

**CAPITAL FUTURES CORPORATION AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Report
For the Six Months Ended June 30, 2023 and 2022**

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

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Independent Auditors' Report

To the Board of Directors of Capital Futures Corporation

Opinion

We have audited the consolidated financial statements of Capital Futures Corporation and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of June 30, 2023, December 31, and June 30, 2022, and the consolidated statement of comprehensive income for the three months and six months ended June 30, 2023 and 2022, as well as the changes in equity and cash flows for the six months ended June 30, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2023, December 31, and June 30, 2022, and its consolidated financial performance for the three months and six months ended June 30, 2023 and 2022, as well as its consolidated cash flows for the six months ended June 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, the related rules of Preparing Financial Reports of Managed Futures Enterprises, the Regulations Governing the Preparation of Financial Reports by Securities Firms and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

Brokerage fee revenue recognized:

Related accounting policies of brokerage fee revenue recognized, please refer to Note 4(p) revenue recognition of the consolidated financial statements as of and for the year ended December 31, 2022. Explanation of brokerage fee revenue, please refer to the consolidated financial report Note 6(n)(i) comprehensive income statement brokerage fee revenue.

Explanation of key audit matters:

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

Audit procedures in response:

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

Other Matter

Capital Futures Corporation has prepared its parent-company-only financial statements as of and for the six months ended June 30, 2023 and 2022, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, the related rules of Preparing Financial Reports of Managed Futures Enterprises, the Regulations Governing the Preparation of Financial Reports by Securities Firms and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)

August 25, 2023

Notes to Readers

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

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

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**Consolidated Balance Sheets****June 30, 2023, December 31, 2022, and June 30, 2022****(Expressed in Thousands of New Taiwan Dollars)**

Assets		June 30, 2023		December 31, 2022		June 30, 2022		Liabilities and Equity		June 30, 2023		December 31, 2022		June 30, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
111100	Cash and cash equivalents (Note 6(a))	\$ 4,969,283	10	5,156,882	10	5,754,765	11	211100	Short-term borrowings (Note 6(h))	\$ -	-	-	-	147,440	-
112000	Financial assets at fair value through profit or loss- current (Note 6(b))	1,219,156	3	574,791	1	551,863	1	212000	Financial liabilities at fair value through profit or loss- current (Note 6(b))	123,563	-	844,885	2	234,039	1
113200	Financial assets at fair value through other comprehensive income- current (Note 6(b))	14,459	-	43,686	-	43,546	-	214080	Futures traders' equity (Note 6(e))	41,601,302	83	41,087,125	82	44,849,132	84
114010	Bonds purchased under resale agreements (Note 6(b))	44,294	-	43,166	-	65,051	-	214100	Leverage contract trading - customers' equity	856,723	2	849,887	2	829,796	2
114070	Customers margin accounts (Note 6(e))	41,793,943	83	41,252,625	83	44,948,848	85	214130	Accounts payable	128,921	-	52,349	-	49,792	-
114080	Receivable - futures margin (Note 6(f))	5	-	7	-	136	-	214140	Accounts payable- related parties (Note 7)	10,836	-	12,761	-	17,001	-
114090	Security borrowing collateral price	31,707	-	473,545	1	-	-	214150	Advance receipts	1,780	-	2,215	-	2,562	-
114100	Security borrowing margin	45,573	-	868,437	2	-	-	214160	Receipts under custody	5,776	-	5,196	-	6,639	-
114130	Accounts receivable	27,289	-	10,552	-	24,891	-	214170	Other payables	792,838	2	223,095	-	508,444	1
114140	Accounts receivable- related parties (Note 7)	1,241	-	884	-	805	-	214180	Other payables- related parties (Note 7)	878	-	4,620	-	27,994	-
114150	Prepayments	102,589	-	39,686	-	10,593	-	214600	Current income tax liabilities	80,521	-	82,948	-	37,184	-
114170	Other receivables	578,329	1	207,742	-	340,242	-	215100	Provisions- current	6,834	-	6,039	-	6,703	-
114180	Other receivables- related parties (Note 7)	5,853	-	7,414	-	31,399	-	216000	Lease liabilities- current (Note 6(i))	16,097	-	20,616	-	28,262	-
114300	Leverage contract trading-customers' margin accounts	856,783	2	856,021	2	827,172	2	219000	Other current liabilities	20,645	-	13,751	-	39,682	-
114600	Current income tax assets	226	-	233	-	235	-			43,646,714	87	43,205,487	86	46,784,670	88
119000	Other current assets	-	-	-	-	2	-	Non-current liabilities:							
		49,690,730	99	49,535,671	99	52,599,548	99	226000	Lease liabilities- non-current (Note 6(i))	30,218	-	16,540	-	21,784	-
Non-current assets:								228000	Deferred income tax liabilities	45,160	-	37,828	-	37,234	-
123200	Financial assets at fair value through other comprehensive income- non- current (Note 6(b))	116,907	-	1,263	-	1,191	-			75,378	-	54,368	-	59,018	-
125000	Property and equipment (Note 6(c))	39,041	-	42,724	-	41,186	-	906003	Total liabilities	43,722,092	87	43,259,855	86	46,843,688	88
125800	Right-of-use assets (Note 6(d))	46,017	-	36,948	-	49,703	-	Equity attributable to owners of parent:							
127000	Intangible assets (Note 6(g))	60,044	-	61,640	-	64,934	-	301010	Common stock (Note 6(l))	2,104,376	4	2,104,376	4	2,104,376	4
129000	Other non-current assets	425,729	1	365,122	1	366,325	1	302000	Capital surplus (Note 6(l))	1,663,251	3	1,663,251	3	1,663,251	3
		687,738	1	507,697	1	523,339	1	304010	Legal reserve	757,377	2	678,939	2	678,939	1
								304020	Special reserve	1,650,772	3	1,579,617	3	1,579,617	3
								304040	Unappropriated earnings (Note 6(l))	491,615	1	785,292	2	315,761	1
								305000	Other equity	(13,619)	-	(30,087)	-	(65,251)	-
										6,653,772	13	6,781,388	14	6,276,693	12
										2,604	-	2,125	-	2,506	-
								906004	Total equity	6,656,376	13	6,783,513	14	6,279,199	12
906001	Total assets	\$ 50,378,468	100	50,043,368	100	53,122,887	100	906002	Total liabilities and equity	\$ 50,378,468	100	50,043,368	100	53,122,887	100

See accompanying notes to consolidated financial statements.

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

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES

Consolidated Statement of Comprehensive Income

For the three months and six months ended June 30, 2023 and 2022

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

	For the three months ended June 30,				For the six months ended June 30,				
	2023		2022		2023		2022		
	Amount	%	Amount	%	Amount	%	Amount	%	
Income:									
401000	Brokerage fee revenue (Note 6(n))	\$ 374,904	94	503,535	73	802,204	87	998,294	73
410000	Net gains (losses) on sale of trading securities	14,127	3	(23,648)	(3)	15,042	2	(27,547)	(2)
421300	Dividend revenue	82,628	21	1,517	-	82,752	9	1,841	-
421500	Net gains (losses) on measurement of trading securities at fair value through profit or loss	(52,908)	(13)	(1,260)	-	(53,570)	(6)	(1,338)	-
421600	Net gains (losses) on covering of borrowed securities and bonds with resale agreements-short sales	(25,077)	(6)	-	-	(80,208)	(9)	-	-
421610	Net gains (losses) on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss	(213)	-	-	-	(20,339)	(2)	-	-
424100	Futures commission revenue (Note 6(n))	67,038	17	79,907	12	121,332	13	154,178	11
424200	Securities commission revenue	3,192	1	2,649	-	5,940	1	9,270	1
424400	Net gains (losses) on derivative instruments- futures (Note 6(n))	(100,477)	(25)	68,799	10	(13,976)	(2)	123,220	9
424500	Net gains (losses) on derivative instruments - OTC (Note 6(n))	30,197	7	43,002	6	52,767	6	85,836	6
424800	Management fee revenue	723	-	114	-	1,164	-	265	-
424900	Consulting fee revenue	1,584	-	4,146	1	3,832	-	8,186	1
428000	Other operating revenue	4,044	1	7,097	1	5,980	1	13,653	1
		<u>399,762</u>	<u>100</u>	<u>685,858</u>	<u>100</u>	<u>922,920</u>	<u>100</u>	<u>1,365,858</u>	<u>100</u>
Expenses:									
501000	Brokerage fees	68,294	17	81,487	12	130,102	14	158,348	12
502000	Brokerage fees - proprietary trading	1,216	-	2,845	-	3,391	1	4,861	-
521200	Financial costs	11,684	3	3,040	-	19,482	2	4,796	-
425300	Expected credit impairment losses and reversal gains (Note 6(o))	(76)	-	670	-	(151)	-	615	-
524100	Futures commission expenses (Note 6(n))	101,583	25	146,563	22	210,609	23	291,669	21
524300	Clearing and settlement expenses	38,426	10	52,736	8	76,075	8	101,924	8
528000	Other operating expenditure	1,672	-	2,183	-	3,223	-	4,181	-
531000	Employee benefit expenses (Note 6(n))	149,028	37	139,430	21	302,061	33	281,505	21
532000	Depreciation and amortization expenses (Note 6(n))	14,508	4	15,060	2	27,862	3	31,402	2
533000	Other operating expenses (Note 6(n))	114,251	29	122,526	18	228,475	25	240,253	18
		<u>500,586</u>	<u>125</u>	<u>566,540</u>	<u>83</u>	<u>1,001,129</u>	<u>109</u>	<u>1,119,554</u>	<u>82</u>
	Net operating income	<u>(100,824)</u>	<u>(25)</u>	<u>119,318</u>	<u>17</u>	<u>(78,209)</u>	<u>(9)</u>	<u>246,304</u>	<u>18</u>
Non-operating income and expenses:									
602000	Other gains and losses (Note 6(n))	413,200	103	68,266	10	697,688	76	128,155	9
		<u>413,200</u>	<u>103</u>	<u>68,266</u>	<u>10</u>	<u>697,688</u>	<u>76</u>	<u>128,155</u>	<u>9</u>
902001	Net income before income tax	312,376	78	187,584	27	619,479	67	374,459	27
701000	Less: Income tax expenses (Note 6(k))	62,744	16	27,609	4	128,136	14	59,757	4
	Net income	<u>249,632</u>	<u>62</u>	<u>159,975</u>	<u>23</u>	<u>491,343</u>	<u>53</u>	<u>314,702</u>	<u>23</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	1,375	-	(9,023)	(1)	8,645	1	(9,486)	(1)
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>1,375</u>	<u>-</u>	<u>(9,023)</u>	<u>(1)</u>	<u>8,645</u>	<u>1</u>	<u>(9,486)</u>	<u>(1)</u>
805600	Components that may be reclassified subsequently to profit or loss:								
805610	Exchange differences on translation of foreign operations	23,179	6	31,612	5	8,397	1	58,109	4
805699	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Subtotal of components that may be reclassified subsequently to profit or loss	<u>23,179</u>	<u>6</u>	<u>31,612</u>	<u>5</u>	<u>8,397</u>	<u>1</u>	<u>58,109</u>	<u>4</u>
805000	Other comprehensive income	<u>24,554</u>	<u>6</u>	<u>22,589</u>	<u>4</u>	<u>17,042</u>	<u>2</u>	<u>48,623</u>	<u>3</u>
902006	Total comprehensive income	<u>\$ 274,186</u>	<u>68</u>	<u>182,564</u>	<u>27</u>	<u>508,385</u>	<u>55</u>	<u>363,325</u>	<u>26</u>
Net income attributable to:									
913100	Shareholders of the parent	\$ 249,330	62	159,960	23	490,792	53	314,844	23
913200	Non-controlling interests	302	-	15	-	551	-	(142)	-
		<u>\$ 249,632</u>	<u>62</u>	<u>159,975</u>	<u>23</u>	<u>491,343</u>	<u>53</u>	<u>314,702</u>	<u>23</u>
Comprehensive income attributable to:									
914100	Shareholders of the parent	\$ 273,967	68	182,585	27	507,906	55	363,270	26
914200	Non-controlling interests	219	-	(21)	-	479	-	55	-
		<u>\$ 274,186</u>	<u>68</u>	<u>182,564</u>	<u>27</u>	<u>508,385</u>	<u>55</u>	<u>363,325</u>	<u>26</u>
975000	Basic earnings per share (NT dollars) (Note 6(m))	<u>\$ 1.18</u>		<u>0.76</u>		<u>2.33</u>		<u>1.50</u>	
985000	Diluted earnings per share (NT dollars) (Note 6(m))	<u>\$ 1.18</u>		<u>0.76</u>		<u>2.33</u>		<u>1.50</u>	

