

Stock code: 6024



2022

ANNUAL REPORT
Capital Futures Corp.

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Date of Issuance: April 2, 2023

Capital Futures Corp. Annual report is available at:
<http://mops.twse.com.tw>

Company Website: <https://www.capitalfutures.com.tw>

I. Spokesperson:

Name: Mao, Jen-Hua

Title: President

Tel: (02)2700-2888

Email Address: edward.mao@futures.capital.com.tw

II. Deputy Spokesperson:

Name: Lin, Li-Chuan

Name: Executive Vice President

Tel: (02)2700-2888

Email Address: lily.ll@futures.capital.com.tw

III. Address and telephone number of the Head Office and branches:

Head Office:

Address: B1 & 32F, No.97, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City, R.O.C

Tel: (02)2700-2888

Taichung Branch

Address: 3F.-6, No.633, Sec. 2, Taiwan Blvd., Xitun Dist., Taichung City, R.O.C

Tel: (04)2319-9909

IV. Institution for stock transfer

Name: Capital Securities Corp.

Address: B2, No.97, Sec. 2, Dunhua S. Road., Da'an Dist., Taipei City, R.O.C

Tel: (02)2702-3999

Website: www.capital.com.tw

V. Names of financial statement auditors in the latest year

CPA Firm: KPMG

Auditors: Wu, Cheng-Yen & Chung, Tan-Tan

Address: 68F., No.7, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City, R.O.C

Tel: (02)8101-6666

Website: www.kpmg.com.tw

VI. Name of overseas exchange where securities are listed, and the methods for inquiring the foreign-listed securities: None.

VII. Company Website: <https://www.capitalfutures.com.tw>

Table of contents

Chapter I.	Report to Shareholders	1
Chapter II.	Company Profile	4
I.	Date of incorporation: February 26, 1997.....	4
II.	Company history:	4
III.	Capital Futures Awards:.....	6
Chapter III.	Corporate Governance Report.....	8
I.	Organizational structure	8
II.	Background information of directors, supervisor, President, Executive Vice Presidents, Vice Presidents, and the heads of various departments and branches:	11
III.	Corporate governance	34
IV.	Information in public fees of the Certified Public Accountant Association	90
V.	Information on replacement of certified public accountant: If the company has replaced its certified public accountant within the last 2 fiscal years or any subsequent interim period:	90
VI.	Where the company’s chairperson, president, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed: None.....	91
VII.	The status of changes that directors, supervisors and shareholders holding more than 10 percent of outstanding shares had transferred and pledged their shares:	92
VIII.	Information Disclosing the Relationship between any of the Company’s Top Ten Shareholders.....	94
IX.	Shares Held by the Company, Directors, Managers and Companies Directly or Indirectly Control the Company, and the Comprehensive Shareholding Ratio Based on Combined Calculation:.....	95
Chapter IV.	Capital Overview.....	96
I.	Capital and Shares	96
II.	Any issuance corporate bonds, preferred shares, global depository receipts, and employee stock warrants, and new restricted employee shares, and the status of implementation:.....	102
III.	Depository Receipts and Employee Share Subscription Warrant Status of New Shares Issuance in Connection with Mergers and Acquisitions:	102
IV.	Financing Plans and Execution Status:	102
Chapter V.	Operation Highlights	103
I.	Business Activities	103

II.	Overview of the market, production, and sales - an overview of the overall economic environment and trends in the industry	111
III.	The number of employees employed for the 2 most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report, their average years of service, average age, and education levels.....	114
IV.	Information on environmental protection expenditures:	114
V.	Labor Relations:	114
VI.	ICT security management	119
VII.	Important Contracts.....	120
Chapter VI.	Financial Summary	121
I.	Five-Year Financial Summary	121
II.	Five-Year Financial Analysis	125
III.	The Audit Committee's Audit Report as shown through the financial statements in the latest year:.....	130
IV.	The financial statements in the latest year:	130
V.	Auditor's Responsibilities for the Audit of Individual Financial Report in the latest year. Not including the statements of major accounting items:	130
VI.	If the company or an affiliated enterprise has encountered any financial difficulties in the most recent fiscal year up to the prospectus publication date:	130
Chapter VII.	Review of Financial Conditions, Operating Results, and Risk Management	
	132	
I.	Analysis of Financial Status	132
II.	Analysis of Operation Results.....	133
III.	Cash Flow.....	133
IV.	The impact of the significant capital expenditure over the past year upon the financial performance: None.....	133
V.	The outward investment policies over the past year. The key reasons leading to the profit or loss, the corrective plans and the investment plan in one year ahead:.....	133
VI.	Risk analysis and assessment in the most recent year and up to the date of publication of the annual report	134
VII.	Other Important Matters: None.	139
Chapter VIII.	Special Disclosures	140
I.	Summary of Affiliated Companies	140
II.	Where the company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.....	143
III.	Holding or disposal of the company's shares by its subsidiaries during the latest financial year, up to the publication date of this annual report: None.	143

IV. Other Necessary Supplement: None	143
V. Disclosures of Events Which May Have a Significant Influence on Stockholders' Equity or Share Price, in Compliance with Item 3, Paragraph 2 in Article 36 of the Securities and Exchange Act of the R.O.C.: None.....	143
Chapter IX. Attachment	144

Chapter I. Report to Shareholders

I. Operating performance in 2022

In 2022, the global financial market experienced the Russo-Ukrainian War, significant increase in the prices of raw materials, inflation, and other problems, which caused implementation of contractionary monetary policy by various countries, thus there was a turbulence in the global financial market. The total volume of the Company's domestic futures brokerage business in 2022 was 62.09 million lots, with a market share of 8.07%, a slight increase as compared with 61.76 million lots in 2021, and the trading volume of its overseas futures business was about 10.07 million lots, with a market share of 20.6%, a significant increase of 33.2% as compared with 7.56 million lots in 2021. In 2022, the consolidated revenues were NT\$2,780,470 thousand, increasing 14% from the previous year, and the net income before and after tax were NT\$957,283 thousand and NT\$781,353 thousand, respectively increasing 59.57% and 59.68% from the previous year. In 2022, most developed countries entered rate hike cycle due to the pressure brought by inflation, which resulted in a significant increase in the Company's interest income as compared with 2021, and the Company's brokerage and proprietary trading businesses grew steadily due to the rising demands for hedging in the market in 2022, and its leveraged trading business increased significantly, which enabled Capital Futures to achieve outstanding results. Looking forward to 2023, the company's operating goals are also to develop diversified businesses and gain profits in a dispersed way to create a multi-way-based profit-making mode to improve the company's overall performance.

Capital Futures has the vision of "becoming a digital financial company that touches customers the most", so it develops financial technologies by taking "digital + human" as the core part, adheres to digital strategies by focusing on customer experience, and improves trading experience and increases investment information to achieve promotion and growth of businesses. For example: it develops the mobile APP "Mobile Winner" that meets the demands of professional investors to strive to create diversified smart trading services, allowing customers to have more flexible investment products to participate in international market, and lowering the transaction threshold for investors to achieve inclusive financing. The Company has also built the industry's first customer-exclusive investment community platform "Trader168" to provide customers with diversified and real-time investment information and trading forum. In terms of leveraged trading business, it has diversified products and smart tools and launches CFD transactions on foreign stocks and foreign indexes and other types of equity to enable the performance of leveraged trading to rank first in the industry.

In addition, Capital Futures has obtained three patents for the innovative technologies related to financial services and seven trademarks for its products, including the new patent for "Smart Push" which provides useful and real-time information that investors want. In 2022, with the joint efforts of its staff, Capital Futures won the "Green Digital Finance" and "Digital Innovation" Quality Awards of the Second Digital Finance Awards granted by Commercial Times.

In terms of ESG, Capital Futures has established an ESG Committee, with the president acting as its convener, to regularly review and evaluate the implementation and effectiveness of ESG-related matters, and report to the Board of Directors, to ensure the implementation of sustainable development policies. In addition, Capital Futures has established a Treating Customer Fairly Committee, with the president acting as its convener and the heads from relevant departments acting as its members, to be responsible for planning for, promoting and implementing the principle of fair treatment, and report to the Board of Directors regularly, in order to implement the principle of fair treatment.

In terms of the Board of Directors, Capital Futures has seven directors (including three independent directors), all of whom have expertise relating to business management, finance, accounting, legal affairs, international market, leadership and decision-making in financial industry. Business supervision and management can be implemented by virtue of director's rich financial experience, various business expertise and diversified backgrounds, which will facilitate the company to promote its overall development strategies, improve its business performance and corporate operating systems, and safeguard investors' rights and interests. Capital Futures will adhere to ethical management, strengthen corporate governance, fully protect shareholders' rights and interests, implement strict legal compliance and internal control and internal audit systems, and build a safe investment environment while pursuing long-term stable profits, and it is committed to implementation of sustainable development.

II. 2021 income and profit analysis (Consolidated)

Unit: NT\$ Thousand

Item	2022	2021
Income	2,780,470	2,438,961
Expenses	2,291,782	2,018,766
Non-operating income and expenses	468,595	179,706
Net income before tax	957,283	599,901
Net income after tax	781,353	489,323
Return on Equity (%)	11.97%	7.73%
Net profit margin (%)	28.10%	20.06%
Return on assets (%)	1.62%	1.05%
Earnings per share after tax (dollar)	3.72	2.33

III. Operating plans and development strategies for the future

Changes in global political and economic situation, energy shortage risks, global high inflation, climate and environmental changes and many other factors cause uncertainties for global economy and financial market, which may lead to increase in market fluctuation and in the demands for hedging. In addition, with the development of financial technologies, promotion of digital businesses, information security and data sharing trends, it is estimated that exchange and investment will continue to be active in Taiwan and international futures markets, which will bring new business opportunities regarding the overall operating efficiency of futures industry.

The operating plans and development strategies of the Company in 2023 are as follows:

1. Brokerage businesses:
 - (1) The Company will provide the investment information in global market through "Trader168", the exclusive community platform of Capital Futures, and will guide and exchange information by making cooperation with ecosystem platforms and winners, and will become an "Investment Facebook" for customers to improve their global outlook and stickiness.
 - (2) The Company will give full play to its digital marketing abilities, and improve its digital businesses by taking advantage of its investment and research resources.
 2. Proprietary Trading business: The Company will continue to seek outstanding traders in the industry (including securities and futures), expand the number and scale of trading desks and diversify trading strategies and products, so as to achieve the goals of low risk and absolute return.
 3. Leverage Transaction Merchants:
 - (1) The Company will apply to competent authorities and central bank for approval allowing FCM and IB to recommend non- foreign exchange related products, to

improve promotion of Omni-Channel.

- (2) The Company will continue to strive for approval on new CFD trading, and will issue its exclusive products independently, to provide investors with more choices, so as to increase its trading volume.
4. Recruitment and training:
- (1) Cultivate talent with schools (new foreign exchange workforce, campus talent recruitment), increase industry-university cooperation (winter and summer internships and work-study programs), and introduce new talents from various fields to implement the positive cycle of selecting, cultivating, retaining and utilize talents.
 - (2) The Company will use and cultivate mid-to-high-level talents, and provide education and training for supervisors, including improvement of digital skills and ESG culture.
5. ESG: The Company will perform various ESG work, complete its GHG inspection, and commit to the practice of sustainable development.

Chairman:
Chia, Chung-Tao

President:
Mao, Jen-Hua

Accounting manager:
Lin, Li-Juan

Chapter II. Company Profile

I. Date of incorporation: February 26, 1997.

Head Office:

Address: 32F & B1, No. 97, Sec. 2, Dunhua S. Road. Da'an Dist., Taipei City, R.O.C.

Tel: (02)2700-2888

Taichung Branch:

Address: 3F.-6, No.633, Sec. 2, Taiwan Blvd., Xitun Dist., Taichung City, R.O.C

Tel: (04)2319-9909

II. Company history:

Year	Major events
1997	The Capital Futures Brokerage Corp. was established on February 26th. Approved as a General Clearing Member of Taiwan Futures Exchange in
1998	March and started to provide the clearing services for concurrent FCM and the introducing Brokers.
2000	Taichung Branch of the Company was established in December.
2003	Acquired the futures advisory license in February.
2003	Started the proprietary futures trading business in December.
2004	Reinvested a subsidiary named Capital Managed Futures Business Corp. in May, providing the discretionary services.
2006	Acquired the qualification of Taiwan Futures Exchange for Market Maker business in July.
2008	The stocks of the company traded on the emerging market, starting from May 15th.
2008	Approved to promote the futures advisory service and training in Mainland China in September.
2009	The stocks of the Company listed on the TPEX on April 27th.
2010	Approved to operate a securities introducing broker in July.
2010	Approved to operate concurrently managed futures business in August.
2011	The head office moved to current address "32F & B1, No. 97, Sec. 2, Dunhua S. Road. Da'an Dist., Taipei City" in July.
2012	Approved to reinvest the CSC Futures (HK) Ltd. in August.
2012	Acquired the certification of CG6007 corporate governance from Taiwan Corporate governance association in September.
2013	Acquired the certification of BS10012 personal information protection from British Standard Institution in February.
2014	Hong Kong subsidiary acquired the qualification of stock option market maker of HKEX in April.
2014	Acquired the qualification of market maker of EUREX on 15th May.
2014	Approved the securities investment and consulting business in August.
2014	Approved to reinvest Capital International Technology Corp. and Capital True Partner Technology (Chengdu) Co., Ltd. in November.
2015	Approved to concurrently operate proprietary securities trading business in July.
2015	Approved to invest True Partner Advisor (HK) with acquiring its HK Type 9 License for Asset Management Business in July.

- 2016 CSC Futures (HK) was approved to engage in securities and futures business in China since February.
- 2016 Approved to concurrently operate a leverage transaction merchant in August.
- 2016 The first leverage transaction merchant approved by the CBC to conduct business of foreign exchange margin trading in December.
- 2016 Capital International Technology Corp. was approved to establish Capital Futures Technology (Shanghai) Co., Ltd. in Shanghai Pilot Free Trade Zone in December.
- 2017 The stocks of the company listed on the Taiwan Stock Exchange Corporation (TWSE) on October 16th.

III. Capital Futures Awards:

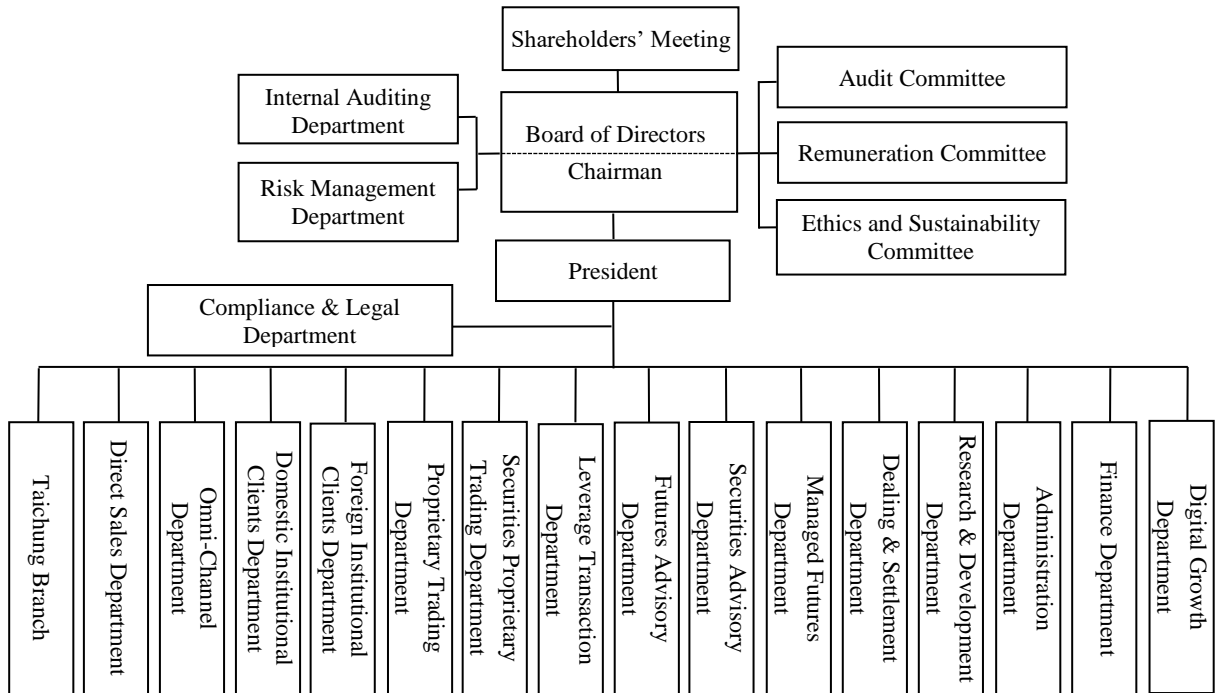
Date	Award - Approval Organization	Awards-Content
2022.11	CME Group	“CME Group” Best Partner for Agricultural Products Promotion Week 2022
2022.11	MANAGER today	Corporate Governance Officer was awarded 2022 Top 100 MVP Managers (Sustainable Governance Group).
2022.09	1111 Job Bank	2022 Happy Enterprises Silver Award
2022.09	Commercial Times	The 2nd-term Digital Financial Service Award - Quality Award for Digital Innovation, and Quality Award for Green Digital Financial Service.
2022.08	Taiwan Futures Exchange	TAIFEX Session VIII Futures Diamond Awards- 3rd Place of Trading Volume in FCM; Futures Market Promotion; Growth of Proprietary Trading Volume.
2022.07	Financial Supervisory Commission	The Best Progress Award for 2022 Treating Customers Fairly Assessment.
2022.04	CME Group	“CME Group” Best Partner for Agricultural Products Promotion Week 2021
2021.09	Commercial Times	Gold Award for Model of DX, Gold Award for Digital Service, and Quality Award for Digital Innovation
2021.09	Securities & Futures Institute of R.O.C.	The 16th-term Golden Goblet Award for Outstanding Entrepreneurial Leader to President Lee, Wen-Chu
2021.08	Taiwan Futures Exchange	TAIFEX Session VII Futures Diamond Awards - Growth in Proprietary Trading Volume
2021.08	Taiwan Futures Exchange	TAIFEX Session VII Futures Diamond Awards - 3rd Place of Trading Volume in FCM
2020.12	Hong Kong Exchanges and Clearing Limited	CSC Futures (HK) - Outstanding Futures Commission Merchant Award
2020.11	Futures Daily Co., Ltd.	CSC Futures (HK) - IT Service Awards in the 7th Global Derivatives Trading Firm Competition
2020.09	Taiwan Futures Exchange	TAIFEX Session VI Futures Diamond Awards - 3rd Place of Trading Volume in FCM
2020.08	Shanghai International Energy Exchange	CSC Futures (HK) - Award for Outstanding Contribution in the Overseas brokers
2019.12	Hong Kong Exchanges and Clearing Limited	CSC Futures (HK) - Outstanding Partner Award in Base metal business, precious metal business, and Ferrous metals business.
2019.12	Excellence Magazine	The Best Futures Broker in trading stock futures.
2019.11	Singapore Exchange	Top 5 North Asia Futures Brokers (SGX China Equities Index Derivatives)
2019.08	1111 Job Bank	The happiness enterprise in 2019_Classification: Financial Service Industry
2018.10	Taiwan Futures Exchange	TAIFEX Session IV Futures Diamond Awards - 3rd Place of FINI's Trading Volume in FCM
2018.10	Taiwan Futures Exchange	TAIFEX Session IV Futures Diamond Awards - 3rd Place of Trading Volume in FCM
2017.11	Securities & Futures Institute of R.O.C.	The 14th-term Golden Goblet Award for Outstanding Futures Industry. Talent to Executive Vice President Mao, Jen-Hua
2017.11	General Chamber of Commerce of R.O.C.	The Golden Merchant Award to President Lee, Wen-Chu.
2016.11	Futures Daily Co., Ltd.	CSC Futures (HK) - HKEX 3rd Global Derivatives Real-Trading Competition - The Excellent FCM of HKEX.
2016.10	Taiwan Futures Exchange	TAIFEX Session II Futures Diamond Awards-Top-One Performance in Market Making of RMB Currency Options
2015.11	Securities & Futures Institute of R.O.C.	The 13th Golden Goblet Award-Special Salary Raise.

2015.03	Singapore Exchange Derivatives Trading Limited (SGX-DT)	The 2014 Volume Growth Award for CSC Futures (HK).
2015.02	Singapore Exchange Derivatives Trading Limited (SGX-DT)	Taiwan FCM of Top-one trading volume in SGX-DT in 2014.
2014.11	Taiwan Futures Exchange	Promotional Sales Award of Eurex/TAIFEX Linked Products.
2014.10	ICE Futures Europe	Approved as a Market Participant and developed the DMA.
2014.05	Taiwan Futures Exchange	Eurex/TAIFEX Link Award for Market Making Price Quoting of Local FCMs.
2013.08	Futures & Options World	FOW Awards for Asia 2013 -- Non-Bank FCM of the Year.
2013.08	Securities & Futures Institute of R.O.C.	The 12th-term Golden Goblet Award for Outstanding Futures Industry Talent to Executive Vice President Chen, Wen-Tsai
2013.08	Securities & Futures Institute of R.O.C.	The 12th-term Golden Goblet Company Award for Outstanding Finance Innovation
2012.12	ICE Futures US	Approved as an Energy Member Firm of ICE Futures US and set up the Direct Market Access (DMA).
2012.11	General Chamber of Commerce of R.O.C.	The Golden Merchant Award to President Chia, Chung-Tao.
2012.07	Eurex	Approved as a Market Participant (NCM) of Eurex and developed the Direct Market Access (DMA).
2012.07	CME Group--Electronic Transaction to Option Commodities	The 1st FCM in Asia offers B to C options E-trading of the CME Group.
2011.10	Taiwan Futures Exchange	Award for the top trading volume (average branch volume) of the stock futures competition in September.
2011.07	NYSE Euronext--NYSE Liffe	The 1st FCM in Taiwan approved as a Member of NYSE Euronext--NYSE Liffe in London and Paris Markets
2011.07	Securities & Futures Institute of R.O.C.	The 11th-term Golden Goblet Award for Outstanding Entrepreneurial Leader to President Chia, Chung-Tao
2011.07	Securities & Futures Institute of R.O.C.	The 11th-term Golden Goblet Award for Special Contribution to Independent Director Chao Chuan Chu
2011.06	CME Group--NYMEX	The 1st FCM in Taiwan approved as a NYMEX Rule 106.J. Member Firm.
2011.06	CME Group--COMEX	The 1st FCM in Taiwan approved as a COMEX Rule 106.J. Member Firm.
2011.03	CME Group--CBOT	The 1st FCM in Taiwan approve as a CBOT Rule 106.R. Trading Member Firm (Transferred to Rule 106.H).
2011.03	CME Group--CME	The 1st FCM in Taiwan approved as a CME Rule 106.H. Trading Member Firm.
2010.01	CME Group	The 1st FCM in Taiwan certified by the CME group for Direct Market Access (DMA).
2009.08	Singapore Exchange Derivatives Trading Limited (SGX-DT)	The 1st FCM in Taiwan approved as a SGX-DT Trading Member (Agency and Proprietary).
2009.07	Securities & Futures Institute of R.O.C.	The 10th-term Golden Goblet Company Award for Outstanding Finance Innovation
2009.03	Taiwan Futures Exchange	Awarded for high trading volume FCM in Taiwan's futures market in 2008.
2005.11	General Chamber of Commerce of R.O.C.	The Golden Merchant Award to Chairman Tim Sun.
2005.07	Securities & Futures Institute of R.O.C.	The 8th-term Golden Goblet Award for Outstanding Entrepreneurial Leader to Chairman Tim Sun
2001.07	Securities & Futures Institute of R.O.C.	The 6th-term Golden Goblet Award for Outstanding Futures Industry Talent to Executive Vice President Tsai Jen-Tsuen
1997.07	Securities & Futures Institute of R.O.C.	The 4th-term Golden Goblet Award for Outstanding Securities Industry Talent to Chairman Tim Sun

Chapter III. Corporate Governance Report

I. Organizational structure

(I) Organization Chart



(II) Business affairs operated by the key departments:

Department	Functions
Internal Auditing Department	To identify deficiencies in the internal control system, assess the effectiveness and efficiency of operations, and provide appropriate improvement suggestions.
Compliance & Legal Department	Responsible for the planning, management and implementation of the Company's legal compliance system, as well as legal affairs and corporate governance related matters.
Risk Management Department	Responsible for maintaining and monitoring the risk analysis, identification, control and response of daily sales activities.
Administration Department	Responsible for the general affairs and administration of the Company.
Finance Department	Responsible for finance and accounting of the Company.
Dealing & Settlement Department	Responsible for processing the request for clearing and settlement of futures transaction by investors or commission futures merchants.
Research & Development Department	Responsible for providing the foreign and domestic product information, product strategy development and the research report.
Direct Sales Department	Responsible for the domestic and foreign futures trading brokerage business announced by the competent authority, operate securities trading auxiliary business, and other businesses approved by the competent authority.
Omni-Channel Department	Deal with the businesses approved by competent authorities, establish digital business channels and centralized business center, and provide assistance in the trading of futures in and outside the Group and in planning, execution, solicitation, recovery, education and training of and for channel bases.
Domestic Institutional Clients Department	Responsible for the trading request which was approved by authorization for domestic institutional clients, and also develop the related service and maintain.
Foreign Institutional Clients Department	Participate in the activities of relevant international organizations and source foreign institutional investors. Provide assistance to foreign institutional investors as the interface with the domestic and foreign markets announced and approved by competent authority, and manage transaction-related businesses such as buying and selling commodities. Provide market information, research reports, transaction information and other services related to foreign institutional investors.
Proprietary Trading Department	Responsible for trading authorized financial products with equity fund.
Securities Proprietary Trading Department	Concurrently engaged in proprietary securities trading business in accordance with relevant laws and regulations, use its own funds to engage in the trading of various commodities approved by the competent authority in the securities market.

Leverage Transaction Department	Execute the leverage transaction business which is approved by authorities.
Futures Advisory Department	Recruit futures advisory members and provide professional consultation and advice to futures investors. Hold professional courses and investment seminars with added value according to the approved advisory business announced by the competent authority, including advice, solicitation, publication, and lectures.
Securities Advisory Department	Responsible for providing the research result and prediction of macro-economy, industry and individual company information base on professional knowledge.
Managed Futures Department	Handle all the discretionary transaction business related matters, including research, executing, trading, deciding, and recruiting.
Digital Growth Department	Responsible for optimizing the user experience and the company's marketing effectiveness for the digital growth business as well as the maintenance and management of the Company's network information.
Branch	Responsible for the domestic and foreign futures trading brokerage business announced by the competent authority, operate securities trading auxiliary business, and other businesses approved by the competent authority. Cooperate with the promotion of various businesses of the Head Office.

II. Background information of directors, supervisor, President, Executive Vice Presidents, Vice Presidents, and the heads of various departments and branches:

(I) Directors' and Supervisors' Information

March 31, 2023

Title	Nationality and Registry	Name	Gender / Age	Date Elected	Term	Date first elected (Note 1)	Shares at Election		Current number of shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Academic Background & Experience	Current duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as department heads, directors or supervisor			Remark
							Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
Chairman	Republic of China	Capital Securities Corp. Representative: Chia, Chung-Tao	Male Age 61-70	2021.05.20 2022.08.25	3 Year	1997.07.08 2022.08.25	119,177,014	56.63%	119,066,014	56.58%	0	0	0	0	Master of Business Administration, National Chengchi University President of Capital Securities Corp.	CEO of Capital Futures Corp. Director of CSC Futures (HK) Ltd. Chairman of Capital International Technology Corp. Chairman of True Partner Capital Technology (Chengdu) Co., Ltd. Chairman of Capital Futures Technology (Shanghai) Co., Ltd. Director of Taiwan Futures Exchange	-	-	-	-
									0	0	0	0	0	0			-	-	-	-
Director	Republic of China	Capital Securities Corp. Representative: Wang, Jiunn-Chihh	Male Age 61-70	2021.05.20	3 Year	1997.07.08 2012.11.22	119,177,014	56.63%	119,066,014	56.58%	0	0	0	0	Ph.D. in Technology Management, Chung Hua University Chairman, Capital Securities Corp.	Chairman, Capital Securities Corp. Chairman of CSC Venture Capital Corp. Director of CSC International Holdings Ltd., Director of Capital Securities (HK) Ltd. Director of CSC Futures (HK) Ltd.	-	-	-	-
									0	0	0	0	0	0			-	-	-	-
Director	Republic of China	Capital Securities Corp. Representative: Liu, Ching-Tsun	Male Age 71-80	2021.05.20	3 Year	1997.07.08 2011.09.19	119,177,014	56.63%	119,066,014	56.58%	0	0	0	0	M.P.A., University of San Francisco, USA Chairman, Capital Securities Corp.	Director of Capital Securities Corp. Director of Taiwan Oasis Technology Co., Ltd.	-	-	-	-
									0	0	0	0	0	0			-	-	-	-

Title	Nationality and Registry	Name	Gender / Age	Date Elected	Term	Date first elected (Note 1)	Shares at Election		Current number of shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Academic Background & Experience	Current duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as department heads, directors or supervisor			Remark
							Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
Director	Republic of China	Hung Yeh Investment Co., Ltd Representative: Lee, Yi-Hui	Female Age 41-50	2021.05.20	3 Year	2012.06.19 2018.10.16			2,031	0.00%	0	0	0	0	Department of Public Finance, National Chung Hsing University Director, Hontai Life Insurance	Chairman of Kai Ta Enterprise Co., Ltd. Director of Bao Sheng Investment Co., Ltd. Director of Fengyang Investment Co., Ltd. Director of Taiwan Fengshang Energy Saving Tech Co., Ltd. Director of Chaolung Investment Co., Ltd. Director of Fu Ding Investment Co., Ltd. Director of Tai Sheng Investment Co., Ltd. Supervisor of Wei Wong Investment Co., Ltd.	-	-	-	-
							2,031	0.00%	0	0	0	0	0	0			-	-	-	-
Independent Director	Republic of China	Chen, Kuo-Tay	Male Age 61-70	2021.05.20	3 Year	2018.05.24	0	0	0	0	0	0	0	0	Ph.D. of Business, The University of Texas at Austin, USA Professor, Department of Accounting, National Taiwan University.	None	-	-	-	-
Independent Director	Republic of China	Hsiao, Nai-Ching	Female Age 61-70	2021.05.20	3 Year	2020.06.19	0	0	0	0	0	0	0	0	Master of Law, National Chung Hsing University Judge of Supreme Court	Lawyer, Hsiao Nai Ching Law Firm	-	-	-	-
Independent Director	Republic of China	Wu, Yung-Sheng	Male Age 61-70	2021.05.20	3 Year	2021.05.20	0	0	0	0	0	0	0	0	Ph.D. of Law, National Chengchi University School consultant of Ming Chuan University and an adjunct professor of the Department of Finance	Independent Director of Rubytech Corp. Independent Director of DEXIN Corp.	-	-	-	-

Note 1: Date of first serving as a director and independent director of the Company.

Note 2: Where the chairperson of the Board of Directors and the president or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response.

Table 1: The Major Shareholders of Corporate Shareholders

March 31, 2023

Corporate Shareholder Name	Major Shareholders of Corporate Shareholders (Shareholding %)
Capital Securities Corp.	Fu Ding Investment Co., Ltd. (3.52%) Bao Zuo Investment Co., Ltd (3.50%) Bao Sheng Investment Co., Ltd (3.33%) Tai Sheng Investment Co., Ltd. (3.29%) Hong Chia Investment Co., Ltd. (2.98%) Min Huei Enterprise Co., Ltd. (2.82%) Hontai Life Insurance Co., Ltd. (2.80%) Bao Qing Investment Co., Ltd. (2.78%) Hong Long Enterprise Co., Ltd. (2.34%) Tai Lain Investment Co., Ltd. (1.97%)
Hung Yeh Investment Co., Ltd	Chao Lung Investment Co., Ltd. (41.25%) Tai Fa Investment Co., Ltd. (18.58%) Tai Hsiang Investment Co., Ltd. (18.54%) Tai He Investment Co., Ltd. (9.73%) Hong Chia Investment Co., Ltd. (3.28%) Tai He Construction Management Co., Ltd. (1.74%) Tai Lain Investment Co., Ltd. (1.72%) Bao Zuo Investment Co., Ltd (1.52%) Fu Ding Investment Co., Ltd. (1.52%) Tai Chun Investment Co., Ltd (0.93%)

Table 2: Major shareholder(s) where the major shareholder of the juristic is a juristic person

Corporate Shareholder Name	Major Shareholders of Corporate Shareholders (Shareholding %)
Hontai Life Insurance Co., Ltd.	Lin, Chang-Lung (19.35%) Wang, Wan-Ling (11.70%) Hong Chang Enterprise Co., Ltd. (4.89%) Quanyi Construction Corporation (4.85%) Rui Jin Enterprise Co., Ltd. (4.80%) Min Huei Enterprise Co., Ltd. (4.58%) Hong Long Enterprise Co., Ltd. (4.40%) Yin Feng Enterprise Co., Ltd. (4.34%) Fu Tai Construction Corporation (3.92%) Wang Hsing Enterprise Co., Ltd. (3.90%)
Fu Ding Investment Co., Ltd.	Chao Lung Investment Co., Ltd. (24.73%) Tai Fa Investment Co., Ltd. (13.02%) Tai Hsiang Investment Co., Ltd. (9.76%) Bao Qing Investment Co., Ltd. (6.51%) Hong Chia Investment Co., Ltd. (6.51%) Yu Chun Enterprise Co., Ltd. (6.03%) Fu Tai Construction Corporation (5.80%) Tai He Investment Co., Ltd. (5.21%) Tai Chun Enterprise Co., Ltd. (4.28%) Run Hsiang Enterprise Co., Ltd. (4.27%)

Corporate Shareholder Name	Major Shareholders of Corporate Shareholders (Shareholding %)
Bao Zuo Investment Co., Ltd.	Chao Lung Investment Co., Ltd. (21.83%) Chen Huei Enterprise Co., Ltd. (18.43%) Tai Hsiang Investment Co., Ltd. (12.16%) Hong Long Enterprise Co., Ltd. (9.91%) Tai Fa Investment Co., Ltd. (18.29%) Tai Sheng Investment Co., Ltd. (3.17%) Tai Chien Investment Co., Ltd. (1.93%) Tai He Investment Co., Ltd. (11.93%) Bao Sheng Investment Co., Ltd (0.83%) Hong Yong Construction Corporation (0.19%)
Bao Sheng Investment Co., Ltd.	Tai He Investment Co., Ltd. (56.09%) Tai Fa Investment Co., Ltd. (11.48%) Tai Hsiang Investment Co., Ltd. (11.40%) Chao Lung Investment Co., Ltd. (9.25%) Tai Chun Enterprise Co., Ltd. (2.73%) Chen Huei Enterprise Co., Ltd. (1.99%) Yu Bao Enterprise Co., Ltd. (1.91%) Yin Feng Enterprise Co., Ltd. (1.82%) Han Bao Enterprise Co., Ltd. (1.74%) Wang Hsing Enterprise Co., Ltd. (1.58%)
Tai Sheng Investment Co., Ltd.	Tai He Investment Co., Ltd. (23.93%) Chao Lung Investment Co., Ltd. (19.86%) Tai Fa Investment Co., Ltd. (13.40%) Tai Hsiang Investment Co., Ltd. (10.29%) Yu Bao Enterprise Co., Ltd. (5.98%) Han Bao Enterprise Co., Ltd. (5.27%) Chen Huei Enterprise Co., Ltd. (4.42%) Yu Chun Enterprise Co., Ltd. (4.40%) Fu Tai Construction Corporation (3.77%) Quanyi Construction Corporation (3.54%)
Hong Chia Investment Co., Ltd.	Chao Lung Investment Co., Ltd. (24.20%) Tai He Investment Co., Ltd. (12.42%) Hong Tai Construction Co., Ltd. (9.97%) Fu Tai Construction Corporation (9.97%) Tai Hsiang Investment Co., Ltd. (10.03%) Tai Sheng Investment Co., Ltd. (7.96%) Tai Fa Investment Co., Ltd. (6.37%) Lian Mao Investment Co., Ltd. (4.78%) Bao Zuo Investment Co., Ltd (3.18%) Fornet Tech Co., Ltd. (3.18%)
Min Huei Enterprise Co., Ltd.	Lian Mao Investment Co., Ltd. (16.54%) Wei Wang Investment Co., Ltd. (14.75%) Hong Chang Enterprise Co., Ltd. (13.66%) Sheng Hsiang Enterprise Co., Ltd. (10.11%) Tai Chun Investment Co., Ltd (10.02%) Tai Chun Enterprise Co., Ltd. (8.48%) Han Bao Enterprise Co., Ltd. (8.47%) Chen Huei Enterprise Co., Ltd. (6.42%) Yu Bao Enterprise Co., Ltd. (5.80%) Run Hsiang Enterprise Co., Ltd. (4.76%)

Corporate Shareholder Name	Major Shareholders of Corporate Shareholders (Shareholding %)
Bao Qing Investment Co., Ltd.	Tai Fa Investment Co., Ltd. (19.72%) Tai Hsiang Investment Co., Ltd. (19.43%) Chao Lung Investment Co., Ltd. (19.43%) Quanyi Construction Corporation (6.93%) Fu Tai Construction Corporation (6.93%) Hong Long Enterprise Co., Ltd. (5.51%) Run Hsiang Enterprise Co., Ltd. (5.51%) Tai He Investment Co., Ltd. (4.93%) Bao Zuo Investment Co., Ltd (4.35%) Tai Sheng Investment Co., Ltd. (4.35%)
Hong Long Enterprise Co., Ltd.	Quanyi Construction Corporation (14.64%) Qarnet Enterprise Co, Ltd. (14.24%) Hong Yuan Construction Co., Ltd. (12.84%) Yu Bao Enterprise Co., Ltd. (12.71%) Lian Mao Investment Co., Ltd. (11.92%) Fu Tai Construction Corporation (11.70%) Chen Huei Enterprise Co., Ltd. (9.23%) Run Hsiang Enterprise Co., Ltd. (7.19%) Deye Apartment Building Management and Maintenance Co., Ltd. (3.18%) Han Bao Enterprise Co., Ltd. (2.34%)
Tai Lain Investment Co., Ltd.	Tai Hsiang Investment Co., Ltd. (43.02%) Chao Lung Investment Co., Ltd. (16.65%) Tai Fa Investment Co., Ltd. (15.27%) Tai He Investment Co., Ltd. (14.85%) Yin Feng Enterprise Co., Ltd. (3.26%) Han Bao Enterprise Co., Ltd. (3.26%) Fu Tai Construction Corporation (3.23%) Hong Tai Construction Co., Ltd. (0.44%)
Chao Lung Investment Co., Ltd.	Y.L. Lin Hung Tai Education and Culture Charity Trust (92.88%) Fu Tai Construction Corporation (2.77%) Han Bao Enterprise Co., Ltd. (2.07%) Bao Qing Investment Co., Ltd. (1.52%) Tai Ye Enterprise Co., Ltd. (0.69%) Quanyi investment Co., Ltd. (0.07%)
Tai Fa Investment Co., Ltd.	Y.L. Lin Hung Tai Education and Culture Charity Trust (100.00%)
Tai Hsiang Investment Co., Ltd.	Y.L. Lin Hung Tai Education and Culture Charity Trust (100.00%)
Tai He Investment Co., Ltd.	Y.L. Lin Hung Tai Education and Culture Charity Trust (89.86%) Yin Feng Enterprise Co., Ltd. (5.09%) Yu Bao Enterprise Co., Ltd. (2.98%) Tai Ye Enterprise Co., Ltd. (0.51%) Hong Chia Investment Co., Ltd. (0.49%) Bao Qing Investment Co., Ltd. (0.49%) Tai Chien Investment Co., Ltd. (0.43%) Quanyi investment Co., Ltd. (0.15%)

Corporate Shareholder Name	Major Shareholders of Corporate Shareholders (Shareholding %)
Tai He Construction Management Co., Ltd.	Qarnet Enterprise Co, Ltd. (19.61%) Hong Long Enterprise Co., Ltd. (18.75%) Min Huei Enterprise Co., Ltd. (18.75%) Sheng Hsiang Enterprise Co., Ltd. (15.14%) Fornet Enterprise Co., Ltd. (15.14%) Fornet Tech Co., Ltd. (12.50%)
Tai Chun Investment Co., Ltd.	Tai Fa Investment Co., Ltd. (30.63%) Chao Lung Investment Co., Ltd. (19.71%) Tai Hsiang Investment Co., Ltd. (18.91%) Tai He Investment Co., Ltd. (20.32%) Tai Chun Enterprise Co., Ltd. (2.91%) Han Bao Enterprise Co., Ltd. (2.88%) Yin Feng Enterprise Co., Ltd. (2.74%) Run Hsiang Enterprise Co., Ltd. (1.89%)

(II) Disclosure of professional qualification of the directors and supervisors and independence of directors:

Qualification Name	Professional qualification and experience	Compliance of independence	Number of positions as an Independent Director in other public listed companies
Capital Securities Corp. Representative: Chia, Chung-Tao	<ul style="list-style-type: none"> With at least five years of work experience or have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company. Former President of Capital Securities Corp. and currently the CEO of the Company. Does not meet any descriptions stated in Article 30 of The Company Act. 	(Not Applicable)	0
Capital Securities Corp. Representative: Wang, Jiunn-Chihh	<ul style="list-style-type: none"> With at least five years of work experience or have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company. Former president of the Central Trust of China, the president and vice chairman of EnTie Commercial Bank, and currently the Chairman of Capital Securities Corp. Does not meet any descriptions stated in Article 30 of The Company Act. 	(Not Applicable)	0

<p>Capital Securities Corp. Representative: Liu, Ching-Tsun</p>	<ul style="list-style-type: none"> • With at least five years of work experience or have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company. • Former Chairman of Capital Securities Corp., currently Director of Capital Securities Corp. • Does not meet any descriptions stated in Article 30 of The Company Act. 	<p>(Not Applicable)</p>	<p>0</p>
<p>Hung Yeh Investment Co., Ltd Representative: Lee, Yi-Hui</p>	<ul style="list-style-type: none"> • With at least five years of work experience or have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company. • Former Chairman of Kai Ta Enterprise Co., Ltd. and , Director of Bao Sheng Investment Co., Ltd., currently Director of Hontai Life Insurance Co., Ltd. • Does not meet any descriptions stated in Article 30 of The Company Act. 	<p>(Not Applicable)</p>	<p>0</p>
<p>Chen, Kuo-Tay</p>	<ul style="list-style-type: none"> • With at least five years of work experience or have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company. • Former Professor, Department of Accounting, National Taiwan University. • Does not meet any descriptions stated in Article 30 of The Company Act. 	<p>(1) Not employed by the Company or any of its affiliated companies. (2) Not a director, supervisor of the Company or any its affiliated companies. (3) Does not hold more than 1% of the company's outstanding shares in his/her own name or under the name of spouse, underage children, or any other person; nor is any party listed herein one of the ten largest natural person shareholders of the company. (4) Not the spouse, the kindred to the second tier under the Civil Code or the direct kin within the third tier under the Civil Code of the managerial officers stated in Subparagraph 1 or other roles stated aforementioned Subparagraph.</p>	<p>0</p>
<p>Hsiao, Nai-Ching</p>	<ul style="list-style-type: none"> • With at least five years of work experience or have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company. • Former judge of Supreme Court, currently lawyer at Hsiao Nai Ching Law Firm. • Does not meet any descriptions stated in Article 30 of The Company Act. 	<p>(5) Not a director, supervisor or employee of an institutional shareholder directly holding more than 5% of the outstanding shares issued by the company, or a director, supervisor or employee of an institutional shareholder who is among the top 5 shareholders, or a representative of an institutional shareholders appointed as the director or supervisor of the company according to Paragraph 1 or 2, Article 27 of The Company Act.</p>	<p>0</p>

Wu, Yung-Sheng	<ul style="list-style-type: none"> • With at least five years of work experience or have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company. • Former Dean and School Consultant of Ming Chuan University School of Law and Adjunct Professor of the Department of Finance. Currently the Independent Director, Audit and Remuneration Committee of Rubytech Corp. and Dexin Corp. • Does not meet any descriptions stated in Article 30 of The Company Act. 	<p>(6) Not a director, supervisor or employee of the company controlling over one half of the company director seats or voting shares under one person.</p> <p>(7) Not a director, supervisor or employee of the Company whose chairperson and president or equivalent role is same person or its spouse.</p> <p>(8) A director, supervisor, managerial officer, or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the company.</p> <p>(9) Not a professional or owner, partner, director, supervisor, managerial officer or the spouse of these roles of a sole proprietorship, partnership of the company or institution that audits or provides related business, legal, financial, accounting services or consultation with service fees over the last two years for the company or its affiliates.</p> <p>(10) Have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.</p> <p>(11) Does not have the government, legal person or its representative elected as stipulated in Article 27 of the Company Act.</p>	2
----------------	---	--	---

Diversity and Independence of board of directors:

1. The overall composition of the board of directors shall be taken into consideration in the selection of the Company's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:
 - (1) Basic requirements and values: Gender, age, nationality, and culture.
 - (2) Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, and technology), professional skills, and industry experience.
2. Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows: ability to make judgments about operations, accounting and financial analysis ability, business management ability, crisis management ability, knowledge of the industry, an international market perspective, leadership ability, decision making ability.
3. More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.
4. The Board of Directors of the Company shall give guidance the Company's strategy, supervision to the management level, and be responsible to the Company and shareholders. The operations and arrangements of its corporate governance system shall ensure that the Board of Directors exercises its functions and powers in accordance with laws and regulations, Articles of Association or the resolutions of the General Meeting of shareholders. To meet the needs of the Company's business development, the Board of Directors should be composed of experts and scholars in industry, accounting, management, etc.; members of the board should have business experience, legal or accounting qualifications. In addition, the Company gives focus to gender equality in the composition of the Board of Directors, with at least one female director.
5. The current Board of Directors consists of 7 directors, including 3 independent directors and

4 institutional representative, including 2 female directors. At present, according to their academic experience, 4 directors have business experience, 2 have accounting expertise, and 2 have legal expertise. None of the directors are spouses or related within the second degree of kinship. The age distribution of directors is ages 41-50 (inclusive) 1 person, ages 61-70 (inclusive) 5 persons, ages 71-80 (inclusive) 1 person.

6. In order to improve corporate governance and strengthen the functions and independence of independent directors, the Company's "Corporate Governance Best-Practice Principles" specifies that no independent director may serve for more than three consecutive terms. None of the independent directors has served for more than three consecutive terms at present. None of the directors are spouses or related within the second degree of kinship.

7. Implementation of board diversity:

Name of director	Gender	The ability to make judgments about operations	Accounting and financial analysis ability	Business management ability	Crisis management ability	Knowledge of the industry	An international market perspective	Leadership ability	Decision making ability
Chairman Chia, Chung-Tao	Male	√		√	√	√	√	√	√
Director Wang, Jiunn-Chih	Male	√		√	√	√	√	√	√
Director Liu, Ching-Tsun	Male	√		√	√	√	√	√	√
Director Lee, Yi-Hui	Female	√	√	√	√		√	√	√
Independent Director Chen, Kuo-Tay	Male	√	√	√	√		√	√	√
Independent Director Hsiao, Nai-Ching	Female	√		√	√		√	√	√
Independent Director Wu, Yung-Sheng	Male	√		√	√	√	√	√	√

(III) Background information of President, Executive Vice Presidents, Vice Presidents, and the heads of various departments and branches

March 31, 2023

Title	Nationality	Name	Gender	Job Commencement Date	Shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Academic Background & Experience	Current positions in other companies	Spouse or relatives of second degree or closer acting as managerial officer			Remark
					Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
CEO	Republic of China	Chia, Chung-Tao	Male	2015.10.1	0	0	0	0	0	0	Master of Business Administration, National Chengchi University President of Capital Securities Corp.	Director of CSC Futures (HK) Ltd. Chairman of Capital International Technology Corp. Chairman of True Partner Capital Technology (Chengdu) Co., Ltd. Chairman of Capital Futures Technology (Shanghai) Co., Ltd. Director of Taiwan Futures Exchange	-	-	-	-
President	Republic of China	Mao, Jen-Hua	Male	2005.9.6	108,394	0.05%	0	0	0	0	Business Administration Executive Program, National Chengchi University Senior Executive Vice President of Capital Futures Corp.	Director of Capital International Technology Corp. Director of True Partner Capital Technology (Chengdu) Co., Ltd. Director of Capital Futures Technology (Shanghai) Co., Ltd.	-	-	-	-
Senior Executive Vice President	Republic of China	Huang, Wei-Ben	Male	2014.4.1	0	0	0	0	0	0	Master of Financial, Operating National Kaohsiung First University of Science Sales Assistant Vice President,, SinoPac Futures Corp.	None	-	-	-	-

Title	Nationality	Name	Gender	Job Commencement Date	Shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Academic Background & Experience	Current positions in other companies	Spouse or relatives of second degree or closer acting as managerial officer			Remark
					Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
Senior Executive Vice President	Republic of China	Chen, Chi-Hao	Male	2020.9.14	0	0	0	0	0	0	J.D., Washington University in St. Louis, USA Manager, Yuanta Financial Holdings Lawyer, Y.R. Lee & Partners	Director of Capital International Technology Corp. Director of Capital Futures Technology (Shanghai) Co., Ltd. Supervisor of True Partner Capital Technology (Chengdu) Co., Ltd.	-	-	-	-
Executive Vice President	Republic of China	Yang, Rui-Ling	Female	2011.12.28	100,715	0.05%	0	0	0	0	Department of Business Administration Shih Chien University Sales Executive Vice President, Masterlink Futures Corp.	None	-	-	-	-
Executive Vice President	Republic of China	Lin, Li-Chuan	Female	2006.6.1	94,777	0.05%	0	0	0	0	Department of Business, Providence University Assistant Vice President, Polaris Futures Corp.	Supervisor of Capital International Technology Corp. Supervisor of Capital Futures Technology (Shanghai) Co., Ltd.	-	-	-	-
Executive Vice President	Republic of China	Kuo, Shu-Zhen	Female	2013.1.1	0	0	0	0	0	0	Department of Finance, National Kaohsiung First University of Science Vice President, New Edge Futures Corp.	None	-	-	-	-
Executive Vice President	Republic of China	Chen, Wei-Ting	Male	2009.8.1	155,573	0.07%	0	0	0	0	Department of International Business Administration, Yuan Ze University Manager, Sinopac Futures Corp.	None	-	-	-	-
Executive Vice President	Republic of China	Hsu, Ji-Ching	Male	2005.1.1	53,830	0.03%	0	0	0	0	Department of International Trade, Tamkang University Manager, Masterlink Futures Corp.	None	-	-	-	-

Title	Nationality	Name	Gender	Job Commencement Date	Shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Academic Background & Experience	Current positions in other companies	Spouse or relatives of second degree or closer acting as managerial officer			Remark
					Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
Senior Executive Officer	Republic of China	Yi, Chien-Hsiung	Male	2021.9.1	0	0	0	0	0	0	Master in Computer Science, National Tsing Hua University Executive Vice President of CSC Futures (HK) Ltd.	None	-	-	-	-
Senior Vice President	Republic of China	Lin, Xiao-Chian	Male	2010.6.10	63,402	0.03%	0	0	0	0	Master of Business Administration, University of La Verne Vice President, J.P. Morgan Chase & Corp.	None	-	-	-	-
Senior Vice President	Republic of China	Peng, Chien-Cheng	Male	2012.7.2	1,300	0.00%	0	0	0	0	Master of Finance, National Chung Hsing University Vice President, President Futures Corp.	None	-	-	-	-
Senior Vice President	Republic of China	Lee, Chung-Wei	Male	2014.7.14	45,000	0.02%	0	0	0	0	Master of Science, Columbia University in the City of New York Sales Vice President, KGI Securities Corp.	None	-	-	-	-
Senior Vice President	Republic of China	Fan, Jhen-Hong	Male	2015.10.1	0	0	0	0	0	0	EMBA in Finance, The City University of New York Sales Vice President, President Securities Corp.	None	-	-	-	-
Senior Vice President	Republic of China	Ho, Cho-I	Male	2016.8.1	0	0	0	0	0	0	Master in Information Management, Texas State University Vice President, Barclays Securities	None	-	-	-	-
Senior Vice President	Republic of China	Chen, Chih-Chung	Male	2020.12.1	0	0	0	0	0	0	Department of Chinese Literature, National Chengchi University Senior Vice President, Capital Securities Corp.	None	-	-	-	-
Senior Vice President	Republic of China	Lai, Han-Sen	Male	2022.3.14	0	0	0	0	0	0	Master of Information Management, Da-Yeh University Executive Vice President, Proprietary Trading Department, Concord Futures	None	-	-	-	-

Title	Nationality	Name	Gender	Job Commencement Date	Shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Academic Background & Experience	Current positions in other companies	Spouse or relatives of second degree or closer acting as managerial officer			Remark
					Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
Senior Vice President	Republic of China	Lian, Jing-Lian	Female	2003.5.2	49,975	0.02%	0	0	0	0	Department of Statistics, Tamkang University Manager, Yuanta Futures Co., Ltd.	None	-	-	-	-
Senior Vice President	Republic of China	Chung, Cheng-Huang	Male	2018.4.2	8,000	0.00%	0	0	0	0	Ph.D. of Finance Department, National Taiwan University Assistant Vice President of Risk Management Dept., Waterland Securities	None	-	-	-	-
Senior Vice President	Republic of China	Huang, Pei-Luen	Male	2019.2.11	0	0	0	0	0	0	Master of Business Administration, Long Island University Assistant Vice President, Fubon Securities	None	-	-	-	-
Senior Vice President	Republic of China	Lin, Hsiu-Chu	Female	2017.4.1	13,083	0.01%	0	0	0	0	Department of Insurance, Shih Chien University Assistant Vice President of Capital Futures Corp.	None	-	-	-	-
Senior Vice President	Republic of China	Chen, Yung-Lin	Male	2020.4.1	0	0	0	0	0	0	MBA, Western Washington University Assistant Vice President, Concord Securities Co., Ltd.	None	-	-	-	-
Senior Vice President	Republic of China	Chu, Chun-Chang	Male	2020.4.1	0	0	0	0	0	0	Department of Information Management and Communication Arts, Chaoyang University of Technology Capital Futures Corp., Senior Specialist of Introducing Broker Sales Department	None	-	-	-	-
Senior Vice President	Republic of China	Chang, Su-Fang	Female	2020.4.1	500	0.00%	0	0	0	0	National Formosa University Senior Specialist, Capital Futures Corp.	None	-	-	-	-

Title	Nationality	Name	Gender	Job Commencement Date	Shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Academic Background & Experience	Current positions in other companies	Spouse or relatives of second degree or closer acting as managerial officer			Remark
					Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
Senior Vice President	Republic of China	Cheng, Shin-Pin	Male	2022.6.20	0	0	0	0	0	0	Master of Business Administration, State University of New York at Binghamton Assistant Vice President, KGI Securities Corp.	None	-	-	-	-
Vice President	Republic of China	Wang, Han-Yao	Male	2022.3.14	0	0	0	0	0	0	Department of Quantitative Finance, National Tsing Hua University Salesperson, Concord Futures	None	-	-	-	-
Vice President	Republic of China	Chen, Tsung-Yu	Male	2018.4.1	0	0	0	0	0	0	Department of Financial Engineering and Actuarial Mathematics, Soochow University Assistant Vice President of Capital Futures Corp.	None	-	-	-	-
Vice President	Republic of China	Chang, Yun-Hsuan	Female	2022.4.1	300	0.00%	0	0	0	0	Information Management Department, Wan-Neng Senior & Commercial Vocational School Manager, Yuanta Futures	None	-	-	-	-
Vice President	Republic of China	Wu, Wen-Jie	Male	2022.4.1	0	0	0	0	0	0	Dep. of Information Management, Ming Chuan University Project Manager, MasterLink Securities Corp.	None	-	-	-	-
Vice President	Republic of China	Liu, Kun-Ming	Male	2023.1.3	0	0	0	0	0	0	Department of Finance and Banking, Shih Chien University Sales Vice President, Yuanta Futures	None	-	-	-	-
Assistant Vice President	Republic of China	Yu, Po-Liang	Male	2019.9.16	0	0	0	0	0	0	Department of Law, National Chengchi University Lawyer, Chen & Lin Attorneys-at-law	None	-	-	-	-

Title	Nationality	Name	Gender	Job Commencement Date	Shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Academic Background & Experience	Current positions in other companies	Spouse or relatives of second degree or closer acting as managerial officer			Remark
					Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
Assistant Vice President	Republic of China	Chang, Ya-Ju	Female	2020.9.1	7,000	0.00%	0	0	0	0	Business Administration of National Taipei University Senior Manager of Finance Department, Capital Futures	None	-	-	-	-
Senior Specialist	Republic of China	Liu, Pao-Hua	Male	2015.4.1	37,400	0.02%	0	0	0	0	Department of Finance, National Taiwan University Assistant Vice President of Taiwan International Futures Corp.	None	-	-	-	-
Senior Specialist	Republic of China	Cho, Cheng-Kang	Male	2016.4.1	0	0	0	0	0	0	Department of Finance, National Taichung University of Science and Technology Sales Assistant Vice President, Capital Securities (HK.) Ltd.	None	-	-	-	-
Senior Specialist	Republic of China	Chang, Mu-Min	Male	2018.4.1	4,800	0.00%	0	0	0	0	Department of Transportation and Communication Management Science & Institute of Telecommunications Management, National Cheng Kung University Sales Vice President, Capital Futures Corp.	None	-	-	-	-
Senior Specialist	Republic of China	Lu, Wei-Liang	Male	2020.4.1	100	0.00%	100	0.00%	0	0	Master's Program in Finance, Fu Jen Catholic University Sales Assistant Vice President, MasterLink Futures Corp.	None	-	-	-	-
Senior Specialist	Republic of China	Liu, Neng-Chieh	Male	2020.4.1	0	0	0	0	0	0	Master of Business, Kainan University Assistant Vice President of Managed Futures Department, Cathay Futures	None	-	-	-	-

Title	Nationality	Name	Gender	Job Commencement Date	Shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Academic Background & Experience	Current positions in other companies	Spouse or relatives of second degree or closer acting as managerial officer			Remark
					Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
Senior Specialist	Republic of China	Wu, Chung-Hsien	Male	2020.4.1	5,000	0.00%	0	0	0	0	Business Administration Department, University of California, Riverside Assistant Vice President, Morgan Stanley Securities	None	-	-	-	-
Senior Specialist	Republic of China	Chang, Ching-Nan	Male	2020.11.16	0	0	0	0	0	0	Department of Economics, National Central University Sales Executive Vice President, JihSun Futures Co., Ltd.	None	-	-	-	-
Senior Specialist	Republic of China	Chang, Tuo	Male	2023.3.14	0	0	0	0	0	0	Master in Banking and Finance, Tamkang University Senior Specialist, Capital Futures Corp.	None	-	-	-	-

Note: Where the chairperson of the Board of Directors and the general manager or person of an equivalent post (the highest level manager) of a are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto.

