

Stock code: 6024



**CAPITAL**  
**2023**  
**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 1, 2024

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

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

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Title: President

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

Head Office:

Address: B1, B2 & 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

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**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 & Chen, Yi-Jen

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

Tel: (02)8101-6666

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**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>**

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# Chapter I. Report to Shareholders

## I. Operating performance in 2023

In 2023, the epidemic lock-down in the countries around the world was canceled gradually, but international financial market was full of uncertainties because of the challenges brought by rising interest rates and inflation, as well as Israeli-Palestinian Conflict and other rising geopolitical risks. The total volume of the Company's domestic futures brokerage business in 2023 was about 51.75 million lots, with a market share of 7.97%, a decrease of 16.65% as compared with 62.09 million lots in 2022, and the trading volume of its overseas futures business was about 7.69 million lots, with a market share of 18.38%, a decrease of 23.59% as compared with 10.07 million lots in 2022. However, in 2023, thanks to the increase in the interest income from customers' deposits, its consolidated revenue was NT\$2,212,577 thousand, with a decrease of 20.42% as compared with 2022, and its consolidated net profit before tax was NT\$1,276,858 thousand, with an increase of 33.38% as compared with 2022, and its consolidated net profit after tax was NT\$1,011,052 thousand, with an increase of 29.40% as compared with 2022. As for operating goals, the Company develops diversified businesses and gains profits in diversified ways to create a multi-way-based profit-making mode.

In compliance with the Strategies for Implementation of Sustainable Development and Transformation in Securities and Futures Industry issued by the competent authority, the Company continues to strengthen information security protection and optimize and replace information system to ensure operational stability and safeguard customers' rights and interests. In addition, the Company encourages financial innovation and development of diversified financial products, actively grasps the opportunities for digital financial development, and develops digital platform and channels to implement inclusive financing and improve competitiveness.

Capital Futures is committed to successively launching a number of digital innovative services for a long time by combining the power brought by digitalization and people and through financial technologies and digital innovation, including personality test for investment master DNA trading, intelligent promotion, futures winner ecosystem, etc., to provide customers with their most needed investment information, improve their experience in trading, and assist them in achieving their wealth growth goals, which are widely recognized by the investors in the market. The Company also introduces a "Design Thinking" based method to establish a corporate innovation culture through practice in workshop and seeds training to root innovative thinking in its DNA. And the Company establishes reward programs for digital innovation to stimulate staff' innovative potential to improve its efficiency and reduce risks.

As for corporate governance, the Company adheres to the principle of the highest ethical management, establishes a rigorous corporate governance system, and implements legal compliance, risk control as well as internal control and internal audit systems. The Company establishes Treating Customer Fairly Committee and ESG Committee, with the president acting as their convener, which is responsible for planning for and implementing the treating-customer-fairly principle, regularly reviewing and evaluating the implementation and effectiveness related to ESG matters to safeguard customers' rights and interests and implement sustainable development policy, and reporting implementation status to the Board of Directors.

In terms of the Board of Directors, Capital Futures has seven Directors (including three Independent Directors), all of whom have expertise in 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, and build a safe investment environment while pursuing long-term stable profits, and it is committed to implementation of sustainable development.

## II. 2023 income and profit analysis (Consolidated)

Unit: NT\$ thousand

Item	2023	2022
Income	2,212,577	2,780,470
Expenses	2,141,643	2,291,782
Non-operating income and expenses	1,205,924	468,595
Net income before tax	1,276,858	957,283
Net income after tax	1,011,052	781,353
Return on Equity (%)	14.49%	11.97%
Net profit margin (%)	45.70%	28.10%
Return on assets (%)	2.03%	1.62%
Earnings per share after tax (dollar)	4.80	3.72

## III. Operating plans and development strategies for the future

Continuous global regional political turmoil, changes in climate environment and many other factors cause uncertainties in global economic and financial markets, and it is predicted that global interest rates will remain at a high level in 2024, and there will be hope in international financial market. With the development of financial technologies and the promotion of digital businesses, the efficiency and convenience of services in financial industry are greatly improved, which makes futures market more dynamic.

The operating plans and development strategies of the Company in 2024 are as follows:

1. Futures + securities integrated development strategy: As to the integrated marketing and account opening for futures + securities brokerage businesses, personnel will get securities-related qualification and accept training on securities business-related ability.
2. Integration the functional interface of trading systems for futures + securities, and integration the services of futures + securities on community operation of Line OA.
3. The Company will further improve trading platform and develop advanced functions for smart orders and algorithmic trading, which will further increase the leading edges of systems and create a market positioning of "The best smart trading system" in securities and futures industry.
4. The Company will introduce marketing, community, AI and other emerging digital technologies to improve marketing effectiveness, community-based management traffic, and digital services.
5. The Company will develop new products for leveraged transaction independently to provide differentiated services to meet the needs of various customers.
6. The Company will list cultivation and introduction of outstanding talents as the KPIs of various departments. The talents in various departments are the Company's assets, and should be adjusted and rotated properly so that their potential should be developed.
7. The Company will establish ESG goals and development strategies and review their

effect in accordance with the policies and guidelines of competent authorities.

8. The Company will strengthen the implementation of corporate governance, treating-customer-fairly, green digital finance, social services and other principles, and strive to safeguard shareholders' interests and achieve corporate sustainable development goals.

Chairman:

President:

Accounting manager:

## Chapter II. Company Profile

### I. Date of incorporation: February 26, 1997.

Head Office:

Address: B1, B2 & 32F, No. 97, Sec. 2, Dunhua S. Rd., 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.
1998	Approved as a General Clearing Member of Taiwan Futures Exchange in 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 May 15th .
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.



Year	Major events
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:

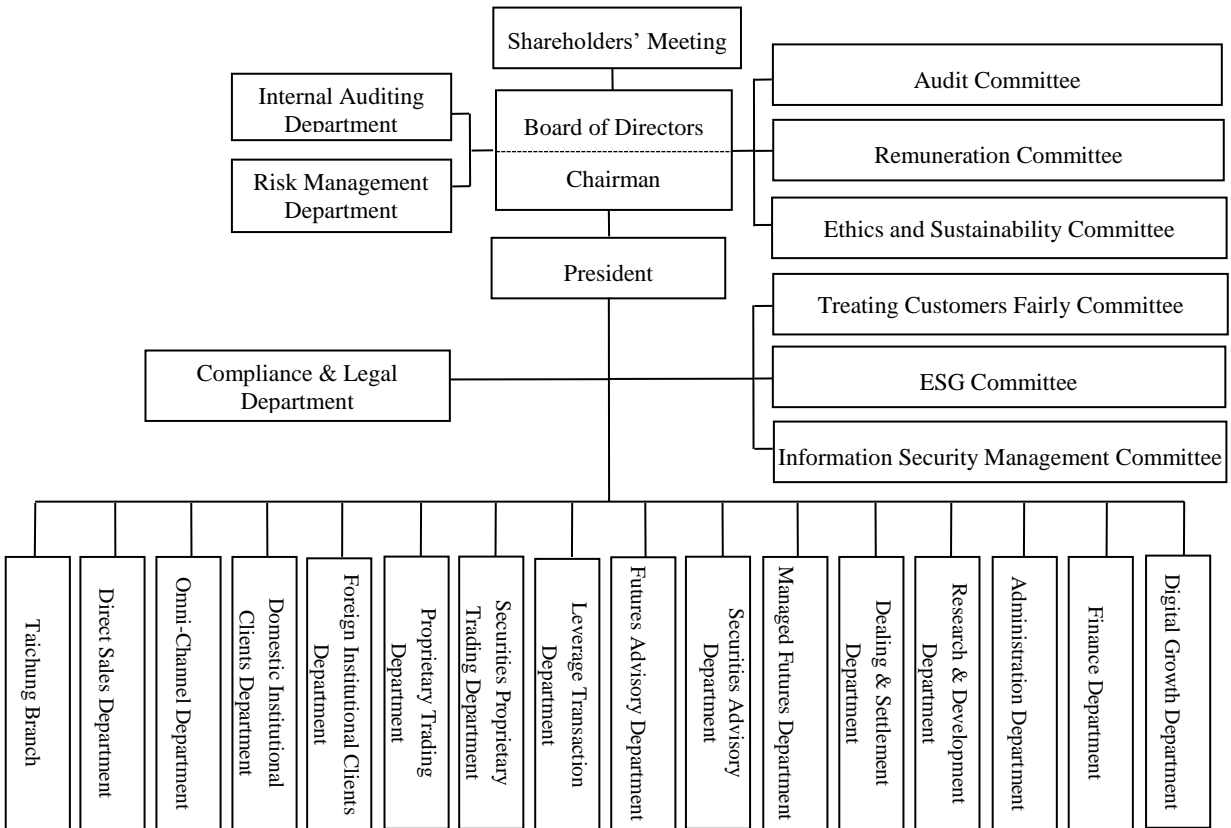
Date	Award - Approval Organization	Awards-Content
2023.12	Chinese Professional Management Association	The 41st-term National Manager Excellence Award - Legal Manager Award to Senior Executive Vice President Chen, Chi-Hao
2023.12	Chinese Professional Management Association	The 41st-term National Manager Excellence Award - Marketing Manager Award to Senior Executive Vice President Huang, Wei-Ben
2023.11	General Chamber of Commerce of R.O.C.	The Golden Merchant Award to President Mao, Jen-Hua
2023.09	Securities & Futures Institute of R.O.C.	The 17th-term Golden Goblet Award for Outstanding Entrepreneurial Leader to President Mao, Jen-Hua
2023.09	Securities & Futures Institute of R.O.C.	The 17th-term Golden Goblet Award for Outstanding Futures Industry Talent to Senior Executive Vice President Chen, Chi-Hao
2023.09	1111 Job Bank	2023 Happy Enterprises Silver Award
2023.08	Commercial Times	The 3rd-term Digital Financial Service Award - Gold Award for Digital Service, Quality Award for Digital Inclusion and Quality Award for Digital Information Security
2023.08	Taiwan Futures Exchange	TAIFEX Session IX Futures Diamond Awards - 3rd Place of Trading Volume in FCM
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

Date	Award - Approval Organization	Awards-Content
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 - 1 <sup>st</sup> Place of 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.

Department	Functions
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, 2024

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 Years	1997.07.08 2015.08.10	119,177,011	56.63%	119,066,011	56.58%					Master of Business Administration, National Chengchi University Director of Capital Securities Corp. President	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										
Director	Republic of China	Capital Securities Corp. Representative: Lee, Wen-Chu	Male Age 61-70	2021.05.20 2023.06.05	3 Years	1997.07.08 2021.08.26	119,177,011	56.63%	119,066,011	56.58%					EMBA, Business Administration, National Chengchi University Chairman of Capital Futures Corp.	Director & President of Capital Securities Corp. Director of CSC Futures (HK) Ltd. Director of Capital Securities (HK) Ltd. Director of CSC International Holdings Ltd.,	-	-	-	-
							208,600	0.10%	208,600	0.10%										
Director	Republic of China	Capital Securities Corp. Representative: Liu, Ching-Tsun	Male Age 71-80	2021.05.20 2021.05.20	3 Years	1997.07.08 2011.09.19	119,177,011	56.63%	119,066,011	56.58%					M.P.A., University of San Francisco, USA Chairman, Capital Securities Corp.	Director of Capital Securities Corp. Director of Taiwan Oasis Technology Co.,	-	-	-	-

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: Wang, Hui-Chin	Female Age 50-60	2021.05.20 2023.12.06	3 Years	2012.06.19 2023.12.06	2,05	0.00%	2,05	0.00%					Department of Business Administration, Missouri State University Director, Hontai Life Insurance	Chairman, Quan Shun Construction and Development Co., Ltd.	-	-	-	-
																		Chairman, Tai He Investment Co., Ltd. Chairman, Tai Chien Investment Co., Ltd. Chairman, Fengyang Investment Co., Ltd. Chairman, Hong Yuan Construction Co., Ltd. Chairman, Min Hwei Enterprise Co., Ltd. Director, Hong Ce Venture Investment Co., Ltd. Supervisor of Bao Sheng Investment Co., Ltd.	-	-
Independent Director	Republic of China	Chen, Kuo-Tay	Male Age 61-70	2021.05.20	3 Years	2018.05.24								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 Years	2020.06.19								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 Years	2021.05.20								Ph.D. of Law, National Chengchi University School consultant of Ming Chuan University and an	Independent Director of Rubytech Corp. Independent Director of DEXIN Corp.	-	-	-	-	



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	
																adjunct professor of the Department of Finance					

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, 2024

Corporate shareholder name	Major shareholders of Corporate shareholders (Shareholding %)
Capital Securities Corp.	Fu Ding Investment Co., Ltd. (3.52%) Bao Zuo Investment Co., Ltd (3.49%) 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%) Tai Lain Investment Co., Ltd. (4.97%) Hong Chang Enterprise Co., Ltd. (4.89%) Wei Wang Investment Co., Ltd. (4.89%) Hong Sheng Industrial Co., Ltd. (4.88%) 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 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%)
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%)

Corporate shareholder name	Major shareholders of Corporate shareholders (Shareholding %)
	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%)
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%)

Corporate shareholder name	Major shareholders of Corporate shareholders (Shareholding %)
	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%)
Tai He Construction Management Co., Ltd.	Qarnet Enterprise Co, Ltd. (19.61%) Hong Long Enterprise Co., Ltd. (18.71%) 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: Chairman, Chia, Chung-Tao	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Former Director and President of Capital Securities, and currently the Chairman of the Company.</li> <li>• Does not meet any descriptions stated in Article 30 of the Company Act.</li> </ul>	-	0
Capital Securities Corp. Representative: Director, Liu, Ching-Tsun	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Former Chairman of Capital Securities Corp., currently Director of Capital Securities Corp.</li> <li>• Does not meet any descriptions stated in Article 30 of the Company Act.</li> </ul>	-	0
Capital Securities Corp. Representative: Director, Lee, Wen-Chu	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Former President and Chairman of Capital Futures, and currently Director and President of Capital Securities.</li> <li>• Does not meet any descriptions stated in Article 30 of the Company Act.</li> </ul>	-	0
Hung Yeh Investment Co., Ltd Representative: Director, Wang, Hui-Chin	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Former Director of Hontai Life, and currently Chairman of Quan Shun Construction and Development, Tai He Investment... and other companies.</li> <li>• Does not meet any descriptions stated in Article 30 of the Company Act.</li> </ul>	-	0

