

**CAPITAL FUTURES CORPORATION AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022**

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

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

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Representation Letter

The entities that are required to be included in the combined financial statements of Capital Futures Corporation as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Capital Futures Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Capital Futures Corporation

Chairman: Chia, Chung-Tao

Date: March 12, 2024



安侯建業聯合會計師事務所
KPMG

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

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

Independent Auditors' Report

To the Board of Directors of Capital Futures Corporation

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, the related rules of Preparing Financial Reports of Managed Futures Enterprises, the Regulations Governing the Preparation of Financial Reports by Securities Firms and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of 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(n) revenue recognition. Explanation of brokerage fee revenue, please refer to the consolidated financial report Note 6(m)(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 years ended December 31, 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 with the IFRSs, IASs, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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)

March 12, 2024

Notes to Readers

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

The 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.

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

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

		December 31, 2023		December 31, 2022				December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
111100	Cash and cash equivalents (Note 6(a))	\$ 5,741,152	12	5,156,882	10	212000	Financial liabilities at fair value through profit or loss- current (Note 6(b))	\$ 226,781	1	844,885	2
112000	Financial assets at fair value through profit or loss- current (Note 6(b))	831,998	2	574,791	1	214080	Futures traders' equity (Note 6(e))	40,522,584	82	41,087,125	82
113200	Financial assets at fair value through other comprehensive income- current (Note 6(b))	13,243	-	43,686	-	214100	Leverage contract trading - customers' equity	733,533	2	849,887	2
114010	Bonds purchased under resale agreements (Note 6(b))	91,634	-	43,166	-	214130	Accounts payable	116,674	-	52,349	-
114070	Customers margin accounts (Note 6(e))	40,635,089	82	41,252,625	83	214140	Accounts payable- related parties (Note 7)	8,956	-	12,761	-
114080	Receivable - futures margin (Note 6(f))	-	-	7	-	214150	Advance receipts	1,970	-	2,215	-
114090	Security borrowing collateral price	117,392	-	473,545	1	214160	Receipts under custody	4,992	-	5,196	-
114100	Security borrowing margin	88,680	-	868,437	2	214170	Other payables	218,121	-	223,095	-
114130	Accounts receivable	43,577	-	10,552	-	214180	Other payables- related parties (Note 7)	860	-	4,620	-
114140	Accounts receivable- related parties (Note 7)	1,118	-	884	-	214600	Current income tax liabilities	162,937	-	82,948	-
114150	Prepayments	18,394	-	39,686	-	215100	Provisions- current	7,601	-	6,039	-
114170	Other receivables	108,385	-	207,742	-	216000	Lease liabilities- current (Note 6(h))	33,102	-	20,616	-
114180	Other receivables- related parties (Note 7)	4,977	-	7,414	-	219000	Other current liabilities	38,975	-	13,751	-
114300	Leverage contract trading-customers' margin accounts	712,455	2	856,021	2			<u>42,077,086</u>	<u>85</u>	<u>43,205,487</u>	<u>86</u>
114600	Current income tax assets	176	-	233	-		Non-current liabilities:				
		<u>48,408,270</u>	<u>98</u>	<u>49,535,671</u>	<u>99</u>	226000	Lease liabilities- non-current (Note 6(h))	56,398	-	16,540	-
	Non-current assets:					228000	Deferred income tax liabilities	30,231	-	37,828	-
123200	Financial assets at fair value through other comprehensive income- non- current (Note 6(b))	130,833	-	1,263	-			<u>86,629</u>	<u>-</u>	<u>54,368</u>	<u>-</u>
125000	Property and equipment (Note 6(c))	134,775	1	42,724	-	906003	Total liabilities	<u>42,163,715</u>	<u>85</u>	<u>43,259,855</u>	<u>86</u>
125800	Right-of-use assets (Note 6(d))	89,382	-	36,948	-		Equity attributable to owners of parent:				
127000	Intangible assets (Note 6(g))	59,972	-	61,640	-	301010	Common stock (Note 6(k))	2,104,376	4	2,104,376	4
129000	Other non-current assets	516,861	1	365,122	1	302000	Capital surplus (Note 6(k))	1,663,251	4	1,663,251	3
		931,823	2	507,697	1	304010	Legal reserve	757,377	2	678,939	2
						304020	Special reserve	1,650,772	3	1,579,617	3
						304040	Unappropriated earnings (Note 6(k))	1,010,085	2	785,292	2
						305000	Other equity	(12,412)	-	(30,087)	-
							Total equity attributable to owners of parent	<u>7,173,449</u>	<u>15</u>	<u>6,781,388</u>	<u>14</u>
						306000	Non-controlling interests	2,929	-	2,125	-
906001	Total assets	<u>\$ 49,340,093</u>	<u>100</u>	<u>50,043,368</u>	<u>100</u>	906004	Total equity	<u>7,176,378</u>	<u>15</u>	<u>6,783,513</u>	<u>14</u>
						906002	Total liabilities and equity	<u>\$ 49,340,093</u>	<u>100</u>	<u>50,043,368</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

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

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**Consolidated Statements of Comprehensive Income****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)**

		2023		2022	
		Amount	%	Amount	%
Income:					
401000	Brokerage fee revenue (Note 6(m))	\$ 1,631,578	74	1,996,416	72
410000	Net gains (losses) on sale of trading securities	(126,081)	(6)	(7,830)	-
421300	Dividend revenue	134,420	6	4,589	-
421500	Net gains (losses) on measurement of trading securities at fair value through profit or loss	21,397	1	1,006	-
421600	Net gains (losses) on covering of borrowed securities and bonds with resale agreements-short sales	(78,525)	(4)	11,210	-
421610	Net gains (losses) on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss	(18,733)	(1)	19,315	1
424100	Futures commission revenue (Note 6(m))	301,191	14	310,640	11
424200	Securities commission revenue	14,199	1	14,304	1
424400	Net gains (losses) on derivative instruments- futures (Note 6(m))	209,477	9	223,939	8
424500	Net gains (losses) on derivative instruments - OTC (Note 6(m))	102,359	5	169,949	6
424800	Management fee revenue	3,377	-	685	-
424900	Consulting fee revenue	6,418	-	13,916	-
428000	Other operating revenue	11,500	1	22,331	1
		<u>2,212,577</u>	<u>100</u>	<u>2,780,470</u>	<u>100</u>
Expenses:					
501000	Brokerage fees	316,731	14	329,139	12
502000	Brokerage fees - proprietary trading	6,889	-	13,031	1
521200	Financial costs	43,838	2	17,489	1
521640	Loss from securities borrowing transactions	8	-	190	-
425300	Expected credit impairment losses and reversal gains (Note 6(n))	(248)	-	473	-
524100	Futures commission expenses (Note 6(m))	434,874	20	560,957	20
524300	Clearing and settlement expenses	167,457	8	207,540	7
528000	Other operating expenditure	6,146	-	7,624	-
531000	Employee benefit expenses (Note 6(m))	638,366	29	602,909	22
532000	Depreciation and amortization expenses (Note 6(m))	63,172	3	61,714	2
533000	Other operating expenses (Note 6(m))	464,410	21	490,716	18
		<u>2,141,643</u>	<u>97</u>	<u>2,291,782</u>	<u>83</u>
	Net operating income	<u>70,934</u>	<u>3</u>	<u>488,688</u>	<u>17</u>
Non-operating income and expenses:					
602000	Other gains and losses (Note 6(m))	1,205,924	55	468,595	17
		<u>1,205,924</u>	<u>55</u>	<u>468,595</u>	<u>17</u>
902001	Net income before income tax	1,276,858	58	957,283	34
701000	Less: Income tax expenses (Note 6(j))	265,806	12	175,930	6
	Net income	<u>1,011,052</u>	<u>46</u>	<u>781,353</u>	<u>28</u>
Other comprehensive income:					
805500	Components that may not be reclassified subsequently to profit or loss:				
805510	Actuarial gain (loss) on defined benefit plans (Note 6(i))	(934)	-	2,515	-
805540	Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income	21,355	1	(11,175)	-
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>20,421</u>	<u>1</u>	<u>(8,660)</u>	<u>-</u>
805600	Components that may be reclassified subsequently to profit or loss:				
805610	Exchange differences on translation of foreign operations	(3,086)	-	94,946	3
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>(3,086)</u>	<u>-</u>	<u>94,946</u>	<u>3</u>
805000	Other comprehensive income	<u>17,335</u>	<u>1</u>	<u>86,286</u>	<u>3</u>
902006	Total comprehensive income	<u>\$ 1,028,387</u>	<u>47</u>	<u>867,639</u>	<u>31</u>
Net income attributable to:					
913100	Shareholders of the parent	\$ 1,010,196	46	781,860	28
913200	Non-controlling interests	856	-	(507)	-
		<u>\$ 1,011,052</u>	<u>46</u>	<u>781,353</u>	<u>28</u>
Comprehensive income attributable to:					
914100	Shareholders of the parent	\$ 1,027,583	47	867,965	31
914200	Non-controlling interests	804	-	(326)	-
		<u>\$ 1,028,387</u>	<u>47</u>	<u>867,639</u>	<u>31</u>
975000	Basic earnings per share (NT dollars) (Note 6(l))	<u>\$ 4.80</u>		<u>3.72</u>	
985000	Diluted earnings per share (NT dollars) (Note 6(l))	<u>\$ 4.79</u>		<u>3.71</u>	

See accompanying notes to consolidated financial statements.