(IV) Remuneration of general directors and independent directors (disclosure of individual names and remuneration methods)

2022 (Unit: NT\$ Thousand)

Title	Name	Remuneration to Directors								Remuneration as an employee								The sum of A, B, C, D, E, F and G as a percentage of after-tax net profit		Remuneration received from the invested companies other than the subsidiaries and the parent company		
		Remuneration (A)		Pension (B)		Remuneration to directors (C)		Fees for services rendered (D)		The sum of A, B, C and D as a percentage of after-tax profit		Salaries, bonuses, special allowances etc. (E)		Pension (F)		Remuneration to employees (G)						
		The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	Cash amount	Stock amount	Cash amount	Stock amount		The Company	All companies shown in the financial report
Director	Capital Securities Corp.	0	0	0	0	6,258	6,258	240	240	6,498 0.83%	6,498 0.83%	0	0	0	0	0	0	0	0	6,498 0.83%	6,498 0.83%	0
Chairman	Capital Securities Corp. Representative: Chia, Chung-Tao (Note)	1,522	1,522	12	12	0	0	15	15	1,549 0.20%	1,549 0.20%	170	170	0	0	141	0	141	0	1,860 0.24%	1,860 0.24%	12,584
Chairman	Capital Securities Corp. Representative: Lee, Wen-Chu (Note)	11,630	11,630	0	0	0	0	25	25	11,655 1.49%	11,655 1.49%	343	343	0	0	0	0	0	0	11,998 1.53%	11,998 1.53%	2,055
Director	Capital Securities Corp. Representative: Wang, Jiunn-Chihh	0	0	0	0	0	0	40	40	40 0.01%	40 0.01%	0	0	0	0	0	0	0	0	40 0.01%	40 0.01%	24,319

Director	Capital Securities Corp. Representative: Liu, Ching-Tsun	0	0	0	0	0	0	160	160	160	160	0	0	0	0	0	0	0	0	160	160	1,608
Director	Hung Yeh Investment Co., Ltd	0	0	0	0	2,086	2,086	155	155	2,241	2,241	0	0	0	0	0	0	0	0	2,241	2,241	0
Director	Hung Yeh Investment Co., Ltd Representative: Lee, Yi-Hui	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Independent Director	Chen, Kuo-Tay	480	480	0	0	1,043	1,043	115	115	1,638	1,638	0	0	0	0	0	0	0	0	1,638	1,638	0
Independent Director	Hsiao, Nai-Ching	480	480	0	0	1,043	1,043	115	115	1,638	1,638	0	0	0	0	0	0	0	0	1,638	1,638	0
Independent Director	Wu, Yung-Sheng	480	480	0	0	1,043	1,043	70	70	1,593	1,593	0	0	0	0	0	0	0	0	1,593	1,593	0

1. Please describe the remuneration policy, system, standard and structure of independent directors, and describe the linkage to the remuneration amount according to the responsibilities, risks, time, and other factors:

In addition to the responsibilities of the Board of Directors, all independent directors of the Company also serve as the audit committee and remuneration committee. The remuneration of the independent directors of the Company are determined in accordance with the Company Act and Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, considering factors such as directors' participation in the Company's operations, contribution, and operational performance. It is stipulated in the Company's Articles of Association where the extent of its participation in the Company's operations and the value of its contributions are determined compared to the industry level where a reasonable remuneration different from directors will also be determined.

2. Other than those disposed in the Table above, remuneration received by directors in the recent year for services provided (e.g. serving as a consultant to all non-employees of the parent company/companies in the financial report/reinvested enterprises, etc.): 0.

Note: The driver's compensation is NT\$876 thousand. The chairman, Chia, Chung-Tao, assumed the office and the chairman, Lee, Wen-Chu, resigned, on August 25, 2022.

Table of salaries scale

Remunerations to individual directors in respective brackets along the salaries scale	Name of director			
	Total of the aforementioned 4 items (A+B+C+D)		Total of the aforementioned 7 items (A+B+C+D+E+F+G)	
	The Company	All companies shown in the financial report (H)	The Company	All companies shown in the financial report (I)
<NT\$1,000,000	Capital Securities Corp. Representative: Liu, Ching-Tsun Capital Securities Corp. Representative: Wang, Jiunn-Chih Hung Yeh Investment Co., Ltd Representative: Lee, Yi-Hui	Capital Securities Corp. Representative: Liu, Ching-Tsun Capital Securities Corp. Representative: Wang, Jiunn-Chih Hung Yeh Investment Co., Ltd Representative: Lee, Yi-Hui	Capital Securities Corp. Representative: Liu, Ching-Tsun Capital Securities Corp. Representative: Wang, Jiunn-Chih Hung Yeh Investment Co., Ltd Representative: Lee, Yi-Hui	Hung Yeh Investment Co., Ltd Representative: Lee, Yi-Hui
NT\$1,000,000 ~ NT\$2,000,000 (exclusive)	Capital Securities Corp. Representative: Chia, Chung-Tao; Chen, Kuo-Tay; Hsiao, Nai-Ching; Wu, Yung-Sheng	Capital Securities Corp. Representative: Chia, Chung-Tao; Chen, Kuo-Tay; Hsiao, Nai-Ching; Wu, Yung-Sheng	Capital Securities Corp. Representative: Chia, Chung-Tao; Chen, Kuo-Tay; Hsiao, Nai-Ching; Wu, Yung-Sheng	Capital Securities Corp. Representative: Liu, Ching-Tsun; Chen, Kuo-Tay; Hsiao, Nai-Ching; Wu, Yung-Sheng
NT\$2,000,000 ~ NT\$3,500,000 (exclusive)	Hung Yeh Investment Co., Ltd	Hung Yeh Investment Co., Ltd	Hung Yeh Investment Co., Ltd	Hung Yeh Investment Co., Ltd
NT\$3,500,000 ~ NT\$5,000,000 (exclusive)	-	-	-	-
NT\$5,000,000 ~ NT\$10,000,000 (exclusive)	Capital Securities Corp.	Capital Securities Corp.	Capital Securities Corp.	Capital Securities Corp.
NT\$10,000,000 ~ NT\$15,000,000 (exclusive)	Capital Securities Corp. Representative: Lee, Wen-Chu	Capital Securities Corp. Representative: Lee, Wen-Chu	Capital Securities Corp. Representative: Lee, Wen-Chu	Capital Securities Corp. Representative: Lee, Wen-Chu Capital Securities Corp. Representative: Chia, Chung-Tao
NT\$15,000,000 ~ NT\$30,000,000 (exclusive)	-	-	-	Capital Securities Corp. Representative: Wang, Jiunn-Chih
NT\$30,000,000 ~ NT\$50,000,000 (exclusive)	-	-	-	-
NT\$50,000,000 ~ NT\$100,000,000 (exclusive)	-	-	-	-
> NTD100,000,000	-	-	-	-
Total	7	7	7	7

(V) Since May 20, 2015, the Company has set up an Audit Committee to replace the supervisor, so there is no supervisor's salary and related information.

(VI) Remuneration of President and Executive Vice President (with the name(s) indicated for each remuneration range)

2022 (Unit: NT\$ Thousand)

Title	Name	Salary (A)		Pension (B)		Bonuses and allowances etc. (C)		Remuneration to employees (D)				The sum of A, B, C, and D as a percentage of after-tax net profit (%)		Remuneration from invested businesses other than the subsidiaries or the parent company
		The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company		All companies shown in the financial report		The Company	All companies shown in the financial report	
								Cash amount	Stock amount	Cash amount	Stock amount			
CEO	Chia, Chung-Tao (Note)	19,298	19,298	977	977	27,743	27,743	1,546	0	1,546	0	49,564 6.34%	49,564 6.34%	None
CEO	Lee, Wen-Chu (Note)													
President	Mao, Jen-Hua													
Senior Executive Vice President	Chen, Wen-Tsai (Note)													
Senior Executive Vice President	Huang, Wei-Ben													
Senior Executive Vice President	Chen, Chi-Hao													
Senior Executive Vice President	Hung, Hsin-Ju (Note)													
Executive Vice President	Lin, Li-Chuan													
Executive Vice President	Kuo, Shu-Zhen													
Executive Vice President	Hsu, Ji-Ching (Note)													
Executive Vice President	Chen, Wei-Ting													
Executive Vice President	Yang, Rui-Ling													
Senior Executive Officer	Yang, Yao-Yu (Note)													
Senior Executive Officer	Yi, Chien-Hsiung													

Note: The CEO, Chia, Chung-Tao, assumed the office and the CEO, Lee, Wen-Chu, resigned, on August 25, 2022. The Senior Executive Vice President, Chen, Wen-Tsai, resigned on April 1, 2022, the Senior Executive Vice President, Hung, Hsin-Ju, assumed the office on June. 1, 2022, the Executive Vice President, Hsu, Ji-Ching, assumed the office on April 1, 2022, and the Senior Executive Officer, Yang, Yao-Yu, resigned on July 1, 2022.

Table of salaries scale

The brackets of remunerations to all Presidents and Executive Vice Presidents of the Company	Names of the Presidents and the Executive Vice Presidents	
	The Company	All companies shown in the financial report
<NT\$1,000,000	Lee, Wen-Chu; Chia, Chung-Tao; Yang, Yao-Yu	Lee, Wen-Chu; Chia, Chung-Tao; Yang, Yao-Yu
NT\$1,000,000 ~ NT\$2,000,000 (exclusive)	Chen, Wen-Tsai; Hsu, Ji-Ching; Hung, Hsin-Ju	Chen, Wen-Tsai; Hsu, Ji-Ching; Hung, Hsin-Ju
NT\$2,000,000 ~ NT\$3,500,000 (exclusive)	Yi, Chien-Hsiung; Lin, Li-Chuan	Yi, Chien-Hsiung; Lin, Li-Chuan
NT\$3,500,000 ~ NT\$5,000,000 (exclusive)	Kuo, Shu-Zhen; Chen, Wei-Ting	Kuo, Shu-Zhen; Chen, Wei-Ting
NTD5,000,000 ~ NTD10,000,000 (exclusive)	Mao, Jen-Hua; Huang, Wei-Ben; Chen, Chi-Hao	Mao, Jen-Hua; Huang, Wei-Ben; Chen, Chi-Hao
NTD10,000,000 ~ NTD15,000,000 (exclusive)	Yang, Rui-Ling	Yang, Rui-Ling
NTD15,000,000 ~ NTD30,000,000 (exclusive)	-	-
NTD30,000,000 ~ NTD50,000,000 (exclusive)	-	-
NTD50,000,000 ~ NTD100,000,000 (exclusive)	-	-
> NTD100,000,000	-	-
Total	14	14

(VII) Name of the managers received remuneration and the distribution of remuneration

2022 (Unit: NT\$ Thousand)

	Title	Name	Stock amount	Cash amount	Total	As a percentage of net profit after tax (%)
Managerial officer	CEO	Chia, Chung-Tao	0	5,622	5,622	0.72%
	President	Mao, Jen-Hua				
	Senior Executive Vice President	Huang, Wei-Ben				
	Senior Executive Vice President	Chen, Chi-Hao				
	Executive Vice President	Lin, Li-Chuan				
	Executive Vice President	Kuo, Shu-Zhen				
	Executive Vice President	Hsu, Ji-Ching				
	Executive Vice President	Chen, Wei-Ting				
	Executive Vice President	Yang, Rui-Ling				
	Senior Vice President	Lian, Jing-Lian				
	Senior Vice President	Chung, Cheng-Huang				
	Senior Vice President	Peng, Chien-Cheng				
	Senior Vice President	Chen, Chih-Chung				
	Senior Vice President	Lee, Chung-Wei				
	Senior Vice President	Cheng, Shin-Pin				
	Senior Vice President	Lai, Han-Sen				
	Senior Vice President	Chen, Yung-Lin				
	Senior Vice President	Chu, Chun-Chang				
	Senior Vice President	Chang, Su-Fang				
	Senior Vice President	Lin, Xiao-Chian				
	Senior Vice President	Lin, Hsiu-Chu				
	Senior Vice President	Huang, Pei-Luen				
	Senior Vice President	Fan, Jhen-Hong				
	Senior Vice President	Ho, Cho-I				
	Vice President	Chang, Yun-Hsuan				
	Vice President	Chen, Tsung-Yu				
	Vice President	Liu, Kun-Ming				
	Vice President	Wang, Han-Yao				
	Vice President	Wu, Wen-Jie				
	Assistant Vice President	Chang, Ya-Ju				
	Assistant Vice President	Hung, Li-Chiang				
	Assistant Vice President	Yu, Po-Liang				
	Senior Executive Officer	Yi, Chien-Hsiung				
	Senior Specialist	Liu, Pao-Hua				
Senior Specialist	Chang, Ching-Nan					
Senior Specialist	Cho, Cheng-Kang					
Senior Specialist	Chang, Mu-Min					
Senior Specialist	Lu, Wei-Liang					
Senior Specialist	Chang, Tuo					
Senior Specialist	Liu, Neng-Chieh					
Senior Specialist	Wu, Chung-Hsien					

(VIII) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or consolidated financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, presidents and the executive vice presidents, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

1. Remuneration payment information to The Company Directors supervisor, the President, and Executive Vice President for the past 2 years

Unit: NT\$ Thousand; %

Item		2021		2022	
		The Company	All companies shown in the consolidated report	The Company	All companies shown in the consolidated report
Remuneration for Directors (including independent directors)	Remuneration amount	27,470	30,720	27,666	27,666
	As a percentage of net profit after tax %	5.61%	6.27%	3.54%	3.54%
President's and Executive Vice Presidents' remuneration	Remuneration amount	39,121	39,121	49,564	49,564
	As a percentage of net profit after tax %	7.98%	7.98%	6.34%	6.34%

2. Remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.
 - (1) The remuneration of the directors of the Company is based on the market and the remuneration level of the same industry, and is paid in accordance with the general standard of the industry with consideration to the individual performance, degree of participation and contribution to the Company's operations, responsibilities, achievement of the Company's operating goals and financial status, evaluation of the rationality of its linkage between the individual and the Company's overall operational performance and future risks, and pay attendance fees based on the actual attendance at the Board of Directors. The remuneration of directors is reviewed by the remuneration committee and the Board of Directors. The remuneration committee regularly evaluates the remuneration of directors and reviews the remuneration system in a timely manner according to the operation and relevant laws and regulations to pursue a balance between the Company's sustainable operation and risk control.
 - (2) The remuneration of the managerial officers includes salary and bonus, among which the salary refers to the standard of the same industry and their title, rank, academic (experience), professional ability and responsibilities. The Company conducts performance evaluation every year to evaluate the performance of the president and managerial officers within the year.
 - (3) The bonus is based on the performance evaluation for managerial officers, which includes financial indicators (such as earnings achievement rate, earnings growth rate, market share of sales volume, achievement rate of sales volume, cumulative profit achievement rate, operating expense control

rate) and non-financial indicators (such as business planning, leadership, efficiency, professional knowledge, morality and work attitude, compliance with laws and regulations, and risk control). The performance evaluation of presidents and managers, and the corresponding performance bonuses are submitted to the remuneration committee for review.

III. Corporate governance

(I) Governance of the Board of Directors

In the most recent year (2022), the Board of Directors convened 8 meetings (A). The participation of the directors is enumerated below:

Title	Name	Actual attendance (B)	Proxy Attendance	Actual attendance (%) (B/A)	Remark
Chairman	CAPITAL SECURITIES CORP. Representative: Chia, Chung-Tao	3	0	100%	2022.08.25 Reappointed and in office
Director	CAPITAL SECURITIES CORP. Representative: Wang, Jiunn-Chih	8	0	100%	
Director	CAPITAL SECURITIES CORP. Representative: Liu, Ching-Tsun	8	0	100%	
Director	Hung Yeh Investment Co., Ltd Representative: Lee, Yi-Hui	7	1	88%	
Independent Director	Chen, Kuo-Tay	8	0	100%	
Independent Director	Hsiao, Nai-Ching	8	0	100%	
Independent Director	Wu, Yung-Sheng	8	0	100%	
Chairman	CAPITAL SECURITIES CORP. Representative: Lee, Wen-Chu	5	0	100%	2022.08.25 Reappointed and discharged

Other remarks:

- I. For the operation of the Board of Directors in any of the following circumstances, please specify the date, term, the contents of the proposals, the opinions of all independent directors, and the process of the opinions proposed by the independent directors:
 - (I) Issues required under Article 14-3 of the Securities and Exchange Act: The Company has established an Audit Committee.
 - (II) Other than the aforementioned issues, the issue objected by an independent director or where an independent director maintains a qualified opinion with record or documented declaration in a decision resolved by the Board of Directors: None.
- II. With respect to the avoidance of conflicting interest agendas, describe the names of directors, details of the relevant agendas, reasons for avoiding conflicting interest, and the voting decisions.

Board of Directors	Proposal content/reasons for recusal due to conflicts of interest/resolution status
6th meeting of 9th Board of Directors 2022.01.24	<p>Proposal for ratification: proposal for the 2021 managerial level (inclusive) or above managers performance evaluation result.</p> <ul style="list-style-type: none"> • Chairman Lee, Wen-Chu and the supervisor in attendance recused and did not participate in the discussion and voting of this proposal. • Director Liu, Ching-Tsun acted as the chairman, and the remaining directors agreed that the proposal was approved as it was. <p>Proposal for ratification: proposal for 2021 year-end bonus distribution for supervisors at managerial level (inclusive) and above.</p>

	<ul style="list-style-type: none"> Chairman Lee, Wen-Chu and the supervisor in attendance recused and did not participate in the discussion and voting of this proposal. Director Liu, Ching-Tsun acted as the chairman, and the remaining directors agreed that the proposal was approved as it was. <p>Proposal for ratification: proposal for festival bonus, Proprietary Trading Department, and Securities Proprietary Trading Department bonus distribution for the second half of 2021 for supervisors at managerial level (inclusive) and above.</p> <ul style="list-style-type: none"> Chairman Lee, Wen-Chu and the supervisor in attendance recused and did not participate in the discussion and voting of this proposal. Director Liu, Ching-Tsun acted as the chairman, and the remaining directors agreed that the proposal was approved as it was.
9th meeting of 9th Board of Directors 2022.05.09	<p>Proposal for ratification: proposal for the Company's 2021 employee compensation.</p> <ul style="list-style-type: none"> Chairman Lee, Wen-Chu and relevant non-voting supervisors recused and did not participate in the discussion and voting of this proposal. Director Wang, Jiunn-Chih, acting chairman, after consulting the opinions of all the other attending directors, agreed that the proposal was approved as it was. <p>Proposal for ratification: proposal for the Company's 2021 director's remuneration distribution.</p> <ul style="list-style-type: none"> After independent directors have recused from voting, all other directors present approved the proposal for distribution of remuneration to independent directors. Independent director Chen, Kuo-Tay acted as the deputy chairperson, and the proposal for distribution of remuneration to non-independent directors was approved after non-independent directors have recused from the voting and the deputy chairperson has consulted all the independent directors present.
11th meeting of 9th Board of Directors 2022.08.25	<p>Proposal for ratification: proposal for the chairman concurrently acting as CEO of the Company, and its salary schedule.</p> <ul style="list-style-type: none"> Chairman Chia, Chung-Tao recused and did not participate in the discussion and voting of this proposal. Director Wang, Jiunn-Chih acted as the chairman, and the remaining directors agreed that the proposal was approved as it was. <p>Proposal for ratification: proposal for appointing the directors for the subsidiary of CSC Futures (HK) Ltd.</p> <ul style="list-style-type: none"> Chairman Chia, Chung-Tao and Director Wang, Jiunn-Chihh recused and did not participate in the discussion and voting of this proposal. Director Liu, Ching-Tsun acted as the chairman, and the remaining directors agreed that the proposal was approved as it was. <p>Proposal for ratification: change of directors and chairman of a subsidiary company.</p> <ul style="list-style-type: none"> Chairman Chia, Chung-Tao and relevant non-voting supervisors recused themselves and did not participate in the discussion and voting of this proposal. Director Wang, Jiunn-Chih acted as the chairman, and the remaining directors agreed that the proposal was approved as it was.
12th meeting of 9th Board of Directors 2022.09.13	<p>Proposal for ratification: proposal for appointment of chairman and directors for the 3rd Board of Directors, appointment of the 3rd supervisors, and employment of president, for Capital Futures Technology (Shanghai) Co., Ltd.</p> <ul style="list-style-type: none"> Chairman Chia, Chung-Tao and relevant supervisors present stated that they have an interest in the proposal and thus they recused from voting, and they did not participate in the discussion and voting. Director Wang, Jiunn-Chih acted as the chairman, and the remaining directors agreed that the proposal was approved as it was. <p>Proposal for ratification: proposal for reassigning the representative of the director of Taiwan Futures Exchange.</p> <ul style="list-style-type: none"> Chairman Chia, Chung-Tao stated that he have an interest in the proposal and thus he recused from voting, and he did not participate in the discussion and voting. Director Wang, Jiunn-Chih acted as the chairman, and the remaining directors agreed that the proposal was approved as it was.

III. Exchange-Listed and OTC-Listed Companies shall disclose the evaluation cycle and period, evaluation scope, method and evaluation content of the Board of Directors' self (or peers) evaluation, and fill in the attached table 2 (2) The Implementation of The Board of Directors Evaluation:

Evaluation on the Board of Directors: The results of the evaluation on the performance of the Board of Directors and functional committees in 2022 have been reported at the 15th meeting of the 9th Board of Directors on March 13, 2023.

Evaluation Cycle	Evaluation performed once a year		
Evaluation Period	January 1, 2022 to December 31, 2022		
Evaluation Scope	Whole board of directors, each director and functional committees		
Evaluation Method	Board of directors' internal self-evaluation, directors' self-evaluation and members of functional committees' self-evaluation		
Evaluation Content	(I) Board of directors' evaluation		
	Evaluation Index	Evaluation Item	Evaluation Result
	A. Level of participation in the Company's operations	12	4.90
	B. Improvement of board's/functional committee's decision quality	12	5
	C. Board/functional committee composition	7	5
	D. Election and ongoing education of directors	4	5
	E. Internal Control	6	5
	(II) Directors' evaluation		
	Evaluation Index	Evaluation Item	Evaluation Result
	A. Director's awareness toward the Company's goals and missions	3	5
	B. Director's awareness to duties	3	5
	C. Level of participation in the Company's operations	8	4.93
	D. Management and communication of internal relations	3	4.95
	E. Professionalism and ongoing education of directors	3	4.90
	F. Internal Control	3	4.95
	(III) Audit Committee's evaluation		
	Evaluation Index	Evaluation Item	Evaluation Result
	A. Level of participation in the Company's operations	4	5
	B. Awareness of the duty	5	4.93
	C. Improvement on the quality of Audit Committee's decision	7	5
	D. Audit Committee's composition and structure	3	5
	E. Internal Control	3	4.89
	(IV) Remuneration Committee's evaluation		
Evaluation Index	Evaluation Item	Evaluation Result	
A. Level of participation in the Company's operations	4	5	
B. Awareness of the duty	4	4.92	

	C. Improvement on the quality of Remuneration Committee's decision	7	5
	D. Remuneration Committee's composition and structure	3	5
	(V) Ethics and Sustainability Committee Performance Evaluation		
	Evaluation Index	Evaluation Item	Evaluation Result
	A. Level of participation in the Company's operations	4	5
	B. Awareness of Duties of Ethics and Sustainability Committee	3	4.89
	C. Improvement on the quality of Ethics and Sustainability Committee's decision	7	5
	D. Ethics and Sustainability Committee's composition and structure	3	5
	2022 the Company's evaluation:		
	(I) The average score of the board's evaluation was 4.98, which was "excellent"		
	(II) The average score of each directors' evaluation was 4.96, which was "excellent"		
	(III) The average score of Audit Committee's evaluation was 4.96, which was "excellent"		
	(IV) The average score of Remuneration Committee's evaluation was 4.98, which was "excellent"		
	(V) The average score of Ethics and Sustainability Committee's evaluation was 4.97, which was "excellent"		

IV. The objective of the current year and the most recent year to strengthen the board's functions (such as the establishment of an audit committee, improve information transparency, etc.) and implementation evaluation.

- (I) The Company established an ESG Committee in October 2022, with the president acting as its convener and an ESG Investment Team, a GHG Inspection Team and a Climate Issue Management Team under it, to be responsible for planning for and implementing ESG and to regularly (at least once each year) review and evaluate relevant implementation status and effectiveness and report to the Board of Directors, so as to ensure the implementation of sustainable development policies.
- (II) The Company approved, at its Board of Directors' meeting on November 10, 2022, renaming of Ethical Management Committee, the functional committee under the Board of Directors, into Ethics and Sustainability Committee, and expansion of its powers and responsibilities to review and supervise the implementation status of sustainable development-related matters.
- (III) In 2022, the Company entrusted Taiwan Investor Relations Institute, an external professional organization, to make external evaluation on the Board of Directors' performance. Taiwan Investor Relations Institute and its evaluators have no business dealings with the Company and they are independent. The relevant matters are explained as follows:

Evaluation Period: October 1, 2021 to September 30, 2022

Evaluators: Kuo Tsung-Lin, chairman from Taiwan Investor Relations Institute

Hsu Pi-Yun, chairman from Taiwan Investor Relations Institute

Lin Yu-Shan, chief attorney from L'international Legal & Partners

In terms of the contents and items of evaluation, the performance of the Company's Board of Directors was inspected and reviewed based on five major aspects, i.e. the Board of Directors' composition and professional development, decision-making quality, operation effectiveness, internal control and risk management, and its participation in corporate social responsibility.

Taiwan Investor Relations Institute, by using self-evaluation questionnaire in writing, reviewed the Board of Directors' meeting minutes, current internal policies, other auxiliary documents and public information provided by the Company, and appointed 3 evaluators to conduct a video evaluation on October 12, 2022, interviewing the Company's chairman, the conveners of the functional committee under the Board of Directors, corporate governance officer and auditing officer, and made an evaluation report on October 21, 2022, and reported the evaluation results at the 15th meeting of the 9th Board of Directors on March 13, 2023.

- (II) The state of operations of the Audit Committee or the state of participation in board meetings by the supervisors: Number of meetings; rate of attendance (or of attendance as a non-voting participant) of each independent director or supervisor; and any other matters that require reporting:

The Audit Committee of the Company is composed of three independent directors, and the qualifications of the three members are all in compliance with the regulations of the competent authorities. The operation and objective of the audit committee are based on the fair representation of the Company's financial statements, the selection (dismissal), independence and performance of certified accountants, the effective implementation of the Company's internal control, compliance with relevant laws and regulations, and the management and control of the Company's existing or potential risks.

The official power of the audit committee: formulate or amend the internal control system, assess the effectiveness of the internal control system, formulate or amend company regulations such as the acquisition or disposal of assets, a matter bearing on the personal interest of a director, critical asset or derivative product trading, critical capital lending, endorsement, or guarantee, offering, issuance or private placement of equity securities, appointment, dismissal or remuneration of certified accountants, appointment and dismissal of a chief financial officer, chief accounting officer or chief internal auditor, annual and interim financial reports, and other major matters stipulated by the Company or the competent authority.

Operation Status of the Audit Committee

In the most recent year (2022), the Company's Audit Committee convened a total of four meetings (A) where the facts of participation by the independent directors are enumerated below:

Title	Name	Actual attendance (B)	Proxy Attendance	Actual attendance (%) (B/A)	Remark
Independent Director	Chen, Kuo-Tay	4	0	100%	Convener
Independent Director	Hsiao, Nai-Ching	4	0	100%	
Independent Director	Wu, Yung-Sheng	4	0	100%	

Other remarks:

- I. Where any one among those enumerated below exists as the performance by the Audit Committee, the convention date, term, contents of agenda, outcome of the decision resolved

in the Audit Committee as well as the Company's opinions toward the Audit Committee's opinions should be expressly remarked.

(I) Issues required under Article 14-5 of the Securities and Exchange Act.

Date and time of the Board of Directors meeting	Discussion	Resolution of the Audit Committee	The Company's response to the opinions of Audit Committee
7th meeting of 9th Board of Directors 2022.03.11	<ul style="list-style-type: none"> Proposal for 2021 statement on the effective implementation of internal control system for anti-money laundering and counter-terrorism financing. Proposal for 2021 statement on the effective design and implementation of internal control system. 	The 4th meeting of the 3rd Board of Directors on March 11, 2022 It was approved and submitted to the Board of Directors for resolution after the attendees have completed explanation and left the meeting and all members of the Audit Committee have approved the attached amendment to this proposal.	Resolution of Board of Directors: The proposal was approved by all present directors.
	<ul style="list-style-type: none"> Amendment to the Company's Internal Control System. Proposal for 2021 Annual Business Report and Consolidation and Individual Financial Report. Proposal for 2021 Profit Distribution. 	The 4th meeting of the 3rd Board of Directors on March 11, 2022 The attendee left after proposal description, and the proposal was approved by all the members, and submitted to the Board of Directors for resolution.	
9th meeting of 9th Board of Directors 2022.05.09	<ul style="list-style-type: none"> Consolidated financial statements of the 1st quarter of 2022. 	The 5th meeting of the 3rd Board of Directors on May 9, 2022 The attendee left after proposal description, and the proposal was approved by all the members, and submitted to the Board of Directors for resolution.	Resolution of Board of Directors: The proposal was approved by all present directors.
	<ul style="list-style-type: none"> Proposal for amendment to the Procedures for Acquisition or Disposal of Assets. 	The 5th meeting of the 3rd Board of Directors on May 9, 2022 It was approved and submitted to the Board of Directors for resolution after the attendees have completed explanation and left the meeting and all members of the Audit Committee have approved the attached amendment to this proposal.	
11th meeting of 9th Board of Directors 2022.08.25	<ul style="list-style-type: none"> Individual and Consolidated Financial Report for the 1st half of 2022 (January 1 to June 30) 	The 6th meeting of the 3rd Board of Directors on August 16, 2022 The attendee left after proposal description, and the proposal was approved by all the members, and submitted to the Board of Directors for resolution.	Resolution of Board of Directors: The proposal was approved by all present directors.
12th meeting of 9th Board of Directors 2022.09.13	<ul style="list-style-type: none"> Amendment to the Company's Internal Control System. 	The 6th meeting of the 3rd Board of Directors on August 16, 2022 The attendee left after proposal description, and the proposal was approved by all the members, and submitted to the Board of Directors for resolution.	Resolution of Board of Directors: The proposal was approved by all present directors.

13th meeting of 9th Board of Directors 2022.11.10	<ul style="list-style-type: none"> Consolidated financial statements of the 3rd quarter of 2022. 2022 certified accountant independence assessment. 2023 Annual Quotation of Accountants' Auditing Fees. 2023 Audit Plan. 	The 7th meeting of the 3rd Board of Directors on November 1, 2022 The attendee left after proposal description, and the proposal was approved by all the members, and submitted to the Board of Directors for resolution.	Resolution of Board of Directors: The proposal was approved by all present directors.
	<ul style="list-style-type: none"> Proposal for purchase of 20,000 stocks from CME Group to replace current monthly subscription plan in order to improve capital utilization efficiency 	The 7th meeting of the 3rd Board of Directors on November 1, 2022 It was approved and submitted to the Board of Directors for resolution after the attendees have completed explanation and left the meeting and all members of the Audit Committee have approved the attached amendment to this proposal.	
	<ul style="list-style-type: none"> Proposal for investment in and establishment of a commercial trading company. 	The 7th meeting of the 3rd Board of Directors on November 1, 2022 All members of the Audit Committee approved this proposal, after the attendees have completed explanation and left the meeting, under the condition that competent authority approves that futures merchants may serve as the commercial trading company's personnel concurrently and that its business scope extends to spot goods. And this proposal was submitted to the Board of Directors for resolution.	Resolution of Board of Directors: All directors present agreed to approve this proposal under the condition that competent authority approves that futures merchants may serve as the commercial trading company's personnel concurrently and that its business scope extends to spot goods.

(II) Except the aforementioned issue, other issue not yet resolved in the Audit Committee but has been duly resolved by two-thirds majority of the total number of director seats: None.

II. With respect to the avoidance of conflicting interest agendas, describe the names of independent directors, details of the relevant agendas, reasons for avoiding conflicting interest, and the voting decisions: None.

III. Facts of communications by and between independent directors and Internal Audit Head as well as Certified Public Accountant(s) (should include issues regarding the Company's finance, financial conditions, facts in business operation and such key issues, the method of communications and the outcome thereof):

(I) Communication methods between independent directors and the internal audit head:

- After the internal audit report and follow-up report of the Company are presented, a written summary of the review of the previous month shall be sent to the independent directors for review.
- The Company arranges a symposium for independent communication between independent directors and internal audit head (at least once) every year. General directors and management are not present at such symposium.

3. The Company's internal audit head regularly attends the Board of Directors to report internal audit findings, violations and improvements, and report to independent directors the results of the audit report and the implementation of the follow-up report.
4. If the independent directors have questions or suggestions on the internal audit report or other audit matters, they will directly contact the internal audit head, and communicate or exchange opinions in person at the audit committee and board meetings.
5. Dates and communication for this fiscal year:

Date	Meeting	Attendee	Agenda	Opinions of independent directors and implementation
2022.08.16	Symposium for independent directors and internal audit head	Independent Director: Chen, Kuo-Tay; Hsiao, Nai-Ching; Wu, Yung-Sheng Auditing Officer: Lian, Jing-Lian	<ul style="list-style-type: none"> • Personnel of Internal Auditing Department • Planning for audit on various types of businesses and method for submitting audit report for review • Reporting mechanism for defects and irregularities 	Auditing Officer explained matters one by one

Date	Meeting	Agenda	Opinions of independent directors/implementation
2022.03.11	Audit Committee	<ul style="list-style-type: none"> • Proposal for 2021 Design and Implementation Declaration of Internal Control System • 2021 Anti-Money Laundering and Counter-Terrorism Financing Internal Control System Declaration 	The proposal was approved by all the members and submitted to the Board of Directors
2022.03.11	Board of Directors	<ul style="list-style-type: none"> • Amendment to the Company's Internal Control System • Internal audit report 	The proposal was approved by all present directors
2022.05.09	Audit Committee	<ul style="list-style-type: none"> • Internal audit report 	The proposal was approved by all the members and submitted to the Board of Directors
2022.05.09	Board of Directors		The proposal was approved by all present directors
2022.08.16	Audit Committee	<ul style="list-style-type: none"> • Amendment to the Company's Internal Control System • Internal audit report 	The proposal was approved by all the members and submitted to the Board of Directors
2022.09.13	Board of Directors		The proposal was approved by all present directors
2022.11.1	Audit Committee	<ul style="list-style-type: none"> • Proposed audit plan for 2023 • Internal audit report 	The proposal was approved by all the members and submitted to the Board of Directors
2022.11.10	Board of Directors		The proposal was approved by all present directors

(II) Communication method between the independent directors and CPAs:

1. The certified accountants of the Company regularly describe the process and scope of auditing the Company's financial statements to the audit committee and board of director every six months, and fully discuss with the independent directors.
2. The Company arranges a symposium for independent directors and certified accountants (at least once) every year to make communication on and verify work plan and key matters, etc. General directors and management are not present at such symposium.
3. If any independent director has any questions or suggestions about the contents of financial statements or other financial matters, it may make communication or discussion or exchange opinions face to face at the symposium.
4. Dates and communication for this fiscal year:

Date	Meeting	Accountant attended the symposium	Agenda	Opinions of independent directors/implementation
2022.03.11	Symposium for independent directors and certified accountants	KPMG CPA Wu, Cheng-Yen CPA Chung, Tan-Tan	<ul style="list-style-type: none"> • Accountant audit work planning and communication of key audit matters • Accountant audit to ensure independence • Updating of recent laws and regulations 	<ul style="list-style-type: none"> • The accountant will describe in detail one by one to ensure the professionalism, fairness and independence of the audit operation

Date	Meeting	Participating Finance Officer and Accountants	Agenda	Opinions of independent directors/implementation
2022.03.11	Audit Committee	Head of accounting Lin, Li-Chuan KPMG CPA Wu, Cheng-Yen CPA Chung, Tan-Tan	<ul style="list-style-type: none"> • The Company's 2021 business report and consolidated and individual financial statements 	<ul style="list-style-type: none"> • Accountant's statement: an unqualified opinion will be issued after the review • The proposal was approved by all the members and submitted to the Board of Directors
2022.03.11	Board of Directors			<ul style="list-style-type: none"> • The proposal was approved by all the members
2022.08.16	Audit Committee	Head of accounting Lin, Li-Chuan KPMG CPA Wu, Cheng-Yen CPA Chung, Tan-Tan	<ul style="list-style-type: none"> • Individual and Consolidated Financial Report for the 1st half of 2022 (January 1 to June 30) 	<ul style="list-style-type: none"> • Accountant's statement: an unqualified opinion will be issued after the review • The proposal was approved by all the members and submitted to the Board of Directors
2022.08.25	Board of Directors			<ul style="list-style-type: none"> • The proposal was approved by all the members

(III) Composition and performance of Remuneration Committee

The Company has set up a Remuneration Committee whose composition, responsibilities and operations are as follows:

The Company's Remuneration Committee has three members, all of whom meet the requirements of the competent authority.

Remuneration committee member shall exercise the care of a good administrator in faithfully participants the conclusion the official powers listed below, and shall submit its recommendations for deliberation by the Board of Directors:

1. Prescribe and periodically review the performance evaluation and remuneration policy, system, standards, and structure for directors, supervisors and managerial officers.
2. Periodically evaluate and prescribe the remuneration of directors, supervisors, and managerial officers.

The Committee shall perform the above mentioned duties based on the following principles:

1. With respect to the performance assessment and remuneration of directors and managerial officers of the company, it shall refer to the typical pay levels adopted by peer companies, and take into consideration the reasonableness of the correlation between remuneration and individual performance, the company's business performance, and future risk exposure.
2. No suggestions are made to guide directors and managerial officers to engage in acts that may exceed the Company's risk appetite to pursue own salary and remuneration.
3. The specificity of the industry and the nature of the Company's business shall be considered when determining the proportion of profit sharing for short-term performance and the changes in the payment time of part of the salary and remuneration of directors and executives.

Information on the operation of the Remuneration Committee:

(1) Information on the members of the Remuneration Committee

March 31, 2023

Qualification Identity		Professional qualification and experience	Compliance of independence	Number of other public companies where the members are also the members of the remuneration committee of these companies.
Convener of Independent Director	Chen, Kuo-Tay	Please refer to page 16 for the disclosure of professional qualification of the directors and independence of directors.		0
Independent Director	Hsiao, Nai-Ching			0
Committee	Li, Shen-Yi	<ul style="list-style-type: none"> With at least five years of work experience or have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company. Former second and third supervisory committee members and an independent director of EnTie Commercial Bank. Currently an independent director of Win Semiconductors, a director of PharmaEssentia 	<ul style="list-style-type: none"> Not employed by the Company or any of its affiliated companies. Not a director, supervisor of the Company or any its affiliated companies. Does not hold more than 1% of the company's outstanding shares in his/her own name or under the name of spouse, underage children, or any other person; nor is any party listed herein one of the ten largest natural person shareholders of the company. Not the spouse, the kindred to the second tier under the Civil Code or the direct kin within the third tier under the Civil Code of the managerial officers stated in Subparagraph 1 or other roles stated aforementioned Subparagraph. Not a director, supervisor or employee of an institutional shareholder directly holding more than 5% of the outstanding shares issued by the company, or a director, supervisor or employee of an institutional shareholder who is among the top 	2

	<p>Corporation, and Nan Ya Plastics Corporation.</p> <ul style="list-style-type: none"> Does not meet any descriptions stated in Article 30 of the Company Act. 	<p>5 shareholders, or a representative of an institutional shareholders appointed as the director or supervisor of the company according to Paragraph 1 or 2, Article 27 of Company Act.</p> <ul style="list-style-type: none"> Not a director, supervisor or employee of a company controlling over one half of the company director seats or voting shares under one person. Not a director, supervisor or employee of a company or institution whose chairperson and president or equivalent role is same person or its spouse. A director, supervisor, managerial officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not a professional or owner, partner, director, supervisor, managerial officer or the spouse of these roles of a sole proprietorship, partnership, company or institution that audits or provides related business, legal, financial, accounting services or consultation with service fees accumulating below NT\$500,000 over the last two years for the company or its affiliates; except for members of the remuneration committee, public tender offer review committee or special committee for merger/consolidation and acquisition exercising powers according to the Securities and Exchange Act or the Business Mergers and Acquisitions Act or related laws or regulations. 	
--	--	--	--

(2) Information on the operation of the Remuneration Committee

- A. The Company's Remuneration Committee has three Committee members in total.
- B. Tenure of Committee members in the current session: June 24, 2021 ~ May 19, 2024

In 2022, the Remuneration Committee convened 9 meetings (A). The qualifications and participation facts of the Committee members are enumerated below:

Title	Name	Actual attendance (B)	Proxy Attendance	Actual attendance (%) (B/A) (Note)	Remark
Independent Director	Chen, Kuo-Tay	9	0	100%	Convener
Independent Director	Hsiao, Nai-Ching	9	0	100%	
Committee	Li, Shen-Yi	9	0	100%	

Important matters of the Remuneration Committee in the most recent year are as follows:

Remuneration Committee	Discussion/Resolution/Implementation:	Attended Committee Member
4th meeting of the 5th Remuneration Committee 2022.01.12	<p>Proposal for ratification: proposal for change and remuneration to the deputy head of the Company's Internal Auditing Department.</p> <ul style="list-style-type: none"> It was approved and submitted to the Board of Directors for review after the chairperson has consulted all the members. <p>Proposal for ratification: proposal for the 2021 managerial level (inclusive) or above managers performance evaluation result.</p> <ul style="list-style-type: none"> It was resolved to approve the proposal after the attendees have completed explanation and left the meeting, relevant terms and 	Chen, Kuo-Tay Hsiao, Nai-Ching Li, Shen-Yi

	<p>provisions have been added in the Remark of the attachment and the chairperson has consulted all the members. And it was suggested to revise the Guideline for Employee Performance Evaluation by considering the characteristics of salesperson's business, which was submitted to the Board of Directors for approval.</p> <p>Proposal for ratification: proposal for 2021 year-end bonus distribution for supervisors at managerial level (inclusive) and above.</p> <ul style="list-style-type: none"> It was approved and submitted to the Board of Directors for approval after the attendees have completed explanation and left the meeting and the chairperson has consulted all the members. 	
5th meeting of the 5th Remuneration Committee 2022.01.24	<p>Proposal for ratification: proposal for the Company to pay festival bonus to the persons above manager level (inclusive) and bonus to Futures Proprietary Trading Department and Securities Proprietary Trading Department in the second half of 2021.</p> <ul style="list-style-type: none"> It was approved and submitted to the Board of Directors for review after the chairperson has consulted all the members and it has been amended. 	Chen, Kuo-Tay Hsiao, Nai-Ching Li, Shen-Yi
6th meeting of the 5th Remuneration Committee 2022.03.11	<p>Proposal for ratification: proposal for the Company to distribute remuneration to employees and directors in 2021.</p> <ul style="list-style-type: none"> It was approved and submitted to the Board of Directors for approval and to Shareholders' Meeting for report after the attendees have completed explanation and left the meeting and the chairperson has consulted all the members and they have agreed. <p>Proposal for ratification: proposal for employment and remuneration of the supervisor of Transaction Division I of the Company's Proprietary Trading Department.</p> <ul style="list-style-type: none"> It was approved and submitted to the Board of Directors for review after the attendees have completed explanation and left the meeting and the chairperson has consulted all the members and they have agreed upon amendment to the explanation. <p>Proposal for ratification: proposal for the Company to establish a Digital Growth Department and for change and remuneration to the supervisors above manager level.</p> <ul style="list-style-type: none"> It was approved and submitted to the Board of Directors for approval after the attendees have completed explanation and left the meeting, the chairperson has consulted all the members, the attached explanation has been revised and the revision has been agreed upon. <p>Proposal for ratification: proposal for the 2022 promotion of supervisors at managerial level (inclusive) and above.</p> <ul style="list-style-type: none"> It was approved after the attendees have completed explanation and left the meeting, the chairperson has consulted all the members, the attached explanation has been revised and the revision has been agreed upon. It was submitted to the Board of Directors for review. <p>Proposal for ratification: proposal for promotion and remuneration of the deputy supervisor of Dealing & Settlement Department.</p> <ul style="list-style-type: none"> It was approved and submitted to the Board of Directors for review after the attendees have completed explanation and left the meeting and the chairperson has consulted all the members and they have agreed. <p>Proposal for ratification: proposal for promotion and remuneration of Hung, Li-Chiang, 7-1 rank/ Senior Specialist from the Company's Direct Sales Department.</p> <ul style="list-style-type: none"> It was approved and submitted to the Board of Directors for review after the attendees have completed explanation and left the meeting and the chairperson has consulted all the members and they have agreed. 	Chen, Kuo-Tay Hsiao, Nai-Ching Li, Shen-Yi

	<p>Proposal for ratification: proposal for change and remuneration to the persons of the Company's Administration Department and Compliance & Legal Department.</p> <ul style="list-style-type: none"> It was approved and submitted to the Board of Directors for review after the attendees have completed explanation and left the meeting and the chairperson has consulted all the members and they have agreed. 	
7th meeting of the 5th Remuneration Committee 2022.03.30	<p>Proposal for ratification: proposal for amendment to the Company's Guideline for Employee Performance Evaluation.</p> <ul style="list-style-type: none"> It was approved and submitted to the Board of Directors for review after the attendees have completed explanation and left the meeting, the chairperson has consulted all the members and they have agreed upon amendment to Article 7 of the Guideline for Employee Performance Evaluation. <p>Proposal for ratification: formulate the Company's "Guideline for Managed Futures Department Bonus"</p> <ul style="list-style-type: none"> It was approved and submitted to the Board of Directors for review after the attendees have completed explanation and left the meeting, the chairperson has consulted all the members and they have agreed upon amendment to Article 3, 4, 6 and 7 of the Guideline for Managed Futures Department Bonus. <p>Proposal for ratification: proposal for amendment to the Company's Guideline for Festival Bonuses Distribution.</p> <ul style="list-style-type: none"> It was approved and submitted to the Board of Directors for review after the attendees have completed explanation and left the meeting, the chairperson has consulted all the members and they have agreed upon amendment to Article 2 of the Guideline for Festival Bonuses Distribution. 	Chen, Kuo-Tay Hsiao, Nai-Ching Li, Shen-Yi
8th meeting of the 5th Remuneration Committee 2022.04.26	<p>Proposal for ratification: proposal for reasonable explanation for distribution of directors' remuneration in 2021.</p> <ul style="list-style-type: none"> I was stated in details. <p>Proposal for ratification: proposal for employment and remuneration of the supervisor for the Digital Growth Office under the Company's Digital Growth Department.</p> <ul style="list-style-type: none"> It was approved and submitted to the Board of Directors for review after the attendees have completed explanation and left the meeting and the chairperson has consulted all the members and they have agreed. <p>Proposal for ratification: proposal for adjustment to the remuneration of, Wang Chung-Cheng, the supervisor of Transaction Division II of the Company's Proprietary Trading Department.</p> <ul style="list-style-type: none"> It was approved and submitted to the Board of Directors for review after the attendees have completed explanation and left the meeting and the chairperson has consulted all the members and they have agreed. <p>Proposal for ratification: proposal for the Company's 2022 salary adjustment for supervisors at managerial-level (inclusive) and above.</p> <ul style="list-style-type: none"> It was approved and submitted to the Board of Directors for review after the attendees have completed explanation and left the meeting and the chairperson has consulted all the members and they have agreed upon amendment to the attachment. <p>Proposal for ratification: proposal for the Company's 2021 employee compensation (cash).</p> <ul style="list-style-type: none"> It was approved and submitted to the Board of Directors for review after the attendees have completed explanation and left the meeting and the chairperson has consulted all the members and they have agreed. <p>Proposal for ratification: proposal for the Company's 2021 director's remuneration distribution.</p>	Chen, Kuo-Tay Hsiao, Nai-Ching Li, Shen-Yi

	<ul style="list-style-type: none"> The remuneration to directors was approved after the chairperson, Chen, Kuo-Tay, has consulted all the members and they have agreed upon, except for the amount of the remuneration to independent directors Chen and Hsiao. The amount of the remuneration to independent director Chen was approved after independent director Chen has avoided form the meeting, and Li, Shen-Yi, the Remuneration Committee's member, has consulted all the members as a deputy chairperson and they have agreed. The amount of the remuneration to independent director Hsiao was approved after independent director Hsiao has avoided form the meeting, and the chairperson, Chen, Kuo-Tay, has consulted other members and they have agreed upon <ul style="list-style-type: none"> It was submitted to the Board of Directors for review. 	
9th meeting of the 5th Remuneration Committee 2022.05.26	<p>Proposal for ratification: proposal for employment and remuneration of the supervisor for the Company's Managed Futures Department.</p> <ul style="list-style-type: none"> It was approved and submitted to the Board of Directors for review after the attendees have completed explanation and left the meeting and the chairperson has consulted all the members and they have agreed upon the amendment description and attached amendment to this proposal. <p>Proposal for ratification: proposal for employment and remuneration of the supervisor of Transaction Division III of the Company's Proprietary Trading Department.</p> <ul style="list-style-type: none"> It was approved and submitted to the Board of Directors for review after the attendees have completed explanation and left the meeting and the chairperson has consulted all the members and they have agreed upon attached amendment to this proposal. 	Chen, Kuo-Tay Hsiao, Nai-Ching Li, Shen-Yi
10th meeting of the 5th Remuneration Committee 2022.08.16	<p>Proposal for ratification: proposal for the Company to pay festival bonus to the persons above manager level (inclusive) and bonus to Futures Proprietary Trading Department and Securities Proprietary Trading Department in the first half of 2022.</p> <ul style="list-style-type: none"> It was approved and submitted to the Board of Directors for review after the attendees have completed explanation and left the meeting and the chairperson has consulted all the members and they have agreed. 	Chen, Kuo-Tay Hsiao, Nai-Ching Li, Shen-Yi
11th meeting of the 5th Remuneration Committee 2022.08.25	<p>Proposal for ratification: proposal for the chairman concurrently acting as CEO of the Company, and its salary schedule.</p> <ul style="list-style-type: none"> It was approved and submitted to the Board of Directors for review after the chairperson has consulted all the members. 	Chen, Kuo-Tay Hsiao, Nai-Ching Li, Shen-Yi
12th meeting of the 5th Remuneration Committee 2022.11.1	<p>Proposal for ratification: proposal for employment of consultant for the Company.</p> <ul style="list-style-type: none"> It was approved and submitted to the Board of Directors for review after the attendees have completed explanation and left the meeting and the chairperson has consulted all the members and they have agreed. <p>Proposal for ratification: proposal for appointment of and change to the deputy supervisor of the Company's Direct Sales Department.</p> <ul style="list-style-type: none"> It was approved and submitted to the Board of Directors for review after the attendees have completed explanation and left the meeting and the chairperson has consulted all the members and they have agreed upon amendment to the explanation. <p>Proposal for ratification: proposal for adjustment to the remuneration of Tsai, Yueh-Hung from the On-line Information Office under the Company's Digital Growth Department.</p> <ul style="list-style-type: none"> It was approved and submitted to the Board of Directors for review after the chairperson has consulted all the members and 	Chen, Kuo-Tay Hsiao, Nai-Ching Li, Shen-Yi

	<p>they have agreed.</p> <p>Proposal for ratification: proposal for 2022 year-end bonus based on two-month basic salary.</p> <ul style="list-style-type: none"> It was approved and submitted to the Board of Directors for review after the chairperson has consulted all the members and they have agreed. <p>Proposal for ratification: proposal for amendment to the Guidelines Regarding Course and Commodity Bonus for the Company's Futures Advisory Department.</p> <ul style="list-style-type: none"> It was approved and submitted to the Board of Directors for review after the attendees have completed explanation and left the meeting, the chairperson has consulted all the members and they have agreed upon amendment to the description of this proposal and Article 1 and 8 of the Guidelines, and the Applicable Objects and Bonus Table has been attached. <p>Proposal for ratification: proposal for establishment of Transaction Division IV under the Company's Proprietary Trading Department and for promotion and remuneration of Wang, Han-Yao.</p> <ul style="list-style-type: none"> It was approved and submitted to the Board of Directors for review after the chairperson has consulted all the members and they have agreed. 	
--	--	--

Other remarks:

- I. Where the board of directors does not adopt or amend the proposal(s) posed by the Remuneration Committee: The Company shall expressly elaborate on the date, term while the board of directors meeting was convened, contents of the issues, outcome of decisions resolved in the board of directors and the Company's response to the opinions posed by the Remuneration Committee (For instance, if the salary pay resolved by the board of directors is higher than that proposed by the Remuneration Committee, the Company should elaborate on the fact of differential gap and the cause thereof): None.
- II. Where a decision resolved in the Remuneration Committee is found in contravention of rules or in qualified opinion as verified with records or documented declaration, the Company shall expressly elaborate on the date, terms of the meeting convened by the Remuneration Committee, contents of agenda, opinions of all members and acts taken in response to such opinions: None.