Qualification Name	Professional qualification and experience	Compliance of independence	Number of positions as an Independent Director in other public listed companies
Chen, Kuo-Tay Independent Director	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Former Professor, Department of Accounting, National Taiwan University.</li> <li>• Does not meet any descriptions stated in Article 30 of the Company Act.</li> </ul>	<ul style="list-style-type: none"> <li>(1) Not employed by the Company or any of its affiliated companies.</li> <li>(2) Not a director, supervisor of the Company or any its affiliated companies.</li> <li>(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.</li> <li>(4) Not the spouse, relatives within 2nd degree of kinship or relatives within 3rd degree of kinship of the managerial personnel listed in (1) and the personnel listed in (2) and (3).</li> </ul>	0
Hsiao, Nai-Ching Independent Director	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Former judge of Supreme Court, currently lawyer at Hsiao Nai Ching Law Firm.</li> <li>• Does not meet any descriptions stated in Article 30 of the Company Act.</li> </ul>	<ul style="list-style-type: none"> <li>(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.</li> <li>(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.</li> </ul>	0
Wu, Yung-Sheng Independent Director	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• Does not meet any descriptions stated in Article 30 of the Company Act.</li> </ul>	<ul style="list-style-type: none"> <li>(7) Not a director, supervisor or employee of the Company whose chairperson and president or equivalent role is same person or its spouse.</li> <li>(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.</li> <li>(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.</li> <li>(10) Have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.</li> <li>(11) Does not have the government, legal person or its representative elected as stipulated in Article 27 of the Company Act.</li> </ul>	

## 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. The Company gives focus to gender equality in the composition of the Board of Directors, with at least one female director.
5. The Company's current Board of Directors is composed of 7 Directors, including 3 Independent Directors and 4 Legal Representative Directors, including 5 male and 2 female Directors, accounting for 71% and 29% respectively, and the directors who are employees account for 14%. At present, the age distribution of directors is ages 50-60 (inclusive) 1 person, ages 61-70 (inclusive) 5 persons, ages 71-80 (inclusive) 1 person. Chairman Chia, Chung-Tao, Director Lee, Wen-Chu, Director Liu, Ching-Tsun and Director Wang, Hui-Chin 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. According to their academic experience, 5 directors have business experience, 2 have accounting expertise, and 2 have legal expertise.
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	V		V	V	V	V	V	V
Director Lee, Wen-Chu	Male	V		V	V	V	V	V	V
Director Liu, Ching-Tsun	Male	V		V	V	V	V	V	V
Director Wang, Hui-Chin	Female	V	V	V	V	V	V	V	V
Independent Director Chen, Kuo-Tay	Male	V	V	V	V		V	V	V
Independent Director Hsiao, Nai-Ching	Female	V		V	V		V	V	V
Independent Director Wu, Yung-Sheng	Male	V		V	V	V	V	V	V



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

March 31, 2024

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	
President	Republic of China	Mao, Jen-Hua	Male	2005.09.06	90,394	0.04%	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	2014.04.01	0	0	0	0	0	0	Master of Financial, Operating National Kaohsiung First University of Science Sales Assistant Vice President., SinoPac Futures Corp.	None	-	-	-	-
Senior Executive Vice President	Republic of China	Chen, Chi-Hao	Male	2020.09.14	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.	-	-	-	-
Senior Executive Vice President	Republic of China	Yang, Rui-Ling	Female	2011.12.28	93,715	0.04%	0	0	0	0	Department of Business Administration Shih Chien University Sales Executive Vice President, Masterlink Futures Corp.	None	-	-	-	-
Executive Vice	Republic of China	Hsu, Ji-Ching	Male	2005.01.01	31,830	0.02%	0	0	0	0	Department of International Trade, Tamkang University	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	
President											Manager, Masterlink Futures Corp.					
Executive Vice President	Republic of China	Lin, Li-Chuan	Female	2006.06.01	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	Lin, Xiao-Chian	Male	2010.06.10	63,402	0.03%	0	0	0	0	Master of Business Administration, University of La Verne Vice President, J.P. Morgan Chase & Corp.	None	-	-	-	-
Executive Vice President	Republic of China	Kuo, Shu-Zhen	Female	2013.01.01	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	Lee, Chung-Wei	Male	2014.07.14	0	0	0	0	0	0	Master of Science, Columbia University in the City of New York Sales Vice President, KGI Securities Corp.	None	-	-	-	-
Executive Vice President	Republic of China	Cho, Cheng-Kang	Male	2016.04.01	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	-	-	-	-
Executive Vice President	Republic of China	Ho, Cho-I	Male	2016.08.01	0	0	0	0	0	0	Master in Information Management, Texas State University Vice President, Barclays Securities	None	-	-	-	-
Executive Vice President	Republic of China	Wu, Chung-Hsien	Male	2020.04.01	5,000	0.00%	0	0	0	0	Business Administration Department, University of California, Riverside Assistant Vice President, Morgan Stanley Securities	None	-	-	-	-
Senior Executive Officer	Republic of China	Yi, Chien-Hsiung	Male	2021.09.01	0	0	0	0	0	0	Master in Computer Science, National Tsing Hua University Executive Vice President of CSC	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	
											Futures (HK) Ltd.					
Senior Executive Officer	Republic of China	Wang, Min-Nan	Male	2024.03.01	0	0	0	0	0	0	Master of Department of Money and Banking, National Chengchi University President, Shanghai Jifeng Investment Management Co., Ltd.	None	-	-	-	-
Senior Vice President	Republic of China	Lian, Jing-Lian	Female	2003.05.02	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	Peng, Chien-Cheng	Male	2012.07.02	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	Lin, Hsiu-Chu	Female	2017.04.01	8,083	0.00%	0	0	0	0	Department of Insurance, Shih Chien University Assistant Vice President of Capital Futures Corp.	None	-	-	-	-
Senior Vice President	Republic of China	Chung, Cheng-Huang	Male	2018.04.02	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	Chen, Yung-Lin	Male	2020.04.01	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	2020.04.01	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	2020.04.01	500	0.00%	0	0	0	0	National Formosa University Senior Specialist, Capital Futures Corp.	None	-	-	-	-
Senior Vice President	Republic of China	Chen, Chih-Chung	Male	2020.12.01	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	Cheng, Shin-Pin	Male	2022.06.20	0	0	0	0	0	0	Master of Business Administration, State University of New York at Binghamton	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, KGI Securities Corp.					
Vice President	Republic of China	Chen, Tsung-Yu	Male	2018.04.01	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	Wang, Han-Yao	Male	2022.03.14	0	0	0	0	0	0	Department of Quantitative Finance, National Tsing Hua University Salesperson, Concord Futures	None	-	-	-	-
Vice President	Republic of China	Chang, Yun-Hsuan	Female	2022.04.01	0	0	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	2022.04.01	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	2023.01.03	0	0	0	0	0	0	Department of Finance and Banking, Shih Chien University Sales Vice President, Yuanta Futures	None	-	-	-	-
Vice President	Republic of China	Hsu, Hua-Shan	Female	2023.04.01	0	0	0	0	0	0	Bachelor, Department of Accounting, National Chengchi University KPMG Vice President, Audit Department	None	-	-	-	-
Vice President	Republic of China	Jen, Ming-Ying	Female	2023.05.15	0	0	0	0	0	0	Department of Law, Soochow University Senior Researcher, Insurance Stability Fund Foundation Lawyer, Y.R. Lee & Partners	None	-	-	-	-
Vice President	Republic of China	Li, Kuan-Hui	Male	2024.03.18	0	0	0	0	0	0	Department of Electrical Engineering, National Yunlin University of Science and Technology Manager, Fubon Futures CO .	None	-	-	-	-
Assistant Vice President	Republic of China	Chang, Ya-Ju	Female	2020.09.01	7,000	0.00%	0	0	0	0	Business Administration of National Taipei University Senior Manager of Finance Department, Capital 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 Manager	Republic of China	Chang, Tuo	Male	2023.03.14	0	0	0	0	0	0	Master in Banking and Finance, Tamkang University Senior Specialist, Capital Futures Corp.	None	-	-	-	-
Senior Specialist	Republic of China	Liu, Pao-Hua	Male	2015.04.01	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	Chang, Mu-Min	Male	2018.04.01	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	2020.04.01	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	Lai, Han-Sen	Male	2022.03.14	0	0	0	0	0	0	Master of Information Management, Da-Yeh University Executive Vice President, Proprietary Trading Department, Concord Futures	None	-	-	-	-
Senior Specialist	Republic of China	Shen, Chun-Liang	Male	2023.04.01	0	0	0	0	0	0	Bachelor's degree from National Taipei University of Business Sales Vice President, Omni-Channel Department, Capital Futures Corp	None	-	-	-	-
Senior Specialist	Republic of China	Hsieh, Jung-Lien	Male	2023.07.17	0	0	0	0	0	0	Master of Sport, Leisure and Hospitality Management, National Taiwan Normal University Assistant Vice President, Waterland Securities	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.

### III. Remuneration paid to Directors, Supervisors, Presidents, and Executive Vice Presidents in the most recent year:

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

2023 (Unit: NT\$ thousand)

Title	Name	Remuneration to Directors								The sum of A, B, C and D as a percentage of after-tax profit	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)			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
Director	Capital Securities Corp.	0	0	0	0	8,044	8,044	240	240	8,284 0.82%	8,284 0.82%	0	0	0	0	0	0	0	0	8,284 0.82%	8,284 0.82%	0
Chairman	Capital Securities Corp. Representative: Chia, Chung-Tao	14,569	14,569	0	0	0	0	35	35	14,604 1.45%	14,604 1.45%	508	508	0	0	157	157	0	0	15,269 1.51%	15,269 1.51%	0
Director	Capital Securities Corp. Representative: Liu, Ching-Tsun	0	0	0	0	0	0	155	155	155 0.02%	155 0.02%	0	0	0	0	0	0	0	0	155 0.02%	155 0.02%	11,745

Title	Name	Remuneration to Directors								The sum of A, B, C and D as a percentage of after-tax profit		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)				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	The Company	All companies shown in the financial report					
Director	Capital Securities Corp. Representative: Wang, Jiunn-Chihh (Note)	0	0	0	0	0	0	10	10	10.00%	10.00%	0	0	0	0	0	0	0	0	0	0	10.00%	10.00%	15,985
Director	Capital Securities Corp. Representative: Lee, Wen-Chu (Note)	0	0	0	0	0	0	20	20	20.00%	20.00%	0	0	0	0	0	0	0	0	0	0	20.00%	20.00%	8,964
Director	Hung Yeh Investment Co., Ltd	0	0	0	0	2,681	2,681	155	155	2,836.0.28%	2,836.0.28%	0	0	0	0	0	0	0	0	0	0	2,836.0.28%	2,836.0.28%	0
Director	Hung Yeh Investment Co., Ltd Representative: Lee, Yi-Hui (Note)	0	0	0	0	0	0	0	0	0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0.00%	0.00%	0

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
Director	Hung Yeh Investment Co., Ltd Representative: Wang, Hui-Chin (Note)	0	0	0	0	0	0	0	0	0.00%	0.00%	0	0	0	0	0	0	0	0	0.00%	0.00%	0
Independent Director	Chen, Kuo-Tay	480	480	0	0	1,341	1,341	110	110	1,931 0.19%	1,931 0.19%	0	0	0	0	0	0	0	0	1,931 0.19%	1,931 0.19%	0
Independent Director	Hsiao, Nai-Ching	480	480	0	0	1,341	1,341	110	110	1,931 0.19%	1,931 0.19%	0	0	0	0	0	0	0	0	1,931 0.19%	1,931 0.19%	0
Independent Director	Wu, Yung-Sheng	480	480	0	0	1,341	1,341	75	75	1,896 0.19%	1,896 0.19%	0	0	0	0	0	0	0	0	1,896 0.19%	1,896 0.19%	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.): NT\$39 thousand.



Note:

1. The driver's compensation is NT\$941 thousand.
2. Director Lee, Wen-Chu took the office on June 5, 2023, Director Wang, Jiunn-Chihh left the office on June 5, 2023, Director Wang, Hui-Chin took the office on December 6, 2023, and Director Lee, Yi-Hui left the office on December 6, 2023.

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 Capital Securities Corp. Representative: Lee, Wen-Chu Hung Yeh Investment Co., Ltd Representative: Lee, Yi-Hui Hung Yeh Investment Co., Ltd Representative: Wang, Hui-Chin	Capital Securities Corp. Representative: Liu, Ching-Tsun Capital Securities Corp. Representative: Wang, Jiunn-Chih Capital Securities Corp. Representative: Lee, Wen-Chu Hung Yeh Investment Co., Ltd Representative: Lee, Yi-Hui Hung Yeh Investment Co., Ltd Representative: Wang, Hui-Chin	Capital Securities Corp. Representative: Liu, Ching-Tsun Capital Securities Corp. Representative: Wang, Jiunn-Chih Capital Securities Corp. Representative: Lee, Wen-Chu Hung Yeh Investment Co., Ltd Representative: Lee, Yi-Hui Hung Yeh Investment Co., Ltd Representative: Wang, Hui-Chin	Hung Yeh Investment Co., Ltd Representative: Lee, Yi-Hui Hung Yeh Investment Co., Ltd Representative: Wang, Hui-Chin
NT\$1,000,000 ~ NT\$2,000,000 (exclusive)	Chen, Kuo-Tay; Hsiao, Nai-Ching; Wu, Yung-Sheng	Chen, Kuo-Tay; Hsiao, Nai-Ching; Wu, Yung-Sheng	Chen, Kuo-Tay; Hsiao, Nai-Ching; Wu, Yung-Sheng	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., Capital Securities Corp. Representative: Lee, Wen-Chu
NT\$10,000,000 ~ NT\$15,000,000 (exclusive)	Capital Securities Corp. Representative: Chia, Chung-Tao	Capital Securities Corp. Representative: Chia, Chung-Tao	-	-
NT\$15,000,000 ~ NT\$30,000,000 (exclusive)	-	-	Capital Securities Corp. Representative: Chia, Chung-Tao	Capital Securities Corp. Representative: Chia, Chung-Tao Capital Securities Corp. Representative: Liu, Ching-Tsun 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

(II) The Company established an Audit Committee to replace the supervisor, so there is no supervisor's salary related information.

