Total losses on derivative financial instruments	(788,642)	(230,456)	(2,192,026)	(734,673)
Net gains (losses) on derivative financial instruments - overseas subsidiaries	(12)	3,311	(355)	2,269
	<u>\$ 101,825</u>	<u>61,711</u>	<u>310,881</u>	<u>157,807</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 September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Re-consigned futures trading	\$ 68,295	50,245	211,898	162,515
Futures introducing broker business	46,621	42,617	145,103	136,455
Commission expenses - CSC Futures (HK) Ltd.	29,648	24,406	79,232	81,267
	<u>\$ 144,564</u>	<u>117,268</u>	<u>436,233</u>	<u>380,237</u>

(v) Employee benefit, depreciation and amortization expenses

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Employee benefit expenses				
Salary expense	\$ 147,346	112,231	402,344	329,269
Labor and health insurance expense	7,789	7,181	22,496	21,407
Pension expense	3,820	9,268	10,912	17,969
Others	2,581	2,430	7,289	7,064
Depreciation expense	13,950	14,575	41,589	49,186
Amortization expense	1,641	2,217	5,404	6,860
	<u>\$ 177,127</u>	<u>147,902</u>	<u>490,034</u>	<u>431,755</u>

(vi) Other operating expenses

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Postage expense	\$ 16,345	14,984	46,427	44,737
Taxes	27,565	19,006	71,748	60,776
Rental expense	1,871	697	3,272	2,921
Information technology expense	53,398	41,003	162,899	118,756
Professional service fee	696	3,986	8,978	11,371
Others	21,546	21,517	68,350	69,811
	<u>\$ 121,421</u>	<u>101,193</u>	<u>361,674</u>	<u>308,372</u>

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vii) Other gains and losses

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Interest income	\$ 116,398	37,682	214,744	135,560
Dividend income	352	2,285	527	2,540
Net gains (losses) on non-operating financial instruments at fair value through profit or loss	1,620	(1,120)	909	(4,062)
Net gains (losses) on foreign exchange	14,737	(959)	41,018	(17,771)
Net gains (losses) on disposal of investments	4,717	(2,385)	2,676	14,714
Other non-operating revenue - other	8,291	5,348	18,713	14,098
Other non-operating expense - other	(4,816)	(1,840)	(9,133)	(5,335)
	<u>\$ 141,299</u>	<u>39,011</u>	<u>269,454</u>	<u>139,744</u>

(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 nine months ended September 30, 2022 and 2021, the estimated amounts of remuneration to employee were \$3,160, \$1,700, \$7,860 and \$5,800, and to directors and supervisors by the Company were \$3,160, \$1,700, \$7,860 and \$5,800, 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 nine months ended September 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 September 30, 2022, December 31 and September 30, 2021 the maximum credit exposure amounted to \$51,503,172, \$46,209,098 and \$45,819,775, respectively.

2) Concentration of credit risk

The exposure of credit risk by geographic region in September 30, 2022 as shown in below, mainly focusing on Taiwan (accounted for 84.62%), secondly in Asia (accounted for 14.08% excluded Taiwan), thirdly in North America (accounted for 0.78%). The proportion of investment by geographic region did not change significantly compared to the same period last year.

<u>Area</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Taiwan	\$ 43,579,939	40,050,017	39,646,505
Asia (excluded Taiwan)	7,249,177	5,512,355	5,603,406
North America	403,841	444,031	450,712
Europe	201,862	178,761	95,534
Oceania	68,353	23,934	23,618
Total	<u>\$ 51,503,172</u>	<u>46,209,098</u>	<u>45,819,775</u>

3) Impairment losses

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

	<u>September 30, 2022</u>		<u>December 31, 2021</u>		<u>September 30, 2021</u>	
	<u>Gross carrying amount</u>	<u>Impairment</u>	<u>Gross carrying amount</u>	<u>Impairment</u>	<u>Gross carrying amount</u>	<u>Impairment</u>
Current	\$ 460,732	6,856	441,744	7,020	391,917	7,075
Past due 0~30 days	-	-	-	-	-	-
Past due 31~120 days	-	-	-	-	-	-
Past due 121~360 days	-	-	-	-	-	-
Past due more than 360 days	-	-	-	-	-	-
	<u>\$ 460,732</u>	<u>6,856</u>	<u>441,744</u>	<u>7,020</u>	<u>391,917</u>	<u>7,075</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 September 30, 2022, December 31 and September 30, 2021, the loss allowance of receivables were recognized \$6,856, \$7,020 and \$7,075, respectively.

(Continued)

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 nine months ended September 30, 2022 and 2021 was as follows:

For the nine months ended September 30, 2022						
	12-month ECL	Lifetime ECL-not credit impaired	Lifetime ECL - credit impaired			Total
			Accounts receivable	Receivable- futures margin	Other receivables	
Balance on January 1	\$ -	-	-	7,020	-	7,020
Impairment losses (reversal of impairment losses)	-	-	748	(164)	-	584
Amounts written off	-	-	(748)	-	-	(748)
Balance on September 30	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>6,856</u>	<u>-</u>	<u>6,856</u>
For the nine months ended September 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	-	-	-	(181)	-	(181)
Amounts written off	-	-	-	(545)	-	(545)
Balance on September 30	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>7,075</u>	<u>-</u>	<u>7,075</u>

(Continued)