(IV) Composition and performance of Ethics and Sustainability Committee

The Company's Ethics and Sustainability Committee is composed of three independent directors. Ethics and Sustainability Committee's meeting shall be held at least once every year. Ethics and Sustainability Committee shall be responsible for formulating and supervising the implementation of Ethical Management policies and preventive measures, and promoting and supervising sustainable development and customer fair treatment-related matters, and reporting compliance and resolutions to the Board of Directors. The main duties of Ethics and Sustainability Committee include:

1. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.
2. Analyzing and assessing the risks of unethical conduct within the business scope on a regular basis and accordingly adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to the Company's operations and business.

Ethics and Sustainability Committee held 2 meetings in the most recent year (2022), with the

attendance as follows:

Title	Name	Actual attendance (B)	Proxy Attendance	Actual attendance (%) (B/A)	Remark
Independent Director	Chen, Kuo-Tay	2	0	100%	Convener
Independent Director	Hsiao, Nai-Ching	2	0	100%	
Independent Director	Wu, Yung-Sheng	2	0	100%	

Important matters of the Ethics and Sustainability Committee in the most recent year are as follows:

Ethics and Sustainability Committee	Discussion/Resolution/Implementation:	Attended Committee Member
2nd meeting of the 2nd Ethics and Sustainability Committee 2022.03.11	<p>Proposal for ratification: proposal for setting customer fair treatment KPI for the period during October 2022 to December 2023.</p> <ul style="list-style-type: none"> All members resolved to approve this proposal and it was submitted to the Board of Directors for resolution. <p>Proposal for ratification: amendment to the Treating Customer Fairly Guideline.</p> <ul style="list-style-type: none"> All members resolved to approve this proposal and it was submitted to the Board of Directors for resolution. <p>Proposal for ratification: proposal for amendment to the Corporate Governance Best-Practice Principles and the Procedures for Handling Material Inside Information.</p> <ul style="list-style-type: none"> All members resolved to approve this proposal and it was submitted to the Board of Directors for resolution. <p>Proposal for ratification: amendment to the Organization Regulations of the Ethical Management Committee.</p> <ul style="list-style-type: none"> All members resolved to approve this proposal and it was submitted to the Board of Directors for resolution. 	Chen, Kuo-Tay Hsiao, Nai-Ching Wu, Yung-Sheng
3rd meeting of the 2nd Ethics and Sustainability Committee 2022.11.1	<p>Proposal for ratification: the Company's 2022 "Treating Customer Fairly Principle" Evaluation Form.</p> <ul style="list-style-type: none"> All members resolved to approve this proposal after attached amendment has been made, and it was submitted to the Board of Directors for resolution. 	Chen, Kuo-Tay Hsiao, Nai-Ching Wu, Yung-Sheng

(V) Performance in corporate governance and the differential gap between corporate governance and Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the cause thereof:

Evaluation Item	Actual governance		Summary description	Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No		
I. Will the Company based on the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” set up and disclose the Company’s corporate governance best-practice principles?	V		The Company has formulated corporate governance best-practice principles (amendment to which was approved at the 15th meeting of the 9th Board of Directors on March 13, 2023), as approved by the Board of Directors, in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Corporate Governance Best-Practice Principles for Futures Commission Merchants, and the Company disclosed the corporate governance best-practice principles on its website and MOPS.	No major discrepancy
II. Shareholding structure and shareholders’ equity				
(I) Will the Company have the internal procedures regulated to handle shareholders’ proposals, doubts, disputes, and litigation matters; also, have the procedures implemented accordingly?	V		(I) The Company’s “Corporate Governance Best-Practice Principles” stipulates that a designated person is responsible for the collection and disclosure of corporate information, and a spokesperson system and a procedure guideline for managing shareholders’ suggestions, doubts, disputes and litigation matters has been established to ensure proper implementation. In addition to the “Investor Relations Contact” section on the company’s website where a shareholder services agent is mandated to manage the shareholders’ questions and suggestions.	No major discrepancy
(II) Will the Company possess the list of the Company’s major shareholders and the list of the ultimate controllers of the major shareholders?	V		(II) The Company governs the shareholding and the list of shareholders according to the shareholder register and the monthly shareholding declaration and disclosed in the annual report in accordance with the regulations.	No major discrepancy
(III) Will the Company establish and implement the risk control and firewall mechanisms with the related parties?	V		(III) The Company has formulated the Rules for Making Financial and Business Trading between Related Parties and between the Enterprises in the Group for the dealings with related enterprises, so as to achieve risk control and establish a firewall mechanism and implement the same. And the Company deals with other affairs in accordance with the regulations of competent authorities.	No major discrepancy
(IV) Will the Company set up internal	V		(IV) The Company has established “Administrative Measures for Opening Futures Trading	No major

Evaluation Item	Actual governance		Summary description	Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No		
norms to prohibit insiders from utilizing the undisclosed information to trade securities?			<p>Account for Insiders” and “Measures for Insider Account Opening and Securities Trading Management and Credit Trading Account Opening and Trading” to regulate insiders and other transactions. Prohibit insiders from utilizing the undisclosed information to trade securities and formulate “Procedures for Handling Material Inside Information”.</p> <p>The Company provided directors with the education and advocacy about Ethical Management and Sustainable Development (including prevention of insider trading, anti-money laundering, and the principles of customer fair treatment) on November 10, 2022, including that related persons shall not trade their stocks during the closing period, i.e 30 days before issuance of annual financial statements and 15 days before issuance of each quarterly financial statements, and it also provided employees with the education and training about compliance with the laws concerning insider trading, short-swing trading and sustainable development, with 286 persons/time attended.</p>	discrepancy
<p>III. The constitution and obligations of the Board of Directors</p> <p>(I) Does the board of directors formulate and implement diversity policies, specific management objectives?</p>	V		<p>(I) In accordance with the reference example of the “XXX Co., Ltd. Procedures for Election of Directors” of TWSE, the Company shall consider the overall configuration of the Board of Directors for the selection and appointment of directors of the Company. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company’s business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:</p> <p>Basic requirements and values: Gender, age, nationality, and culture. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, and technology), professional skills, and industry experience.</p> <p>With the Company’s consideration of its own operation, operation type and development needs, each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows: ability to make judgments about operations, accounting and</p>	No major discrepancy

Evaluation Item	Actual governance		Summary description	Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No		
			<p>financial analysis ability, business management ability, crisis management ability, knowledge of the industry, an international market perspective, leadership ability, decision-making ability.</p> <p>More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.</p> <p>The Company's Board of Directors is composed of 7 directors, including 3 independent directors, accounting for 43% of all the directors. The Board of Directors of the Company shall give guidance the Company's strategy, supervision to the management level, and be responsible to the Company and shareholders. The operations and arrangements of its corporate governance system shall ensure that the Board of Directors exercises its functions and powers in accordance with laws and regulations, Articles of Association or the resolutions of the General Meeting of shareholders. To meet the needs of the Company's business development, the Board of Directors should be composed of experts and scholars in industry, accounting, management, etc.; members of the board should have business experience, legal or accounting qualifications. In addition, the Company gives focus to gender equality in the composition of the Board of Directors, with at least one female director. There are 5 male and 2 female directors at present. Female directors account for 29% of all directors. Chairman Lee, Wen-Chu, Wang, Jiunn-Chih, Liu, Ching-Tsun and Lee, Yi-Hui all have experience in operation management, financial accounting, law, international market and leadership decision-making in the futures, securities, and financial industries. Independent director Chen, Kuo-Tay is a retired professor of the Accounting Department of National Taiwan University, independent director Hsiao, Nai-Ching is a retired judge of the Supreme Court, and independent director Wu, Yung-Sheng was serving as the school consultant of Ming Chuan University and an adjunct professor of the Department of Finance. Please refer to page 11 of this annual report for detailed information on board members.</p>	

Evaluation Item	Actual governance		Summary description	Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No		
(II) Will the Company, in addition to setting the Remuneration Committee and Audit Committee lawfully, have other functional committee set up voluntarily?	V		<p>(II) The Company has established audit and remuneration committees in accordance with the law and set up a voluntary ethics and sustainability committee to promote the formulation and supervision of the Company's ethical corporate management policies and prevention plans. There are three members, all composed of independent directors who are responsible for reviewing the ethical corporate management policy and prevention plan, supervising the implementation of each department, and regularly reporting to the Board of (at least once a year). Responsibilities include:</p> <ol style="list-style-type: none"> 1. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. 2. Analyzing and assessing the risks of unethical conduct within the business scope on a regular basis and accordingly adopting programs to prevent unethical conduct and setting out in each program the standard operating procedures and conduct guidelines with respect to the Company's operations and business. <p>The current (2nd) committee is composed of three independent directors, Chen, Kuo-Tay, Hsiao, Nai-Ching and Wu, Yung-Sheng at present. Please refer to page 48 of this annual report for their relevant professional abilities and performance.</p> <p>To improve the supervision function and strengthen the management function in the future, it is necessary to consider the size of the Board of Directors and the number of independent directors, risk management establishment, nomination, or other functional committees.</p>	No major discrepancy

Evaluation Item	Actual governance		Summary description	Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No		
(III) Does the company establish a method to evaluate board performance and evaluate board performance every year? Are the performance evaluation results reported to the board and used as a reference for the remuneration and nomination for re-election of individual directors?	V		(III) The Board of Directors of the Company has established the “Performance Evaluation Guideline for the Board of Directors and Functional Committees”. The scope of evaluation includes the whole Board of Directors, each director and functional committees. The evaluation methods include internal self-evaluation of the Board of Directors and functional committees, self-evaluation by directors or other appropriate methods of performance evaluation. The Company has completed the performance evaluation of the Board of Directors in 2022, and submitted the consolidated evaluation results to the 15th meeting of the 9th Board of Directors on March 13, 2023. All members of the Board of Directors have the expertise required for their duties. At present, the Board of Directors’ performance is evaluated regularly every year based on directors’ attendance at the Board of Directors’ meeting and their participation in corporate governance-related continuing education and training, etc. The Company entrusted an external professional organization, Taiwan Investor Relations Institute, to make external evaluation on the Board of Directors’ performance in 2022. Please refer to pages 37-38 of this Annual Report.	No major discrepancy
(IV) Will the Company have the independence of the public accountant evaluated regularly?	V		(IV) The Company is audited by professional, responsible and independent certified accountants. The Company’s Board of Directors evaluates the independence and competence of certified accountants by referring to Audit Quality Indicators (AQIs) (at least once) every year to ensure honest and ethical accounting, auditing and financial reporting and maintain effective internal control system, especially risk management, financial and operating control and compliance with relevant regulations and standards. The Company appointed Wu, Cheng-Yen and Chung, Tan-Tan, the CPAs from KPMG to serve as certified accountants in 2022. As evaluated, they meet the independence evaluation standards, and they issued the statement of accountants’ independence. It was reviewed and approved at the 7th meeting of the 3rd Audit Committee on November 1, 2022 and the 13th meeting of the 9th Board of Directors on November 10, 2022.	No major discrepancy

Evaluation Item	Actual governance		Summary description	Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies																							
	Yes	No																									
			<p>The Company appointed Wu, Cheng-Yen and Chen, Yi-Jen, the CPAs from KPMG to serve as certified accountants in 2023. As evaluated, they meet the independence evaluation standards, and they issued the statement of accountants' independence. It was reviewed and approved at the 9th meeting of the 3rd Audit Committee on March 10, 2023 and the 15th meeting of the 9th Board of Directors on March 13, 2023. Subject to the five major items and 13 indicators specified in AQIs, KPMG and its audit team have an audit quality comparable to the average level in the industry. The relevant information is disclosed on the Company's website.</p> <table border="1"> <thead> <tr> <th rowspan="2">Item</th> <th colspan="2">Whether there are any of the following circumstances</th> </tr> <tr> <th>Yes</th> <th>No</th> </tr> </thead> <tbody> <tr> <td>1. The CPA is currently employed by the Company to perform routine work for which he or she receives a fixed salary, or serves as a director.</td> <td></td> <td>V</td> </tr> <tr> <td>2. The CPA has previously served the Company as a director, managerial officer, or employee with material influence over attestation, and has been separated from the position for less than two years.</td> <td></td> <td>V</td> </tr> <tr> <td>3. The CPA is a spouse, lineal relative, direct relative by marriage, or a collateral relative within the second degree of kinship of any responsible person or managerial officer of the Company.</td> <td></td> <td>V</td> </tr> <tr> <td>4. The CPA, or the spouse or a minor child, has invested in the Company, or a relationship of benefit-sharing.</td> <td></td> <td>V</td> </tr> <tr> <td>5. The CPA, or the spouse or a minor child, has lent or borrowed funds to or from the Company.</td> <td></td> <td>V</td> </tr> <tr> <td>6. Perform management consulting or other non-attestation services sufficiently to affect the independence.</td> <td></td> <td>V</td> </tr> </tbody> </table>	Item	Whether there are any of the following circumstances		Yes	No	1. The CPA is currently employed by the Company to perform routine work for which he or she receives a fixed salary, or serves as a director.		V	2. The CPA has previously served the Company as a director, managerial officer, or employee with material influence over attestation, and has been separated from the position for less than two years.		V	3. The CPA is a spouse, lineal relative, direct relative by marriage, or a collateral relative within the second degree of kinship of any responsible person or managerial officer of the Company.		V	4. The CPA, or the spouse or a minor child, has invested in the Company, or a relationship of benefit-sharing.		V	5. The CPA, or the spouse or a minor child, has lent or borrowed funds to or from the Company.		V	6. Perform management consulting or other non-attestation services sufficiently to affect the independence.		V	
Item	Whether there are any of the following circumstances																										
	Yes	No																									
1. The CPA is currently employed by the Company to perform routine work for which he or she receives a fixed salary, or serves as a director.		V																									
2. The CPA has previously served the Company as a director, managerial officer, or employee with material influence over attestation, and has been separated from the position for less than two years.		V																									
3. The CPA is a spouse, lineal relative, direct relative by marriage, or a collateral relative within the second degree of kinship of any responsible person or managerial officer of the Company.		V																									
4. The CPA, or the spouse or a minor child, has invested in the Company, or a relationship of benefit-sharing.		V																									
5. The CPA, or the spouse or a minor child, has lent or borrowed funds to or from the Company.		V																									
6. Perform management consulting or other non-attestation services sufficiently to affect the independence.		V																									

Evaluation Item	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies																					
	Yes	No	Summary description																						
			<table border="1"> <tr> <td>7. Not complying with the regulations by the competent authority on business matters regarding the rotation of CPA, handling accounting affairs on behalf of others, or other regulations that can affect independence.</td> <td></td> <td>V</td> </tr> <tr> <td>8. Has been continuously appointed attestation services for seven years, or has been subject to disciplinary action or damage to the independence.</td> <td></td> <td>V</td> </tr> <tr> <td>9. Has not obtained independent statements from the CPA.</td> <td></td> <td>V</td> </tr> <tr> <td>10. The quality and timeliness of services such as auditing and taxation did not meet the demand.</td> <td></td> <td>V</td> </tr> <tr> <td>11. The Company has been subject to litigation or rectification by the competent authority due to its financial report.</td> <td></td> <td>V</td> </tr> <tr> <td>12. The scale and reputation of the accounting firm have been seriously damaged.</td> <td></td> <td>V</td> </tr> <tr> <td>13. Accountants interact poorly with management, governance units, and the internal audithead.</td> <td></td> <td>V</td> </tr> </table>	7. Not complying with the regulations by the competent authority on business matters regarding the rotation of CPA, handling accounting affairs on behalf of others, or other regulations that can affect independence.		V	8. Has been continuously appointed attestation services for seven years, or has been subject to disciplinary action or damage to the independence.		V	9. Has not obtained independent statements from the CPA.		V	10. The quality and timeliness of services such as auditing and taxation did not meet the demand.		V	11. The Company has been subject to litigation or rectification by the competent authority due to its financial report.		V	12. The scale and reputation of the accounting firm have been seriously damaged.		V	13. Accountants interact poorly with management, governance units, and the internal audithead.		V	
7. Not complying with the regulations by the competent authority on business matters regarding the rotation of CPA, handling accounting affairs on behalf of others, or other regulations that can affect independence.		V																							
8. Has been continuously appointed attestation services for seven years, or has been subject to disciplinary action or damage to the independence.		V																							
9. Has not obtained independent statements from the CPA.		V																							
10. The quality and timeliness of services such as auditing and taxation did not meet the demand.		V																							
11. The Company has been subject to litigation or rectification by the competent authority due to its financial report.		V																							
12. The scale and reputation of the accounting firm have been seriously damaged.		V																							
13. Accountants interact poorly with management, governance units, and the internal audithead.		V																							
IV. Does a public company equip an appropriate number of eligible governance personnel and assign the governance officer to take charge of company's governance affairs (including, without limitation, providing directors and supervisors with the data required for business operations, assistance for the legal compliance of directors and supervisors, handling affairs related to holding a board meeting or a general meeting of shareholders and producing	V		<p>It was resolved, at the 19th meeting of the Company's 8th Board of Directors on August 25, 2020, to appoint Chen, Chi-Hao, the Executive Vice President, to assume the office of corporate governance officer. He has the qualifications to act as an attorney and has assumed the office of supervisor for legal compliance and legal affairs in financial-related institutions and public listed companies for more than three years. His duties are to deal with the affairs related to the meetings of the Board of Directors, Shareholders' Meeting and functional committees, prepare the minutes of such meetings, assist directors in their assumption of offices and continuing education, provides the data required by directors for performance of businesses, assist directors in compliance with laws, and deal with other matters stipulated by laws and regulations, the Articles of Association or contracts, etc., in accordance with laws.</p> <p>2022 key points of corporate governance business execution are as follows: Please refer to pages 34-35 of this annual report for the operation of the Board of Directors. Please refer to pages 38-42 of this annual report for the operation of the Audit Committee.</p>	No major discrepancy																					

Evaluation Item	Actual governance		Summary description	Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No		
minutes for board meetings and general meetings of shareholders)?			Please refer to pages 42-48 of this annual report for the composition, responsibilities and operation of the Remuneration Committee. Please refer to pages 48-49 of this annual report for the operation of the Ethics and Sustainability Committee. Please refer to pages 71-76 of this annual report for the Company's implementation of Ethical Corporate Management and the measures taken.	
V. Has the Company established a communication channel with the stakeholders (including but not limited to the shareholders, employees customers, and suppliers), set up a stakeholder section on the Company's website, and responded appropriately to the important corporate social responsibilities concerned by the stakeholders?	V		The Company has a spokesperson, investor relations and customer service center, and their contact information is disclosed on the Company's website for stakeholders to provide various opinions. The Company also has a "Shareholders Information" page on the website, committed to creating the most profit for stakeholders, maintaining good and smooth and diverse communication channels, and identifying problems and corresponding countermeasures. <ul style="list-style-type: none"> • Spokesperson: President Mao, Jen-Hua Tel: (02)2700-2888 e-mail: edward.mao@futures.capital.com.tw • Deputy Spokesperson: Executive Vice President Lin, Li-Chuan Tel: (02)2700-2888 e-mail: lily.ll@futures.capital.com.tw • Capital Customer Service Center Tel: 412-8878 (please dial 02 in front for mobile phones) • Capital Service Department Tel: (02)2702-3999 	No major discrepancy
VI. Has the Company commissioned a professional stock service agent to handle shareholders affairs?	V		The Company has commissioned the Registrar Agency Department of Capital Securities Corp. to handle shareholders affairs.	No major discrepancy
VII. Disclosure of information (I) Does the Company have a website setup and the financial business and corporate governance information disclosed?	V		(I) The Company's website discloses relevant financial business and corporate governance information and is regularly updated for investors to view.	No major discrepancy

Evaluation Item	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(II) Has the Company adopted other information disclosure methods (such as, establishing an English website, designating a responsible person for collecting and disclosing information of the Company, substantiating the spokesman system, placing the juristic person seminar program on the Company's website, etc.)?	V		(II) The Company discloses relevant information to the MOPS of the competent authority in accordance with regulations. 1. The Company has set up an English website. https://www.capital.com.tw/en_V7/futures/aboutfutures.aspx 2. Operations such as company information collection and disclosure are all performed by relevant departments. 3. There are spokespersons and investor relations, and its contact information are disclosed on the company's website to provide investors a convenient communication channel. 4. The information and video of the Company's juristic person seminar program are disclosed on the Company's website or MOPS.	No major discrepancy
(III) Does the company announce and report its financial statements within two months after the end of a fiscal year, and publish and declare in advance the financial statements of Q1, Q2 and Q3 as well as status of monthly operations?		V	(III) For the audit and review of the financial report of the Company, before appointing an accountant to issue an audit opinion to the merged company, it is necessary to obtain sufficient and appropriate audit proof for all the entities of the merged company (including all domestic and foreign subsidiaries); however, obtaining sufficient and appropriate audit evidence requires time and it is difficult for the Company to announce and report the annual financial report within two months after the end of the fiscal year. The Company is still discussing the audit schedule with the accountant to comply with corporate governance.	No major discrepancy
VIII. Are there any other important information (including but not limited to the interests of employees, employee care, investor relations, supplier relations, the rights of stakeholders, the advanced study of directors and supervisors, the implementation of risk management policies and risk measurement standards, the	V		(I) Employee rights and interests: The Company has established various personnel management regulations, as well as "Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace" and "Guidelines of Using Employee Opinion Boxes". All workers can put forward opinions on business content, operating procedures, administrative measures, rules and regulations, and opinions regarding to helping business operations, or infringing or affecting personal rights and interests. (II) Employee care: The Company provides various statutory leave and provides employees with labor insurance and national health insurance, as well as various types of insurance (such as accident insurance, life insurance, medical insurance,	No major discrepancy

Evaluation Item	Actual governance		Summary description	Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No		
execution of customer policy, the purchase of liability insurance for the Company's directors and supervisors) that are helpful in understanding the corporate governance operation of the Company?			<p>endowment insurance) at various preferential rates for employees. It also provides employees with subsidies such as weddings and funerals, emergency assistance, and holds a series of employee activities to enhance synergy and recognition with the Company.</p> <p>(III) Investor relations and rights of stakeholders: The Company has a spokesperson, investor relations and customer service center, and its contact information is disclosed on the Company's website for stakeholders to provide various opinions. The Company also has a "Shareholders Information" page on the website, committed to creating the most profit for stakeholders, maintaining good and smooth and diverse communication channels, and identifying problems and corresponding countermeasures.</p> <p>(IV) Supplier relation: In addition to the "Supplier Management Policy" on the Company's website, which clearly includes corporate ethics and integrity, risk management, labor and human rights, social welfare and environmental protection, suppliers must fill in the "Supplier Corporate Social Responsibility Self-Assessment Form" when entering a new cooperation contract, conduct self-assessment on several ESG requirements, and sign the Company's letter of undertaking in the "Supplier Management Policy". The Company regularly conducts a comprehensive evaluation of suppliers in the fourth quarter of each year, and the unit contractor fills in the "Supplier Evaluation Form" to screen out the suppliers to be improved and conduct follow-up review and improvement. It also educates and trains suppliers via online training, promotes the Company's ESG policies and concepts, and implements supplier management.</p> <p>(V) Most of the directors and supervisors of the Company have professional knowledge in securities, and the relevant training courses are handled in accordance with the training plan and disclosed on MOPS. All of the Company's 7 directors (including independent directors) completed more than 6 hours of continuing education courses in 2022. The course lasted for 72 hours in total, covering various topics related to corporate governance, finance, risk management, business, commerce, legal obligations and responsibilities, accounting, sustainable development, corporate</p>	

Evaluation Item	Actual governance		Summary description	Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No		
			<p>ethics or internal control system, financial reporting, etc. Please refer to page 87 of this Annual Report.</p> <p>(VI) Implementation of risk management policies and risk measurement standards: The Company has established a “risk management system” which has been approved by the Board of Directors as the highest guiding principle for risk management which are participated and implemented by the Board of Directors, managers, and employees at all levels. Through a series of actions such as identification, measurement, monitoring, response and reporting of potential risks, the risk management is quantified in a qualitative and rigorous measurement, so the Company can achieve a rational allocation of risky assets and maximize shareholder returns within the assumed scope of risk. There are risk management policies and risk measurement standards for each business operation, and each operation is handled in accordance with the internal control system of the competent authority.</p> <p>The Risk Management Department reports to the Board of Directors every six months, to timely reflect the implementation of risk management to the Board of Directors and make necessary improvement suggestions. The 2022 interim report was reported to the Board of Directors in March and September.</p> <p>(VII) Implementation of customer policy: The Company has established a “Treating Customer Fairly Guideline”, which includes ethical contract, fiduciary duty, authenticity of solicitation, suitability of goods or services, notification and disclosure, complex and high-risk commodity sales, equitable consideration to commission and performance, reporting protection and the professionalism of business personnel and other principles. Established a Treating Customer Fairly Committee, which is responsible for the planning and implementation of the Treating Customer Fairly Principle, and reports to the Board of Directors regularly (at least once a year) to ensure the implementation of the Treating Customer Fairly Principle.</p> <p>(VIII) The Company conducts education and training courses for senior executives every year to cultivate decision-making, judgment, and management capabilities. Every year, employees are evaluated to identify their potential. Each department submits a</p>	

Evaluation Item	Actual governance		Summary description	Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No		
			list of employee promotion suggestions based on performance evaluation and job succession planning. The Board of Directors then approves the promotion list of managers above the manager level. (IX) Capital Financial Group purchases liability insurance for directors and supervisors every year.	
<p>IX. Please describe the improvement performed according to the corporate governance evaluation results published by the Governance Center of Taiwan Stock Exchange in recent years, and propose the matters with priority for improvement and the respective measures and Corporate:</p> <p>The Company obtained a total score of 91.64 in the corporate governance evaluation in 2021, with its ranking among listed companies increased from 21% - 35% to 6% - 20%, 9.93 points of significant increase in its total score, and a growth of 12.15% The Company is committed to improving the protection of shareholders' rights and interests and fair treatment of shareholders, strengthening the structure and operation of the Board of Directors, improving information transparency, and promoting sustainable development.</p>				

(VI) Implementation of the promotion of sustainable development and the deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies:

Promotion items	Implementation		Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	
I. Does the Company have a dedicated (concurrent) unit set up to promote the sustainable development governance framework, and the Board of Directors authorizing the management to handle matters and report the supervision results to the Board of Directors?	V		<p>The Company has approved the Sustainable Development Best Practice Principles and the Sustainable Development Policy at its Board of Directors' meeting. According to its policies, the Company formulates short-, mid- and long-term goals for sustainable development and ESG matters, and it will adhere to the ideas of ethical management, sound development and sustainable development while engaging in various operating activities. The Company is committed to the practice of sustainable development. The president is responsible for formulating and promoting relevant matters in sustainable development.</p> <p>The Company has established Ethics and Sustainability Committee. The Ethics and Sustainability Committee is composed of three independent directors. Ethics and Sustainability Committee holds meeting at least once every year. Ethics and Sustainability Committee is responsible for formulating and supervising the implementation of Ethical Management policies and preventive measures, and promoting and supervising sustainable development and customer fair treatment-related matters. The Company established an ESG Committee in October 2022, with the president acting as its convener and an ESG Investment Team, a GHG Inspection Team and a Climate Issue Management Team under it, to be responsible for planning for and implementing ESG, to check and evaluate relevant implementation status and effectiveness, and regularly report the promotion status of sustainable development as well as the plan for and implementation status of GHG inspection to the Board of Directors once each quarter, so as to supervise and review annual promotion status.</p> <p>The Company's Sustainable Governance Division is the full-time (part-time) unit that promotes sustainable development, and is responsible for sustainable development. This Division formulates and reviews various rules related to sustainable development, is responsible for preparing sustainable development report and sustainable development activity plan each year, continues to pay attention to the sustainable development issues and development trends both at home and abroad, and advocates sustainable development to the</p>

Promotion items	Implementation		Summary description	Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No		
			<p>Company's staff with a view to further shape the Company's sustainable development culture, that is, the Company considers any possible impacts on the society and natural environment while making business strategies and plans.</p> <p>All policies of the Company are formulated in accordance with the principles of corporate governance, customer service, employee care, social service, and environmentally sustainable development, to promote and implement sustainable development. And the Company reports to the Board of Directors on sustainable development plans and their implementation results on March 11, 2022 and March 13, 2023 regularly each year (at least once a year).</p>	
<p>II. Does the company assess the risk of environmental, social, and governance (ESG) issues in relation to corporate operations based on the materiality principles and establish policies or strategies in relation to risk management?</p>	V		<p>The Company has formulated the Rules for Evaluation on Environmental, Social and Corporate Governance Risks to examine the Company's operating-related environmental, social, corporate governance and other sustainable issues. The Company attaches great importance to the opinions of stakeholders, and actively communicates with stakeholders through various channels, and analyzes stakeholders' attitudes towards environment, society and corporate governance by referring to the major principles, i.e. the inclusiveness, sustainability, materiality and integrity of stakeholders, specified in the Sustainability Reporting Guidelines issued by Global Reporting Initiative, and understands and identifies the issues of their concern, examines the impacts of the issues on the Company's operating, and makes relevant evaluation on the risks concerning major issues.</p> <p>The impacts on stakeholder's evaluation and decision-making and the significance of the impacts on economy, environment and society shall be evaluated in each aspect upon analysis on major issues, and then management policies for major issues shall be formulated based on the evaluated risks, and the Company's strategies and goals for sustainability management shall be adjusted and reviewed, which will be used as the policies for preparing sustainability report. The company's current sustainability status is inspected and continued improvement of various departments is promoted based on such policies, in order to demonstrate that the Company attaches importance to sustainability issues and strengthens corporate sustainability.</p>	No major discrepancy

Promotion items	Implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
III. Environmental issues				
(I) Does the company have an appropriate environmental management system established in accordance with its industrial characteristics?	V		(I) In order to establish relevant environmental sustainability goals, the Company regularly reviews and corrects the sustainability and relevance of its development, and it formulates specific promotion or action plans or other implementation measures to require its staff to promote energy saving and carbon reduction and implement the Company's sustainable operating policies jointly.	No major discrepancy
(II) Is the company committed to enhancing the power efficiency and using renewable materials that are with low impact on the environmental impacts?	V		(II) The Company is committed to improving the efficiency of various energy use, such as continuing to promote electronic bills to reduce paper usage; use of digital bulletin boards for announcement to reduce the amount of photocopying; promoting paperless with the use of electronic signatures for both official and internal documents; photocopies are used on both sides as much as possible, and a resource recycling rack is set up next to the photocopier to recycle paper; envelopes and kraft paper bags are reused and used as internal transfer bags; handing used toner cartridges to the original factory for recycling to avoid pollution and waste of resources caused by discarding toner cartridges, and use environmentally friendly toner. The Company regularly conducts quality inspections of the working environment.	No major discrepancy
(III) Does the Company assess the present and future potential risks and opportunities of climate change on the Company and take related actions?	V		(III) Global climate change causes frequent occurrence of abnormal climate phenomena. The Company reviews the impact and risks of climate change-related issues on its operations and develops response operation strategies. The Company has established an ESG Committee, with the president acting as its convener and a Climate Issue Management Team under it, to report the company's transformation and physical risk changes and evaluation results to the Ethics and Sustainability Committee and the Board of Directors regularly each year, so that members of the Company's Board of Directors can improve their awareness of the global governance trends in response to climate change and grasp the key opportunities relating to low-carbon economic development.	No major discrepancy

Promotion items	Implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(IV) Did the Company produce statistics on the GHG emissions, water consumption, and total waste in the last two years? Has the company established policies for GHG reduction, water conservation, and waste management?	V		<p>The Company has prepared climate risk management information and related financial status of 2022 based on the suggestions made by TCFD, explained how to identify climate-related risks and opportunities, and analyzed their impacts on the Company's operating and response to these risks and opportunities, based on the core elements of TCFD (governance, strategies, risk management, indicators and goals, etc. 4 core factors and 11 proposed disclosures). The Company has reported to the Ethics and Sustainability Committee and the Board of Directors on March 10, 2023 and March 13, 2023 respectively, and the report has been disclosed on the Company's website.</p> <p>(IV) The Company's General Affairs Unit provides GHG emission, water consumption, and total weight of wastes (including Taipei Head Office and Taichung Branch), and discloses them in sustainability report. Energy-consuming equipment has been gradually replaced according to the energy-saving environmental protection policies which include using various energy-saving facilities, self-inspection, and policy promotion, advocacy on energy saving, water saving and energy saving, and implementing garbage classification management and recycling to improve the efficiency of various energy sources to reduce the impact of Company operations on the environment.</p> <ul style="list-style-type: none"> • Water consumption: 3,783 (tons) in 2021; 3,903 (tons) in 2022 • Direct GHG emission (Scope 1): 16,287 CO₂e (kg) in 2021; 5,749 CO₂e (kg) in 2022 • Indirect GHG emission (Scope 2): 273,382 CO₂e (kg) in 2021; 370,629 CO₂e (kg) in 2022 • Total weight of wastes: 59,534 (kg) in 2021; 7,691 (kg) in 2022 <p>The basis for calculation of wastes was adjusted in 2021 and 2022, so there was a significant difference in the value.</p>	

Promotion items	Implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>IV. Social issues</p> <p>(I) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?</p>			<p>(I) The labor conditions set by the Company and its employees, such as wages, vacation, leave, retirement, occupational accident compensation, are in line with the provisions of the “Labor Standards Act” to protect the rights and interests of employees, implement employee management, and promote harmonious Employee-employer relationship. The Company complies with the “Act of Gender Equality in Employment” and clearly defines the “Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace”. The Company clearly stipulates in the “Work Rules” that all employees shall participate in labor insurance and national health insurance, and their insurance premiums will be subsidized by the Company according to laws and regulations.</p> <p>In order to maintain and protect basic human rights, Capital Futures recognizes and supports relevant international regulations concerning human rights, and formulates its human rights policies in accordance with such regulations. Employers shall not discriminate against applicants because of their gender, sexual orientation, age, race, and religion in policies including recruitment, screening test, hiring, or distribution, placement, performance appraisal, promotion, education and training, and salary payment.</p>	No major discrepancy
<p>(II) Has the company established and implemented reasonable employee welfare measures (including remuneration, vacation, and other benefits) and appropriately reflected business performance and achievements in the remuneration for employees?</p>	V		<p>(II) The formulation of the Company’s rules and regulations is based on and abides by related labor laws and regulations and requires all employees to abide by it to protect the rights and interests of all employees. The Company has formulated reasonable remuneration and reward system, and has established a Remuneration Committee to evaluate the fairness and reasonableness of staff rewards and remuneration, which is used as the basis for annual adjustment to salaries and payment of year-end and festival bonuses based on the company’s operating status of the then current year, price indexes and employee’s personal performance. The Company implements the “Guideline for Festival Bonuses Distribution” every half year. The earnings before tax is used as the basis for calculating the distribution of festival bonuses. In addition, according to the Company’s Articles of Association, 0.6% to 2% of the current year’s</p>	No major discrepancy

Promotion items	Implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	V		<p>profit is distributed to employees. The above measures can effectively motivate employees, but also reflect the Company's operating performance in employee compensation, allowing employees to share the Company's operating results. Please see pages 114-116 of this annual report.</p> <p>(III) The Company attaches great importance to the personal safety as well as physical and mental health of its staff, provides and maintains a good working environment, and regularly conducts cleaning and maintenance to ensure a tidy working environment. And the Company offers the safety protection equipment required for employees' safety and health, regularly inspects working environment, provides staff with regular health examination, and engages special doctors and professional medical persons to stay in the company regularly to provide employees with correct concepts and treatment suggestions for prevention of health problems, and employees may consult them one by one, in order to respect their personal privacy. Please see pages 115-116 of this annual report.</p>	No major discrepancy
(IV) Does the Company have an effective career capacity development training program established for the employees?	V		<p>(IV) To cultivate various kinds of professional talents, the Company accords to the different career stages and organizational development needs of personnel at all levels, and also plan a comprehensive training plan and provide colleagues with timely and diversified learning channels, so as to achieve win-win benefits of organizational talent development and personal career development. Including: new personnel training, professional training and inviting experts and scholars to the Company to hold finance seminars. Established the Capital Finance University to cultivate talents within the Company. Through the video conference and broadcast connection in Taiwan, intensive training of sales personnel is carried out to improve the professional quality and skills of sales force. To strengthen the learning effect, several e-learning training courses are produced where employees can learn and grow anytime, anywhere via various e-learning systems. To encourage employees to obtain relevant financial licenses, relevant measures have been formulated for various professional examination incentives and registration fee subsidies for license examinations.</p>	No major discrepancy

Promotion items	Implementation			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(V) Does the company comply with the related laws and regulations and international standards regarding the customer health and safety, customer privacy, marking communication, and labeling of its products and services and establish policies to protect the rights and interests of customers and procedures for grievances?	V		(V) The Company regularly declares fire safety inspections every year in accordance with the regulations to ensure fire protection equipment complies with the regulations. Public liability insurance is also acquired in the business premises to ensure the safety of customers. The Company has passed the BSI verification and obtained international standard certifications such as BS10012 PIMS (Personal Information Management System). It has established and improved management control mechanisms and measures for personal data protection, which is strictly followed, and the Company requires employees to implement them in accordance with the established management mechanism to ensure customer privacy. According to the regulations of the Company's "Administrative Measures for the Production and Distribution of Publicity Materials for Advertisements, Solicitation or Promotional Activities", employees engaged in advertisements, solicitation and promotional activities should submit relevant publicity materials and advertisements before using them externally. The content, after being reviewed by the supervisor for any inappropriate, misrepresented, misleading investors, or matters violating relevant laws and regulations, can be used after approval. The Company has established a complete management control mechanism and measures for personal data protection, and strictly requires employees to follow the management mechanism and implement it to ensure customer privacy. The Company has established "Guidelines for Consumer Dispute Resolution", "Treating Customer Fairly Guideline" and "Implementation Guidelines for the Whistle-blowing System", and business units have established various procedures or methods such as customer evaluation, customer rights protection, and business personnel standard operations. The Company has established a Treating Customer Fairly Committee, which is responsible for the planning and implementation of the Treating Customer Fairly Principle, and reports to the Board of Directors regularly (at least once a year) to ensure the implementation of the Treating Customer Fairly	No major discrepancy

Promotion items	Implementation		Summary description	Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No		
(VI) Has the company established policies for management to request suppliers to comply with the relevant laws and regulations of environmental protection, occupational safety and health, and labor human rights? Does the company keep track on the implementation of such policies?	V		<p>Principle. To protect the rights and interests of customers, the Company provides effective communication and complaint hotlines for customers. Customer service phone number: 412-8878 (please dial 02 in front for mobile phones) Email: cs@capital.com.tw In person acceptance: All business unit of the Company</p> <p>(VI) Supplier management: In addition to the “Supplier Management Policy” on the Company’s website, which clearly includes corporate ethics and integrity, risk management, labor and human rights, social welfare and environmental protection, suppliers must fill in the “Supplier Corporate Social Responsibility Self-Assessment Form” when entering a new cooperation contract, conduct self-assessment on several ESG requirements, and sign the Company’s letter of undertaking in the “Supplier Management Policy”. The Company regularly conducts a comprehensive evaluation of suppliers in the fourth quarter of each year, and the unit contractor fills in the “Supplier Evaluation Form” to screen out the suppliers to be improved and conduct follow-up review and improvement. The Company provided suppliers with on-line education and training on December 14, 2022 to advocate the Company’s ESG policies and ideas and implement management on suppliers. https://www.capitalfutures.com.tw/Capitalgroup/supplier.asp?xy=18&xt=2</p>	No major discrepancy
V. Did the company, following internationally recognized guidelines, prepare and publish reports such as its sustainable environment report to disclose non-financial information of the company? Did the company apply for assurance or guarantee of such reports to a third-party certification	V		The Company prepares sustainability report by referring to internationally recognized guidelines and in accordance with the Rules for Listed Companies to Prepare and Publicize Sustainability Report of Taiwan Stock Exchange. The Company has completed preparation of 2021 sustainability report in September 2022 and obtained CPAs’ report.	No major discrepancy

Promotion items	Implementation		Summary description	Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No		
body?				
<p>VI. If the Company has established the corporate social responsibility principles based on “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the principles and their implementation: The Company strictly follows the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and “Corporate Governance Best-Practice Principles for Futures Commission Merchants”, formulates the “Sustainable Development Policy” and “Sustainable Development Best Practice Principles”, and actively practices sustainable development. There is no major deviation in operation.</p>				
<p>VII. Other important information for the implementation of sustainable development: The Company has issued 2021 sustainability report in September 2022. The Company also discloses relevant and reliable Corporate Social Responsibility Report and related information on the Company’s website for stakeholders' reference; stakeholders can communicate their opinion and matters by telephone, company website or email, and the Company will handle with dedicated personnel.</p>				

(VII) Performance in ethical corporate management inconsistency with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”:

Evaluation Item	Actual governance		Summary description	Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons
	Yes	No		
I. Business Integrity Policy and action plans	V		(I) On March 27, 2017, the Board of Directors of the Company approved the “Ethical Corporate Management Best Practice Principles” (revised on August 29, 2019) and the “Procedures for Ethical Management and Guidelines for Conduct”. The Company discloses Ethical Corporate Management policies to make sure suppliers, customers and other relevant corporates and persons understand its faith and rules of ethical management.	No major discrepancy
(I) Has the Company established policies for ethical corporate management approved by the board of directors and stated such policies and practices in its regulations and external documents and in the commitment made by the board of directors and senior management to actively implement such policies?	V		(II) The Company has established a risk assessment mechanism for unethical conduct, and has formulated a “Self-Assessment Form for Unethical Conduct” for regular analysis and evaluation. In addition, business activities with a high risk of unethical conduct within the business scope are specified in various rules and regulations. The Company also implements an employee ethic guarantee insurance system, which is insured at different levels according to the type of business handled by employees. Its covers the financial loss of the Company caused by employee robbery, theft, fraud, misappropriation or other illegal acts.	No major discrepancy
(II) Has the Company established an assessment mechanism of risk from unethical behavior to regularly analyze and assess business activities with higher risk of involvement in unethical behavior and preventive programs for unethical behaviors containing at least the preventive measures stated in paragraph 2, Article 7 of the “Ethical	V			

Evaluation Item	Actual governance		Summary description	Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons
	Yes	No		
<p>Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies?"</p> <p>(III) Has the Company established in the preventive programs the operating procedures for unethical behavior prevention, penalties and grievance systems of breaching the guidelines for conduct, and implemented and periodically review them?</p>	V		<p>(III) The Company's "Procedures for Ethical Management and Guidelines for Conduct" stipulates norms and handling procedures for various unethical conduct. It also incorporates ethical corporate management into employee performance evaluation and human resources policies, and establishes clear and effective reward, punishment and report systems. Under serious violation of ethical corporate manage, the person will be dismissed or terminated in accordance with relevant laws and regulations or the Company's HR regulations.</p> <p>The Company regularly evaluates the effectiveness of the preventive measures established for the implementation of ethical corporate management, and evaluates the compliance with relevant business processes. The relevant guidelines are also reviewed and revised in line with changes in internal and external regulations.</p>	No major discrepancy
<p>II. Proper enforcement of business integrity</p> <p>(I) Does the Company have the integrity of the trade counterparty assessed and with the code of integrity expressed in the contract signed?</p>	V		<p>(I) The Company evaluates the ethical records of the counterparties, and specifies the relevant ethical conduct clauses such as information security, privacy protection policy statement and confidentiality agreement, and specifies the relevant ethical conduct clauses in the business contract. If the activity involves dishonest behavior, the other party may unconditionally terminate or cancel the contract at any time.</p>	No major discrepancy

Evaluation Item	Actual governance		Summary description	Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons
	Yes	No		
(II) Has the Company established a dedicated (concurrent) unit to implement ethical corporate management under BOD and report regularly(at least once a year) to BOD the status of implementation and supervision of ethical management policy and preventive programs of unethical behavior?	V		(II) The Board of Directors and management actively implement the commitment of the ethical corporate management policy and implement it in internal management and business activities. The Company has set up the Ethics and Sustainability Committee under the Board of Directors to act as a dedicated unit to promote Ethical Corporate Management. It is responsible for formulating and supervising the implementation of Ethical Management policies and preventive measures, and reporting to the Board of Directors on a regular basis (at least once a year).	No major discrepancy
(III) Does the Company have developed policies to prevent conflicts of interest, provided adequate channel for communication, and substantiated the policies?	V		(III) The Company has established “Procedures for Ethical Management and Guidelines for Conduct” and “Management Measures for Responsible Persons and Associated Persons Holding Concurrent Positions”; If any director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. The director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and the matter shall be recorded in the meeting minutes. When an employee conducts business and finds that it is possible to obtain illegitimate benefits with himself or with the stakeholders, in addition to reporting the relevant matter to the department supervisor and the Company’s special unit, department supervisor shall provide appropriate guidance.	No major discrepancy

Evaluation Item	Actual governance		Summary description	Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons															
	Yes	No																	
(IV) Has the Company established an effective accounting system and an internal control system for the internal audit unit to establish related audit programs based on the results of risk assessment of involvement in unethical behavior to audit and prevent the compliance with the preventive programs of unethical behavior or hire a CPA to perform the audit?	V		(IV) The Company has designed and established the “Accounting System” and “Internal Control System” in accordance with the “Regulations Governing the Preparation of Financial Reports” and "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets” and the requirements of the standard internal control systems of various industries and business needs and the systems are regularly reviewed by the auditing unit. The Company’s 2022 internal audit plan was reviewed and approved at the 5th meeting of the 9th Board of Directors on November 11, 2021, and was implemented by the audit unit. For the 2022 unethical conduct risk assessment results, the audit unit will check the compliance of the prevention plan, and the audit results will be disclosed in the audit report.	No major discrepancy															
(V) Has the Company organized corporate management internal and external education and training programs on a regular basis?	V		(V) The Company’s 2022 education and training courses and promotion are as follows: <table border="1" data-bbox="817 933 1787 1342"> <thead> <tr> <th>Course Topics</th> <th>Number of persons per time</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td>Education and training on salesperson’s advertising, publicity and on-line marketing, prohibited behaviors and whistleblowing system</td> <td>280</td> <td>3 hours</td> </tr> <tr> <td>Education and training on the compliance with the laws concerning anti-money laundering and anti-terrorism</td> <td>290</td> <td>3 hours</td> </tr> <tr> <td>Education and training on Financial Consumer Protection Act, the principles of customer fair treatment (including ethical management) and Personal Data Protection Act</td> <td>288</td> <td>3 hours</td> </tr> <tr> <td>Education and training on compliance with the laws concerning insider trading, short-swing trading and sustainable development</td> <td>286</td> <td>3 hours</td> </tr> </tbody> </table>	Course Topics	Number of persons per time	Hours	Education and training on salesperson’s advertising, publicity and on-line marketing, prohibited behaviors and whistleblowing system	280	3 hours	Education and training on the compliance with the laws concerning anti-money laundering and anti-terrorism	290	3 hours	Education and training on Financial Consumer Protection Act, the principles of customer fair treatment (including ethical management) and Personal Data Protection Act	288	3 hours	Education and training on compliance with the laws concerning insider trading, short-swing trading and sustainable development	286	3 hours	No major discrepancy
Course Topics	Number of persons per time	Hours																	
Education and training on salesperson’s advertising, publicity and on-line marketing, prohibited behaviors and whistleblowing system	280	3 hours																	
Education and training on the compliance with the laws concerning anti-money laundering and anti-terrorism	290	3 hours																	
Education and training on Financial Consumer Protection Act, the principles of customer fair treatment (including ethical management) and Personal Data Protection Act	288	3 hours																	
Education and training on compliance with the laws concerning insider trading, short-swing trading and sustainable development	286	3 hours																	

Evaluation Item	Actual governance		Summary description	Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons
	Yes	No		
<p>III. The operations of the Company's Report System</p> <p>(I) Does the Company have a specific report and reward system stipulated, a convenient report channel established and a responsible staff designated to handle the individual being reported?</p>	V		<p>(I) Capital Financial Group formulated the Key Points for Using Employee's Opinion Mailbox on March 17, 2008 to standardize the procedures for controlling and managing the confidentiality of employee's opinion mailbox, and the head of Internal Auditing Department is in charge of that.</p> <p>※ The Company has no employee complaints in 2022.</p> <p>To establish an ethical and transparent corporate culture, promote sound management, and encourage reporting of illegal conducts, the 5th meeting of the 8th Board of Directors approved the "Implementation Guidelines for the Whistle-blowing System" on November 12, 2018, and the Internal Auditing Department was responsible for the acceptance and the investigation of the reported cases. The whistleblower can report through the following channels:</p> <p>Hotline and E-mail: The hotline and e-mail for whistleblowing disclosed on the Company's website.</p> <p>Written letter to address: the Company's address.</p> <p>Recipient of the written letter: the whistleblowing system acceptance unit.</p> <p>※ The company has no reported cases in 2022.</p>	No major discrepancy
<p>(II) Has the Company established standard operating procedures for investigating reported events, follow-up measures to be taken after the investigation was completed, and related confidentiality mechanisms?</p>	V		<p>(II) The Company's "Implementation Guidelines for the Whistle-blowing System" stipulates that anyone shall report any crime, fraud or violation of laws and regulations within the Company upon discovery. Types of cases accepted: criminal acts, fraudulent acts and violations of law or regulation. The acceptance unit and the investigation unit of the reported case are the Internal Auditing Department.</p> <p>The Company shall provide the following protection to the whistleblower:</p> <p>(1) The identity information of the whistleblower shall be kept confidential, and information sufficient to identify the identity shall not be disclosed.</p> <p>(2) If there is a violation of the confidentiality, it should be sent to the Human Resources Arbitration Committee for review and handled in accordance with the Company's relevant work rules.</p> <p>If the report's accuracy is verified, the Company may base on its contribution to the</p>	No major discrepancy

Evaluation Item	Actual governance		Summary description	Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons
	Yes	No		
(III) Has the Company taken proper measures to protect the whistle-blowers from suffering any consequence of reporting an incident?	V		<p>corporate governance, grant proper award to the reporter in accordance with the Company's personnel regulations.</p> <p>(III) The Company shall not terminate, dismiss, downgrade/relocate, give a reduction in pay, impair to any entitlement under the law, contract or customs, or other unfavorable disposition due to the reported case.</p>	No major discrepancy
IV. Enhanced information disclosure (I) Does the Company have the contents of corporate management and its implementation disclosed on the website and MOPS?	V		<p>The Company has disclosed related ethical corporate management rules: Ethical Management Rules Governing Ethical Management and the Procedures for Ethical Management and Guidelines for Conduct. And the Company has placed relevant ethical management courses and tests in the on-line teaching system, E-learning.</p> <p>https://www.capitalfutures.com.tw/Capitalgroup/worker_opinion.asp?xy=15&xt=6</p>	No major discrepancy
<p>V. Where a Company has worked Ethical Corporate Management Guiding Principles in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-Listed Companies", please expressly elaborate on the differential gap between the substantial performance and the Practice Principle: The "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct" operated and formulated by the Company all follow the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies".</p>				
<p>VI. Other vital information that helps to understand the practice of business integrity of the Company (e.g., the review and revision of the best-practice principles of the Company in business integrity). The Company regularly or irregularly reviews and amends ethical management-related regulations, and announces the latest revisions through the Company's internal website to enable investors and the company's staff to understand the Company's ethical management policies.</p>				

(VIII) If the company has adopted corporate governance best-practice principles or related bylaws, it shall disclose how these are to be searched:

The Company has formulated the corporate governance code and related regulations, and the relevant information is disclosed in the “Corporate Governance” of the Company’s website.

https://www.capitalfutures.com.tw/Capitalgroup/organization_1.asp?xy=15&xt=0

(IX) Any other material information that would afford a better understanding of the status of the company's implementation of corporate governance: None.

(X) Hands-on performance in the internal control system:

1. Internal Control Statement, please refer to pages 78 of this annual report.

2. When commissioned Certified Public Accountant(s) in the review of the internal control system, the review report shall be disclosed: None.

(XI) In the latest year until the date as of Annual Report issuance: The Company and inside personnel having been penalized for violation of the requirements in the internal control system, the major defects and corrective action completed: for more details, please refer to the internal control statement attached at page 80 of the annual report.

Capital Futures Corp.