See accompanying notes to consolidated financial statements.

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

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES

Consolidated Statement of Changes in Equity

For the six months ended June 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
	Stock		Retained earnings				Other equity				Non-controlling interests	Total equity
	Common stocks	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Equity related to non-current assets classified as held for sale	Total equity attributable to owners of parent			
Balance at January 1, 2022	\$ 2,104,376	1,663,621	626,803	1,446,574	522,796	(117,825)	4,148	(2,129)	6,248,364	25,734	6,274,098	
Net income for the six months ended June 30, 2022	-	-	-	-	314,844	-	-	-	314,844	(142)	314,702	
Other comprehensive income	-	-	-	-	-	57,912	(9,486)	-	48,426	197	48,623	
Total comprehensive income	-	-	-	-	314,844	57,912	(9,486)	-	363,270	55	363,325	
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	52,136	-	(52,136)	-	-	-	-	-	-	
Special reserve	-	-	-	104,273	(104,273)	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(336,700)	-	-	-	(336,700)	-	(336,700)	
Special reserve for the contra equity account	-	-	-	28,770	(28,770)	-	-	-	-	-	-	
Disposal of subsidiaries or investments accounted for using equity method	-	-	-	-	-	-	-	2,129	2,129	-	2,129	
Difference between consideration and carrying amount of subsidiaries acquired	-	(370)	-	-	-	-	-	-	(370)	-	(370)	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(23,283)	(23,283)	
Balance at June 30, 2022	\$ 2,104,376	1,663,251	678,939	1,579,617	315,761	(59,913)	(5,338)	-	6,276,693	2,506	6,279,199	
Balance at January 1, 2023	\$ 2,104,376	1,663,251	678,939	1,579,617	785,292	(23,060)	(7,027)	-	6,781,388	2,125	6,783,513	
Net income for the six months ended June 30, 2023	-	-	-	-	490,792	-	-	-	490,792	551	491,343	
Other comprehensive income	-	-	-	-	-	8,469	8,645	-	17,114	(72)	17,042	
Total comprehensive income	-	-	-	-	490,792	8,469	8,645	-	507,906	479	508,385	
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	78,438	-	(78,438)	-	-	-	-	-	-	
Special reserve	-	-	-	156,874	(156,874)	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(635,522)	-	-	-	(635,522)	-	(635,522)	
Reversal of special reserve for the contra equity account	-	-	-	(85,719)	85,719	-	-	-	-	-	-	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	646	-	(646)	-	-	-	-	
Balance at June 30, 2023	\$ 2,104,376	1,663,251	757,377	1,650,772	491,615	(14,591)	972	-	6,653,772	2,604	6,656,376	

See accompanying notes to consolidated financial statements.

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

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**Consolidated Statement of Cash Flows****For the six months ended June 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	For the six months ended June 30,	
	2023	2022
Cash flows from (used in) operating activities:		
Net income before income tax	\$ 619,479	374,459
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expenses	25,219	27,639
Amortization expenses	2,643	3,763
Expected credit impairment loss (reversal gains)	(151)	615
Net loss on financial assets or liabilities at fair value through profit or loss	203,122	2,049
Interest expenses	19,482	4,796
Interest income (including financial income)	(564,532)	(98,346)
Dividend revenue	(306,918)	(2,016)
Losses on disposal of property and equipment	-	10
Impairment losses	2,231	2,445
Loss (gain) on lease modification	-	717
Losses on disposal of Joint Venture	-	1,210
Total adjustments to reconcile profit	<u>(618,904)</u>	<u>(57,118)</u>
Changes in operating assets and liabilities:		
Increase in financial assets at fair value through profit or loss	(827,148)	(196,010)
Decrease (increase) in bond purchased under resale agreements	(1,128)	18,962
Increase in customer margin accounts	(541,318)	(5,693,771)
Decrease (increase) in receivable-futures margin	153	(28)
Increase in leverage contract trading - customer's margin accounts	(762)	(202,940)
Decrease in security borrowing margin	822,864	-
Decrease in security borrowing collateral price	441,838	-
Increase in accounts receivable	(16,737)	(6,857)
Decrease (increase) in accounts receivable - related parties	(357)	2,206
Increase in prepayments	(5,123)	(2,790)
Increase in net defined benefit asset	(1,319)	(4,330)
Decrease (increase) in other receivables	(54,894)	77,112
Decrease (increase) in other receivables- related parties	1,561	(27,214)
Increase in clearing and settlement fund	(58,221)	(11,005)
Increase in refundable deposits	(1,067)	(432)
Increase (decrease) in financial liabilities at fair value through profit or loss	(741,661)	166,233
Increase in futures traders' equity	514,177	5,643,129
Increase in leverage contract trading - customer's equity	6,836	198,966
Increase in accounts payable	76,572	4,099
Increase (decrease) in accounts payable - related parties	(1,925)	5,553
Decrease in advance receipts	(435)	(690)
Increase in receipts under custody	580	1,719
Increase (decrease) in other payables	(66,081)	35,423
Increase (decrease) in other payables - related parties	(2,383)	26,702
Increase in provisions for liabilities	795	1,085
Increase in other current liabilities	6,894	29,914
Total changes in operating assets and liabilities	<u>(448,289)</u>	<u>65,036</u>
Total adjustments	<u>(1,067,193)</u>	<u>7,918</u>
Cash inflow (outflow) generated from operations	(447,714)	382,377
Interest received	554,778	91,600
Dividends received	979	902
Interest paid	(20,645)	(4,682)
Income taxes paid	(123,231)	(39,876)
Net cash flows from (used in) operating activities	<u>(35,833)</u>	<u>430,321</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(114,382)	(24,374)
Proceeds from disposal of financial assets at fair value through other comprehensive income	36,610	-
Acquisition of property and equipment	(7,104)	(7,166)
Acquisition of intangible assets	(3,272)	(426)
Proceeds from disposal of non-current assets held-for-sale	-	51,031
Increase in prepayments for business facilities	(57,780)	-
Net cash flows from (used in) investing activities	<u>(145,928)</u>	<u>19,065</u>
Cash flows from (used in) financing activities:		
Increase in short-term loans	-	37,656
Payments of lease liabilities	(14,188)	(14,022)
Acquisition of ownership interests in subsidiaries	-	(23,653)
Net cash flows used in financing activities	<u>(14,188)</u>	<u>(19)</u>
Effect of exchange rate changes on cash and cash equivalents	8,350	57,354
Net increase (decrease) in cash and cash equivalents	(187,599)	506,721
Cash and cash equivalents at beginning of period	5,156,882	5,248,044
Cash and cash equivalents at end of period	<u>\$ 4,969,283</u>	<u>5,754,765</u>

See accompanying notes to consolidated financial statements.

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

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the June 30, 2023 and 2022

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

(1) Company history

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

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

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

The consolidated financial statements were authorized for issuance by the Board of Directors on August 25, 2023.

(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, 2023:

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

(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, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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

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

(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, 2022. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Basis of preparation

(i) Basis of measurement

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

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

(ii) Functional and presentation currency

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

(c) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

Principles of preparation of the consolidated financial statements are the same as those of the consolidated financial statements for the year ended December 31, 2022. For the related information, please refer to note 4 (c) of the consolidated financial statements for the year ended December 31, 2022.

Subsidiaries included in the consolidated financial report are as follows:

Name of the investor	Subsidiaries	Business type	Ratio of Equity Ownership			Note
			June 30, 2023	December 31, 2022	June 30, 2022	
The Company	CSC Futures (HK) Ltd.	Futures dealing business and other businesses permitted by local law of Hong Kong	100.00 %	100.00 %	100.00 %	(Note 1)
The Company	Capital International Technology Corp.	Management consulting and information service business.	100.00 %	100.00 %	100.00 %	
Capital International Technology Corp.	Capital True Partner Technology Co., Ltd.	Management consulting and information service business.	51.00 %	51.00 %	51.00 %	
Capital International Technology Corp.	Capital Futures Technology (Shanghai) Co., Ltd.	Management, consulting and information service business.	100.00 %	100.00 %	100.00 %	

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Employee benefits

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

(e) Income tax

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

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

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

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

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

In these consolidated financial statements, judgments and key sources of estimation uncertainty used by management in the application of critical accounting policies are expected to be consistent with those of Note 5 of the consolidated financial statements for the year ended December 31, 2022.