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

2023 (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													
President	Mao, Jen-Hua													
Senior Executive Vice President	Huang, Wei-Ben													
Senior Executive Vice President	Chen, Chi-Hao													
Senior Executive Vice President	Yang, Rui-Ling													
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	23,109	23,109	1,225	1,225	52,612	52,612	2,197	0	2,197	0	79,143 7.83%	79,143 7.83%	None
Executive Vice President	Lin, Xiao-Chian (Note)													
Executive Vice President	Lee, Chung-Wei (Note)													
Executive Vice President	Ho, Cho-I (Note)													
Executive Vice President	Chen, Wei-Ting													
Executive Vice President	Fan, Jhen-Hong (Note)													
Senior Executive Officer	Cho, Cheng-Kang (Note)													
Senior Executive Officer	Yi, Chien-Hsiung													

Note: Hung, Hsin-Ju left the office on March 1, 2023.

Lin, Xiao-Chian, Lee, Chung-Wei, Ho, Cho-I and Cho, Cheng-Kang took the office on April 1, 2023.

Fan, Jhen-Hong took the office on April 1, 2023, and left the office on September 1, 2023.

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	Chia, Chung-Tao; Hung, Hsin-Ju	Chia, Chung-Tao; Hung, Hsin-Ju
NT\$1,000,000 ~ NT\$2,000,000 (exclusive)	Cho, Cheng-Kang; Fan, Jhen-Hong; Lee, Chung-Wei	Cho, Cheng-Kang; Fan, Jhen-Hong; Lee, Chung-Wei
NT\$2,000,000 ~ NT\$3,500,000 (exclusive)	Ho, Cho-I	Ho, Cho-I
NT\$3,500,000 ~ NT\$5,000,000 (exclusive)	Yi, Chien-Hsiung; Lin, Li-Chuan; Hsu, Ji-Ching; Lin, Xiao-Chian	Yi, Chien-Hsiung; Lin, Li-Chuan; Hsu, Ji-Ching; Lin, Xiao-Chian
NTD5,000,000 ~ NTD10,000,000 (exclusive)	Kuo, Shu-Zhen; Huang, Wei-Ben; Chen, Wei-Ting; Chen, Chi-Hao	Kuo, Shu-Zhen; Huang, Wei-Ben; Chen, Wei-Ting; Chen, Chi-Hao
NT\$10,000,000 ~ NT\$15,000,000 (exclusive)	Mao, Jen-Hua	Mao, Jen-Hua
NTD15,000,000 ~ NTD30,000,000 (exclusive)	Yang, Rui-Ling	Yang, Rui-Ling
NTD30,000,000 ~ NTD50,000,000 (exclusive)	-	-
NTD50,000,000 ~ NTD100,000,000 (exclusive)	-	-
> NTD100,000,000	-	-
Total	16	16

## (IV) Name of the managers received remuneration and the distribution of remuneration

2023 (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	7,374	7,374	0.73%
	President	Mao, Jen-Hua				
	Senior Executive Vice President	Huang, Wei-Ben				
	Senior Executive Vice President	Chen, Chi-Hao				
	Senior Executive Vice President	Yang, Rui-Ling				
	Executive Vice President	Lin, Li-Chuan				
	Executive Vice President	Kuo, Shu-Zhen				
	Executive Vice President	Cho, Cheng-Kang				
	Executive Vice President	Hsu, Ji-Ching				
	Executive Vice President	Chen, Wei-Ting				
	Executive Vice President	Lin, Xiao-Chian				
	Executive Vice President	Wu, Chung-Hsien				
	Executive Vice President	Lee, Chung-Wei				
	Executive Vice President	Ho, Cho-I				
	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	Cheng, Shin-Pin				
	Senior Vice President	Chang, Su-Fang				
	Senior Vice President	Chen, Yung-Lin				
	Senior Vice President	Chu, Chun-Chang				
	Senior Vice President	Lin, Hsiu-Chu				
	Vice President	Hsu, Hua-Shan				
	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				
	Vice President	Li, Kuan-Hui				
	Vice President	Jen, Ming-Ying				
	Assistant Vice President	Chang, Ya-Ju				
	Senior Manager	Chang, Tuo				
	Senior Executive Officer	Wang, Min-Nan				
Senior Executive Officer	Yi, Chien-Hsiung					
Senior Specialist	Liu, Pao-Hua					
Senior Specialist	Lai, Han-Sen					
Senior Specialist	Chang, Mu-Min					
Senior Specialist	Shen, Chun-Liang					
Senior Specialist	Lu, Wei-Liang					
Senior Specialist	Hsieh, Jung-Lien					

(V) 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		2022		2023	
		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	27,666	27,666	32,332	32,332
	As a percentage of net profit after tax %	3.54%	3.54%	3.20%	3.20%
President's and Executive Vice Presidents' remuneration	Remuneration amount	49,564	49,564	79,143	79,143
	As a percentage of net profit after tax %	6.34%	6.34%	7.83%	7.83%

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 Company's Managerial Officers includes salary and bonus, among which salary is audited by the Remuneration Committee and reviewed by the Board of Directors by referring to the level in the same industry and their title, rank, academic experience (or experience), professional abilities and responsibilities, etc., and bonus is based on the evaluation on Managerial Officer's performance. The Company conducts performance evaluation every year to evaluate the performance of Presidents and Managerial Officers at work within the year. The performance evaluation is made based on, including, 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, risk

control, promotion of sustainable development, professional knowledge, work efficiency, work attitude, as well as legal compliance and implementation). The results of evaluation on the performance of Presidents and Managerial Officers and their corresponding performance bonuses are submitted to Remuneration Committee for audit and reviewed by the Board of Directors.

In order to implement the company's operating goals and sustainable development goals, the factors for evaluation on the performance of Presidents, Executive Vice Presidents and other senior Managerial Officers are included in the evaluation on ESG implementation status, with a weight in performance indicators accounting for 7%. The Company closely links the ESG work performance of senior Managerial Officers with their variable remuneration (year-end bonus, performance bonus and employee remuneration) through performance management mechanism.

Performance is evaluated based on the following:

1. Reporting on the matters related to the authority in charge of ESG sustainable development should be completed.
2. The company's promotion of sustainable development and the implementation status of ESG matters should be reported to the Board of Directors.
3. The relevant matters of Shareholders' Meeting, the Board of Directors and Functional Committees should be dealt with.
4. The Company should reach the top 20% among listed companies in terms of its corporate governance evaluation result.
5. ESG should be implemented, and included in investment decisions depending on climate change and other situations.
6. Climate change risk assessment and greenhouse gas inspection related work should be completed.
7. Sustainability report should be completed and public information should be uploaded and disclosed.
8. Publicity or education and training related to sustainable development should be completed.
9. The performance goals for treating customer fairly should be achieved.
10. Other ESG-related activities and matters should be handled and completed.

#### **IV. Corporate governance**

##### **(I) Governance of the Board of Directors**

In the most recent year (2023), the Board of Directors convened 7 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	7	0	100%	
Director	CAPITAL SECURITIES CORP. Representative: Lee, Wen-Chu	4	0	100%	Appointed and took the office on June 5, 2023.
Director	CAPITAL SECURITIES CORP. Representative: Liu, Ching-Tsun	7	0	100%	
Director	Hung Yeh Investment Co., Ltd Representative: Wang, Hui-Chin	1	0	100%	Appointed and took the office on December 6, 2023.
Independent Director	Chen, Kuo-Tay	7	0	100%	
Independent Director	Hsiao, Nai-Ching	7	0	100%	
Independent Director	Wu, Yung-Sheng	7	0	100%	
Director	CAPITAL SECURITIES CORP. Representative: Wang, Jiunn-Chih	2	0	67%	Left the office on June 5, 2023.
Director	Hung Yeh Investment Co., Ltd Representative: Lee, Yi-Hui	6	0	100%	Left the office on December 6, 2023.

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
14th meeting of 9th Board of Directors 2023.01.03	<ul style="list-style-type: none"> <li>• Proposal for ratification: Renting of office from Fu Tai Construction Corporation, and application to competent authority for change in business address. Chairman Chia, Chung-Tao, Director Wang, Jiunn-Chih, Director Liu, Ching-Tsun, Director Lee, Yi-Hui and relevant supervisors present stated that he have an interest in the proposal and thus he recused from voting, and they did not participate in the discussion and voting. Independent Director Chen, Kuo-Tay acted as the chairman, and the remaining directors agreed that the proposal was approved as it was.</li> <li>• Proposal for ratification: Proposal for the 2022 managerial level (inclusive) or above managers' performance evaluation result. Chairman Chia, Chung-Tao and relevant supervisors present stated that he have an interest in the proposal and thus he 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</li> </ul>



Board of Directors	Proposal content/reasons for recusal due to conflicts of interest/resolution status
	<p>agreed that the proposal was approved as it was.</p> <ul style="list-style-type: none"> <li>Proposal for ratification: Proposal for 2022 year-end bonus distribution for supervisors at managerial level (inclusive) and above.</li> </ul> <p>Chairman Chia, Chung-Tao and relevant supervisors present stated that he have an interest in the proposal and thus he recused from voting, and they did not participate in the discussion and voting.</p> <p>Director Wang, Jiunn-Chih acted as the chairman, and the remaining directors agreed that the proposal was approved as it was.</p>
<p>16th meeting of the 9th Board of Directors 2023.05.11</p>	<ul style="list-style-type: none"> <li>Proposal for ratification: Proposal for the Company's 2022 employee compensation.</li> </ul> <p>Chairman Chia, Chung-Tao and relevant supervisors present stated that he have an interest in the proposal and thus he recused from voting, and they did not participate in the discussion and voting.</p> <p>Director Liu, Ching-Tsun acted as the chairman, and the remaining directors agreed that the proposal was approved as it was.</p> <ul style="list-style-type: none"> <li>Proposal for ratification: Proposal for the Company's 2022 director's remuneration distribution.</li> </ul> <p>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.</p> <p>After independent directors have recused from voting, all other directors present approved the proposal for distribution of remuneration to independent directors.</p>
<p>17th meeting of the 9th Board of Directors 2023.06.29</p>	<ul style="list-style-type: none"> <li>Proposal for ratification: Proposal for changing and appointing directors for the subsidiary, CSC Futures (HK) Ltd.</li> </ul> <p>Director Lee, Wen-Chu stated that he has an interest in the proposal and then he recused from voting, and he did not participate in the discussion and voting.</p> <p>The remaining directors present agreed that the proposal was approved as it was.</p>
<p>18th meeting of the 9th Board of Directors 2023.08.25</p>	<ul style="list-style-type: none"> <li>Proposal for ratification: Proposal for the Company to pay festival bonus to the supervisors above manager level (inclusive) and bonus to Futures Proprietary Trading Department and Securities Proprietary Trading Department in the first half of 2023.</li> </ul> <p>Chairman Chia, Chung-Tao and relevant supervisors present stated that he have an interest in the proposal and thus he recused from voting, and they did not participate in the discussion and voting.</p> <p>Director Lee, Wen-Chu acted as the chairman, and the remaining directors agreed that the proposal was approved as it was.</p>
<p>19th meeting of the 9th Board of Directors 2023.11.10</p>	<ul style="list-style-type: none"> <li>Proposal for ratification: Proposal for appointing the fourth term of directors and supervisors for the subsidiary Capital International Technology Corp.</li> </ul> <p>Chairman Chia, Chung-Tao and relevant supervisors present stated that he have an interest in the proposal and thus he recused from voting, and they did not participate in the discussion and voting.</p> <p>Director Lee, Wen-Chu acted as the chairman, and the remaining directors agreed that the proposal was approved as it was.</p>

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 2023 have been reported at the 21st meeting of the 9th Board of Directors on January 23, 2024.

Evaluation cycle	Evaluation performed once a year			
Evaluation period	January 1, 2023 to December 31, 2023			
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	4.92
		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	4.98
	(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	4.98
		D. Management and communication of internal relations	3	5
		E. Professionalism and ongoing education of directors	3	4.76
		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	4.92
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

Performance evaluation results:

(I) The average score of the board's evaluation was 4.98, which was "excellent"

(II) The average score of each directors' evaluation was 4.95, 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 4.97, 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.

In order to implement operating management-based accountability system and establish a responsible corporate culture, the Company causes its Board of Directors to formulate the Guidelines for Implementation of Accountability System, specifying that the Company's major matters refer to information security protection, treating-customer-fairly and legal compliance, and causes its President or the senior management above Executive Vice President designated by him/her to directly supervise the indeed implementation of daily business by the supervisors from the departments which are specially responsible for the said major matters. The Company includes the implementation effectiveness of the major matters in the evaluation on the performance of relevant departments and persons; The Board of Directors should review, every year, the performance of the departments which are specially responsible for major matters.