Declaration of Internal Control Policies

Date: March 13, 2023

The following declaration is based on the 2022 self-audit over the Company's internal control policies:

- I. The Company is aware that the establishment, execution, and maintenance of its internal control policies are the responsibilities the Company's board of directors and managers. These policies were implemented throughout the Company. The purpose is to provide a reasonable assurance on the achievement of the goals, including the effectiveness and efficiency of operations (including profitability, performance and security of assets, etc.) and the report with effectiveness, timeliness, transparency, and compliance with the relevant requirements and regulations and laws.
- II. Internal control policies are prone to limitations. No matter how robustly designed, effective internal control policies merely provide reasonable assurance to the achievements of the three goals above. Furthermore, environmental and situational changes may affect the effectiveness of internal control policies. However, self-supervision measures were implemented within The Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.
- III. Pursuant to the "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets" (hereinafter referred to as "Governing Regulations"), the Company should study and judge whether the Company's internal control system is effective in design and implementation. The criteria introduced by "The Governing Principles" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each element further contains several items. Please refer to "The Governing Principles" for details.
- IV. The Company has adopted the aforementioned judgment items for the internal control system to evaluate the effectiveness of the Company's internal control system in both design and implementation.
- V. On the grounds of the outcome of evaluation mentioned in the preceding Paragraph, the Company firmly holds that the Company's internal control system as of December 31, 2022 (including supervisory control and management over subsidiaries, and implementation of information security), notably the effect of the business operation, extent of accomplishment of the target where the report proves trustworthy, transparent in real time, the design and implementation of the Company's internal control system proves effective, capable of assuring accomplishment of the aforementioned targets excluding matters listed in the appendix.
- VI. This declaration forms part of the main contents of the Company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or non-disclosure relating to the public statement above are subject to the legal consequences under Articles 20, 32, 171, and 174 of the Securities and Exchange Act and Article 115 of the Futures Trading Act.
- VII. The present Internal Control Statement was approved in the Board of Directors meeting convened on March 13, 2023 which was attended by 7 directors among whom 0 director objected. All present directors unanimously responded with consent to the contents of the

Statement. This is another point duly clarified herewith.

Capital Futures Corp.

Chairman: Chia, Chung-Tao Signature

President: Mao, Jen-Hua Signature

Auditing Officer: Lian, Jing-Lian Signature

Chief Security Officer: Ho, Cho-Yi Signature

**Matters that should be strengthened and the improvement plan for the Capital
Futures Corp. internal control system**

(Base date: December 31, 2022)

Matters that should be strengthened	Improvement Measures	Scheduled improvement time
The Company failed to report the business items or the major changes in the operating policies of its subsidiary in Shanghai in accordance with regulations, and failed to urge its subsidiary in Hong Kong to formulate the standards for evaluating the reasonableness of the amount of loan and business in accordance with the Regulations Governing Lending of Funds and Making of Endorsements/Guarantees by Public Companies, with an insufficient design and implementation of internal control system for subsidiaries. FSC imposed NT\$360 thousand of fine. (Jin-Guan-Zheng-Qi-Fa-Zi No. 1110335316 on April 13, 2022)	<ol style="list-style-type: none"> 1. The Company's subsidiary in Shanghai has not invested in any financial products since March 2021. For subsequent investment to be made by using its own funds, the reasons and relevant materials will be inspected and reported to FSC in advance, in addition to submission to the Board of Directors in Shanghai for review. 2. The subsidiary in Hong Kong has documented its existing evaluation procedures. 	<p>Improvement has been made.</p> <p>Improvement has been made, and the subsidiary in Hong Kong is expected to report to the Board of Directors in the second quarter.</p>
The Company failed to establish and maintain an effective contract evaluation and control mechanism for derivative financial products for leveraged transactions to cautiously examine the reasonableness of product quotations and the evaluated profits and losses from market prices. FSC imposed NT\$240 thousand of fine. (Jin-Guan-Zheng-Qi-Zi No. 1110365330 on December 27, 2022)	The mechanism has been improved. If any difference between the main quotation and the backup quotation of a product reaches 3% of the main quotation or more, the monitoring program will automatically suspend the quotation of the product.	Improvement has been made.

Note: Please specify any penalty above warning (inclusive) or above NT\$240 thousand imposed by competent authority, and specify the improvement made in response to any safety problems detected by competent authority, stock exchange, Taipei Exchange, and futures exchange.

(XII) In the latest year until the date as of Annual Report issuance, and board the shareholders' meeting had resolved significant decisions:

2022 Annual General Meeting of Shareholders

1. Date and Time: 10:00 am Thursday, June 21, 2022
2. Address: B2, No.97, Sec. 2, Dunhua S. Rd., Taipei City, R.O.C.
3. Implementations and resolutions of recognition matters

Subject	Resolution	Implementation
Proposal for 2021 annual business report and consolidated and individual financial report	<ul style="list-style-type: none"> • Voting results: there were 135,119,951 voting rights in favor (including 129,115,301 voting rights exercised electronically) accounted for 98.79% of the voting rights of shareholders present; there were 346,070 voting rights not in favor (including 346,070 voting rights exercised electronically); there were 1,305,270 forfeited voting rights (including 1,166,613 voting rights exercised electronically); and there was 0 invalid voting rights. • Resolution: After the voting result reaches the statutory approval amount, the resolution of this proposal is approved as it was. 	It shall be handled and announced in accordance with the resolutions of the general meeting of shareholders.
Proposal for distribution of 2021 earnings	<ul style="list-style-type: none"> • Voting results: there were 135,089,798 voting rights in favor (including 29,085,148 voting rights exercised electronically) accounted for 98.77% of the voting rights of shareholders present; there were 429,559 voting rights not in favor (including 429,559 voting rights exercised electronically); there were 1,251,934 forfeited voting rights (including 1,113,277 voting rights exercised electronically); and there was 0 invalid voting rights. • Resolution: After the voting result reaches the statutory approval amount, the resolution of this proposal is approved as it was. 	<p>The distribution was completed according to the resolution of the general meeting of shareholders, and the cash dividend was NT\$ 1.6.</p> <p>Ex-dividend date: July 17, 2022</p> <p>Payment date: August 5, 2022</p>

4. Resolutions and implementation of matters discussed

Subject	Resolution	Implementation
Proposal for amendment to the Articles of Association	<ul style="list-style-type: none"> • Voting results: there were 135,157,151 voting rights in favor (including 129,152,501 voting rights exercised electronically) accounted for 98.81% of the voting rights of shareholders present; there were 349,136 voting rights not in favor (including 349,136 voting rights exercised electronically); there were 1,265,004 forfeited voting rights (including 1,126,347 voting rights exercised electronically); and there was 0 invalid voting rights. • Resolution: After the voting result reaches the statutory approval amount, the resolution of this proposal is approved as it was. 	The change was registered as approved by the Ministry of Economic Affairs on June 29, 2022, and was announced on the Company's website.

Amendment to the Rules of Procedure for Shareholders Meetings	<ul style="list-style-type: none"> Voting results: there were 135,157,151 voting rights in favor (including 129,152,501 voting rights exercised electronically) accounted for 98.81% of the voting rights of shareholders present; there were 349,136 voting rights not in favor (including 349,136 voting rights exercised electronically); there were 1,265,004 forfeited voting rights (including 1,126,347 voting rights exercised electronically); and there was 0 invalid voting rights. Resolution: After the voting result reaches the statutory approval amount, the resolution of this proposal is approved as it was. 	It has been announced on the Company's website and handled in accordance with the revised "Shareholders' meeting procedure rules".
Proposal for amendment to the Procedures for Acquisition or Disposal of Assets	<ul style="list-style-type: none"> Voting results: there were 135,153,366 voting rights in favor (including 129,148,716 voting rights exercised electronically) accounted for 98.81% of the voting rights of shareholders present; there were 358,630 voting rights not in favor (including 358,630 voting rights exercised electronically); there were 1,259,295 forfeited voting rights (including 1,120,638 voting rights exercised electronically); and there was 0 invalid voting rights. Resolution: After the voting result reaches the statutory approval amount, the resolution of this proposal is approved as it was. 	It was announced on the company's website, and related affairs were dealt with according to the amended Procedures for Acquisition or Disposal of Assets.

In the latest year until the issuance date of Annual Report, the board had resolved significant decisions:

Date	Summary of Important Agenda	Director
6th meeting of 9th Board of Directors 2022.01.24	<ul style="list-style-type: none"> Proposal for 2022 Annual Operating Plan and Budget Amendment to the Company's "Work Rules" Proposal for appointing the directors for the subsidiaries of CSC Futures (HK) Ltd. Introducing Broker Sales Department Chang, Mu-Min's age 65 extension proposal The proposal of the change in deputy director of the internal auditing department The 2021 annual managerial level (inclusive) manager performance evaluation results The 2021 year-end bonus payment proposal for managers at the managerial level (inclusive) or above The second half of 2021 festival bonuses, Proprietary Trading Department, and Securities Proprietary Trading Department bonuses payment proposal for managers at the managerial level (inclusive) or above 	Directors: Lee, Wen-Chu; Wang, Jiunn-Chih; Liu, Ching-Tsun Independent Directors: Chen, Kuo-Tay; Hsiao, Nai-Ching; Wu, Yung-Sheng Director Lee, Yi-Hui entrusts Director Lee, Wen-Chu as representative
7th meeting of 9th Board of Directors 2022.03.11	<ul style="list-style-type: none"> Proposal for 2021 Employee and Director Remuneration Distribution Proposal for 2021 Annual Business Report and Consolidation and Individual Financial Report Proposal for 2021 Profit Distribution 2021 Anti-Money Laundering and Counter-Terrorism Financing Internal Control System Declaration Proposal for 2021 Design and Implementation Declaration of 	Directors: Lee, Wen-Chu; Wang, Jiunn-Chih; Liu, Ching-Tsun; Lee, Yi-Hui Independent Directors: Chen, Kuo-Tay; Hsiao, Nai-Ching; Wu,

Date	Summary of Important Agenda	Director
	<p>Internal Control System</p> <ul style="list-style-type: none"> • Amendment to the Company’s Internal Control System • Amendment to the Company’s “Sustainable Development Best Practice Principles” and “Sustainable Development Policy” • Determine the date, venue and agenda of the 2022 Annual General Meeting of Shareholders and accepting proposals from shareholders holding more than 1% of the shares • Amendment of the Company’s “Organization Regulations” • Proposal to establish the “Digital Growth Department” and change of the supervisor above managerial level • Proposal for the appointment of Chief Security Officer • Proposal for transferring personnel of Management Department to the Compliance & Legal Department and their promotions. • Proposal for the changes in the management department • Proposal for 2022 annual promotion of supervisor above managerial level • Proposal for promotion of deputy head of Dealing & Settlement Department • Proposal for promotion of the head of the Business Division II of the Direct Sales Department • Proposal for recruitment of the head of the Transaction Division I of the Proprietary Trading Department • Proposal for exempting deputy head of Taichung Office from concurrent service 	Yung-Sheng
8th meeting of 9th Board of Directors 2022.03.30	<ul style="list-style-type: none"> • The Company’s 2022 “Treating Customer Fairly Principle” Evaluation Form • Amendment of the Company’s “Guideline for Employee Performance Evaluation” • Formulation of the Guideline for Managed Futures Department Bonus for the Company • Amendment to the Company’s “Guideline for Festival Bonuses Distribution” • Proposal for changes of directors and supervisors of subsidiaries 	Directors: Lee, Wen-Chu; Wang, Jiunn-Chih; Liu, Ching-Tsun; Lee, Yi-Hui Independent Directors: Chen, Kuo-Tay; Hsiao, Nai-Ching; Wu, Yung-Sheng
9th meeting of 9th Board of Directors 2022.05.09	<ul style="list-style-type: none"> • The Company's Consolidated financial statements of the 1st quarter of 2022 • Proposal for amendment to the Procedures for Acquisition or Disposal of Assets • Proposal for amendment to the Articles of Association • Amendment to the Rules of Procedure for Shareholders Meetings • Proposal for amendment to the agenda of the regular Shareholders’ Meeting in 2022 • Amendment to the Appendix: Suspected Activities or Transactions of Money Laundering, Terrorism or Financing of Proliferation of Weapons of Mass Destruction to the Company’s Notes for Prevention of Money Laundering and Counter-Terrorist Financing • Abrogation of the Company’s Notes for Prevention of Money Laundering and Counter-Terrorist Financing concerning Securities Businesses • Proposal for transferring Yang, Yao-Yu, a special member from President Office, to the Advisory Department 	Directors: Lee, Wen-Chu; Wang, Jiunn-Chih; Liu, Ching-Tsun; Lee, Yi-Hui Independent Directors: Chen, Kuo-Tay; Hsiao, Nai-Ching; Wu, Yung-Sheng

Date	Summary of Important Agenda	Director
	<ul style="list-style-type: none"> • Employment of the supervisor for the Digital Growth Office under the Digital Growth Department and change in the supervisor of On-line Information Office • Adjustment to the remuneration of, Wang Chung-Cheng, the supervisor of Transaction Division II of the Proprietary Trading Department • Proposal for the Company's 2022 salary adjustment for supervisors at managerial level (inclusive) and above • Proposal for the Company's 2021 employee compensation. • Proposal for the Company's 2021 director's remuneration payment 	
10th meeting of 9th Board of Directors 2022.05.26	<ul style="list-style-type: none"> • Proposal for employment of a supervisor for Managed Futures Department • Proposal for recruitment of the head of the Transaction Division III of the Proprietary Trading Department 	Directors: Lee, Wen-Chu; Wang, Jiunn-Chih; Liu, Ching-Tsun; Lee, Yi-Hui Independent Directors: Chen, Kuo-Tay; Hsiao, Nai-Ching; Wu, Yung-Sheng
11th meeting of 9th Board of Directors 2022.08.25	<ul style="list-style-type: none"> • Individual and Consolidated Financial Report for the 1st half of 2022 (January 1 to June 30) • Proposal for the Company to pay festival bonus to the persons above manager level (inclusive) and bonus to Proprietary Trading Department and Securities Proprietary Trading Department in the first half of 2022 • Proposal for the chairman concurrently acting as CEO of the Company, and its salary schedule. • Proposal for appointing the directors for the subsidiaries of CSC Futures (HK) Ltd. • Proposal for changes of directors and chairman of subsidiaries 	Directors: Chia, Chung-Tao; Wang, Jiunn-Chih; Liu, Ching-Tsun; Lee, Yi-Hui Independent Directors: Chen, Kuo-Tay; Hsiao, Nai-Ching; Wu, Yung-Sheng
12th meeting of 9th Board of Directors 2022.09.13	<ul style="list-style-type: none"> • Amendment to the "Rules of Procedure of the Board of Directors Meetings" • Amendment to the Risk Management System • Amendment to the "Business Approval Authority Table" • Amendment to the Company's Internal Control System • Proposal for appointment of chairman and directors for the 3rd Board of Directors, appointment of the 3rd supervisors, and employment of president, for Capital Futures Technology (Shanghai) Co., Ltd. • Proposal for ratification: proposal for reassigning the representative of the director of Taiwan Futures Exchange. 	Directors: Chia, Chung-Tao; Wang, Jiunn-Chih; Liu, Ching-Tsun; Lee, Yi-Hui Independent Directors: Chen, Kuo-Tay; Hsiao, Nai-Ching; Wu, Yung-Sheng
13th meeting of 9th Board of Directors 2022.11.10	<ul style="list-style-type: none"> • The Company's Consolidated financial statements of the 3rd quarter of 2022 • The Company's 2022 certified accountant independence assessment • Quotation of audit fee for the Company for 2023 • The Company's audit plan for 2023 • Proposal for purchase of 20,000 stocks from CME Group to replace current monthly subscription plan in order to improve 	Directors: Chia, Chung-Tao; Wang, Jiunn-Chih; Liu, Ching-Tsun; Lee, Yi-Hui Independent Directors: Chen, Kuo-Tay; Hsiao,

Date	Summary of Important Agenda	Director
	<p>capital utilization efficiency</p> <ul style="list-style-type: none"> • Investment in and establishment of a commercial trading company • Setting customer fair treatment KPI for the period during October 2022 to December 2023 • Amendment to the Treating Customer Fairly Guideline • Amendment to the Corporate Governance Best-Practice Principles and the Procedures for Handling Material Inside Information • Amendment to the Organization Regulations of the Ethical Management Committee • Formulation of the Guidelines for Sharing of Data • Amendment to the Guidelines Regarding Course and Commodity Bonus for the Company's Futures Advisory Department • Proposal for one person to concurrently hold the office of the supervisors of the Business Department I and Advisory Department of the subsidiary in Taichung • Appointment of and change to the deputy supervisor of Direct Sales Department • Proposal for change to the manager of futures brokerage business and the manager of securities introducing broker • Proposal for adjustment to the remuneration of the supervisor of the On-line Information Office under the Digital Growth Department • Proposal for establishment of Transaction Division IV under the Proprietary Trading Department, and for change to and promotion and remuneration of the supervisor of Transaction Division I • Proposal for employment of consultant for the Company 	Nai-Ching; Wu, Yung-Sheng
14th meeting of 9th Board of Directors 2023.01.03	<ul style="list-style-type: none"> • Proposal for 2023 Annual Operating Plan and Budget • Amendment to the Guidelines for Professional Acceptance Investors for the Trading Business under Leveraged Margin Contracts and for Knowing and Evaluating Your Customers and Products • Amendment to Internal Control System • Amendment to the Performance Evaluation Guideline for the Board of Directors and Functional Committees • Proposal for change in the organizational structure and name of Introducing Broker Sales Department, and promotion and adjustment to the salary of the supervisor of Introducing Broker Sales Department • Renting of office from Fu Tai Construction Corporation • Amendment to the Organization Regulations • Amendment to the Guidelines concerning Bonus for Direct Sales Businesses • Extension of the period for implementation of the Guideline for Managed Futures Department Bonus • Proposal for 2022 year-end bonus based on two-month basic salary • Performance evaluation results of the supervisors at manager level (inclusive) or above in 2022 • Proposal for 2022 year-end bonus distribution for supervisors at managerial level (inclusive) and above 	<p>Directors: Chia, Chung-Tao; Wang, Jiunn-Chih; Liu, Ching-Tsun; Lee, Yi-Hui</p> <p>Independent Directors: Chen, Kuo-Tay; Hsiao, Nai-Ching; Wu, Yung-Sheng</p>

Date	Summary of Important Agenda	Director
15th meeting of 9th Board of Directors 2023.03.13	<ul style="list-style-type: none"> • Proposal for 2022 Employee and Director Remuneration Distribution • Proposal for 2022 Annual Business Report and Consolidation and Individual Financial Report • Proposal for 2022 Profit Distribution • Proposal for changing the certified accounts concerning the Company's financial report from the former CPAs Wu, Cheng-Yen and Chung, Tan-Tan into CPAs Wu, Cheng-Yen and Chen, Yi-Jen since the first quarter of 2023 • Evaluation on CPA's independence in 2023 • Amendment to the Rules for Making Financial and Business Trading between Related Parties and between the Enterprises in the Group • 2022 Anti-Money Laundering and Counter-Terrorism Financing Internal Control System Declaration • Proposal for 2022 Design and Implementation Declaration of Internal Control System • Making related foreign futures trading through StoneX Group Inc., the affiliate of StoneX Financial Pte Ltd. in Singapore • Handling of customer complaints during the period from October 2022 to January 2023 and improvement plans • Amendment to customer fair treatment KPI for the period during October 2022 to December 2023 • Amendment to the Treating Customer Fairly Guideline • Amendment to the Corporate Governance Best-Practice Principles • Amendment to the Sustainable Development Best Practice Principles and the Sustainable Development Policy • Determine the date, venue and agenda of the 2023 Annual General Meeting of Shareholders and accepting proposals from shareholders holding more than 1% of the shares • Proposal for change to the manager of securities introducing broker • Proposal for change to the manager of futures brokerage business • Amendment to the Guideline for Managed Futures Department Bonus • Proposal for promotion of the supervisors at manager level (inclusive) or above in 2023 • Proposal for adjustment to the remuneration of the supervisors at manager level (inclusive) or above in 2023 	<p>Directors: Chia, Chung-Tao; Wang, Jiunn-Chih; Liu, Ching-Tsun; Lee, Yi-Hui</p> <p>Independent Directors: Chen, Kuo-Tay; Hsiao, Nai-Ching; Wu, Yung-Sheng</p>

(XIII) The main content of the record or written statement of different opinions raised by directors or supervisors on the important resolutions approved by the Board of Directors in the most recent year to the issuance date of the annual report: None.

(XIV) Summary of the resignation and dismissal of the Company's chairman, president, chief of accounting, chief of finance, internal audit head and chief of R&D in the most recent year to the issuance date of the annual report:

On August 25, 2022, the corporate shareholder, Capital Securities Corp., appointed Chia, Chung-Tao to serve as the Company's director to replace the chairman Lee, Wen-Chu, and Chia, Chung-Tao was elected by the Board of Directors as the chairman and serves as CEO concurrently.

(XV) The most recent annual education and training for managers, directors, and supervisors to participate in corporate governance:

Name	Organizer	Continuous education	Training date	Hours
Chairman Chia, Chung- Tao	The Chinese National Association of Industry and Commerce, Taiwan	Corporate Sustainability - Transformation of company's directors and shareholders and the development trend of family offices in Asia	2022.09.28	3
	Taiwan Securities Association	How to analyze important business information from financial statements	2022.10.13	3
Director Wang, Jiunn- Chih	Taiwan Securities Association	ESG and sustainable management in securities industry + analysis on the economic and financial development both at home and abroad	2022.09.06	7.5
	Taiwan Academy of Banking and Finance	Design and taxation of trust products	2022.09.21	3
	Taiwan Academy of Banking and Finance	Trust of properties	2022.09.21	3
	Taiwan Academy of Banking and Finance	Emerging financial crimes as well as financial sanctions and prohibition	2022.09.22	4.5
Director Liu, Ching- Tsun	Taiwan Securities Association	Development trends of and international standards for digital evidence and digital identification	2022.04.13	3
	Taiwan Securities Association	Transparency of corporate governance and corporate financial information	2022.10.12	3
Director Lee, Yi-Hui	Securities & Futures Institute	Identification of global risks - opportunities and challenges in the next decade	2022.04.06	3
	Securities & Futures Institute	Technical development and business mode of block-chain	2022.04.12	3
	Taiwan Corporate governance association	Net-zero emission, carbon neutrality and corporate compliance with laws and regulations	2022.04.22	3
	Taiwan Corporate governance association	To create corporate sustainable competitiveness in response to climate change	2022.05.27	3
	Taiwan Corporate governance association	How to prevent internal troubles - analysis on an enterprise's internal investigation	2022.06.21	3
	Taiwan Corporate governance association	Carbon management trends towards, and countermeasures for, net-zero	2022.07.19	3
Independent Director Chen, Kuo- Tay	Taiwan Corporate governance association	Issuance of the guidelines to be referred to for independent directors and Audit Committee to exercise their powers, and promotion meeting for directors and supervisors	2022.10.11	3
	Taiwan Academy of Banking and Finance	Strengthening customer fair treatment: practical operation and case study concerning how to establish an ethical culture, accountability mechanism and financial friendly mechanism	2022.11.29	3
Independent Director Hsiao, Nai- Ching	Taiwan Corporate governance association	How does Audit Committee implement audit on financial statements	2022.06.14	3
	Taiwan Corporate governance association	Sharing of advanced practice of Audit Committee - towards 3.0	2022.06.24	3
Independent Director Wu, Yung- Sheng	Taiwan Corporate governance association	Accelerators for corporate sustainability - CSR, ESG and SDGs	2022.05.05	3
	Taiwan Corporate governance	Net-zero emission, carbon neutrality and corporate compliance with laws and regulations	2022.11.02	3

Name	Organizer	Continuous education	Training date	Hours
	association			
President Mao, Jen-Hua	Service for Executive Education Development, National Taiwan University	Senior management and leadership courses	2022.09.14- 2023.02.04	84
Senior Executive Vice President Huang, Wei- Ben				
Executive Vice President Kuo, Shu- Zhen				
Senior Vice President Chang, Su- Fang				
Head of Corporate Governance Senior Executive Vice President Chen, Chi- Hao	Securities & Futures Institute	Risks and opportunities for enterprises in terms of their operating as brought by climate change and energy policy trends	2022.03.17	3
	Taiwan Corporate governance association	2030/2050 Green industrial revolution	2022.07.05	3
	Taiwan Corporate governance association	Variables in international order and corporate governance in response thereto	2022.09.30	3
	Taiwan Corporate governance association	Corporate social responsibility - discussion on corporate governance based on human rights policy	2022.11.22	3
	Institution of Financial Law and Crime Prevention	Principles for the customer fair treatment in financial service industry	2022.08.26	3
Executive Vice President Lin, Li-Chuan	Taiwan Securities Association	Continuing education for accounting supervisor	2022.10.12- 2022.10.13	12
Senior Vice President Chung, Cheng-Huang	Taiwan Securities Association	FinTech and compliance risk management	2022.04.26	3
	Taiwan Securities Association	Challenges relating to the risk management in financial industry caused by climate-related financial disclosure	2022.09.15	3
	Taiwan Securities Association	The impacts of the evaluation on the impairment of financial assets and debts investment and countermeasures in response thereto	2022.09.22	3
	Institution of Financial Law and Crime Prevention	Discussion on the risk management of securities firms from the aspect of financial supervision	2022.11.10	3
Senior Vice President Ho, Cho-I	Taiwan Securities Association	Information communication security seminar	2022.05.18- 2022.05.20	15
Senior Vice President Peng, Chien- Cheng	Taiwan Securities Association	Training for obtaining the qualifications to serve as anti-money laundering and anti-terrorism persons and dedicated supervisor	2022.10.03- 2022.10.04	24
Assistant Vice President Hsu, Hua- Shan	Accounting Research and Development Foundation	Continuing training for the accounting supervisors of issuers, securities firms and stock exchanges	2022.11.17- 2022.11.18	12
Assistant Vice President Chen, Hui- Chun	Taiwan Securities Association	Information communication security seminar	2022.05.18- 2022.05.20	15
	Taiwan Securities Association	Risk management seminar	2022.09.05	12
	Accounting	Seminar for internal audit in futures industry &	2022.12.07	6

Name	Organizer	Continuous education	Training date	Hours
	Research and Development Foundation	corporate governance - internal audit		
Assistant Vice President Yu, Po-Liang	Institution of Financial Law and Crime Prevention	Principles for the customer fair treatment in financial service industry	2022.08.26	3
Assistant Vice President Tsai, Yueh-Hung	Securities & Futures Institute of R.O.C.	Securities Foundation GoProS Training Program	2022.04.13-2022.06.22	66

IV. Information in public fees of the Certified Public Accountant Association

Unit: Expressed in Thousands of NT Dollars

Auditor's firm	Name of CPA	CPA auditing period	Audit remuneration	Non-audit remuneration	Total	Remark
KPMG	Wu, Cheng-Yen	January 2022 to December 2022	1,810	591	2,401	
	Chung, Tan-Tan					

As for non-audit remuneration, the services include confirmation on sustainability reports, application for issuance of invoices for taxes, payment of printing and courier fees for the company, and review on staff salary sheet.

- (I) When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year: None.
- (II) If there is over 10% decrease in the audit remuneration as compared with the previous year: the translation costs for English financial statements was reduced.

V. Information on replacement of certified public accountant: If the company has replaced its certified public accountant within the last 2 fiscal years or any subsequent interim period:

- (I) Former CPA

Date of replacement	March 25, 2021		
Reason and description for replacement	KPMG in compliance with Article 68 of the Standards on Auditing No. 46 "Quality control system of the CPA firm". Since the first quarter of 2021, the CPA to certify the financial statements have been replaced with CPA Wu, Cheng-Yen and Chung, Tan-Tan from Li, Feng-Hui and Chung, Tan-Tan.		
Please specify that the appointing person or CPA terminated or refused to accept the appointment	Main parties to the dispute/status of the dispute	CPA	Mandating party
	Voluntarily ended the engagement	V	
	Declined further engagement		
An audit report expressing other than an unqualified opinion during the 2 most recent years, furnish the opinion and reason.	None		
Disagreement between the company and the certified public accountant	Yes		Accounting principles or practices
			Financial report disclosure
			Auditing scope or procedure
			Other
	None	V	
Note			
Additional Disclosures (Those should be disclosed under Item 1-4 to Item 1-7, Paragraph 6, Article 10 of this Guideline)	None		

Date of replacement	March 13, 2023		
Reason and description for replacement	KPMG changed the certified accountants for financial statements from Wu, Cheng-Yen and Chung, Tan-Tan into Wu, Cheng-Yen and Chen, Yi-Jen from the 1st quarter 2023, in order to comply with Article 68 of the Standard on Quality Control 1 “Quality Control System of the CPA Firm”.		
Please specify that the appointing person or CPA terminated or refused to accept the appointment	Main parties to the dispute/status of the dispute	CPA	Mandating party
	Voluntarily ended the engagement	V	
	Declined further engagement		
An audit report expressing other than an unqualified opinion during the 2 most recent years, furnish the opinion and reason.	None		
Disagreement between the company and the certified public accountant	Yes		Accounting principles or practices
			Financial report disclosure
			Auditing scope or procedure
			Other
	None	V	
Note			
Additional Disclosures (Those should be disclosed under Item 1-4 to Item 1-7, Paragraph 6, Article 10 of this Guideline)	None		

(II) Regarding the successor certified public accountant

Auditor’s firm	KPMG
Name of CPA	Wu, Cheng-Yen & Chung, Tan-Tan
Date of engagement	March 25, 2021
Pre-engagement regarding the accounting treatment of or application of accounting principles to a specified transaction and the type of audit opinion that might be rendered on the company’s financial report and the subjects discussed during those consultations and the consultation results	None
Written opinions of the successor accountants on matters with which the predecessor accountants disagreed	None

Auditor’s firm	KPMG
Name of CPA	Wu, Cheng-Yen & Chen, Yi-Jen
Date of engagement	March 13, 2023
Pre-engagement regarding the accounting treatment of or application of accounting principles to a specified transaction and the type of audit opinion that might be rendered on the company’s financial report and the subjects discussed during those consultations and the consultation results	None
Written opinions of the successor accountants on matters with which the predecessor accountants disagreed	None

(III) The reply letters on Item 1 and 2-3, Subparagraph 6, Article 10 of Regulations Governing the Preparation of Financial Reports from the previous CPA: None.

VI. Where the company’s chairperson, president, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the

accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed: None.

VII. The status of changes that directors, supervisors and shareholders holding more than 10 percent of outstanding shares had transferred and pledged their shares:

- (I) The status of changes that directors, supervisors and shareholders had transferred and pledged their shares

Unit: Shares

Title	Name	2022		2023 (until March 31)	
		Increase (decrease) in shares held	Increase (decrease) in shares collateralized	Increase (decrease) in shares held	Increase (decrease) in shares collateralized
Institutional Director and Major Shareholders	Capital Securities Corp.	0	0	0	0
Chairman, Director Representative and CEO	Chia, Chung-Tao	0	0	0	0
Director Representative	Liu, Ching-Tsun	0	0	0	0
Director Representative	Wang, Jiunn-Chih	0	0	0	0
Institutional Director	Hung Yeh Investment Co., Ltd	0	0	0	0
Director Representative	Lee, Yi-Hui	0	0	0	0
Independent Director	Chen, Kuo-Tay	0	0	0	0
Independent Director	Hsiao, Nai-Ching	0	0	0	0
Independent Director	Wu, Yung-Sheng	0	0	0	0
President	Mao, Jen-Hua	13,000	0	0	0
Senior Executive Vice President	Huang, Wei-Ben	-10,292	0	0	0
Senior Executive Vice President	Chen, Chi-Hao	0	0	0	0
Executive Vice President	Yang, Rui-Ling	0	0	0	0
Executive Vice President	Lin, Li-Juan	0	0	0	0
Executive Vice President	Kuo, Shu-Zhen	0	0	0	0
Executive Vice President	Chen, Wei-Ting	0	0	0	0
Executive Vice President	Hsu, Ji-Ching	5,000	0	-5,000	0
Senior Executive Officer	Yi, Chien-Hsiung	0	0	0	0
Senior Vice President	Lin, Xiao-Chian	0	0	0	0
Senior Vice President	Peng, Chien-Cheng	0	0	0	0
Senior Vice President	Lee, Chung-Wei	0	0	0	0
Senior Vice President	Fan, Jhen-Hong	0	0	0	0
Senior Vice President	Ho, Cho-I	0	0	0	0
Senior Vice President	Chen, Chih-Chung	0	0	0	0
Senior Vice President	Lai, Han-Sen	0	-	0	0
Senior Vice President	Lian, Jing-Lian	0	0	0	0
Senior Vice President	Chung, Cheng-Huang	0	0	0	0

Title	Name	2022		2023 (until March 31)	
		Increase (decrease) in shares held	Increase (decrease) in shares collateralized	Increase (decrease) in shares held	Increase (decrease) in shares collateralized
Senior Vice President	Huang, Pei-Luen	0	0	0	0
Senior Vice President	Lin, Hsiu-Chu	0	0	0	0
Senior Vice President	Chu, Chun-Chang	0	0	0	0
Senior Vice President	Chen, Yung-Lin	0	0	0	0
Senior Vice President	Chang, Su-Fang	0	0	0	0
Senior Vice President	Cheng, Shin-Pin	0	0	0	0
Vice President	Wang, Han-Yao	0	0	0	0
Vice President	Chen, Tsung-Yu	0	0	0	0
Vice President	Wu, Wen-Jie	0	0	0	0
Vice President	Chang, Yun-Hsuan	0	0	0	0
Vice President	Liu, Kun-Ming (Took office on January 03, 2023)	-	-	0	0
Assistant Vice President	Chang, Ya-Ju	0	0	0	0
Assistant Vice President	Yu, Po-Liang	0	0	0	0
Senior Specialist	Liu, Pao-Hua	0	0	0	0
Senior Specialist	Cho, Cheng-Kang	0	0	0	0
Senior Specialist	Chang, Mu-Min	0	0	0	0
Senior Specialist	Lu, Wei-Liang	0	0	0	0
Senior Specialist	Liu, Neng-Chieh	0	0	0	0
Senior Specialist	Wu, Chung-Hsien	-5,000	0	0	0
Senior Specialist	Chang, Ching-Nan	0	0	0	0
Senior Specialist	Chang, Tuo (Took office on March 14, 2023)	-	-	0	0

(II) Counterparty in any such transfer or pledge of equity interests is a related party: None.

VIII. Information Disclosing the Relationship between any of the Company's Top Ten Shareholders.

The interrelationship among the key shareholders holding over 10% in shareholding

Book closure date as of April 02, 2023 Unit: Shares

Name	Shares held in own name		Shareholdings of spouse and underage children		Shares held in the names of others		Among the top 10 shareholders, there are related parties, spouse to each other, and kindred within the 2nd tier under the Civil Code, and the name and affiliation, if applicable		Remark
	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Name	Relation	
Capital Securities Corp. Representative: Wang, Jiunn-Chihh	119,066,014	56.58%	0	0	0	0	None	None	-
Hontai Life Insurance Co., Ltd. Representative: Lu, Huan-Yi	4,836,434	2.30%	0	0	0	0	None	None	-
Zengmao Investment Co., Ltd. Representative: Tung, Ta-Nien	3,793,311	1.80%	0	0	0	0	None	None	-
Fengyang Investment Co., Ltd. Representative: Wang, Hui-Chin	2,000,618	0.95%	0	0	0	0	None	None	-
GAINS Investment Corporation Representative: Wu, Chun-Hui	1,364,000	0.65%	0	0	0	0	None	None	-
Pro-Ascentek Investment Corporation Representative: Wu, Chun-Hui	686,000	0.33%	0	0	0	0	None	None	-
President International Development Corp. Representative: Lo, Chih-Hsien	680,000	0.32%	0	0	0	0	None	None	-

Name	Shares held in own name		Shareholdings of spouse and underage children		Shares held in the names of others		Among the top 10 shareholders, there are related parties, spouse to each other, and kindred within the 2nd tier under the Civil Code, and the name and affiliation, if applicable		Remark
	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Name	Relation	
Chase managed JP Morgan Securities Co., Ltd. Investment Account	671,007	0.32%	0	0	0	0	None	None	-
Yingqun Investment Co., Ltd. Representative: Chang, Yen-Chih	648,314	0.31%	0	0	0	0	None	None	-
DFA's Special Account for Investment in Core Securities in Emerging Market Kept by Citibank as Entrusted	607,808	0.29%	0	0	0	0	None	None	-

IX. Shares Held by the Company, Directors, Managers and Companies Directly or Indirectly Control the Company, and the Comprehensive Shareholding Ratio Based on Combined Calculation:

Comprehensive Shareholding Ratio

March 31, 2023; Unit: Thousands of shares; %

Reinvestment business	Invested by the Company		Investment held by directors, supervisors, managers, and directly or indirectly controlled enterprises		Aggregate investment	
	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding
CSC Futures (HK) Ltd.	220,000	100%	0	0	220,000	100%
Capital International Technology Corp.	5,000	100%	0	0	5,000	100%
Capital True Partner Technology (Chengdu) Co., Ltd.	510	51%	0	0	510	51%
Capital Futures Technology (Shanghai) Co., Ltd.	4,000	100%	0	0	4,000	100%

Note: Long term investment in equity method by the Company.

Chapter IV. Capital Overview

I. Capital and Shares

(I) Share category and sources of share capital

1. Share category

Unit: Shares

Share category	Authorized capital			Remark
	Outstanding shares	Unissued shares	Total	
Common shares	210,437,584	39,562,416	250,000,000	Listed stock

2. Sources of share capital

Year / month	Price of issue	Authorized capital		Paid-up capital		Remark		
		Quantity	Amount	Quantity	Amount	Sources of share capital	Paid in properties other than cash	Other
1997.02	NT\$10/share	20,000,000	200,000,000	20,000,000	200,000,000	Share capital initiation	None	-
1997.11	NT\$10/share	120,000,000	1,200,000,000	45,000,000	450,000,000	Capital increase by cash 250,000,000	None	Note 1
2003.11	NT\$10/share	120,000,000	1,200,000,000	61,500,000	615,000,000	Private Equity Offerings 165,000,000	None	Note 2
2009.03	NT\$27.5/share	120,000,000	1,200,000,000	67,650,000	676,500,000	IPO share capital increase of 61,500,000	None	Note 3
2009.07	NT\$10/share	120,000,000	1,200,000,000	75,226,800	752,268,000	Earning 75,768,000 was converted into share capital in 2008	None	Note 4
2010.06	NT\$10/share	120,000,000	1,200,000,000	84,630,150	846,301,500	Earning 94,033,500 was converted into share capital in 2009	None	Note 5
2011.07	NT\$10/share	120,000,000	1,200,000,000	92,246,863	922,468,630	Earning 76,167,130 was converted into share capital in 2010	None	Note 6
2013.08	NT\$10/share	120,000,000	1,200,000,000	100,087,847	1,000,878,470	Earning 78,409,840 was converted into share capital in 2012	None	Note 7

2014.06	NT\$23.3/share	120,000,000	1,200,000,000	119,997,847	1,199,978,470	Capital increase in 2014 199,100,000	None	Note 8
2015.07	NT\$10/share	250,000,000	2,500,000,000	122,397,804	1,223,978,040	Earning 23,999,570 was converted into share capital in 2015	None	Note 9
2017.02	NT\$31.38/share	250,000,000	2,500,000,000	160,397,804	1,603,978,040	Capital increase in 2016 380,000,000	None	Note 10
2018.08	NT\$10/share	250,000,000	2,500,000,000	176,437,584	1,764,375,840	Capital surplus 160,397,800 converted into share capital in 2017	None	Note 11
2020.03	NT\$34.4/share	250,000,000	2,500,000,000	210,437,584	2,104,375,840	Capital increase in 2019 340,000,000	None	Note 12

- Note: 1. Securities and Futures Bureau Official Letter (86) Tai-Tsai-Cheng No. 84102 on November 27, 1997.
2. Securities and Futures Bureau Official Letter Tai-Tsai-Cheng-Chi-Tzu No. 0920154585 on November 27, 2003.
3. Financial Supervisory Commission Official Letter Chin-Kuan-Cheng-Chi-Tzu No. 0980012451 on March 31, 2009.
4. Financial Supervisory Commission Official Letter Chin-Kuan-Cheng-Chi-Tzu No. 0980032927 on July 2, 2009.
5. Financial Supervisory Commission Official Letter Chin-Kuan-Cheng-Chi-Tzu No. 0990032848 on June 25, 2010.
6. Financial Supervisory Commission Official Letter Chin-Kuan-Cheng-Chi-Tzu No. 1000033210 on July 18, 2011.
7. Financial Supervisory Commission Official Letter Chin-Kuan-Cheng-Chi-Tzu No. 1020028556 on July 22, 2013.
8. Financial Supervisory Commission Official Letter Chin-Kuan-Cheng-Chi-Tzu No. 1030014783 on May 7, 2014.
9. Financial Supervisory Commission Official Letter Chin-Kuan-Cheng-Chi-Tzu No. 1040025089 on July 3, 2015.
10. Financial Supervisory Commission Official Letter Chin-Kuan-Cheng-Chi-Tzu No. 1050044467 on November 15, 2016.
11. Financial Supervisory Commission declaration takes effect on July 4, 2018.
12. Financial Supervisory Commission Official Letter Chin-Kuan-Cheng-Chi-Tzu No. 1090300222 came into effect on January 30, 2010.

(II) Shareholders structure

Book closure date as of April 2, 2023

Shareholders structure Quantities	Government institutions	Financial institutions	Other corporations	Foreign institutions and foreigners	Individuals	Total
Head count	2	3	94	48	16,994	17,141
Shares held	79,000	5,591,434	131,341,691	4,028,086	69,397,373	210,437,584
Ratio of Shareholding	0.04%	2.66%	62.41%	1.91%	32.98%	100%

Note: Primary exchange (or OTC) listed companies and emerging stock companies should disclose the aggregate shareholding percentage of foreign investors and Mainland Chinese investors which refer to any individual, juristic person, organization, or other institution of the Mainland Area or any company it invests in any third area permitted to invest in the Taiwan Area in accordance stipulated in Article 3 of the Measures Governing Investment Permit to the People of Mainland Area and Its Rulings.

(III) Equity dispersion

1. Common stock: NT\$ 10 per share

Book closure date as of April 2, 2023

Class of Shareholding	Number of Shareholders	Number of shares held (share)	Ratio of Shareholding (%)
1 to 999	6,517	983,334	0.47
1,000 to 5,000	7,886	16,309,198	7.75
5,001 to 10,000	1,413	10,579,128	5.03
10,001 to 15,000	472	5,906,631	2.81
15,001 to 20,000	244	4,401,618	2.09
20,001 to 30,000	220	5,459,002	2.59
30,001 to 40,000	98	3,437,455	1.63
40,001 to 50,000	64	2,891,637	1.37
50,001 to 100,000	128	9,179,154	4.36
100,001 to 200,000	62	8,150,092	3.87
200,001 to 400,000	21	5,907,366	2.81
400,001 to 600,000	6	2,879,463	1.37
600,001 to 800,000	5	3,293,129	1.57
800,001 to 1,000,000	0	0	0
> 100,000,000	5	131,060,377	62.28
Total	17,141	210,437,584	100.00

2. Disclosure relating to preferred stock: None.

(IV) List of major shareholders:

Book closure date as of April 2, 2023

Name of major shareholders:	Shares	Number of shares held (share)	Ratio of Shareholding (%)
Capital Securities Corp.		119,066,014	56.58%
Hontai Life Insurance Co., Ltd.		4,836,434	2.30%
Zengmao Investment Co., Ltd.		3,793,311	1.80%
Fengyang Investment Co., Ltd.		2,000,618	0.95%

GAINS Investment Corporation	1,364,000	0.65%
Pro-Ascentek Investment Corporation	686,000	0.33%
President International Development Corp.	680,000	0.32%
Chase managed JP Morgan Securities Co., Ltd. Investment Account	671,007	0.32%
Yingqun Investment Co., Ltd.	648,314	0.31%
DFA's Special Account for Investment in Core Securities in Emerging Market Kept by Citibank as Entrusted	607,808	0.29%

(V) Market price per share, net worth, dividend and relevant data over the past two years

Item		Year		Current year as of March 31, 2023 (Note 8)	
		2021	2022		
Market price per share (Note 1)	Highest	45.15	39.05	42.75	
	Lowest	37.10	33.10	36.45	
	Average	40.59	36.61	40.02	
Net worth per share (Note 2)	Before dividend distribution	29.69	32.23	-	
	After dividend distribution	28.09	29.21	-	
Earnings per share	Weighted average outstanding shares	210,437,584	210,437,584	-	
	Earnings per share (before adjustment) (Note 3)	2.33	3.72	-	
	Earnings per share (after adjustment) (Note 3)	2.33	3.72	-	
Dividends per share	Cash dividends		1.60	3.02	-
	Stock dividends	From earnings	0.00	0.00	-
		From capital reserves	0.00	0.00	-
	Cumulative undistributed dividends (Note 4)		0.00	0.00	-
Analysis of investment returns	P/E ratio (Note 5)		17.42	9.84	-
	Price to dividends ratio (Note 6)		25.37	12.12	-
	Cash dividend yield (Note 7)		3.94%	8.25%	-

* If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1: The highest and lowest market prices per common share for each year, and each year's average market price based upon that year's transaction value and transaction volume.

Note 2: Please specify the status of distribution as decided by a resolution of the shareholders' meeting next year based on the number of shares already distributed at the end of the year.

Note 3: Where retroactive adjustment is required due to distribution of bonus shares, the EPS before and after adjustment shall be indicated.

- Note 4: Where the conditions for issuance of equity securities stipulate that undistributed dividends in the current year may be accumulated to be distributed in a subsequent year with earnings, the unpaid dividends accumulated until the current year shall be disclosed.
- Note 5: $P/E \text{ ratio} = \text{Average closing price per share for the year} / \text{earnings per share}$.
- Note 6: $\text{Price to dividend ratio} = \text{Average closing price per share for the year} / \text{cash dividends per share}$.
- Note 7: $\text{Cash dividend yield} = \text{Cash dividend per share} / \text{average closing price per share for the current year}$.
- Note 8: Net worth per share and earnings per share are based on audited (auditor-reviewed) data as at the latest quarter before the publication date of this annual report. For all other fields, calculations are based on data as at the end of their respective years.

(VI) The Company's dividend policy and fact of implementation thereof.

1. The dividend policies stated in the Company's Articles of Association is to ensure long-term financial stability and business development while satisfying the needs for future growth, and thereby maximizing shareholders' interests. With regard to the Company's earnings in each fiscal year, after all taxes and dues have been paid and losses in previous years have been covered, the Company shall first set aside 10% as legal reserve, 20% as special reserve, and other reserve specified by relevant regulations. The Company should add the remaining balance to the undistributed earnings in previous years, and then distribute at least 10% of it as dividends. Earnings may be distributed in the form of cash dividend or stock dividend, but the percentage of cash dividend for the year should not be less than 10% of the total dividend for the year. Dividend may not be distributed if an annual loss occurs, and the loss should be first made up if retained earnings are used for dividend distribution.

2. Proposed dividend distribution at the 2022 Annual General Meeting of Shareholders:

The Company's net profit after tax in 2022 was NT\$781,859,938. After adding the accumulated undistributed earnings from the previous year of NT\$917,073, and the adjusted undistributed earnings of the current period of NT\$88,234,798, the distributable earnings are NT\$871,011,809. The Company's Articles of Association provide for the earnings distribution as follows:

- (1) The amount of legal reserve is NT\$78,437,489.
- (2) The amount of special reserve is NT\$156,874,978.
- (3) It was resolved for acceptance in the meeting of the board of directors that cash dividends to distribute are, rounded to the nearest integer, NT\$635,521,504 (at NT\$3.02 per share on the basis of 210,437,584 outstanding shares). The total payment of shares of odd lots shall be counted as other revenue of the Company, as for the unappropriated retained earnings in the end of term is NT\$177,838. The chairman is authorized to set the dividend day and related issues upon the finalization of the general meeting of shareholders.

If the number of outstanding shares is affected by the later change in the capital of the Company, simultaneously the shareholders of the dividend payout ratio needs to be revised, the chairman will be authorized by the shareholder meeting to deal with the relevant issue.

(VII) The impact of issuance of bonus shares proposed in the present shareholders' meeting

upon the Company's business performance and earning per share: Not Applicable.

(VIII) Remuneration for Employee, Director and Supervisor:

1. The percentage or range of employee dividends, directors and supervisors' remuneration as stated in the Articles of Association

According to Article 27 of the Articles of Association, employees' remuneration shall be distributed at 0.6% to 2% of the profit for the year, and directors' remuneration shall be distributed at a rate not exceeding 3% of the profit for the year where accumulated loss shall be made up first. The accounting process for discrepancies between the actual distribution and the grounds to estimate the remuneration of employees, directors and supervisors in the current period and the grounds to calculate the number of shares distributed for employee compensation.

2. The Company's profit before deducting the remuneration of directors and employees in 2022 was NT\$980,574,166. According to the Company's Articles of Association, the Board of Directors resolved to distribute NT\$11,472,718 in employee compensation, representing 1.17% of the profit for the year and NT\$11,472,718 in directors' remuneration, representing 1.17% of the profit for the year, all paid in cash. The employee remuneration and directors' remuneration in 2022 have no difference from the amount resolved by the Board of Directors.
3. The Company's cash remuneration distribution in 2021 were NT\$ 7,195,604 to employees and NT\$ 7,195,604 to directors and supervisors, based on the remuneration distribution plan approved by the Board of Directors. The employee remuneration and directors' remuneration in 2021 have no difference from the amount resolved by the Board of Directors.
4. The remuneration policy and standard of directors shall be handled in accordance with the Articles of Association of the company. The remuneration of the chairman and directors shall be determined by the Board of Directors in accordance with the level of participation in the operation, the value of their contribution and the typical pay level of the industry. In addition, travel expenses will be paid according to the actual attendance.

Supervisors at managerial level (inclusive) or above shall, according to their functions and general salary levels, be submitted to the Board of Directors for approval, and in accordance with relevant laws and regulations, establish a Remuneration Committee to supervise the payment of salaries, bonuses and other remuneration. The results of performance evaluation and remuneration and bonuses are submitted regularly to the Remuneration Committee and the Board of Directors for review every year.

The Company has established "Guideline for Employee Performance Evaluation", "Guideline for Employee Year-End Bonus Distribution", "Guideline for Festival Bonuses Distribution" and "Guideline for Sales Bonus" for each business unit, which serve as the basis for the performance evaluation and remuneration system of company executives and employees and to encourage employees to work together to share the Company's operation results. In 2022, the Company's earnings per share was 3.72 (NT\$/share), the average employee welfare expense was 1,749 (NT\$ thousand/person), and the average employee salary was 1,587 (NT\$ thousand/person). The average salary of full-time employees who are not in supervisory positions is 1,412 (NT\$ thousand/person) where the median salary is 966 (NT\$ thousand/person).

(IX) Repurchase of the Company's shares during the latest financial year, up to the publication date of this annual report: None.

II. Any issuance corporate bonds, preferred shares, global depository receipts, and employee stock warrants, and new restricted employee shares, and the status of implementation: None.

III. Depository Receipts and Employee Share Subscription Warrant Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.

IV. Financing Plans and Execution Status: None.

Chapter V. Operation Highlights

I. Business Activities

(I) Scope of business operation

The main business scope of Capital Futures includes Taiwan futures clearing-settlement, Taiwan and foreign futures brokerage trading, security proprietary trading, option market maker trading, futures manager discretionary, securities introducing broker and futures advisory and project planning of derivative financial product research, etc. In addition to the brokerage trading and clearing business of Taiwan futures, Capital Futures provides brokerage trading of futures in global markets such as the United States, Singapore, Hong Kong, Europe, and Japan, and leads the industry in establishing transaction system to directly link the exchanges in various countries. Capital Futures is currently the second largest futures merchant in Taiwan trading foreign futures and options.

Capital Futures, including its reinvested Hong Kong subsidiary, is currently a trading or clearing member of 12 domestic and foreign futures exchanges, and is the first in Taiwan to obtain brokerage and proprietary trading members of Singapore Exchange, and the first in Taiwan approved to become a member of CME Group with CME, CBOT, NYMEX and COMEX in the United States, and the first member of NYSE Liffe (London International Financial Exchange) in Taiwan. Capital Futures is also a member of CBOE Futures Exchange (CFE), EUREX, ICE Futures U.S., Hong Kong Futures Exchange, Hong Kong Futures Clearing Corporation and TAIFEX general clearing member. Capital Futures customers can place orders directly to various futures exchanges in the form of DMA (Direct Market Access), which has the advantages of faster, more stable, and lower-cost transactions than its counterparts in Taiwan.

With a high degree of autonomy, Capital Futures expands various fields such as direct sales business, legal person business, risk control and construction of a comprehensive IT platform. With the collaboration of different fields, the overall business development has grown by leaps and bounds, creating extraordinary achievements.

1. Major contents of the business operation undertaken

Futures commission merchant (Limited to those approved by the FSC)

Futures Advisory business

Futures managed business

Securities introducing broker

Securities investment advisory enterprise

Securities Proprietary Trading Business.

Leverage Transaction Merchants

2. Proportion of main business income

Unit: NT\$ Thousand

Item \ Year	2021		2022	
	Amount	Ratio (%)	Amount	Ratio (%)
Brokerage fee revenue	1,780,477	73	1,996,416	72
Futures commission revenue	327,809	13	310,640	11

Net gains (losses) on derivative instruments	201,939	9	393,888	14
Advisory fee revenue	18,404	1	13,916	0
Other	110,332	4	65,610	3
Total	2,438,961	100	2,780,470	100

Source: Consolidated financial statements audited and certified by CPA.

3. The current merchandise (services) items of the Company

Order acceptance

Futures of TAIFEX

Option of TAIFEX

Futures and options for US, Singapore, Japan, Hong Kong, and European stocks.

Clearing on behalf of

Acting for proprietary clients and futures merchants to clear and deliver commodities on the TAIFEX.

Proprietary Trading

Buy and sell domestic and foreign futures and options

Act as a market maker for futures and option commodities, creating market liquidity.

Futures advisory

Accept mandates to analyze and advise on futures trading related matters.

Publish books on futures.

Hold various futures seminars.

Securities introducing broker business

Soliciting securities trading business from securities investors.

Acting on a securities firm's behalf to open accounts for securities investors.

Accepting securities trading orders from securities investors and delivering the orders to a securities firm for execution.

Acting on a securities firm's behalf to notify securities investors to settle securities transactions.

Futures managed business

Accepting mandates from specified persons to conduct discretionary futures trading business.

Other related business approved by the competent authority.

Securities Proprietary Trading

Trading securities for its own account on the centralized securities exchange.

Trading securities for its own account on the Taipei Exchange.

Leverage Transaction Merchants

Leverage contract trading business

4. New products (services) under development

(1) Invest in light-speed connection cabinets to be the fastest and lead the industry.

In response to globalization where investors have deployed their assets around the world, Capital Futures provides customers with more flexible investment commodities to participate in the international market, making its investment strategies more diversified, and is committed to lowering the trading threshold for investors to achieve inclusive finance. Capital Futures actively develops an independent IT global trading platform in financial technology, attaches great importance to the trading experience of customers, and develops the mobile APP “Happy Trader” that meets the needs of professional investors. The APP includes several practical functions and strives to create a variety of intelligent trading services, intuitive display of market data, and instant transaction with technical analysis chart combined with fast order function. The Company has also built the industry’s first customer-exclusive investment community platform “Trader168” to provide customers with diversified and real-time investment information and trading forum.