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts:

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2022 consolidated financial statements. Please refer to note 6 to the 2022 annual consolidated financial statements.

(a) Cash and cash equivalents

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Cash	\$ 148	112	140
Demand deposits	669,982	238,610	436,579
Time deposits	3,051,397	3,747,221	4,314,748
Futures margin- excess margin	930,765	1,170,939	1,003,298
Commercial paper	316,991	-	-
Total	<u>\$ 4,969,283</u>	<u>5,156,882</u>	<u>5,754,765</u>

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

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Open-ended funds and money- market instruments	\$ 20,000	20,000	15,000
Open-ended funds and money- market instruments valuation adjustment	233	(269)	-
Trading securities- proprietary trading	882,382	18,204	17,505
Trading securities- proprietary trading valuation adjustment	(184,906)	447	(1,871)
Securities invested by securities broker	27,345	15,996	48,253
Securities invested by securities broker valuation adjustment	1,623	(453)	(2,135)
Call options- non-hedging	103,947	89,232	190,009
Futures margin- proprietary fund- non-hedging	139,691	211,865	88,923
Leverage derivatives- non-hedging	215,263	202,915	189,986
Equity derivatives- non-hedging	13,578	16,854	6,193
Total	<u>\$ 1,219,156</u>	<u>574,791</u>	<u>551,863</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 June 30, 2023 and 2022, will increase \$7,467 and \$768, 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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Equity investments at fair value through other comprehensive income			
Listed stocks	\$ 15,893	51,857	49,956
Valuation adjustment	<u>(1,434)</u>	<u>(8,171)</u>	<u>(6,410)</u>
Total	<u>\$ 14,459</u>	<u>43,686</u>	<u>43,546</u>

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

During the three months and six months ended June 30, 2023 and 2022, the dividends of \$0, \$214, \$124 and \$338, related to equity investment at fair value through other comprehensive income held on June 30, 2023 and 2022, respectively, were recognized. For investments in equity securities disposed of for the three months and six months ended June 30, 2023 and 2022, the dividends of \$0, \$0, \$124 and \$0, were recognized in the reported periods.

During the three months and six months ended June 30, 2023 and 2022, due to the consideration of asset allocation and managing and adjusting the investment portfolio, the Group sold shares of stocks for a fair value \$25,420, \$0, \$36,610 and \$0, respectively, and cumulative dispose gains for the three months and six months ended June 30, 2023 and 2022, amounted to \$457, \$0, \$646 and \$0, respectively, were transferred from other equity items to retained earnings.

(iii) Bonds purchased under resale agreements

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Bonds purchased under resale agreements	<u>\$ 44,294</u>	<u>43,166</u>	<u>65,051</u>
Resale price under the agreements	<u>\$ 44,318</u>	<u>43,190</u>	<u>65,072</u>
Interest rates	<u>0.85%</u>	<u>0.77%</u>	<u>0.45%~0.50%</u>
Date of repurchase	<u>2023.07.03~2023.07.14</u>	<u>2023.01.03~2023.01.13</u>	<u>2022.07.08~2022.07.18</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

Equity instruments at fair value through other comprehensive income:

Investee Company	June 30, 2023		December 31, 2022		June 30, 2022	
	Ownership ratio	Amount	Ownership ratio	Amount	Ownership ratio	Amount
Taiwan Futures Exchange Co., Ltd	0.0042 %	\$ 1,509	0.0042 %	1,263	0.0042 %	1,191
CME Group	0.0056 %	115,398	- %	-	- %	-
Total		<u>\$ 116,907</u>		<u>1,263</u>		<u>1,191</u>

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

During the three months and six months ended June 30, 2023 and 2022, the dividends of \$531, \$56, \$543 and \$56, related to equity investments at fair value through other comprehensive income held on June 30, 2023 and 2022, respectively, were recognized. No strategic investments were disposed of during the three months and six months ended June 30, 2023 and 2022, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

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

	June 30, 2023	December 31, 2022	June 30, 2022
Put options - non-hedging	\$ 71,939	128,886	224,028
Liabilities on sale of borrowed securities - non-hedging	47,537	704,686	-
Liabilities on sale of borrowed securities valuation adjustment - non-hedging	1,044	(19,315)	-
Leverage derivatives- non-hedging	2,932	28,918	9,828
Equity derivatives- non-hedging	111	1,710	183
	<u>\$ 123,563</u>	<u>844,885</u>	<u>234,039</u>

(c) Property and equipment

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

	Office equipment	Leasehold improvements	Total
Cost:			
Balance at January 1, 2023	\$ 134,820	11,132	145,952
Additions	6,875	229	7,104
Effect of exchange rate changes	198	25	223
Balance at June 30, 2023	<u>\$ 141,893</u>	<u>11,386</u>	<u>153,279</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
Balance at January 1, 2022	\$ 116,554	16,704	133,258
Additions	6,878	288	7,166
Disposal	(21)	-	(21)
Effect of exchange rate changes	2,580	211	2,791
Balance at June 30, 2022	<u>\$ 125,991</u>	<u>17,203</u>	<u>143,194</u>
Accumulated depreciation:			
Balance at January 1, 2023	\$ 97,369	5,859	103,228
Depreciation	9,678	1,163	10,841
Effect of exchange rate changes	165	4	169
Balance at June 30, 2023	<u>\$ 107,212</u>	<u>7,026</u>	<u>114,238</u>
Balance at January 1, 2022	\$ 76,661	9,225	85,886
Depreciation	12,160	1,805	13,965
Disposal	(11)	-	(11)
Effect of exchange rate changes	2,129	39	2,168
Balance at June 30, 2022	<u>\$ 90,939</u>	<u>11,069</u>	<u>102,008</u>
Carrying amounts:			
Balance at January 1, 2023	<u>\$ 37,451</u>	<u>5,273</u>	<u>42,724</u>
Balance at June 30, 2023	<u>\$ 34,681</u>	<u>4,360</u>	<u>39,041</u>
Balance at June 30, 2022	<u>\$ 35,052</u>	<u>6,134</u>	<u>41,186</u>

As of June 30, 2023, December 31 and June 30, 2022, the Group did not provide any property and equipment as collateral and pledge.

(d) 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, 2023	\$ 90,880	9,895	100,775
Additions	23,440	-	23,440
Effect of exchange rate changes	42	-	42
Balance at June 30, 2023	<u>\$ 114,362</u>	<u>9,895</u>	<u>124,257</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Buildings</u>	<u>Equipment</u>	<u>Total</u>
Balance at January 1, 2022	\$ 80,426	7,383	87,809
Additions	14,545	2,512	17,057
Derecognition	(3,125)	-	(3,125)
Decrease	(1,550)	-	(1,550)
Effect of exchange rate changes	1,166	-	1,166
Balance at June 30, 2022	<u>\$ 91,462</u>	<u>9,895</u>	<u>101,357</u>
Accumulated depreciation:			
Balance at January 1, 2023	\$ 58,090	5,737	63,827
Depreciation	13,195	1,183	14,378
Effect of exchange rate changes	35	-	35
Balance at June 30, 2023	<u>\$ 71,320</u>	<u>6,920</u>	<u>78,240</u>
Balance at January 1, 2022	\$ 37,421	3,351	40,772
Depreciation	12,472	1,202	13,674
Derecognition	(3,125)	-	(3,125)
Effect of change rate changes	333	-	333
Balance at June 30, 2022	<u>\$ 47,101</u>	<u>4,553</u>	<u>51,654</u>
Carrying amounts:			
Balance at January 1, 2023	<u>\$ 32,790</u>	<u>4,158</u>	<u>36,948</u>
Balance at June 30, 2023	<u>\$ 43,042</u>	<u>2,975</u>	<u>46,017</u>
Balance at June 30, 2022	<u>\$ 44,361</u>	<u>5,342</u>	<u>49,703</u>

(e) Customers margin accounts/futures traders' equity

As of June 30, 2023, December 31 and June 30, 2022, the differences between customers' margin accounts and futures traders' equity were reconciled as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Customers margin accounts			
Cash in bank	\$ 30,371,542	31,462,155	34,370,623
Balance of the futures clearing house	5,712,652	5,428,820	6,381,384
Balance of other futures commission merchants	5,708,970	4,338,662	4,194,979
Marketable securities	779	22,988	1,862
Balance of customers margin accounts	<u>41,793,943</u>	<u>41,252,625</u>	<u>44,948,848</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Plus adjustment items:			
Commission cost	\$ 4,377	4,214	3,405
Others	-	-	360
Deduction adjustment items:			
Brokerage fee revenue	(17,160)	(15,952)	(17,373)
Futures transaction tax	(2,116)	(1,617)	(3,039)
Interest income	(11,104)	(5,668)	(723)
Temporary credits	(762)	(29,355)	(9,542)
Remittance amount of the customers after the market closed	(18,825)	(11,610)	(36,501)
Other receivables	(146,804)	(104,766)	(36,303)
Others	(247)	(746)	-
Balance of futures traders' equity	<u>\$ 41,601,302</u>	<u>41,087,125</u>	<u>44,849,132</u>
(f) Receivable - futures margin			
	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Receivable - futures margin - current	\$ 378	380	394
Less: Loss allowance	<u>373</u>	<u>373</u>	<u>258</u>
Subtotal	<u>5</u>	<u>7</u>	<u>136</u>
Receivable - futures margin - non-current	6,232	6,383	6,654
Less: Loss allowance	<u>6,232</u>	<u>6,383</u>	<u>6,654</u>
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 5</u>	<u>7</u>	<u>136</u>

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

	<u>For the six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Balance on January 1	\$ 6,756	7,020
Impairment losses recognized (reversed)	<u>(151)</u>	<u>(108)</u>
Balance on June 30	<u>\$ 6,605</u>	<u>6,912</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Intangible assets