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
September 30, 2022							
Short-term borrowings	\$ 126,040	126,040	126,040	-	-	-	-
Financial liabilities at fair value through profit or loss	339,258	339,258	339,258	-	-	-	-
Futures traders' equity	43,265,265	43,265,265	43,265,265	-	-	-	-
Leverage contract trading- customers' equity	966,226	966,226	966,226	-	-	-	-
Accounts payable	110,094	110,094	110,094	-	-	-	-
Receipts under custody	7,233	7,233	7,233	-	-	-	-
Other payables	205,007	205,007	205,007	-	-	-	-
Lease liabilities	43,591	45,209	14,705	11,556	9,472	9,476	-
	<u>\$ 45,062,714</u>	<u>45,064,332</u>	<u>45,033,828</u>	<u>11,556</u>	<u>9,472</u>	<u>9,476</u>	<u>-</u>
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>
September 30, 2021							
Short-term borrowings	\$ 138,042	138,042	138,042	-	-	-	-
Financial liabilities at fair value through profit or loss	65,394	65,394	65,394	-	-	-	-
Futures traders' equity	39,053,627	39,053,627	39,053,627	-	-	-	-
Leverage contract trading- customers' equity	510,823	510,823	510,823	-	-	-	-
Accounts payable	55,924	55,924	55,924	-	-	-	-
Receipts under custody	6,833	6,833	6,833	-	-	-	-
Other payables	103,362	103,362	103,362	-	-	-	-
Lease liabilities	54,258	55,417	14,055	12,604	21,953	6,805	-
	<u>\$ 39,988,263</u>	<u>39,989,422</u>	<u>39,948,060</u>	<u>12,604</u>	<u>21,953</u>	<u>6,805</u>	<u>-</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Currency risk

1) Exposure to foreign currency risk

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

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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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

	September 30, 2021		
	Foreign currency (dollar)	Exchange rate	New Taiwan Dollars
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 646,203,333.29	27.8500	17,996,763
EUR	7,026,490.73	32.3200	227,096
GBP	3,077,663.25	37.4600	115,289
JPY	791,438,872.00	0.2490	197,068
HKD	82,388,890.28	3.5760	294,623
AUD	1,351,195.11	20.0700	27,118
CHF	85,308.53	29.8200	2,544
SGD	1,139,795.83	20.4700	23,332
KRW	1,041,436,510.00	0.0237	24,682
CNY	64,566,461.18	4.3050	277,959
MYR	34,652.28	6.3780	221
THB	2,964,216.47	0.8284	2,456
NZD	162,187.48	19.1800	3,111
CAD	179,398.48	21.9100	3,931
ZAR	508,974.74	1.8420	938
<u>Non-monetary items</u>			
USD	3,368,601.21	27.8500	93,816
JPY	2,042,083.00	0.2490	508
GBP	305.16	37.4600	11
NZD	1,270.22	19.1800	24
ZAR	24,560.30	1.8420	45
SGD	1.41	20.4700	-
<u>Investments under equity method</u>			
HKD	13,940,110.18	3.5760	49,850

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 30, 2021		
	Foreign currency (dollar)	Exchange rate	New Taiwan Dollars
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$ 615,108,015.11	27.8500	17,130,758
EUR	6,929,657.74	32.3200	223,967
GBP	2,944,964.47	37.4600	110,318
JPY	775,136,323.33	0.2490	193,009
HKD	92,402,216.78	3.5760	330,430
AUD	1,230,538.44	20.0700	24,697
CHF	33,373.43	29.8200	995
SGD	709,161.43	20.4700	14,517
KRW	987,704,997.36	0.0237	23,409
CNY	56,496,496.21	4.3050	243,217
MYR	20,306.39	6.3780	130
THB	1,522,850.00	0.8284	1,262
<u>Non-monetary items</u>			
USD	3,875.59	27.8500	108
CAD	6,239.63	21.9100	137
AUD	262.44	20.0700	5
CNY	516,150.40	4.3050	2,222
CHF	1,896.03	29.8200	57

The Group disclosed the summarized information on exchange gain or loss. The realized and unrealized exchange gains (losses) amounted to \$18,802, \$(1,682), \$51,692 and \$(21,002) for the three months and nine months ended September 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 nine months ended September 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 \$7,953 and \$8,337, respectively. The analytical basis was the same in both years.

(iv) Analysis in interest rates

For the nine months ended September 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 \$5,213 and \$5,137. 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:

		September 30, 2022			
Assets and Liabilities items	Total	Public quote of the same financial instrument in an active market (Level 1)	Observable price except public quote in an active market (Level 2)	Based neither on direct market data nor from the counter party (Level 3)	
Fair value evaluated on a recurring basis					
<u>Non derivative assets and liabilities</u>					
Assets:					
Financial assets at fair value through profit or loss					
Beneficiary certificate	\$ 6,985	6,985	-	-	
Stock investment	20,600	20,600	-	-	
Financial assets at fair value through other comprehensive income	43,737	42,568	-	1,169	
Liabilities:					
Financial liabilities at fair value through profit or loss	110,799	110,799	-	-	
<u>Derivative assets and liabilities</u>					
Assets:					
Financial assets at fair value through profit or loss	\$ 555,843	302,602	253,241	-	
Liabilities:					
Financial liabilities at fair value through profit or loss	228,459	218,779	9,680	-	
		December 31, 2021			
Assets and Liabilities items	Total	Public quote of the same financial instrument in an active market (Level 1)	Observable price except public quote in an active market (Level 2)	Based neither on direct market data nor from the counter party (Level 3)	
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	\$ 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	September 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)
<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	\$ 171,932	171,932	-	-
Stock investment	28,451	28,451	-	-
Financial assets at fair value through other comprehensive income	36,722	35,179	-	1,543
<u>Derivative assets and liabilities</u>				
Assets:				
Financial assets at fair value through profit or loss	\$ 150,606	98,584	52,022	-
Liabilities:				
Financial liabilities at fair value through profit or loss	65,394	62,866	2,528	-

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 nine months ended September 30, 2022 and 2021.