(2) As for leveraged trading, Capital Futures developed “Following-trend Channel Smart Trading” by making cooperation with research team based on the trading strategies with actual performance and experience and the automated program platform for quantitative trading, which was approved by the Intellectual Property Office under the Ministry of Economic Affairs in June 2022 as a utility model patent. In addition, it plans to add “Trading Health Check” and “Trading Learning Map” services to provide customers with exclusive and complete transaction health check reports and recommended continuing courses through the analysis on on-line transaction records and inventory information, understand the current obstacles in investment faced by customers through data analysis, and recommend courses at different levels by taking advantage of the notification in personalized system to help customers know their own advantages and disadvantage in trading and improve their trading abilities.

(3) Continue to develop global futures and spot trading platforms centered in Hong Kong

(4) CSC Futures (HK) Ltd. is now the main overseas base of the Company, and will commit to develop, deploy and expand various businesses to monetize on potential business opportunities in the future. In the fierce competition of Hong Kong's top futures brokerage companies, there are a few Taiwan-funded futures brokers whose parent companies have DMA to major global exchanges. The Company has established its own exclusive trading platform in the Greater China region, providing one-stop integrated services and customized solutions from Hong Kong. With its stable finance, excellent information system and diverse products, the Company attracts customers to trade in the global market.

(II) Industrial profiles

1. The status quo and development of the industry

According to the TAIFEX statistics, the participants in the domestic futures market in 2022 includes 14 futures brokerage businesses with a total of 30 business outlets;

13 concurrent futures brokerage business with a total of 100 business outlets; 43 futures introducing broker with a total of 732 business outlets. On the other hand, there are 12 futures proprietary merchants and 20 concurrent proprietary merchants; Lastly, there are 20 general clearing members, 10 individual clearing members, and 8 clearing banks. Among the market participants, the Company is specialized in futures brokerage business, futures proprietary merchants, general clearing members, concurrent futures advisory, concurrent futures management, concurrent securities introducing broker, concurrent securities proprietary, and concurrent leverage transaction merchant, etc.

With the increasing demands of traders for hedging and speculative channels, the number of accounts opened in futures market increases year by year due to the increasingly mature liquidity and turnover rate in spot market, and there are about 2 million accounts opened in futures market as of the end of 2022, and the accounts in domestic futures market are mainly opened by natural persons. There were 1.15% and 1.90% of slight decrease in the number of accounts opened by the persons aged 20-30 and 31-40 as compared with 2021, indicating a slight decrease in the young people's enthusiasm for transactions in futures market, but these persons are the major ones who open the accounts, accounting for 56.58% in total of all the account-opening persons at all ages. The proportions of male and female traders were 78.64% and 21.36% of the overall trading volume in the futures market respectively. The major trading group was the persons aged 41 to 50 years old, accounting for 33% of all traders, which is not much different from that of previous years.

Account opening status and transaction structure of traders

Year	Number of accounts opened				The proportion of market trading volume		
	Number of accounts opened by natural persons	Ratio	Number of accounts opened by legal persons	Ratio	Natural Person	Legal Person	
						Foreign investment	Total
2018	1,802,391	99.43%	10,311	0.57%	48.30%	20.26%	51.70%
2019	1,859,742	99.43%	10,554	0.57%	48.07%	20.74%	51.93%
2020	1,945,726	99.44%	10,863	0.56%	48.04%	26.03%	51.96%
2021	2,010,754	99.45%	1,1087	0.55%	50.00%	16.13%	50.00%
2022	1,939,161	99.43%	11,092	0.57%	48.47%	15.65%	51.53%

Source: TAIFEX website, prepared by the Company

The total trading volume in Taiwan's futures market in 2022 exceeded 380 million lots, with an average daily volume of 1.56 million lots, a slight decrease of 2% as compared with the total trading volume of 390 million lots in 2021. As impacted by inflation and interest rate hike, real economic growth slows down, resulting in a decrease in the trading volume in Taiwan's spot stock market, while futures market performs in a relatively stable way, and the demands for hedging and trading in the market remain unabated, and the function of hedging is given into full play as appropriate. In terms of the participation of traders, the proportion of the trading volume from various traders in 2022 did not change much. In the current customer structure, the traders in domestic futures market were still mainly natural persons and foreign capital, accounting for 48.47% and 31.21% respectively. The products for night trading were expanded to stocks in Taiwan Futures Exchange, and the

proportion of night trading made by natural person in 2022 reached 57%.

Participants Structure in Taiwan's Futures and Options Trading Market

Unit: Thousand lots

Item	2018	2019	2020	2021	2022
Securities Proprietary Trading Account	2,103	1,466	1,774	2,172	3,392
Futures Proprietary Trading Account	185,645	156,096	170,195	150,547	147,611
Securities Investment Trust Account	1,233	1,104	1,446	1,166	1,153
Foreign and Mainland Chinese investors	124,830	108,141	177,744	246,784	240,011
Futures Managers and Trust Funds	254	145	261	488	631
Other institutional investors	4,466	3,874	3,336	4,589	3,400
Natural Person	297,637	250,705	328,031	378,659	372,739

Source: TAIEX, prepared by the Company

In recent years, the number of futures companies in Taiwan and the market share of each futures company's trading volume have not changed much, where the great companies stay great. As futures trading is suitable for both long and short, the futures industry generates a stable profit in the financial industry. Looking forward to the future, in response to the products and systems developed and reformed by Taiwan Futures Exchange continuously, a customized contract trading platform will be launched to expand centralized settlement business further and create a high-efficiency, low-cost, fair, just and public trading environment, market risk prevention mechanism and information security will be improved to attract all kinds of traders to participate in the transactions in futures market, and activities to attract foreign investment will be carried out significantly to promote and increase the proportion of foreign investment continuously, so as to lead futures market to a new future under the conditions of improving the security and efficiency of futures market, and develop new opportunities in the derivatives market with increasingly fierce competition to promote the sustainable ecological development of futures industry. It is hoped that another good performance will be achieved in futures market, and the capital market in Taiwan will develop together.

2. Association among the upper-, mid- and lower streams

The social function of the futures industry is to provide stability to various major commodities, including stocks, foreign exchange, interest rates, agricultural products, precious metals, and energy; when the price fluctuates, the price risk is fixed for the commodity supplier or demander to ensure their business operates in a stable environment where the price risk is transferred to the futures market. Thus, the futures market is a place to match hedging, speculators, and arbitrageurs. Through the system, the pricing mechanism can be smoothly operate, and it is an essential market for the stable development of the world's free economy. This is different from the close relations with industries upstream, downstream and at the same level of the manufacturing industry.

3. Product development trends

At present, the main trading products can be divided into domestic futures, domestic options, and products in US, European, Japanese, Singapore and Hong Kong markets. Domestic futures are concentrated in stock index futures, and domestic options are almost concentrated in Taiwan index options; US market's main products are foreign exchange futures, stock index futures, interest rate futures, gold futures, agricultural commodity futures and energy futures; European market's main products are stock index futures and commodity futures; Japanese market's main product is stock index futures; Singapore market's main products are A50 index futures and Nikkei 225 futures; Hong Kong market's main products are Hang Seng and H-share stock index futures. In recent years, the futures trading volume in various domestic and foreign markets are as follows:

Transaction Volume Statistics

Commodities of TAIFEX

Unit: Orders

Year	Futures	Options	Total
2018	112,731,243	195,352,333	308,083,576
2019	90,042,348	170,723,134	260,765,482
2020	139,151,877	202,241,469	341,393,346
2021	194,453,304	197,749,067	392,202,371
2022	183,312,293	201,156,204	384,468,497

Source: TAIFEX, prepared by the Company

Foreign Futures Commodities

Unit: Orders

Year	US Stock	Singapore Stock	Hong Kong Stock	Japan Stock	Other Stock	Total
2018	15,355,474	24,912,780	1,388,343	756,310	525,202	42,938,109
2019	15,433,305	17,922,573	1,055,648	683,994	514,620	35,610,140
2020	23,519,677	12,938,542	1,136,462	962,898	759,038	39,316,617
2021	22,202,111	11,780,637	1,365,762	757,528	1,160,366	37,266,404
2022	32,458,318	11,888,618	1,743,311	889,920	1,785,316	48,765,483

Source: TAIFEX, Chinese National Futures Association, prepared by the Company.

4. Competition status

The Company is a specialized futures merchant, and its main competitors are KGI Futures, Yuanta Futures, President Futures, SinoPac Futures, etc. The capital, net profit, and earnings per share before tax of competitors in 2022 are as follows:

Profits in 2022 compared with companies of the same industry

Item	Name of Futures Merchant	Number of shares issued (thousand shares)	Profit and loss before tax (NT\$ thousand)	Earnings per share before tax (NT\$)
1	Optiver Taiwan Futures	60,000	731,252	12.19
2	Yuanta Futures	289,976	1,421,867	4.9
3	Capital Futures Corp.	210,438	957,629	4.55
4	KGI Futures	168,556	707,595	4.2
5	President Futures Corp.	66,000	253,907	3.85
6	SinoPac Futures	167,525	623,273	3.72
7	Shin Kong International Securities	32,000	91,405	2.86
8	Mega Futures Co., Ltd.	40,000	73,995	1.85
9	Taishin Securities Co., Ltd.	34,500	61,918	1.79
10	Concord Futures	81,500	143,561	1.76

Source: TAIFEX, prepared by the Company

(III) Technology & know-how and research & development in summary:

1. Technologies and R&D:

The Company has set up a R&D Department with several researchers specializing in the financial field. Over the years, it has had many successful collaborations with domestic and foreign legal entities in product development, information provision, etc. which greatly contribute to the corporate business promotion with the quality and the amount of development. In product development, the Company leads the industry to develop products that combine stock and futures modules, revolutionize the market's stereotype of high-risk and high-reward futures, and successfully develop balanced products that are suitable for legal entities with low risk and stable returns. In addition, the Company has established a long-term cooperative relation with the domestic life insurance industry and investment trust. In addition to the products with legal entities characteristics, the use of open investor information to develop risk-reward products that are highly accepted by medium-sized investors, and successfully develop products with high winning rates and high earning odds.

To provide more valuable information and better customer experience, the Company broadcasts daily live broadcast of the program "Good Morning Capital" on Facebook, allowing customers to grasp first-hand international financial information early in the morning. The Company has developed the "Happy Trader" stock purchase APP with the first mobile phone "Super-light Speed Purchasing" function which makes the purchase on mobile phone as fast and efficient as the computer and the "Smart Purchase Function" and "Price Reminder" functions to allow customers to keep track of global market trends. In the future, the exclusive service of "Smart Broadcasting" will be launched to provide real-time, valuable information and help customers to profit in the trading market.

2. Intellectual property management:

The Company started digital transformation in 2020, and its sets 2021 as the first year of "digital growth". The Company promotes financial innovation actively to meet the various demands of customers. In view of the fact that intellectual property rights are the bases for a brand and innovation, the Company's intellectual property

management strategies are to make arrangement for patents and obtain trademarks, based on the needs for promotion of business and digital transformation, to help the Company create commercial value, which not only can avoid any troubles to be caused by infringement on intellectual properties, but only can strengthen its advantages in market competition and provide customers with a better user experience, so as to help shareholders to obtain profits.

As of 2022, the Company has obtained 3 patents and 7 trademarks. The Company continues to apply for business-related patents, trademarks and other intellectual property rights.

The Company regularly reports the implementation status of intellectual property management plans to the Board of Directors every year, and it has reported the implementation status of 2022 at the 14th meeting of the 9th Board of Directors on January 3, 2023. The Company strengthens corporate governance through management on intellectual properties.

The Company has about 20 to 30 R&D and FinTech persons in financial field, and it is expected to continue to invest NT\$30 million to NT\$55 million of R&D expenses in the future, accounting for 1% to 2% of the consolidated revenue. The R&D expenses invested in the most recent year are as follows:

Unit: NT\$ Thousand

Item	2020	2021	2022
Research and development expenses	38,732	40,694	48,878

(IV) Long- and short-term business development programs

1. Short-term development programs

(1) Brokerage businesses:

- The Company will provide the investment information in global market through “Trader 168”, the exclusive community platform of Capital Futures, and will guide and exchange information by making cooperation with ecosystem platforms and winners, and will become an “Investment Facebook” for customers to improve their global outlook and stickiness.
- The Company will give full play to its digital marketing abilities, and improve its digital businesses by taking advantage of its investment and research resources.

(2) Proprietary trading business: The Company will continue to seek outstanding traders in the industry (including securities and futures), expand the number and scale of trading desks and diversify trading strategies and products, so as to achieve the goals of low risk and absolute return.

(3) Leverage Transaction Merchants:

- The Company will apply to competent authorities and central bank for approval allowing FCM and IB to recommend non- foreign exchange related products, to improve promotion of Omni-Channel.
- The Company will continue to strive for approval on new CFD trading, and will issue its exclusive products independently, to provide investors with more choices, so as to increase its trading volume.

(4) Recruitment and training:

- Cultivate talent with schools (new foreign exchange workforce, campus talent recruitment), increase industry-university cooperation (winter and summer internships and work-study programs), and introduce new talents from various fields to implement the positive cycle of selecting, cultivating, retaining and utilize talents.
 - The Company will use and cultivate mid-to-high-level talents, and provide education and training for supervisors, including improvement of digital skills and ESG culture.
- (5) ESG: The Company will perform various ESG work, complete its GHG inspection, and commit to the practice of sustainable development.
2. Long-term development programs
- (1) Performance goals: To rank the top two in overseas futures market, rank the top three in domestic futures market, rank first in terms of the profits obtained by it as a futures merchant from its proprietary trading of securities and futures, rank first in terms of the profits obtained by it as a leveraged trader, and rank the top three as a market maker.
 - (2) Goals for self-operated businesses: To independently develop and effectively balance proprietary trading of securities and futures, diversify risks while expanding scale, and accumulate the abilities, advantages and systematic advantages in market-making.
 - (3) Goals for brokerage businesses: To continue increase in the number of salespersons for direct sales businesses, expand and develop external IB channels, and improve the effectiveness of digital channel operation.
 - (4) Goals for digital growth: To optimize smart push platform, and provide smart, efficient and warm customer services by using smart trading system and by taking “digital + human” as the core.
 - (5) Goals for leverage businesses: To strive to open the business of product recommendation from futures salespersons to expand business channels, continue to strive to make more products available, and expand product lines.
 - (6) Goals for new businesses: To make evaluation and establish (merge and acquire) a trading company, and provide one-stop services for the customers in domestic metal industry based on “trade + finance”.
 - (7) To expand industry-university cooperation, cultivate potential talents, and create a happy enterprise, and gain environmental, social, and governance (ESG) sustainable management capabilities.

II. Overview of the market, production, and sales - an overview of the overall economic environment and trends in the industry

(I) Market analyses

1. Sales (distribution) regions of key products (services) and market share

Capital Futures is based in Taiwan and with a world vision. Including the Hong Kong subsidiary, Capital Futures is currently trading or clearing members of 12 domestic and foreign futures exchanges. Capital Futures leads the industry to build a trading system that directly connects with exchanges in various countries which can directly place orders to various futures exchanges in the form of DMA (Direct

Market Access), with fast, stable, and real-time operation. Capital Futures has changed the ecological rules of brokerage trading of foreign futures commodities for futures merchants in Taiwan and has established Capital Futures as an industry pioneer. The market share of foreign futures commodities in 2022 is 20.6%, which is the second largest futures merchant trading overseas futures and options in Taiwan. In addition, the Company has established Hong Kong office as a global trading center, providing one-stop service of “Hong Kong account opening and global trading”. The Company’s market share in the brokerage business of TAIEX in 2022 was 8.07%, ranking third in the market.

Top 10 Futures Merchant Brokerage Business Transaction Volume- Domestic Commodities

Unit: Thousand lots

Ranking	2020			2021			2022		
	Futures Merchant	Brokerage volume	Market share %	Futures Merchant	Brokerage volume	Market share %	Futures Merchant	Brokerage volume	Market share %
1	Yuanta Futures	140,755	20.61	Yuanta Futures	163,704	20.87	Yuanta Futures	157,818	20.52
2	KGI Futures	98,652	14.45	KGI Futures	143,584	18.30	KGI Futures	142,351	18.51
3	Capital Futures Corp.	49,840	7.30	Capital Futures Corp.	61,764	7.87	Capital Futures Corp.	62,088	8.07
4	SinoPac Futures	36,047	5.28	SinoPac Futures	46,878	5.98	SinoPac Futures	46,871	6.10
5	President Futures Corp.	25,889	3.79	President Futures Corp.	31,390	4.00	President Futures Corp.	30,762	4.00
6	Concord Futures	22,202	3.25	Concord Futures	23,324	2.97	Fubon Futures CO .	21,243	2.76
7	Masterlink Futures Corp.	18,291	2.68	Fubon Futures CO .	22,272	2.84	Concord Futures	20,493	2.67
8	Jih Sun Futures Co., Ltd	17,977	2.63	Masterlink Futures Corp.	20,162	2.57	Masterlink Futures Corp.	19,433	2.53
9	Fubon Futures CO .	17,750	2.60	Hua Nan Futures	18,427	2.35	Hua Nan Futures	17,439	2.27
10	Hua Nan Futures	15,042	2.20	Jih Sun Futures Co., Ltd	18,311	2.33	Jih Sun Futures Co., Ltd	17,324	2.25

Source: TAIEX, prepared by the Company

2022 Foreign Futures Commodities

Unit: Lot

Ranking	Futures Merchant	CME G	SGX	HKEEx	EUREX	ICE	Japan Stock	Other	Subtotal	Market share (%)
1	Yuanta Futures	6,857,268	4,504,787	399,739	133,780	249,018	113,734	33,875	12,292,201	25.2
2	Capital Futures Corp.	7,975,499	1,356,590	179,393	186,607	289,228	76,568	4,404	10,068,289	20.6
3	KGI Futures	3,027,522	2,374,893	555,789	95,229	120,484	165,895	574,954	6,914,766	14.2
4	SinoPac Futures	3,032,155	963,073	291,116	12,213	130,457	88,396	169	4,517,579	9.3
5	President Futures Corp.	2,138,759	624,604	85,115	10,474	108,309	60,968	681	3,028,910	6.2
6	Fubon Futures CO .	1,803,917	841,730	96,422	18,071	81,317	58,370	177	2,900,004	5.9
7	Concord Futures	2,176,843	189,094	47,240	16,669	61,381	66,526	3,358	2,561,111	5.3
8	Masterlink Futures Corp.	731,746	451,972	5,332	5,968	18,497	27,065	0	1,240,580	2.5
9	Jih Sun Futures Co., Ltd	836,219	196,948	16,880	4,670	15,173	35,020	12	1,104,922	2.3
10	IBF Futures Co., Ltd.	638,048	90,095	13,614	6,978	69,189	117,750	86	935,760	1.9

Source: TAIFEX, Chinese National Futures Association, prepared by the Company.

Note: The foreign market number are the total number of trading lots of Taiwan futures merchants.

2. Future market supply and demand and growth:

Taiwan Futures Exchange added bi-weekly expiry contracts, so that short-, medium- and long-term contracts are covered in terms of their survival period, to provide market participants with more trading options. The trading volume in Taiwan's futures market reached 384,468,497 lots in 2022, with an average daily volume reaching 1,562,880 lots, a slight decrease of 2% as compared with 2021, but there was no decrease in the demands for risk hedging and trading in the market, and the function of risk hedging was given into full play at a proper time, and the proportion of foreign capital participation was also substantially the same as that of 2021. In terms of development of transaction in market, Taiwan Futures Exchange applied dynamic prices as stabilization measures for futures products and index options after including electronic, financial and ETF options in 2022. In addition, Taiwan Futures Exchange included ETF futures into night trading to provide market participants with more trading opportunities.

The Company attaches importance to electronic digital businesses and information security, legal sharing and publishing of data, trader's demands and protection, costs and opportunities brought about by ESG trends, and other issues, and adheres to ethical management, strengthens corporate governance, fully protects shareholders' rights and interests, implements strict legal compliance and internal control and internal audit systems, and builds a safe investment environment while pursuing long-term stable profits, and is committed to implementation of sustainable development.

3. Competitive niche, advantages and disadvantages of development and countermeasures:

Advantages: As TAIFEX continues to introduce new products and new systems to make the products types in Taiwan's futures market more complete, and the Company supplies an excellent professional advisory team and risk management capabilities, it is beneficial to the Company's diversified business development.

The Company's trading platform has complete functions, strong innovation capabilities in options, and has membership in other major exchanges around the

world, showing a strong operating strength.

Disadvantages: The price-cutting competition in the market is still in trend, which affects the Company's profitability and as the financial environment continues to turn into a bear market, the profit from service fee and proprietary operations is unstable.

Countermeasures:

- (1) Strengthen the promotion of foreign futures and create diversified sources of income; the Company has a relative market advantage, it can maintain its profitability.
 - (2) Improvement on service quality, including IT trading platform, customized services, market analysis and suggestions, can differentiated customers experience and services from other competitors to combat price competition.
 - (3) Through continuous marketing: various marketing activities on trading platforms such as Strategy King, Wangfa, and Palm Fortune can improve investors' brand awareness of the Company, expand the market size, and effectively ease the pressure of price competition.
- (II) Manufacturing process and key purposes of our principal products: Not applicable.
- (III) Supply status of major raw materials: Not applicable.
- (IV) List of major purchase and sale customers in the last two years: Not applicable.
- (V) Production value in the last two years: Not applicable.
- (VI) Sales in the last two years: Not applicable.

III. The number of employees employed for the 2 most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report, their average years of service, average age, and education levels.

Item		2021	2022	As of March 31, 2023
Number of employees employed		278	288	295
Average age		37.9	38.5	38.63
Average years of service		6.57	6.69	6.71
Education levels	Doctoral Degree	1.1%	1.0%	1.0%
	Master's Degree	19.8%	20.8%	21.7%
	Bachelor's Degree	73.4%	72.9%	72.2%
	Below high school	5.8%	5.3%	5.1%

Note: does not include work-study student

IV. Information on environmental protection expenditures: The Company is engaged in financial services business, and there is no environmental pollution issue.

V. Labor Relations:

Employees with synergy is the foundation of enterprise competitiveness. The Company upholds the spirit that employees are the most important asset of the Company, and adopts fair and good HR policies, optimizes the welfare system, takes care of employees, and recruits outstanding talents through multiple channels and allows Capital employees to create value at work and achieve a balance between life and work.

The formulation of the Company's rules and regulations based on and abides by related labor laws and regulations to protect rights and interests of all employees. The salary payment policy shall not be lower than the statutory minimum basic salary, and there shall be no discrimination based on gender, gender orientation, age, race and religion. The Company follows the provisions of Article 5 of the Employment Service Act in employee appointment and dismissal, transfer, salary adjustment does not discriminate regardless of race, class, language, thought, religion, political party, place of origin, place of birth, gender, gender orientation, age, marital status, appearance, facial features, disability. The Company has established a reasonable reward system and has set up a remuneration committee to evaluate the fairness of employee rewards. The Company's current operation status, price index, and employee performance are linked to serve as the basis for annual salary adjustments and festival and year-end bonuses.

In addition, employee-employer meetings are held regularly in accordance with the regulations. The discussion includes employee engagement, operation plans and business overview, employee-employer relation coordination, employee-employer cooperation promotion, labor conditions, as well as planning on employee benefit, improving work efficiency, and employee-employer suggestions. The Company has set up an Employee Opinion Mailbox for all employees to provide opinions, strengthen the work rights, improve the operation process, improve on welfare, and discourage unethical conducts.

(I) List the Company's fringe benefits for employees for higher education, training programs, retirement system and the enforcement the condition, accords reached by and between the labor and management sides, facts regarding the efforts and measures to safeguard employees' interests:

1. The Company has formulated various bonus measures to appropriately reflect the operation performance or achievements in the remuneration policy for the recruitment, retention and encouragement of employees, improvement on the remuneration of entry level employees, promoting a win-win employee-employer situation, implementing corporate social responsibility, and achieving the goal of sustainable operation.
2. Employee benefit policies: Capital Financial Group has set up an employee benefit committee to provide employees with a number of welfare measures such as wedding and funeral subsidies, education scholarships for dependent children, community activity subsidies, and travel activities. The source of funding is based on the welfare fund and interests derived thereof, amount of paid-in capital, employee salaries, revenue, etc. allocated proportionally. The funds are still sufficient, and the benefit policies can be implemented according to the plan.

Engaging physicians and nursing personnel to the Company to provide health consulting services and the correct concept of the precaution against diseases and the advice on treatment for employees. For the protection of personal privacy, the consultations were conducted one on one.

Subsidies offered by Benefit Committee in 2022: total amount: NT\$1,583,984.

3. Employee continuous education and training:

To develop talents and improve business management performance, the Company provides various education and training including: new personnel training, professional training, managerial and supervisor training, and inviting experts and scholars to the Company to hold finance seminars. To cultivate the succession of various management levels to pass down the "CAPITAL" business belief, the Company has produced several E-learning courses such as legal compliance, ethical corporate management, information security management,

financial consumer protection where supervisors can learn and develop anytime, anywhere. Capital Financial University has been established since 2007 to cultivate key talents and managerial supervisors for the Company. It organizes business management, financial product planning and marketing, legal compliance, money laundering prevention and anti-terrorism courses or seminars on data analysis, financial technology application for an “on hand learning” experience such as job substitute, participation in important meeting, project promotion or work rotation, to ensure the succession training system is complete. Furthermore, “learning” is listed as an important evaluation indicator in performance evaluation, because only through lifelong learning of the management can the Company stay on the trend of future development. Thus, Capital combines the development of the Company with the career development of the management.

4. The Company has formulated employee retirement guidelines for the retirement life of employees, and to establish a long-term harmonious employee-employer relation. Since the Labor Standards Act is in place in April 1996, all employees can apply for the retirement program when they meet the conditions stipulated in the retirement guidelines where a special account is deposited in Taiwan Bank in the name of the Supervisory Committee of Labor Retirement Reserve. In July 2005, to cooperate with the implementation of the Labor Pension Act, the Company respects the employees to choose those who apply for the new pension system, and pays 6% of the monthly salary to the employee’s individual labor pension account.

According to the provisions of the Company’s employee retirement guidelines for early retirement application, employees who have served for more than ten years and have reached the age of 55, or have served for more than 20 years, can apply for early retirement in accordance with the provisions of the Labor Standards Act.

5. Employee insurance: In addition to providing labor insurance and national health insurance for employees in accordance with the law, the Company purchases group insurance such as life insurance, accident insurance, accidental medical treatment and occupational insurance for employees. Moreover, the Company strives for low-rate self-payment group insurance for employees and their families, including term life insurance, accident insurance, medical insurance and cancer prevention insurance for the insurance benefits of employees and their families.
6. Employee rights protection measures: In addition to protecting the rights and interests of employees in accordance with the law, the Company has announced on the internal website for matters related to the rights and interests of all employees where it actively reminds employees to fight for rights and interests of individual employees.

(II) Any losses arising from labor disputes in the most recent year and as of the publication date of the Annual Report: There is a harmonious relation between the Company and its staff, and there is no loss arising from labor disputes, except for dealing with labor affairs in accordance with labor-related laws and regulations.

(III) Work environment and protection for the physical safety of workers:

The Company attaches great importance to the physical safety and mental health of employees, and is committed to providing and maintaining a good working

environment. The relevant protection measures are as follows:

Item	Content
Insurance and benefit	<ul style="list-style-type: none"> • Group insurance such as labor insurance, health insurance, employee life insurance, accident insurance, accidental medical treatment and occupational insurance. • Employees are invited to include their family members into group insurance at discounted premium. Term life, accidental injury, medical treatment, and cancer insurance policies have been offered to care for employees and their family members. • Set up an employee-only website, provide a discussion area for employee education and training, and provide an opinion channel for expression and interactive learning. • Formulate the “Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace”. • Hold employee health checkup every three years and provide employees with preferential health checkup plans with health checkup centers. • Engaging physicians and nursing personnel to the Company to provide health consulting services and the correct concept of the precaution against diseases and the advice on treatment for employees. For the protection of personal privacy, the consultations were conducted one on one. • The Company offers subsidies for employees’ sports and entertainment club activities.
Environment and Health	<ul style="list-style-type: none"> • The Company’s business premises are completely non-smoking, and the internal website provides promotional videos about the important regulations of the Tobacco Hazards Prevention Act and smoking cessation methods. • The Company cleans and disinfects the office environment regularly.
Safety certificate	<ul style="list-style-type: none"> • Capital Financial Group has been certified by the BSI ISO 22301 Business Continuity Management. The purpose of this certification is to ensure that the Company can minimize the damage when encountering sudden emergencies, ensure personnel safety, legal compliance, customer rights, the Company’s goodwill and assets are protected and make sure the Group’s key businesses can resume operations within the recovery time target to maintain operations. An education and training to the employees is conducted once a year.
Personal data authentication	<ul style="list-style-type: none"> • Capital Financial Group leads the industry and is the first domestic financial institution to obtain and implement international certification for PIMS on securities, futures, and insurance agent/broker in accordance with the relevant requirements of the Personal Data Protection Act. The Company actively protects the rights of personal data, reduce the possible impact of any personal data file infringement incident, and continue to implement and improve the personal data management system.
Employee safety	<ul style="list-style-type: none"> • Access control management and security management monitoring system are implemented for all personnel and office. • Ensure communication channel is established with the police security unit for alert to maintain work safety. • The office environment is completely non-smoking in accordance with the Tobacco Hazards Prevention Act. • Perform maintenance on the Company’s lighting equipment, air-conditioning filters, and drinking water facilities every six months, and comprehensively clean and disinfect the office environment. • Perform maintenance and inspection of high and low voltage electrical equipment, lifts, air conditioners, drinking water facilities, fire-fighting appliances, and other equipment in accordance with the Company’s Occupational Safety and Health Work Rules. • Set up occupational safety and health supervisors and first aid personnel according to the “Occupational Safety and Health Act” and conduct training in accordance with Occupational Safety and Health Education and Training

	<p>Rules.</p> <ul style="list-style-type: none"> The office environment inspection and verification report are carried out every six months.
Fire Safety	<ul style="list-style-type: none"> Fire drills are held regularly every year. Fire inspections are outsourced every year according to the provisions of the Fire Services Act.
Insurance	The Company's business premises and branches are insured with commercial fire insurance, electronic equipment insurance, and public accident liability insurance.

(IV) Employee conduct or ethic regulation:

All employees of the Company must sign the “Code of Conduct for Capital Financial Group Employees” on the first day and follow the ethical principle to execute various businesses. The key points of the code are as follows:

1. We provide high value-added goods and services and build and maintain long-term relationships with our customers to help them achieve their goals.
2. We handle customer interactions and transactions in accordance with the highest ethical standards and security standards where we strictly keep customer data and ensure that the use of data complies with the law. The customers developed during tenure are all owned by the Company and shall not be transferred to other companies regardless of whether they are employed or resigned.
3. We never allow personal interests to conflict or threaten the interests of the Company or clients.
4. We shall not disclose the information that we know in our duties or hold and engage in relevant securities trading activities in the name of individuals or others.
5. During our service at the Company or after leaving the Company, we will never: (1) Leak business secrets we handle or know (including but not limited to customer information, technology, intellectual property rights, program and systems, information system architecture, source code, execution files, trading strategies or models, risk models, operation data, personnel or organizational data, financial and accounting information, strategic planning and any other non-public and economically valuable company information) for use by oneself or others (2) conduct illegal use of non-public information (also known as “insider information”) (3) Seek illegal benefits for oneself or others through business operation.
6. We integrate risk management and regulations into our business process control system and strictly follow them.
7. We report all business status and facts in a timely and accurate manner and ensure the best interests of the Company.
8. We understand that we are handling and using the assets of our shareholders, and we should treat the Company's property as our own with care.
9. We do not misuse the Company Internet and e-mails for non-business purposes, such as browsing, distributing, or storing pornographic literature, images, and other defamatory articles. Or misuse the Internet or e-mail for non-business purposes such as political discussion, publicity, or personal entertainment.
10. We will strictly abide by the relevant laws and regulations, and will not use e-mail, electronic billboards, or Internet systems (including but not limited to personal blogs or forums) to engage in improper business marketing practices and conduct unfair competition in handling fees or judgment on future transaction

- prices of individual contracts, suggestions, or suggestions on trading strategies.
11. We must maintain correct and complete information, reports, records, and materials owned, used, and managed by the Capital Financial Group, and shall not be improperly extracted or transmitted. We do not access unauthorized internal information and data of the group according to the provisions of “Personal Data Protection Act”. All documents of the Company are only provided for internal management use and shall not be reproduced or used beyond the original purpose. Anyone who violates the law shall bear all civil and criminal legal responsibilities.
 12. We will not unilaterally make any external statements. Only the spokespersons appointed by the Company may give comments to the media on behalf of the Company.
 13. We do not accept or allow a member of a next of kin to accept a gift, service, loan, or any special treatment from anyone (including a customer, supplier, or anyone else) in exchange for a present or future relationship with the Company.
 14. Any violation of the law or the Company’s work rules noticed will immediately be reported to the appropriate personnel in the immediate supervisor, human resources unit or audit unit.

VI. ICT security management

(I) ICT security management and implementation

The Company has established a Chief Security Officer to make coordination for information security-related affairs, and has established a dedicated information security unit, composed of 1 information security supervisor and 2 information security persons, to be responsible for the implementation of information security policies and related systems, and regularly track and discuss various information security-related issues at information meeting, evaluate the core operating system and equipment every year to ensure the ability to continue operating and keep resilience in operating, and summarize the overall implementation status of information security, report review and improvement status at the Board of Directors’ meeting, and issue the statement on internal control system with the chairman, president, and auditing officer jointly.

The Company participates in the business continuity, information service, information security management and other management systems of Capital Financial Group, and continues to pass ISO/IEC 22301 business continuity system, ISO 27001 information security and BS 10012 personal information management system certification. The Company formulates information security, business continuity, information service management and personal data protection policies, makes remote backup, promotes awareness of information security, conducts intrusion penetration test, vulnerability scanning, etc., and makes risk evaluation for various information assets, and analyzes possible information security risks.

The Company implements risk assessment and management, asset classification and control, personnel security, physical and environmental security, network security management, computer system and operation security management, and conducts information security evaluation during the annual self-assessment of the internal control system.

In 2022, information expenses (including capital expenditures, maintenance costs, and software and hardware equipment) reached NT\$192 million.

In 2022, the Company provided its employees with the education and training on social engineering and information security through its on-line teaching system, E-learning, for 619 person-times.

- (II) Any losses arising from significant information security issues and their possible impacts in the most recent year and as of the publication date of the Annual Report, and countermeasures in response thereto shall be specified. If they cannot be estimated, please specify the fact that they cannot be estimated reasonably: There was no loss arising from significant information security issues in 2022.

VII. Important Contracts

Contract nature	Participants	Contract start and end dates	Main contents	Restrictive clauses
Succession contract	President Futures Co., Ltd.	1998.06.23~Now	Appointed the company to act on behalf of the other party which cannot perform its transaction-related obligations.	None
Retainer agreement of Futures Introducing Broker business	Capital Securities Corp. Land Bank of Taiwan Primasia Securities Union Bank of Taiwan	2003.10.08~Now 2007.10.12~Now 2018.09.03~Now 2022.03.21~Now	Appointed those companies to be substitutes of the Company for futures introducing broker business.	None
Re-consigned contract	ADM Investor Services, Inc CSC Futures (HK) Ltd. Nissan Securities Societe Generale International Ltd. NH Futures Ltd. Phillip Futures ED&F Man Capital Markets Ltd.	1997.04.16~Now 2004.06.15~Now 2011.05.04~Now 2014.01.22~Now 2016.12.21~Now 2019.07.01~Now 2021.05.28~Now	Re-consigned brokerage business	None
Settlement Contract for Foreign Futures Products	Societe Generale International Ltd. Phillip Future Corporation Societe Generale International Ltd. LMAX Global CMC UK Markets Plc	2011.01.20~Now 2013.12.06~Now 2018.01.16~Now 2020.03.10~Now 2021.08.31~Now	Settlement service for foreign futures products and leveraged transaction	None
Securities Introducing Broker commissioned contract	Capital Securities Corp.	2010.04.30~Now	Appointed the Company for Securities Introducing Broker service	None

Chapter VI. Financial Summary

I. Five-Year Financial Summary

(I) Condensed Balance Sheet and Consolidated Income Statement

Condensed Balance Sheet - IFRS (Consolidated)

Unit: NT\$ Thousand

Year		Financial information for the latest 5 years (Note 1,2)				
Item		2018	2019	2020	2021	2022
Current assets		39,895,947	40,602,721	45,824,153	46,090,407	49,535,671
Property, plant and equipment		48,452	66,829	63,272	47,372	42,724
Intangible assets		78,032	82,235	79,546	70,581	61,640
Other assets		363,587	409,125	446,424	399,176	403,333
Total assets		40,386,018	41,160,910	46,413,395	46,607,536	50,043,368
Current liabilities	Before dividend distribution	35,307,278	36,092,258	39,973,101	40,294,097	43,205,487
	After dividend distribution	35,907,166	36,492,089	40,577,056	40,630,797	43,841,009
Non-Current liabilities		17,468	27,368	53,335	39,341	54,368
Total liabilities	Before dividend distribution	35,324,746	36,119,626	40,026,436	40,333,438	43,259,855
	After dividend distribution	35,924,634	36,519,457	40,630,391	40,670,138	43,895,377
Equity attributable to owners of parent		5,032,092	5,012,996	6,359,664	6,248,364	6,781,388
Share Capital		1,764,376	1,764,376	2,104,376	2,104,376	2,104,376
Capital surplus		1,047,338	1,047,338	1,873,996	1,663,621	1,663,251
Retained earnings	Before dividend distribution	2,247,246	2,246,703	2,468,329	2,596,173	3,043,848
	After dividend distribution	1,647,358	1,846,872	2,074,811	2,259,473	2,408,326
Other equity		(26,868)	(45,421)	(87,037)	(115,806)	(30,087)
Treasury stock		-	-	-	-	-
Non-con trolling interests		29,180	28,288	27,295	25,734	2,125
Total equity	Before dividend distribution	5,061,272	5,041,284	6,386,959	6,274,098	6,783,513
	After dividend distribution	4,461,384	4,641,453	5,783,004	5,937,398	6,147,991

* If the company has prepared individual financial statements, it shall separately prepare condensed individual balance sheet and statement of comprehensive income for the most recent five years, as shown in the table below.

Note 1: The financial information of each year has been certified by CPA.

Note 2: Distribution of the profits of 2022 has not been resolved by Shareholders' Meeting yet as of the publication date of the Annual Report.

Condensed Balance Sheet - IFRS (Individual)

Unit: NT\$ Thousand

Year		Financial information for the latest 5 years (Note 1,2)				
Item		2018	2019	2020	2021	2022
Current assets		38,113,857	38,683,882	43,978,617	43,681,868	45,996,498
Property, plant and equipment		44,122	57,721	50,864	36,558	36,012
Intangible assets		52,405	56,982	55,737	52,084	48,030
Other assets		1,406,680	1,356,566	1,344,646	1,209,236	1,344,751
Total assets		39,617,064	40,155,151	45,429,864	44,979,746	47,425,291
Current liabilities	Before dividend distribution	34,567,504	35,119,902	39,018,015	38,702,447	40,595,760
	After dividend distribution	35,167,392	35,519,733	39,621,970	39,039,147	41,231,282
Non-Current liabilities		17,468	22,253	52,185	28,935	48,143
Total liabilities	Before dividend distribution	34,584,972	35,142,155	39,070,200	38,731,382	40,643,903
	After dividend distribution	35,184,860	35,541,986	39,674,155	39,068,082	41,279,425
Equity attributable to owners of parent		5,032,092	5,012,996	6,359,664	6,248,364	6,781,388
Share Capital		1,764,376	1,764,376	2,104,376	2,104,376	2,104,376
Capital surplus		1,047,338	1,047,338	1,873,996	1,663,621	1,663,251
Retained earnings	Before dividend distribution	2,247,246	2,246,703	2,468,329	2,596,173	3,043,848
	After dividend distribution	1,647,358	1,846,872	2,074,811	2,259,473	2,408,326
Other equity		(26,868)	(45,421)	(87,037)	(115,806)	(30,087)
Treasury stock		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before dividend distribution	5,032,092	5,012,996	6,359,664	6,248,364	6,781,388
	After dividend distribution	4,432,204	4,613,165	5,755,709	5,911,664	6,145,866

Note 1: The financial information of each year has been certified by CPA.

Note 2: Distribution of the profits of 2022 has not been resolved by Shareholders' Meeting yet as of the publication date of the Annual Report.

Condensed Consolidated Income Statement - IFRS (Consolidated)

Unit: NT\$ Thousand

Year	Financial information for the latest 5 years (Note 1,2)				
Item	2018	2019	2020	2021	2022
Revenue	2,849,492	1,916,778	2,426,236	2,438,961	2,780,470
Gross profit	1,642,337	1,047,967	1,333,494	1,396,381	1,644,027
Operating income (loss)	527,531	177,662	371,097	420,195	488,688
Non-operating income and expenses	427,445	568,952	413,409	179,706	468,595
Net income before tax	954,976	746,614	784,506	599,901	957,283
Profit from continuing operations	838,110	599,676	622,344	489,323	781,353
Gain (loss) from discontinued operations	-	-	-	-	-
Net income	838,110	599,676	622,344	489,323	781,353
Current period other comprehensive income (post-tax profit or loss)	19,382	(19,776)	(43,496)	1,709	86,286
Total comprehensive income	857,492	579,900	578,848	491,032	867,639
Net income attributable to owners of the parent company	835,205	600,009	622,166	490,039	781,860
Net income attributable to non-controlling interests	2,905	(333)	178	(716)	(507)
Total comprehensive income attributable to owners of the parent company	853,807	580,792	579,841	492,593	867,965
Total comprehensive income attributable to non-controlling interests	3,685	(892)	(993)	(1,561)	(326)
Earnings per share (\$)	4.73	3.4	3.07	2.33	3.72

* If the company has prepared individual financial statements, it shall separately prepare condensed individual balance sheet and statement of comprehensive income for the most recent five years, as shown in the table below.

Note 1: The financial information of each year has been certified by CPA.

Note 2: Earnings per share are calculated based on the weighted average number of shares outstanding. If there is surplus, capital surplus or capitalization of employee bonuses, they will be retrospectively adjusted according to the capital increase ratio, regardless of the issuance period of the capital increase shares.

Condensed Consolidated Income Statement - IFRS (Individual)

Unit: NT\$ Thousand

Year	Financial information for the latest 5 years (Note 1,2)				
	2018	2019	2020	2021	2022
Item					
Revenue	2,373,305	1,735,635	2,132,715	2,201,615	2,587,605
Gross profit	1,439,465	954,017	1,211,263	1,316,110	1,560,829
Operating income (loss)	512,276	238,920	399,831	462,733	502,519
Non-operating income and expenses	437,980	508,027	384,754	137,884	455,110
Net income before tax	950,256	746,947	784,585	600,617	957,629
Profit from continuing operations	835,205	600,009	622,166	490,039	781,860
Gain (loss) from discontinued operations	-	-	-	-	-
Net income	835,205	600,009	622,166	490,039	781,860
Current period other comprehensive income (post-tax profit or loss)	18,602	(19,217)	(42,325)	2,554	86,105
Total comprehensive income	853,807	580,792	579,841	492,593	867,965
Earnings per share (\$)	4.73	3.4	3.07	2.33	3.72

Note 1: The financial information of each year has been certified by CPA.

Note 2: Earnings per share are calculated based on the weighted average number of shares outstanding. If there is surplus, capital surplus or capitalization of employee bonuses, they will be retrospectively adjusted according to the capital increase ratio, regardless of the issuance period of the capital increase shares.

(II) Names of CPA in the last 5 years and their audit opinions

Year	Auditor's firm	Name of CPA	Review Opinion
2022	KPMG	Wu, Cheng-Yen & Chung, Tan-Tan	Unqualified opinion
2021	KPMG	Wu, Cheng-Yen & Chung, Tan-Tan	Unqualified opinion
2020	KPMG	Li, Feng-Hui & Chung, Tan-Tan	Unqualified opinion
2019	KPMG	Li, Feng-Hui & Chung, Tan-Tan	Unqualified opinion
2018	KPMG	Li, Feng-Hui & Chung, Tan-Tan	Unqualified opinion

II. Five-Year Financial Analysis

(I) Financial Analysis - IFRS

1. Financial analysis - IFRS (consolidated)

Analysis item (Note 4)		Year (Note 1)				
		Five-Year Financial Analysis				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt to assets ratio	87.47	87.75	86.24	86.54	86.44
	Ratio of long-term capital to property, plant and equipment	10,482.00	7,584.51	10,178.74	13,327.36	16,004.78
Solvency (%)	Current ratio	113.00	112.50	114.64	114.39	114.65
	Quick ratio	112.95	112.47	114.62	114.37	114.56
Profitability	Return on assets (%)	2.27	1.47	1.42	1.05	1.62
	Return on equity (%)	17.24	11.87	10.89	7.73	11.97
	Ratio of net profit before tax to the paid-in capital (%) (Note 8)	54.13	42.32	37.28	28.51	45.49
	Net profit margin (%)	29.41	31.29	25.65	20.06	28.10
	Earnings per share (\$)	4.73	3.40	3.07	2.33	3.72
Cash Flow	Cash flow ratio (%)	2.68	2.45	1.49	1.10	0.72
	Cash flow adequacy ratio (%)	131.70	132.08	134.44	135.04	123.85
	Cash re-investment ratio (%)	9.45	5.49	2.98	0.00	0.00
Special Regulation Rate	Shareholders' Equity to Adjusted Total Liabilities (%)	1,034	768	732	627	316
	Shareholders' Equity to Minimum Paid-Up Capital (%)	451.31	449.60	570.37	560.39	608.20
	Adjusted Net Capital to Guaranty Margins on Futures Traders Outstanding Position (%)	57.92	55.49	66.09	54.88	44.35
Reasons for fluctuation over 20% in the financial ratios over the last two years						
1. The ratio of long-term capital to property, plant and equipment and profitability of current period increased as compared with the previous period mainly due to the increase in the net profit of current period.						
2. The cash flow of current period decreased as compared with the previous period mainly due to the decrease in the net cash flow from operating activities of current period.						

* The Company has prepared individual financial reports, so it also prepares the Company's individual financial ratio analysis.

* The Company has adopted the IFRS for more than 5 years, so the financial information using the Taiwanese Enterprise Accounting Standard will not be prepared separately.

Note 1: The financial data of the last 5 years having been duly testified and audited by the Certified Public Accountants.

Note 2: Earnings per share are calculated based on the weighted average number of shares outstanding. Due to the capital increase from earnings and capital reserves, it is calculated retrospectively based on the capital increase ratio.

Note 3: The following matters shall be considered when calculation the earnings per share:

- (1) It is calculated based on the weighted average number of shares of common stock, not the number of shares outstanding at the end of the year.

- (2) Where there is a capital increase by cash or treasury stock trading, the weighted average number of shares shall be calculated in consideration of its circulation period.
- (3) Where there is a capital increase from conversion of earnings or capital surplus, retrospective adjustment shall be made according to the capital increase ratio when calculating the earnings per share for the previous year or half year regardless of the issuance period of the capital increase.

Note 4: The calculation of financial analysis is as follows:

1. Financial structure

- (1) Debt to assets ratio = total liabilities / total assets
- (2) Ratio of long-term capital to property, plant and equipment = (Total equities + non-current liabilities) / property, plant and equipment.

2. Solvency

- (1) Current ratio = current assets / current liabilities.
- (2) Quick ratio = (current assets - inventories - prepaid expense) / current liabilities.

3. Profitability

- (1) Return on assets = (after tax net profit + interest expenses x (1- tax rate)) / average asset balance.
- (2) Return on equity = after tax net profit / total average equity.
- (3) Ratio of net profit before tax to paid-in capital = net profit before tax / paid-in capital.
- (4) Net profit ratio = net income / net sales
- (5) Earnings per share = (profits or loss attributable to owners of the parent company - preferred stock dividend) / weighted average stock shares issued

4. Cash Flow

- (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
- (2) Cash flow adequacy ratio = net cash flow from operating activities within five years / (capital expenditure + inventory increase + cash dividend) within five years
- (3) Cash re-investment ratio = (net cash flow from operating activity-cash dividend) / (gross property, plant, and equipment + long-term investment + other non-current assets + working capital)

5. Rates of special requirements

- (1) Shareholders' Equity to Adjusted Total Liabilities = Shareholders' Equity / (total liabilities - futures traders' equity - reserve for trading losses - reserve for default losses).
- (2) Shareholders' Equity to Minimum Paid-Up Capital = Shareholders' Equity / minimum paid-up capital.
- (3) Adjusted Net Capital to Guaranty Margins on Futures Traders Outstanding Position = adjusted net capital / total guaranty margin on futures trader's outstanding positions.

Note 5: The calculation formula of earnings per share should by paid special attention to the following matters:

1. Based on the weighted average number of shares of common stock, not the number of issued shares at the end of the year.
2. Where there is a capital increase by cash or treasury stock trading, the weighted average number of shares shall be calculated in consideration of its circulation period.
3. Where there is a capital increase through capitalization of retained earnings or capital reserve, the calculation of the earnings per share for previous years and half-years, retrospective adjustments should be made according to the capital increase ratio, regardless of the issuance period of the capital increase.
4. If the preferred shares are non-convertible cumulative perpetual preferred stock, the dividends for the

year (whether paid or not) shall be deducted from the net profit after tax or added to the net loss after tax. If the preferred stock is non-cumulative, under a net profit after tax, the preferred stock dividend shall be deducted from the net profit after tax; if it is a loss, there is no need to adjust it.

Note 6: Special attention shall be paid for cash flow analysis with the following matters:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow for capital investment.
3. The increase in inventory is only included when the closing balance is greater than the opening balance. If the inventory decreases at the end of the year, it is calculated as zero.
4. Cash dividends include cash dividends on common shares and preferred shares.
5. Net value of property, plant and equipment is the total value of property, plant and equipment before accumulated depreciation.

Note 7: The issuer should classify various operating costs and operating expenses into fixed and variable costs according to their nature. If there are estimates or subjective judgments involved, special attention shall be paid to the rationality and maintain consistency.

Note 8: In the case of shares issued by a company with no par value or a par value other than NT\$10 per share, the calculation of the paid-in capital shall be replaced by the equity attributable to owners of the parent.

2. Financial Analysis - IFRS (Individual)

Analysis item (Note 4)		Year (Note 1)				
		Five-Year Financial Analysis				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt to assets ratio	87.30	87.52	86.00	86.11	85.70
	Ratio of long-term capital to property, plant and equipment	11,444.54	8,723.43	12,605.87	17,170.79	18,964.60
Solvency (%)	Current ratio	110.26	110.15	112.71	112.87	113.30
	Quick ratio	110.23	110.14	112.71	112.86	113.22
Profitability	Return on assets (%)	2.33	1.50	1.45	1.08	1.69
	Return on equity (%)	17.27	11.95	10.94	7.77	12.00
	Ratio of net profit before tax to the paid-in capital (%) (Note 8)	53.86	42.33	37.28	28.54	45.51
	Net profit (%)	35.19	34.57	29.17	22.26	30.22
	Earnings per share (NT\$)	4.73	3.40	3.07	2.33	3.72
Cash Flow	Cash flow ratio (%)	2.50	2.05	1.77	1.86	0.36
	Cash flow adequacy ratio (%)	112.41	115.20	126.63	139.81	123.56
	Cash re-investment ratio (%)	7.88	2.37	4.46	1.83	0.00
Special Regulation Rate	Shareholders' Equity to Adjusted Total Liabilities (%)	1,034	768	732	627	316
	Shareholders' Equity to Minimum Paid-Up Capital (%)	451.31	449.60	570.37	560.39	608.20
	Adjusted Net Capital to Guaranty Margins on Futures Traders Outstanding Position (%)	57.92	55.49	66.09	54.88	44.35
Reasons for fluctuation over 20% in the financial ratios over the last two years						
<ol style="list-style-type: none"> The profitability of current period increased as compared with the previous period mainly due to the increase in the net profit of current period. The cash flow ratio and cash re-investment ratio of the current period decreased compared with the previous period, which was mainly due to the decrease of net cash flow from operating activities in the current period. 						

Note 1: The financial data of the last 5 years having been duly testified and audited by the Certified Public Accountants.

Note 2: Earnings per share are calculated based on the weighted average number of shares outstanding. Due to the capital increase from earnings and capital reserves, it is calculated retrospectively based on the capital increase ratio.

Note 3: The following matters shall be considered when calculation the earnings per share:

- (1) It is calculated based on the weighted average number of shares of common stock, not the number of shares outstanding at the end of the year.
- (2) Where there is a capital increase by cash or treasury stock trading, the weighted average number of shares shall be calculated in consideration of its circulation period.
- (3) Where there is a capital increase from conversion of earnings or capital surplus, retrospective adjustment shall be made according to the capital increase ratio when calculating the earnings per share for the previous year or half year regardless of the issuance period of the capital increase.

Note 4: The calculation of financial analysis is as follows:

1. Financial structure
 - (1) Debt to assets ratio = total liabilities / total assets
 - (2) Ratio of long-term capital to property, plant and equipment = (Total equities + non-current liabilities) / property, plant and equipment.
2. Solvency
 - (1) Current ratio = current assets / current liabilities.
 - (2) Quick ratio = (current assets - inventories - prepaid expense) / current liabilities.
3. Profitability
 - (1) Return on assets = (after tax net profit + interest expenses x (1- tax rate)) / average asset balance.
 - (2) Return on equity = after tax net profit / total average equity.
 - (3) Ratio of net profit before tax to paid-in capital = net profit before tax / paid-in capital.
 - (4) Net profit ratio = net income / net sales
 - (5) Earnings per share = (profits or loss attributable to owners of the parent company - preferred stock dividend) / weighted average stock shares issued
4. Cash Flow
 - (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
 - (2) Cash flow adequacy ratio = net cash flow from operating activities within five years / (capital expenditure + inventory increase + cash dividend) within five years
 - (3) Cash re-investment ratio = (net cash flow from operating activity-cash dividend) / (gross property, plant, and equipment + long-term investment + other non-current assets + working capital)
5. Rates of special requirements
 - (1) Shareholders' Equity to Adjusted Total Liabilities = Shareholders' Equity / (total liabilities - futures traders' equity - reserve for trading losses - reserve for default losses).
 - (2) Shareholders' Equity to Minimum Paid-Up Capital = Shareholders' Equity / minimum paid-up capital.
 - (3) Adjusted Net Capital to Guaranty Margins on Futures Traders Outstanding Position = adjusted net capital / total guaranty margin on futures trader's outstanding positions.