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

	<u>Goodwill (Note2)</u>	<u>The seats of foreign futures exchanges (Note1)</u>	<u>Computer software</u>	<u>Total</u>
Cost:				
Balance at January 1, 2023	\$ 22,088	50,577	16,625	89,290
Additions	-	-	3,272	3,272
Effect of exchange rate changes	<u>-</u>	<u>58</u>	<u>(120)</u>	<u>(62)</u>
Balance at June 30, 2023	<u>\$ 22,088</u>	<u>50,635</u>	<u>19,777</u>	<u>92,500</u>
Balance at January 1, 2022	\$ 22,088	49,955	28,178	100,221
Additions	-	-	426	426
Effect of exchange rate changes	<u>-</u>	<u>382</u>	<u>89</u>	<u>471</u>
Balance at June 30, 2022	<u>\$ 22,088</u>	<u>50,337</u>	<u>28,693</u>	<u>101,118</u>
Amortization and impairment losses:				
Balance at January 1, 2023	\$ 10,957	4,299	12,394	27,650
Amortization	-	-	2,643	2,643
Impairment losses	2,231	-	-	2,231
Effect of exchange rate changes	<u>-</u>	<u>39</u>	<u>(107)</u>	<u>(68)</u>
Balance at June 30, 2023	<u>\$ 13,188</u>	<u>4,338</u>	<u>14,930</u>	<u>32,456</u>
Balance at January 1, 2022	\$ 6,155	3,871	19,614	29,640
Amortization	-	-	3,763	3,763
Impairment losses	2,445	-	-	2,445
Effect of exchange rate changes	<u>-</u>	<u>263</u>	<u>73</u>	<u>336</u>
Balance at June 30, 2022	<u>\$ 8,600</u>	<u>4,134</u>	<u>23,450</u>	<u>36,184</u>
Carrying value:				
Balance at January 1, 2023	<u>\$ 11,131</u>	<u>46,278</u>	<u>4,231</u>	<u>61,640</u>
Balance at June 30, 2023	<u>\$ 8,900</u>	<u>46,297</u>	<u>4,847</u>	<u>60,044</u>
Balance at June 30, 2022	<u>\$ 13,488</u>	<u>46,203</u>	<u>5,243</u>	<u>64,934</u>

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

2. The Group recognized an impairment loss of \$2,231 and \$2,445 June 30, 2023 and 2022, by using the discount rate of 4.20% and 4.45% on the basis of the future recoverable amount of sub-subsidiary from Mainland China.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) Short-term borrowings

<u>Nature of borrowings</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Credit loan	\$ <u>-</u>	<u>-</u>	<u>147,440</u>
Interest rate range	<u>-</u>	<u>-</u>	<u>2.29%</u>

(i) Lease liabilities

The Group's lease liabilities were as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Current	\$ <u>16,097</u>	<u>20,616</u>	<u>28,262</u>
Non-current	\$ <u>30,218</u>	<u>16,540</u>	<u>21,784</u>

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

The amounts recognized in profit or loss were as follows :

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Interest on lease liabilities	\$ <u>140</u>	<u>178</u>	<u>265</u>	<u>384</u>
Expenses relating to short-term leases	\$ <u>1,803</u>	<u>626</u>	<u>3,558</u>	<u>1,229</u>
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	\$ <u>76</u>	<u>76</u>	<u>152</u>	<u>152</u>

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

	<u>For the six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Total cash outflow for leases	\$ <u>18,163</u>	<u>15,787</u>

(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.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(j) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2022 and 2021.

The Group recognized expenses in profit or loss three months and six months ended June 30, 2023 and 2022 were \$(639), \$(607), \$(1,278) and \$(1,213), respectively.

(ii) Defined contribution plans

The Group's expenses under the pension plan contributed to the Bureau of Labor Insurance three months and six months ended June 30, 2023 and 2022 were \$3,848, \$3,515, \$7,681 and \$6,927, respectively.

(iii) The pension costs of foreign subsidiaries in accordance with the local laws and regulations three months and six months ended June 30, 2023 and 2022 were \$860, \$686, \$1,704 and \$1,378, respectively.

(k) Income taxes

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

The Company and its subsidiary Capital International Technology Corp. are founded in Taiwan. The corporate income tax rates are both 20% June 30, 2023 and 2022.

The subsidiary CSC Futures (HK) Ltd. is founded in Hong Kong. The corporate income tax rates are both 16.5% June 30, 2023 and 2022.

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% June 30, 2023 and 2022.

(ii) Income tax expense

The amounts of income tax expense (benefit) three months and six months ended June 30, 2023 and 2022 were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Current income tax expense	\$ 56,709	16,980	120,804	38,847
Deferred income tax expense	6,035	10,629	7,332	20,910
Total	\$ 62,744	27,609	128,136	59,757

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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 2021 were assessed by the Tax Authority.

(l) Capital and other equity

(i) Common stock

As of June 30, 2023, December 31 and June 30, 2022, the company had authorized capital both of \$2,500,000, with par value of \$10 per share and 250,000 thousand shares; the issued common stock were 210,438 thousand shares.

(ii) Capital surplus

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</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	2,106	2,106
Changes in ownership interests in subsidiaries	995	995	995
Right of inclusion options exercised	460	460	460
	<u>\$ 1,663,251</u>	<u>1,663,251</u>	<u>1,663,251</u>

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

(iii) Retained earnings

1) Legal reserve

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Special reserve

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

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

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

3) Undistributed earnings

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

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

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Earnings per share

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

(i) Basic earnings per share

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Net income attributable to common shareholders of the Company	\$ 249,330	159,960	490,792	314,844
Weighted-average number of common stock shares outstanding (thousands of shares)	210,438	210,438	210,438	210,438
Basic earnings per share (NT dollars)	\$ 1.18	0.76	2.33	1.50

(ii) Diluted earnings per share

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Net income attributable to common shareholders of the Company	\$ 249,330	159,960	490,792	314,844
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)	201	45	314	129
Weighted-average outstanding shares of diluted earnings per share (thousands of shares)	210,639	210,483	210,752	210,567
Diluted earnings per share (NT dollars)	\$ 1.18	0.76	2.33	1.50

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Items of the statements of comprehensive income

(i) Brokerage fee revenue

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Consignment trading handling fee revenue- Domestic futures	\$ 191,146	269,163	375,858	516,323
Consignment trading handling fee revenue- Foreign futures	181,305	234,372	417,439	481,971
Consignment trading handling fee revenue- Lever Exchange Agency Trading	2,453	-	8,907	-
	<u>\$ 374,904</u>	<u>503,535</u>	<u>802,204</u>	<u>998,294</u>

(ii) Futures commission revenue

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Futures commission revenue- CSC Futures (HK) Ltd.	\$ <u>67,038</u>	<u>79,907</u>	<u>121,332</u>	<u>154,178</u>

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

(iii) Net gains (losses) on derivative instruments

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Non-hedging				
Net gains (losses) on futures contracts				
Gains on futures contracts	\$ 296,770	158,513	510,818	265,927
Losses on futures contracts	(489,900)	(174,412)	(610,332)	(349,240)
	<u>\$ (193,130)</u>	<u>(15,899)</u>	<u>(99,514)</u>	<u>(83,313)</u>
Net gains (losses) on option contracts				
Gains on option contracts	\$ 121,466	185,447	233,625	333,762
Losses on option contracts	(26,068)	(100,743)	(145,342)	(126,886)
	<u>\$ 95,398</u>	<u>84,704</u>	<u>88,283</u>	<u>206,876</u>

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Net gains (losses) on leverage derivatives				
Gains on leverage derivatives	\$ 389,879	410,731	812,521	949,327
Losses on leverage derivatives	(361,215)	(373,036)	(763,618)	(874,272)
	<u>\$ 28,664</u>	<u>37,695</u>	<u>48,903</u>	<u>75,055</u>
Net gains (losses) on equity derivatives				
Gains on equity derivatives	\$ 28,116	25,802	91,206	63,767
Losses on equity derivatives	(26,583)	(20,495)	(87,342)	(52,986)
	<u>\$ 1,533</u>	<u>5,307</u>	<u>3,864</u>	<u>10,781</u>
Net gains (losses) on derivative financial instruments - overseas subsidiaries	<u>\$ (2,745)</u>	<u>(6)</u>	<u>(2,745)</u>	<u>(343)</u>
Total gains on derivative financial instruments	\$ 836,231	780,493	1,648,170	1,612,783
Total losses on derivative financial instruments	(903,766)	(668,686)	(1,606,634)	(1,403,384)
Net gains (losses) on derivative financial instruments - overseas subsidiaries	(2,745)	(6)	(2,745)	(343)
	<u>\$ (70,280)</u>	<u>111,801</u>	<u>38,791</u>	<u>209,056</u>

(iv) Futures commission expenses

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Re-consigned futures trading	\$ 52,033	68,914	118,315	143,603
Futures introducing broker business	31,221	49,849	63,807	98,482
Commission expenses - CSC Futures (HK) Ltd.	18,329	27,800	28,487	49,584
	<u>\$ 101,583</u>	<u>146,563</u>	<u>210,609</u>	<u>291,669</u>

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Employee benefit, depreciation and amortization expenses

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Employee benefit expenses				
Salary expense	\$ 135,190	126,449	272,289	254,998
Labor and health insurance expense	7,750	6,992	17,075	14,707
Pension expense	4,069	3,594	8,107	7,092
Others	2,019	2,395	4,590	4,708
Depreciation expense	12,881	13,389	25,219	27,639
Amortization expense	<u>1,627</u>	<u>1,671</u>	<u>2,643</u>	<u>3,763</u>
	<u>\$ 163,536</u>	<u>154,490</u>	<u>329,923</u>	<u>312,907</u>

(vi) Other operating expenses

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Postage expense	\$ 18,668	15,367	35,540	30,082
Taxes	20,236	22,384	42,342	44,183
Rental expense	1,904	712	3,754	1,401
Information technology expense	44,437	55,186	88,902	109,501
Professional service fee	3,190	5,347	6,667	8,282
Others	<u>25,816</u>	<u>23,530</u>	<u>51,270</u>	<u>46,804</u>
	<u>\$ 114,251</u>	<u>122,526</u>	<u>228,475</u>	<u>240,253</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 June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Interest income	\$ 287,403	57,239	564,532	98,346
Dividend income	224,027	175	224,166	175
Net gains (losses) on non-operating financial instruments at fair value through profit or loss	(130,941)	(3,935)	(129,213)	(711)
Net gains (losses) on foreign exchange	807	9,614	3,182	26,281
Net gains (losses) on disposal of investments	30,118	2,484	31,744	(2,041)
Losses on disposal of property and equipment	-	-	-	(10)
Other non-operating revenue - other	3,390	5,727	7,531	10,422
Other non-operating expense - other	(1,604)	(3,038)	(4,254)	(4,307)
	<u>\$ 413,200</u>	<u>68,266</u>	<u>697,688</u>	<u>128,155</u>

(viii) Remuneration to employees and directors

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

For the three months and six months ended June 30, 2023 and 2022, the estimated amounts of remuneration to employee were \$3,750, \$1,550, \$8,370 and \$4,700, and to directors by the Company were \$3,750, \$1,550, \$8,370 and \$4,700, respectively, which were calculated based on the Company's net profit before income tax and remuneration to employees and directors multiple the earnings allocation percentage as specified in the Company's articles. It was recognized as operating expense June 30, 2023 and 2022. If the actual distribution amount differs from the estimated amount in the following year, the difference is treated as a change in accounting estimate and recognized as profit or loss in the following year. The difference is recognized as profit or loss in the following year. If the Board of Directors resolved to distribute the employees' remuneration in the form of shares, the number of shares of the distribution is based on the closing price of the day before the Board of Directors' meeting date.