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

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the years ended December 31, 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 year ended December 31, 2022	-	-	-	-	781,860	-	-	-	781,860	(507)	781,353	
Other comprehensive income	-	-	-	-	2,515	94,765	(11,175)	-	86,105	181	86,286	
Total comprehensive income	-	-	-	-	784,375	94,765	(11,175)	-	867,965	(326)	867,639	
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 December 31, 2022	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 year ended December 31, 2023	-	-	-	-	1,010,196	-	-	-	1,010,196	856	1,011,052	
Other comprehensive income	-	-	-	-	(934)	(3,034)	21,355	-	17,387	(52)	17,335	
Total comprehensive income	-	-	-	-	1,009,262	(3,034)	21,355	-	1,027,583	804	1,028,387	
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 December 31, 2023	\$ 2,104,376	1,663,251	757,377	1,650,772	1,010,085	(26,094)	13,682	-	7,173,449	2,929	7,176,378	

See accompanying notes to consolidated financial statements.

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

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Net income before income tax	\$ 1,276,858	957,283
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	57,558	55,078
Amortization expense	5,614	6,636
Expected credit impairment loss (reversal gain)	(248)	473
Net gain on financial assets or liabilities at fair value through profit or loss	(3,604)	(21,004)
Interest expense	43,838	17,489
Interest income (including financial income)	(1,207,305)	(423,407)
Dividend revenue	(395,463)	(5,116)
Loss on disposal of property and equipment	33	10
Loss (gain) on lease modification	(66)	675
Impairment loss	4,627	4,802
Loss on disposal of Joint Venture	-	1,210
Total adjustments to reconcile profit (loss)	<u>(1,495,016)</u>	<u>(363,154)</u>
Changes in operating assets and liabilities:		
Increase in financial assets at fair value through profit or loss	(234,870)	(215,200)
Decrease (increase) in bond purchased under resale agreements	(48,468)	40,847
Decrease (increase) in customer margin accounts	617,536	(1,997,548)
Decrease in receivable-futures margin	306	257
Decrease (increase) in leverage contract trading - customer's margin accounts	143,566	(231,789)
Decrease (increase) in security borrowing margin	779,757	(868,437)
Decrease (increase) in security borrowing collateral price	356,153	(473,545)
Decrease (increase) in accounts receivable	(33,025)	7,482
Decrease (increase) in accounts receivable - related parties	(234)	2,127
Increase in prepayments	(11,454)	(31,883)
Increase in net defined benefit assets	(2,563)	(5,580)
Decrease in other receivables	128,825	233,581
Decrease (increase) in other receivables- related parties	2,447	(3,225)
Decrease in other current assets	-	2
Increase in clearing and settlement fund	(148,835)	(5,697)
Increase in refundable deposits	(1,275)	(772)
Increase (decrease) in financial liabilities at fair value through profit or loss	(636,837)	796,394
Increase (decrease) in futures traders' equity	(564,592)	1,881,108
Increase (decrease) in leverage contract trading - customer's equity	(116,354)	219,057
Increase in accounts payable	64,325	6,656
Increase (decrease) in accounts payable - related parties	(3,805)	1,313
Decrease in advance receipts	(245)	(1,037)
Increase (decrease) in receipts under custody	(204)	276
Increase (decrease) in other payables	(5,674)	86,190
Increase (decrease) in other payables - related parties	(2,400)	3,327
Increase in provisions for liabilities	1,562	421
Increase in other current liabilities	25,224	3,983
Total changes in operating assets and liabilities	<u>308,866</u>	<u>(551,692)</u>
Total adjustments	<u>(1,186,150)</u>	<u>(914,846)</u>
Cash inflow generated from operations	90,708	42,437
Interest received	1,180,254	391,508
Dividends received	393,036	5,182
Interest paid	(44,644)	(16,790)
Income taxes paid	(193,414)	(109,691)
Net cash flows from operating activities	<u>1,425,940</u>	<u>312,646</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(114,382)	(26,275)
Proceeds from disposal of financial assets at fair value through other comprehensive income	36,610	-
Proceeds from disposal of non-current assets classified as held for sale	-	51,031
Acquisition of property and equipment	(86,423)	(21,742)
Acquisition of intangible assets	(7,008)	(2,291)
Increase in prepayments for business facilities	(1,170)	-
Net cash flows from (used in) investing activities	<u>(172,373)</u>	<u>723</u>
Cash flows from (used in) financing activities:		
Cash dividends paid	(635,522)	(336,700)
Increase in short-term loans	-	(109,784)
Acquisition of ownership interests in subsidiaries	-	(23,653)
Payments of lease liabilities	(30,771)	(28,231)
Net cash flows used in financing activities	<u>(666,293)</u>	<u>(498,368)</u>
Effect of exchange rate changes on cash and cash equivalents	(3,004)	93,837
Net increase (decrease) in cash and cash equivalents	584,270	(91,162)
Cash and cash equivalents at beginning of period	5,156,882	5,248,044
Cash and cash equivalents at end of period	<u>\$ 5,741,152</u>	<u>5,156,882</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 years ended December 31, 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 March 12, 2024.

(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”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies:

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

(a) Statement of compliance

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 International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(Continued)

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 mentioned in (Note 4(p))(ii) stated.

(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) The consolidated financial statements comprise the Company and its subsidiaries.

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

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

(ii) List of subsidiaries in the consolidated financial statements

Subsidiaries included in the consolidated financial report are as follows:

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

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the reporting currency at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated at the average exchange rate. Translation differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve in equity.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such a monetary item are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) Assets arising from operating activities that are expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) Assets held for the trading purposes;
- (iii) Assets that are expected to be realized within twelve months from the balance sheet date;
- (iv) Cash and cash equivalent, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

An entity shall classify a liability as current when:

- (i) Liabilities arising from operating activities that are expected to be settled in the normal operating cycle;
- (ii) Liabilities incurred for the trading purposes;
- (iii) Liabilities that are to be settled within twelve months from the balance sheet date;
- (iv) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalent comprises time deposit with maturity within one year, excess future margin, and commercial paper, short-term and highly liquid investments that are readily convertible to known amounts of cash and subjected to an insignificant risk of changes in value.

(g) Financial instruments

Trade receivables issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, trade receivables, other receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days overdue or within 30 days but breached the contract. The Group considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

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

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;
or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For debtors, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Financial liabilities

1) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

2) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Non-hedging derivative financial instruments

Derivatives are recognized initially at fair value and transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

(h) Securities under agreements

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Securities borrowing transactions

The Group engages in securities lending transactions, the amount of the sale of securities borrowing recognized liability, and to distinguish hedging and non-hedging purposes, in accordance with stocks and bonds. The amount paid to redeem shares or bonds borrowed, as a deduction of the subjects, the collateral paid in cash recorded as security borrowing margin, short sales delivered for securities market financing recorded as security borrowing collateral price.

(j) Customers margin accounts and future traders' equity

The customers' margin refers to the guarantee deposits and premiums collected from futures customers and also the spread calculated based on the market prices everyday. It is reflected under current assets of the balance sheet. Futures traders' equity refers to futures customers' deposit the guarantee deposits and option premiums and also the spread calculated based on the market prices everyday. It is reflected under current liabilities. The loss is offset only against the balance of the same customers' own margin accounts. If a customer incurs a loss in excess of the margin account balance, the excess is recognized a receivable.

(k) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of a significant part of an item of property and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other income and expenses.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

The depreciable amount of an asset is determined after deducting its residual values, and it shall be allocated on a systematic basis over its useful life. Items of property and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property and equipment are as follows:

- 1) Office equipment 3 ~ 5 years
- 2) Leasehold improvement is depreciated equally over the shorter period of estimated useful life or the lease term.

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change(s) is accounted for as a change in an accounting estimate.

(l) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

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

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office equipment and transportation equipment etc. that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(m) Intangible assets

Intangible assets of the Group are the requirements for transacting business on an exchange. The seats are regarded as intangible assets with an indefinite useful life and measured at cost while originally recognized. After initial recognition, an intangible asset shall be carried at its cost less any accumulated impairment losses. As for computer software, it was amortized on a straight-line basis over estimated useful life of three years, and in the meanwhile, the amortization would be recognized in gains or losses. The residual value, amortization period and amortization method for an intangible asset with a finite useful life are reviewed at each financial year-end. The change is accounted for as a change in an accounting estimate.

(n) Revenue recognition

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(o) Impairment of non financial assets

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

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

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

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

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

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

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(iv) Short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Income tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Income tax of foreign subsidiaries is estimated based on the tax rates prescribed by local laws and regulations. The income tax expense of the Group is the sum of the income tax expense of each company in the consolidated financial statements.