Note 5: The calculation formula of earnings per share should by paid special attention to the following matters:

1. Based on the weighted average number of shares of common stock, not the number of issued shares at the end of the year.
2. Where there is a capital increase by cash or treasury stock trading, the weighted average number of shares shall be calculated in consideration of its circulation period.
3. Where there is a capital increase through capitalization of retained earnings or capital reserve, the calculation of the earnings per share for previous years and half-years, retrospective adjustments should be made according to the capital increase ratio, regardless of the issuance period of the capital increase.
4. If the preferred shares are non-convertible cumulative perpetual preferred stock, the dividends for the year (whether paid or not) shall be deducted from the net profit after tax or added to the net loss after tax. If the preferred stock is non-cumulative, under a net profit after tax, the preferred stock dividend shall be deducted from the net profit after tax; if it is a loss, there is no need to adjust it.

Note 6: Special attention shall be paid for cash flow analysis with the following matters:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.

2. Capital expenditure refers to the annual cash outflow for capital investment.
3. The increase in inventory is only included when the closing balance is greater than the opening balance. If the inventory decreases at the end of the year, it is calculated as zero.
4. Cash dividends include cash dividends on common shares and preferred shares.
5. Net value of property, plant and equipment is the total value of property, plant and equipment before accumulated depreciation.

Note 7: The issuer should classify various operating costs and operating expenses into fixed and variable costs according to their nature. If there are estimates or subjective judgments involved, special attention shall be paid to the rationality and maintain consistency.

Note 8: In the case of shares issued by a company with no par value or a par value other than NT\$10 per share, the calculation of the paid-in capital shall be replaced by the equity attributable to owners of the parent.

(II) Other significant information (e.g., impact of changes in commodity prices or exchange rates) that will provide a better understanding of the securities firm's financial position, financial performance, and cash flows or the trend of their changes: None.

III. The Audit Committee's Audit Report as shown through the financial statements in the latest year: Please refer to page 131 of this annual report for details.

IV. The financial statements in the latest year: Please refer to the appendix to this annual report, pages 150-225.

V. Auditor's Responsibilities for the Audit of Individual Financial Report in the latest year. Not including the statements of major accounting items: Please refer to the appendix of this annual report, pages 226-295.

VI. If the company or an affiliated enterprise has encountered any financial difficulties in the most recent fiscal year up to the prospectus publication date: None.

Audit Committee's Review Report

The board of directors has prepared the 2022 fiscal year Individual and Consolidated Financial Statements (hereinafter, the "Financial Statements") of the Company, which were audited by the CPAs of KPMG Taiwan, "Wu, Cheng-Yen" and "Chung, Tan-Tan", with an unmodified opinion issued in the Independent Auditor's Report. The above-mentioned Financial Statements have been audited by us, the Audit Committee, and there is no discrepancy in our opinion. And we issue this Audit Report in accordance with the relevant provisions of the Securities and Exchange Act and the Company Act. Please check.

To

Capital Futures Corp.

Audit Committee

Convener: Chen, Kuo-Tay

March 13, 2023

Chapter VII. Review of Financial Conditions, Operating Results, and Risk Management

I. Analysis of Financial Status

Comparative analysis of financial status in the last two years (individual)

Unit: NT\$ Thousand

Item		Year	2022	2021	Difference	
		Total	Total	Amount	%	
Current assets			45,996,498	43,681,868	2,314,630	5.30
Property and equipment			36,012	36,558	(546)	(1.49)
Other non-current assets			1,392,781	1,261,320	131,461	10.42
Current liabilities	Before dividend distribution		40,595,760	38,702,447	1,893,313	4.89
	After dividend distribution		41,231,282	39,039,147	2,192,135	5.62
Non-Current liabilities			48,143	28,935	19,208	66.38
Share Capital			2,104,376	2,104,376	-	-
Retained earnings	Before dividend distribution		3,043,848	2,596,173	447,675	17.24
	After dividend distribution		2,408,326	2,259,473	148,853	6.59
Total assets			47,425,291	44,979,746	2,445,545	5.44
Total liabilities	Before dividend distribution		40,643,903	38,731,382	1,912,521	4.94
	After dividend distribution		41,279,425	39,068,082	2,211,343	5.66
Total equity	Before dividend distribution		6,781,388	6,248,364	533,024	8.53
	After dividend distribution		6,145,866	5,911,664	234,202	3.96

Analysis of the change in the increase or decrease ratio over 20%:

1. Non-current liabilities: There was an increase in the deferred tax liabilities due to the increase in the unrealized benefits of derivative financial products of the current period.

II. Analysis of Operation Results

Comparative analysis of financial performance in the last two years (individual)

Unit: NT\$ Thousand

Item	Year	2022	2021	Change amount	Change percentage (%)
	Total	Total			
Income		2,587,605	2,201,615	385,990	17.53
Operating expenses		2,085,086	1,738,882	346,204	19.91
Net operating income		502,519	462,733	39,786	8.60
Non-operating income and expenses		455,110	137,884	317,226	230.07
Net income before tax		957,629	600,617	357,012	59.44
Income tax		175,769	110,578	65,191	58.95
Net income		781,860	490,039	291,821	59.55

Analysis of the change in the increase or decrease ratio over 20%:

1. There was an increase in the non-operating income and expenses, net profit before tax, income tax and net profit of current period as compared with the previous period mainly due to the increase in the interest income.

III. Cash Flow

(I) Liquidity analyses for the past 2 years

Item	Year	2022	2021	Increase (decrease) ratio
Cash flow ratio (%)		0.36	1.86	(80.65)
Cash flow adequacy ratio (%)		123.56	139.81	(11.62)
Cash re-investment ratio (%)		0	1.83	(100)

Analysis of the change in the increase or decrease ratio over 20%:

1. The cash flow ratio and cash re-investment ratio of current period decreased as compared with the previous period mainly due to the decrease in the net cash flow from operating activities of current period.

(II) Analyses on the cash liquidity in one year ahead

Unit: NT\$ Thousand

Opening cash balance (1)	Net cash flow anticipated from operating activities in year round (2)	Anticipated year-round cash outflow (3)	Expected cash surplus (deficit) (1)+(2)-(3)	Financing of cash deficits	
				Investment plans	Financing plans
4,513,256	931,790	724,244	4,720,802	-	-

IV. The impact of the significant capital expenditure over the past year upon the financial performance: None.

V. The outward investment policies over the past year. The key reasons leading to the profit or loss, the corrective plans and the investment plan in one year ahead:

1. Reinvestment policy: The Company's re-investment plan is handled in accordance with the internal control system and the "Procedures for the Acquisition or Disposal of Asset".

The management of reinvestment businesses is to regularly obtain the management and financial statements of each reinvestment business and understand the operation status of the reinvestment businesses.

2. The reasons leading to the reinvestment profit or loss and the improvement plan:

The operating expenses of CSC Futures (HK) Ltd. reduced significantly in current period due to appropriate management on costs, and its interest income increased gradually since interest rate entered rate hike cycle, resulting in profits in current period as changed from loss. It also will develop customers and new products in the future.

Capital International Technology Corp. continued to suffer losses in current period due to investment in business, resulting in an increase in investment losses. In addition to strengthening the development of investee's new system, it will continue to implement the management on its operating costs.

3. Investment plans in the coming fiscal year: None.

VI. Risk analysis and assessment in the most recent year and up to the date of publication of the annual report

The Company formulates risk management policies against the various risks faced by it in operating (such as market, credit, liquidity, operation, legal, model, reputation and other risks related to the operating of futures merchants, etc.) under the condition of ensuring the effectiveness of risk management to effectively manage its business risks. The contents of the risk management policies duly reflect the company's business strategies and objectives, risk appetite and the characteristics of the risks it faces. And the Company establishes management procedures that are followed at all levels as the stipulations and basis for the company's daily implementation of risk management. And the Board of Directors, supervisors and employees at all levels participate and promote to justify the Company's risky asset allocation and maximize shareholder returns within the risk scope tolerance. The appropriateness of the risk management policy is regularly reviewed and adjusted in a timely manner to meet the changes in the subjective and objective environment.

The Board of Directors of the Company regularly listens to reports from the Risk Management Department, Internal Auditing Department, and Finance Department, and it will weigh various financial and business-related regulations that affect capital allocation to allocate the Company's assets within a reasonable scope of risks tolerance. The Company considers the effect of various risks aggregated and determines the countermeasures in accordance with the changes in the subjective and objective environment.

The management personnel and employees of each business unit of the Company jointly execute various business and trading activities. The unit supervisors are responsible for all risk management of the subordinate units, and are responsible for analyzing, managing and reporting risk matters. The supervisors are also responsible for front-end and back-end risk management to comply with laws and regulations and the Company's risk management policies and formulate contingency plans and take countermeasures when necessary. They shall pass relevant information to managerial officers to ensure that risk management mechanisms and procedures are effectively implemented.

Senior management is responsible for implementing risk monitoring, management and emergency response measures. A functional risk-based audit method is adopted to conduct a comprehensive overall risk assessment on the overall business and operation levels to ensure all risks of the Company are under effective control. The risk management information system can conduct real-time intraday monitoring and after-hour summary and analysis, detect, and

inspect the use of risk limits of each business unit, evaluate risk exposure and concentration, and submit relevant risk management reports in a timely and complete manner.

The Internal Auditing Department is responsible for the compliance of the Company's regulations and internal control systems and operational risk management, and is responsible for supervising and ensuring the effective implementation of the Company's operational risk management procedures. The Company follows the internal control system established by the competent authority, employs experienced personnel to audit for various business activities, and cooperates with the competent authority, TAIEX and the Chinese National Futures Association to amend relevant regulations or adjust based on business requirement and adjust various operational risk management procedures.

The Compliance & Legal Department is responsible for the review of the Company's legal compliance and transaction contract documents, and providing professional advice on legal matters involved in various businesses, including the legality of product contracts and transaction activities, and implement the legal compliance work with the business units and Internal Auditing Department.

(I) The impact incurred by change in interest rate, exchange rate, inflation upon the Company's profit and/or loss and the future countermeasures:

1. The impact incurred by change in interest rate upon the Company and the future countermeasures

(1) The Company has a sound financial structure and a stable cash flow, and it has no loan to the external, so there is no risk of changes in loan rate; In 2022, most developed countries entered rate hike cycle due to the pressure brought by inflation, with control over inflation as their main goal, and Fed increased interest rate for 17 quarter percentage points as of the end of the year, and inflation rose with the increase in the base period and interest rate, and its high point gradually appeared, therefore, it is estimated that the rate hike cycle will soon come to an end. In 2022, as affected by interest rate hike, the Company's interest income increased significantly, and its net interest income increased from NT\$172,216 thousand to NT\$409,651 thousand, with an increase of 137.87%.

(2) In addition to continuously monitoring the interest rates and fiscal policies of central banks, the Company keeps close contact with banking institutions to keep abreast of financial market trends.

2. The impact incurred by change in exchange rate upon the Company and the future countermeasures

The Company's main income is from the transaction service fees from entrusted trading customers, among which foreign currency-denominated income from service fee is recognized as income at a fixed time according to customer's deposit management method. The Company obtained NT\$34,914 thousand of exchange income in 2022 due to significant appreciation of US dollars.

3. The impact incurred by inflation upon the Company and the future countermeasures

In 2022, there was a significant increase in the prices of agricultural products and energy as impacted by Russo-Ukrainian War, and there was a tight relation between the supply and demands in employment market and a rapid increase in salary due to early retirement of the labor forces in developed countries, while there was a relatively stable economy, trade and labor forces in Taiwan, and the

central bank rose interest rate by 2.5 ma (1 ma = 0.25%) in response to inflation, so the inflation has no adverse impact on the Company yet.

- (II) High-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future: The Company has set relevant standards and guidelines for engaging in high-risk investments, highly leveraged investments and derivatives transactions, and all transactions are handled in accordance with the above-mentioned standards and guidelines; regarding loans to other parties, endorsements, guarantees, the Company complies with the laws and regulations and there is no need to formulate rules and measures, and no related incidents have occurred.
- (III) Future R&D plans and estimated R&D expenses: The Company has 20 to 30 professional researchers in financial field, and it is expected to continue to invest NT\$30 million to NT\$55 million of R&D expenses in the future, accounting for 1% to 2% of the consolidated revenue. The Company actively and continuously develops high profit financial products and solutions in domestic and foreign futures and options with high added value, and will launch them in accordance with the laws and regulations of the competent authorities. Future R&D plans include foreign futures market analysis and establishment of trading strategies, risk management and strategy establishment of derivatives, and the construction of a complete research integration platform and cloud strategy platform.
- (IV) The impact upon the company's financial operations of important policy and legal developments at home and abroad, and the measures the company plans to adopt in response: There are a R&D Department and a Compliance & Legal Department, which are responsible for researching information and legal changes in important domestic and foreign markets, and providing measures to respond to important domestic and foreign policy and legal changes.
- (V) The impact on the Company's financial operations of developments in science and technology (including cyber security risk) and industry, and the measures the Company plans to adopt in response: the securities and futures market is developing rapidly, and the financial market has been moving in line with the international market, so each business must possess international perspectives. In addition, financial products are becoming more and more diversified, and information technology is also changing with each passing day. With the ever-changing international financial market, the Company's primary focus is to build international information technology capabilities and a global transaction electronic platform. The Company is committed to pursue excellence, innovation, and leadership, provide financial services with high added value that exceed customer expectations, and serve as a long-term growth partner with the customers.

The Company's "Information Security Policy Statement" commits to the information security concept of maintaining the Company's operating environment, and to fully protect and prevent the information stored or transmitted by the Company from damage, theft, leakage, tampering, abuse and infringement. The information security policy will be regularly revised and implemented to continuously improve the confidentiality, integrity and availability of each information service system.

Subject to the document issued by the Financial Supervisory Commission, the overall implementation status of information security shall be reported at the Board of Directors' meeting within three months after the end of each fiscal year, and a Statement of Overall Implementation Status shall be issued by Chief Security Officer,

chairman, president and auditing officer jointly, and shall be disclosed on MOPS.

The Company has set up information security personnel to conduct daily, monthly and annual information security inspection, including distributed denial-of-service (DDoS) protection, data leakage protection, user system permission review, and remote backup drills, personnel evacuation drills, system vulnerability scanning, penetration testing, information security, personal data security education and training, email social engineering drills, and regular inspection and evaluation of key information systems. Also, the Company shares information according to the Information Security Information Sharing and Analysis Center (FISAC) to strengthen information security protection. The Company conducts internal audits and regularly commissioned external ISO and BSI external audits to strengthen the integrity of the overall information security.

- (VI) The impact of changes in the Company's image upon its crisis management, and the measures the Company plans to adopt in response: The Company is provided with professional advice on the possible threat to corporate value from the Internal Auditing Department and the Compliance & Legal Department for the reputation risk caused by the image change. Also, the Company is a leader in financial expertise and profitability in the futures industry where its professional and competitive image has been well recognized by the market. In the future, it will continue to give priority to "the public's interests" and continue to serve the everyone.
- (VII) The expected benefits and potential risks of any merger or acquisition, and measures to be adopted in response: The Company has not planned mergers and acquisitions in recent years, but if there is a plan in the future, it must commit to a prudent evaluation and consider whether the merger can bring benefits and synergistic effect to the Company to ensure the shareholders' rights and interests.
- (VIII) The expected benefits and potential risks of any plant expansion, and measures to be adopted in response: The Company has no plans to expand plants, offices, or branches in the recent year.
- (IX) The risks associated with any consolidation of sales or purchasing operations, and measures to be adopted in response: The Company actively expands various domestic and foreign brokerage businesses, and continues to strengthen the integration with its subsidiaries to diversify its business and profit concentration risks.
- (X) Effect upon and risk to the Company if a director, supervisor, or shareholder holding greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands, and measures to be adopted in response: The Company's directors, supervisors or major shareholders holding more than 10% of the shares commit to the sustainable and long-term operation since the establishment of the Company, and the Company regularly reports changes to the shareholding of the directors, supervisors, and shareholders with more than 10% shares in accordance with the Securities and Exchange Act. There were no changes in shareholdings among the major shareholders holding more than 10% of the shares, and there was no substantial transfer or replacement. The largest shareholder of the Company is Capital Securities, which holds about 56% of the shares. Since its establishment, there has not been a large amount of equity transfer, and it has participated in every cash capital increase where the equity shares are stable.
- (XI) Effect upon and risk to the Company associated with any change in governance personnel or top management, and measures to be adopted in response: The Company commits to the business philosophy of sustainable development. While planning the

business strategy, the Company commits to the vision and beliefs, and considers the possible impact on society and the natural environment. “Public interests” are our priority, and we hope to work together to contribute to the capital market.

- (XII) Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the Company and/or its director, supervisor, the president, any person with actual responsibility for the Company, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the Company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders’ equity or the prices of the Company’s securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report:

The significant litigious and non-litigious matters involving the Company and its corporate director and major shareholder with over 10% shareholding, Capital Securities Corp. (hereinafter referred to as “CSC”), as of March 31, 2023:

Action	Party to an action	Dispute	Current situation	Litigation start date	Litigation amount (Unit: NT\$)
Criminal	Plaintiff: Capital Securities Corp. Defendant: Mr/Ms/Mrs. Chiang	When Yu ○-Ping, the customer of CSC Xisong Branch, checked trading documents, CSC found that, Chiang ○-Ping, the salesperson of the branch, forged documents for the Company’s PGN structured products that did not exist, and got properties from Yu ○-Ping and other 15 customers of CSC Xisong Branch by cheat.	This case involves prosecution for forging and fraud and is now investigated by the Taiwan Taipei District Prosecutors’ Office.	2018.12.18	
Civil	Plaintiff: Mr/Ms/Mrs. Fan Defendant: Capital Securities Corp. Mr/Ms/Mrs. Chan	Chan ○-Ling, the salesperson of CSC Wanhua Branch, privately solicited investment for the purpose of fraud, causing damage to the customer Fan ○-Yen, therefore she filed a lawsuit, requesting the Company and the resigned employee Chan ○-Ling to assume the joint and several ability for making compensation to her in the amount of NT\$2,798,313.	This case is now pending in the Taiwan Taipei District Court.	2019.4.08	2,798,313 (NT)
Criminal	Defendants: Chen ○-Chu and 9 other persons Participant: CSC	As for the violation of the Securities and Exchange Act by Chen ○-Chu, the court notified CSC about that CSC is determined as a criminal participant since there may be illegal income and the amount may be recovered from CSC.	As for this case, the Criminal Court of Taiwan High Court received verdict on August 10, 2022, judging that the criminal proceeds, US\$369,331.65, obtained by CSC shall be confiscated, in addition to refund	2022.3.22	369,331.65 (USD)

			to the victim or to the person requesting damages. CSC appealed.		
--	--	--	---	--	--

(XIII) Other important risks and countermeasures: adjusted net capital of futures merchants

The adjusted average daily net value was 54.18% in current year, with the highest of 65.46% and the lowest of 46.31%. ANC refers to the adjusted net capital of a futures merchant, which is a concept of dynamic capital and the main indicator for measuring the overall operating risks of the futures merchant in a real time. The main purpose of ANC is to reflect the risk-bearing ability of a futures merchant and promote its sound operating system, and pay attention to maintenance of capital, while pursuing profits, to maintain investor's confidence and protect their rights and interests. Generally speaking, the higher the ANC ratio of a futures merchant is, the greater the amount of business it can undertake and the higher the risks it can tolerate.

The current regulations on ANC are as follows:

1. If ANC ratio is less than 30%, no new transaction may be added by leveraged traders, except for hedging of transactions.
2. If ANC ratio is less than 20%, it shall be immediately reported to FSC and its designated institutions.
3. If ANC ratio is less than 15%, orders from futures traders shall stop to be accepted, except for the original transaction, and an improvement plan shall be submitted to FSC and its designated institutions.

VII. Other Important Matters: None.

Chapter VIII. Special Disclosures

I. Summary of Affiliated Companies

(I) 2021 Consolidated business reports teaming up with affiliated enterprises

Affiliates enterprises organization chart:



Table 1: Information of affiliated businesses

Unit: NT\$

Name of enterprise	Date of Incorporation	Address	Paid-in shares Capital	Main business items
CSC Futures (HK) Ltd.	1998.12.09	3/F., FWD Financial Centre, 308 Des Voeux Road Central, Hong Kong (FWD Financial Centre)	HK\$220,000,000	Securities and Exchange Futures Exchange
Capital International Technology Corp.	2014.12.29	32F, No.97, Sec. 2, Dunhua S. Rd., Da'an Taipei City, R.O.C	NTD50,000,000	Management Advisory, Information Software Services
Capital True Partner Technology (Chengdu) Co., Ltd.	2008.08.20	Room 18, 17/F, Block C, Maoye Center, No. 28, North Section, Tianfu Avenue, Chengdu High-tech Zone, Sichuan Province, China	CNY\$1,000,000	Management Advisory, Information Software Services
Capital Futures Technology (Shanghai) Co., Ltd.	2016.10.14	18F, No. 360 Pudong Road(S), Shanghai,P.R.China	CNY\$4,000,000	Management Advisory, Information Software Services

Table 2: Information on the shareholders presumed to have a relationship of control and subordination Unit: NT\$ Thousand; share%

The reason that affiliation is presumed	Name	Shareholding		Date of Incorporation	Address	Paid-in shares Capital	Business scope
		Quantity	Ratio of Shareholding				
Not Applicable							

Table 3: Information of the directors, supervisors, and president of each affiliate:

Unit: Shares; % Data as of March 31, 2023

Name of enterprise	Title	Name or the representative person	Shareholding	
			Quantity	Ratio of Shareholding
CSC Futures (HK) Ltd.	Legal Person	Capital Futures Corp.	220,000,000	100.00%
	Director	Capital Futures Corp. Representative: Chia, Chung-Tao	0	0
	Director	Capital Futures Corp. Representative: Wang, Jiunn-Chih	0	0
	Director	Capital Futures Corp. Representative: Xie, Xiu-Ying	0	0
	Director	Capital Futures Corp. Representative: Fang, Chih-Hung	0	0
	Director	Capital Futures Corp. Representative: Chen, Wen-Liang	0	0
	Director	Capital Futures Corp. Representative: Chang, Tun-Fu	0	0
Capital International Technology Corp.	Legal Person	Capital Futures Corp.	5,000,000	100.00%
	Chairman	Capital Futures Corp. Representative: Chia, Chung-Tao	0	0
	Director	Capital Futures Corp. Representative: Mao, Jen-Hua	0	0
	Director	Capital Futures Corp. Representative: Chen, Chi-Hao	0	0
	Supervisor	Capital Futures Corp. Representative: Lin, Li-Chuan	0	0
Capital True Partner Technology (Chengdu) Co., Ltd.	Legal Person	Capital International Technology Corp.	510,000	51%
	Legal Person	True Partner China Holding Limited	490,000	49%
	Chairman	Capital International Technology Corp. Representative: Chia, Chung-Tao	0	0
	Director	Capital International Technology Corp. Representative: Mao, Jen-Hua	0	0
	Director	True Partner China Holding Limited Representative: Remco Janssen	0	0
	Director	True Partner China Holding Limited Representative: Tobias Benjamin Hekster	0	0
	Supervisor	Capital International Technology Corp. Representative: Chen, Chi-Hao	0	0
	Supervisor	True Partner China Holding Limited Representative: Yu, Hsing-Chuan	0	0
Capital Futures Technology (Shanghai) Co., Ltd.	President	Teng, Yi	0	0
	Legal Person	Capital International Technology Corp.	4,000,000	100%
	Chairman	Capital International Technology Corp. Representative: Chia, Chung-Tao	0	0
	Director	Capital International Technology Corp. Representative: Mao, Jen-Hua	0	0
	Director	Capital International Technology Corp. Representative: Chen, Chi-Hao	0	0
	Supervisor	Capital International Technology Corp. Representative: Lin, Li-Chuan	0	0
President	Hung, Ming-Nan	0	0	

Table 4: The overview of the operations of the affiliates

Data as of December 31, 2022 Unit: NT\$ thousand

Name of enterprise	Capital	Total assets	Total liabilities	Net value	Revenue	Net operating income	Profit and/or loss this term (after tax)	Earnings per share (after tax)
Capital International Technology Corp.	50,000	27,225	757	26,468	3,072	1,855	(7,551)	-1.51
CSC Futures (HK) Ltd.	875,750	7,912,828	6,953,987	958,841	334,273	(19,686)	12,235	0.06
Capital True Partner Technology (Chengdu) Co., Ltd.	5,013	8,359	4,020	4,339	23,062	(1,114)	(791)	-0.79
Capital Futures Technology (Shanghai) Co., Ltd.	18,863	8,272	550	7,722	-	(4,229)	(4,077)	-1.02

Note: Exchange rate (December 31, 2022): Assets and liabilities: TWD: HKD = 3.908 : 1, Profit and Loss: TWD: HKD = 3.744: 1.

Assets and Liabilities: TWD: CNY = 4.383: 1, Profit and Loss: TWD: CNY = 4.376: 1.

(II) Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises: Please refer to the appendix to this annual report, pages 150-225.

(III) Affiliation Reports: Please refer to pages 145-148 of this annual report.

II. Where the company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

III. Holding or disposal of the company's shares by its subsidiaries during the latest financial year, up to the publication date of this annual report: None.

IV. Other Necessary Supplement: None.

V. Disclosures of Events Which May Have a Significant Influence on Stockholders' Equity or Share Price, in Compliance with Item 3, Paragraph 2 in Article 36 of the Securities and Exchange Act of the R.O.C.: None.

Chapter IX. Attachment

Declaration

The Company's 2022 affiliation report (from January 1, 2022, to December 31, 2022) is based on the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", and the information disclosed does not have any major inconsistency with the relevant information disclosed in the appendix to the financial report for the previous period.

Your attention is appreciated

Name: Capital Futures Corp.

Chairman: Chia, Chung-Tao

Date: March 13, 2023



安侯建業聯合會計師事務所
KPMG

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

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

CPA review opinion on Affiliation Report

Recipient: Capital Futures Corp.

The 2022 Affiliation Report of Capital Futures Corp. has been reviewed by the CPA in accordance with the provisions of the Securities and Futures Bureau official letter Tai-Tsai-Cheng (6) Tzu No. 04448 on November 30, 1999.

This review is to determine whether the relationship report of Capital Futures Corp. in 2022 was prepared in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, and the information disclosed is consistent with the regulations. The accountant issued a review opinion on whether there was any discrepancy between the relevant information disclosed in the appendix to the financial report for the same period reviewed on March 13, 2023.

According to the review of the CPA, it was not found that the above-mentioned Affiliation Report violated the provisions of the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, nor did it find any major discrepancy between the information disclosed in the above-mentioned Affiliation Report and the information disclosed in the appendix to the financial report for the same period.

KPMG

CPA:

Securities Competent
Authority

Tai-Tsai-Cheng-Liu-Tzu No.
1060042577

:

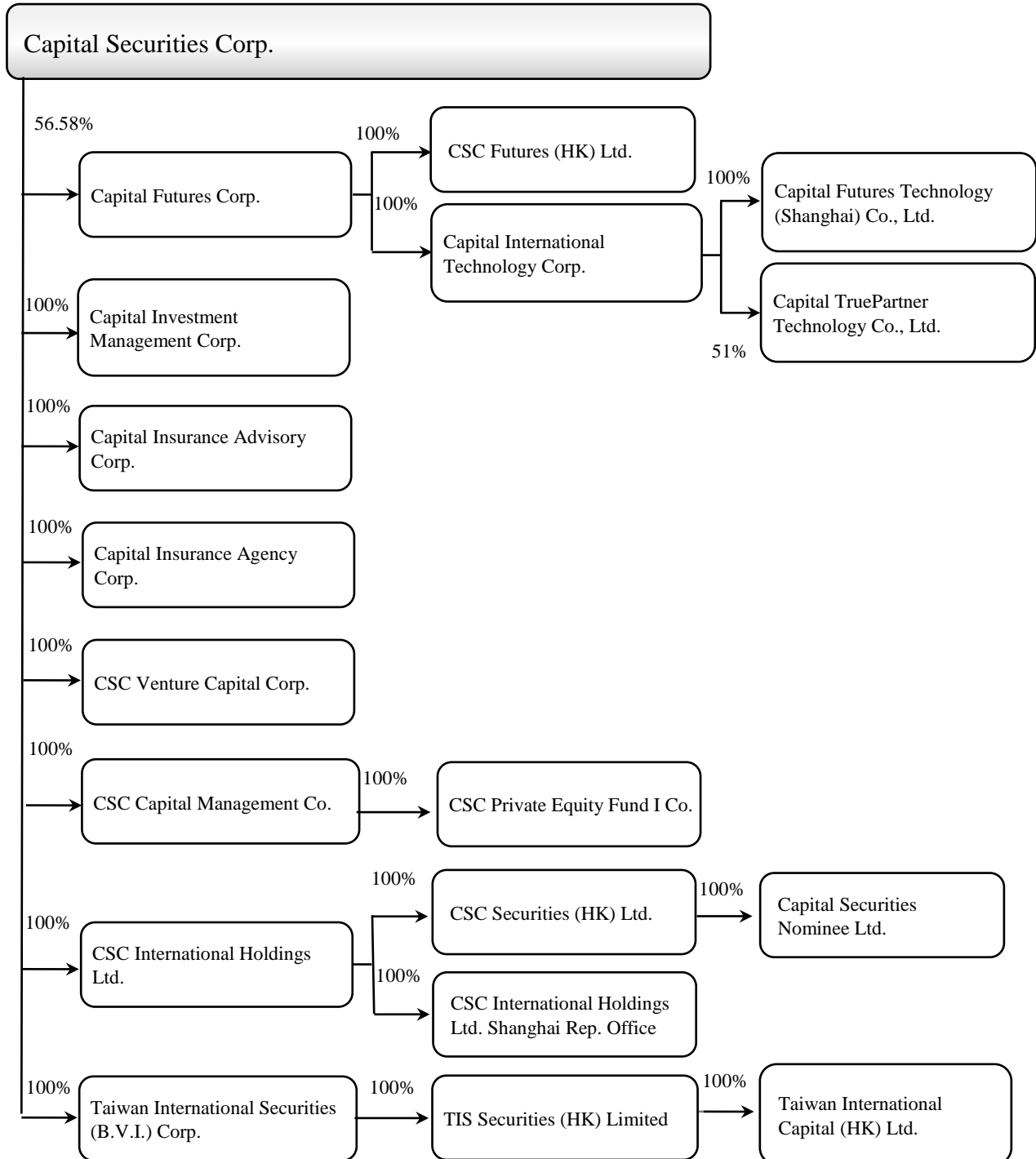
Approval Certified Number

(88) Tai-Tsai-Cheng (Liu) No.
18311

March 13, 2023

I. Information of affiliated businesses - Organization Chart and Shareholding Structure of Affiliated Businesses (%)

Date as of December 31, 2022



Note: Capital Insurance Agency Co., Ltd., TIS SECURITIES (HK) LIMITED and Jingding Capital (HK) Limited are being liquidated at present.

II. The relationship between the subordinate company and the controlling company

Unit: Thousand shares; %

Controlling Company Name	The reasons for the control	Details of shareholding and pledges			Any directors or supervisors appointed to the subordinate company by the controlling company, or controlling company appointees engaged as managerial officers of the subordinate company	
		Number of shares held (thousand shares)	Ratio of Shareholding	Number of shares under pledge	Title	Name
Capital Securities Corp.	Holds more than half of the voting rights of the Company	119,066	56.58%	—	Chairman Director Director	Capital Securities Corp. Representative: Chia, Chung-Tao Representative: Wang, Jiunn-Chihh Representative: Liu, Ching-Tsun

III. Purchase (sale) of goods: Not Applicable

IV. Property transactions: Not Applicable

V. Financing: Not Applicable

VI. Leasing status: Leasing office from Capital Securities Corp.

Unit: NT\$ Thousand

Transaction Type (Rent or Lease)	Name of the object leased	Location of the object leased	Lease period	Nature of the leasing	Method by which the leasing price was determined	Collection (payment) method	Comparison with ordinary leasing price levels	2022 Rent Expenses	Total leasing price for the current period and collection/payment status	Other special stipulations
Lease	Tunnan Tower	B1, B2 & 32F, No.97, Sec. 2, Dunhua S. Rd., Da'an Taipei City, R.O.C	2020.08.01-2023.07.31	Business lease	According to current market price	Monthly payment	No major discrepancy	17,030 (Note 1)	Normal	None

Note 1: It is the rental payment paid to Capital Securities Corp. The additional deposit is NT\$4,450 thousand.

VII. Other significant business transactions:

1. In 2022, the brokerage fee income of futures trading with Capital Securities Corp. was NT\$29,146 thousand, and on December 31, 2022, the interests of its futures traders were NT\$2,202,884 thousand, and interest expense on deposit guarantee for futures trading is NT\$67 thousand.
2. Accounts receivable (payable) to Capital Securities Corp. on December 31, 2022: accounts receivable of NT\$884 thousand, accounts payable of NT\$12,761 thousand, and other receivables of NT\$7,291 thousand and other payables of NT\$4,051 thousand.
3. In 2022, the interest income received from Capital Securities Corp. for the repurchase bond investment was NT\$395 thousand, and as of December 31, 2022, the Company has undertaken to invest NT\$43,166 thousand in bonds with sell-back. The agreed sell-back date is from January 3, 2023 to January 13, 2023, and the agreed interest rate is 0.77%.
4. In 2022, a three-year lease contract was signed with Capital Securities Corp. for leasing office. As of December 31, 2022, the total effective contract value was NT\$51,091 thousand. The lease transaction was recognized as interest expense of NT\$200 thousand in 2021, and the balance of lease liabilities as of December 31, 2022 was NT\$9,900 thousand. In addition, as of December 31, 2022, the Guarantee deposits paid was NT\$4,450 thousand.
5. In 2022, a lease contract was signed with Capital Securities Corp. and a rental expense of NT\$854 thousand was recognized due to the application of short-term or low-value leases.
6. In 2022, he was entrusted as a securities introducing broker of Capital Securities Corp., and the securities commission income was NT\$14,122 thousand.
7. In 2022, NT\$35 thousand was collected from the interest income of Capital Securities Corp. (deposit interest)
8. In 2022, Capital Securities Corp. was entrusted as a securities introducing broker, and the commission paid was NT\$186,991 thousand.
9. In 2022, the computer information service fee paid to Capital Securities Corp. was NT\$48,191 thousand.
10. In 2022, the stock agency expenses paid to Capital Securities Corp. were NT\$628 thousand.
11. In 2022, the HR and legal service fees paid to Capital Securities Corp. were NT\$300 thousand.
12. In 2022, the handling fee for securities paid to Capital Securities Corp. was NT\$1,743 thousand.
13. In 2022, the discretionary business commission paid to Capital Securities Corp. was NT\$20 thousand.
14. In 2022, the stationery printing expenses paid to Capital Securities Corp. were NT\$38 thousand.

VIII. Description of endorsements and guarantees: Not Applicable.

IX. Other matters with a significant effect on their finances and business: None.

Attachment

**CAPITAL FUTURES CORPORATION AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021**

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

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

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Representation Letter	3
4. Independent Auditors' Report	4
5. Consolidated Balance Sheets	5
6. Consolidated Statement of Comprehensive Income	6
7. Consolidated Statement of Changes in Equity	7
8. Consolidated Statement of Cash Flows	8
9. Notes to the Consolidated Financial Statements	
(1) Company history	9
(2) Approval date and procedures of the consolidated financial statements	9
(3) New standards, amendments and interpretations adopted	9~10
(4) Summary of significant accounting policies	10~24
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	24
(6) Explanation of significant accounts	25~61
(7) Related-party transactions	61~66
(8) Pledged assets	66
(9) Significant commitments and contingencies	66
(10) Losses due to major disasters	66
(11) Significant subsequent events	66
(12) Derivative instrument transactions	67~70
(13) Restrictions and enforcement of the Company's various financial ratios under Futures Trading Act	70
(14) Specific inherent risks in operating as futures dealer	70
(15) Other	70
(16) Other disclosures	
(a) Information on significant transactions	71~72
(b) Information on investees	72
(c) Information on overseas branches and representative offices	73
(d) Information on investment in Mainland China	73
(e) Major shareholders	73
(17) Segment information	74

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, 2022 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 13, 2023



安侯建業聯合會計師事務所
KPMG

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

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

Independent Auditors' Report

To the Board of Directors of Capital Futures Corporation

Opinion

We have audited the consolidated financial statements of Capital Futures Corporation and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020 and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

Brokerage fee revenue recognized:

Related accounting policies of brokerage fee revenue recognized, please refer to Note 4(p) revenue recognition. Explanation of brokerage fee revenue, please refer to the consolidated financial report Note 6(p)(i) comprehensive income statement brokerage fee revenue.

Explanation of key audit matters:

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

Audit procedures in response:

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

Other Matter

Capital Futures Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

KPMG

Taipei, Taiwan (Republic of China)

March 13, 2023

Notes to Readers

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

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

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

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021			December 31, 2022		December 31, 2021			
	Amount	%	Amount	%		Amount	%	Amount	%		
Assets					Liabilities and Equity						
Current assets:					Current liabilities:						
111100	Cash and cash equivalents (Note 6(a))	\$ 5,156,882	10	5,248,044	12	211100	Short-term borrowings (Note 6(j))	\$ -	-	109,784	-
112000	Financial assets at fair value through profit or loss- current (Note 6(b))	574,791	1	357,902	1	212000	Financial liabilities at fair value through profit or loss- current (Note 6(b))	844,885	2	67,806	-
113200	Financial assets at fair value through other comprehensive income- current (Note 6(b))	43,686	-	28,268	-	214080	Futures traders' equity (Note 6(g))	41,087,125	82	39,205,280	84
114010	Bonds purchased under resale agreements (Note 6(b))	43,166	-	84,013	-	214100	Leverage contract trading - customers' equity	849,887	2	630,830	2
114070	Customers margin accounts (Note 6(g))	41,252,625	83	39,255,077	84	214130	Accounts payable	52,349	-	45,693	-
114080	Receivable - futures margin (Note 6(h))	7	-	-	-	214140	Accounts payable- related parties (Note 7)	12,761	-	11,448	-
114090	Security borrowing collateral price	473,545	1	-	-	214150	Advance receipts	2,215	-	3,252	-
114100	Security borrowing margin	868,437	2	-	-	214160	Receipts under custody	5,196	-	4,920	-
114130	Accounts receivable	10,552	-	18,034	-	214170	Other payables	223,095	-	136,080	-
114140	Accounts receivable- related parties (Note 7)	884	-	3,011	-	214180	Other payables- related parties (Note 7)	4,620	-	1,293	-
114150	Prepayments	39,686	-	7,803	-	214600	Current income tax liabilities	82,948	-	38,213	-
114170	Other receivables	207,742	-	409,498	1	215100	Provisions- current	6,039	-	5,618	-
114180	Other receivables- related parties (Note 7)	7,414	-	4,181	-	216000	Lease liabilities- current (Note 6(k))	20,616	-	24,112	-
114300	Leverage contract trading-customers' margin accounts	856,021	2	624,232	1	219000	Other current liabilities	13,751	-	9,768	-
114600	Current income tax assets	233	-	230	-			43,205,487	86	40,294,097	86
114710	Non-current assets classified as held for sale (Note 6(c))	-	-	50,112	-	Non-current liabilities:					
119000	Other current assets	-	-	2	-	226000	Lease liabilities- non-current (Note 6(k))	16,540	-	23,017	-
		49,535,671	99	46,090,407	99	228000	Deferred income tax liabilities (Note 6(m))	37,828	-	16,324	-
								54,368	-	39,341	-
Non-current assets:					Total liabilities						
123200	Financial assets at fair value through other comprehensive income- non- current (Note 6(b))	1,263	-	1,581	-	906003		43,259,855	86	40,333,438	86
125000	Property and equipment (Note 6(e))	42,724	-	47,372	-	Equity attributable to owners of parent:					
125800	Right-of-use assets (Note 6(f))	36,948	-	47,037	-	301010	Common stock (Note 6(n))	2,104,376	4	2,104,376	5
127000	Intangible assets (Note 6(i))	61,640	-	70,581	-	302000	Capital surplus (Note 6(n))	1,663,251	3	1,663,621	4
129000	Other non-current assets	365,122	1	350,558	1	304010	Legal reserve	678,939	2	626,803	1
		507,697	1	517,129	1	304020	Special reserve	1,579,617	3	1,446,574	3
						304040	Unappropriated earnings (Note 6(n))	785,292	2	522,796	1
						305000	Other equity	(30,087)	-	(115,806)	-
								6,781,388	14	6,248,364	14
						306000	Non-controlling interests	2,125	-	25,734	-
						906004	Total equity	6,783,513	14	6,274,098	14
906001	Total assets	\$ 50,043,368	100	46,607,536	100	906002	Total liabilities and equity	\$ 50,043,368	100	46,607,536	100

See accompanying notes to consolidated financial statements.

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

Consolidated Statement of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

		2022		2021	
		Amount	%	Amount	%
Income:					
401000	Brokerage fee revenue (Note 6(p))	\$ 1,996,416	72	1,780,477	73
410000	Net gains (losses) on sale of trading securities	(7,830)	-	54,337	2
421300	Dividend revenue	4,589	-	11,420	-
421500	Net gains (losses) on measurement of trading securities at fair value through profit or loss	1,006	-	(11,346)	-
421600	Net gains (losses) on covering of borrowed securities and bonds with resale agreements-short sales	11,210	-	6,531	-
421610	Net gains (losses) on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss	19,315	1	-	-
424100	Futures commission revenue (Note 6(p))	310,640	11	327,809	13
424200	Securities commission revenue	14,304	1	27,770	1
424400	Net gains (losses) on derivative instruments- futures (Note 6(p))	223,939	8	110,119	5
424500	Net gains (losses) on derivative instruments - OTC (Note 6(p))	169,949	6	91,820	4
424800	Management fee revenue	685	-	2,349	-
424900	Consulting fee revenue	13,916	-	18,404	1
428000	Other operating revenue	22,331	1	19,271	1
		<u>2,780,470</u>	<u>100</u>	<u>2,438,961</u>	<u>100</u>
Expenses:					
501000	Brokerage fees	329,139	12	346,549	14
502000	Brokerage fees - proprietary trading	13,031	1	2,172	-
521200	Financial costs	17,489	1	5,247	-
521640	Loss from securities borrowing transactions	190	-	-	-
425300	Expected credit impairment losses and reversal gains (Note 6(q))	473	-	(236)	-
524100	Futures commission expenses (Note 6(p))	560,957	20	489,551	20
524300	Clearing and settlement expenses	207,540	7	193,739	8
528000	Other operating expenditure	7,624	-	5,558	-
531000	Employee benefit expenses (Note 6(p))	602,909	22	498,853	20
532000	Depreciation and amortization expenses (Note 6(p))	61,714	2	72,625	3
533000	Other operating expenses (Note 6(p))	490,716	18	404,708	17
		<u>2,291,782</u>	<u>83</u>	<u>2,018,766</u>	<u>82</u>
		<u>488,688</u>	<u>17</u>	<u>420,195</u>	<u>18</u>
Net operating income					
Non-operating income and expenses:					
601000	Shares of profit of associates and joint ventures under equity method (Note 6(d))	-	-	894	-
602000	Other gains and losses (Note 6(p))	468,595	17	178,812	7
		<u>468,595</u>	<u>17</u>	<u>179,706</u>	<u>7</u>
902001	Net income before income tax	957,283	34	599,901	25
701000	Less: Income tax expenses (Note 6(m))	175,930	6	110,578	5
	Net income	<u>781,353</u>	<u>28</u>	<u>489,323</u>	<u>20</u>
805000	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(l))	2,515	-	1,159	-
805540	Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income	(11,175)	-	31,396	1
805599	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Subtotal of components that may not be reclassified subsequently into profit or loss	<u>(8,660)</u>	<u>-</u>	<u>32,555</u>	<u>1</u>
805600	Components that may be reclassified subsequently to profit or loss:				
805610	Exchange differences on translation of foreign operations	94,946	3	(28,303)	(1)
805690	Equity related to non-current assets classified as held for sale	-	-	(2,129)	-
805699	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 6(m))	-	-	414	-
	Subtotal of components that may be reclassified subsequently to profit or loss	<u>94,946</u>	<u>3</u>	<u>(30,846)</u>	<u>(1)</u>
805000	Other comprehensive income	86,286	3	1,709	-
902006	Total comprehensive income	<u>\$ 867,639</u>	<u>31</u>	<u>491,032</u>	<u>20</u>
Net income attributable to:					
913100	Shareholders of the parent	\$ 781,860	28	490,039	20
913200	Non-controlling interests	(507)	-	(716)	-
		<u>\$ 781,353</u>	<u>28</u>	<u>489,323</u>	<u>20</u>
Comprehensive income attributable to:					
914100	Shareholders of the parent	\$ 867,965	31	492,593	20
914200	Non-controlling interests	(326)	-	(1,561)	-
		<u>\$ 867,639</u>	<u>31</u>	<u>491,032</u>	<u>20</u>
975000	Basic earnings per share (Dollar) (Note 6(o))	\$	<u>3.72</u>	\$	<u>2.33</u>
985000	Diluted earnings per share (Dollar) (Note 6(o))	\$	<u>3.71</u>	\$	<u>2.33</u>

See accompanying notes to consolidated financial statements.

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

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**Consolidated Statement of Changes in Equity****For the years ended December 31, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent										
	Stock		Retained earnings				Other equity				
	Common stocks	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Equity related to non-current assets classified as held for sale	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2021	\$ 2,104,376	1,873,996	564,658	1,280,666	623,005	(89,953)	2,916	-	6,359,664	27,295	6,386,959
Net income for the year ended December 31, 2021	-	-	-	-	490,039	-	-	-	490,039	(716)	489,323
Other comprehensive income	-	-	-	-	1,159	(27,872)	31,396	(2,129)	2,554	(845)	1,709
Total comprehensive income	-	-	-	-	491,198	(27,872)	31,396	(2,129)	492,593	(1,561)	491,032
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	62,145	-	(62,145)	-	-	-	-	-	-
Special reserve	-	-	-	124,291	(124,291)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(393,518)	-	-	-	(393,518)	-	(393,518)
Special reserve for the contra equity account	-	-	-	41,617	(41,617)	-	-	-	-	-	-
Other changes in capital surplus:											
Cash dividends from capital surplus	-	(210,437)	-	-	-	-	-	-	(210,437)	-	(210,437)
Right of inclusion options exercised	-	62	-	-	-	-	-	-	62	-	62
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	30,164	-	(30,164)	-	-	-	-
Balance at December 31, 2021	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

See accompanying notes to consolidated financial statements.

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

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**Consolidated Statement of Cash Flows****For the years ended December 31, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars)**

	<u>2022</u>	<u>2021</u>
Cash flows from (used in) operating activities:		
Net income before income tax	\$ 957,283	599,901
Adjustments:		
Adjustments to reconcile:		
Depreciation expenses	55,078	63,543
Amortization expenses	6,636	9,082
Expected credit impairment losses and reversal gains	473	(236)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(21,004)	16,652
Interest expenses	17,489	5,247
Interest income (including financial income)	(423,407)	(173,949)
Dividend revenue	(5,116)	(13,962)
Shares of profit of associates and joint ventures under equity method	-	(894)
Losses on disposal of property and equipment	10	65
Loss on lease modification	675	1,018
Impairment losses	4,802	4,951
Losses on disposal of Joint Venture	1,210	-
Total adjustments to reconcile	<u>(363,154)</u>	<u>(88,483)</u>
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets at fair value through profit or loss	(215,200)	76,081
Decrease in bond purchased under resale agreements	40,847	160,517
Increase in customer margin accounts	(1,997,548)	(80,877)
Decrease in receivable-futures margin	257	236
Increase in leverage contract trading - customer's margin accounts	(231,789)	(271,270)
Increase in security borrowing margin	(868,437)	-
Increase in security borrowing collateral price	(473,545)	-
Decrease in accounts receivable	7,482	113,741
Decrease (increase) in accounts receivable - related parties	2,127	(276)
Increase in prepayments	(31,883)	(524)
Increase in net defined benefit asset	(5,580)	-
Decrease (increase) in other receivables	233,581	(337,027)
Increase in other receivables- related parties	(3,225)	(344)
Decrease in other current assets	2	3
Increase in clearing and settlement fund	(5,697)	(12,278)
Increase in refundable deposits	(772)	(603)
Increase in financial liabilities at fair value through profit or loss	796,394	6,457
Increase in futures traders' equity	1,881,108	64,291
Increase in leverage contract trading - customer's equity	219,057	278,774
Increase (decrease) in accounts payable	6,656	(91,288)
Increase (decrease) in accounts payable - related parties	1,313	(3,231)
Decrease in advance receipts	(1,037)	(521)
Increase (decrease) in receipts under custody	276	(158)
Increase (decrease) in other payables	86,190	(6,887)
Increase (decrease) in other payables - related parties	3,327	(3,588)
Increase in provisions for liabilities	421	41
Increase (decrease) in other current liabilities	3,983	(5,480)
Decrease in other non-current liabilities	-	(7,129)
Total changes in operating assets and liabilities	<u>(551,692)</u>	<u>(121,340)</u>
Total adjustments	<u>(914,846)</u>	<u>(209,823)</u>
Cash inflow generated from operations	42,437	390,078
Interest received	391,508	178,352
Dividends received	5,182	13,848
Interest paid	(16,790)	(5,240)
Income taxes paid	(109,691)	(133,050)
Net cash flows from operating activities	<u>312,646</u>	<u>443,988</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(26,275)	(316,995)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	439,095
Proceeds from disposal of non-current assets classified as held for sale	51,031	-
Acquisition of property and equipment	(21,742)	(15,593)
Acquisition of intangible assets	(2,291)	(5,136)
Net cash flows from investing activities	<u>723</u>	<u>101,371</u>
Cash flows from (used in) financing activities:		
Cash dividends paid	(336,700)	(603,955)
Increase (decrease) in short-term loans	(109,784)	109,784
Acquisition of ownership interests in subsidiaries	(23,653)	-
Payments of lease liabilities	(28,231)	(33,270)
Proceeds from right of inclusion options exercised	-	62
Net cash flows used in financing activities	<u>(498,368)</u>	<u>(527,379)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>93,837</u>	<u>(29,929)</u>
Net decrease in cash and cash equivalents	<u>(91,162)</u>	<u>(11,949)</u>
Cash and cash equivalents at beginning of period	<u>5,248,044</u>	<u>5,259,993</u>
Cash and cash equivalents at end of period	<u>\$ 5,156,882</u>	<u>5,248,044</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, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

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

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

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

The consolidated financial statements were authorized for issuance by the Board of Directors on March 13, 2023.

(3) New standards, amendments and interpretations adopted:

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

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

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) The impact of IFRS issued by the FSC but not yet effective

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

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

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

The 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 IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of significant accounting policies:

The significant 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

The 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 with the IFRSs, IASs, IFRIC interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

(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(r)) 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, 2022	December 31, 2021	
The Company	CSC Futures (HK) Ltd.	Futures dealing business and other businesses permitted by local law of Hong Kong	100.00 %	97.27 %	(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) Non-current assets classified as held for sale

Investments in associate accounted for using equity method that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, these investments are remeasured in accordance with the Group's accounting policies. Thereafter, generally, these investments are measured at the lower of their carrying amount and fair value less costs to sell.

Once classified as held for sale, any equity-accounted investee is no longer equity accounted.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Investments in associates and joint ventures

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

A holding of 20% or more of the voting power (directly or through subsidiaries) will indicate significant unless it can be clearly demonstrated otherwise. Investments in associates are accounted for using equity method and are recognized initially at cost. The carrying amount of the investment in associates includes goodwill which is arising from the acquisition.

On initial recognition, the investor's share of the investee's profit or loss is recognized in the investor's profit or loss. Distributions received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount may also be required arising from changes in the investee's other comprehensive income.

Any change in ownership interest of the subsidiaries, not resulting in loss of control, is treated as equity transaction.

The investor's share of the changes from foreign exchange translation differences is recognized in net assets/equity of the investor.

(j) 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.

(k) 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.

(l) 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.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) 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.

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.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) 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.

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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.

(o) 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.

(p) Revenue recognition

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

(q) 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.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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.

(r) 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.

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.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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.

(s) 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.

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.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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.

(t) 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.

(u) 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.

(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.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash	\$ 112	139
Demand deposits	238,610	755,294
Time deposits	3,747,221	3,738,248
Futures margin- excess margin	1,170,939	744,369
Commercial paper	-	9,994
Total	<u>\$ 5,156,882</u>	<u>5,248,044</u>

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

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

	December 31, 2022	December 31, 2021
Open-ended funds and money- market instruments	\$ 20,000	20,000
Open-ended funds and money- market instruments valuation adjustment	(269)	566
Trading securities- proprietary trading	18,204	112,398
Trading securities- proprietary trading valuation adjustment	447	(522)
Securities invested by securities broker	15,996	15,000
Securities invested by securities broker valuation adjustment	(453)	(1,990)
Call options- non-hedging	89,232	59,268
Futures margin- proprietary fund- non-hedging	211,865	68,855
Leverage derivatives- non-hedging	202,915	81,844
Equity derivatives- non-hedging	16,854	2,483
Total	<u>\$ 574,791</u>	<u>357,902</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, 2022 and 2021, will increase \$539 and \$1,455, 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.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Equity investments at fair value through other comprehensive income		
Listed stocks	\$ 51,857	25,582
Valuation adjustment	<u>(8,171)</u>	<u>2,686</u>
Total	<u>\$ 43,686</u>	<u>28,268</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, 2022 and 2021, the dividends of \$1,125 and \$6,563, related to equity investment at fair value through other comprehensive income held on December 31, 2022 and 2021, respectively, were recognized.

During the year ended December 31, 2022 and 2021, due to the consideration of asset allocation and managing and adjusting the investment portfolio, the Group sold shares of stocks for a fair value \$0 and \$439,095, respectively, and cumulative dispose gains for the year ended December 31, 2022 and 2021, amounted to \$0 and \$30,164, respectively, were transferred from other equity items to retained earnings.