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

(In Thousands Dollars)

Item	For the nine months ended September 30, 2022							Ending Balance
	Beginning Balance	Gains and losses on valuation		Addition		Reduction		
		Amount recognized in profit or loss	Amount recognized in comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3	
Financial assets at fair value through other comprehensive income	\$ 1,581	-	(412)	-	-	-	-	1,169

Item	For the nine months ended September 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	-	194	-	-	-	-	1,543

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

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

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

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

	Change in fair value recognized in other comprehensive income	
	Favorable	Unfavorable
September 30, 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>
September 30, 2021		
Financial assets fair value through other comprehensive income	\$ <u>15</u>	<u>(15)</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 September 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	
September 30, 2022				
Financial liabilities				
Credit loan	USD	4,000	USD	4,000
December 31, 2021				
Financial liabilities				
Credit loan	USD	4,000	USD	4,000

(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.

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(u) Financing activities not affecting current cash flow

The Group's financing activities which did not affect the current cash flow for the nine months ended September 30, 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			September 30, 2022
			Other	Foreign exchange movement	Fair value changes	
Lease liabilities	\$ 47,129	(21,769)	16,620	1,611	-	43,591
Total liabilities from financing activities	<u>\$ 47,129</u>	<u>(21,769)</u>	<u>16,620</u>	<u>1,611</u>	<u>-</u>	<u>43,591</u>

	January 1, 2021	Cash flows	Non-cash changes			September 30, 2021
			Other	Foreign exchange movement	Fair value changes	
Lease liabilities	\$ 58,479	(25,740)	21,889	(370)	-	54,258
Total liabilities from financing activities	<u>\$ 58,479</u>	<u>(25,740)</u>	<u>21,889</u>	<u>(370)</u>	<u>-</u>	<u>54,258</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 September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 22,457	19,375	61,641	58,382
Post-employment benefits	267	4,990	783	5,509
Total	<u>\$ 22,724</u>	<u>24,365</u>	<u>62,424</u>	<u>63,891</u>

(d) Significant transactions with related parties

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

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>Brokerage fee revenue</u>				
Capital Securities Corporation	\$ 7,971	2,442	21,159	7,310
Funds issued by Capital Investment Trust Corp.	17	16	54	105
Other related parties	113	-	461	-
Total	<u>\$ 8,101</u>	<u>2,458</u>	<u>21,674</u>	<u>7,415</u>

	<u>September 30,</u>	<u>December 31,</u>	<u>September 30,</u>
	<u>2022</u>	<u>2021</u>	<u>2021</u>
<u>Futures traders' equity</u>			
Capital Securities Corporation	\$ 2,305,838	1,406,887	1,207,945
Funds issued by Capital Investment Trust Corp.	272,694	269,049	261,295
Other related parties	343	763	-
Total	<u>\$ 2,578,875</u>	<u>1,676,699</u>	<u>1,469,240</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 September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>Interest expense</u>				
Capital Securities Corporation	\$ 5	14	44	49
Funds issued by Capital Investment Trust Corp.	1	-	20	14
Total	<u>\$ 6</u>	<u>14</u>	<u>64</u>	<u>63</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Accounts payable and receivable:

<u>Accounts receivable</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Capital Securities Corporation	\$ <u>666</u>	<u>3,011</u>	<u>1,536</u>
<u>Accounts payable</u>			
Capital Securities Corporation	\$ <u>16,112</u>	<u>11,448</u>	<u>12,249</u>
<u>Other receivables (Note 1)</u>			
Capital Securities Corporation	\$ 31,768	3,846	3,852
CSC Securities (HK) Ltd.	<u>214</u>	<u>335</u>	<u>6,856</u>
Total	\$ <u>31,982</u>	<u>4,181</u>	<u>10,708</u>
<u>Other payables</u>			
Capital Securities Corporation (Note 2)	\$ 28,282	344	254
CSC Securities (HK) Ltd. (Note 3)	<u>583</u>	<u>949</u>	<u>1,731</u>
Total	\$ <u>28,865</u>	<u>1,293</u>	<u>1,985</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, payables for stock settlement, 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>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Bonds purchased under resale agreements	\$ <u>91,100</u>	<u>84,013</u>	<u>186,592</u>
Resale price under the agreements	\$ <u>91,142</u>	<u>84,021</u>	<u>186,604</u>
Interest rates	<u>0.65%~0.75%</u>	<u>0.20%~0.21%</u>	<u>0.16%~0.19%</u>
Date of repurchase	<u>2022.10.07~2022.10.14</u>	<u>2022.01.03~2022.01.14</u>	<u>2021.10.01~2021.10.15</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Interest income	<u>\$ 115</u>	<u>26</u>	<u>234</u>	<u>110</u>

(iv) Leases

The Group signed three-year lease contracts and rented the office from Capital Securities Corporation. As of September 30, 2022, December 31 and September 30, 2021, the total value of effective contracts were all \$53,289. For the three months and nine months ended September 30, 2022 and 2021, the Group recognized the amount of \$47, \$92, \$174 and \$311 as interest expense. As of September 30, 2022, December 31 and September 30, 2021, lease liabilities amounted to \$14,731, \$27,880 and \$32,240, 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 September 30, 2022, December 31 and September 30, 2021, the total value of effective contracts were all \$0 (HKD\$0 thousands). For the three months and nine months ended September 30, 2022 and 2021, the Group recognized the amount of \$0, \$0, \$0 and \$34 as interest expense. As of September 30, 2022, December 31 and September 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 September 30, 2022, December 31 and September 30, 2021, the total value of effective contract were all \$552 (CNY\$127 thousands). For the three months and nine months ended September 30, 2022 and 2021, the Group all recognized the amount of \$0 as interest expense. As of September 30, 2022, December 31 and September 30, 2021, lease liabilities were amounted to \$377, \$229 and \$363.