(r) Earnings per share (“EPS”)

The Group presents its basic and diluted earnings per share attributable to the Company’s ordinary equity holders. The basic earnings per share of the Group is calculated by dividing profit or loss attributable to the Company’s ordinary equity holders by the weighted average number of ordinary shares outstanding during the period. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all diluted potential ordinary shares. The diluted potential ordinary shares of the Group include the estimation of employee remuneration.

(s) Segment information

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

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

Impairment of goodwill

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

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash	\$ 252	112
Demand deposits	394,140	238,610
Time deposits	3,976,496	3,747,221
Futures margin- excess margin	1,121,187	1,170,939
Commercial paper	<u>249,077</u>	<u>-</u>
Total	<u><u>\$ 5,741,152</u></u>	<u><u>5,156,882</u></u>

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

	December 31, 2023	December 31, 2022
Open-ended funds and money- market instruments	\$ 30,000	20,000
Open-ended funds and money- market instruments valuation adjustment	263	(269)
Trading securities- proprietary trading	325,193	18,204
Trading securities- proprietary trading valuation adjustment	21,701	447
Securities invested by securities broker	6,314	15,996
Securities invested by securities broker valuation adjustment	7	(453)
Call options- non-hedging	194,196	89,232
Futures margin- proprietary fund- non-hedging	87,763	211,865
Leverage derivatives- non-hedging	150,671	202,915
Equity derivatives- non-hedging	15,890	16,854
Total	<u>\$ 831,998</u>	<u>574,791</u>

If there is an increase in the securities price of 1% on the reporting date (assume that all other variables remained constantly), the impact on after-tax comprehensive income for the years ended December 31, 2023 and 2022, will increase \$3,835 and \$539, 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

	December 31, 2023	December 31, 2022
Equity investments at fair value through other comprehensive income		
Listed stocks	\$ 15,893	51,857
Valuation adjustment	(2,650)	(8,171)
Total	<u>\$ 13,243</u>	<u>43,686</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.

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
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During the year ended December 31, 2023 and 2022, the dividends of \$124 and \$1,125, related to equity investment at fair value through other comprehensive income held on December 31, 2023 and 2022, respectively, were recognized. For investments in equity securities disposed of for the year ended December 31, 2023 and 2022, the dividends of \$124 and \$0, were recognized in the reported periods.

During the year ended December 31, 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 \$36,610 and \$0, respectively, and cumulative dispose gains for the year ended December 31, 2023 and 2022, amounted to \$646 and \$0, respectively, were transferred from other equity items to retained earnings.

(iii) Bonds purchased under resale agreements

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bonds purchased under resale agreements	<u>\$ 91,634</u>	<u>43,166</u>
Resale price under the agreements	<u>\$ 91,670</u>	<u>43,190</u>
Interest rates	<u>0.95%~1.00%</u>	<u>0.77%</u>
Date of repurchase	<u>2024.01.02~2024.01.12</u>	<u>2023.01.03~2023.01.13</u>

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

Equity instruments at fair value through other comprehensive income:

<u>Investee Company</u>	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Ownership ratio</u>	<u>Amount</u>	<u>Ownership ratio</u>	<u>Amount</u>
Taiwan Futures Exchange Co., Ltd	0.0042 %	\$ 1,504	0.0042 %	1,263
CME Group	0.0056 %	<u>129,329</u>	-	-
Total		<u>\$ 130,833</u>		<u>1,263</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 year ended December 31, 2023 and 2022, the dividends of \$3,794 and \$56, related to equity investments at fair value through other comprehensive income held on December 31, 2023 and 2022, respectively, were recognized. No strategic investments were disposed of during the year ended December 31, 2023 and 2022, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	December 31, 2023	December 31, 2022
Put options - non-hedging	\$ 82,162	128,886
Liabilities on sale of borrowed securities - non-hedging	129,773	704,686
Liabilities on sale of borrowed securities valuation adjustment - non-hedging	(562)	(19,315)
Leverage derivatives- non-hedging	15,402	28,918
Equity derivatives- non-hedging	6	1,710
Total	\$ 226,781	844,885

(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	79,802	6,621	86,423
Transfer from prepayments for business facilities	32,341	-	32,341
Scrap	(34,722)	(1,332)	(36,054)
Effect of exchange rate changes	(234)	(11)	(245)
Balance at December 31, 2023	\$ 212,007	16,410	228,417
Balance at January 1, 2022	\$ 116,554	16,704	133,258
Additions	21,019	723	21,742
Scrap	(6,860)	(6,634)	(13,494)
Effect of exchange rate changes	4,107	339	4,446
Balance at December 31, 2022	\$ 134,820	11,132	145,952
Accumulated depreciation:			
Balance at January 1, 2023	\$ 97,369	5,859	103,228
Depreciation	23,573	3,096	26,669
Scrap	(34,722)	(1,299)	(36,021)
Effect of exchange rate changes	(223)	(11)	(234)
Balance at December 31, 2023	\$ 85,997	7,645	93,642

(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	\$ 76,661	9,225	85,886
Depreciation	24,097	3,193	27,290
Scrap	(6,850)	(6,634)	(13,484)
Effect of exchange rate changes	3,461	75	3,536
Balance at December 31, 2022	<u>\$ 97,369</u>	<u>5,859</u>	<u>103,228</u>
Carrying amounts:			
Balance at December 31, 2023	<u>\$ 126,010</u>	<u>8,765</u>	<u>134,775</u>
Balance at December 31, 2022	<u>\$ 37,451</u>	<u>5,273</u>	<u>42,724</u>

As of December 31, 2023 and 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	81,401	4,689	86,090
Derecognition	(61,104)	(5,311)	(66,415)
Effect of exchange rate changes	(151)	-	(151)
Balance at December 31, 2023	<u>\$ 111,026</u>	<u>9,273</u>	<u>120,299</u>
Balance at January 1, 2022	\$ 80,426	7,383	87,809
Additions	17,199	2,512	19,711
Derecognition	(6,926)	-	(6,926)
Decrease	(1,581)	-	(1,581)
Effect of exchange rate changes	1,762	-	1,762
Balance at December 31, 2022	<u>\$ 90,880</u>	<u>9,895</u>	<u>100,775</u>
Accumulated depreciation:			
Balance at January 1, 2023	\$ 58,090	5,737	63,827
Depreciation	28,282	2,607	30,889
Derecognition	(59,263)	(4,474)	(63,737)
Effect of exchange rate changes	(62)	-	(62)
Balance at December 31, 2023	<u>\$ 27,047</u>	<u>3,870</u>	<u>30,917</u>

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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	\$ 37,421	3,351	40,772
Depreciation	25,402	2,386	27,788
Derecognition	(5,298)	-	(5,298)
Effect of exchange rate changes	565	-	565
Balance at December 31, 2022	<u>\$ 58,090</u>	<u>5,737</u>	<u>63,827</u>
Carrying amounts:			
Balance at December 31, 2023	<u>\$ 83,979</u>	<u>5,403</u>	<u>89,382</u>
Balance at December 31, 2022	<u>\$ 32,790</u>	<u>4,158</u>	<u>36,948</u>

(e) Customers margin accounts/futures traders' equity

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Customers margin accounts		
Cash in bank	\$ 28,274,910	31,462,155
Balance of the futures clearing house	7,039,533	5,428,820
Balance of other futures commission merchants	5,319,585	4,338,662
Marketable securities	1,061	22,988
Balance of customers margin accounts	<u>40,635,089</u>	<u>41,252,625</u>
Plus adjustment items:		
Commission cost	3,335	4,214
Deduction adjustment items:		
Brokerage fee revenue	(11,190)	(15,952)
Futures transaction tax	(1,544)	(1,617)
Interest income	(3,202)	(5,668)
Temporary credits	(812)	(29,355)
Remittance amount of the customers after the market closed	(37,268)	(11,610)
Other receivables	(61,788)	(104,766)
Others	(36)	(746)
Balance of futures traders' equity	<u>\$ 40,522,584</u>	<u>41,087,125</u>

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Receivable - futures margin

	December 31, 2023	December 31, 2022
Receivable - futures margin - current	\$ 373	380
Less: Loss allowance	<u>373</u>	<u>373</u>
Subtotal	<u>-</u>	<u>7</u>
Receivable - futures margin - non-current	6,084	6,383
Less: Loss allowance	<u>6,084</u>	<u>6,383</u>
Subtotal	<u>-</u>	<u>-</u>
Total	<u><u>\$ -</u></u>	<u><u>7</u></u>

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

	For the years ended December 31,	
	2023	2022
Balance on January 1	\$ 6,756	7,020
Impairment losses recognized (reversed)	<u>(299)</u>	<u>(264)</u>
Balance on December 31	<u><u>\$ 6,457</u></u>	<u><u>6,756</u></u>