(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 (2023), 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 Audit Committee	Discussion/resolution	The Company's response to the opinions of Audit Committee
2023.01.03 8th meeting of the 3rd Audit Committee	<ul style="list-style-type: none"> <li>• Proposal for ratification: Amendment to the Company's Internal Control System The attendee left after proposal description, and the proposal was approved by all the members, and submitted to the Board of Directors for resolution.</li> </ul>	2023.01.03 It was approved by all the directors attended the 14th meeting of the 9th Board of Directors.
	<ul style="list-style-type: none"> <li>• Proposal for ratification: Renting of office from Fu Tai Construction Corporation Chairman Chen: Please check the attached description for the purpose, necessity and expected benefits of and from this proposal, the reasons for selecting the relevant parties, and more details. 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.</li> </ul>	2023.01.03 Chairman Chia, Chung-Tao, Director Wang, Jiunn-Chih, Director Liu, Ching-Tsun, Director Lee, Yi-Hui and relevant supervisors present in the 14th meeting of the 9th Board of Directors stated that they have an interest in the

Date and time of the Audit Committee	Discussion/resolution	The Company's response to the opinions of Audit Committee
		proposal and thus they recused from voting, and they did not participate in the discussion and voting on this proposal. Independent Director Chen, Kuo-Tay acted as the chairman, and the remaining directors agreed that the proposal was approved as it was.
2023.03.10 9th meeting of the 3rd Audit Committee	<ul style="list-style-type: none"> <li>• Proposal for ratification: Proposal for a Making related foreign futures trading through StoneX Group Inc., the affiliate of StoneX Financial Pte Ltd. in Singapore The attendee left after proposal description, and the proposal was approved by all the members, and submitted to the Board of Directors for resolution.</li> <li>• Proposal for ratification: 2022 Anti-Money Laundering and Counter-Terrorism Financing Internal Control System Declaration 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.</li> <li>• Proposal for ratification: Proposal for 2022 Design and Implementation Declaration of Internal Control System The attendee left after proposal description, and the proposal was approved by all the members, and submitted to the Board of Directors for resolution.</li> <li>• Proposal for ratification: Amendment to the Rules for Making Financial and Business Trading between Related Parties and between the Enterprises in the Group The attendee left after proposal description, and the proposal was approved by all the members, and submitted to the Board of Directors for resolution.</li> <li>• Proposal for ratification: Proposal for 2022 Annual Business Report and Consolidation and Individual Financial Report The attendee left after proposal description, and the proposal was approved by all the members, and submitted to the Board of Directors for resolution.</li> <li>• Proposal for ratification: Proposal for 2022 Profit Distribution The attendee left after proposal description, and the proposal was approved by all the members, and submitted to the Board of Directors for resolution.</li> <li>• Proposal for ratification: 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. The attendee left after proposal description, and the proposal was approved by all the members, and submitted to the Board of Directors for resolution.</li> <li>• Proposal for ratification: Proposal for evaluating the independence of certified accountants in 2023 The attendee left after proposal description, and the proposal was approved by all the members, and submitted to the Board of Directors for resolution.</li> </ul>	2023.03.13 It was approved by all the directors attended the 15th meeting of the 9th Board of Directors.
2023.05.10 10th meeting of the 3rd Audit Committee	<ul style="list-style-type: none"> <li>• Proposal for ratification: The Company's Consolidated financial statements of the 1st quarter of 2023 The attendee left after proposal description, and the proposal was approved by all the members, and submitted to the Board of Directors for resolution.</li> <li>• Proposal for ratification: Proposal for the Company to rent office. The attendee left after proposal description, and the proposal was approved</li> </ul>	2023.05.11 It was approved by all the directors attended the 16th meeting of the 9th Board of Directors. This proposal was

Date and time of the Audit Committee	Discussion/resolution	The Company's response to the opinions of Audit Committee
	<p>by all the members, and submitted to the Board of Directors for resolution.</p> <ul style="list-style-type: none"> <li>Proposal for ratification: Amendment to the Company's Internal Control System The attendee left after proposal description, and the proposal was approved by all the members, and submitted to the Board of Directors for resolution.</li> <li>Proposal for ratification: Revision to the Company's Implementation Guidelines for the Whistle-blowing System. The attendee left after proposal description, and the proposal was approved by all the members, and submitted to the Board of Directors for resolution.</li> </ul>	approved.
2023.08.24 11th meeting of the 3rd Audit Committee	<ul style="list-style-type: none"> <li>Proposal for ratification: Individual and Consolidated Financial Report for the 1st half of 2023 (January 1 to June 30) The attendee left after proposal description, and the proposal was approved by all the members, and submitted to the Board of Directors for resolution.</li> <li>Proposal for ratification: The subsidiary Capital International Technology Corp. plans to increase its investment in 49% of its reinvested subsidiary True Partner Capital Technology (Chengdu) Co., Ltd. Chairman Chen: It is recommended to design a capital recovery plan based on 49% of the investment. 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.</li> <li>Proposal for ratification: Amendment to the Company's Internal Control System The attendee left after proposal description, and the proposal was approved by all the members, and submitted to the Board of Directors for resolution.</li> </ul>	2023.08.25 It was approved by all the directors attended the 18th meeting of the 9th Board of Directors.
2023.11.09 12th meeting of the 3rd Audit Committee	<ul style="list-style-type: none"> <li>Proposal for ratification: The Company's Consolidated financial statements of the 3rd quarter of 2023 The attendee left after proposal description, and the proposal was approved by all the members, and submitted to the Board of Directors for resolution.</li> <li>Proposal for ratification: Proposal for pre-approval on provision of non-assurance services by KPMG and its affiliates The attendee left after proposal description, and the proposal was approved by all the members, and submitted to the Board of Directors for resolution.</li> <li>Proposal for ratification: Amendment to the Company's Internal Control System The attendee left after proposal description, and the proposal was approved by all the members, and submitted to the Board of Directors for resolution.</li> <li>Proposal for ratification: The Company's audit plan for 2024 Committee member Wu: If there is any deficiency as audited, the feasibility of increasing the frequency may be evaluated based on the implementation status. Audit supervisor: Management and tracking will be conducted to confirm completion of improvement and avoid recurrence. The attendee left after proposal description, and the proposal was approved by all the members, and submitted to the Board of Directors for resolution.</li> </ul>	2023.11.10 It was approved by all the directors attended the 19th meeting of the 9th Board of Directors.

- (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:

1. After the internal audit report and follow-up report are presented, a written summary of the review of the previous month shall be sent to the independent directors for review.
2. 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
2023.08.24	Symposium for independent directors and internal audit head	Independent Directors: Chen, Kuo-Tay; Hsiao, Nai-Ching; Wu, Yung-Sheng Auditing Officer: Lian, Jing-Lian	<ul style="list-style-type: none"> <li>• Introduction of the Personnel from Internal Auditing Department</li> <li>• Communication on audit matters and presentation of audit report                             <ul style="list-style-type: none"> <li>• Tracking and improvement of common deficiencies and anomalies</li> </ul> </li> </ul>	Audit supervisor explained one by one in details.

Date	Meeting	Agenda	Opinions of independent directors/implementation
2023.01.03	Audit Committee	<ul style="list-style-type: none"> <li>• Amendment to the Company's Internal Control System</li> </ul>	The proposal was approved by all the members and submitted to the Board of Directors
2023.01.03	Board of Directors		The proposal was approved by all present directors
2023.03.10	Audit Committee	<ul style="list-style-type: none"> <li>• Proposal for 2023 Design and Implementation Declaration of Internal Control System</li> <li>• Internal audit report</li> </ul>	The proposal was approved by all the members and submitted to the Board of Directors
2023.03.13	Board of Directors		The proposal was approved by all present directors
2023.05.10	Audit Committee	<ul style="list-style-type: none"> <li>• Amendment to the Company's Internal Control System</li> <li>• Internal audit report</li> </ul>	The proposal was approved by all the members and submitted to the Board of Directors
2023.05.11	Board of Directors		The proposal was approved by all present directors
2023.08.24	Audit Committee	<ul style="list-style-type: none"> <li>• Amendment to the Company's Internal Control System</li> <li>• Internal audit report</li> </ul>	The proposal was approved by all the members and submitted to the Board of Directors

Date	Meeting	Agenda	Opinions of independent directors/implementation
2023.08.25	Board of Directors		The proposal was approved by all present directors
2023.11.09	Audit Committee	<ul style="list-style-type: none"> <li>Proposed audit plan for 2024</li> <li>Amendment to the Company's Internal Control System</li> <li>Internal audit report</li> </ul>	The proposal was approved by all the members and submitted to the Board of Directors
2023.11.10	Board of Directors		The proposal was approved by all present directors

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

- 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.
- 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.
- 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.
- Dates and communication for this fiscal year:

Date	Meeting	Accountant attended the symposium	Agenda	Opinions of independent directors/implementation
2023.03.13	Symposium for independent directors and certified accountants	KPMG CPA Wu, Cheng-Yen CPA Chen, Yi-Jen	<ul style="list-style-type: none"> <li>Impacts of ESG sustainability on the company, such as operating risks, environmental risks, legal compliance, etc.</li> </ul>	<ul style="list-style-type: none"> <li>CPA explained one by one in details.</li> </ul>

Date	Meeting	Participating finance officer and accountants	Agenda	Opinions of independent directors/implementation
2023.03.10	Audit Committee	Head of accounting Lin, Li-Chuan KPMG CPA Wu, Cheng-Yen	<ul style="list-style-type: none"> <li>The Company's 2022 business report and consolidated and individual financial statements</li> </ul>	<ul style="list-style-type: none"> <li>Accountant's statement: an unqualified opinion will be issued after the review</li> <li>The proposal was approved by all the members and submitted to the Board of Directors</li> </ul>
2023.03.13	Board of Directors	CPA Chung, Tan-Tan		<ul style="list-style-type: none"> <li>The proposal was approved by all present directors</li> </ul>
2023.08.24	Audit Committee	Head of accounting Lin, Li-Chuan KPMG CPA Wu, Cheng-Yen CPA Chen, Yi-Jen	<ul style="list-style-type: none"> <li>Individual and Consolidated Financial Report for the 1st half of 2023 (January 1 to June 30)</li> </ul>	<ul style="list-style-type: none"> <li>Accountant's statement: an unqualified opinion will be issued after the review</li> <li>The proposal was approved by all the members and submitted to the Board of Directors</li> </ul>
2023.08.25	Board of Directors			<ul style="list-style-type: none"> <li>The proposal was approved by all present directors</li> </ul>

(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, 2024

Identity	Qualification Name	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 17 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"> <li>• 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.</li> <li>• Former second and third supervisory committee members of the Republic of China, and an independent director of EnTie Commercial Bank. Currently the independent director of Win Semiconductors, and the</li> </ul>	<ul style="list-style-type: none"> <li>• Not employed by the Company or any of its affiliated companies.</li> <li>• 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.</li> <li>• 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.</li> </ul>	2

Identity	Qualification Name	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.
		<p>director of PharmaEssentia Corporation, Nan Ya Plastics Corporation and East Tender Optoelectronics.</p> <ul style="list-style-type: none"> <li>Does not meet any descriptions stated in Article 30 of the Company Act.</li> </ul>	<ul style="list-style-type: none"> <li>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 Company Act.</li> <li>Not a director, supervisor or employee of a company controlling over one half of the company director seats or voting shares under one person.</li> <li>Not a director, supervisor or employee of a company or institution whose chairperson and president or equivalent role is same person or its spouse.</li> <li>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.</li> <li>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.</li> </ul>	

(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 2023, the Remuneration Committee convened 7 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)	Remark
Independent Director	Chen, Kuo-Tay	7	0	100%	Convener
Independent Director	Hsiao, Nai-Ching	7	0	100%	
Committee	Li, Shen-Yi	7	0	100%	

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

Remuneration Committee	Discussion/resolution/implementation:	Attended committee member
2023.01.03 13th meeting of the 5th Remuneration Committee	<ul style="list-style-type: none"> <li>Proposals for ratification: Amendment to the performance evaluation guideline of the Company's Board of Directors and functional committees 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.</li> <li>Proposal for ratification: Amendment to the Company's Guidelines concerning Bonus for Direct Sales Businesses It was approved and submitted to the Board of Directors for review after the attendees have completed explanation, and the text has been revised, and the chairperson has consulted all the members and they have agreed.</li> <li>Proposal for ratification: Amendment to the Company's "Guideline for Managed Futures Department Bonus" It was approved and submitted to the Board of Directors for review after the attendees have completed explanation, the chairperson has consulted all the members and they have agreed upon on revision to the text of this Guideline.</li> <li>Proposal for ratification: Proposal for change in the organizational structure and name of the Company's Introducing Broker Sales Department, and remuneration of the supervisor of Introducing Broker Sales Department corresponding to his/her promotion. It was approved and submitted to the Board of Directors for review after the attendees have completed explanation, the chairperson has consulted all the members and they have agreed upon the charts of organizational structure before and after the change as provided.</li> <li>Proposal for ratification: Proposal for the 2022 managerial level (inclusive) or above managers performance evaluation result It was approved and submitted to the Board of Directors for review after the attendees have recused from voting, and the reasons have been explained and the chairperson has consulted all the members.</li> <li>Proposal for ratification: Proposal for 2022 year-end bonus distribution for supervisors at managerial level (inclusive) and above. The attendees recused from voting, and it was approved and submitted to the Board of Directors for review after the chairperson has consulted all the members and they have discussed.</li> </ul>	Chen, Kuo-Tay Hsiao, Nai-Ching Li, Shen-Yi
2023.01.17 14th meeting of the 5th Remuneration Committee	<ul style="list-style-type: none"> <li>Proposal for ratification: Proposal for paying festival bonus to the persons above manager level (inclusive) and bonus to Futures Proprietary Trading Department, Securities Proprietary Trading Department and Futures Advisory Department in the second half of 2022 It was approved and submitted to the Board of Directors for review after the attendees have completed explanation and left and recused from voting, and the chairperson has consulted all the members and they have agreed.</li> </ul>	Chen, Kuo-Tay Hsiao, Nai-Ching Li, Shen-Yi
2023.03.10 15th meeting of the 5th Remuneration Committee	<ul style="list-style-type: none"> <li>Proposal for ratification: Proposal for 2022 Employee and Director Remuneration specify It was approved and submitted to the Board of Directors for review after the attendees have completed explanation and left and recused from voting, and the chairperson has consulted all the members and they have agreed.</li> <li>Proposal for ratification: Proposal for 2023 promotion of supervisors at managerial level (inclusive) and above It was approved and submitted to the Board of Directors for review after the</li> </ul>	Chen, Kuo-Tay Hsiao, Nai-Ching Li, Shen-Yi