(iii) Bonds purchased under resale agreements

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bonds purchased under resale agreements	<u>\$ 43,166</u>	<u>84,013</u>
Resale price under the agreements	<u>\$ 43,190</u>	<u>84,021</u>
Interest rates	<u>0.77%</u>	<u>0.20%~0.21%</u>
Date of repurchase	<u>2023.01.03~2023.01.13</u>	<u>2022.01.03~2022.01.14</u>

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

Equity instruments at fair value through other comprehensive income:

<u>Investee Company</u>	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Ownership ratio</u>	<u>Amount</u>	<u>Ownership ratio</u>	<u>Amount</u>
Taiwan Futures Exchange Co., Ltd	0.0042 %	<u>\$ 1,263</u>	0.0042 %	<u>1,581</u>

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

During the year ended December 31, 2022 and 2021, the dividends of \$56 and \$50, related to equity investments at fair value through other comprehensive income held on December 31, 2022 and 2021, respectively, were recognized. No strategic investments were disposed of during the year ended December 31, 2022 and 2021, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Put options - non-hedging	\$ 128,886	51,130
Liabilities on sale of borrowed securities - non-hedging	704,686	-
Liabilities on sale of borrowed securities valuation adjustment - non-hedging	(19,315)	-
Leverage derivatives- non-hedging	28,918	16,671
Equity derivatives- non-hedging	<u>1,710</u>	<u>5</u>
	<u><u>\$ 844,885</u></u>	<u><u>67,806</u></u>

(c) Non-current assets held for sale

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

(d) Investments under equity method

(i) Associate

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

<u>Name of associate</u>	<u>Relationship with the Company</u>	<u>Principal place of business /Register country of company</u>	<u>Ownership equity and % of right to vote</u>	
			<u>December 31, 2022</u>	<u>December 31, 2021</u>
True Partner Advisor Hong Kong Ltd.	Its main business is assets management, and it's the Company's strategic alliances to expand assets managing business.	Hong Kong	- %	49.00 %

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

	For the years ended December 31,	
	2022	2021
Group's share of total comprehensive income in the investee's:		
Profit from continuing operations	\$ -	894
Other comprehensive losses	-	-
Total comprehensive income	<u>\$ -</u>	<u>894</u>

(e) 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, 2022	\$ 116,554	16,704	133,258
Additions	21,019	723	21,742
Disposal	(6,860)	(6,634)	(13,494)
Effect of exchange rate changes	4,107	339	4,446
Balance at December 31, 2022	<u>\$ 134,820</u>	<u>11,132</u>	<u>145,952</u>
Balance at January 1, 2021	\$ 146,301	25,244	171,545
Additions	11,226	4,367	15,593
Disposal	(39,678)	(12,801)	(52,479)
Effect of exchange rate changes	(1,295)	(106)	(1,401)
Balance at December 31, 2021	<u>\$ 116,554</u>	<u>16,704</u>	<u>133,258</u>
Accumulated depreciation:			
Balance at January 1, 2022	\$ 76,661	9,225	85,886
Depreciation	24,097	3,193	27,290
Disposal	(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>

(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, 2021	\$ 90,631	17,642	108,273
Depreciation	26,641	4,421	31,062
Disposal	(39,613)	(12,801)	(52,414)
Effect of exchange rate changes	(998)	(37)	(1,035)
Balance at December 31, 2021	<u>\$ 76,661</u>	<u>9,225</u>	<u>85,886</u>
Carrying amounts:			
Balance at December 31, 2022	<u>\$ 37,451</u>	<u>5,273</u>	<u>42,724</u>
Balance at December 31, 2021	<u>\$ 39,893</u>	<u>7,479</u>	<u>47,372</u>

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

(f) Right-of-use assets

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

	<u>Buildings</u>	<u>Equipment</u>	<u>Total</u>
Cost:			
Balance at January 1, 2022	\$ 80,426	7,383	87,809
Additions	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>
Balance at January 1, 2021	\$ 94,062	11,591	105,653
Additions	19,903	3,899	23,802
Derecognition	(32,880)	(8,107)	(40,987)
Effect of exchange rate changes	(659)	-	(659)
Balance at December 31, 2021	<u>\$ 80,426</u>	<u>7,383</u>	<u>87,809</u>
Accumulated depreciation:			
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>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Buildings</u>	<u>Equipment</u>	<u>Total</u>
Balance at January 1, 2021	\$ 41,062	6,087	47,149
Depreciation	29,505	2,976	32,481
Derecognition	(32,880)	(5,712)	(38,592)
Effect of change rate changes	(266)	-	(266)
Balance at December 31, 2021	<u>\$ 37,421</u>	<u>3,351</u>	<u>40,772</u>
Carrying amounts:			
Balance at December 31, 2022	<u>\$ 32,790</u>	<u>4,158</u>	<u>36,948</u>
Balance at December 31, 2021	<u>\$ 43,005</u>	<u>4,032</u>	<u>47,037</u>

(g) Customers margin accounts/futures traders' equity

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Customers margin accounts		
Cash in bank	\$ 31,462,155	27,671,541
Balance of the futures clearing house	5,428,820	7,926,606
Balance of other futures commission merchants	4,338,662	3,652,626
Marketable securities	<u>22,988</u>	<u>4,304</u>
Balance of customers margin accounts	<u>41,252,625</u>	<u>39,255,077</u>
Plus adjustment items:		
Commission cost	4,214	3,439
Others	-	364
Deduction adjustment items:		
Brokerage fee revenue	(15,952)	(12,674)
Futures transaction tax	(1,617)	(1,652)
Interest income	(5,668)	(523)
Temporary credits	(29,355)	(3,122)
Remittance amount of the customers after the market closed	(11,610)	(7,535)
Other receivables	(104,766)	(28,094)
Others	<u>(746)</u>	<u>-</u>
Balance of futures traders' equity	<u>\$ 41,087,125</u>	<u>39,205,280</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) Receivable - futures margin

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Receivable - futures margin - current	\$ 380	258
Less: Loss allowance	<u>373</u>	<u>258</u>
Subtotal	<u>7</u>	<u>-</u>
Receivable - futures margin - non-current	6,383	6,762
Less: Loss allowance	<u>6,383</u>	<u>6,762</u>
Subtotal	<u>-</u>	<u>-</u>
Total	<u>\$ 7</u>	<u>-</u>

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

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Balance on January 1	\$ 7,020	7,801
Impairment losses recognized (reversed)	(264)	(236)
Amounts written off	<u>-</u>	<u>(545)</u>
Balance on December 31	<u>\$ 6,756</u>	<u>7,020</u>

(i) Intangible assets

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

	<u>Goodwill (Note2)</u>	<u>The seats of foreign futures exchanges (Note1)</u>	<u>Computer software</u>	<u>Total</u>
Cost:				
Balance at January 1, 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>\$ 22,088</u>	<u>50,577</u>	<u>16,625</u>	<u>89,290</u>
Balance at January 1, 2021	\$ 22,088	50,153	29,293	101,534
Additions	-	-	5,136	5,136
Scrap	-	-	(6,220)	(6,220)
Effect of exchange rate changes	<u>-</u>	<u>(198)</u>	<u>(31)</u>	<u>(229)</u>
Balance at December 31, 2021	<u>\$ 22,088</u>	<u>49,955</u>	<u>28,178</u>	<u>100,221</u>

(Continued)

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, 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>
Balance at January 1, 2021	\$ 1,204	4,007	16,777	21,988
Amortization	-	-	9,082	9,082
Impairment loss	4,951	-	-	4,951
Scrap	-	-	(6,220)	(6,220)
Effect of exchange rate changes	-	(136)	(25)	(161)
Balance at December 31, 2021	<u>\$ 6,155</u>	<u>3,871</u>	<u>19,614</u>	<u>29,640</u>
Carrying value:				
Balance at December 31, 2022	<u>\$ 11,131</u>	<u>46,278</u>	<u>4,231</u>	<u>61,640</u>
Balance at December 31, 2021	<u>\$ 15,933</u>	<u>46,084</u>	<u>8,564</u>	<u>70,581</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 \$4,802 and \$4,951 for the years ended December 31, 2022 and 2021, by using the discount rate of 4.30% and 4.65% on the basis of the future recoverable amount of sub-subsidiary from Mainland China.

(j) Short-term borrowings

<u>Nature of borrowings</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Credit loan	<u>\$ -</u>	<u>109,784</u>
Interest rate range	<u>-</u>	<u>1.46%</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Lease liabilities

The Group's lease liabilities were as follows:

	December 31, 2022	December 31, 2021
Current	<u>\$ 20,616</u>	<u>24,112</u>
Non-current	<u>\$ 16,540</u>	<u>23,017</u>

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

The amounts recognized in profit or loss were as follows :

	For the years ended December 31,	
	2022	2021
Interest on lease liabilities	<u>\$ 691</u>	<u>884</u>
Expenses relating to short-term leases	<u>\$ 4,821</u>	<u>3,271</u>
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	<u>\$ 303</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,	
	2022	2021
Total cash outflow for leases	<u>\$ 34,046</u>	<u>37,728</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.

(l) 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, 2022	December 31, 2021
Present value of defined benefit obligations	<u>\$ (9,933)</u>	<u>(16,473)</u>
Fair value of plan assets	<u>18,829</u>	<u>17,274</u>
Recognized liabilities for defined benefit obligations	<u>\$ 8,896</u>	<u>801</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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.

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$18,829 as of December 31, 2022. 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 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
Defined benefit obligation at January 1	\$ 16,473	24,328
Current service costs and interest	(2,346)	1,229
Benefits paid	(3,057)	(8,177)
Remeasurement of net defined benefit obligation		
- Experience gain or loss	(672)	(1,062)
- Actuarial loss (gain) arising from changes in financial assumptions	(465)	(53)
- Actuarial loss (gain) arising from changes in demographics assumptions	-	208
Defined benefit obligation at December 31	\$ 9,933	16,473

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Movements in fair value of defined benefit plan assets

The movements in fair value of defined benefit plan assets of the Company in 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
Fair value of plan assets at January 1	\$ 17,274	16,841
Interest revenue	80	69
Remeasurement of net defined benefit obligation		
- Return on plan assets (except net interests of period)	1,378	252
Contributions to the plan assets	97	112
Fair value of plan assets at December 31	\$ 18,829	17,274

4) Expense recognized in profit or loss

The expenses recognized in profit or loss of the Company in 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
Current service cost	\$ (2,400)	1,129
Net interest of net defined benefit obligation	(26)	31
	\$ (2,426)	1,160

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

For the years ended December 31, 2022 and 2021, the accumulated remeasurement of net defined benefit obligation recognized in other comprehensive income was as follows:

	For the years ended December 31,	
	2022	2021
Accumulated amount on January 1	\$ (11,680)	(12,839)
Recognized during the period	2,515	1,159
Accumulated amount on December 31	\$ (9,165)	(11,680)

6) Actuarial assumptions

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

	For the years ended December 31,	
	2022	2021
Discount rate	1.38 %	0.46 %
Future salary growth rate	3.00 %	3.00 %

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The expected contribution to the defined benefit plan for the next year is \$112. The weighted average duration of the defined benefit obligation is 1 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, 2022 and 2021, 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, 2022		
Discount rate	\$ (215)	226
Future salary increasing rate	184	(178)
December 31, 2021		
Discount rate	(326)	314
Future salary increasing rate	273	(264)

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 \$14,292 and \$13,797 under defined contribution plan to the Bureau of the Labor Insurance in the year 2022 and 2021, respectively.

(iii) For the years ended December 31, 2022 and 2021 the pension costs contributed by overseas subsidiaries in compliance with local ordinance were \$2,888 and \$2,941, respectively.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Income taxes

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

The Company and its subsidiary Capital International Technology Corp. are founded in Taiwan. The corporate income tax rates are both 20% for the years ended December 31, 2022 and 2021.

The subsidiary CSC Futures (HK) Ltd. is founded in Hong Kong. The corporate income tax rates are both 16.5% for the years ended December 31, 2022 and 2021.

The tax rates of reinvestment business of subsidiaries including Capital True Partner Technology Co., Ltd. and Capital Futures Technology (Shanghai) Co., Ltd. founded in Mainland China are both 25% for the years ended December 31, 2022 and 2021.

(ii) Income tax expense

1) The amounts of income tax expense (benefit) for the year ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
Current income tax expense	\$ 154,426	109,505
Deferred income tax expense (benefit)	21,504	1,073
Total	\$ 175,930	110,578

2) The amounts of income tax expense (benefit) recognized in other comprehensive income of the Group in 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
Exchange difference on translation of foreign operations	\$ -	414

Reconciliation of income tax expense (benefit) and profit before tax of the Group for 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
Net income before income tax	\$ 957,283	599,901
Income tax using the Company's domestic tax rate	191,457	119,980
Tax-exempt income	(7,463)	(10,060)
Unrecognized deferred tax assets for current-year losses	(217)	(378)
Unrecognized temporary differences for current year	(1,575)	5,917
Adjustments to prior year's income tax	(2,102)	(3,994)
Others	(4,170)	(887)
Total	\$ 175,930	110,578

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Deferred tax assets and liabilities

1) Unrecognized deferred income tax liabilities

As of December 31, 2022 and 2021, the details of the Group's unrecognized deferred tax liabilities were as follows:

	December 31, 2022	December 31, 2021
Aggregate amount of temporary differences related to investments in subsidiaries	<u>\$ 13,933</u>	<u>59</u>

The dividend policies of the Group's subsidiary, CSC Futures (HK) Ltd. was prescribed not to appropriate the retained earning until December 31, 2022. 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, 2022 and 2021, the details of the Group's unrecognized deferred tax assets were as follows:

	December 31, 2022	December 31, 2021
Unrealized losses on foreign investments under Equity Method	\$ 2,242	8,896
Tax loss carried forward	-	217
	<u>\$ 2,242</u>	<u>9,113</u>

3) Recognized deferred income tax liabilities

As of December 31, 2022 and 2021, the details of the Group's recognized deferred tax assets and liabilities were as follows:

	December 31, 2022	December 31, 2021
Recognized deferred tax liabilities:	\$	
Unrealized gains on derivative financial instruments	37,828	13,530
Unrealized gains on non-current assets held for sale	-	2,794
Total	<u>\$ 37,828</u>	<u>16,324</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Income tax assessment status

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

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

(n) Capital and other equity

(i) Common stock

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

(ii) Capital surplus

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

	<u>December 31, 2022</u>	<u>December 31, 2021</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	2,476
Changes in ownership interests in subsidiaries	995	995
Right of inclusion options exercised	<u>460</u>	<u>460</u>
	<u><u>\$ 1,663,251</u></u>	<u><u>1,663,621</u></u>

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

(iii) Retained earnings

1) Legal reserve

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Special reserve

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

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

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

3) Undistributed earnings

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

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

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

According to the resolution of board meeting on March 13, 2023, the Company's 2022 proposal of earnings distribution for owners were as follows:

	For the years ended	
	December 31,	
	2022	
	Amount	Per share
Cash dividend	\$ 635,522	3.02

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

(o) Earnings per share

The basic earnings per share and diluted earnings per share for the years ended December 31, 2022 and 2021 were calculated as follows:

(i) Basic earnings per share

	For the years ended December 31,	
	2022	2021
Net income attributable to common shareholders of the Company	\$ 781,860	490,039
Weighted-average number of common stock shares outstanding (thousands of shares)	210,438	210,438
Basic earnings per share (dollar)	\$ 3.72	2.33

(ii) Diluted earnings per share

	For the years ended December 31,	
	2022	2021
Net income attributable to common shareholders of the Company	\$ 781,860	490,039
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)	348	185
Weighted-average outstanding shares of diluted earnings per share (thousands of shares)	210,786	210,623
Diluted earnings per share (dollar)	\$ 3.71	2.33

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(p) Items of the statements of comprehensive income

(i) Brokerage fee revenue

	For the years ended December 31,	
	2022	2021
Consignment trading handling fee revenue- Domestic futures	\$ 1,049,295	1,042,200
Consignment trading handling fee revenue- Foreign futures	947,121	738,277
	<u>\$ 1,996,416</u>	<u>1,780,477</u>

(ii) Futures commission revenue

	For the years ended December 31,	
	2022	2021
Futures commission revenue- CSC Futures (HK) Ltd.	<u>\$ 310,640</u>	<u>327,809</u>

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

(iii) Net gains (losses) on derivative instruments

	For the years ended December 31,	
	2022	2021
Non-hedging		
Net gains (losses) on futures contracts		
Gains on futures contracts	\$ 912,661	258,646
Losses on futures contracts	(889,268)	(280,995)
	<u>\$ 23,393</u>	<u>(22,349)</u>
Net gains (losses) on option contracts		
Gains on option contracts	\$ 698,236	302,431
Losses on option contracts	(497,340)	(167,255)
	<u>\$ 200,896</u>	<u>135,176</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the years ended December 31,	
	2022	2021
Net gains (losses) on leverage derivatives		
Gains on leverage derivatives	\$ 1,842,208	600,409
Losses on leverage derivatives	(1,694,428)	(510,603)
	<u>\$ 147,780</u>	<u>89,806</u>
Net gains (losses) on equity derivatives		
Gains on equity derivatives	\$ 159,866	12,293
Losses on equity derivatives	(137,697)	(10,279)
	<u>\$ 22,169</u>	<u>2,014</u>
Net gains (losses) on derivative financial instruments - overseas subsidiaries	<u>\$ (350)</u>	<u>(2,708)</u>
Total gains on derivative financial instruments	\$ 3,612,971	1,173,779
Total losses on derivative financial instruments	(3,218,733)	(969,132)
Net gains (losses) on derivative financial instruments - overseas subsidiaries	(350)	(2,708)
	<u>\$ 393,888</u>	<u>201,939</u>

(iv) Futures commission expenses

	For the years ended December 31,	
	2022	2021
Re-consigned futures trading	\$ 278,395	215,936
Futures introducing broker business	189,349	171,609
Commission expenses - CSC Futures (HK) Ltd.	93,213	102,006
	<u>\$ 560,957</u>	<u>489,551</u>

(v) Employee benefit, depreciation and amortization expenses

	For the years ended December 31,	
	2022	2021
Employee benefit expenses		
Salary expense	\$ 521,308	409,501
Labor and health insurance expense	29,886	28,013
Pension expense	14,754	17,898
Director remuneration	27,012	29,337
Others	9,949	14,104
Depreciation expense	55,078	63,543
Amortization expense	6,636	9,082
	<u>\$ 664,623</u>	<u>571,478</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vi) Other operating expenses

	For the years ended December 31,	
	2022	2021
Postage expense	\$ 63,022	59,428
Taxes	110,080	76,856
Rental expense	5,165	3,621
Information technology expense	210,846	163,286
Professional service fee	12,616	13,738
Others	88,987	87,779
	<u>\$ 490,716</u>	<u>404,708</u>

(vii) Other gains and losses

	For the years ended December 31,	
	2022	2021
Interest income	\$ 423,407	173,949
Dividend income	527	2,542
Net gains (losses) on non-operating financial instruments at fair value through profit or loss	683	(5,306)
Net gains (losses) on foreign exchange	28,181	(18,781)
Net gains (losses) on disposal of investments	3,028	14,829
Losses on disposal of property and equipment	(10)	(65)
Other non-operating revenue - other	25,815	19,282
Other non-operating expense - other	(13,036)	(7,638)
	<u>\$ 468,595</u>	<u>178,812</u>

(viii) Remuneration to employees, directors and supervisors

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the year ended December 31, 2022 and 2021, the estimated amounts of remuneration to employee were \$11,473 and \$7,196, and to directors and supervisors by the Company were \$11,473 and \$7,196, respectively, which were calculated based on the Company's net profit before income tax and remuneration to employees and directors and supervisors multiple the earnings allocation percentage as specified in the Company's articles. It was recognized as operating expense for the years ended December 31, 2022 and 2021. If the actual distribution amount differs from the estimated amount in the following year, the difference is treated as a change in accounting estimate and recognized as profit or loss in the following year. The difference is recognized as profit or loss in the following year. If the Board of Directors resolved to distribute the employees' remuneration in the form of shares, the number of shares of the distribution is based on the closing price of the day before the Board of Directors' meeting date.

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

(q) Financial Instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represent the maximum credit exposure. As of December 31, 2022 and 2021 the maximum credit exposure amounted to \$49,300,552 and \$46,209,098, respectively.

2) Concentration of credit risk

The exposure of credit risk by geographic region in December 31, 2022 as shown in below, mainly focusing on Taiwan (accounted for 83.74%), secondly in Asia (accounted for 14.89% excluded Taiwan), thirdly in North America (accounted for 0.89%). The proportion of investment by geographic region did not change significantly compared to the same period last year.

<u>Area</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Taiwan	\$ 41,285,753	40,050,017
Asia (excluded Taiwan)	7,338,504	5,512,355
North America	440,835	444,031
Europe	189,787	178,761
Oceania	45,673	23,934
Total	<u>\$ 49,300,552</u>	<u>46,209,098</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Impairment losses

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

	December 31, 2022		December 31, 2021	
	Gross carrying amount	Impairment	Gross carrying amount	Impairment
Current	\$ 233,355	6,756	441,744	7,020
Past due 0~30 days	-	-	-	-
Past due 31~120 days	-	-	-	-
Past due 121~360 days	-	-	-	-
Past due more than 360 days	-	-	-	-
	\$ 233,355	6,756	441,744	7,020

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, 2022 and 2021, the loss allowance of receivables were recognized \$6,756 and \$7,020, respectively.

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, 2022 and 2021 was as follows:

	For the years ended December 31, 2022					Total
	12-month ECL	Lifetime ECL-not credit impaired	Lifetime ECL - credit impaired			
			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	\$ -	-	-	6,756	-	6,756

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2021						
	12-month ECL	Lifetime ECL-not credit impaired	Lifetime ECL - credit impaired			Total
			Accounts receivable	Receivable- futures margin	Other receivables	
Balance on January 1	\$ -	-	-	7,801	-	7,801
Reversal of impairment losses	-	-	-	(236)	-	(236)
Amounts written off	-	-	-	(545)	-	(545)
Balance on December 31	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>7,020</u>	<u>-</u>	<u>7,020</u>

(ii) Liquidity risk

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

	Carrying amount	Contract cash flow	Within 6 months	6-12 months	1-2 year	2-5 year	More than 5 year
December 31, 2022							
Financial liabilities at fair value through profit or loss	\$ 844,885	844,885	844,885	-	-	-	-
Futures traders' equity	41,087,125	41,087,125	41,087,125	-	-	-	-
Leverage contract trading- customers' equity	849,887	849,887	849,887	-	-	-	-
Accounts payable	65,110	65,110	65,110	-	-	-	-
Receipts under custody	5,196	5,196	5,196	-	-	-	-
Other payables	227,715	227,715	227,715	-	-	-	-
Lease liabilities	37,156	38,555	14,448	7,246	9,186	7,675	-
	<u>\$ 43,117,074</u>	<u>43,118,473</u>	<u>43,094,366</u>	<u>7,246</u>	<u>9,186</u>	<u>7,675</u>	<u>-</u>
December 31, 2021							
Short-term borrowings	\$ 109,784	109,784	109,784	-	-	-	-
Financial liabilities at fair value through profit or loss	67,806	67,806	67,806	-	-	-	-
Futures traders' equity	39,205,280	39,205,280	39,205,280	-	-	-	-
Leverage contract trading- customers' equity	630,830	630,830	630,830	-	-	-	-
Accounts payable	57,141	57,141	57,141	-	-	-	-
Receipts under custody	4,920	4,920	4,920	-	-	-	-
Other payables	137,373	137,373	137,373	-	-	-	-
Lease liabilities	47,129	48,106	12,542	12,082	16,751	6,731	-
	<u>\$ 40,260,263</u>	<u>40,261,240</u>	<u>40,225,676</u>	<u>12,082</u>	<u>16,751</u>	<u>6,731</u>	<u>-</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Currency risk

1) Exposure to foreign currency risk

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

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

The Group disclosed the summarized information on exchange gain or loss. The realized and unrealized exchange gains (losses) amounted to \$36,762 and \$(22,691) for the year ended December 31, 2022 and 2021, 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, 2022 and 2021, with all other variable factors remain constant, a strengthening (weakening) 1% of the TWD against the above major foreign currency, would cause after-tax comprehensive income result in a decrease or an increase by \$3,867 and \$8,981, respectively. The analytical basis was the same in both years.

(iv) Analysis in interest rates

For the years ended December 31, 2022 and 2021, with all other variable factors remain constant, when the interest rate increases or decreases by 100 basis points, would cause after-tax comprehensive income result in an increase or a decrease by \$6,962 and \$6,863. 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>December 31, 2022</u>			
<u>Assets and Liabilities items</u>	<u>Total</u>	<u>Public quote of the same financial instrument in an active market (Level 1)</u>	<u>Observable price except public quote in an active market (Level 2)</u>	<u>Based neither on direct market data nor from the counter party (Level 3)</u>	
<u>Fair value evaluated on a recurring basis</u>					
<u>Non derivative assets and liabilities</u>					
Assets:					
Financial assets at fair value through profit or loss					
Beneficiary certificate	\$ 35,096	35,096	-	-	
Stock investment	18,829	18,829	-	-	
Financial assets at fair value through other comprehensive income	44,949	43,686	-	1,263	
Liabilities:					
Financial liabilities at fair value through profit or loss	685,371	685,371	-	-	
<u>Derivative assets and liabilities</u>					
Assets:					
Financial assets at fair value through profit or loss	\$ 520,866	301,097	219,769	-	
Liabilities:					
Financial liabilities at fair value through profit or loss	159,514	128,886	30,628	-	
		<u>December 31, 2021</u>			
<u>Assets and Liabilities items</u>	<u>Total</u>	<u>Public quote of the same financial instrument in an active market (Level 1)</u>	<u>Observable price except public quote in an active market (Level 2)</u>	<u>Based neither on direct market data nor from the counter party (Level 3)</u>	
<u>Fair value evaluated on a recurring basis</u>					
<u>Non derivative assets and liabilities</u>					
Assets:					
Financial assets at fair value through profit or loss					
Beneficiary certificate	\$ 33,576	33,576	-	-	
Stock investment	111,876	111,876	-	-	
Financial assets at fair value through other comprehensive income	29,849	28,268	-	1,581	
<u>Derivative assets and liabilities</u>					
Assets:					
Financial assets at fair value through profit or loss	\$ 212,450	128,123	84,327	-	
Liabilities:					
Financial liabilities at fair value through profit or loss	67,806	51,130	16,676	-	

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

b) Valuation techniques

i) Non-derivative financial instruments

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

ii) Derivative financial instruments

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

iii) Transfer between Level 1 and Level 2

There is no transfer between Level 1 and Level 2 for the years ended December 31, 2022 and 2021.

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

(In Thousands Dollars)

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

Item	For the years ended December 31, 2021							Ending Balance
	Beginning Balance	Gains and losses on valuation		Addition		Reduction		
		Amount recognized in profit or loss	Amount recognized in comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3	
Financial assets at fair value through other comprehensive income	\$ 1,349	-	232	-	-	-	-	1,581

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- 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.

- 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, 2022		
Financial assets fair value through other comprehensive income	\$ <u>13</u>	<u>(13)</u>
December 31, 2021		
Financial assets fair value through other comprehensive income	\$ <u>16</u>	<u>(16)</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

c) Financial instruments not measured at fair value

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

(r) Financial risk management

(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

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.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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.

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.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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.

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)

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 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.
- (s) Managing interest rate benchmark reform and associated risks

(i) Overview

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly riskfree rates (referred to as ‘IBOR reform’). The Group modified most of the financial instruments linked to IBORs that had incorporated new benchmark interest rates in 2021. The Group remaining IBOR exposures are linked to US dollar LIBOR on December 31, 2022. US dollar LIBOR is replaced by the US dollar guaranteed Overnight Financing Rate (SOFR for short). The alternative reference rate for sterling LIBOR is the Secured Overnight Financing Rate (SOFR) rate. The Group completed the implementation process of the appropriate contingency clauses for those with exposure to US dollar LIBOR in the year ended December 31, 2022. The contractual terms of these instruments will be automatically converted from US dollar LIBOR to SOFR when US dollar LIBOR is retired. The Group's banks will stop submitting LIBOR quotes for the U.S. dollar in 2022, as announced by the FCA in early 2023.

The Risk Management Office oversees and manages the conversion of alternative interest rates, evaluates the range of cash flows for contractual reference rate indicators, whether such contracts need to be modified due to changes in interest rate indicators, and how to manage communication with counterparties regarding changes in interest rate indicators.

(ii) Non-derivative financial liabilities

The Group has modified all of its floating-rate liabilities indexed to sterling LIBOR to reference HIBOR during the year ended December 31, 2021.

- (iii) Total amounts of unreformed contracts, including those with an appropriate fallback clause
- The Group monitors the progress of transition from IBORs to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback clause. The Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an ‘unreformed contract’).

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

(t) 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, 2022, the Group didn't change the method of capital management.

(u) 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, 2022 and 2021, were as follows:

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

	January 1, 2022	Cash flows	Other	Non-cash changes		December 31, 2022
				Foreign exchange movement	Fair value changes	
Lease liabilities	\$ 47,129	(28,922)	17,742	1,207	-	37,156
Total liabilities from financing activities	\$ 47,129	(28,922)	17,742	1,207	-	37,156

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>January 1, 2021</u>	<u>Cash flows</u>	<u>Other</u>	<u>Non-cash changes</u>		<u>December 31, 2021</u>
				<u>Foreign exchange movement</u>	<u>Fair value changes</u>	
Lease liabilities	\$ 58,479	(34,154)	23,197	(393)	-	47,129
Total liabilities from financing activities	<u>\$ 58,479</u>	<u>(34,154)</u>	<u>23,197</u>	<u>(393)</u>	<u>-</u>	<u>47,129</u>

(7) Related-party transactions:

- (a) Parent company and ultimate controlling party

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

- (b) Names and relationship with related parties

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

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

- (c) Key management personnel compensation

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 82,140	70,727
Post-employment benefits	1,057	5,784
Total	<u>\$ 83,197</u>	<u>76,511</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Significant transactions with related parties

- (i) The amounts of futures trading between the Group and related parties for the year ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
<u>Brokerage fee revenue</u>		
Capital Securities Corporation	\$ 29,146	10,612
Funds issued by Capital Investment Trust Corp.	82	123
Other related parties	513	277
Total	<u>\$ 29,741</u>	<u>11,012</u>
	December 31,	December 31,
	2022	2021
<u>Futures traders' equity</u>		
Capital Securities Corporation	\$ 2,202,884	1,406,887
Funds issued by Capital Investment Trust Corp.	275,178	269,049
Other related parties	270	763
Total	<u>\$ 2,478,332</u>	<u>1,676,699</u>

Transaction terms are the same as those with general clients.

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

	For the years ended December 31,	
	2022	2021
<u>Interest expense</u>		
Capital Securities Corporation	\$ 67	78
Funds issued by Capital Investment Trust Corp.	296	27
Total	<u>\$ 363</u>	<u>105</u>

- (ii) Accounts payable and receivable:

	December 31,	December 31,
	2022	2021
<u>Accounts receivable</u>		
Capital Securities Corporation	<u>\$ 884</u>	<u>3,011</u>
<u>Accounts payable</u>		
Capital Securities Corporation	<u>\$ 12,761</u>	<u>11,448</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2022	December 31, 2021
Other receivables (Note 1)		
Capital Securities Corporation	\$ 7,291	3,846
CSC Securities (HK) Ltd.	123	335
Total	\$ 7,414	4,181
Other payables		
Capital Securities Corporation (Note 2)	\$ 4,051	344
CSC Securities (HK) Ltd. (Note 3)	569	949
Total	\$ 4,620	1,293

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

(Note 2) Payables for allocated expenses, payables for stock settlement, and interests to the parent company.

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

(iii) Bonds purchased under resale agreements

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

	December 31, 2022	December 31, 2021
Bonds purchased under resale agreements	\$ 43,166	84,013
Resale price under the agreements	\$ 43,190	84,021
Interest rates	0.77%	0.20%~0.21%
Date of repurchase	2023.01.03~2023.01.13	2022.01.03~2022.01.14
	For the years ended December 31,	
	2022	2021
Interest income	\$ 395	213

(iv) Leases

The Group signed three-year lease contracts and rented the office from Capital Securities Corporation. As of December 31, 2022 and 2021, the total value of effective contracts were all \$53,289. For the year ended December 31, 2022 and 2021, the Group recognized the amount of \$208 and \$392 as interest expense. As of December 31, 2022 and 2021, lease liabilities amounted to \$10,326 and \$27,880, respectively, and refundable deposits were all amounted to \$4,633.

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

The Group signed one-year lease contracts and rented the office from CSC International Holdings Ltd. As of December 31, 2022 and 2021, the total value of effective contract were all \$552 (CNY\$127 thousands). For the year ended December 31, 2022 and 2021, the Group all recognized the amount of \$0 as interest expense. As of December 31, 2022 and 2021, lease liabilities were amounted to \$232 and \$229.

(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>2022</u>	<u>2021</u>
Capital Securities Corporation	\$ <u>855</u>	<u>905</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>2022</u>	<u>2021</u>
Capital Securities Corporation	\$ 14,122	27,152
CSC Securities (HK) Ltd.	182	618
	\$ <u>14,304</u>	<u>27,770</u>

(vii) Interest income (Rent deposit interest)

<u>Related parties</u>	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Capital Securities Corporation	\$ <u>36</u>	<u>35</u>

(viii) Securities brokerage charge

<u>Related parties</u>	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Capital Securities Corporation	\$ 186,991	170,416
CSC Securities (HK) Ltd.	-	675
	\$ <u>186,991</u>	<u>171,091</u>

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ix) Information technology expenses

	For the years ended December 31,	
Related parties	2022	2021
Capital Securities Corporation	\$ 48,191	47,986

(x) Stock service fees

	For the years ended December 31,	
Related parties	2022	2021
Capital Securities Corporation	\$ 628	562

(xi) Human resource and legal service fees

	For the years ended December 31,	
Related parties	2022	2021
Capital Securities Corporation	\$ 300	300

(xii) Securities transaction fees

	For the years ended December 31,	
Related parties	2022	2021
Capital Securities Corporation	\$ 1,743	114
CSC Securities (HK) Ltd.	-	675
Total	\$ 1,743	789

(xiii) Discretionary service commission fees

	For the years ended December 31,	
Related parties	2022	2021
Capital Securities Corporation	\$ 20	110

(xiv) Management service fees

	For the years ended December 31,	
Related parties	2022	2021
CSC Securities (HK) Ltd.	\$ 3,849	3,129

(xv) Stationery and printing fees

	For the years ended December 31,	
Related parties	2022	2021
Capital Securities Corporation	\$ 38	35

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(xvi) Consulting fees

	For the years ended December 31,	
Related parties	2022	2021
Other related parties	\$ 21	-

(8) Pledged assets:None

(9) Significant commitments and contingencies:

The Group purchased software and hardware systems for business development. As of December 31, 2022, the Group had outstanding balance \$61,722.

(10) Losses due to major disasters:None

(11) Significant subsequent events:None

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Derivative instrument transactions:

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

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)	
	Tauwan Stock Futures	Long	6,944	660,461	633,265	
	Tauwan Stock Futures	Short	20	(5,846)	(5,869)	
	US Dollar Index Futures	Short	14	(44,641)	(44,399)	
	Mini Taiex Weekly Futures	Long	51	36,157	36,096	
	Mini Financial Futures	Short	20	(7,415)	(7,472)	
	Mini Electronic Futures	Long	56	18,042	18,025	
	E-Mini S&P 500 Futures	Short	125	(73,669)	(74,107)	
	E-Mini Nasdaq 100 Futures	Short	12	(8,583)	(8,124)	
	Nikkei 225 Index Futures	Short	10	(39,897)	(39,570)	
	Mini Oil Futures	Long	14	17,161	17,265	
	Emin Russell 2000 Index Futures	Short	10	(27,085)	(27,192)	
	Soybean Futures	Long	10	23,380	23,401	
	Subtotal			<u>155,792</u>		

(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 Option (Call)	Long	23	241	216	
	Gold Option (Call)	Short	10	(48)	(38)	
	Gold Option (put)	Long	7	25	5	
	Gold Option (put)	Short	6	(28)	(4)	
	Subtotal			(31,906)		
Total				<u>\$ 123,886</u>		

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2021

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

Item	December 31, 2022	December 31, 2021
Leverage derivatives- long	\$ <u>4,078,689</u>	<u>3,800,382</u>
Leverage derivatives- short	\$ <u>4,059,360</u>	<u>3,787,547</u>
Equity derivatives- long	\$ <u>352,576</u>	<u>131,113</u>
Equity derivatives- short	\$ <u>352,547</u>	<u>131,101</u>

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

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

Art.	Calculation formula	Current Period		Last Period		Standard	Enforcement
		Calculation	Ratio	Calculation	Ratio		
17	Stockholders' equity		3.16	6,248,364	6.27	≥ 1	Satisfactory to requirement
	(Total liabilities– futures traders' equity)	6,781,388 2,147,858		996,339			
17	Current Assets	45,996,498	1.13	43,681,868	1.13	≥ 1	"
	Current Liabilities	40,595,760		38,702,447			
22	Stockholders' equity	6,781,388	608.20 %	6,248,364	560.39 %	≥ 60%	"
	Minimum paid-in capital	1,115,000		1,115,000		≥ 40%	
22	Post-adjustment net capital		44.35 %	4,910,332	54.88 %	≥ 20%	"
	Total customer margin deposits required for open positions of customers	3,701,351 8,344,985		8,947,102		≥ 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	60,936	60,936	-	8.33%	1	11,998		-		-	191,768	958,840
1	CSC Futures (HK) Ltd.	F611702	Account receivables -Customer	No	426,551	426,551	152,340	4.58%~ 5.83%	1	189,343		-		-	426,551	958,840
1	CSC Futures (HK) Ltd.	F613059	Account receivables -Customer	No	91,404	91,404	-	7.33%	1	23,705		-		-	191,768	958,840
1	CSC Futures (HK) Ltd.	F612688	Account receivables -Customer	No	15,234	15,234	8,531	6.33%	1	2,491		-		-	191,768	958,840
1	CSC Futures (HK) Ltd.	F612687	Account receivables -Customer	No	-	-	-	6.33%	1	464		-		-	191,768	958,840
1	CSC Futures (HK) Ltd.	F612851	Account receivables -Customer	No	60,936	60,936	-	6.33%	1	11,841		-		-	191,768	958,840
1	CSC Futures (HK) Ltd.	F613091	Account receivables -Customer	No	45,702	45,702	-	6.33%	1	7,968		-		-	191,768	958,840

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

Note 1: Type of Numbering

(1) 0 represents Parent company

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

Note 2: Type of Loans

(1) Business transactions

(2) Necessaries of short-term financing

(ii) Guarantees and endorsements for other parties:None

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

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

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

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

(vii) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms	
1	CSC Futures (HK) Ltd.	Capital True Partner Technology Co., Ltd.	3	Information technology expenses	525	General transaction	0.02%
2	Capital True Partner Technology Co., Ltd.	CSC Futures (HK) Ltd.	3	Other operating revenue	525	General transaction	0.02%
2	Capital True Partner Technology Co., Ltd.	Capital Futures Corp.	2	Other operating revenue	22,536	General transaction	0.81%
0	Capital Futures Corp.	Capital True Partner Technology Co., Ltd.	1	Professional service fees	22,536	General transaction	0.81%
0	Capital Futures Corp.	Capital True Partner Technology Co., Ltd.	1	Other payables	2,082		-%
2	Capital True Partner Technology Co., Ltd.	Capital Futures Corp.	2	Accounts receivable	2,082		-%

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms	
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Futures traders' equity	616,876		1.23%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Customers' margin account	616,876		1.23%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Futures traders' equity	3,720,246		7.43%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Customers' margin account	3,271,765		6.54%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Customers' margin account	448,481		0.90%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Futures commission revenue	9,536	General transaction	0.34%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Futures commission expenses	9,536	General transaction	0.34%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Brokerage fee revenue	131,872	General transaction	4.74%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Futures commission expenses	131,872	General transaction	4.74%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Interest revenue	9,344	General transaction	0.34%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Financial cost	9,344	General transaction	0.34%
0	Capital Futures Corp.	CSC Futures (HK) Ltd.	1	Other payables	4,158		0.01%
1	CSC Futures (HK) Ltd.	Capital Futures Corp.	2	Other receivables	4,158		0.01%
3	Capital International Technology Corp.	Capital Futures Corp.	2	Professional service revenue	3,072	General transaction	0.11%
0	Capital Futures Corp.	Capital International Technology Corp.	1	Repair expenses	3,072	General transaction	0.11%

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, 2022			Revenue of investee	Net income (losses) of investee	Share of profits/losses of investee	Cash dividend	Note
						December 31, 2022	December 31, 2021		Shares (thousands)	Percentage of ownership	Carrying value					
Capital Futures Corporation	CSC Futures (HK) Ltd.	Hong Kong	1998.12.9	Gin Guan Zheng Zhi No. 1010027412 letter	Futures dealing business and other businesses permitted by local law of Hong Kong	886,284	862,631	100.00 %	220,000	100.00 %	958,841	334,273	12,235	12,354	-	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 %	5,000	100.00 %	26,468	3,072	(7,551)	(7,551)	-	Subsidiary
Capital Futures Corporation	True Partner Advisor Hong Kong Ltd.	Hong Kong	2010.5.31	Gin Guan Zheng Zhi No. 1040027513 letter	Assets Management	-	36,701	49 %	-	- %	-	-	-	-	-	Associate (Note1)

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(d) Information on investment in Mainland China:

(i) Investment in Mainland China and related information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Direct or indirect share holdings(%) by the company	Highest percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Capital True Partner Technology Co., Ltd.	Management consulting and information service business	5,013	(C)	24,372	-	-	24,372	(791)	51.00%	51.00%	(404) B (2)	13,344	-
Capital Futures Technology (Shanghai) Co., Ltd.	Management consulting and information service business	18,863	(C)	18,863	-	-	18,863	(4,077)	100.00%	100.00%	(4,077) B (2)	7,722	-

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

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

(e) Major shareholders:

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

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

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

(Continued)

CAPITAL FUTURES CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(17) Segment information:

(a) General information

The Group has one reportable segment: the brokerage segment. This segment is mainly involved in futures brokerage business. The Group's other operating segments are mainly involved in futures and securities business on a proprietary basis and advisory business, etc. For the year ended December 31, 2022 and 2021, none of the above segments met the quantitative thresholds for reportable segments.

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

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

For the 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
For the years ended December 31, 2021				
	Brokerage business	Others	Adjustment and elimination	Total
Segment revenue	\$ 2,261,678	327,823	(150,540)	2,438,961
Segment profit or loss	\$ 663,414	(63,513)	-	599,901

(c) Information about regions

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

(d) Information about major customers

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

CAPITAL FUTURES CORPORATION**Financial Statements****With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021**

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

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

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Report	3
4. Balance Sheets	4
5. Statements of Comprehensive Income	5
6. Statements of Changes in Equity	6
7. Statements of Cash Flows	7
8. Notes to the Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of significant accounting policies	9~22
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	22
(6) Explanation of significant accounts	23~56
(7) Related-party transactions	56~61
(8) Pledged assets	61
(9) Commitments and contingencies	61
(10) Losses Due to Major Disasters	62
(11) Subsequent Events	62
(12) Derivative instrument transactions	62~65
(13) Restrictions and enforcement of the Company's various financial ratios under Futures Trading Act	65
(14) Specific inherent risks in operating as futures dealer	65
(15) Other	65
(16) Other disclosures	
(a) Information on significant transactions	66
(b) Information on investees	66
(c) Information on overseas branches and representative offices	67
(d) Information on investment in Mainland China	67
(e) Major shareholders	67
(17) Segment information	68
9. Statement of significant accounts	69~96
List of major account titles	
10. Disclosures of Securities Dealing department	97~121
11. Disclosures of Managed Futures Enterprises department	122~139



安侯建業聯合會計師事務所

KPMG

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

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

3

Independent Auditors' Report

To the Board of Directors of Capital Futures Corporation

Opinion

We have audited the financial statements of Capital Futures Corporation (“the Company”), which comprise the balance sheets as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its 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 and the Regulations Governing the Preparation of Financial Reports by Securities Firms.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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 financial statements of the current period. These matters were addressed in the context of our audit of the 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 Company's financial statements are stated as follows:

Brokerage fee revenue recognized:

Related accounting policies of brokerage fee revenue recognized, please refer to Note 4(p) revenue recognition. Explanation of brokerage fee revenue, please refer to the financial report Note 6(o)(i) comprehensive income statement brokerage fee revenue.

Explanation of key audit matters:

The Company'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 Company'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.

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

Management is responsible for the preparation and fair presentation of the 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 and the Regulations Governing the Preparation of Financial Reports by Securities Firms and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

Taipei, Taiwan (Republic of China)

March 13, 2023

Notes to Readers

The accompanying financial statements are intended only to present the 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 financial statements are those generally accepted and applied in the Republic of China.

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

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

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2022		December 31, 2021		Liabilities and Equity	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%		Amount	%	Amount	%
Current assets:					Current liabilities:				
111100 Cash and cash equivalents (Note 6(a))	\$ 4,513,256	10	4,746,387	11	212000 Financial liabilities at fair value through profit or loss- current (Note 6(b))	844,885	2	67,806	-
112000 Financial assets at fair value through profit or loss- current (Note 6(b))	574,711	1	356,721	1	214080 Futures traders' equity (Note 6(g))	38,496,045	81	37,735,043	84
113200 Financial assets at fair value through other comprehensive income- current (Note 6(b))	43,686	-	28,268	-	214100 Leverage contract trading - customers' equity	849,887	2	630,830	2
114010 Bonds purchased under resale agreements (Note 6(b))	43,166	-	84,013	-	214130 Accounts payable	50,890	-	44,316	-
114070 Customers margin accounts (Note 6(g))	38,527,278	81	37,754,551	84	214140 Accounts payable- related parties (Note 7)	12,761	-	11,448	-
114080 Receivable - futures margin (Note 6(h))	7	-	-	-	214150 Advance receipts	2,215	-	3,252	-
114090 Security borrowing collateral price	473,545	1	-	-	214160 Receipts under custody	5,149	-	4,877	-
114100 Security borrowing margin	868,437	2	-	-	214170 Other payables	205,506	1	123,898	-
114130 Accounts receivable	10,362	-	17,847	-	214180 Other payables- related parties (Note 7)	10,826	-	9,214	-
114140 Accounts receivable- related parties (Note 7)	884	-	3,011	-	214600 Current income tax liabilities	82,787	-	38,213	-
114150 Prepayments	35,111	-	3,282	-	215100 Provisions- current	6,039	-	5,618	-
114170 Other receivables	42,743	-	9,596	-	216000 Lease liabilities- current (Note 6(j))	15,019	-	18,164	-
114180 Other receivables- related parties (Note 7)	7,291	-	3,846	-	219000 Other current liabilities	13,751	-	9,768	-
114300 Leverage contract trading-customers' margin accounts	856,021	2	624,232	1		<u>40,595,760</u>	<u>86</u>	<u>38,702,447</u>	<u>86</u>
114710 Non-current assets classified as held for sale (Note 6(c))	-	-	50,112	-	Non-current liabilities:				
119000 Other current assets	-	-	2	-	226000 Lease liabilities- non-current (Note 6(j))	10,315	-	12,611	-
	<u>45,996,498</u>	<u>97</u>	<u>43,681,868</u>	<u>97</u>	228000 Deferred income tax liabilities (Note 6(l))	37,828	-	16,324	-
Non-current assets:						<u>48,143</u>	<u>-</u>	<u>28,935</u>	<u>-</u>
123200 Financial assets at fair value through other comprehensive income- non- current (Note 6(b))	1,263	-	1,581	-	906003 Total liabilities	<u>40,643,903</u>	<u>86</u>	<u>38,731,382</u>	<u>86</u>
124100 Investments under equity method (Note 6(d))	985,309	2	862,458	2	301010 Common stock (Note 6(m))	2,104,376	4	2,104,376	5
125000 Property and equipment (Note 6(e))	36,012	-	36,558	-	302000 Capital surplus (Note 6(m))	1,663,251	4	1,663,621	4
125800 Right-of-use assets (Note 6(f))	25,162	-	30,565	-	304010 Legal reserve	678,939	1	626,803	1
127000 Intangible assets (Note 6(i))	48,030	-	52,084	-	304020 Special reserve	1,579,617	3	1,446,574	3
129000 Other non-current assets	333,017	1	314,632	1	304040 Unappropriated earnings (Note 6(m))	785,292	2	522,796	1
	<u>1,428,793</u>	<u>3</u>	<u>1,297,878</u>	<u>3</u>	305000 Other equity	(30,087)	-	(115,806)	-
906001 Total assets	<u>\$ 47,425,291</u>	<u>100</u>	<u>44,979,746</u>	<u>100</u>	906004 Total equity	<u>6,781,388</u>	<u>14</u>	<u>6,248,364</u>	<u>14</u>
					906002 Total liabilities and equity	<u>\$ 47,425,291</u>	<u>100</u>	<u>44,979,746</u>	<u>100</u>

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

CAPITAL FUTURES CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

		2022		2021	
		Amount	%	Amount	%
Income:					
401000	Brokerage fee revenue (Note 6(o))	\$ 2,128,288	82	1,897,947	86
410000	Net gains (losses) on sale of trading securities	(7,830)	-	38,867	2
421300	Dividend revenue	4,589	-	9,769	1
421500	Net gains (losses) on measurement of trading securities at fair value through profit or loss	1,031	-	283	-
421600	Net gains (losses) on covering of borrowed securities and bonds with resale agreements-short sales	11,210	-	6,531	-
421610	Net gains (losses) on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss	19,315	1	-	-
424200	Securities commission revenue	14,122	1	27,152	1
424400	Net gains (losses) on derivative instruments- futures (Note 6(o))	224,289	9	112,827	5
424500	Net gains (losses) on derivative instruments - OTC (Note 6(o))	169,949	7	91,820	4
424800	Management fee revenue	685	-	2,349	-
424900	Consulting fee revenue	13,916	-	18,404	1
428000	Other operating revenue(losses)	8,041	-	(4,334)	-
		<u>2,587,605</u>	<u>100</u>	<u>2,201,615</u>	<u>100</u>
Expenses:					
501000	Brokerage fees	297,580	12	285,626	13
502000	Brokerage fees - proprietary trading	13,031	1	2,172	-
521200	Financial costs	23,795	1	4,996	-
521640	Loss from securities borrowing transactions	190	-	-	-
425300	Expected credit impairment losses and reversal gains (Note 6(p))	(264)	-	(236)	-
524100	Futures commission expenses (Note 6(o))	477,280	18	393,650	18
524300	Clearing and settlement expenses	207,540	8	193,739	9
528000	Other operating expenditure	7,624	-	5,558	-
531000	Employee benefit expenses (Note 6(o))	551,714	21	440,355	20
532000	Depreciation and amortization expenses (Note 6(o))	49,517	2	55,153	3
533000	Other operating expenses (Note 6(o))	457,079	18	357,869	16
		<u>2,085,086</u>	<u>81</u>	<u>1,738,882</u>	<u>79</u>
		<u>502,519</u>	<u>19</u>	<u>462,733</u>	<u>21</u>
Net operating income					
Non-operating income and expenses:					
601100	Shares of profit of associates and joint ventures under equity method (Note 6(d))	4,803	-	(31,754)	(2)
602000	Other gains and losses (Note 6(o))	450,307	18	169,638	8
		<u>455,110</u>	<u>18</u>	<u>137,884</u>	<u>6</u>
902001	Net income before income tax	957,629	37	600,617	27
701000	Less: Income tax expenses (Note 6(l))	175,769	7	110,578	5
	Net income	<u>781,860</u>	<u>30</u>	<u>490,039</u>	<u>22</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(k))	2,515	-	1,159	-
805540	Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income	(11,175)	-	31,396	2
805599	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Subtotal of components that may not be reclassified subsequently into profit or loss	<u>(8,660)</u>	<u>-</u>	<u>32,555</u>	<u>2</u>
805600	Components that may be reclassified subsequently to profit or loss:				
805610	Exchange differences on translation of foreign operations	94,562	4	(27,358)	(1)
805660	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	203	-	(100)	-
805690	Equity related to non-current assets classified as held for sale	-	-	(2,129)	-
805699	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 6(l))	-	-	414	-
	Subtotal of components that may be reclassified subsequently to profit or loss	<u>94,765</u>	<u>4</u>	<u>(30,001)</u>	<u>(1)</u>
805000	Other comprehensive income	<u>86,105</u>	<u>4</u>	<u>2,554</u>	<u>1</u>
902006	Total comprehensive income	<u>\$ 867,965</u>	<u>34</u>	<u>492,593</u>	<u>23</u>
975000	Basic earnings per share (Dollar) (Note 6(n))	<u>\$ 3.72</u>		<u>2.33</u>	
985000	Diluted earnings per share (Dollar) (Note 6(n))	<u>\$ 3.71</u>		<u>2.33</u>	

See accompanying notes to financial statements.

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

Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Stock		Retained earnings			Other equity			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	
Balance at January 1, 2021	\$ 2,104,376	1,873,996	564,658	1,280,666	623,005	(89,953)	2,916	-	6,359,664
Net income for the year ended December 31, 2021	-	-	-	-	490,039	-	-	-	490,039
Other comprehensive income	-	-	-	-	1,159	(27,872)	31,396	(2,129)	2,554
Total comprehensive income	-	-	-	-	491,198	(27,872)	31,396	(2,129)	492,593
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	62,145	-	(62,145)	-	-	-	-
Special reserve	-	-	-	124,291	(124,291)	-	-	-	-
Cash dividends	-	-	-	-	(393,518)	-	-	-	(393,518)
Special reserve for the contra equity account	-	-	-	41,617	(41,617)	-	-	-	-
Other changes in capital surplus:									
Cash dividends from capital surplus	-	(210,437)	-	-	-	-	-	-	(210,437)
Right of inclusion options exercised	-	62	-	-	-	-	-	-	62
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	30,164	-	(30,164)	-	-
Balance at December 31, 2021	2,104,376	1,663,621	626,803	1,446,574	522,796	(117,825)	4,148	(2,129)	6,248,364
Net income for the year ended December 31, 2022	-	-	-	-	781,860	-	-	-	781,860
Other comprehensive income	-	-	-	-	2,515	94,765	(11,175)	-	86,105
Total comprehensive income	-	-	-	-	784,375	94,765	(11,175)	-	867,965
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	52,136	-	(52,136)	-	-	-	-
Special reserve	-	-	-	104,273	(104,273)	-	-	-	-
Cash dividends	-	-	-	-	(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
Difference between consideration and carrying amount of subsidiaries acquired	-	(370)	-	-	-	-	-	-	(370)
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

See accompanying notes to financial statements.