(g) Intangible assets

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

	Goodwill (Note2)	The seats of foreign futures exchanges (Note1)	Computer software	Total
Cost:				
Balance at January 1, 2023	\$ 22,088	50,577	16,625	89,290
Additions	-	-	7,008	7,008
Transfer from prepayments for business facilities	-	-	1,575	1,575
Scrap	-	-	(6,945)	(6,945)
Effect of exchange rate changes	<u>-</u>	<u>(14)</u>	<u>(77)</u>	<u>(91)</u>
Balance at December 31, 2023	<u><u>\$ 22,088</u></u>	<u><u>50,563</u></u>	<u><u>18,186</u></u>	<u><u>90,837</u></u>
Balance at January 1, 2022	\$ 22,088	49,955	28,178	100,221
Additions	-	-	2,291	2,291
Scrap	-	-	(13,904)	(13,904)
Effect of exchange rate changes	<u>-</u>	<u>622</u>	<u>60</u>	<u>682</u>
Balance at December 31, 2022	<u><u>\$ 22,088</u></u>	<u><u>50,577</u></u>	<u><u>16,625</u></u>	<u><u>89,290</u></u>

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Goodwill (Note2)</u>	<u>The seats of foreign futures exchanges (Note1)</u>	<u>Computer software</u>	<u>Total</u>
Amortization and impairment losses:				
Balance at January 1, 2023	\$ 10,957	4,299	12,394	27,650
Amortization	-	-	5,614	5,614
Impairment losses	4,627	-	-	4,627
Scrap	-	-	(6,945)	(6,945)
Effect of exchange rate changes	-	(10)	(71)	(81)
Balance at December 31, 2023	<u>\$ 15,584</u>	<u>4,289</u>	<u>10,992</u>	<u>30,865</u>
Balance at January 1, 2022	\$ 6,155	3,871	19,614	29,640
Amortization	-	-	6,636	6,636
Impairment losses	4,802	-	-	4,802
Scrap	-	-	(13,904)	(13,904)
Effect of exchange rate changes	-	428	48	476
Balance at December 31, 2022	<u>\$ 10,957</u>	<u>4,299</u>	<u>12,394</u>	<u>27,650</u>
Carrying value:				
Balance at December 31, 2023	<u>\$ 6,504</u>	<u>46,274</u>	<u>7,194</u>	<u>59,972</u>
Balance at December 31, 2022	<u>\$ 11,131</u>	<u>46,278</u>	<u>4,231</u>	<u>61,640</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 \$4,627 and \$4,802 for the years ended December 31, 2023 and 2022, by using the discount rate of 4.20% and 4.30% on the basis of the future recoverable amount of sub-subsidiary from Mainland China.

(h) Lease liabilities

The Group's lease liabilities were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current	<u>\$ 33,102</u>	<u>20,616</u>
Non-current	<u>\$ 56,398</u>	<u>16,540</u>

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

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts recognized in profit or loss were as follows :

	For the years ended December 31,	
	2023	2022
Interest on lease liabilities	\$ <u>1,193</u>	<u>691</u>
Expenses relating to short-term leases	\$ <u>8,840</u>	<u>4,821</u>
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	\$ <u>177</u>	<u>303</u>

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

	For the years ended December 31,	
	2023	2022
Total cash outflow for leases	\$ <u>40,981</u>	<u>34,046</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.

(i) Employee benefits

(i) Defined benefit plans

The reconciliation in the present value of the defined benefit obligations and fair value of plan assets were as follows:

	December 31,	December 31,
	2023	2022
Present value of defined benefit obligations	\$ (8,667)	(9,933)
Fair value of plan assets	<u>19,192</u>	<u>18,829</u>
Recognized liabilities for defined benefit obligations	<u>\$ 10,525</u>	<u>8,896</u>

The Group made defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$19,192 as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of defined benefit obligation

The movement in present value of the defined benefit obligation for the Group in 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Defined benefit obligation at January 1	\$ 9,933	16,473
Current service costs and interest	(2,218)	(2,346)
Benefits paid	(122)	(3,057)
Remeasurement of net defined benefit obligation	1,074	(1,137)
Defined benefit obligation at December 31	<u>\$ 8,667</u>	<u>9,933</u>

3) Movements in fair value of defined benefit plan assets

The movements in fair value of defined benefit plan assets of the Company in 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Fair value of plan assets at January 1	\$ 18,829	17,274
Interest revenue	261	80
Benefits paid	(122)	-
Remeasurement of net defined benefit obligation		
- Return on plan assets (except net interests of period)	140	1,378
Contributions to the plan assets	84	97
Fair value of plan assets at December 31	<u>\$ 19,192</u>	<u>18,829</u>

4) Expense recognized in profit or loss

The expenses recognized in profit or loss of the Company in 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Current service cost	\$ (2,324)	(2,400)
Net interest of net defined benefit obligation	(155)	(26)
	<u>\$ (2,479)</u>	<u>(2,426)</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

For the years ended December 31, 2023 and 2022, the accumulated remeasurement of net defined benefit obligation recognized in other comprehensive income was as follows:

	For the years ended December 31,	
	2023	2022
Accumulated amount on January 1	\$ (9,165)	(11,680)
Recognized during the period	(934)	2,515
Accumulated amount on December 31	\$ (10,099)	(9,165)

- 6) Actuarial assumptions

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

	For the years ended December 31,	
	2023	2022
Discount rate	1.625 %	1.380 %
Future salary growth rate	3.000 %	3.000 %

The expected contribution to the defined benefit plan for the next year is \$84. The weighted average duration of the defined benefit obligation is 12.38 years.

- 7) Sensitivity Analysis

When calculating the present value of the defined benefit obligations, the Group uses judgments and estimations to determine the actuarial assumptions, including discount rate and future salary increases. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

For the years ended December 31, 2023 and 2022, the effects of adopting significant actuarial assumptions to defined benefit obligations were as follows:

	Effects to defined benefit obligations	
	Increase 0.5%	Decrease 0.5%
December 31, 2023		
Discount rate	\$ (524)	568
Future salary increasing rate	543	(507)
December 31, 2022		
Discount rate	(215)	226
Future salary increasing rate	184	(178)

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The sensitivity analysis presented above is based on the condition that other variables are unchanged. In practice, the changes of many assumptions are correlated. The method that the sensitivity analysis adopted is in accordance with the method of calculating net pension liability.

The assumptions and methods adopted for current period sensitivity analysis are identical with the previous period.

(ii) Defined contribution plans

In accordance with the Labor Pension Act of R.O.C, the Company contributes 6% of the employee's monthly wages to the Bureau of the Labor Insurance. Therefore, the Group has no further legal or constructive obligations to make any additional contribution once the contributions have been paid.

The Group contributed \$15,069 and \$14,292 under defined contribution plan to the Bureau of the Labor Insurance in the year 2023 and 2022, respectively.

(iii) For the years ended December 31, 2023 and 2022 the pension costs contributed by overseas subsidiaries in compliance with local ordinance were \$3,532 and \$2,888, respectively.

(j) Income taxes

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

The Company and its subsidiary Capital International Technology Corp. are founded in Taiwan. The corporate income tax rates are both 20% for the years ended December 31, 2023 and 2022.

The subsidiary CSC Futures (HK) Ltd. is founded in Hong Kong. The corporate income tax rates are both 16.5% for the years ended December 31, 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% for the years ended December 31, 2023 and 2022.

(ii) Income tax expense

The amounts of income tax expense (benefit) for the year ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Current income tax expense	\$ 273,403	154,426
Deferred income tax expense (benefit)	(7,597)	21,504
Total	\$ 265,806	175,930

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Reconciliation of income tax expense (benefit) and profit before tax of the Group for 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Net income before income tax	\$ 1,276,858	957,283
Income tax using the Company's domestic tax rate	255,372	191,457
Tax-exempt income	29,147	(7,463)
Unrecognized deferred tax assets for current-year losses	-	(217)
Unrecognized temporary differences for current year	(15,024)	(1,575)
Adjustments to prior year's income tax	1,115	(2,102)
Others	(4,804)	(4,170)
Total	\$ 265,806	175,930

(iii) Deferred tax assets and liabilities

1) Unrecognized deferred income tax liabilities

As of December 31, 2023 and 2022, the details of the Group's unrecognized deferred tax liabilities were as follows:

	December 31, 2023	December 31, 2022
Aggregate amount of temporary differences related to investments in subsidiaries	\$ <u>29,380</u>	<u>13,933</u>

The dividend policies of the Group's subsidiary, CSC Futures (HK) Ltd. and the sub-subsidiary, Capital True Partner Technology Co., Ltd. were prescribed not to appropriate the retained earning until December 31, 2023. Also, the Group does not plan to dispose of the investees in foreseeable future. Thus, the temporary differences related to investments in subsidiaries for the portion of not to intend to dispose or to appropriate are not recognized under deferred tax liabilities.

2) Unrecognized deferred income tax assets

As of December 31, 2023 and 2022, the details of the Group's unrecognized deferred tax assets were as follows:

	December 31, 2023	December 31, 2022
Unrealized losses on foreign investments under Equity Method	\$ <u>3,272</u>	<u>2,242</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Recognized deferred income tax liabilities

As of December 31, 2023 and 2022, the details of the Group's recognized deferred tax assets and liabilities were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Recognized deferred tax liabilities:		
Unrealized gains on derivative financial instruments	<u>\$ 30,231</u>	<u>37,828</u>

(iv) Income tax assessment status

The Company's income tax returns through 2021 were assessed by the Tax Authority.