Remuneration Committee	Discussion/resolution/implementation:	Attended committee member
	<p>attendees have completed explanation and left and recused from voting, and the chairperson has consulted all the members and they have discussed, and the reasons for recommending promotion have been explained.</p> <ul style="list-style-type: none"> <li>Proposal for ratification: Proposal for adjustment to the remuneration of the supervisors at manager level (inclusive) or above in 2023 It was approved and submitted to the Board of Directors for review after the attendees have completed explanation and left and recused from voting, and the chairperson has consulted all the members and they have agreed.</li> <li>Proposal for ratification: Amendment to the Company’s “Guideline for Managed Futures Department Bonus” It was approved and submitted to the Board of Directors for review after the attendees have completed explanation and left and recused from voting, and the chairperson has consulted all the members and they have agreed.</li> </ul>	
<p>2023.05.11 16th meeting of the 5th Remuneration Committee</p>	<ul style="list-style-type: none"> <li>Proposal for ratification: Proposal for the remuneration for engagement of deputy supervisor for the Company’s Compliance &amp; Legal Department The attendees left and recused from voting after they have completed explanation. The goals for changing appointee’s probationary period was explained. It was approved after the chairperson has consulted all the members and they have discussed and agreed upon the change. It was submitted to the Board of Directors for review.</li> <li>Proposal for ratification: Proposal for changing the department supervisors of the Company’s Proprietary Trading Department and Securities Proprietary Trading Department The attendees left and recused from voting after they have completed explanation. It was approved after the change has been explained and the chairperson has consulted all the members and they have discussed and agreed upon the change. It was submitted to the Board of Directors for review.</li> <li>Proposal for ratification: Proposal for the remuneration caused by the change in the department supervisor of the Company’s Managed Futures Department The attendees left and recused from voting after they have completed explanation. It was approved after the chairperson has consulted all the members and they have discussed and agreed. It was submitted to the Board of Directors for review.</li> <li>Proposal for ratification: Proposal for the Company’s 2022 employee compensation (cash) The attendees left and recused from voting after they have completed explanation. It was approved after the chairperson has consulted all the members and they have discussed and agreed. It was submitted to the Board of Directors for review.</li> <li>Proposal for ratification: Proposal for the Company’s 2022 director’s remuneration distribution The attendee left after proposal description. 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. This proposal relates to the amount of the remuneration of Independent Director Hsiao, and it was approved after Independent Director Hsiao left and recused from voting, and the chairperson has consulted the members present and they have agreed. This proposal relates to the amount of the remuneration of Independent Director Chen, and it was approved after Independent Director Chen left and recused from voting, and Li, Shen-Yi, the Committee member, has consulted the members present as a deputy chairperson and they have agreed. Please submit this proposal to the Board of Directors for review.</li> </ul>	<p>Chen, Kuo-Tay Hsiao, Nai-Ching Li, Shen-Yi</p>
<p>2023.06.29 17th meeting of the 5th Remuneration Committee</p>	<ul style="list-style-type: none"> <li>Proposal for ratification: Proposal for remuneration for engagement of supervisor for Business Office II under the Company’s Direct Sales Department It was approved and submitted to the Board of Directors for review after the attendees have completed explanation and left and recused from voting, and the chairperson has consulted all the members and they have discussed, and the goals of probationary period for Kao, Chun specified in the attachment has been changed.</li> </ul>	<p>Chen, Kuo-Tay Hsiao, Nai-Ching Li, Shen-Yi</p>

Remuneration Committee	Discussion/resolution/implementation:	Attended committee member
	<ul style="list-style-type: none"> <li>• Proposal for ratification: Proposal for remuneration caused by promotion of the supervisor of the Company's Domestic Institutional Clients Department It was approved and submitted to the Board of Directors for review after the attendees have completed explanation and left and recused from voting, and the chairperson has consulted all the members and they have discussed and agreed. It was submitted to the Board of Directors for review.</li> <li>• Proposal for ratification: Extension of the period for implementation of the Company's Guideline for Managed Futures Department Bonus It was approved and submitted to the Board of Directors for review after the attendees have completed explanation and left and recused from voting, the contents have been revised, and the chairperson has consulted all the members and they have discussed.</li> </ul>	
2023.08.24 18th meeting of the 5th Remuneration Committee	<ul style="list-style-type: none"> <li>• Proposal for ratification: Proposal for remuneration for engagement of supervisor for the Network Information Office under the Company's Digital Growth Department. It was approved and submitted to the Board of Directors for review after the attendees have completed explanation and left, the reasons have been explained, and the chairperson has consulted all the members.</li> <li>• Proposal for ratification: Proposal for revising the standards for payment of bonus to the Senior Specialist Chang, Chun-Yuan from Trading Office IV of the Company's Proprietary Trading Department It was approved and submitted to the Board of Directors for review after the attendees have completed explanation and left, and the chairperson has consulted all the members and they had no objection.</li> <li>• Proposal for ratification: Exemption of calculating the lost amount of the bonus calculation basis for the Company's Securities Proprietary Trading Department for the year of 2022 and January to June 2023 It was approved and submitted to the Board of Directors for review after the attendees have completed explanation and left, and the chairperson has consulted all the members and they had no objection.</li> <li>• Proposal for ratification: Proposal for the Company to pay festival bonus to the supervisors above manager level (inclusive) and bonus to Futures Proprietary Trading Department and Securities Proprietary Trading Department in the first half of 2023. It was approved and submitted to the Board of Directors for approval after the attendees have completed explanation and left, and the chairperson has consulted all the members and they had no objection.</li> </ul>	Chen, Kuo-Tay Hsiao, Nai-Ching Li, Shen-Yi
2023.11.09 19th meeting of the 5th Remuneration Committee	<ul style="list-style-type: none"> <li>• Proposal for ratification: Proposal for 2023 year-end bonus based on two-month basic salary It was approved and submitted to the Board of Directors for review after the attendees have completed explanation and left, and the chairperson has consulted all the members and they had no objection.</li> <li>• Proposal for ratification: Proposal for changing the supervisors above manager level (inclusive) of the Company's Proprietary Trading Department, Futures Advisory Department, Omni-Channel Department and branches in Taichung It was approved and submitted to the Board of Directors for review after the attendees have completed explanation and left, the attachment has been revised, and the chairperson has consulted all the members.</li> <li>• Proposal for ratification: Amendment to the Company's Guidelines concerning Bonus for Direct Sales Businesses It was approved and submitted to the Board of Directors for review after the attendees have completed explanation and left, the attachment has been revised, and the chairperson has consulted all the members.</li> <li>• Proposal for ratification: Amendment to the Company's Guidelines for Paying Bonus for Sale and Recommendation of Leveraged Trading Businesses It was approved and submitted to the Board of Directors for review after the attendees have completed explanation and left, the attachment has been revised, and the chairperson has consulted all the members.</li> </ul>	Chen, Kuo-Tay Hsiao, Nai-Ching Li, Shen-Yi

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 3 meetings in the most recent year (2023), with the attendance as follows:

Title	Name	Actual attendance (B)	Proxy attendance	Actual attendance (%) (B/A)	Remark
Independent Director	Chen, Kuo-Tay	3	0	100%	Convener
Independent Director	Hsiao, Nai-Ching	3	0	100%	
Independent Director	Wu, Yung-Sheng	3	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
2023.03.10 4th meeting of the 2nd Ethics	<ul style="list-style-type: none"> <li>• Proposal for ratification: Handling of customer complaints during the period from October 2022 to January 2023 and improvement plans</li> </ul> <p>All members resolved to approve this proposal and it was submitted to the</p>	Chen, Kuo-Tay Hsiao, Nai-