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

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(o) Financial Instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represent the maximum credit exposure. As of June 30, 2023, December 31 and June 30, 2022 the maximum credit exposure amounted to \$49,296,186, \$49,300,552 and \$52,829,613, respectively.

2) Concentration of credit risk

The exposure of credit risk by geographic region in June 30, 2023 as shown in below, mainly focusing on Taiwan (accounted for 80.87%), secondly in Asia (accounted for 17.29% excluded Taiwan), thirdly in North America (accounted for 1.21%). The proportion of investment by geographic region did not change significantly compared to the same period last year.

Area	June 30, 2023	December 31, 2022	June 30, 2022
Taiwan	\$ 39,867,716	41,285,753	45,908,705
Asia (excluded Taiwan)	8,521,679	7,338,504	6,361,294
North America	595,395	440,835	326,099
Europe	270,523	189,787	190,820
Oceania	40,873	45,673	42,695
Total	<u>\$ 49,296,186</u>	<u>49,300,552</u>	<u>52,829,613</u>

3) Impairment losses

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

	June 30, 2023		December 31, 2022		June 30, 2022	
	Gross carrying amount	Impairment	Gross carrying amount	Impairment	Gross carrying amount	Impairment
Current	\$ 619,322	6,605	233,355	6,756	404,385	6,912
Past due 0~30 days	-	-	-	-	-	-
Past due 31~120 days	-	-	-	-	-	-
Past due 121~360 days	-	-	-	-	-	-
Past due more than 360 days	-	-	-	-	-	-
	<u>\$ 619,322</u>	<u>6,605</u>	<u>233,355</u>	<u>6,756</u>	<u>404,385</u>	<u>6,912</u>

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Allowance for doubtful debts under receivables is recorded for the bad debt expense or impairment losses. Where a claim becomes definitely uncollectible, the allowance for doubtful debts should be written off to financial assets account. As of June 30, 2023, December 31 and June 30, 2022, the loss allowance of receivables were recognized \$6,605, \$6,756 and \$6,912, respectively.

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, 2022. 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 June 30, 2023 and 2022 was as follows:

For the six months ended June 30, 2023						
	12-month ECL	Lifetime ECL-not credit impaired	Lifetime ECL - credit impaired			Total
			Accounts receivable	Receivable- futures margin	Other receivables	
Balance on January 1	\$ -	-	-	6,756	-	6,756
Reversal of impairment losses	-	-	-	(151)	-	(151)
Balance on June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>6,605</u>	<u>-</u>	<u>6,605</u>
For the six months ended June 30, 2022						
	12-month ECL	Lifetime ECL-not credit impaired	Lifetime ECL - credit impaired			Total
			Accounts receivable	Receivable- futures margin	Other receivables	
Balance on January 1	\$ -	-	-	7,020	-	7,020
Impairment losses (reversal of impairment losses)	-	-	723	(108)	-	615
Amounts written off	-	-	(723)	-	-	(723)
Balance on June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>6,912</u>	<u>-</u>	<u>6,912</u>

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Liquidity risk

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

	Carrying amount	Contract cash flow	Within 6 months	6-12 months	1-2 year	2-5 year	More than 5 year
June 30, 2023							
Financial liabilities at fair value through profit or loss	\$ 123,563	123,563	123,563	-	-	-	-
Futures traders' equity	41,601,302	41,601,302	41,601,302	-	-	-	-
Leverage contract trading- customers' equity	856,723	856,723	856,723	-	-	-	-
Accounts payable	139,757	139,757	139,757	-	-	-	-
Receipts under custody	5,776	5,776	5,776	-	-	-	-
Other payables	793,716	793,716	793,716	-	-	-	-
Lease liabilities	46,315	48,436	9,548	7,500	10,407	20,981	-
	<u>\$ 43,567,152</u>	<u>43,569,273</u>	<u>43,530,385</u>	<u>7,500</u>	<u>10,407</u>	<u>20,981</u>	<u>-</u>
December 31, 2022							
Financial liabilities at fair value through profit or loss	\$ 844,885	844,885	844,885	-	-	-	-
Futures traders' equity	41,087,125	41,087,125	41,087,125	-	-	-	-
Leverage contract trading- customers' equity	849,887	849,887	849,887	-	-	-	-
Accounts payable	65,110	65,110	65,110	-	-	-	-
Receipts under custody	5,196	5,196	5,196	-	-	-	-
Other payables	227,715	227,715	227,715	-	-	-	-
Lease liabilities	37,156	38,555	14,448	7,246	9,186	7,675	-
	<u>\$ 43,117,074</u>	<u>43,118,473</u>	<u>43,094,366</u>	<u>7,246</u>	<u>9,186</u>	<u>7,675</u>	<u>-</u>
June 30, 2022							
Short-term borrowings	\$ 147,440	147,440	147,440	-	-	-	-
Financial liabilities at fair value through profit or loss	234,039	234,039	234,039	-	-	-	-
Futures traders' equity	44,849,132	44,849,132	44,849,132	-	-	-	-
Leverage contract trading- customers' equity	829,796	829,796	829,796	-	-	-	-
Accounts payable	66,793	66,793	66,793	-	-	-	-
Receipts under custody	6,639	6,639	6,639	-	-	-	-
Other payables	536,438	536,438	536,438	-	-	-	-
Lease liabilities	50,046	51,741	14,548	14,501	11,414	11,278	-
	<u>\$ 46,720,323</u>	<u>46,722,018</u>	<u>46,684,825</u>	<u>14,501</u>	<u>11,414</u>	<u>11,278</u>	<u>-</u>

(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:

June 30, 2023			
	Foreign currency (dollar)	Exchange rate	Thousands of New Taiwan Dollars
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 613,041,789.55	31.1400	19,090,121
EUR	11,527,423.84	33.8100	389,742
GBP	687,172.38	39.3800	27,061
JPY	1,896,197,245.00	0.2150	407,682
HKD	97,430,278.26	3.9740	387,188
AUD	543,587.08	20.6200	11,209
SGD	379,640.82	22.9600	8,717
KRW	3,635,187,374.00	0.0238	86,517
CNY	49,102,403.43	4.2820	210,256
MYR	1,259,697.73	6.3840	8,042
THB	4,254,196.86	0.8816	3,750
NZD	342,568.20	18.9600	6,495
ZAR	3,264,479.39	1.6490	5,383
VND	3,395,786,250.00	0.0013	4,415
<u>Non-monetary items</u>			
USD	12,572,721.35	31.1400	391,515
GBP	4,133.15	39.3800	163
AUD	5,196.65	20.6200	107
CNY	567,451.16	4.2820	2,430
NZD	26,205.31	18.9600	497

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

June 30, 2023			
<u>Financial liabilities</u>	Foreign currency (dollar)	Exchange rate	Thousands of New Taiwan Dollars
<u>Monetary items</u>			
USD	\$ 593,246,775.00	31.1400	18,473,705
EUR	11,349,339.32	33.8100	383,721
GBP	446,191.56	39.3800	17,571
JPY	1,922,219,358.08	0.2150	413,277
HKD	197,808,779.82	3.9740	786,092
AUD	680,590.40	20.6200	14,034
CHF	290,088.14	34.6000	10,037
SGD	257,590.82	22.9600	5,914
KRW	3,585,092,961.08	0.0238	85,325
CNY	37,221,332.22	4.2820	159,382
MYR	1,227,250.58	6.3840	7,835
THB	1,739,800.00	0.8816	1,534
NZD	2,178.58	18.9600	41
CAD	7,404.38	23.4800	174
ZAR	374,842.14	1.6490	618
VND	3,158,804,500.00	0.0013	4,106
<u>Non-monetary items</u>			
USD	9,446.00	31.1400	294
JPY	8,365,309.00	0.2150	1,799
CAD	2,800.96	23.4800	66
ZAR	359,812.37	1.6490	593
SGD	1.04	22.9600	-
CHF	8,420.21	34.6000	291

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2022			
	Foreign currency (dollar)	Exchange rate	Thousands of New Taiwan Dollars
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 526,788,667.26	30.7100	16,177,680
EUR	15,518,579.76	32.7200	507,768
GBP	613,979.84	37.0900	22,773
JPY	1,328,178,110.00	0.2324	308,669
HKD	195,645,468.17	3.9380	770,452
AUD	507,027.83	20.8300	10,561
SGD	445,939.29	22.8800	10,203
KRW	4,716,122,472.00	0.0246	116,017
CNY	136,059,087.28	4.4080	599,748
MYR	112,518.34	6.6990	754
THB	2,983,710.86	0.8941	2,668
NZD	287,587.27	19.4400	5,591
ZAR	4,513,830.30	1.8110	8,175
<u>Non-monetary items</u>			
USD	9,307,738.03	30.7100	285,841
JPY	1,187,954.00	0.2324	276
AUD	2,471.66	20.8300	51
NZD	4,904.05	19.4400	95
ZAR	169,089.77	1.8100	306

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2022		
	Foreign currency (dollar)	Exchange rate	Thousands of New Taiwan Dollars
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$ 502,799,164.26	30.7100	15,440,962
EUR	15,435,097.89	32.7200	505,036
GBP	509,938.26	37.0900	18,914
JPY	1,360,617,256.08	0.2324	316,207
HKD	339,110,463.95	3.9380	1,335,417
AUD	568,429.89	20.8300	11,840
CHF	226,089.22	33.2100	7,508
SGD	263,134.10	22.8800	6,021
KRW	4,656,726,570.95	0.0246	114,555
CNY	124,425,903.75	4.4080	548,469
MYR	96,089.08	6.6990	644
THB	688,500.00	0.8941	616
CAD	328,816.46	22.6700	7,454
<u>Non-monetary items</u>			
USD	660,112.48	30.7100	20,272
CAD	2,514.08	22.6700	57
GBP	3,118.21	37.0900	116
CNY	2,093,312.79	4.4080	9,227
SGD	161.20	22.8800	4
CHF	28,668.74	33.2100	952

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

The Group disclosed the summarized information on exchange gain or loss. The realized and unrealized exchange gains amounted to \$2,222, \$13,070, \$4,074 and \$32,890 three months and six months ended June 30, 2023 and 2022, 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 June 30, 2023 and 2022, with all other variable factors remain constant, a strengthening (weakening) 1% of the TWD against the above major foreign currency, would cause after-tax comprehensive income result in a decrease or an increase by \$5,399 and \$4,379, respectively. The analytical basis was the same in both years.