The subsidiary Capital International Technology Corp.'s income tax returns through 2021 were assessed by the Tax Authority.

(k) Capital and other equity

(i) Common stock

As of December 31, 2023 and 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>December 31, 2023</u>	<u>December 31, 2022</u>
Share premium		
Capital addition-Share premium	\$ 1,635,556	1,635,556
Capital addition-Employee stock option	24,134	24,134
Difference between consideration transferred and carrying amount of subsidiaries acquired and disposed	2,106	2,106
Changes in ownership interests in subsidiaries	995	995
Right of inclusion options exercised	<u>460</u>	<u>460</u>
	<u>\$ 1,663,251</u>	<u>1,663,251</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(iii) Retained earnings

1) Legal reserve

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

2) Special reserve

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

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.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Undistributed earnings

According to the Company's Articles of Incorporation, after-tax earnings should first offset accumulated deficit, and then 10% of the remainder should be appropriated as legal reserve. However, when the legal reserve has reached the paid-up capital, is not within this limit. 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 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	\$ 635,522	3.02	336,700	1.60

According to the resolution of board meeting on March 12, 2024, the Company's 2023 proposal of earnings distribution for owners were as follows:

	For the years ended December 31,	
	2023	
	Amount	Per share (NT dollars)
Cash dividend	\$ 723,905	3.44

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

(l) Earnings per share

The basic earnings per share and diluted earnings per share for the years ended December 31, 2023 and 2022 were calculated as follows:

(i) Basic earnings per share

	For the years ended December 31,	
	2023	2022
Net income attributable to common shareholders of the Company	\$ 1,010,196	781,860
Weighted-average number of common stock shares outstanding (thousands of shares)	210,438	210,438
Basic earnings per share (NT dollars)	\$ 4.80	3.72

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Diluted earnings per share

	For the years ended December 31,	
	2023	2022
Net income attributable to common shareholders of the Company	\$ <u>1,010,196</u>	<u>781,860</u>
Weighted-average number of common stock shares outstanding (thousands of shares)	210,438	210,438
Effect of potentially dilutive common stock - Employee remuneration (thousands of shares)	345	348
Weighted-average outstanding shares of diluted earnings per share (thousands of shares)	<u>210,783</u>	<u>210,786</u>
Diluted earnings per share (NT dollars)	\$ <u>4.79</u>	<u>3.71</u>

(m) Items of the statements of comprehensive income

(i) Brokerage fee revenue

	For the years ended December 31,	
	2023	2022
Consignment trading handling fee revenue- Domestic futures	\$ 831,970	1,049,295
Consignment trading handling fee revenue- Foreign futures	783,525	947,121
Consignment trading handling fee revenue- Leverage Exchange Agency Trading	16,083	-
	<u>\$ 1,631,578</u>	<u>1,996,416</u>

(ii) Futures commission revenue

	For the years ended December 31,	
	2023	2022
Futures commission revenue- CSC Futures (HK) Ltd.	\$ <u>301,191</u>	<u>310,640</u>

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

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Net gains (losses) on derivative instruments

	For the years ended December 31,	
	2023	2022
	<u> </u>	<u> </u>
Non-hedging		
Net gains (losses) on futures contracts		
Gains on futures contracts	\$ 1,039,330	912,661
Losses on futures contracts	<u>(953,434)</u>	<u>(889,268)</u>
	<u>\$ 85,896</u>	<u>23,393</u>
Net gains (losses) on option contracts		
Gains on option contracts	\$ 427,706	698,236
Losses on option contracts	<u>(291,013)</u>	<u>(497,340)</u>
	<u>\$ 136,693</u>	<u>200,896</u>
Net gains (losses) on leverage derivatives		
Gains on leverage derivatives	\$ 1,612,091	1,842,208
Losses on leverage derivatives	<u>(1,516,580)</u>	<u>(1,694,428)</u>
	<u>\$ 95,511</u>	<u>147,780</u>
Net gains (losses) on equity derivatives		
Gains on equity derivatives	\$ 143,327	159,866
Losses on equity derivatives	<u>(136,479)</u>	<u>(137,697)</u>
	<u>\$ 6,848</u>	<u>22,169</u>
Net gains (losses) on derivative financial instruments	<u>\$ (13,112)</u>	<u>(350)</u>
- overseas subsidiaries		
Total gains on derivative financial instruments	\$ 3,222,454	3,612,971
Total losses on derivative financial instruments	<u>(2,897,506)</u>	<u>(3,218,733)</u>
Net gains (losses) on derivative financial instruments	<u>(13,112)</u>	<u>(350)</u>
- overseas subsidiaries		
	<u>\$ 311,836</u>	<u>393,888</u>

(iv) Futures commission expenses

	For the years ended December 31,	
	2023	2022
	<u> </u>	<u> </u>
Re-consigned futures trading	\$ 225,574	278,395
Futures introducing broker business	134,182	189,349
Commission expenses - CSC Futures (HK) Ltd.	<u>75,118</u>	<u>93,213</u>
	<u>\$ 434,874</u>	<u>560,957</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 years ended December 31,	
	2023	2022
Employee benefit expenses		
Salary expense	\$ 547,764	521,308
Labor and health insurance expense	32,851	29,886
Pension expense	16,122	14,754
Director remuneration	31,667	27,012
Others	9,962	9,949
Depreciation expense	57,558	55,078
Amortization expense	5,614	6,636
	\$ 701,538	664,623

(vi) Other operating expenses

	For the years ended December 31,	
	2023	2022
Postage expense	\$ 73,892	63,022
Taxes	90,229	110,080
Rental expense	9,109	5,165
Information technology expense	181,794	210,846
Professional service fee	11,997	12,616
Others	97,389	88,987
	\$ 464,410	490,716

(vii) Other gains and losses

	For the years ended December 31,	
	2023	2022
Interest income	\$ 1,207,305	423,407
Dividend income	261,043	527
Net gains on non-operating financial instruments at fair value through profit or loss	940	683
Net gains (losses) on foreign exchange	(1,082)	28,181
Net gains (losses) on disposal of investments	(270,637)	3,028
Losses on disposal of property and equipment	(33)	(10)
Other non-operating revenue - other	15,077	25,815
Other non-operating expense - other	(6,689)	(13,036)
	\$ 1,205,924	468,595

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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 year ended December 31, 2023 and 2022, the estimated amounts of remuneration to employee were \$14,749 and \$11,473, and to directors by the Company were \$14,749 and \$11,473, 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 for the years ended December 31, 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.

(n) Financial Instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represent the maximum credit exposure. As of December 31, 2023 and 2022 the maximum credit exposure amounted to \$48,573,263 and \$49,300,552, respectively.

2) Concentration of credit risk

The exposure of credit risk by geographic region in December 31, 2023 as shown in below, mainly focusing on Taiwan (accounted for 80.68%), secondly in Asia (accounted for 10.72% excluded Taiwan), thirdly in Europe (accounted for 8.08%). The proportion of investment by geographic region did not change significantly compared to the same period last year.

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Area</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Taiwan	\$ 39,189,289	41,285,753
Asia (excluded Taiwan)	5,207,358	7,338,504
North America	250,708	440,835
Europe	3,925,908	189,787
Oceania	-	45,673
Total	<u>\$ 48,573,263</u>	<u>49,300,552</u>

3) Impairment losses

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

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Gross carrying amount</u>	<u>Impairment</u>	<u>Gross carrying amount</u>	<u>Impairment</u>
Current	\$ 164,514	6,457	233,355	6,756
Past due 0~30 days	-	-	-	-
Past due 31~120 days	-	-	-	-
Past due 121~360 days	-	-	-	-
Past due more than 360 days	-	-	-	-
	<u>\$ 164,514</u>	<u>6,457</u>	<u>233,355</u>	<u>6,756</u>

Allowance for doubtful debts under receivables is recorded for the bad debt expense or impairment losses. Where a claim becomes definitely uncollectible, the allowance for doubtful debts should be written off to financial assets account. As of December 31, 2023 and 2022, the loss allowance of receivables were recognized \$6,457 and \$6,756, respectively.

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Credit risk of receivables

Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g). The Group regards a financial asset as a default when the client of brokerage business is unable to fulfill the margin call or settlement obligation or accrued receivables past due, as well as other receivable of stock default that the company as securities interactive business, which the counterparty is unable to pay the Group. Thus, the Group regarded the financial assets as default and recognized impairment losses. The movement of loss allowance for the years ended December 31, 2023 and 2022 was as follows:

For the years ended December 31, 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
Impairment losses (reversal of impairment losses)	-	-	51	(299)	-	(248)
Amounts written off	-	-	(51)	-	-	(51)
Balance on December 31	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>6,457</u>	<u>-</u>	<u>6,457</u>
For the years ended December 31, 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)	-	-	737	(264)	-	473
Amounts written off	-	-	(737)	-	-	(737)
Balance on December 31	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>6,756</u>	<u>-</u>	<u>6,756</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.