Ethics and Sustainability Committee	Discussion/resolution/implementation:	Attended committee member
and Sustainability Committee	<p>Board of Directors for resolution.</p> <ul style="list-style-type: none"> <li>Proposal for ratification: Amendment to the Company’s customer fair treatment KPI for the period during October 2022 to December 2023</li> </ul> <p>All members resolved to approve this proposal and it was submitted to the Board of Directors for resolution.</p> <ul style="list-style-type: none"> <li>Proposal for ratification: Amendment to the Company’s Treating Customer Fairly Guideline.</li> </ul> <p>All members resolved to approve this proposal and it was submitted to the Board of Directors for resolution.</p> <ul style="list-style-type: none"> <li>Proposal for ratification: Amendment to the Company’s “Corporate Governance Best-Practice Principles”</li> </ul> <p>All members resolved to approve this proposal and it was submitted to the Board of Directors for resolution.</p> <ul style="list-style-type: none"> <li>Proposal for ratification: Amendment to the Company’s “Sustainable Development Best Practice Principles” and “Sustainable Development Policy”</li> </ul> <p>All members resolved to approve this proposal and it was submitted to the Board of Directors for resolution.</p>	Ching Wu, Yung-Sheng
2023.06.29 5th meeting of the 2nd Ethics and Sustainability Committee	<ul style="list-style-type: none"> <li>Proposal for ratification: Formulation of ESG Responsibility-based Investment Policy for the Company</li> </ul> <p>All members resolved to approve this proposal and it was submitted to the Board of Directors for resolution.</p> <ul style="list-style-type: none"> <li>Proposal for ratification: Formulation of the Guidelines for Implementation of Accountability System for the Company</li> </ul> <p>All members resolved to approve this proposal and it was submitted to the Board of Directors for resolution.</p> <ul style="list-style-type: none"> <li>Proposal for ratification: Amendment to the Company’s “Corporate Governance Best-Practice Principles”</li> </ul> <p>All members resolved to approve this proposal and it was submitted to the Board of Directors for resolution.</p>	Chen, Kuo-Tay Hsiao, Nai-Ching Wu, Yung-Sheng
2023.11.09 6th meeting of the 2nd Ethics and Sustainability Committee	<ul style="list-style-type: none"> <li>Proposal for ratification: Proposal for setting customer fair treatment KPI for the period during January 2024 to December 2024.</li> </ul> <p>All members resolved to approve this proposal and it was submitted to the Board of Directors for resolution.</p>	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 17th meeting of the 9th Board of Directors on June 29, 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 makes financial and business dealings or transactions with its related parties and shareholders, if any, in the principles of fairness and reasonableness. The Company has formulated the Rules for Making Financial and Business Trading between Related Parties and between the Enterprises in the Group, with the contents including the procedures for management on purchase and sale, acquisition or disposal of assets, lending of money,	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		
(IV) Will the Company set up internal norms to prohibit insiders from utilizing the undisclosed information to trade securities?	V		<p>endorsement, guarantee and other transactions, and relevant major transactions should be submitted to the Board of Directors for resolution and approval and submitted to the Shareholders' Meeting for approval or reporting.</p> <p>The proposals for renting of office from Fu Tai Construction Corporation and from Capital Securities Corp. in 2023 were reviewed and approved in the 14th meeting and the 16th meeting of the Company's 9th Board of Directors respectively.</p> <p>(IV) The Company has established "Administrative Measures for Opening Futures Trading 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>	No major 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. Please refer to pages 17-20 of this annual report.</p>	No major discrepancy
(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) In order to ensure implementation of ethical management, sustainable development and treating-customer-fairly principles, the Company has voluntarily established an Ethics and Sustainability Committee, with three members, fully composed of Independent Directors, which is responsible for formulating and supervising the implementation of ethical management policies and preventive measures, and promoting and supervising sustainable development and treating-customer-fairly-related matters, and reporting to the Board of Directors regularly (at least once a year). Please refer to pages 50-51 of this annual report.</p>	No major discrepancy
(III) Does the company establish a method to evaluate board performance and evaluate	V		<p>(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-</p>	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												
<p>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?</p> <p>(IV) Will the Company have the independence of the public accountant evaluated regularly?</p>	V	(IV)	<p>evaluation by directors or other appropriate methods of performance evaluation. The Company has completed the performance evaluation of the Board of Directors in 2023, and submitted the consolidated evaluation results to the 21st meeting of the 9th Board of Directors on January 23, 2024. All members of the Board of Directors have the professional knowledge required for their positions where the Board of Directors conducts annual performance evaluations based on directors' attendance and participation in corporate governance education and training, please refer to pages 38-39 of this annual report.</p> <p>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.</p> <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.</p> <p>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" data-bbox="745 1094 1789 1423"> <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>None</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</td> <td></td> <td>V</td> </tr> </tbody> </table>	Item	Whether there are any of the following circumstances		Yes	None	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		V	No major discrepancy
Item	Whether there are any of the following circumstances														
	Yes	None													
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		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	
			<p>attestation, and has been separated from the position for less than two years.</p> <p>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.</p> <p>4. The CPA, or the spouse or a minor child, has invested in the Company, or a relationship of benefit-sharing.</p> <p>5. The CPA, or the spouse or a minor child, has lent or borrowed funds to or from the Company.</p> <p>6. Perform management consulting or other non-attestation services sufficiently to affect the independence.</p> <p>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.</p> <p>8. Has been continuously appointed attestation services for seven years, or has been subject to disciplinary action or damage to the independence.</p> <p>9. Has not obtained independent statements from the CPA.</p> <p>10. The quality and timeliness of services such as auditing and taxation did not meet the demand.</p> <p>11. The Company has been subject to litigation or rectification by the competent authority due to its financial report.</p> <p>12. The scale and reputation of the accounting firm have been seriously damaged.</p> <p>13. Accountants interact poorly with management, governance units, and the internal audit head.</p>	
IV. Does a public company equip an appropriate number of eligible governance personnel	V		The Company, as resolved by its Board of Directors, causes its Senior Executive Vice President, Chen, Chi-Hao, serving as a “Corporate Governance Officer”. He has the qualification to practice as a lawyer and has been engaged in legal compliance and legal related affairs in financial related institutions and	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		
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 minutes for board meetings and general meetings of shareholders)?			public companies as a supervisor for more than three years. His professional duties include dealing with the matters related to the meetings of the Board of Directors, Shareholders' Meeting and functional committees in accordance with laws, making minutes for the meetings of the Board of Directors, Shareholders' Meeting and functional committees, assisting directors in their appointment and continuing education, providing directors with information needed to execute their business, assisting directors in complying with laws and regulations, and other matters specified in laws and regulations, Articles of Association or contracts. Please refer to pages 40-51 of this annual report for the operation of the Board of Directors and Functional Committees in 2023.	
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 and an Investor Relation and Customer Service Center, the contact window and information of which are disclosed on the Company's website, for stakeholders to provide various opinions. In addition, the Company has a stakeholder section on its website to maintain good, smooth and diversified communication channels, and to formulate major management policies and implementation plans for major issues that stakeholders concern about.	No major discrepancy
VI. Has the Company commissioned a professional stock service agent to handle	V		The Company has commissioned the Registrar Agency Department of Capital Securities Corp. to handle shareholders affairs.	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	
shareholders affairs?				
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
(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. <a href="https://www.capital.com.tw/en_V7/futures/aboutfutures.aspx">https://www.capital.com.tw/en_V7/futures/aboutfutures.aspx</a> 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	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	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		
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 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>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.</p> <p>(II) Employee care: 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.</p> <p>(III) Relation with investors and stakeholders' rights: The Company has a spokesperson and an Investor Relation and Customer Service Center, the contact window and information of which are disclosed on the Company's website, for investors to provide various opinions. In addition, the Company has a stakeholder section on its website to maintain good, smooth and diversified communication channels, and to formulate major management policies and implementation plans for major issues that stakeholders concern about.</p> <p>(IV) Relation with suppliers: There are specific provisions specifying implementation of suppliers' ethical management and sustainable development in the Company's Ethical Corporate Management Best Practice Principles and Sustainable Development Best Practice Principles. The Company clearly includes corporate ethics and integrity, risk management, labor and human rights, social welfare, environmental protection etc. in its Supplier Management Policy, and discloses the same on its website.</p> <p>(V) Most of the Company's directors have professional qualifications in securities and futures, and the Company provides mechanisms and channels for directors' continuous study and education to maintain their core values and professional advantages and abilities. The Company also discloses information about directors' completion of continuous education on MOPS and its website. In 2023, the Company's all directors (including independent directors) have completed more than 6 or 12 hours continuous education, 60 hours in total.</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.</p> <p>(VII) Risk Management Department, as supervised by Audit Committee, makes necessary</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>improvement suggestions, and reports to the Board of Directors once every half year, in accordance with the provisions of the Risk Management System, to timely reflect implementation of risk management, and it has made semi-annual report to the Board of Directors in March and August 2023. In addition, in response to the expansion and development of the trading strategies and businesses of Proprietary Trading Departments, the Company revised proprietary trading risk management measures.</p> <p>(VIII) 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>(IX) Capital Financial Group purchases liability insurance for directors and supervisors every year.</p>	
<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 received a total score of 96.72 in 2023 corporate governance evaluation, ranking 6% to 20% among listed companies, getting a record high score in the past years. 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		Summary description
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		The Company has established an Ethics and Sustainability Committee. The Company has changed “Ethical Management Committee” into “Ethics and Sustainability Committee” as approved in its Board of Directors’ meeting in November 2022. The Ethics and Sustainability Committee is composed of three independent directors, and its holds meeting at least once every year. Ethics and Sustainability Committee is responsible for formulating and supervising implementation of ethical management policies and preventive measures, and promoting and supervising sustainable development and treating-customer-fairly-related matters. The Company also has established an ESG Committee in October 2022, with the president acting as its convener, which is responsible for planning for and implementing ESG. Sustainability Management Office acts as a full-time (part-time) unit, which promotes sustainable development and is responsible for operating sustainable development, and its major responsibilities are to formulate and review various rules and systems related to sustainable development, and it is responsible for preparing sustainability reports and sustainable development activity plans every year, and it continues to pay attention to domestic and overseas sustainable development issues and development trends, and advocates sustainable development to the company’s staff, with a view to shape the company’s sustainable development culture further. 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 sustainable development activity plans and implementation results to the Board of Directors regularly every year (at least once a year) (the report has been completed on March 13, 2023).	No major discrepancy
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?	V		The Company has established an “Environmental, Social and Corporate Governance Risk Assessment Procedure” to examine sustainable issues such as environmental, social and corporate governance related to the Company’s operations. And the Company attaches great importance to stakeholders’ opinions and actively communicates with them through various channels. Upon analysis on major issues, the Company should assess the impacts on the evaluation on and decision-making related to stakeholders and the significance of their economic, environmental and social impacts, and then formulate management policies for major issues based on assessed risks and review the Company’s sustainable management strategies and goals.	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		
<p>III. Environmental issues</p> <p>(I) Does the company have an appropriate environmental management system established in accordance with its industrial characteristics?</p>	V	(I)	The Company approved the Sustainable Development Best Practice Principles and the Sustainable Development Policy in its Board of Directors' meeting. As for its policies, the Company establishes short-, medium-and long-term goals for sustainable development and environmental, social, corporate governance and other matters, and regularly reviews and formulates specific promotion plans or implementation schemes, and other execution measures, and requires its staff to jointly promote energy-saving and carbon-reduction and implements corporate sustainable management policy.	No major discrepancy
<p>(II) Is the company committed to enhancing the power efficiency and using renewable materials that are with low impact on the environmental impacts?</p>	V	(II)	The Company is committed to improving the efficiency in using various energy, and it continues to promote paperlessness and reduce paper use actively. In order to avoid the pollution and waste of resources caused by discarded toner cartridges, the Company returns used toner cartridges to their original factories for recycling, and it uses environmentally-friendly toner, and regularly carries out working environment quality test. The Company started to implement replacement of old ones with new ones in terms of lighting for the purpose of energy-saving from July 2023, and it is initially estimated that approximately 4,148 kilowatt-hours of electricity may be saved in a year (calculated based on the situation that lights are used for 9 hours per day), with NT\$121,250 invested in total.	No major discrepancy
<p>(III) Does the Company assess the present and future potential risks and opportunities of climate change on the Company and take related actions?</p>	V	(III)	The Company regularly provides climate-change risk management information to its Board of Directors every year based on Task Force on Climate-related Financial Disclosures (TCFD) to ensure the effective operation of its climate risk management mechanism. In March 2023, the Ethics and Sustainability Committee and the Board of Directors reported the climate risk management information and the implementation status of related financial disclosure of 2022, and explained, based on the core elements of TCFD (4 core elements, including governance, strategy, risk management and indicators, and targets, and 11 matters recommended to be disclosed), that how to identify climate-related risks and opportunities, and analyzed their impacts on the company's operation and countermeasures to such risks and opportunities, and the same are disclosed on the Company's website.	No major discrepancy
<p>(IV) Did the Company produce statistics on the GHG emissions, water consumption, and total waste in the last two</p>	V	(IV)	In compliance with energy-saving and environmental-protection policies, the Company replaces energy-consuming equipment gradually, advocates electricity-, water- and energy-saving, and implements garbage classification and resource recycling, and improves the efficiency in using various energy to reduce the impacts of the company's operation on natural	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		
years? Has the company established policies for GHG reduction, water conservation, and waste management?			<p>environment. The Company establishes short-term (1 to 3 years) goals for GHG reduction, i.e. reducing 1% carbon emission per unit of revenue as compared with the base year. In addition, the Company's GHG emission, water consumption, and total weight of wastes (including Head Office in Taipei and Branch in Taichung) are disclosed in the sustainability report. Please see pages 66-71 of this annual report.</p> <ul style="list-style-type: none"> <li>• Direct GHG emission (Scope 1): 5.74 metric tons of CO<sub>2</sub>e in 2022; 36.4715 metric tons of CO<sub>2</sub>e in 2023</li> <li>• Indirect GHG emission (Scope 2): 370.62 metric tons of CO<sub>2</sub>e in 2022; 508.6562 metric tons of CO<sub>2</sub>e in 2023</li> <li>• Water consumption: 3,903 (tons) in 2022; 5,494 (tons) in 2023</li> <li>• Total weight of wastes: 7,691 (kg) in 2022; 5,097 (kg) in 2023</li> </ul> <p>The Company's GHG emission in 2022 is not verified or assured by a third-party certification entity. The Company entrusted third-party assurance entity KPMG to issue a GHG limited assurance statement only for Scope 1 and 2 of GHG emission in 2023.</p>	
IV. Social issues				
(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?	V	(I)	The Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace are specified in the labor terms and conditions concluded by the Company and staff. 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. In order to protect and safeguard basic human rights, the Company recognizes and supports relevant international regulations concerning human rights, and formulates human rights policies for Capital Futures in accordance with such regulations.	No major discrepancy
(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	V	(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 it uses its operating status, price indexes and employee's personal performance in the then current year as the bases for annual adjustment to salaries and payment of year-end and festival bonuses. The Company also has formulated the Guideline for Festival Bonuses Distribution, calculates and withdraws festival bonuses based on earnings before tax, and withdraws bonuses for employees by using scale-based ratio. In addition, it is specified in its Articles of	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											
remuneration for employees?			<p>Association that 0.6% to 2% of its profits in the the current year shall be distributed as employees' remuneration, the company's operating performance shall be reflected in employees' remuneration, and staff shall share the company's operating results.</p> <p>The Company provides various statutory leave and provides employees with labor insurance and national health insurance, as well as various types of insurance at various preferential rates for employees. It also provides employees with subsidies such as weddings and funerals, emergency assistance holds a series of employee activities to enhance synergy and recognition with the Company.</p> <p>The Company's employees are diversified, with male and female employees accounting for 53% and 47% approximately, while male and female supervisors account for about 65% and 35%.</p>	No major discrepancy									
(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	V	(III)	<p>The Company attaches great importance to the personal safety as well as physical and mental health of its employees, provides and maintains a good working environment, and regularly implements general safety and health education and training. The Company, through international standard certification ISO22301 Business Continuity Management System, ensures to minimize any damage when it encounters sudden emergencies, so as to ensure personnel safety, legal compliance, customers' rights and interests, the Company's goodwill and assets, and make sure that operation of its significant businesses may be resumed successively within a recovery time in order to maintain its operating.</p> <ul style="list-style-type: none"> <li>• There is 1 employee of the Company suffered occupational accident in total in 2023, accounting for 0.32% of the total number of employees.</li> <li>• The Group responds to the Traffic Safety Month organized by the Ministry of Transportation, and advocates traffic safety-related matters to its employees.</li> <li>• The labor safety and health education, training and promotion conducted by the Company in 2023</li> </ul> <table border="1" data-bbox="779 1225 1783 1420"> <thead> <tr> <th>Training item</th> <th>Total training hours in the year</th> <th>Total number of employees received training in the year</th> </tr> </thead> <tbody> <tr> <td>Training for the occupational safety and health business supervisors</td> <td>12</td> <td>2</td> </tr> <tr> <td>Safety and health training for first</td> <td>3</td> <td>1</td> </tr> </tbody> </table>		Training item	Total training hours in the year	Total number of employees received training in the year	Training for the occupational safety and health business supervisors	12	2	Safety and health training for first	3	1
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	Yes	No	Summary description							
(IV) Does the Company have an effective career capacity development training program established for the employees?	V		<table border="1"> <tr> <td>responders</td> <td></td> <td></td> </tr> <tr> <td>General labor safety and health training</td> <td>1161</td> <td>387</td> </tr> </table> <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. Please refer to pages 111-114 of this annual report for the relevant information specified in the above (I) to (IV).</p>	responders			General labor safety and health training	1161	387	No major discrepancy
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General labor safety and health training	1161	387								
(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		<p>(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. To protect the rights and interests of customers, the Company provides effective communication and complaint hotlines for customers. Customer service hotline: 412-8878 (please add 02 if you are calling by using a mobile phone);</p>	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		(VI) over-the-counter acceptance unit: The Company's various business units 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 12, 2023 to advocate the Company's ESG policies and ideas and implement management on suppliers.	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 body?	V		The Company prepares sustainability report by referring to internationally recognized rules or guidelines for preparation of report 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 2022 Sustainability Report in September 2023 and obtained CPAs' assurance report. Assurance is issued by KPMG for the Report, on an independent and limited basis, based on the item I to item IV which shall be disclosed in financial insurance industry as specified in Attachment 1-3 under Article 4 of the Rules for Listed Companies to Prepare and Publicize Sustainability Report of Taiwan Stock Exchange, in accordance with the assurance rules No. 3000 Assurance for Audit or Review on the Financial Information That Are not Historical Financial Information issued by the Accounting Research and Development Foundation.	No major discrepancy
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.				
VII. Other important information that facilitates understanding of the implementation status of promotion of sustainable development: The Company discloses its Sustainability Report and related information on its website for stakeholders' reference; Stakeholders also may communicate their opinion on the matters that they concern about by telephone, company website or email, and the Company will deal with it by dedicated personnel.				