(iv) Analysis in interest rates

For the June 30, 2023 and 2022, with all other variable factors remain constant, when the interest rate increases or decreases by 100 basis points, would cause after-tax comprehensive income result in an increase or a decrease by \$3,457 and \$3,505. This is mainly due to the Group's time deposits in variable rate, guarantee deposited for business operations in variable rate and settlement fund in variable rate.

(v) Fair value and hierarchy information

1) Fair value information

a) General description

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

b) Definition of fair value hierarchy

i) Level 1

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

ii) Level 2

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

iii) Level 3

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

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

		<u>June 30, 2023</u>			
<u>Assets and Liabilities items</u>	<u>Total</u>	<u>Public quote of the same financial instrument in an active market (Level 1)</u>	<u>Observable price except public quote in an active market (Level 2)</u>	<u>Based neither on direct market data nor from the counter party (Level 3)</u>	
<u>Fair value evaluated on a recurring basis</u>					
<u>Non derivative assets and liabilities</u>					
Assets:					
Financial assets at fair value through profit or loss					
Beneficiary certificate	\$ 82,863	82,863	-	-	
Stock investment	663,814	663,814	-	-	
Financial assets at fair value through other comprehensive income	131,366	129,857	-	1,509	
Liabilities:					
Financial liabilities at fair value through profit or loss	48,581	48,581	-	-	
<u>Derivative assets and liabilities</u>					
Assets:					
Financial assets at fair value through profit or loss	\$ 472,479	243,638	228,841	-	
Liabilities:					
Financial liabilities at fair value through profit or loss	74,982	71,939	3,043	-	
		<u>December 31, 2022</u>			
<u>Assets and Liabilities items</u>	<u>Total</u>	<u>Public quote of the same financial instrument in an active market (Level 1)</u>	<u>Observable price except public quote in an active market (Level 2)</u>	<u>Based neither on direct market data nor from the counter party (Level 3)</u>	
<u>Fair value evaluated on a recurring basis</u>					
<u>Non derivative assets and liabilities</u>					
Assets:					
Financial assets at fair value through profit or loss					
Beneficiary certificate	\$ 35,096	35,096	-	-	
Stock investment	18,829	18,829	-	-	
Financial assets at fair value through other comprehensive income	44,949	43,686	-	1,263	
Liabilities:					
Financial liabilities at fair value through profit or loss	685,371	685,371	-	-	
<u>Derivative assets and liabilities</u>					
Assets:					
Financial assets at fair value through profit or loss	\$ 520,866	301,097	219,769	-	
Liabilities:					
Financial liabilities at fair value through profit or loss	159,514	128,886	30,628	-	

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

June 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	\$ 43,470	43,470	-	-
Stock investment	33,282	33,282	-	-
Financial assets at fair value through other comprehensive income	44,737	43,546	-	1,191
<u>Derivative assets and liabilities</u>				
Assets:				
Financial assets at fair value through profit or loss	\$ 475,111	278,932	196,179	-
Liabilities:				
Financial liabilities at fair value through profit or loss	234,039	224,028	10,011	-

b) Valuation techniques

i) Non-derivative financial instruments

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

ii) Derivative financial instruments

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

iii) Transfer between Level 1 and Level 2

There is no transfer between Level 1 and Level 2 June 30, 2023 and 2022.

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(In Thousands Dollars)

Item	For the six months ended June 30, 2023							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	\$ 1,263	-	246	-	-	-	-	1,509

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

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.

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

	Change in fair value recognized in other comprehensive income	
	Favorable	Unfavorable
June 30, 2023		
Financial assets fair value through other comprehensive income	\$ <u>15</u>	<u>(15)</u>
December 31, 2022		
Financial assets fair value through other comprehensive income	\$ <u>13</u>	<u>(13)</u>
June 30, 2022		
Financial assets fair value through other comprehensive income	\$ <u>12</u>	<u>(12)</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.

- (p) 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, 2022.

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(q) 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 risk free 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 at the reporting date are corporate credit loans indexed to US dollar LIBOR. The alternative reference rate for US dollar LIBOR is the Secured Overnight Financing Rate (SOFR). The Financial Conduct Authority (FCA) announced on March 2021 that US dollar LIBOR (except for one-week and two-month US dollar LIBOR) would no longer be available or representative from June 30, 2023. 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, 2022 for further details.

The following table shows the total amounts of unreformed contracts and those with appropriate fallback language on June 30, 2023, December 31, and June 30, 2022. The amounts of financial assets and financial liabilities are shown at their carrying amounts and derivatives are shown at their notional amounts.

	USD LIBOR			
	Total amount of unreformed contracts		Amount with appropriate fallback clause	
June 30, 2023				
Financial liabilities				
Credit loan	USD	-	USD	-
December 31, 2022				
Financial liabilities				
Credit loan	USD	-	USD	-
June 30, 2022				
Financial liabilities				
Credit loan	USD	5,000	USD	5,000

(r) 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, 2022.

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(s) Financing activities not affecting current cash flow

The Group's financing activities which did not affect the current cash flow six months ended June 30, 2023 and 2022, were as follows:

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

	Non-cash changes					
	January 1, 2023	Cash flows	Other	Foreign exchange movement	Fair value changes	June 30, 2023
Lease liabilities	\$ 37,156	(14,453)	23,599	13	-	46,315
Total liabilities from financing activities	<u>\$ 37,156</u>	<u>(14,453)</u>	<u>23,599</u>	<u>13</u>	<u>-</u>	<u>46,315</u>
	Non-cash changes					
	January 1, 2022	Cash flows	Other	Foreign exchange movement	Fair value changes	June 30, 2022
Lease liabilities	\$ 47,129	(14,406)	16,482	841	-	50,046
Total liabilities from financing activities	<u>\$ 47,129</u>	<u>(14,406)</u>	<u>16,482</u>	<u>841</u>	<u>-</u>	<u>50,046</u>

(7) Related-party transactions:

(a) Parent company and ultimate controlling party

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

(b) Names and relationship with related parties

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

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Key management personnel compensation

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Short-term employee benefits	\$ 18,424	10,517	61,420	39,184
Post-employment benefits	355	259	612	516
Total	\$ 18,779	10,776	62,032	39,700

(d) Significant transactions with related parties

- (i) The amounts of futures trading between the Group and related parties three months and six months ended June 30, 2023 and 2022 were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
<u>Brokerage fee revenue</u>				
Capital Securities Corporation	\$ 8,858	6,859	16,386	13,188
Funds issued by Capital Investment Trust Corp.	69	19	165	37
Other related parties	130	233	143	348
Total	\$ 9,057	7,111	16,694	13,573

	June 30, 2023	December 31, 2022	June 30, 2022
	<u>Futures traders' equity</u>		
Capital Securities Corporation	\$ 2,479,708	2,202,884	2,092,060
Funds issued by Capital Investment Trust Corp.	170,050	275,178	275,364
Other related parties	36,116	270	1,241
Total	\$ 2,685,874	2,478,332	2,368,665

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.

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
<u>Interest expense</u>				
Capital Securities Corporation	\$ 18	27	21	39
Funds issued by Capital Investment Trust Corp.	163	19	174	19
Total	\$ 181	46	195	58

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Accounts payable and receivable:

<u>Accounts receivable</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Capital Securities Corporation	\$ <u>1,241</u>	<u>884</u>	<u>805</u>
<u>Accounts payable</u>			
Capital Securities Corporation	\$ <u>10,836</u>	<u>12,761</u>	<u>17,001</u>
<u>Other receivables (Note 1)</u>			
Capital Securities Corporation	\$ 4,455	7,291	31,197
CSC Securities (HK) Ltd.	<u>1,398</u>	<u>123</u>	<u>202</u>
Total	\$ <u>5,853</u>	<u>7,414</u>	<u>31,399</u>
<u>Other payables</u>			
Capital Securities Corporation (Note 2)	\$ 233	4,051	27,465
CSC Securities (HK) Ltd. (Note 3)	<u>645</u>	<u>569</u>	<u>529</u>
Total	\$ <u>878</u>	<u>4,620</u>	<u>27,994</u>

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

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

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

(iii) Bonds purchased under resale agreements

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Bonds purchased under resale agreements	\$ <u>44,294</u>	<u>43,166</u>	<u>65,051</u>
Resale price under the agreements	\$ <u>44,318</u>	<u>43,190</u>	<u>65,072</u>
Interest rates	<u>0.85%</u>	<u>0.77%</u>	<u>0.45%~0.50%</u>
Date of repurchase	<u>2023.07.03~2023.07.14</u>	<u>2023.01.03~2023.01.13</u>	<u>2022.07.08~2022.07.18</u>
	<u>For the three months ended June 30,</u>	<u>For the six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>
Interest income	\$ <u>161</u>	<u>81</u>	<u>552</u>
			<u>119</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Leases

The Group signed three-year lease contracts and rented the office from Capital Securities Corporation. As of June 30, 2023, December 31 and June 30, 2022, the total value of effective contracts were all \$53,289. For the three months and six months ended June 30, 2023 and 2022, the Group recognized the amount of \$12, \$58, \$35 and \$127 as interest expense. As of June 30, 2023, December 31 and June 30, 2022, lease liabilities amounted to \$1,479, \$10,326 and \$19,065, respectively, and refundable deposits were all amounted to \$4,633.