	<u>Carrying amount</u>	<u>Contract cash flow</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 year</u>	<u>2-5 year</u>	<u>More than 5 year</u>
December 31, 2023							
Financial liabilities at fair value through profit or loss	\$ 226,781	226,781	226,781	-	-	-	-
Futures traders' equity	40,522,584	40,522,584	40,522,584	-	-	-	-
Leverage contract trading- customers' equity	733,533	733,533	733,533	-	-	-	-
Accounts payable	125,630	125,630	125,630	-	-	-	-
Receipts under custody	4,992	4,992	4,992	-	-	-	-
Other payables	218,981	218,981	218,981	-	-	-	-
Lease liabilities	<u>89,500</u>	<u>92,897</u>	<u>17,811</u>	<u>16,973</u>	<u>29,804</u>	<u>28,309</u>	<u>-</u>
	<u>\$ 41,922,001</u>	<u>41,925,398</u>	<u>41,850,312</u>	<u>16,973</u>	<u>29,804</u>	<u>28,309</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	<u>37,156</u>	<u>38,555</u>	<u>14,448</u>	<u>7,246</u>	<u>9,186</u>	<u>7,675</u>	<u>-</u>
	<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>

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Currency risk

1) Exposure to foreign currency risk

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

December 31, 2023			
Financial assets	Foreign currency (dollar)	Exchange rate	Thousands of New Taiwan Dollars
<u>Monetary items</u>			
USD	\$ 586,009,832.53	30.7050	17,993,432
EUR	12,480,840.54	33.9800	424,099
GBP	544,955.69	39.1500	21,335
JPY	1,206,940,748.00	0.2172	262,148
HKD	35,305,660.39	3.9290	138,716
AUD	2,839,857.28	20.9800	59,580
CHF	56,230.60	36.4900	2,052
SGD	210,268.92	23.2900	4,897
KRW	117,431,126.00	0.0239	2,807
CNY	81,611,825.29	4.3270	353,134
MYR	1,036,713.06	6.4110	6,646
THB	4,078,762.86	0.9017	3,678
NZD	123,973.43	19.4800	2,415
ZAR	3,752,125.79	1.6570	6,217
VND	3,395,786,250.00	0.0012	4,075
<u>Non-monetary items</u>			
USD	11,157,083.06	30.7050	342,578
JPY	1,697,776.00	0.2172	369
GBP	4,527.85	39.1500	177
AUD	4,121.35	20.9800	86
CAD	6,159.20	23.2000	143
ZAR	388,850.20	1.6570	644

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2023			
<u>Financial liabilities</u>	Foreign currency (dollar)	Exchange rate	Thousands of New Taiwan Dollars
<u>Monetary items</u>			
USD	\$ 566,992,131.19	30.7050	17,409,493
EUR	12,312,496.18	33.9800	418,379
GBP	473,607.56	39.1500	18,542
JPY	1,160,186,835.08	0.2172	251,993
HKD	200,210,575.18	3.9290	786,627
AUD	2,773,861.25	20.9800	58,196
CHF	136,846.05	36.4900	4,994
SGD	291,079.41	23.2900	6,779
KRW	115,945,594.08	0.0239	2,771
CNY	74,298,680.69	4.3270	321,490
MYR	997,889.33	6.4110	6,397
THB	1,318,120.00	0.9017	1,189
NZD	933.08	19.4800	18
CAD	7,849.17	23.2000	182
VND	3,158,804,500.00	0.0012	3,791
<u>Non-monetary items</u>			
USD	12,726.95	30.7050	391
CNY	1,857,743.84	4.3270	8,039
NZD	8,735.90	19.4800	170
SGD	4,822.19	23.2900	112
CHF	183,499.75	36.4900	6,696

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
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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

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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

The Group disclosed the summarized information on exchange gain or loss. The realized and unrealized exchange gains amounted to \$279 and \$36,762 for the year ended December 31, 2023 and 2022, respectively.

(Continued)

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 years ended December 31, 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 \$2,584 and \$3,867, respectively. The analytical basis was the same in both years.

(iv) Analysis in interest rates

For the years ended December 31, 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 \$6,884 and \$6,962. 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.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Based on fair value measurement

a) Hierarchy information of fair value

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

<u>Assets and Liabilities items</u>	<u>December 31, 2023</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	\$ 83,920	83,920	-	-
Stock investment	299,558	299,558	-	-
Financial assets at fair value through other comprehensive income	144,076	142,572	-	1,504
Liabilities:				
Financial liabilities at fair value through profit or loss	129,211	129,211	-	-
<u>Derivative assets and liabilities</u>				
Assets:				
Financial assets at fair value through profit or loss	\$ 448,520	281,959	166,561	-
Liabilities:				
Financial liabilities at fair value through profit or loss	97,570	82,162	15,408	-

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Assets and Liabilities items</u>	<u>December 31, 2022</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	-

b) Valuation techniques

i) Non-derivative financial instruments

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

ii) Derivative financial instruments

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

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

iii) Transfer between Level 1 and Level 2

There is no transfer between Level 1 and Level 2 for the years ended December 31, 2023 and 2022.

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

(In Thousands Dollars)

Item	For the years ended December 31, 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	-	241	-	-	-	-	1,504

Item	For the years ended December 31, 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	-	(318)	-	-	-	-	1,263

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

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

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

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

	Change in fair value recognized in other comprehensive income	
	Favorable	Unfavorable
December 31, 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>

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.

- (o) Financial risk management

- (i) General description

The Group is exposed to risks below due to the application of financial instruments

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The note expresses the exposure, measurement and management target, policy and procedure of the aforementioned risks. Detailed information about the financial instruments has been disclosed as each note to the consolidated financial statements.

(ii) Risk management structure

To effectively control risks, a management procedure is to build up from top to bottom that includes the Board of Directors, managers of all departments and the employees to participate. From the macroscopic perspective of the Group, qualitative and quantitative approaches are taken to recognize, evaluate, monitor and respond to various potential risks. As a result, the Group may make reasonable risky asset allocation and maximize returns for shareholders within a bearable risk range. On September 21, 2007, the Company deliberated this institution of risk management based on the “Principles of Futures Commission Merchant’s Risk Management Practices” and the “Futures Commission Merchant’s Self Checklist for the Establishment of Risk Management Mechanism” as promulgated in the letter ref. No. (Taiwan-Futures-Audit) 0940024340 of the Taiwan Futures Exchange. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board of Directors has established the Risk Management Committee, attributable to General Manager’s Office and responsible for developing and monitoring Company’s risk management policies. The committee reports regularly to the Board of Directors on its activities.

(iii) Credit risk

Credit risk is the risk that the Group engaged in financial trading exposed, including issuers credit issue, traders credit issue and the subject assets credit risk. And the risk of financial loss to the Group if a customer of brokerage business fails to meet its contractual obligations of margin calls or settlement. According to futures trading practices, futures commission merchant can close position in accordance with the prior agreement of both parties due to the system designed such as advance customers margin, intraday in-time clearing and when customers fail to meet its contractual obligations of margin calls. Therefore, the influence is not significant to the credit risk of the Group. Moreover, most brokerage customers are the general investors and professional institutions. The object sources of investors and the amount of investment are widely dispersed, and thus, there is no situation such as concentration of credit risk.

Approaches taken to manage credit risk at current stage are as follows:

- 1) Credit inquiry and assessment before trade: inquire client’s credit and ascertain the legality before transaction
- 2) Credit rating management: treat trades with special credit particularly.
- 3) Credit supervision after transaction: regularly inspect client’s profit and loss of positions. Evaluate and monitor credit enhancement (including collaterals) on a regular basis.
- 4) Other effective risk reduction measures: collaterals, guarantee, credit risk netting and offset agreement.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Summarize information on expected credit loss (credit risk exposure amount, counterparty default probability and return rate) and unexpected credit loss, as well as quantify the credit VaR.

(iv) Liquidity risk

Liquidity risks are market liquidity risk and capital liquidity risk

1) Market liquidity risk:

Market liquidity risk is the risk which the Group cannot immediately cover or offset the risk of derivative positions. When the condition of insufficient market depth or an unexpected event occurs, it's not easy to obtain trading opportunities or significant spread risk. Due to small trading volume, some domestic futures contracts have this liquidity risk. Therefore, when the proprietary segment of the Group engages in arbitrage trading, it should consider the liquidity risk of goods. Futures commodity liquidity can depend on daily trading volume and open interest (OI) to measure. The more the daily trading volume and open interest as well as the greater liquidity are, the relatively lower the liquidity risk is.

2) Capital liquidity risk:

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

Liquidity risk management of the Group includes :

- 1) Market liquidity risk management: To avoid loss caused by market liquidity risk, the Group stipulates capital amount budgeted for proprietary trade department in the annual operating plan. Also, a daily report on the Adjusted Net Capital (ANC) ratio is filed to the competent authority. As for other departments and proprietary trade, the risk control office supervises daily trade by comparing actual cash flow and the authorized amount.
- 2) Capital liquidity risk management : The finance department is independent from other units in transferring financial resources. To control capital liquidity risk and to consider capital needs of various products for domestic and foreign markets, the finance department composes daily reports, such as the "Margin Withdrawal/Deposit List", "Securities Transaction Applications", and other management report forms. After reviewing and approving by the management, these reports will be implemented and filed.