(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 September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Capital Securities Corporation	<u>\$ 213</u>	<u>229</u>	<u>627</u>	<u>698</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.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vi) Securities commission income

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

Related parties	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Capital Securities Corporation	\$ 2,181	8,628	11,296	20,722
CSC Securities (HK) Ltd.	19	97	174	524
	<u>\$ 2,200</u>	<u>8,725</u>	<u>11,470</u>	<u>21,246</u>

(vii) Interest income (Rent deposit interest)

Related parties	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Capital Securities Corporation	\$ 9	10	27	27

(viii) Securities brokerage charge

Related parties	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Capital Securities Corporation	\$ 46,051	42,334	143,493	135,531
CSC Securities (HK) Ltd.	-	88	-	342
	<u>\$ 46,051</u>	<u>42,422</u>	<u>143,493</u>	<u>135,873</u>

(ix) Information technology expenses

Related parties	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Capital Securities Corporation	\$ 12,048	11,997	36,143	35,990

(x) Stock service fees

Related parties	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Capital Securities Corporation	\$ 170	144	466	418

(xi) Human resource and legal service fees

Related parties	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Capital Securities Corporation	\$ 75	75	225	225

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(xii) Securities transaction fees

Related parties	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Capital Securities Corporation	\$ 826	28	1,153	114
CSC Securities (HK) Ltd.	-	88	-	342
Total	\$ 826	116	1,153	456

(xiii) Discretionary service commission fees

Related parties	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Capital Securities Corporation	-	20	-	109

(xiv) Management service fees

Related parties	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
CSC Securities (HK) Ltd.	\$ 1,071	752	2,895	2,356

(xv) Stationery and printing fees

Related parties	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Capital Securities Corporation	\$ 5	7	38	35

(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 September 30, 2022, December 31 and September 30, 2021, the open positions of futures and option contracts were as follows:

September 30, 2022

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

September 30, 2022

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/Short	Number of contracts			
Options contract:						
	Stock Options (Call)	Long	3	\$ 55	4	
	Stock Options (Put)	Short	2	(55)	(133)	
	TAIEX Options (Call)	Long	8,111	34,871	18,596	
	TAIEX Options (Call)	Short	9,960	(52,916)	(35,316)	
	TAIEX Options (Put)	Long	6,349	94,045	145,932	
	TAIEX Options (Put)	Short	5,802	(84,835)	(165,180)	
	TAIEX Weekly Options (Call)	Long	3,043	6,838	7,151	
	TAIEX Weekly Options (Call)	Short	3,120	(7,752)	(7,629)	
	TAIEX Weekly Options (Put)	Long	2,995	6,419	6,592	
	TAIEX Weekly Options (Put)	Short	2,566	(7,381)	(7,157)	
	Electronic Sector Index Options(Call)	Long	33	161	14	
	Electronic Sector Index Options(Call)	Short	24	(178)	(191)	
	Electronic Sector Index Options(Put)	Short	32	(516)	(2,720)	
	Finance Insurance Index Options(Call)	Long	81	247	132	
	Finance Insurance Index Options(Call)	Short	93	(451)	(227)	
	Finance Insurance Index Options(Put)	Long	111	633	1,000	
	Finance Insurance Index Options(Put)	Short	11	(81)	(226)	
	Subtotal			(10,896)		
Total				<u>\$ 267,940</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 Taix 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			(1,060)		
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			5,142		
Total				\$ <u>4,082</u>		

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

September 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	57	\$ 188,252	190,802	
	TAIEX Futures	Short	87	(293,978)	(294,391)	
	Mini TaieX Futures	Long	35	29,579	29,406	
	Mini TaieX Futures	Short	190	(160,824)	(159,875)	
	Electronic Sector Index Futures	Long	33	105,972	104,367	
	Financial Insurance Index Futures	Long	73	117,143	115,807	
	Stock Futures	Short	14	(4,086)	(4,127)	
	Mini TaieX Weekly Futures	Short	3	(2,531)	(2,541)	
	FTSE Taiwan 50 Index Futures	Short	16	(26,444)	(26,083)	
	Mini Electronic Futures	Long	6	2,391	2,370	
	Mini Electronic Futures	Short	69	(27,256)	(27,279)	
	E-Mini Nasdaq-100 Futures	Short	8	(68,311)	(64,733)	
	Subtotal			(140,093)		
Options contract:						
	Stock Options (Call)	Long	9	\$ 192	211	
	Stock Options (Call)	Short	15	-	-	
	Stock Options (Put)	Long	10	40	13	
	Stock Options (Put)	Short	14	(159)	(116)	
	TAIEX Options (Call)	Long	2,309	13,508	12,906	
	TAIEX Options (Call)	Short	977	(18,113)	(15,656)	
	TAIEX Options (Put)	Long	1,944	25,202	29,281	
	TAIEX Options (Put)	Short	1,766	(30,557)	(36,710)	
	TAIEX Weekly Options (Call)	Long	400	830	1,260	
	TAIEX Weekly Options (Call)	Short	236	(1,253)	(1,745)	
	TAIEX Weekly Options (Put)	Long	336	882	488	
	TAIEX Weekly Options (Put)	Short	205	(1,469)	(740)	
	Electronic Sector Index Options (Call)	Long	164	499	310	
	Electronic Sector Index Options (Call)	Short	285	(1,764)	(1,265)	
	Electronic Sector Index Options (Put)	Long	241	2,459	4,321	
	Electronic Sector Index Options (Put)	Short	149	(1,208)	(1,822)	
	Financial Insurance Index Options (Call)	Long	119	445	510	
	Financial Insurance Index Options (Call)	Short	493	(2,907)	(4,674)	
	Financial Insurance Index Options (Put)	Long	395	1,388	1,211	
	Financial Insurance Index Options (Put)	Short	47	(172)	(138)	
	Subtotal			(12,157)		
Total				\$ (152,250)		