(VII) Climate-related information and implementation status

Item	Implementation																			
<p>I. The Board of Directors' and management' supervision and governance on climate-related risks and opportunities shall be explained.</p>	<p>1. The Company's Board of Directors, its highest unit for supervising climate change risks and opportunities, is responsible for approving, reviewing, and supervising risk strategies and risk policies, and also shall lead the company to develop new climate-related business and opportunities. Ethics and Sustainability Committee, a functional committee under the Board of Directors, is composed of all independent directors, promotes and supervises sustainable development-related matters, reviews the policies and goals established, and supervises relevant implementation status and results. Ethics and Sustainability Committee regularly holds meeting (at least once a year), and reports to the Board of Directors.</p> <p>2. The Company causes its president serving as the convener of the cross-department ESG Committee. Sustainability Management Office, a business unit under ESG Committee that deals with matters, is responsible for assisting the Committee in the matters related to exercising of its powers and duties. ESG Committee is responsible for the implementation of and supervision on ESG, and there are ESG Matter-related Investment Group, GHG Inspection Group, Climate Matter-related Management Group, and other task groups established under ESG Committee to promote various work. The risk management unit also regularly reports to the Board of Directors the company's transition and physical risk changes as well as evaluation results, so that the Board of Directors and management can continuously and effectively grasp the issues related to sustainable development and climate changes.</p>																			
<p>II. How the identified climate risks and opportunities impact the company's businesses, strategies and finance (in a short term, medium term and long term) shall be explained.</p>	<p>1. In compliance with the guidance for measurement on climate risks issued by TCFD and other international organizations, the Company identifies climate-related risks and opportunities, and actively develops solutions to respond to the three major management strategies, i.e. reducing carbon emission, proposing low-carbon service, and adapting to climate changes, with a hope to reduce any impacts on operation and finance brought by climate changes and to improve the company's resilience against climate. The Company defines a short-term as future 3 years, a medium-term as 3 to 5 years, and a long-term as 5 to 10 years as the periods for evaluation on possible impacts brought by identified climate-related risks and opportunities, according to its climate change risk and opportunity evaluation methodology.</p> <table border="1" data-bbox="542 936 2033 1428"> <thead> <tr> <th data-bbox="542 936 768 1003">Risk / opportunity</th> <th data-bbox="768 936 1249 1003">Type</th> <th data-bbox="1249 936 1599 1003">Short term (1-3 years)</th> <th data-bbox="1599 936 1825 1003">Medium term (3-5 years)</th> <th data-bbox="1825 936 2033 1003">Long term (5-10 years)</th> </tr> </thead> <tbody> <tr> <td data-bbox="542 1003 768 1198">Risk</td> <td data-bbox="768 1003 1249 1198"> <ul style="list-style-type: none"> <li>Transition risks The risks related to the changes in policies and regulations, technologies, markets, social and economic conditions may occur during low-carbon transition course.</li> </ul> </td> <td data-bbox="1249 1003 1599 1198"> <ul style="list-style-type: none"> <li>Increase in carbon tax or carbon rate</li> <li>Low-carbon transition image (company reputation) not established yet</li> </ul> </td> <td data-bbox="1599 1003 1825 1198"> <ul style="list-style-type: none"> <li>Failure in development of low-carbon transition technologies</li> </ul> </td> <td data-bbox="1825 1003 2033 1198"> <ul style="list-style-type: none"> <li>Changes in market preferences</li> </ul> </td> </tr> <tr> <td data-bbox="542 1198 768 1428">Risk</td> <td data-bbox="768 1198 1249 1428"> <ul style="list-style-type: none"> <li>Physical risks There may be immediate or long-term physical risks brought by climate changes in terms of weather patterns. Physical risks may have financial impacts on the company, such as direct damage to assets and</li> </ul> </td> <td data-bbox="1249 1198 1599 1428"> <ul style="list-style-type: none"> <li>Increase in flood</li> <li>Increase in drought</li> </ul> </td> <td data-bbox="1599 1198 1825 1428"> <ul style="list-style-type: none"> <li>Increase in flood</li> <li>Increase in drought</li> </ul> </td> <td data-bbox="1825 1198 2033 1428"> <ul style="list-style-type: none"> <li>Rise in average temperature</li> </ul> </td> </tr> </tbody> </table>					Risk / opportunity	Type	Short term (1-3 years)	Medium term (3-5 years)	Long term (5-10 years)	Risk	<ul style="list-style-type: none"> <li>Transition risks The risks related to the changes in policies and regulations, technologies, markets, social and economic conditions may occur during low-carbon transition course.</li> </ul>	<ul style="list-style-type: none"> <li>Increase in carbon tax or carbon rate</li> <li>Low-carbon transition image (company reputation) not established yet</li> </ul>	<ul style="list-style-type: none"> <li>Failure in development of low-carbon transition technologies</li> </ul>	<ul style="list-style-type: none"> <li>Changes in market preferences</li> </ul>	Risk	<ul style="list-style-type: none"> <li>Physical risks There may be immediate or long-term physical risks brought by climate changes in terms of weather patterns. Physical risks may have financial impacts on the company, such as direct damage to assets and</li> </ul>	<ul style="list-style-type: none"> <li>Increase in flood</li> <li>Increase in drought</li> </ul>	<ul style="list-style-type: none"> <li>Increase in flood</li> <li>Increase in drought</li> </ul>	<ul style="list-style-type: none"> <li>Rise in average temperature</li> </ul>
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	indirect impacts caused by disruption in supply chains.			
Opportunities	The efforts made to mitigate and adapt to climate changes will create opportunities for the company.	<ul style="list-style-type: none"> <li>• Research and development of low-carbon digital financial services</li> </ul>	<ul style="list-style-type: none"> <li>• Improvement of resource using efficiency</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainable finance-related commodities</li> </ul>

(1) Risks brought by climate changes  
 In terms of transition risks, the company may encounter transition risks caused by the damage to reputation during low-carbon transition course because the image of attaching importance to low-carbon transition has not been established yet; The transition risks of decrease in profitability caused by the increase in the operation costs of investment objects resulting from the increase in carbon tax or carbon rate will have impacts in a short term. While, the transition risks of the decrease in profitability caused by the failure in development of low-carbon transition technologies for investment objects will have impacts in a medium term. The transition risks of reduced interest in the market in making investment in high-carbon-emission industries will have impacts in a long term.  
 In terms of physical risks, the physical risks of decrease in its profitability caused by the loss of assets or increase in the operating costs of investment objects resulting from flood or drought will have impacts in a short and medium term. In addition, such events will also cause physical risks that the Company's own operating facilities would be damaged. The physical risks caused by rising average temperature to operating facilities and investment assets are expected to have significant impacts for a long term.

(2) Opportunities brought by climate changes  
 In terms of opportunities, with the changes in the patterns of the transactions with customers, the Company will make investment in the research and development of low-carbon digital financial services, improve customers' on-line experience, and increase the number of transactions made through digital channels, which will have impacts on the business in a short term; And the Company will take energy-saving and carbon-reduction actions, and improve the using efficiency of resources, which will have impacts in a medium term. As for the development of green financial products or services, the Company hopes to give play to a role in changing the environment through financial products. If there are index investment developed due to climate or environmental changes in the future, futures will be the best channels for risk hedging, thus related futures commodities will inevitably occur, and there will be preparation made in futures industry. The impacts brought by climate changes on the supply, demand and price of bulk goods, if any, will have significant impacts on various commodity futures. The development of net-zero emission will drive the demands for futures in carbon rights trading, and the development of carbon-related emerging futures commodities will come soon.

<p>III. The impacts of extreme climate events and transition actions on finance shall be specified.</p>	<p>The Company evaluates climate change risks, identifies the relevant risks that may have significant financial impacts, and proposes countermeasures. In order to identify and evaluate climate-related risks, the supervisors from various major business units discuss, as members, on the basis of working groups, the list of climate-related risks that they face by referring to TCFD’s suggestions for disclosure and relevant information about climate changes, and they finally summarize the results obtained by various units, and identify major climate risks.</p> <table border="1" data-bbox="577 319 1998 1177"> <thead> <tr> <th colspan="3" data-bbox="577 319 1998 357">Transition risk / opportunity</th> </tr> <tr> <th data-bbox="577 357 954 424">R: Risk / O: Opportunity</th> <th data-bbox="954 357 1106 424">Financial impacts</th> <th data-bbox="1106 357 1998 424">Countermeasures</th> </tr> </thead> <tbody> <tr> <td data-bbox="577 424 954 587">R: Increase in carbon tax or carbon rate</td> <td data-bbox="954 424 1106 587">↓</td> <td data-bbox="1106 424 1998 587">Investment management mechanisms or limits should be established for high-carbon-emitting industries. 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R: Changes in market preferences	↓	Related risks should be considered upon evaluation on the financial products related to high-carbon-emitting industries. Close attention should be paid to the current status and future trends of the industry, and investment in the stocks of such companies as lack of the concept of sustainable management or do not attach importance to climate risk management should be reduced gradually.																							
R: Impacts on company’s reputation	↓	Attention and response should be actively paid to climate risk-related issues, and corporate public welfare image and customers’ recognition should be improved.																							
O: Research and development of low-carbon digital financial services	↑	The Company should strive to improve customers’ digital experience, improve customers’ trust and cooperative relationships with them, and increase revenue.																							
O: Sustainable finance-related commodities	↑	The Company should timely participate in promotion of related commodities depending on the demands in mark and the development of objective conditions.																							
<p>IV. How climate risk identification, evaluation and management procedures are integrated into the overall risk management system</p>	<ol style="list-style-type: none"> <li data-bbox="510 1184 2051 1347">1. The Company, in 2022, revised its Risk Management System, and integrated climate-related risk management procedures into its overall risk management procedures, and amended its Sustainable Development Policy and Sustainable Development Best Practice Principles. The Company also formulated ESG Responsibility-based Investment Policy to identify, evaluate and manage the climate risks related to various investment projects, so as to avoid investment in any investment objects that are lack of the concept of sustainable management or do not attach importance to climate risks.</li> <li data-bbox="510 1347 2051 1407">2. For identified climate risks, the Company implements risk management through good internal control systems by virtue of three-line defense mechanisms to effectively control climate-related operational risks. The first line of defense is business units that various</li> </ol>																								



<p>should be explained.</p>	<p>business units identify climate-related risks based on their business contents, and they formulate and implement countermeasures; The second line of defense is climate risk management unit, which is responsible for assisting in monitoring the implementation of climate risk management by the first line of defense; The third line of defense is audit unit, which evaluates the effectiveness of the climate risk management of the first and second lines of defense, and assists in inspecting and improving any deficiencies in overall risk control.</p>																																						
<p>V. If scenario analysis is used to evaluate the resilience against climate change risks, the scenarios, parameters and assumptions used, as well as analysis factors and major financial impacts should be explained.</p>	<ol style="list-style-type: none"> <li>In order to ensure that the Company can operate continuously and stably in the face of various risks, the impacts of climate-related risks on businesses, strategies and financial planning are evaluated through scenario analysis method based on the situations that may occur within a specific scope.</li> <li>Carbon inspection should be conducted for relevant investments based on the types of financial assets and their methodologies stipulated by PCAF. The investment as of the end of December 2023 should be used as a basis. The overall financial carbon emission was 870.44 metric tons of carbon dioxide equivalent (CO<sub>2</sub>e), and the quality score for overall data was 1.08 (1 point refers to the best data quality, and 5 points refer to the worst data quality).</li> <li>Evaluation should be made according to the structure of NGFS based on six relevant climate change scenarios, including orderly transition, disorderly transition, and out-of-control warming, as shown in the table below. <table border="1" data-bbox="571 614 2004 917"> <thead> <tr> <th colspan="2">Scenario</th> <th>Carbon price in 2030<sup>1</sup></th> <th>Carbon price in 2050</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Orderly transition</td> <td>Scenario 1. Net Zero 2050</td> <td>US\$95.48 per ton</td> <td>US\$563.37 per ton</td> </tr> <tr> <td>Scenario 2. Below 2°C</td> <td>US\$64.33 per ton</td> <td>US\$248.05 per ton</td> </tr> <tr> <td rowspan="2">Disorderly transition</td> <td>Scenario 3. Divergent Net Zero</td> <td>US\$231.14 per ton</td> <td>US\$958.04 per ton</td> </tr> <tr> <td>Scenario 4. Delayed transition</td> <td>US\$0 per ton</td> <td>US\$388.72 per ton</td> </tr> <tr> <td rowspan="2">Global warming out of control</td> <td>Scenario 5. Nationally Determined Contributions (NDCs)</td> <td>US\$0.41 per ton</td> <td>US\$0.41 per ton</td> </tr> <tr> <td>Scenario 6. Current Policies</td> <td>US\$0 per ton</td> <td>US\$0 per ton</td> </tr> </tbody> </table> <p>The Company conducts a comprehensive review and scenario analysis on the investment portfolios that it holds to understand the impacts of climate-related risks on businesses, strategies and financial planning under different transition policies. The time period used in the scenario analysis on transition risks is from 2023 to 2050 to grasp the market trends during the low-carbon transition period. The evaluation method in this scenario analysis is to estimate emission costs (calculation method: the total carbon emission of Type 1 and Type 2 * carbon price) by calculating the total carbon amount in GHG emission and estimating the carbon price in Taiwan under 1.aGCAM5.3+ NGFS climate mode, based on PCAF methodology. Upon evaluation on investment business, the Company takes into consideration that carbon emission costs will cause increase in an enterprise's operating costs. If carbon emission costs cannot be passed to customers, and the enterprise is unable to transit towards low-carbon products or services, it will result in loss of its competitiveness in the market, and damage to its solvency and profitability, and thereby affect its investment decisions. Therefore, in the Scenario of low-carbon transition, the impacts on net worth are also analyzed in terms of financial planning, and the evaluation results obtained in the scenario analysis are as follows:</p> <table border="1" data-bbox="571 1268 2004 1412"> <thead> <tr> <th colspan="3">Scenario</th> <th>2030</th> <th>2050</th> </tr> </thead> <tbody> <tr> <td>Scenario 1</td> <td>Net Zero 2050</td> <td>Low emission scenario, with approximately 1.4°C of warming</td> <td>About 0.0344% of decrease in net worth</td> <td>About 0.2027% of decrease in net worth</td> </tr> </tbody> </table> </li> </ol>				Scenario		Carbon price in 2030 <sup>1</sup>	Carbon price in 2050	Orderly transition	Scenario 1. Net Zero 2050	US\$95.48 per ton	US\$563.37 per ton	Scenario 2. Below 2°C	US\$64.33 per ton	US\$248.05 per ton	Disorderly transition	Scenario 3. Divergent Net Zero	US\$231.14 per ton	US\$958.04 per ton	Scenario 4. Delayed transition	US\$0 per ton	US\$388.72 per ton	Global warming out of control	Scenario 5. Nationally Determined Contributions (NDCs)	US\$0.41 per ton	US\$0.41 per ton	Scenario 6. Current Policies	US\$0 per ton	US\$0 per ton	Scenario			2030	2050	Scenario 1	Net Zero 2050	Low emission scenario, with approximately 1.4°C of warming	About 0.0344% of decrease in net worth	About 0.2027% of decrease in net worth
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		Scenario 2	Below 2°C	Moderate emission scenario, with approximately 1.6°C of warming	About 0.0232% of decrease in net worth	About 0.0893% of decrease in net worth							
		Scenario 3	Divergent Net Zero	Low emission scenario, with approximately 1.4°C of warming	About 0.0832% of decrease in net worth	About 0.3448% of decrease in net worth							
		Scenario 4	Delayed transition	Moderate emission scenario, with approximately 1.6°C of warming	0% of decrease in net worth	About 0.1399% of decrease in net worth							
		Scenario 5	Nationally Determined Contributions (NDCs)	High emission scenario, with approximately 2.6°C of warming	About 0.0001% of decrease in net worth	About 0.0001% of decrease in net worth							
		Scenario 6	Current Policies	High emission scenario, with more than 3°C of warming	0% of decrease in net worth	0% of decrease in net worth							
VI. If there is a transition plan corresponding to management on climate-related risks, the contents of the plan as well as the indicators and goals used to identify and manage physical and transition risks shall be explained.	<ol style="list-style-type: none"> <li>The Company establishes goals for climate-related risks and opportunities, sets the first GHG inspection year as a base year if assurance for such inspection is obtained, and classifies short-term (1 to 3 years), medium-term (3 to 5 years), and long-term (5 to 10 years) goals, as shown in the table below.</li> <li>The Company will audit the achievement status of the goals and make adjustment on a rolling basis depending on external environmental trends, with a hope to mitigate the impacts of climate changes through such goals-based management to maintain a normal and stable operation.</li> </ol> <table border="1"> <thead> <tr> <th>Goal</th> <th>Short term</th> <th>Medium term</th> <th>Long term</th> </tr> </thead> <tbody> <tr> <td>GHG emission reduction</td> <td>Carbon emission per unit revenue is reduced by 1% as compared with the base year</td> <td>Carbon emission per unit revenue is reduced by 2% as compared with the base year</td> <td>Carbon emission per unit revenue is reduced by 3% as compared with the base year</td> </tr> <tr> <td>Waste reduction</td> <td>The amount of waste per person is reduced by 1% as compared with the base year</td> <td>The amount of waste per person is reduced by 2% as compared with the base year</td> <td>The amount of waste per person is reduced by 3% as compared with the base year</td> </tr> </tbody> </table>	Goal	Short term	Medium term	Long term	GHG emission reduction	Carbon emission per unit revenue is reduced by 1% as compared with the base year	Carbon emission per unit revenue is reduced by 2% as compared with the base year	Carbon emission per unit revenue is reduced by 3% as compared with the base year	Waste reduction	The amount of waste per person is reduced by 1% as compared with the base year	The amount of waste per person is reduced by 2% as compared with the base year	The amount of waste per person is reduced by 3% as compared with the base year
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Waste reduction	The amount of waste per person is reduced by 1% as compared with the base year	The amount of waste per person is reduced by 2% as compared with the base year	The amount of waste per person is reduced by 3% as compared with the base year										
VII. If internal carbon pricing is used as a planning tool, the basis for establishing the price shall be explained.	The Company has no internal carbon pricing plan at present.												
<p>VIII. If there are climate-related goals established, the activities covered, the scope of GHG emission, the planning schedule, annual achievement progress and other information shall be explained; If carbon offset or renewable energy certificates (RECs) are used to achieve relevant goals, the source and quantity of offset carbon reduction credits or the quantity of renewable energy certificates (RECs) shall be explained.</p> <p>The Company carried out 2022 GHG inspection in accordance with ISO14064 in 2023, and assurance was issued by CPA for 2023 GHG inspection in 2024, and it will gradually achieve the short-, medium- and long-term goals corresponding to management on climate-related risks and opportunities.</p>													