The Group signed five-year and three-month lease contracts and rented the office from Fu Tai Construction Corporation. As of June 30, 2023, December 31 and June 30, 2022, the total value of effective contracts were \$24,090, \$0 and \$0. For the three months and six months ended June 30, 2023 and 2022, the Group recognized the amount of \$37, \$0, \$37 and \$0 as interest expense. As of June 30, 2023, December 31 and June 30, 2022, lease liabilities amounted to \$22,517, \$0 and \$0, respectively, and refundable deposits were amounted to \$1,165, \$0 and \$0.

The Group signed one-year lease contracts and rented the office from CSC International Holdings Ltd. As of June 30, 2023, December 31 and June 30, 2022, the total value of effective contracts were all \$552 (CNY\$127 thousands). For the three months and six months ended June 30, 2023 and 2022, the Group all recognized the amount of \$0 as interest expense. As of June 30, 2023, December 31 and June 30, 2022, lease liabilities were amounted to \$496, \$232 and \$514, respectively, and refundable deposits were amounted to \$135, \$140 and \$140.

(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:

Related parties	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Capital Securities Corporation	\$ <u>231</u>	<u>207</u>	<u>452</u>	<u>414</u>

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

(vi) Securities commission income

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

Related parties	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Capital Securities Corporation	\$ 2,890	2,629	5,633	9,115
CSC Securities (HK) Ltd.	<u>302</u>	<u>20</u>	<u>307</u>	<u>155</u>
	<u>\$ 3,192</u>	<u>2,649</u>	<u>5,940</u>	<u>9,270</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vii) Interest income (Rent deposit interest)

Related parties	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Capital Securities Corporation	\$ <u>17</u>	<u>9</u>	<u>34</u>	<u>9</u>

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

Related parties	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Capital Securities Corporation	\$ <u>31</u>	<u>-</u>	<u>33</u>	<u>-</u>

(ix) Commission cost

Related parties	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Capital Securities Corporation	\$ 30,658	49,086	62,150	97,442
CSC Securities (HK) Ltd.	<u>18</u>	<u>-</u>	<u>18</u>	<u>-</u>
Total	<u>\$ 30,676</u>	<u>49,086</u>	<u>62,168</u>	<u>97,442</u>

(x) Information technology expenses

Related parties	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Capital Securities Corporation	\$ <u>13,360</u>	<u>12,047</u>	<u>26,720</u>	<u>24,095</u>

(xi) Stock service fees

Related parties	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Capital Securities Corporation	\$ <u>173</u>	<u>152</u>	<u>335</u>	<u>296</u>

(xii) Human resource and legal service fees

Related parties	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Capital Securities Corporation	\$ <u>75</u>	<u>75</u>	<u>150</u>	<u>150</u>

(xiii) Securities transaction fees

Related parties	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Capital Securities Corporation	\$ <u>156</u>	<u>327</u>	<u>436</u>	<u>327</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(xiv) Discretionary service commission fees

<u>Related parties</u>	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Capital Securities Corporation	\$ <u>88</u>	<u>-</u>	<u>150</u>	<u>-</u>

(xv) Management service fees

<u>Related parties</u>	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
CSC Securities (HK) Ltd.	\$ <u>1,122</u>	<u>987</u>	<u>2,174</u>	<u>1,824</u>

(xvi) Stationery and printing fees

<u>Related parties</u>	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Capital Securities Corporation	\$ <u>26</u>	<u>32</u>	<u>27</u>	<u>33</u>

(xvii) Consulting fees

<u>Related parties</u>	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Other related parties	\$ <u>15</u>	<u>-</u>	<u>30</u>	<u>-</u>

(8) Pledged assets:None.

(9) Significant commitments and contingencies:

The Group purchased software and hardware systems for business development. As of June 30, 2023, the Group had outstanding balance payment \$8,555.

(10) Losses due to major disasters:None.

(11) Significant subsequent events:None.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Derivative instrument transactions:

- (a) As of June 30, 2023, December 31 and June 30, 2022, the open positions of futures and option contracts were as follows:

June 30, 2023

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/Short	Number of contracts			
Futures contract:						
	TAIEX Futures	Long	194	\$ 651,456	650,763	
	Mini Taiex Futures	Long	117	97,993	98,146	
	Mini Taiex Futures	Short	9	(7,527)	(7,507)	
	Electronic Sector Index Futures	Short	1	(3,240)	(3,244)	
	Financial Insurance Index Futures	Short	9	(14,633)	(14,557)	
	NTD Gold Futures	Short	5	(3,613)	(3,621)	
	Taiwan Stock Futures	Long	651	71,431	71,656	
	Taiwan Stock Futures	Short	5,070	(862,705)	(689,839)	
	US Dollar Index Futures	Short	18	(57,480)	(57,502)	
	Mini Taiex Weekly Futures	Long	294	247,027	247,369	
	Mini Financial Futures	Long	4	1,625	1,620	
	Mini Electronic Futures	Long	51	20,649	20,681	
	CME BTC	Short	7	(33,921)	(33,160)	
	CME MBT	Short	5	(485)	(474)	
	Subtotal			<u>106,577</u>		

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

June 30, 2023

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/Short	Number of contracts			
Options contract:						
	Stock Options (Call)	Long	38	\$ 404	406	
	Stock Options (Call)	Short	70	(222)	(135)	
	Stock Options (Put)	Short	37	(83)	(44)	
	Stock Options (Put)	Long	37	346	382	
	TAIEX Options (Call)	Long	2,753	51,618	54,079	
	TAIEX Options (Call)	Short	3,392	(36,541)	(41,208)	
	TAIEX Options (Put)	Long	3,656	38,978	37,511	
	TAIEX Options (Put)	Short	2,880	(27,049)	(17,966)	
	TAIEX Weekly Options (Call)	Long	2,446	5,718	5,803	
	TAIEX Weekly Options (Call)	Short	2,871	(6,967)	(7,257)	
	TAIEX Weekly Options (Put)	Long	2,406	6,955	5,281	
	TAIEX Weekly Options (Put)	Short	2,063	(4,474)	(4,309)	
	Electronic Sector Index Options(Call)	Short	40	(324)	(475)	
	Electronic Sector Index Options(Put)	Long	10	190	106	
	Electronic Sector Index Options(Put)	Short	1	(2)	-	
	Financial Insurance Index Options(Call)	Long	91	334	195	
	Financial Insurance Index Options(Call)	Short	51	(109)	(85)	
	Financial Insurance Index Options(Put)	Long	39	119	103	
	Financial Insurance Index Options(Put)	Short	65	(509)	(455)	
	Gold Option (Call)	Long	5	29	2	
	Gold Option (Call)	Short	2	(21)	(3)	
	Gold Option (put)	Long	5	54	79	
	Gold Option (put)	Short	1	(2)	(2)	
	Subtotal			<u>28,442</u>		
Total				<u>\$ 135,019</u>		

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2022

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/Short	Number of contracts			
Futures contract:						
	TAIEX Futures	Long	12	\$ 33,584	33,469	
	TAIEX Futures	Short	64	(180,858)	(180,624)	
	Mini Taiex Futures	Long	35	24,538	24,396	
	Mini Taiex Futures	Short	345	(244,333)	(243,213)	
	Electronic Sector Index Futures	Short	7	(18,045)	(18,025)	
	Financial Insurance Index Futures	Short	3	(4,492)	(4,483)	
	NTD Gold Futures	Short	4	(2,667)	(2,712)	
	Taiwan Stock Futures	Long	6,944	660,461	633,265	
	Taiwan Stock Futures	Short	20	(5,846)	(5,869)	
	US Dollar Index Futures	Short	14	(44,641)	(44,399)	
	Mini Taiex Weekly Futures	Long	51	36,157	36,096	
	Mini Financial Futures	Short	20	(7,415)	(7,472)	
	Mini Electronic Futures	Long	56	18,042	18,025	
	E-Mini S&P 500 Futures	Short	125	(73,669)	(74,107)	
	E-Mini Nasdaq 100 Futures	Short	12	(8,583)	(8,124)	
	Nikkei 225 Index Futures	Short	10	(39,897)	(39,570)	
	Mini Oil Futures	Long	14	17,161	17,265	
	Emin Russell 2000 Index Futures	Short	10	(27,085)	(27,192)	
	Soybean Futures	Long	10	23,380	23,401	
	Subtotal			<u>155,792</u>		
Options contract:						
	Stock Options (Call)	Long	49	\$ 455	455	
	Stock Options (Call)	Short	44	(385)	(425)	
	Stock Options (Put)	Short	31	(374)	(244)	
	Stock Options (Put)	Long	35	572	446	
	TAIEX Options (Call)	Long	6,775	41,960	34,353	
	TAIEX Options (Call)	Short	5,361	(50,773)	(48,719)	
	TAIEX Options (Put)	Long	6,546	50,874	43,912	
	TAIEX Options (Put)	Short	6,458	(67,257)	(61,088)	
	TAIEX Weekly Options (Call)	Long	2,709	5,010	4,333	
	TAIEX Weekly Options (Call)	Short	2,339	(9,953)	(9,614)	
	TAIEX Weekly Options (Put)	Long	3,532	5,282	5,303	
	TAIEX Weekly Options (Put)	Short	2,539	(7,542)	(8,555)	
	Electronic Sector Index Options (Call)	Long	3	17	5	
	Electronic Sector Index Options (Call)	Short	1	(8)	-	
	Financial Insurance Index Option (Call)	Long	94	262	182	
	Financial Insurance Index Option (Call)	Short	33	(65)	(31)	
	Financial Insurance Index Option (Put)	Long	16	64	22	
	Financial Insurance Index Option (Put)	Short	85	(235)	(168)	
	Gold option (Call)	Long	23	241	216	
	Gold option (Call)	Short	10	(48)	(38)	
	Gold option (Put)	Long	7	25	5	
	Gold option (Put)	Short	6	(28)	(4)	
	Subtotal			<u>(31,906)</u>		
Total				<u>\$ 123,886</u>		