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

Item	September 30, 2022	December 31, 2021	September 30, 2021
Leverage derivatives- long	\$ <u>3,063,243</u>	<u>3,800,382</u>	<u>2,269,632</u>
Leverage derivatives- short	\$ <u>3,056,022</u>	<u>3,787,547</u>	<u>3,513,237</u>
Equity derivatives- long	\$ <u>154,718</u>	<u>131,113</u>	<u>20,759</u>
Equity derivatives- short	\$ <u>154,721</u>	<u>131,101</u>	<u>20,758</u>

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

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

Art.	Calculation formula	Current Period		Last Period		Standard	Enforcement
		Calculation	Ratio	Calculation	Ratio		
17	Stockholders' equity	6,561,295	3.79	6,155,667	7.30	≥ 1	Satisfactory to requirement
	(Total liabilities– futures traders' equity)			1,730,051			
17	Current Assets	47,807,099	1.12	43,142,005	1.13	≥ 1	"
	Current Liabilities	42,620,642		38,324,422			
22	Stockholders' equity	6,561,295	588.46 %	6,155,667	552.08 %	≥ 60%	"
	Minimum paid-in capital	1,115,000		1,115,000		≥ 40%	
22	Post-adjustment net capital	4,613,631	55.80 %	4,872,781	69.27 %	≥ 20%	"
	Total customer margin deposits required for open positions of customers			8,268,683		7,034,455	

(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	63,020	63,020	6,302	6.75%	1	11,674		-		-	193,648	968,241
1	CSC Futures (HK) Ltd.	F611702	Account receivables -Customer	No	441,139	441,139	315,099	3.00%~ 4.25%	1	208,717		-		-	441,139	968,241
1	CSC Futures (HK) Ltd.	F613059	Account receivables -Customer	No	94,530	94,530	45,689	5.75%	1	24,428		-		-	193,648	968,241
1	CSC Futures (HK) Ltd.	F612688	Account receivables -Customer	No	15,755	15,755	15,755	4.75%	1	2,799		-		-	193,648	968,241
1	CSC Futures (HK) Ltd.	F612687	Account receivables -Customer	No	-	-	-	4.75%	1	534		-		-	193,648	968,241
1	CSC Futures (HK) Ltd.	F612851	Account receivables -Customer	No	63,020	63,020	-	4.75%	1	12,721		-		-	193,648	968,241
1	CSC Futures (HK) Ltd.	F613091	Account receivables -Customer	No	47,265	47,265	-	4.75%	1	7,930		-		-	193,648	968,241

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

Note 1: Type of Numbering

(1) 0 represents Parent company

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

Note 2: Type of Loans

(1) Business transactions

(2) Necessaries of short-term financing

(ii) Guarantees and endorsements for other parties:None

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

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

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

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

(vii) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	CSC Futures (HK) Ltd.	Capital True Partner Technology Co., Ltd.	3	Information technology expenses	397	General transaction	0.02%
2	Capital True Partner Technology Co., Ltd.	CSC Futures (HK) Ltd.	3	Other operating revenue	397	General transaction	0.02%
1	CSC Futures (HK) Ltd.	Capital True Partner Technology Co., Ltd.	3	Other payables	133		-%
2	Capital True Partner Technology Co., Ltd.	CSC Futures (HK) Ltd.	3	Accounts receivable	133		-%
2	Capital True Partner Technology Co., Ltd.	Capital Futures Corp.	2	Other operating revenue	16,864	General transaction	0.80%

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Capital Futures Corp.	Capital True Partner Technology Co., Ltd.	1	Professional service fees	16,864	General transaction	0.80%
0	Capital Futures Corp.	Capital True Partner Technology Co., Ltd.	1	Other payables	1,890		-%
2	Capital True Partner Technology Co., Ltd.	Capital Futures Corp.	2	Accounts receivable	1,890		-%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Futures traders' equity	417,970		0.81%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Customers' margin account	417,970		0.81%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Futures traders' equity	5,953,344		11.51%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Customers' margin account	5,520,350		10.67%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Customers' margin account	432,994		0.84%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Futures commission revenue	5,984	General transaction	0.29%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Futures commission expenses	5,984	General transaction	0.29%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Brokerage fee revenue	101,558	General transaction	4.85%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Futures commission expenses	101,558	General transaction	4.85%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Interest revenue	4,860	General transaction	0.23%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Financial cost	4,860	General transaction	0.23%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Other payables	5,778		0.01%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Other receivables	5,778		0.01%
3	Capital International Technology Corp.	Capital Futures Corp.	2	Professional service revenue	2,304	General transaction	0.11%
0	Capital Futures Corp.	Capital International Technology Corp.	1	Repair expenses	2,304	General transaction	0.11%
3	Capital International Technology Corp.	Capital Futures Corp.	2	Advance receipts	768		-%
0	Capital Futures Corp.	Capital International Technology Corp.	1	Other prepayment	768		-%

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

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

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

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

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

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Date of establishment	FSC Rule No.	Main businesses and products	Original investment amount		Balance as of September 30, 2022			Revenue of investee	Net income (losses) of investee	Share of profits/losses of investee	Cash dividend	Note
						September 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 %	968,241	259,621	(3,301)	(3,180)	-	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 %	28,703	2,304	(5,510)	(5,510)	-	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.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

(d) Information on investment in Mainland China:

(i) Investment in Mainland China and related information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of September 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	(43)	51.00%	51.00%	(22) B (3)	14,944	-
Capital Futures Technology (Shanghai) Co., Ltd.	Management consulting and information service business	18,863	(C)	18,863	-	-	18,863	(3,156)	100.00%	100.00%	(3,156) B (3)	8,797	-

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

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

Note 2: Investment gains and losses recognized during the period

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

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

(ii) Limitation on investment in Mainland China:

(In Thousands of New Taiwan Dollars)

Company Name	Accumulated Investment in Mainland China as of September 30, 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.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(17) Segment information:

(a) General information

The Group has one reportable segment: the brokerage segment. This segment is mainly involved in futures brokerage business. The Group's other operating segments are mainly involved in futures and securities business on a proprietary basis and advisory business, etc. For the three months and nine months ended September 30, 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 September 30, 2022				
	Brokerage business	Others	Adjustment and elimination	Total
Segment revenue	\$ <u>677,047</u>	<u>152,987</u>	<u>(100,140)</u>	<u>729,894</u>
Segment profit or loss	\$ <u>274,648</u>	<u>5,389</u>	<u>-</u>	<u>280,037</u>
For the three months ended September 30, 2021				
	Brokerage business	Others	Adjustment and elimination	Total
Segment revenue	\$ <u>554,938</u>	<u>81,717</u>	<u>(33,482)</u>	<u>603,173</u>
Segment profit or loss	\$ <u>158,198</u>	<u>(20,760)</u>	<u>-</u>	<u>137,438</u>
For the nine months ended September 30, 2022				
	Brokerage business	Others	Adjustment and elimination	Total
Segment revenue	\$ <u>1,918,054</u>	<u>354,725</u>	<u>(177,027)</u>	<u>2,095,752</u>
Segment profit or loss	\$ <u>626,690</u>	<u>27,806</u>	<u>-</u>	<u>654,496</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the nine months ended September 30, 2021			
	Brokerage business	Others	Adjustment and elimination	Total
Segment revenue	\$ 1,756,561	260,271	(117,308)	1,899,524
Segment profit or loss	\$ 511,702	(20,500)	-	491,202

(c) Information about regions

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

(d) Information about major customers

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

CAPITAL FUTURES CORPORATION

Financial Statements of Securities Dealing Department

For the Nine Months Ended September 30, 2022 and 2021

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

CAPITAL FUTURES CORPORATION
Securities Dealing Department's Balance Sheets
September 30, 2022, December 31, 2021, and September 30, 2021
(Expressed in Thousands of New Taiwan Dollars)

	September 30, 2022		December 31, 2021		September 30, 2021			September 30, 2022		December 31, 2021		September 30, 2021	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Assets								Liabilities and Equity					
Current assets:								Current liabilities:					
111100 Cash and cash equivalents (Note 6(a))	\$ 777,885	71	808,458	82	870,772	89	212000 Financial liabilities at fair value through profit or loss- current (Note 6(d))	\$ 110,799	10	-	-	-	-
112000 Financial assets at fair value through profit or loss-current (Note 6(b))	20,534	2	111,780	11	28,020	3	214130 Accounts payable	8,597	1	3,891	1	2,256	-
113200 Financial assets at fair value through comprehensive income- current (Note 6(b))	42,568	4	28,268	3	35,179	3	214170 Other payables	1,597	-	2,250	-	2,088	-
114100 Security borrowing margin	223,071	20	-	-	-	-	216000 Lease liabilities- current	105	-	270	-	276	-
114130 Accounts receivable	8,858	1	17,094	2	25,043	3		121,098	11	6,411	1	4,620	-
114150 Prepayments	68	-	3	-	23	-	Non-current liabilities:						
114170 Other receivables	396	-	288	-	560	-	226000 Lease liabilities- non-current	11	-	157	-	223	-
114600 Current income tax assets	37	-	44	-	36	-	Total liabilities	121,109	11	6,568	1	4,843	-
	1,073,417	98	965,935	98	959,633	98	Equity:						
Non-current assets:													
125000 Property and equipment	272	-	521	-	579	-	301000 Common stock	800,000	73	800,000	81	800,000	82
125800 Right-of-use assets	115	-	424	-	496	-	304000 Retained earnings	180,262	17	176,236	18	174,973	18
127000 Intangible assets	11	-	51	-	41	-	305000 Other equity	(9,289)	(1)	2,686	-	(508)	-
129000 Other non-current assets (Note 6(c))	18,267	2	18,559	2	18,559	2	Total equity	970,973	89	978,922	99	974,465	100
	18,665	2	19,555	2	19,675	2							
Total assets	\$ 1,092,082	100	985,490	100	979,308	100	Total liabilities and equity	\$ 1,092,082	100	985,490	100	979,308	100

See accompanying notes to financial statements of securities dealing department.

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

CAPITAL FUTURES CORPORATION

Securities Dealing Department's Statements of Comprehensive Income
For the three months and nine months ended September 30, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