(v) Market risk

Market risk is the possibility of loss resulting from trading due to futures price reversal of the Group's proprietary business. It means that the market price or fluctuation trend is not beneficial to the Group's profitability, which results in risky events happen.

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group's market risk management comprises trading strategy monitoring, loss up limit control, trading margin up limit control, remaining position up limit and open-delta value control, margins ratio control for domestic and foreign remaining positions and the implied volatility inspection of option price.

Quantitative Measurement on Market Risk was as follows:

- 1) Statistic-based measurement: the Value at Risk (VaR) of linear products (stocks) is measured by the Variance Co-Variance (Risk Metrics Approach--EWMA), which calculates the maximal probable risk of portfolio under a certain confidence level for the next business day. The Value at Risk of non-linear products (options) is measured by the Delta-Gamma Approximations (the "Greeks"). After offsetting the risks of trade contracts, the measurement vehicle calculates the maximal probable risk of portfolio under a certain confidence level for the next business day. To test the accuracy, back testing approach is taken to try finding out the violations within one year under pre-calculated VaR using the actual valued profit and loss of inventory positions for the previous day (P&L for T-1 day)
- 2) Sensitivity analysis measures the sensitivity of the positions to individual risk factors (such as interest rate and exchange rate). The sensitivity analysis on exchange rate variation includes evaluation and analysis on the proprietary overseas capital and service fee revenue from foreign futures products.
- 3) Stress test emulates and measures the impacts on portfolio value at unusual market change, from which responding actions can be made. The portfolio stress test at current stage aims at the weighted index or targeted stock price within $\pm 15\%$ change.

(p) Capital management

The Group's objectives for managing capital are to safeguard the capacity to continue to operate and achieve the Group's operating principles, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders or issue new shares. The Group adopts a risk-adjusted return on capital to allocate the Group's capital reasonably and effectively.

As of December 31, 2023, the Group didn't change the method of capital management.

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(q) Financing activities not affecting current cash flow

The Group's financing activities which did not affect the current cash flow for the year ended December 31, 2023 and 2022, were as follows:

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

	January 1, 2023	Cash flows	Non-cash changes			December 31, 2023
			Other	Foreign exchange movement	Fair value changes	
Lease liabilities	\$ 37,156	(31,964)	84,392	(84)	-	89,500
Total liabilities from financing activities	<u>\$ 37,156</u>	<u>(31,964)</u>	<u>84,392</u>	<u>(84)</u>	<u>-</u>	<u>89,500</u>

	January 1, 2022	Cash flows	Non-cash changes			December 31, 2022
			Other	Foreign exchange movement	Fair value changes	
Lease liabilities	\$ 47,129	(28,922)	17,742	1,207	-	37,156
Total liabilities from financing activities	<u>\$ 47,129</u>	<u>(28,922)</u>	<u>17,742</u>	<u>1,207</u>	<u>-</u>	<u>37,156</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 of related parties and their relationship with related parties

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Capital Securities Corporation	The parent company
CSC Securities (HK) Ltd.	Associate
CSC International Holdings Ltd.	Associate
Capital Investment Trust Corp.	Associate
Funds issued by Capital Investment Trust Corp.	Funds issued by associate
Fu Tai Construction Corporation	Related party in Substance
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 years ended December 31,	
	2023	2022
Short-term employee benefits	\$ 116,797	82,140
Post-employment benefits	1,290	1,057
Total	\$ 118,087	83,197

(d) Significant transactions with related parties

- (i) The amounts of futures trading between the Group and related parties for the year ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
<u>Brokerage fee revenue</u>		
Capital Securities Corporation	\$ 34,162	29,146
Funds issued by Capital Investment Trust Corp.	1,846	82
Other related parties	264	513
Total	\$ 36,272	29,741
	December 31,	December 31,
	2023	2022
<u>Futures traders' equity</u>		
Capital Securities Corporation	\$ 1,760,408	2,202,884
Funds issued by Capital Investment Trust Corp.	671,147	275,178
Other related parties	270	270
Total	\$ 2,431,825	2,478,332

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 years ended December 31,	
	2023	2022
<u>Interest expense</u>		
Capital Securities Corporation	\$ 35	67
Funds issued by Capital Investment Trust Corp.	573	296
Total	\$ 608	363

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Accounts payable and receivable:

<u>Accounts receivable</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Capital Securities Corporation	\$ <u>1,118</u>	<u>884</u>
<u>Accounts payable</u>		
Capital Securities Corporation	\$ <u>8,956</u>	<u>12,761</u>
<u>Other receivables (Note 1)</u>		
Capital Securities Corporation	\$ 3,649	7,291
CSC Securities (HK) Ltd.	<u>1,328</u>	<u>123</u>
Total	\$ <u>4,977</u>	<u>7,414</u>
<u>Other payables</u>		
Capital Securities Corporation (Note 2)	\$ 295	4,051
CSC Securities (HK) Ltd. (Note 3)	<u>565</u>	<u>569</u>
Total	\$ <u>860</u>	<u>4,620</u>

(Note 1) Receivables from future interactive brokers, 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>December 31, 2023</u>	<u>December 31, 2022</u>
Bonds purchased under resale agreements	\$ <u>31,426</u>	<u>43,166</u>
Resale price under the agreements	\$ <u>31,450</u>	<u>43,190</u>
Interest rates	<u>1.00%</u>	<u>0.77%</u>
Date of repurchase	<u>2024.01.12</u>	<u>2023.01.03~2023.01.13</u>
	<u>For the years ended December 31,</u>	<u>2023</u>
	<u>2023</u>	<u>2022</u>
Interest income	\$ <u>713</u>	<u>395</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 December 31, 2023 and 2022, the total value of effective contracts were all \$53,289. For the year ended December 31, 2023 and 2022, the Group recognized the amount of \$457 and \$208 as interest expense. As of December 31, 2023 and 2022, lease liabilities amounted to \$44,644 and \$10,326, 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 December 31, 2023 and 2022, the total value of effective contracts were \$24,090 and \$0, respectively. For the year ended December 31, 2023 and 2022, the Group recognized the amount of \$249 and \$0 as interest expense. As of December 31, 2023 and 2022, lease liabilities amounted to \$20,283 and \$0, respectively, and refundable deposits were amounted to \$1,165 and \$0.

The Group signed one-year lease contracts and rented the office from CSC International Holdings Ltd. As of December 31, 2023 and 2022, the total value of effective contracts were all \$552 (CNY\$127 thousands). For the year ended December 31, 2023 and 2022, the Group all recognized the amount of \$0 as interest expense. As of December 31, 2023 and 2022, lease liabilities were amounted to \$228 and \$232, respectively, and refundable deposits were amounted to \$137 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:

<u>Related parties</u>	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Capital Securities Corporation	<u>\$ 906</u>	<u>855</u>

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

(vi) Securities commission income

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

<u>Related parties</u>	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Capital Securities Corporation	\$ 12,761	14,122
CSC Securities (HK) Ltd.	1,438	182
Total	<u>\$ 14,199</u>	<u>14,304</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vii) Interest income (Rent deposit interest and other)

<u>Related parties</u>	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Capital Securities Corporation	\$ <u>124</u>	<u>36</u>

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

<u>Related parties</u>	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Capital Securities Corporation	\$ <u>34</u>	<u>-</u>

(ix) Commission cost

<u>Related parties</u>	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Capital Securities Corporation	\$ 131,141	186,991
CSC Securities (HK) Ltd.	<u>18</u>	<u>-</u>
Total	\$ <u>131,159</u>	<u>186,991</u>

(x) Information technology expenses

<u>Related parties</u>	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Capital Securities Corporation	\$ <u>53,440</u>	<u>48,191</u>

(xi) Stock service fees

<u>Related parties</u>	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Capital Securities Corporation	\$ <u>659</u>	<u>628</u>

(xii) Human resource and legal service fees

<u>Related parties</u>	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Capital Securities Corporation	\$ <u>300</u>	<u>300</u>

(xiii) Securities transaction fees

<u>Related parties</u>	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Capital Securities Corporation	\$ <u>469</u>	<u>1,743</u>

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(xiv) Discretionary service commission fees

	For the years ended December 31,	
Related parties	2023	2022
Capital Securities Corporation	\$ 340	20

(xv) Brokerage fees - proprietary trading

	For the years ended December 31,	
Related parties	2023	2022
Capital Securities Corporation	\$ 267	-
CSC Securities (HK) Ltd.	18	-
Total	\$ 285	-

(xvi) Management service fees

	For the years ended December 31,	
Related parties	2023	2022
CSC Securities (HK) Ltd.	\$ 4,343	3,849

(xvii) Stationery and printing fees

	For the years ended December 31,	
Related parties	2023	2022
Capital Securities Corporation	\$ 32	38

(xviii) Consulting fees

	For the years ended December 31,	
Related parties	2023	2022
Other related parties	\$ 39	21

(8) Pledged assets:None.

(9) Significant commitments and contingencies:

The Group purchased software and hardware systems for business development. As of December 31, 2023, the Group had outstanding balance payment \$1,530.