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

June 30, 2022

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/Short	Number of contracts			
Futures contract:						
	TAIEX Futures	Long	320	\$ 954,657	932,273	
	TAIEX Futures	Short	51	(157,027)	(145,971)	
	Mini Taiex Futures	Long	273	210,312	195,409	
	Mini Taiex Futures	Short	498	(379,063)	(360,449)	
	Electronic Sector Index Futures	Short	9	(24,938)	(23,940)	
	Financial Insurance Index Futures	Long	4	6,725	6,114	
	Financial Insurance Index Futures	Short	108	(171,770)	(168,156)	
	Stock Futures	Short	6	(603)	(586)	
	US Dollar Index Futures	Long	35	108,748	108,663	
	Mini Taiex Weekly Futures	Short	3	(2,264)	(2,209)	
	Mini Financial Futures	Long	379	150,561	147,526	
	Mini Financial Futures	Short	8	(3,161)	(3,059)	
	Mini Electronic Futures	Long	72	25,032	23,940	
	Mini-S&P 500 Futures	Short	30	(17,370)	(16,893)	
	E-Mini Nasdaq 100 Futures	Short	25	(17,934)	(17,133)	
	Nikkei 225 Index Futures	Short	4	(15,832)	(15,716)	
	E-mini Crude Oil Futures	Short	3	(4,843)	(4,715)	
	Chicago SRW Wheat Futures	Short	15	(21,814)	(19,704)	
	Subtotal			<u>639,416</u>		
Options contract:						
	Stock Options (Put)	Long	88	\$ 10	9	
	TAIEX Options (Call)	Long	8,046	32,155	15,967	
	TAIEX Options (Call)	Short	6,630	(56,496)	(28,683)	
	TAIEX Options (Put)	Long	6,730	86,451	159,620	
	TAIEX Options (Put)	Short	6,589	(99,627)	(182,302)	
	TAIEX Weekly Options (Call)	Long	2,517	6,877	4,692	
	TAIEX Weekly Options (Call)	Short	2,239	(3,795)	(2,769)	
	TAIEX Weekly Options (Put)	Long	1,196	5,981	9,259	
	TAIEX Weekly Options (Put)	Short	1,297	(6,458)	(9,128)	
	Electronic Sector Index Options (Call)	Short	106	(81)	(55)	
	Electronic Sector Index Options (Put)	Long	2	12	24	
	Electronic Sector Index Options (Put)	Short	2	(22)	(49)	
	Financial Insurance Index Options (Call)	Long	80	578	268	
	Financial Insurance Index Options (Call)	Short	21	(145)	(57)	
	Financial Insurance Index Options (Put)	Long	23	158	170	
	Financial Insurance Index Options (Put)	Short	83	(702)	(985)	
	Subtotal			<u>(35,104)</u>		
Total				<u>\$ <u>604,312</u></u>		

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (b) As of June 30, 2023, December 31 and June 30, 2022, the nominal amount of open positions of leverage derivatives contracts were as follows:

<u>Item</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Leverage derivatives- long	\$ <u>3,817,344</u>	<u>4,078,689</u>	<u>3,416,886</u>
Leverage derivatives- short	\$ <u>3,821,655</u>	<u>4,059,360</u>	<u>3,410,128</u>
Equity derivatives- long	\$ <u>280,317</u>	<u>352,576</u>	<u>114,087</u>
Equity derivatives- short	\$ <u>280,314</u>	<u>352,547</u>	<u>114,076</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	6,653,772	3.16	6,276,693	3.43	≥ 1	Satisfactory to requirement
	(Total liabilities– futures traders' equity)			2,102,755			
17	Current Assets	45,614,104	1.13	50,107,523	1.11	≥ 1	"
	Current Liabilities	40,484,743		45,171,384			
22	Stockholders' equity	6,653,772	596.75 %	6,276,693	562.93 %	≥ 60%	"
	Minimum paid-in capital	1,115,000		1,115,000		≥ 40%	
22	Post-adjustment net capital	4,439,639	49.77 %	4,667,624	52.15 %	≥ 20%	"
	Total customer margin deposits required for open positions of customers			8,920,079		8,950,460	

(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	61,830	61,830	-	8.71%	1	8,100		-		-	201,322	1,006,609
1	CSC Futures (HK) Ltd.	F611702	Account receivables -Customer	No	432,811	432,811	221,043	4.96%~ 6.21%	1	153,733		-		-	432,811	1,006,609
1	CSC Futures (HK) Ltd.	F613059	Account receivables -Customer	No	92,745	92,745	-	7.71%	1	15,253		-		-	201,322	1,006,609
1	CSC Futures (HK) Ltd.	F612688	Account receivables -Customer	No	15,458	15,458	-	6.71%	1	1,018		-		-	201,322	1,006,609
1	CSC Futures (HK) Ltd.	F612687	Account receivables -Customer	No	-	-	-	6.71%	1	188		-		-	201,322	1,006,609
1	CSC Futures (HK) Ltd.	F612851	Account receivables -Customer	No	61,830	61,830	-	6.71%	1	6,322		-		-	201,322	1,006,609
1	CSC Futures (HK) Ltd.	F613091	Account receivables -Customer	No	46,373	46,373	-	6.71%	1	12,069		-		-	201,322	1,006,609

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	261	General transaction	0.03%
2	Capital True Partner Technology Co., Ltd.	CSC Futures (HK) Ltd.	3	Other operating revenue	261	General transaction	0.03%
1	CSC Futures (HK) Ltd.	Capital True Partner Technology Co., Ltd.	3	Other payables	255		-%
2	Capital True Partner Technology Co., Ltd.	CSC Futures (HK) Ltd.	3	Accounts receivable	255		-%
2	Capital True Partner Technology Co., Ltd.	Capital Futures Corp.	2	Other operating revenue	14,339	General transaction	1.55%
0	Capital Futures Corp.	Capital True Partner Technology Co., Ltd.	1	Professional service fees	14,339	General transaction	1.55%

(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	Other payables	2,341		-%
2	Capital True Partner Technology Co., Ltd.	Capital Futures Corp.	2	Accounts receivable	2,341		-%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Futures traders' equity	590,570		1.17%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Customers' margin account	590,568		1.17%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Customers' margin account	2		-%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Futures traders' equity	3,619,812		7.19%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Customers' margin account	3,336,155		6.62%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Customers' margin account	283,657		0.56%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Futures commission revenue	6,000	General transaction	0.65%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Futures commission expenses	6,000	General transaction	0.65%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Brokerage fee revenue	48,516	General transaction	5.26%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Futures commission expenses	48,516	General transaction	5.26%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Interest revenue	7,560	General transaction	0.82%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Financial cost	7,560	General transaction	0.82%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Other payables	4,909		0.01%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Other receivables	4,909		0.01%
3	Capital International Technology Corp.	Capital Futures Corp.	2	Professional service revenue	1,536	General transaction	0.17%
0	Capital Futures Corp.	Capital International Technology Corp.	1	Repair expenses	1,536	General transaction	0.17%
3	Capital International Technology Corp.	Capital Futures Corp.	2	Advance receipts	256		-%
0	Capital Futures Corp.	Capital International Technology Corp.	1	Other prepayment	256		-%

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

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

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

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

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

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Date of establishment	FSC Rule No.	Main businesses and products	Original investment amount		Balance as of June 30, 2023			Revenue of investee	Net income (losses) of investee	Share of profits/losses of investee	Cash dividend	Note
						June 30, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value					
Capital Futures Corporation	CSC Futures (HK) Ltd.	Hong Kong	1998.12.9	Gin Guan Zheng Zhi No. 1010027412 letter	Futures dealing business and other businesses permitted by local law of Hong Kong	886,284	886,284	220,000	100.00 %	1,006,609	133,337	39,054	39,054	-	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 %	22,741	1,536	(3,482)	(3,482)	-	Subsidiary

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
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(c) Information on overseas branches and representative offices: None.

(d) Information on investment in Mainland China:

(i) Investment in Mainland China and related information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2023	Net income (losses) of the investee	Direct or indirect share holdings (%) by the company	Highest percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Capital True Partner Technology Co., Ltd.	Management consulting and information service business	5,013	(C)	24,372	-	-	24,372	1,124	51.00%	51.00%	573 B (2)	11,611	-
Capital Futures Technology (Shanghai) Co., Ltd.	Management consulting and information service business	18,863	(C)	18,863	-	-	18,863	(2,583)	100.00%	100.00%	(2,583) B (2)	4,969	-

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

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

Note 2: Investment gains and losses recognized during the period

- A. It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- B. Indicate the basis for investment gains and losses recognition in the number of one of the following three categories:

- (1) The recognition of investment gains or losses is based on the financial statements audited by international certified public accountant cooperated with certified public accountant of the Republic of China.
- (2) The recognition of investment gains or losses is based on the financial statements audited by certified public accountant of the Company.
- (3) The recognition of investment gains or losses is based on the financial statements provided by the investee without audited by certified public account.

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

(ii) Limitation on investment in Mainland China:

(In Thousands of New Taiwan Dollars)

Company Name	Accumulated Investment in Mainland China as of June 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Capital International Technology Corp.	43,235	43,235	80,000

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

(e) Major shareholders:

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

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

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

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
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 six months ended June 30, 2023 and 2022, none of the above segments met the quantitative thresholds for reportable segments.

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

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

For the three months ended June 30, 2023				
	Brokerage business	Others	Adjustment and elimination	Total
Segment revenue	\$ 543,325	105,016	(248,579)	399,762
Segment profit or loss	\$ 211,752	100,624	-	312,376
For the three months ended June 30, 2022				
	Brokerage business	Others	Adjustment and elimination	Total
Segment revenue	\$ 634,349	96,582	(45,073)	685,858
Segment profit or loss	\$ 167,361	20,223	-	187,584
For the six months ended June 30, 2023				
	Brokerage business	Others	Adjustment and elimination	Total
Segment revenue	\$ 1,149,476	261,528	(488,084)	922,920
Segment profit or loss	\$ 490,118	129,361	-	619,479

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
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	For the six months ended June 30, 2022			
	Brokerage business	Others	Adjustment and elimination	Total
Segment revenue	\$ 1,241,007	201,738	(76,887)	1,365,858
Segment profit or loss	\$ 352,042	22,417	-	374,459

(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.