	For the three months ended September 30,				For the nine months ended September 30, ,				
	2022		2021		2022		2021		
	Amount	%	Amount	%	Amount	%	Amount	%	
Income:									
410000	Net gains (losses) on sale of trading securities	\$ (2,916)	(9)	2,307	21	(30,463)	(263)	31,137	70
421300	Dividend revenue	2,625	8	7,998	74	4,466	38	9,566	21
421500	Net gains (losses) on measurement of trading securities at fair value through profit or loss	1,736	5	(1,291)	(12)	412	4	724	1
421600	Net gains (losses) on covering of borrowed securities and bonds with resale agreements-short sales	2,196	7	5,091	47	2,196	19	6,531	15
421610	Net gains (losses) on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss	24,317	76	(2,474)	(23)	24,317	210	-	-
428000	Other operating revenue (losses)	4,065	13	(723)	(7)	10,674	92	(3,231)	(7)
		<u>32,023</u>	<u>100</u>	<u>10,908</u>	<u>100</u>	<u>11,602</u>	<u>100</u>	<u>44,727</u>	<u>100</u>
Expenses:									
502000	Brokerage fees- proprietary trading	30	-	113	1	142	1	484	1
521200	Financial costs	-	-	2	-	2	-	5	-
521640	Loss from securities borrowing transactions	190	1	-	-	190	2	-	-
528000	Other operating expenditure	-	-	219	2	116	1	757	2
531000	Employee benefits expense	639	2	1,142	10	3,127	27	5,196	12
532000	Depreciation and amortization expense	138	-	175	2	482	4	541	1
533000	Other operating expenses	2,268	7	3,958	36	6,652	57	15,404	34
		<u>3,265</u>	<u>10</u>	<u>5,609</u>	<u>51</u>	<u>10,711</u>	<u>92</u>	<u>22,387</u>	<u>50</u>
	Net operating income	<u>28,758</u>	<u>90</u>	<u>5,299</u>	<u>49</u>	<u>891</u>	<u>8</u>	<u>22,340</u>	<u>50</u>
Non-operating income and expenses:									
602000	Other gains and losses	1,501	5	577	5	3,135	27	2,132	5
		<u>1,501</u>	<u>5</u>	<u>577</u>	<u>5</u>	<u>3,135</u>	<u>27</u>	<u>2,132</u>	<u>5</u>
902001	Net income before income tax	30,259	95	5,876	54	4,026	35	24,472	55
701000	Less: Income tax expenses	-	-	-	-	-	-	-	-
	Net income	<u>30,259</u>	<u>95</u>	<u>5,876</u>	<u>54</u>	<u>4,026</u>	<u>35</u>	<u>24,472</u>	<u>55</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	(2,879)	(9)	(11,029)	(100)	(11,975)	(103)	29,877	67
805599	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Subtotal of components that may not be reclassified subsequently to profit or loss	<u>(2,879)</u>	<u>(9)</u>	<u>(11,029)</u>	<u>(100)</u>	<u>(11,975)</u>	<u>(103)</u>	<u>29,877</u>	<u>67</u>
805000	Other comprehensive income	<u>(2,879)</u>	<u>(9)</u>	<u>(11,029)</u>	<u>(100)</u>	<u>(11,975)</u>	<u>(103)</u>	<u>29,877</u>	<u>67</u>
902006	Total comprehensive income	<u>\$ 27,380</u>	<u>86</u>	<u>(5,153)</u>	<u>(46)</u>	<u>(7,949)</u>	<u>(68)</u>	<u>54,349</u>	<u>122</u>

See accompanying notes to financial statements of securities dealing department.

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

CAPITAL FUTURES CORPORATION

Notes to the Financial Statements of Securities Dealing Department For the three months and nine months ended September 30, 2022 and 2021 (Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

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

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

The financial statements of the Department were authorized for issuance by the Board of Directors on November 10, 2022.

(3) New standards, amendments and interpretations adopted:

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

(4) Summary of significant accounting policies:

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

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

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

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

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

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Demand deposits	\$ 110,285	519,358	581,672
Time deposits	667,600	289,100	289,100
Total	<u>\$ 777,885</u>	<u>808,458</u>	<u>870,772</u>

(Continued)

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

(b) Financial assets

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Trading securities- proprietary trading	\$ 20,501	112,159	27,958
Trading securities- proprietary trading valuation adjustment	33	(379)	62
Total	<u>\$ 20,534</u>	<u>111,780</u>	<u>28,020</u>

If there is an increase in the securities price of 1% on the reporting date (assume that all other variables remained the same), the impact on after-tax comprehensive income for the nine months ended September 30, 2022 and 2021 will increase \$205 and \$280, respectively. Conversely, if there is a decrease in the securities price of 1% on the reporting date based on all other variables remained the same, there will be the same amount but opposite direction of influence.

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Equity investments at fair value through other comprehensive income			
Listed stocks	\$ 51,857	25,582	35,687
Valuation adjustment	(9,289)	2,686	(508)
Total	<u>\$ 42,568</u>	<u>28,268</u>	<u>35,179</u>

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

During the three months and nine months ended September 30, 2022 and 2021, the dividends of \$663, \$5,047, \$1,001 and \$6,439, respectively, related to equity investment at fair value through other comprehensive income held on the years then ended, were recognized.

During the three months and nine months ended September 30, 2022 and 2021, due to the consideration of asset allocation and managing and adjusting the investment portfolio, the Department sold shares of stocks for a fair value \$0, \$230,336, \$0 and \$430,896, respectively, and cumulative dispose gains (losses) for the three months and nine months ended September 30, 2022 and 2021, amounted to \$0, \$(5,182), \$0 and \$32,070, respectively, were transferred from other equity items to retained earnings.

(Continued)

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

(c) Other non-current assets

	September 30, 2022	December 31, 2021	September 30, 2021
Guarantee deposited for business operations	\$ 10,000	10,000	10,000
Settlement fund	8,267	8,559	8,559
Total	\$ 18,267	18,559	18,559

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

	September 30, 2022	December 31, 2021	September 30, 2021
Liabilities on sale of borrowed securities - non-hedging	\$ 135,116	-	-
Liabilities on sale of borrowed securities valuation adjustment - non-hedging	(24,317)	-	-
Total	\$ 110,799	-	-

(e) Financial Instruments

(i) Credit risk

The carrying amount of financial assets represents the maximum credit exposure. As of September 30, 2022, December 31 and September 30, 2021, the maximum credit exposure amounted to \$1,091,579, \$984,447 and \$914,934, respectively.