(10) Losses due to major disasters:None.

(11) Significant subsequent events:None.

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Derivative instrument transactions:

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

December 31, 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	445	\$ 1,586,880	1,590,217	
	TAIEX Futures	Short	16	(57,010)	(57,152)	
	Mini Taiex Futures	Long	362	322,557	323,224	
	Mini Taiex Futures	Short	60	(52,593)	(53,542)	
	Electronic Sector Index Futures	Long	2	7,038	7,135	
	Financial Insurance Index Futures	Long	3	5,163	5,158	
	NTD Gold Futures	Short	1	(770)	(767)	
	Taiwan Stock Futures	Long	1,630	309,347	311,055	
	Taiwan Stock Futures	Short	3,547	(417,206)	(427,330)	
	US Dollar Index Futures	Short	48	(149,950)	(148,901)	
	Mini Taiex Weekly Futures	Long	332	295,916	297,006	
	Mini Financial Futures	Short	4	(1,719)	(1,719)	
	CME BTC	Short	7	(47,168)	(45,270)	
	CME MBT	Short	5	(674)	(647)	
	Subtotal			<u>1,799,811</u>		

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 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	36	\$ 150	193	
	Stock Options (Call)	Short	103	(667)	(717)	
	Stock Options (Put)	Short	31	(249)	(224)	
	Stock Options (Put)	Long	89	372	368	
	TAIEX Options (Call)	Long	3,363	112,684	125,734	
	TAIEX Options (Call)	Short	4,635	(48,055)	(64,308)	
	TAIEX Options (Put)	Long	6,936	83,712	64,039	
	TAIEX Options (Put)	Short	4,185	(17,811)	(11,508)	
	TAIEX Weekly Options (Call)	Long	1,283	2,054	2,087	
	TAIEX Weekly Options (Call)	Short	1,138	(3,905)	(3,855)	
	TAIEX Weekly Options (Put)	Long	1,415	2,141	1,730	
	TAIEX Weekly Options (Put)	Short	643	(1,328)	(1,120)	
	Electronic Sector Index Options (Call)	Short	20	(171)	(273)	
	Financial Insurance Index Options (Call)	Long	22	51	36	
	Financial Insurance Index Options (Call)	Short	27	(60)	(113)	
	Financial Insurance Index Options (Put)	Long	25	54	9	
	Financial Insurance Index Options (Put)	Short	10	(16)	(1)	
	Gold Options (Call)	Short	11	(51)	(9)	
	Gold Options (Put)	Short	10	(25)	(34)	
	Subtotal			<u>128,880</u>		
Total				<u>\$ 1,928,691</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	
	E-Mini Russell 2000 Index Futures	Short	10	(27,085)	(27,192)	
	Soybean Futures	Long	10	23,380	23,401	
	Subtotal			<u>155,792</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			
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 Options (Call)	Long	94	262	182	
	Financial Insurance Index Options (Call)	Short	33	(65)	(31)	
	Financial Insurance Index Options (Put)	Long	16	64	22	
	Financial Insurance Index Options (Put)	Short	85	(235)	(168)	
	Gold Options (Call)	Long	23	241	216	
	Gold Options (Call)	Short	10	(48)	(38)	
	Gold Options (Put)	Long	7	25	5	
	Gold Options (Put)	Short	6	(28)	(4)	
	Subtotal			(31,906)		
Total				\$ <u>123,886</u>		

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

Item	December 31, 2023	December 31, 2022
Leverage derivatives- long	\$ <u>4,606,396</u>	<u>4,078,689</u>
Leverage derivatives- short	\$ <u>4,592,219</u>	<u>4,059,360</u>
Equity derivatives- long	\$ <u>234,573</u>	<u>352,576</u>
Equity derivatives- short	\$ <u>234,554</u>	<u>352,547</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

Art.	Calculation formula	Current Period		Last Period		Standard	Enforcement
		Calculation	Ratio	Calculation	Ratio		
17	Stockholders' equity		4.44	6,781,388	3.16	≥ 1	Satisfactory to requirement
	(Total liabilities– futures traders' equity)	7,173,449		2,147,858			
17	Current Assets	44,754,505	1.14	45,996,498	1.13	≥ 1	"
	Current Liabilities	39,269,119		40,595,760			
22	Stockholders' equity	7,173,449	643.36 %	6,781,388	608.20 %	≥ 60%	"
	Minimum paid-in capital	1,115,000		1,115,000		≥ 40%	
22	Post-adjustment net capital		53.77 %	3,701,351	44.35 %	≥ 20%	"
	Total customer margin deposits required for open positions of customers	5,191,652		8,344,985		≥ 15%	

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

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

(15) Other:None.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(16) Other disclosures:

(a) Information on significant transactions:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number (Note 1)	Name of lender	Name of borrower	Account name	Related party	Maximum balance of the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	CSC Futures (HK) Ltd.	F190402	Account receivables -Customer	No	60,934	60,934	-	10.27%	1	3,487		-		-	207,062	1,035,312
1	CSC Futures (HK) Ltd.	F611702	Account receivables -Customer	No	426,535	426,535	31,990	6.22%~ 7.47%	1	173,801		-		-	426,535	1,035,312
1	CSC Futures (HK) Ltd.	F613059	Account receivables -Customer	No	91,400	91,400	-	9.27%	1	14,455		-		-	207,062	1,035,312
1	CSC Futures (HK) Ltd.	F612688	Account receivables -Customer	No	15,233	15,233	-	8.27%	1	-		-		-	207,062	1,035,312
1	CSC Futures (HK) Ltd.	F612687	Account receivables -Customer	No	-	-	-	8.27%	1	56		-		-	207,062	1,035,312
1	CSC Futures (HK) Ltd.	F612851	Account receivables -Customer	No	60,934	60,934	-	8.27%	1	1,259		-		-	207,062	1,035,312
1	CSC Futures (HK) Ltd.	F613091	Account receivables -Customer	No	45,700	45,700	-	8.27%	1	9,507		-		-	207,062	1,035,312
1	CSC Futures (HK) Ltd.	F190416	Account receivables -Customer	No	213,268	213,268	-	6.77%	1	3,488		-		-	213,268	1,035,312

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	16,860	General transaction	0.76%
2	Capital True Partner Technology Co., Ltd.	CSC Futures (HK) Ltd.	3	Other operating revenue	16,860	General transaction	0.76%
1	CSC Futures (HK) Ltd.	Capital True Partner Technology Co., Ltd.	3	Other payables	4,302		0.01%
2	Capital True Partner Technology Co., Ltd.	CSC Futures (HK) Ltd.	3	Accounts receivable	4,302		0.01%
2	Capital True Partner Technology Co., Ltd.	Capital Futures Corp.	2	Other operating revenue	16,598	General transaction	0.75%

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Capital Futures Corp.	Capital True Partner Technology Co., Ltd.	1	Professional service fees	16,598	General transaction	0.75%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Futures traders' equity	755,991		1.53%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Customers' margin account	755,989		1.53%
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	4,643,380		9.41%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Customers' margin account	4,204,761		8.52%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Customers' margin account	438,619		0.89%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Futures commission revenue	12,555	General transaction	0.57%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Futures commission expenses	12,555	General transaction	0.57%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Brokerage fee revenue	103,034	General transaction	4.66%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Futures commission expenses	103,034	General transaction	4.66%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Interest revenue	20,667	General transaction	0.93%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Financial cost	20,667	General transaction	0.93%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Other payables	5,463		0.01%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Other receivables	5,463		0.01%
3	Capital International Technology Corp.	Capital Futures Corp.	2	Professional service revenue	1,792	General transaction	0.08%
0	Capital Futures Corp.	Capital International Technology Corp.	1	Repair expenses	1,792	General transaction	0.08%

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		Highest Percentage of ownership	Balance as of December 31, 2023			Revenue of investee	Net income (losses) of investee	Share of profits/losses of investee	Cash dividend	Note
						December 31, 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	100.00 %	220,000	100.00 %	1,035,312	325,140	79,386	79,386	-	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	100.00 %	5,000	100.00 %	18,301	1,792	(8,048)	(8,048)	-	Subsidiary

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CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(d) Information on investment in Mainland China:

(i) Investment in Mainland China and related information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 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	1,747	51.00%	51.00%	890 B (2)	9,553	-
Capital Futures Technology (Shanghai) Co., Ltd.	Management consulting and information service business	18,863	(C)	18,863	-	-	18,863	(5,157)	100.00%	100.00%	(5,157) B (2)	2,500	-

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 December 31, 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 year ended December 31, 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 years ended December 31, 2023				
	Brokerage business	Others	Adjustment and elimination	Total
Segment revenue	\$ 2,366,877	888,156	(1,042,456)	2,212,577
Segment profit or loss	\$ 950,270	326,588	-	1,276,858
For the years ended December 31, 2022				
	Brokerage business	Others	Adjustment and elimination	Total
Segment revenue	\$ 2,618,360	526,899	(364,789)	2,780,470
Segment profit or loss	\$ 922,675	34,608	-	957,283

(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.