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

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Net income before income tax	\$ 957,629	600,617
Adjustments:		
Adjustments to reconcile:		
Depreciation expenses	43,172	46,367
Amortization expenses	6,345	8,786
Expected credit impairment reversal gains	(264)	(236)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(21,029)	2,147
Interest expenses	23,795	4,996
Interest income (including financial income)	(409,651)	(172,216)
Dividend revenue	(5,116)	(12,311)
Shares of profit of associates and joint ventures under equity method	(4,803)	31,754
Losses on lease modification	-	1,018
Losses on disposal of Joint Venture	-	-
Total adjustments to reconcile	<u>1,210</u>	<u>-</u>
	<u>(366,341)</u>	<u>(89,695)</u>
Changes in operating assets and liabilities:		
Increase in financial assets at fair value through profit or loss	(216,276)	(28,189)
Decrease in bond purchased under resale agreements	40,847	160,517
Decrease (increase) in customer margin accounts	(772,727)	471,502
Decrease in receivable-futures margin	257	236
Increase in leverage contract trading - customer's margin accounts	(231,789)	(271,270)
Increase in security borrowing margin	(868,437)	-
Increase in security borrowing collateral price	(473,545)	-
Decrease in accounts receivable	7,485	113,480
Decrease (increase) in accounts receivable - related parties	2,127	(332)
Decrease (increase) in prepayments	(31,829)	48
Decrease (increase) in other receivables	(4,118)	3,972
Increase in other receivables- related parties	(3,437)	(8)
Increase in net defined benefit assets	(5,580)	-
Decrease in other current assets	2	3
Decrease (increase) in clearing and settlement fund	(10,440)	2,902
Decrease in refundable deposits	150	712
Increase in financial liabilities at fair value through profit or loss	796,394	6,534
Increase (decrease) in futures traders' equity	761,002	(465,863)
Increase in leverage contract trading - customer's equity	219,057	278,774
Increase (decrease) in accounts payable	6,574	(91,868)
Increase (decrease) in accounts payable - related parties	1,313	(3,231)
Decrease in advance receipts	(1,037)	(521)
Increase (decrease) in receipts under custody	272	(155)
Increase (decrease) in other payables	80,783	(1,960)
Increase (decrease) in other payables - related parties	316	(4,308)
Increase in provisions for liabilities	421	41
Increase (decrease) in other current liabilities	3,983	(5,480)
Decrease in other non-current liabilities	-	(7,129)
Total changes in operating assets and liabilities	<u>(698,232)</u>	<u>158,407</u>
Total adjustments	<u>(1,064,573)</u>	<u>68,712</u>
Cash inflow (outflow) generated from operations	(106,944)	669,329
Interest received	380,548	176,153
Dividends received	5,182	12,197
Interest paid	(21,780)	(5,018)
Income taxes paid	(109,691)	(133,050)
Net cash flows from operating activities	<u>147,315</u>	<u>719,611</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(26,275)	(316,995)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	439,095
Acquisition of investments accounted for using equity method	(23,653)	-
Proceeds from disposal of non-current assets classified as held for sale	51,031	-
Acquisition of property and equipment	(20,724)	(9,597)
Acquisition of intangible assets	(2,291)	(5,133)
Net cash flows from (used in) investing activities	<u>(21,912)</u>	<u>107,370</u>
Cash flows from (used in) financing activities:		
Cash dividends paid	(336,700)	(603,955)
Payments of lease liabilities	(21,834)	(23,320)
Proceeds from right of inclusion options exercised	-	62
Net cash flows used in financing activities	<u>(358,534)</u>	<u>(627,213)</u>
Net increase (decrease) in cash and cash equivalents	<u>(233,131)</u>	<u>199,768</u>
Cash and cash equivalents at beginning of period	<u>4,746,387</u>	<u>4,546,619</u>
Cash and cash equivalents at end of period	<u>\$ 4,513,256</u>	<u>4,746,387</u>

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

CAPITAL FUTURES CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2022 and 2021

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

(1) Company history

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

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

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

The financial statements were authorized for issuance by the Board of Directors on March 13, 2023.

(3) New standards, amendments and interpretations adopted:

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

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

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

- (b) The impact of IFRS issued by the FSC but not yet effective

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

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

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

The Company 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 financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of significant accounting policies:

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

- (a) Statement of compliance

These 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, and the Regulations Governing the Preparation of Financial Reports by Securities Firms.

- (b) Basis of preparation

- (i) Basis of measurement

Except for the following significant account, the 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);

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

- 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(q)) 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 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) 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 items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income.

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

(d) 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.

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.

(e) 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.

(f) Financial instruments

Trade receivables issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company 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.

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

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 Company 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.

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 Company 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.

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

Dividend income is recognized in profit or loss on the date on which the Company'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 Company 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.

4) Impairment of financial assets

The Company 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 Company 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 Company 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 Company's historical experience and informed credit assessment as well as forward-looking information.

The Company 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 Company 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 Company 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 Company in full.

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

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

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 Company 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 Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company 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 Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For debtors, the Company 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 Company 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 Company's procedures for recovery of amounts due.

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

5) Derecognition of financial assets

The Company 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 Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company 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.

(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 Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company 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 Company 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.

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

(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.

(g) Non-current assets classified as held for sale

Investments in associate accounted for using equity method that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, these investments are remeasured in accordance with the Company's accounting policies. Thereafter, generally, these investments are measured at the lower of their carrying amount and fair value less costs to sell.

Once classified as held for sale, any equity-accounted investee is no longer equity accounted.

(h) Investments in associates and joint ventures

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

A holding of 20% or more of the voting power (directly or through subsidiaries) will indicate significant unless it can be clearly demonstrated otherwise. Investments in associates are accounted for using equity method and are recognized initially at cost. The carrying amount of the investment in associates includes goodwill which is arising from the acquisition.

On initial recognition, the investor's share of the investee's profit or loss is recognized in the investor's profit or loss. Distributions received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount may also be required arising from changes in the investee's other comprehensive income.

Any change in ownership interest of the subsidiaries, not resulting in loss of control, is treated as equity transaction.

The investor's share of the changes from foreign exchange translation differences is recognized in net assets/equity of the investor.

(i) Investments in subsidiaries

When preparing parent-Company-only financial report, the Company uses equity method in evaluating the control of an investee. Under equity method, the net income or loss for the period of parent-Company-only financial report and other comprehensive income of parent-Company-only financial report are the same as net income or loss for the period attributed to owners of parents of consolidated report and other comprehensive income attributed to owners of parents of consolidated report, respectively. The equity of the parent-Company-only financial statements are the same as the equity attributable to the owners of parents of the consolidated report.

Any change in ownership interest of the subsidiaries, not resulting in loss of control, is treated as equity transaction between the owners.

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

(j) Securities under agreements

The Company engages in securities under resell agreements trading and the nature of transaction substance is financing. When entering securities under resell agreements transactions, the Company 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.

(k) Securities borrowing transactions

The Company 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.

(l) 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.

(m) 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 Company. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

(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.

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.

(n) Leases

At inception of a contract, the Company 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 Company 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 Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

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.

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 Company'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 Company 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 Company has listed right of use assets and leasing liabilities that are not categorized as investment properties as individual items in the balance sheet.

The Company 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 Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

(o) Intangible assets

Intangible assets of the Company 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.

(p) Revenue recognition

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

(q) 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 Company'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 Company, 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.

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 Company 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 Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company 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 Company 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.

(r) 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 Company 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.

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 Company 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

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

- 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.

- (s) Earnings per share (“EPS”)

The Company presents its basic and diluted earnings per share attributable to the Company’s ordinary equity holders. The basic earnings per share of the Company 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 Company include the estimation of employee remuneration.

- (t) Segment information

The Company has disclosed the segment information on the consolidated financial report, thus, the Company does not disclose it on this financial report.

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

The preparation of the financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, the related rules of Preparing Financial Reports of Managed Futures Enterprises, and the Regulations Governing the Preparation of Financial Reports by Securities Firms, 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 investments under equity method:

At each reporting date, the Company reviews the carrying amounts of its investments under equity method to determine whether there is any indication of impairment. The recoverable amount of the CGUs is determined based on the calculation of the value in use. The calculation needs to estimate the expected future cash flow of the CGUs and select the appropriate discount rate.

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash	\$ 60	60
Demand deposits	167,792	536,439
Time deposits	3,666,368	3,697,468
Futures margin- excess margin	679,036	502,426
Commercial paper	-	9,994
Total	<u><u>\$ 4,513,256</u></u>	<u><u>4,746,387</u></u>

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

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

	December 31, 2022	December 31, 2021
Open-ended funds and money- market instruments	\$ 20,000	20,000
Open-ended funds and money- market instruments valuation adjustment	(269)	566
Trading securities- proprietary trading	17,938	112,159
Trading securities- proprietary trading valuation adjustment	633	(379)
Securities invested by securities broker	15,996	15,000
Securities invested by securities broker valuation adjustment	(453)	(1,990)
Call options- non-hedging	89,232	59,268
Futures margin- proprietary fund- non-hedging	211,865	67,770
Leverage derivatives- non-hedging	202,915	81,844
Equity derivatives- non-hedging	16,854	2,483
Total	<u><u>\$ 574,711</u></u>	<u><u>356,721</u></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, 2022 and 2021, will increase \$538 and \$1,454, 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.

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Equity investments at fair value through other comprehensive income		
Listed stocks	\$ 51,857	25,582
Valuation adjustment	<u>(8,171)</u>	<u>2,686</u>
Total	<u>\$ 43,686</u>	<u>28,268</u>

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

During the year ended December 31, 2022 and 2021, the dividends of \$1,125 and \$6,563, related to equity investment at fair value through other comprehensive income held on December 31, 2022 and 2021, respectively, were recognized.

During the year ended December 31, 2022 and 2021, due to the consideration of asset allocation and managing and adjusting the investment portfolio, the Company sold shares of stocks for a fair value \$0 and \$439,095, respectively, and cumulative dispose gains for the year ended December 31, 2022 and 2021, amounted to \$0 and \$30,164, respectively, were transferred from other equity items to retained earnings.

- (iii) Bonds purchased under resale agreements

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bonds purchased under resale agreements	<u>\$ 43,166</u>	<u>84,013</u>
Resale price under the agreements	<u>\$ 43,190</u>	<u>84,021</u>
Interest rates	<u>0.77%</u>	<u>0.20%~0.21%</u>
Date of repurchase	<u>2023.01.03~2023.01.13</u>	<u>2022.01.03~2022.01.14</u>

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

Equity instruments at fair value through other comprehensive income:

<u>Investee Company</u>	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Ownership ratio</u>	<u>Amount</u>	<u>Ownership ratio</u>	<u>Amount</u>
Taiwan Futures Exchange Co., Ltd	0.0042 %	<u>\$ 1,263</u>	0.0042 %	<u>1,581</u>

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

During the year ended December 31, 2022 and 2021, the dividends of \$56 and \$50, related to equity investments at fair value through other comprehensive income held on December 31, 2022 and 2021, respectively, were recognized. No strategic investments were disposed of during the year ended December 31, 2022 and 2021, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

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

	December 31, 2022	December 31, 2021
Put options - non-hedging	\$ 128,886	51,130
Liabilities on sale of borrowed securities - non-hedging	704,686	-
Liabilities on sale of borrowed securities valuation adjustment - non-hedging	(19,315)	-
Leverage derivatives- non-hedging	28,918	16,671
Equity derivatives- non-hedging	1,710	5
	<u>\$ 844,885</u>	<u>67,806</u>

- (c) Non-current assets held for sale

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

- (d) Investments under equity method

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

	December 31, 2022	December 31, 2021
Subsidiaries	<u>\$ 985,309</u>	<u>862,458</u>

- (i) Subsidiaries

The accounting figures of investee, which is controlled by the Company, are combined into the financial statements; please refer to the financial report of 2022.

For the years ended December 31, 2022 and 2021, the Company's share of gains or losses of the subsidiaries were as follows:

	For the years ended December 31, 2022	2021
Audited by the certified public accountants	<u>\$ 4,803</u>	<u>(32,648)</u>

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

(i) Associate

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

<u>Name of associate</u>	<u>Relationship with the Company</u>	<u>Principal place of business /Register country of company</u>	<u>Ownership equity and % of right to vote</u>	
			<u>December 31, 2022</u>	<u>December 31, 2021</u>
True Partner Advisor Hong Kong Ltd.	Its main business is assets management, and it's the Company's strategic alliances to expand assets managing business.	Hong Kong	- %	49.00 %

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

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Company's share of total comprehensive income in the investee's:		
Profit from continuing operations	\$ -	894
Other comprehensive losses	-	-
Total comprehensive income	<u>\$ -</u>	<u>894</u>

(ii) Collateral and pledge

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

(e) Property and equipment

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

	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
Cost:			
Balance at January 1, 2022	\$ 75,730	13,455	89,185
Additions	20,027	697	20,724
Disposal	(6,839)	(6,634)	(13,473)
Balance at December 31, 2022	<u>\$ 88,918</u>	<u>7,518</u>	<u>96,436</u>

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
Balance at January 1, 2021	\$ 105,643	22,226	127,869
Additions	8,430	1,167	9,597
Disposal	(38,343)	(9,938)	(48,281)
Balance at December 31, 2021	<u>\$ 75,730</u>	<u>13,455</u>	<u>89,185</u>
Accumulated depreciation:			
Balance at January 1, 2022	\$ 43,950	8,677	52,627
Depreciation	18,752	2,518	21,270
Disposal	(6,839)	(6,634)	(13,473)
Balance at December 31, 2022	<u>\$ 55,863</u>	<u>4,561</u>	<u>60,424</u>
Balance at January 1, 2021	\$ 62,381	14,624	77,005
Depreciation	19,912	3,991	23,903
Disposal	(38,343)	(9,938)	(48,281)
Balance at December 31, 2021	<u>\$ 43,950</u>	<u>8,677</u>	<u>52,627</u>
Carrying amounts:			
Balance at December 31, 2022	<u>\$ 33,055</u>	<u>2,957</u>	<u>36,012</u>
Balance at December 31, 2021	<u>\$ 31,780</u>	<u>4,778</u>	<u>36,558</u>

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

(f) Right-of-use assets

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

	<u>Buildings</u>	<u>Equipment</u>	<u>Total</u>
Cost:			
Balance at January 1, 2022	\$ 55,734	7,383	63,117
Additions	13,987	2,512	16,499
Balance at December 31, 2022	<u>\$ 69,721</u>	<u>9,895</u>	<u>79,616</u>
Balance at January 1, 2021	\$ 66,838	11,591	78,429
Additions	-	3,899	3,899
Derecognition	(11,104)	(8,107)	(19,211)
Balance at December 31, 2021	<u>\$ 55,734</u>	<u>7,383</u>	<u>63,117</u>
Accumulated depreciation:			
Balance at January 1, 2022	\$ 29,201	3,351	32,552
Depreciation	19,516	2,386	21,902
Balance at December 31, 2022	<u>\$ 48,717</u>	<u>5,737</u>	<u>54,454</u>

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

	<u>Buildings</u>	<u>Equipment</u>	<u>Total</u>
Balance at January 1, 2021	\$ 20,817	6,087	26,904
Depreciation	19,488	2,976	22,464
Derecognition	<u>(11,104)</u>	<u>(5,712)</u>	<u>(16,816)</u>
Balance at December 31, 2021	<u>\$ 29,201</u>	<u>3,351</u>	<u>32,552</u>
Carrying amounts:			
Balance at December 31, 2022	<u>\$ 21,004</u>	<u>4,158</u>	<u>25,162</u>
Balance at December 31, 2021	<u>\$ 26,533</u>	<u>4,032</u>	<u>30,565</u>

(g) Customers margin accounts/futures traders' equity

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Customers margin accounts		
Cash in bank	\$ 29,852,912	27,061,948
Balance of the futures clearing house	4,474,937	7,275,159
Balance of other futures commission merchants	4,176,441	3,413,140
Marketable securities	<u>22,988</u>	<u>4,304</u>
Balance of customers margin accounts	<u>38,527,278</u>	<u>37,754,551</u>
Plus adjustment items:		
Commission cost	4,214	3,439
Others	49	29
Deduction adjustment items:		
Brokerage fee revenue	(15,843)	(12,631)
Futures transaction tax	(1,617)	(1,652)
Interest income	(5,668)	(523)
Temporary credits	(758)	(635)
Remittance amount of the customers after the market closed	<u>(11,610)</u>	<u>(7,535)</u>
Balance of futures traders' equity	<u>\$ 38,496,045</u>	<u>37,735,043</u>

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

(h) Receivable - futures margin

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Receivable - futures margin - current	\$ 380	258
Less: Loss allowance	<u>373</u>	<u>258</u>
Subtotal	<u>7</u>	<u>-</u>
Receivable - futures margin - non-current	6,383	6,762
Less: Loss allowance	<u>6,383</u>	<u>6,762</u>
Subtotal	<u>-</u>	<u>-</u>
Total	<u>\$ 7</u>	<u>-</u>

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

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Balance on January 1	\$ 7,020	7,801
Impairment losses recognized (reversed)	(264)	(236)
Amounts written off	<u>-</u>	<u>(545)</u>
Balance on December 31	<u>\$ 6,756</u>	<u>7,020</u>

(i) Intangible assets

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

	<u>The seats of foreign futures exchanges (Note)</u>	<u>Computer software</u>	<u>Total</u>
Cost:			
Balance at January 1, 2022	\$ 44,325	24,093	68,418
Additions	-	2,291	2,291
Scrap	<u>-</u>	<u>(13,904)</u>	<u>(13,904)</u>
Balance at December 31, 2022	<u>\$ 44,325</u>	<u>12,480</u>	<u>56,805</u>
Balance at January 1, 2021	\$ 44,325	25,180	69,505
Additions	-	5,133	5,133
Scrap	<u>-</u>	<u>(6,220)</u>	<u>(6,220)</u>
Balance at December 31, 2021	<u>\$ 44,325</u>	<u>24,093</u>	<u>68,418</u>
Amortization and impairment losses:			
Balance at January 1, 2022	\$ -	16,334	16,334
Amortization	-	6,345	6,345
Scrap	<u>-</u>	<u>(13,904)</u>	<u>(13,904)</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>8,775</u>	<u>8,775</u>

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

	The seats of foreign futures exchanges (Note)	Computer software	Total
Balance at January 1, 2021	\$ -	13,768	13,768
Amortization	-	8,786	8,786
Scrap	-	(6,220)	(6,220)
Balance at December 31, 2021	<u>\$ -</u>	<u>16,334</u>	<u>16,334</u>
Carrying value:			
Balance at December 31, 2022	<u>\$ 44,325</u>	<u>3,705</u>	<u>48,030</u>
Balance at December 31, 2021	<u>\$ 44,325</u>	<u>7,759</u>	<u>52,084</u>

Note: The Company obtained the seats of foreign futures exchanges - NYMEX, COMEX, CBOT 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.

(j) Lease liabilities

The Company's lease liabilities were as follows:

	December 31, 2022	December 31, 2021
Current	<u>\$ 15,019</u>	<u>18,164</u>
Non-current	<u>\$ 10,315</u>	<u>12,611</u>

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

The amounts recognized in profit or loss were as follows :

	For the years ended December 31,	
	2022	2021
Interest on lease liabilities	<u>\$ 311</u>	<u>459</u>
Expenses relating to short-term leases	<u>\$ 4,438</u>	<u>2,686</u>
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	<u>\$ 303</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,	
	2022	2021
Total cash outflow for leases	<u>\$ 26,886</u>	<u>26,768</u>

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

(i) Real estate leases

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

(ii) Other leases

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

(k) 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, 2022	December 31, 2021
Present value of defined benefit obligations	\$ (9,933)	(16,473)
Fair value of plan assets	<u>18,829</u>	<u>17,274</u>
Recognized liabilities for defined benefit obligations	<u>\$ 8,896</u>	<u>801</u>

The Company 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 Company 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.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$18,829 as of December 31, 2022. 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.

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

2) Movements in present value of defined benefit obligation

The movement in present value of the defined benefit obligation for the Company in 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
Defined benefit obligation at January 1	\$ 16,473	24,328
Current service costs and interest	(2,346)	1,229
Benefits paid	(3,057)	(8,177)
Remeasurement of net defined benefit obligation		
- Experience gain or loss	(672)	(1,062)
- Actuarial loss (gain) arising from changes in financial assumptions	(465)	(53)
- Actuarial loss (gain) arising from changes in demographics assumptions	-	208
Defined benefit obligation at December 31	<u>\$ 9,933</u>	<u>16,473</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 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
Fair value of plan assets at January 1	\$ 17,274	16,841
Interest revenue	80	69
Remeasurement of net defined benefit obligation		
- Return on plan assets (except net interests of period)	1,378	252
Contributions to the plan assets	97	112
Fair value of plan assets at December 31	<u>\$ 18,829</u>	<u>17,274</u>

4) Expense recognized in profit or loss

The expenses recognized in profit or loss of the Company in 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
Current service cost	\$ (2,400)	1,129
Net interest of net defined benefit obligation	(26)	31
	<u>\$ (2,426)</u>	<u>1,160</u>

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

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

For the years ended December 31, 2022 and 2021, the accumulated remeasurement of net defined benefit obligation recognized in other comprehensive income was as follows:

	For the years ended December 31,	
	2022	2021
Accumulated amount on January 1	\$ (11,680)	(12,839)
Recognized during the period	<u>2,515</u>	<u>1,159</u>
Accumulated amount on December 31	<u><u>\$ (9,165)</u></u>	<u><u>(11,680)</u></u>

- 6) Actuarial assumptions

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

	For the years ended December 31,	
	2022	2021
Discount rate	1.38 %	0.46 %
Future salary growth rate	3.00 %	3.00 %

The expected contribution to the defined benefit plan for the next year is \$112. The weighted average duration of the defined benefit obligation is 1 years.

- 7) Sensitivity Analysis

When calculating the present value of the defined benefit obligations, the Company 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, 2022 and 2021, 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, 2022		
Discount rate	\$ (215)	226
Future salary increasing rate	184	(178)
December 31, 2021		
Discount rate	(326)	314
Future salary increasing rate	273	(264)

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the 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 Company has no further legal or constructive obligations to make any additional contribution once the contributions have been paid.

The Company contributed \$14,292 and \$13,797 under defined contribution plan to the Bureau of the Labor Insurance in the year 2022 and 2021, respectively.

(l) Income taxes

(i) Income tax expense

- 1) The amounts of income tax expense for the year ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
Current income tax expense	\$ 154,265	109,505
Deferred income tax expense	21,504	1,073
Total	\$ 175,769	110,578

- 2) The amounts of income tax expense recognized in other comprehensive income of the Company in 2022 and 2021 were as follows:

	For the years ended December 31,	
	2022	2021
Exchange difference on translation of foreign operations	\$ -	414

	For the years ended December 31,	
	2022	2021
Net income before income tax	\$ 957,629	600,617
Income tax using the Company's domestic tax rate	191,526	120,123
Tax-exempt income	(7,463)	(10,060)
Adjustments to prior year's income tax	(2,102)	(3,994)
Others	(6,192)	4,509
Total	\$ 175,769	110,578

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred income tax liabilities

As of December 31, 2022 and 2021, the details of the Company's unrecognized deferred tax liabilities were as follows:

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Aggregate amount of temporary differences related to investments in subsidiaries	<u>\$ (13,933)</u>	<u>7,450</u>

The dividend policies of the Company's subsidiaries, CSC Futures (HK) Ltd. was prescribed not to appropriate the retained earning until December 31, 2022. Also, the Company 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) Recognized deferred income tax liabilities

As of December 31, 2022 and 2021, the details of the Company's recognized deferred tax assets and liabilities were as follows:

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Recognized deferred tax liabilities:	\$	
Unrealized gains on derivative financial instruments	37,828	13,530
Unrealized gains on non-current assets held for sale	-	2,794
Total	<u>\$ 37,828</u>	<u>16,324</u>

(iii) Income tax assessment status

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

(m) Capital and other equity

(i) Common stock

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

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

(ii) Capital surplus

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

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</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	2,476
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>1,663,621</u>

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

(iii) Retained earnings

1) Legal reserve

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

2) Special reserve

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

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

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

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

3) Undistributed earnings

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

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

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

According to the resolution of board meeting on March 13, 2023, the Company's 2022 proposal of earnings distribution for owners were as follows:

	For the years ended December 31,	
	2022	
	Amount	Per share
Cash dividend	\$ 635,522	3.02

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

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

(n) Earnings per share

The basic earnings per share and diluted earnings per share for the years ended December 31, 2022 and 2021 were calculated as follows:

(i) Basic earnings per share

	For the years ended December 31,	
	2022	2021
Net income attributable to common shareholders of the Company	\$ <u>781,860</u>	<u>490,039</u>
Weighted-average number of common stock shares outstanding (thousands of shares)	<u>210,438</u>	<u>210,438</u>
Basic earnings per share (dollar)	\$ <u>3.72</u>	<u>2.33</u>

(ii) Diluted earnings per share

	For the years ended December 31,	
	2022	2021
Net income attributable to common shareholders of the Company	\$ <u>781,860</u>	<u>490,039</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)	348	185
Weighted-average outstanding shares of diluted earnings per share (thousands of shares)	<u>210,786</u>	<u>210,623</u>
Diluted earnings per share (dollar)	\$ <u>3.71</u>	<u>2.33</u>

(o) Items of the statements of comprehensive income

(i) Brokerage fee revenue

	For the years ended December 31,	
	2022	2021
Consignment trading handling fee revenue- Domestic futures	\$ 1,171,818	1,144,110
Consignment trading handling fee revenue- Foreign futures	956,470	753,837
	<u>\$ 2,128,288</u>	<u>1,897,947</u>

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

(ii) Net gains (losses) on derivative instruments

	For the years ended December 31,	
	2022	2021
	<u> </u>	<u> </u>
Non-hedging		
Net gains (losses) on futures contracts		
Gains on futures contracts	\$ 912,661	258,646
Losses on futures contracts	<u>(889,268)</u>	<u>(280,995)</u>
	<u>\$ 23,393</u>	<u>(22,349)</u>
Net gains (losses) on option contracts		
Gains on option contracts	\$ 698,236	302,431
Losses on option contracts	<u>(497,340)</u>	<u>(167,255)</u>
	<u>\$ 200,896</u>	<u>135,176</u>
Net gains (losses) on leverage derivatives		
Gains on leverage derivatives	\$ 1,842,208	600,409
Losses on leverage derivatives	<u>(1,694,428)</u>	<u>(510,603)</u>
	<u>\$ 147,780</u>	<u>89,806</u>
Net gains (losses) on equity derivatives		
Gains on equity derivatives	\$ 159,866	12,293
Losses on equity derivatives	<u>(137,697)</u>	<u>(10,279)</u>
	<u>\$ 22,169</u>	<u>2,014</u>
Non-hedging		
Total gains on derivative financial instruments	\$ 3,612,971	1,173,779
Total losses on derivative financial instruments	<u>(3,218,733)</u>	<u>(969,132)</u>
	<u>\$ 394,238</u>	<u>204,647</u>

(iii) Futures commission expenses

	For the years ended December 31,	
	2022	2021
	<u> </u>	<u> </u>
Re-consigned futures trading	\$ 287,931	222,041
Futures introducing broker business	<u>189,349</u>	<u>171,609</u>
	<u>\$ 477,280</u>	<u>393,650</u>

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

(iv) Employee benefit, depreciation and amortization expenses

	For the years ended December 31,	
	2022	2021
Employee benefit expenses		
Salary expense	\$ 475,987	360,043
Labor and health insurance expense	28,587	26,659
Pension expense	11,866	14,957
Director remuneration	27,012	26,087
Others	8,262	12,609
Depreciation expense	43,172	46,367
Amortization expense	6,345	8,786
	<u>\$ 601,231</u>	<u>495,508</u>

(v) Other operating expenses

	For the years ended December 31,	
	2022	2021
Postage expense	\$ 47,379	44,465
Taxes	109,869	76,789
Rental expense	4,782	3,034
Information technology expense	192,195	140,613
Professional service fee	32,010	30,668
Others	70,844	62,300
	<u>\$ 457,079</u>	<u>357,869</u>

(vi) Other gains and losses

	For the years ended December 31,	
	2022	2021
Interest income	\$ 409,651	172,216
Dividend income	527	2,542
Net gains (losses) on non-operating financial instruments at fair value through profit or loss	683	(2,430)
Net gains (losses) on foreign exchange	34,914	(22,461)
Net gains (losses) on disposal of investments	3,028	12,007
Gains (losses) on lease modification	-	(1,018)
Other non-operating revenue - other	9,064	10,451
Other non-operating expense - other	(7,560)	(1,669)
	<u>\$ 450,307</u>	<u>169,638</u>

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

(vii) Remuneration to employees, directors and supervisors

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

For the year ended December 31, 2022 and 2021, the estimated amounts of remuneration to employee were \$11,473 and \$7,196, and to directors and supervisors by the Company were \$11,473 and \$7,196, respectively, which were calculated based on the Company's net profit before income tax and remuneration to employees and directors and supervisors multiple the earnings allocation percentage as specified in the Company's articles. It was recognized as operating expense for the years ended December 31, 2022 and 2021. If the actual distribution amount differs from the estimated amount in the following year, the difference is treated as a change in accounting estimate and recognized as profit or loss in the following year. The difference is recognized as profit or loss in the following year. If the Board of Directors resolved to distribute the employees' remuneration in the form of shares, the number of shares of the distribution is based on the closing price of the day before the Board of Directors' meeting date.

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

(p) Financial Instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represent the maximum credit exposure. As of December 31, 2022 and 2021 the maximum credit exposure amounted to \$44,668,807 and \$43,282,088, respectively.

2) Concentration of credit risk

The exposure of credit risk by geographic region in December 31, 2022 as shown in below, mainly focusing on Taiwan (accounted for 91.47%), secondly in Asia (accounted for 7.93% excluded Taiwan), thirdly in North America (accounted for 0.29%). The proportion of investment by geographic region did not change significantly compared to the same period last year.

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

<u>Area</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Taiwan	\$ 40,860,129	39,876,599
Asia (excluded Taiwan)	3,542,370	3,095,589
North America	128,095	172,956
Europe	92,540	113,010
Oceania	45,673	23,934
Total	<u>\$ 44,668,807</u>	<u>43,282,088</u>

3) Impairment losses

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

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Gross carrying amount</u>	<u>Impairment</u>	<u>Gross carrying amount</u>	<u>Impairment</u>
Current	\$ 68,043	6,756	41,320	7,020
Past due 0~30 days	-	-	-	-
Past due 31~120 days	-	-	-	-
Past due 121~360 days	-	-	-	-
Past due more than 360 days	-	-	-	-
	<u>\$ 68,043</u>	<u>6,756</u>	<u>41,320</u>	<u>7,020</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, 2022 and 2021, the loss allowance of receivables were recognized \$6,756 and \$7,020, respectively.

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

4) Credit risk of receivables

Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g) of the consolidated financial statement for the year ended December 31, 2021. The Company 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 Company. Thus, the Company regarded the financial assets as default and recognized impairment losses. The movement of loss allowance for the years ended December 31, 2022 and 2021 was as follows:

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)	-	-	-	(264)	-	(264)
Balance on December 31	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>6,756</u>	<u>-</u>	<u>6,756</u>
For the years ended December 31, 2021						
	12-month ECL	Lifetime ECL-not credit impaired	Lifetime ECL - credit impaired			Total
			Accounts receivable	Receivable- futures margin	Other receivables	
Balance on January 1	\$ -	-	-	7,801	-	7,801
Reversal of impairment losses	-	-	-	(236)	-	(236)
Amounts written off	-	-	-	(545)	-	(545)
Balance on December 31	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>7,020</u>	<u>-</u>	<u>7,020</u>

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

(ii) Liquidity risk

The following table shows the effect of contract maturity on financial liabilities. The Company 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, 2022							
Financial liabilities at fair value through profit or loss	\$ 844,885	844,885	844,885	-	-	-	-
Futures traders' equity	38,496,045	38,496,045	38,496,045	-	-	-	-
Leverage contract trading- customers' equity	849,887	849,887	849,887	-	-	-	-
Accounts payable	63,651	63,651	63,651	-	-	-	-
Receipts under custody	5,149	5,149	5,149	-	-	-	-
Other payables	216,332	216,332	216,332	-	-	-	-
Lease liabilities	25,334	25,526	11,115	4,007	3,715	6,689	-
	<u>\$ 40,501,283</u>	<u>40,501,475</u>	<u>40,487,064</u>	<u>4,007</u>	<u>3,715</u>	<u>6,689</u>	<u>-</u>
December 31, 2021							
Financial liabilities at fair value through profit or loss	\$ 67,806	67,806	67,806	-	-	-	-
Futures traders' equity	37,735,043	37,735,043	37,735,043	-	-	-	-
Leverage contract trading- customers' equity	630,830	630,830	630,830	-	-	-	-
Accounts payable	55,764	55,764	55,764	-	-	-	-
Receipts under custody	4,877	4,877	4,877	-	-	-	-
Other payables	133,112	133,112	133,112	-	-	-	-
Lease liabilities	30,775	31,082	9,314	9,082	11,056	1,630	-
	<u>\$ 38,658,207</u>	<u>38,658,514</u>	<u>38,636,746</u>	<u>9,082</u>	<u>11,056</u>	<u>1,630</u>	<u>-</u>

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

(iii) Currency risk

1) Exposure to foreign currency risk

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

	December 31, 2022		
	Foreign currency (dollar)	Exchange rate	New Taiwan Dollars
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 485,178,892.26	30.7100	14,899,844
EUR	15,481,382.92	32.7200	506,551
GBP	613,979.84	37.0900	22,773
JPY	1,270,340,944.00	0.2324	295,227
HKD	427,890,565.93	3.9380	1,685,033
AUD	507,027.83	20.8300	10,561
SGD	393,283.20	22.8800	8,998
CNY	16,753,061.53	4.4080	73,847
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	0.2300	276
EUR	2,471.66	20.8300	51
NZD	4,904.05	19.4400	95
ZAR	169,089.77	1.8100	306
<u>Investments under equity method</u>			
HKD	245,353,219.44	3.9080	958,841

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

	December 31, 2022		
	Foreign currency (dollar)	Exchange rate	New Taiwan Dollars
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$ 472,341,654.77	30.7100	14,505,612
EUR	15,470,944.54	32.7200	506,209
GBP	510,244.51	37.0900	18,925
JPY	1,306,376,164.00	0.2324	303,602
HKD	427,346,959.00	3.9380	1,682,892
AUD	568,429.89	20.8300	11,840
CHF	226,089.22	33.2100	7,508
SGD	236,390.76	22.8800	5,409
CNY	11,354,663.05	4.4080	50,051
CAD	328,816.46	22.6700	7,454
<u>Non-monetary items</u>			
USD	660,112.48	30.7100	20,272
CAD	2,514.08	22.6700	57
GBP	3,118.21	37.0900	116
CNY	2,093,312.79	4.4080	9,227
SGD	161.20	22.8800	4
CHF	28,668.74	33.2100	952

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

	December 31, 2021		
	Foreign currency (dollar)	Exchange rate	New Taiwan Dollars
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 637,933,878.61	27.6800	17,658,010
EUR	7,464,136.77	31.3200	233,777
GBP	2,865,625.70	37.3000	106,888
JPY	888,459,592.00	0.2405	213,675
HKD	189,628,360.07	3.5490	672,991
AUD	1,276,131.30	20.0800	25,625
CHF	96,069.16	30.1800	2,899
SGD	599,383.68	20.4600	12,263
CNY	9,516,321.96	4.3440	41,339
NZD	121,046.26	18.8900	2,287
CAD	210,587.59	21.6200	4,553
ZAR	79,953.20	1.7330	139
<u>Non-monetary items</u>			
USD	5,998,835.66	27.6800	166,048
AUD	579.00	20.0800	12
<u>Investments under equity method</u>			
HKD	233,486,001.13	3.5490	828,642

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

	December 31, 2021		
	Foreign currency (dollar)	Exchange rate	New Taiwan Dollars
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$ 623,274,076.37	27.6800	17,252,226
EUR	7,457,624.85	31.3200	233,573
GBP	2,728,445.44	37.3000	101,771
JPY	873,419,351.00	0.2405	210,057
HKD	189,568,749.84	3.5490	672,779
AUD	1,204,843.25	20.0800	24,193
CHF	40,130.61	30.1800	1,211
SGD	204,671.90	20.4600	4,188
CNY	4,824,763.83	4.3440	20,959
CAD	3,625.57	21.6200	78
ZAR	11,568.75	1.7330	20
<u>Non-monetary items</u>			
USD	327,341.50	27.6800	9,061
JPY	1,407,485.00	0.2405	339
CAD	65,713.48	21.6200	1,421
GBP	1,782.13	37.3000	66
CNY	1,196,134.98	4.3440	5,196
NZD	5,411.35	18.8900	102
ZAR	68,993.76	1.7330	120
SGD	418.80	20.4600	9
CHF	12,012.67	30.1800	362

The Company disclosed the summarized information on exchange gain or loss. The realized and unrealized exchange gains (losses) amounted to \$43,495 and \$(26,371) for the year ended December 31, 2022 and 2021, respectively.

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

2) Sensitivity analysis

The currency risk of the Company 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, 2022 and 2021, with all other variable factors remain constant, a strengthening (weakening) 1% of the TWD against the above major foreign currency, would cause after-tax comprehensive income result in a decrease or an increase by \$13,055 and \$11,451, respectively. The analytical basis was the same in both years.

(iv) Analysis in interest rates

For the years ended December 31, 2022 and 2021, with all other variable factors remain constant, when the interest rate increases or decreases by 100 basis points, would cause after-tax comprehensive income result in an increase or a decrease by \$6,925 and \$6,842. This is mainly due to the Company'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
Notes to the Financial Statements

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

The Company'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:

		December 31, 2022			
<u>Assets and Liabilities items</u>	<u>Total</u>	<u>Public quote of the same financial instrument in an active market (Level 1)</u>	<u>Observable price except public quote in an active market (Level 2)</u>	<u>Based neither on direct market data nor from the counter party (Level 3)</u>	
<u>Fair value evaluated on a recurring basis</u>					
<u>Non derivative assets and liabilities</u>					
Assets:					
Financial assets at fair value through profit or loss					
Beneficiary certificate	\$ 35,096	35,096	-	-	
Stock investment	18,749	18,749	-	-	
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	-	
		December 31, 2021			
<u>Assets and Liabilities items</u>	<u>Total</u>	<u>Public quote of the same financial instrument in an active market (Level 1)</u>	<u>Observable price except public quote in an active market (Level 2)</u>	<u>Based neither on direct market data nor from the counter party (Level 3)</u>	
<u>Fair value evaluated on a recurring basis</u>					
<u>Non derivative assets and liabilities</u>					
Assets:					
Financial assets at fair value through profit or loss					
Beneficiary certificate	\$ 33,576	33,576	-	-	
Stock investment	111,780	111,780	-	-	
Financial assets at fair value through other comprehensive income	29,849	28,268	-	1,581	
<u>Derivative assets and liabilities</u>					
Assets:					
Financial assets at fair value through profit or loss	\$ 211,365	127,038	84,327	-	
Liabilities:					
Financial liabilities at fair value through profit or loss	67,806	51,130	16,676	-	

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

b) Valuation techniques

i) Non-derivative financial instruments

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

ii) Derivative financial instruments

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

iii) Transfer between Level 1 and Level 2

There is no transfer between Level 1 and Level 2 for the years ended December 31, 2022 and 2021.

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

(In Thousands Dollars)

		For the years ended December 31, 2022								
		Gains and losses on valuation		Addition		Reduction				
Item	Beginning Balance	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	Ending Balance		
Financial assets at fair value through other comprehensive income	\$ 1,581	-	(318)	-	-	-	-	1,263		
		For the years ended December 31, 2021								
		Gains and losses on valuation		Addition		Reduction				
Item	Beginning Balance	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	Ending Balance		
Financial assets at fair value through other comprehensive income	\$ 1,349	-	232	-	-	-	-	1,581		

(Continued)

CAPITAL FUTURES CORPORATION

Notes to the Financial Statements

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

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

The Company'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.

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Correlation between inputs and fair value</u>
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.

- 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 Company 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:

	<u>Change in fair value recognized in other comprehensive income</u>	
	<u>Favorable</u>	<u>Unfavorable</u>
December 31, 2022		
Financial assets fair value through other comprehensive income	\$ <u>13</u>	<u>(13)</u>
December 31, 2021		
Financial assets fair value through other comprehensive income	\$ <u>16</u>	<u>(16)</u>

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

Favorable and unfavorable movements of the Company 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 Company does not disclose the fair value.

(q) Financial risk management

(i) General description

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

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

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 Company, qualitative and quantitative approaches are taken to recognize, evaluate, monitor and respond to various potential risks. As a result, the Company 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.

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

(iii) Credit risk

Credit risk is the risk that the Company 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 Company 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 Company. 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.

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 Company 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 Company 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.

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

2) Capital liquidity risk:

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

Liquidity risk management of the Company includes :

- 1) Market liquidity risk management: To avoid loss caused by market liquidity risk, the Company 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 Company’s proprietary business. It means that the market price or fluctuation trend is not beneficial to the Company’s profitability, which results in risky events happen.

The Company’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)

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

- 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.

(r) Capital management

The Company's objectives for managing capital are to safeguard the capacity to continue to operate and achieve the Company'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 Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders or issue new shares. The Company adopts a risk-adjusted return on capital to allocate the Company's capital reasonably and effectively.

As of December 31, 2022, the Company didn't change the method of capital management.

(s) Financing activities not affecting current cash flow

The Company's financing activities which did not affect the current cash flow for the year ended December 31, 2022 and 2021, were as follows:

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

	January 1, 2022	Cash flows	Non-cash changes			December 31, 2022
			Other	Foreign exchange movement	Fair value changes	
Lease liabilities	\$ 30,775	(22,145)	16,704	-	-	25,334
Total liabilities from financing activities	\$ 30,775	(22,145)	16,704	-	-	25,334

	January 1, 2021	Cash flows	Non-cash changes			December 31, 2021
			Other	Foreign exchange movement	Fair value changes	
Lease liabilities	\$ 51,685	(23,779)	2,869	-	-	30,775
Total liabilities from financing activities	\$ 51,685	(23,779)	2,869	-	-	30,775

(7) Related-party transactions:

- (a) Parent company and ultimate controlling party

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

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

(b) Names and relationship with related parties

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

<u>Name of related party</u>	<u>Relationship with the Company</u>
Capital Securities Corporation	The parent company
Capital International Technology Co., Ltd	Subsidiary
CSC Futures (HK) Ltd.	Subsidiary
Capital True Partner Technology Co., Ltd.	Sub-subsidiary
Capital Futures Technology (Shanghai) Co., Ltd.	Sub-subsidiary
Capital Investment Trust Corp.	Associate
Funds issued by Capital Investment Trust Corp.	Funds issued by Associate
Other related parties	Key management personnel

(c) Key management personnel compensation

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 76,333	60,772
Post-employment benefits	990	5,727
Total	<u>\$ 77,323</u>	<u>66,499</u>

(d) Significant transactions with related parties

(i) The amounts of futures trading between the Company and related parties for the year ended December 31, 2022 and 2021 were as follows:

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
<u>Brokerage fee revenue</u>		
Capital Securities Corporation	\$ 29,146	10,612
CSC Future (HK) Ltd.	131,872	117,469
Funds issued by Capital Investment Trust Corp.	82	123
Other related parties	513	277
Total	<u>\$ 161,613</u>	<u>128,481</u>

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
<u>Futures traders' equity</u>		
Capital Securities Corporation	\$ 2,202,884	1,406,887
CSC Futures (HK) Ltd	3,720,246	4,994,128
Funds issued by Capital Investment Trust Corp.	275,178	269,049
Other related parties	<u>270</u>	<u>763</u>
Total	<u>\$ 6,198,578</u>	<u>6,670,827</u>
	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
<u>Customers margin account- other futures commission merchants</u>		
CSC Futures (HK) Ltd	<u>\$ 616,876</u>	<u>272,859</u>

Transaction terms are the same as those with general clients.

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

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
<u>Interest expense</u>		
Capital Securities Corporation	\$ 67	78
CSC Futures (HK) Ltd	9,344	1,534
Funds issued by Capital Investment Trust Corp.	<u>296</u>	<u>27</u>
Total	<u>\$ 9,707</u>	<u>1,639</u>

(ii) Accounts payable and receivable:

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
<u>Accounts receivable</u>		
Capital Securities Corporation	<u>\$ 884</u>	<u>3,011</u>
<u>Accounts payable</u>		
Capital Securities Corporation	<u>\$ 12,761</u>	<u>11,448</u>
<u>Other receivables (Note 1)</u>		
Capital Securities Corporation	<u>\$ 7,291</u>	<u>3,846</u>

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

<u>Other payables</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Capital Securities Corporation (Note 2)	\$ 4,051	344
CSC Securities (HK) Ltd. (Note 3)	4,158	6,562
Capital True Partner Technology Co., Ltd. (Note 4)	<u>2,617</u>	<u>2,308</u>
Total	<u>\$ 10,826</u>	<u>9,214</u>

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

(Note 2) Payables for stock settlement, allocation of expenses and interests payable.

(Note 3) Payables for Service charge discounts and interests.

(Note 4) Payables for professional service fee.

(iii) Bonds purchased under resale agreements

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bonds purchased under resale agreements	<u>\$ 43,166</u>	<u>84,013</u>
Resale price under the agreements	<u>\$ 43,190</u>	<u>84,021</u>
Interest rates	<u>0.77%</u>	<u>0.20%~0.21%</u>
Date of repurchase	<u>2023.01.03~2023.01.13</u>	<u>2022.01.03~2022.01.14</u>

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Interest income	<u>\$ 395</u>	<u>213</u>

(iv) Leases

The Company signed three-year lease contracts and rented the office from Capital Securities Corporation. As of December 31, 2022 and 2021, the total value of effective contracts were all \$51,091. For the year ended December 31, 2022 and 2021, the Company recognized the amount of \$200 and \$376 as interest expense. As of December 31, 2022 and 2021, lease liabilities amounted to \$9,900 and \$26,730, respectively, and refundable deposits were all amounted to \$4,450 .

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

(v) Rental expenses

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

Related parties	For the years ended December 31,	
	2022	2021
Capital Securities Corporation	\$ <u>854</u>	<u>905</u>

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

(vi) Securities commission income

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

Related parties	For the years ended December 31,	
	2022	2021
Capital Securities Corporation	\$ <u>14,122</u>	<u>27,152</u>

(vii) Interest income (Rent deposit interest)

Related parties	For the years ended December 31,	
	2022	2021
Capital Securities Corporation	\$ <u>35</u>	<u>35</u>

(viii) Securities brokerage charge

Related parties	For the years ended December 31,	
	2022	2021
Capital Securities Corporation	\$ 186,991	170,416
CSC Futures (HK) Ltd.	9,536	6,105
	\$ <u>196,527</u>	<u>176,521</u>

(ix) Information technology expenses

Related parties	For the years ended December 31,	
	2022	2021
Capital Securities Corporation	\$ <u>48,191</u>	<u>47,986</u>

(x) Stock service fees

Related parties	For the years ended December 31,	
	2022	2021
Capital Securities Corporation	\$ <u>628</u>	<u>562</u>

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

(xi) Human resource and legal service fees

	For the years ended December 31,	
Related parties	2022	2021
Capital Securities Corporation	\$ 300	300

(xii) Securities transaction fees

	For the years ended December 31,	
Related parties	2022	2021
Capital Securities Corporation	\$ 1,743	114

(xiii) Discretionary service commission fees

	For the years ended December 31,	
Related parties	2022	2021
Capital Securities Corporation	\$ 20	110

(xiv) Stationery and printing fees

	For the years ended December 31,	
Related parties	2022	2021
Capital Securities Corporation	\$ 38	35

(xv) Repair and maintenance-expense

	For the years ended December 31,	
Related parties	2022	2021
Capital International Technology Co., Ltd.	\$ 3,226	3,226

(xvi) Professional service fees

	For the years ended December 31,	
Related parties	2022	2021
Capital True Partner Technology Co., Ltd.	\$ 28,074	26,183

(xvii) Consulting fees

	For the years ended December 31,	
Related parties	2022	2021
Other related parties	\$ 21	-

(8) Pledged assets: None

(9) Commitments and contingencies:

The Company purchased software and hardware systems for business development. As of December 31, 2022, the Company had outstanding balance \$61,722.

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:None

(12) Derivative instrument transactions:

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

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)	
	Tauwan Stock Futures	Long	6,944	660,461	633,265	
	Tauwan Stock Futures	Short	20	(5,846)	(5,869)	
	US Dollar Index Futures	Short	14	(44,641)	(44,399)	
	Mini Taiex Weekly Futures	Long	51	36,157	36,096	
	Mini Financial Futures	Short	20	(7,415)	(7,472)	
	Mini Electronic Futures	Long	56	18,042	18,025	
	E-Mini S&P 500 Futures	Short	125	(73,669)	(74,107)	
	E-Mini Nasdaq-100 Futures	Short	12	(8,583)	(8,124)	
	Nikkei 225 Index Futures	Short	10	(39,897)	(39,570)	
	Mini Oil Futures	Long	14	17,161	17,265	
	Emin Russell 2000 Index Futures	Short	10	(27,085)	(27,192)	
	Soybean Futures	Long	10	23,380	23,401	
	Subtotal			<u>155,792</u>		

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the 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)	-	
	Finance Insurance Index Options(Call)	Long	94	262	182	
	Finance Insurance Index Options(Call)	Short	33	(65)	(31)	
	Finance Insurance Index Options(Put)	Long	16	64	22	
	Finance Insurance Index Options(Put)	Short	85	(235)	(168)	
	Gold Options(Call)	Long	23	241	216	
	Gold Options(Call)	Short	10	(48)	(38)	
	Gold Option (Put)	Long	7	25	5	
	Gold Option (Put)	Short	6	(28)	(4)	
	Subtotal			(31,906)		
Total				\$ <u>123,886</u>		

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

December 31, 2021

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/Short	Number of contracts			
Futures contract:						
	TAIEX Futures	Long	74	\$ 262,510	267,889	
	TAIEX Futures	Short	3	(10,733)	(10,795)	
	Mini Taiex Futures	Short	292	(263,581)	(265,111)	
	Electronic Sector Index Futures	Short	25	(86,631)	(87,575)	
	Financial Insurance Index Futures	Long	33	55,909	56,540	
	Mini Financial Futures	Short	98	(41,516)	(41,983)	
	Mini Electronic Futures	Long	155	66,410	67,871	
	Mini Electronic Futures	Short	2	(840)	(874)	
	Subtotal			<u>(18,472)</u>		
Options contract:						
	TAIEX Options (Call)	Long	2,177	\$ 29,013	37,581	
	TAIEX Options (Call)	Short	2,154	(24,743)	(30,982)	
	TAIEX Options (Put)	Long	3,086	29,440	15,935	
	TAIEX Options (Put)	Short	2,753	(29,808)	(16,231)	
	TAIEX Weekly Options (Call)	Long	325	1,840	1,504	
	TAIEX Weekly Options (Call)	Short	442	(1,733)	(1,136)	
	TAIEX Weekly Options (Put)	Long	352	816	719	
	TAIEX Weekly Options (Put)	Short	186	(926)	(977)	
	Electronic Sector Index Options (Call)	Long	107	851	1,457	
	Electronic Sector Index Options (Call)	Short	68	(572)	(766)	
	Electronic Sector Index Options (Put)	Long	124	917	562	
	Electronic Sector Index Options (Put)	Short	176	(1,610)	(778)	
	Financial Insurance Index Options (Call)	Long	127	475	732	
	Financial Insurance Index Options (Call)	Short	88	(169)	(253)	
	Financial Insurance Index Options (Put)	Long	196	1,446	778	
	Financial Insurance Index Options (Put)	Short	50	(95)	(7)	
	Subtotal			<u>5,142</u>		
Total				<u>\$ (13,330)</u>		

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

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

Item	December 31, 2022	December 31, 2021
Leverage derivatives- long	\$ <u>4,078,689</u>	<u>3,800,382</u>
Leverage derivatives- short	\$ <u>4,059,360</u>	<u>3,787,547</u>
Equity derivatives- long	\$ <u>352,576</u>	<u>131,113</u>
Equity derivatives- short	\$ <u>352,547</u>	<u>131,101</u>

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

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

Art.	Calculation formula	Current Period		Last Period		Standard	Enforcement
		Calculation	Ratio	Calculation	Ratio		
17	Stockholders' equity		3.16	6,248,364	6.27	≥ 1	Satisfactory to requirement
	(Total liabilities– futures traders' equity)	6,781,388		996,339			
17	Current Assets	45,996,498	1.13	43,681,868	1.13	≥ 1	"
	Current Liabilities	40,595,760		38,702,447			
22	Stockholders' equity	6,781,388	608.20 %	6,248,364	560.39 %	≥ 60%	"
	Minimum paid-in capital	1,115,000		1,115,000		≥ 40%	
22	Post-adjustment net capital		44.35 %		54.88 %	≥ 20%	"
	Total customer margin deposits required for open positions of customers	3,701,351		4,910,332		8,947,102	

(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 Company needs sufficient liquidity to cover the transactions and suffer the loss may occur.

(15) Other:None

(Continued)

CAPITAL FUTURES CORPORATION

Notes to the 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	60,936	60,936	-	8.33%	1	11,998		-		-	191,768	958,840
1	CSC Futures (HK) Ltd.	F611702	Account receivables -Customer	No	426,551	426,551	152,340	4.58%~ 5.83%	1	189,343		-		-	426,551	958,840
1	CSC Futures (HK) Ltd.	F613059	Account receivables -Customer	No	91,404	91,404	-	7.33%	1	23,705		-		-	191,768	958,840
1	CSC Futures (HK) Ltd.	F612688	Account receivables -Customer	No	15,234	15,234	8,531	6.33%	1	2,491		-		-	191,768	958,840
1	CSC Futures (HK) Ltd.	F612687	Account receivables -Customer	No	-	-	-	6.33%	1	464		-		-	191,768	958,840
1	CSC Futures (HK) Ltd.	F612851	Account receivables -Customer	No	60,936	60,936	-	6.33%	1	11,841		-		-	191,768	958,840
1	CSC Futures (HK) Ltd.	F613091	Account receivables -Customer	No	45,702	45,702	-	6.33%	1	7,968		-		-	191,768	958,840

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

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

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Date of establishment	FSC Rule No.	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Revenue of investee	Net income (losses) of investee	Share of profits/losses of investee	Cash dividend	Note
						December 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value					
Capital Futures Corporation	CSC Futures (HK) Ltd.	Hong Kong	1998.12.9	Gin Guan Zheng Zhi No. 1010027412 letter	Futures dealing business and other businesses permitted by local law of Hong Kong	886,284	862,631	220,000	100.00 %	958,841	334,273	12,235	12,354	-	Subsidiary
Capital Futures Corporation	Capital International Technology Co., Ltd.	Taiwan	2014.12.29	Gin Guan Zheng Zhi No. 1030038387 letter	Management consulting and information service business	50,000	50,000	5,000	100.00 %	26,468	3,072	(7,551)	(7,551)	-	Subsidiary
Capital Futures Corporation	True Partner Advisor Hong Kong Ltd.	Hong Kong	2010.5.31	Gin Guan Zheng Zhi No. 1040027513 letter	Assets Management	-	36,701	-	- %	-	-	-	-	-	Associate (Note1)

Note 1: On November 11, 2021, the Board of Directors of the Company approved to sell True Partner Advisor Hong Kong Ltd., the associate of the Company. All shares were transferred on February 15, 2022. The Company does not disclose profit and loss information because it is no longer material.

(Continued)

CAPITAL FUTURES CORPORATION

Notes to the Financial Statements

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

(d) Information on investment in Mainland China:

(i) Investment in Mainland China and related information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Direct or indirect share holdings(%) by the company	Highest percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Capital True Partner Technology Co., Ltd.	Management consulting and information service business	5,013	(C)	24,372	-	-	24,372	(791)	51.00%	51.00%	(404) B (2)	13,344	-
Capital Futures Technology (Shanghai) Co., Ltd.	Management consulting and information service business	18,863	(C)	18,863	-	-	18,863	(4,077)	100.00%	100.00%	(4,077) B (2)	7,722	-

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)

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
43,235	43,235	80,000

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

(e) Major shareholders:

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

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

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

(Continued)

CAPITAL FUTURES CORPORATION
Notes to the Financial Statements

(17) Segment information:

Please refer to the consolidated financial report for the year ended December 31, 2022.

Capital Futures Corp.

Chairman: Chia, Chung Tao