(ii) Liquidity risk

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

	Carrying amount	Contract cash flow	Within 6 months	6-12 months	1-2 year	2-5 year	More than 5 year
September 30, 2022							
Financial liabilities at fair value through profit or loss	\$ 110,799	110,799	110,799	-	-	-	-
Accounts payable	8,597	8,597	8,597	-	-	-	-
Other payables	1,597	1,597	1,597	-	-	-	-
Lease liabilities	116	117	61	45	11	-	-
Total	\$ 121,109	121,110	121,054	45	11	-	-
December 31, 2021							
Accounts payable	\$ 3,891	3,891	3,891	-	-	-	-
Other payables	2,250	2,250	2,250	-	-	-	-
Lease liabilities	427	430	139	134	157	-	-
Total	\$ 6,568	6,571	6,280	134	157	-	-

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	<u>Carrying amount</u>	<u>Contract cash flow</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 year</u>	<u>2-5 year</u>	<u>More than 5 year</u>
September 30, 2021							
Accounts payable	\$ 2,256	2,256	2,256	-	-	-	-
Other payables	2,088	2,088	2,088	-	-	-	-
Lease liabilities	499	504	146	134	224	-	-
Total	<u>\$ 4,843</u>	<u>4,848</u>	<u>4,490</u>	<u>134</u>	<u>224</u>	<u>-</u>	<u>-</u>

(iii) Currency risk

1) Exposure to foreign currency risk

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

<u>September 30, 2022</u>			
	<u>Foreign currency (dollar)</u>	<u>Exchange rate</u>	<u>New Taiwan Dollars</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 2,008,941.55	31.7500	63,784
<u>Financial liabilities</u>			
<u>Monetary items</u>			
SGD	1,704.00	22.2100	38
<u>December 31, 2021</u>			
	<u>Foreign currency (dollar)</u>	<u>Exchange rate</u>	<u>New Taiwan Dollars</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 3,404,631.92	27.6800	94,240
HKD	101.26	3.5490	-
CNY	45.30	4.3440	-
<u>Non-monetary items</u>			
USD	504,420.00	27.6800	13,962
<u>Financial liabilities</u>			
<u>Monetary items</u>			
SGD	321.70	20.4600	7

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Notes to the Financial Statements of Securities Dealing Department

	September 30, 2021		
	Foreign currency (dollar)	Exchange rate	New Taiwan Dollars
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 3,183,894.02	27.8500	88,671
CNY	45.30	4.3050	-
<u>Non-monetary items</u>			
USD	593,150.00	27.8500	16,519
<u>Financial liabilities</u>			
<u>Monetary items</u>			
SGD	643.87	20.4700	13

For the three months and nine months ended September 30, 2022 and 2021, the foreign exchange gains (losses) (including realized and unrealized) were \$4,065, \$(723), \$10,674 and \$(3,231), respectively.

(iv) Sensitivity analysis

The currency risk of the Department arises mainly from cash and cash equivalents, financial assets at fair value through profit or loss, accounts receivable, other receivables, other payables and lease liabilities which are denominated in foreign currency. As of nine months ended September 30, 2022 and 2021, with all other variable factors remained constantly, a strengthening (weakening) 1% of the TWD against the USD, would cause after-tax comprehensive income result in a decrease or an increase by \$510 and \$841, respectively. The analytical basis was the same in both years.

(v) Analysis in interest rates

For the nine months ended September 30, 2022 and 2021, with all other variable factors remained constantly, when the interest rate increases or decreases by 100 basis points, would cause after-tax comprehensive income resulting in an increase or a decrease by \$50 and \$51. This is mainly due to the Department's settlement fund in variable rate.

(vi) Fair value and hierarchy information

1) Fair value information

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

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

2) Based on fair value measurement

a) Hierarchy information of fair value

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

<u>September 30, 2022</u>				
<u>Assets and Liabilities items</u>	<u>Total</u>	<u>Public quote of the same financial instrument in an active market (Level 1)</u>	<u>Observable price except public quote in an active market (Level 2)</u>	<u>Based neither on direct market data nor from the counter party (Level 3)</u>
<u>Fair value evaluated on a recurring basis</u>				
<u>Non-derivative assets and liabilities</u>				
Assets:				
Financial assets at fair value through profit or loss				
Stock investment	\$ 20,534	20,534	-	-
Financial assets at fair value through other comprehensive income				
Stock investment	42,568	42,568	-	-
Liabilities :				
Financial liabilities at fair value through profit or loss	110,799	110,799	-	-
<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				
Stock investment	\$ 111,780	111,780	-	-
Financial assets at fair value through other comprehensive income				
Stock investment	28,268	28,268	-	-
<u>September 30, 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				
Stock investment	\$ 28,020	28,020	-	-
Financial assets at fair value through other comprehensive income				
Stock investment	35,179	35,179	-	-

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

b) Valuation techniques

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

3) Financial instruments not measured at fair value

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

(7) Related-party transactions:

(a) Parent company and ultimate controlling party

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

(b) Names and relationship with related parties

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

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

(c) Key management personnel compensation : None.

(d) Significant transactions with related parties

(i) Leases

The Department signed lease contracts from Capital Securities Corporation for the rental of office premises. As of September 30, 2022, December 31 and September 30, 2021, the total value of effective contracts of were \$291, \$807 and \$807, respectively. For the three months and nine months ended September 30, 2022 and 2021, the Department recognized the amount of \$0, \$2, \$2 and \$5 as interest expense. As of September 30, 2022, December 31 and September 30, 2021, lease liabilities were amounted to \$81, \$422 and \$488, respectively.

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

(ii) Prepaid repair and maintenance expenses

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Accounts payable</u>			
Capital International Technology Co., Ltd.	\$ <u>16</u>	<u>-</u>	<u>48</u>

(iii) Rental expenses

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

	<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
<u>Related parties</u>		
Capital Securities Corporation	\$ <u>72</u>	<u>72</u>

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

(iv) Information technology expenses

	<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
<u>Related parties</u>		
Capital Securities Corporation	\$ <u>728</u>	<u>720</u>

(v) Repair and maintenance expenses

	<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
<u>Related parties</u>		
Capital International Technology Co., Ltd.	\$ <u>48</u>	<u>48</u>

(8) Pledged assets:None

(9) Significant commitments and contingencies:None

(10) Losses due to major disasters:None

(11) Significant subsequent events:None

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

(12) Other:

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

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

(13) Other disclosures:

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

(14) Segment information:

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