IX. GHG inspection and assurance status and reduction goals, strategies and specific action plans

(I) The company's GHG inspection and assurance status in the most recent two years

2023	Scope 1	Total Emission (metric tons of CO2e)	Density (metric tons of CO2e per NT\$ million of turnover)	Assurance made by	Description about Assurance
	Capital Futures Corp.	36.4715	0.0182		
Scope 2	Total Emission (metric tons of CO2e)	Density (metric tons of CO2e per NT\$ million of turnover)	Description about Assurance		
Capital Futures Corp.	508.6562	0.2539	Assurance opinions are limited.		
2022	Scope 1	Total Emission (metric tons of CO2e)	Density (metric tons of CO2e per NT\$ million of turnover)	Assurance Made by	Description about Assurance
2022	Capital Futures Corp.	5.74	0.0022	There is no assurance carried out in current year.	None
	Scope 2	Total Emission (metric tons of CO2e)	Density (metric tons of CO2e per NT\$ million of turnover)		Description about Assurance
	Capital Futures Corp.	370.62	0.1432		None

(II) GHG reduction goals, strategies and specific action plans

Capital Futures sets the year of 2023 as a base year, and classifies short-term (1 to 3 years), medium-term (3 to 5 years), and long-term (5 to 10 years) goals, as shown in the table below.

The Company will continue to advocate relevant energy-saving and carbon-reduction measures, change its lighting facilities into energy-saving LED lamps, and plan to purchase green energy certificates, and it will audit the achievement status of the goals, and make adjustment on a rolling basis depending on external environmental trends, with a hope to mitigate the impacts of climate changes through such goals-based management to maintain a normal and stable operation and move towards the goal of net-zero carbon emission.

Goal	Short term	Medium term	Long term
GHG emission reduction	Carbon emission per unit revenue is reduced by 1% as compared with the base year	Carbon emission per unit revenue is reduced by 2% as compared with the base year	Carbon emission per unit revenue is reduced by 3% as compared with the base year
Waste reduction	The amount of waste per person is reduced by 1% as compared with the base year	The amount of waste per person is reduced by 2% as compared with the base year	The amount of waste per person is reduced by 3% as compared with the base year

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

Evaluation item	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons
	Yes	No	Summary description	
I. Business Integrity Policy and action plans				
(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		(I) The Company has formulated the Ethical Corporate Management Best Practice Principles (revised on August 29, 2019) and the Procedures for Ethical Management and Guidelines for Conduct (revised on June 18, 2020) as approved by its Board of Directors on March 27, 2017. 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
(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 Corporate	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

Evaluation item	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons
	Yes	No	Summary description	
<p>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. 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> <p>(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</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> <p>(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).</p>	<p>No major discrepancy</p> <p>No major discrepancy</p>

Evaluation item	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons						
	Yes	No	Summary description							
preventive programs of unethical behavior? (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						
(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 2024 internal audit plan was reviewed and approved at the 19th meeting of the 9th Board of Directors on November 10, 2023, and was implemented by the audit unit. For the 2023 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	V		(V) The Company’s 2023 education and training courses and promotion are as follows: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;">Course Topics</th> <th style="width: 20%;">Number of persons per time</th> <th style="width: 20%;">Hours</th> </tr> </thead> <tbody> <tr> <td>Education and training on prohibited behaviors for futures salespersons</td> <td style="text-align: center;">385</td> <td style="text-align: center;">3 hours</td> </tr> </tbody> </table>	Course Topics	Number of persons per time	Hours	Education and training on prohibited behaviors for futures salespersons	385	3 hours	No major discrepancy
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Education and training on prohibited behaviors for futures salespersons	385	3 hours								

Evaluation item	Actual governance						Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons
	Yes	No	Summary description				
programs on a regular basis?			Education and training on whistle-blowing system	363	3 hours		
			Education and training on the compliance with anti-money laundering and anti-terrorism laws	363	3 hours		
			Education and training on insider trading and short-selling trading	327	3 hours		
			Education and training on Financial Consumer Protection Act, Treating-Customer-Fairly Principle (including advertising and publicity) and Personal Data Protection Act	315	3 hours		
			Education and training on advertising and on-line marketing for salespersons for the 1st quarter	250	3 hours		
			Education and training on advertising and on-line marketing for salespersons for the 2nd quarter	235	3 hours		
			Education and training on advertising and on-line marketing for salespersons for the 3rd quarter	202	3 hours		
			III. The operations of the Company's Report System (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?	V	(I)		

Evaluation item	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and the reasons
	Yes	No	Summary description	
(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?	V		(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. The Company shall provide the following protection to the whistleblower: 1. The identity information of the whistleblower shall be kept confidential, and information sufficient to identify the identity shall not be disclosed. 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. If the report's accuracy is verified, the Company may base on its contribution to the corporate governance, grant proper award to the reporter in accordance with the Company's personnel regulations.	No major discrepancy
(III) Has the Company taken proper measures to protect the whistle-blowers from suffering any consequence of reporting an incident?	V		(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.	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		The ethical management-related rules and systems, the Ethical Corporate Management Best Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct, are disclosed on the Company's website, and the implementation status of the courses related to advocating ethical management (including insider trading and anti-money laundering) to employees is disclosed.	No major discrepancy
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".				
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).				



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		
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.				

(IX) 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.

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

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

1. Internal Control Statement, please refer to pages 79-80 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.

(XII) 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 81 of the annual report.

# Capital Futures Corp.

## Declaration of Internal Control Policies

Date: March 12, 2024

The following declaration is based on the 2023 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, 2023 (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 12, 2024 which was attended by 6 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, 2023)

Matters that should be strengthened	Improvement measures	Scheduled improvement time
For provision of recommended trading information to futures traders in the Line group by Chen, Yuan and Teng, Yuan, the managerial officer and salesperson from the branch in Taichung respectively, the Company has failed to fulfill its supervision and management responsibilities and implement internal control system, Financial Supervisory Commission has imposed a fine of NT\$240,000, and stopped Chen, Yuan and Teng, Yuan from their business for two months and one month respectively, and required the Company to fulfill its supervision and management responsibilities and implement internal control system, and it will review in 2023. (Jin-Guan-Zheng-Qi-Fa-Zi No. 1120333213, Jin-Guan-Zheng-Qi-Fa-Zi No. 11203332131, Jin-Guan-Zheng-Qi-Fa-Zi No. 11203332132 and Jin-Guan-Zheng-Qi-Fa-Zi No. 11203332133 issued on April 17, 2023)	<ol style="list-style-type: none"> <li>1. The Company has required related persons to make correction afterwards.</li> <li>2. The Company enhances the “education and training on advertising and on-line marketing for salespersons, prohibited behaviors and whistle-blowing system”.</li> <li>3. The Company has stopped use of such Line group and removed all the members in the group.</li> <li>4. The Company has reported it to the relevant persons of the Personnel Review Committee.</li> </ol>	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.

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

2023 Annual General Meeting of Shareholders

1. Date and Time: 10:00 am Wednesday, May 31, 2023
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 2022 annual business report and consolidated and individual financial report	<ul style="list-style-type: none"> <li>• Voting results: there were 136,398,271 voting rights in favor (including 130,018,011 voting rights exercised electronically) accounted for 98.80% of the voting rights of shareholders present; there were 238,848 voting rights not in favor (including 238,848 voting rights exercised electronically); there were 1,411,058 forfeited voting rights (including 1,381,058 voting rights exercised electronically); and there was 0 invalid voting rights.</li> <li>• Resolution: After the voting result reaches the statutory approval amount, the resolution of this proposal is approved as it was.</li> </ul>	It shall be handled and announced in accordance with the resolutions of the general meeting of shareholders.
Proposal for distribution of 2022 earnings	<ul style="list-style-type: none"> <li>• Voting results: there were 136,437,785 voting rights in favor (including 130,057,525 voting rights exercised electronically) accounted for 98.83% of the voting rights of shareholders present; there were 253,042 voting rights not in favor (including 253,042 voting rights exercised electronically); there were 1,357,350 forfeited voting rights (including 1,327,350 voting rights exercised electronically); and there was 0 invalid voting rights.</li> <li>• Resolution: After the voting result reaches the statutory approval amount, the resolution of this proposal is approved as it was.</li> </ul>	The distribution was completed according to the resolution of the general meeting of shareholders, and the cash dividend was NT\$ 3.02. Ex-dividend date: June 30, 2023 Payment date: July 21, 2023

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

Date	Summary of important agenda	Director
2023.01.03 14th meeting of 9th Board of Directors	<ul style="list-style-type: none"> <li>• Proposal for 2023 Annual Operating Plan and Budget</li> <li>• 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</li> <li>• Amendment to Internal Control System</li> <li>• Amendment to the Performance Evaluation Guideline for the Board of Directors and Functional Committees</li> <li>• 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</li> <li>• Renting of office from Fu Tai Construction Corporation</li> <li>• Amendment to the Organization Regulations</li> <li>• Amendment to the Guidelines concerning Bonus for Direct Sales</li> </ul>	Directors: Chia, Chung-Tao; 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
	<p>Businesses</p> <ul style="list-style-type: none"> <li>• Extension of the period for implementation of the Guideline for Managed Futures Department Bonus</li> <li>• Proposal for 2022 year-end bonus based on two-month basic salary</li> <li>• Performance evaluation results of the supervisors at manager level (inclusive) or above in 2022</li> <li>• Proposal for 2022 year-end bonus distribution for supervisors at managerial level (inclusive) and above</li> </ul>	
<p>2023.03.13 15th meeting of 9th Board of Directors</p>	<ul style="list-style-type: none"> <li>• Proposal for 2022 Employee and Director Remuneration Distribution</li> <li>• Proposal for 2022 Annual Business Report and Consolidation and Individual Financial Report</li> <li>• Proposal for 2022 Profit Distribution</li> <li>• 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</li> <li>• Evaluation on CPA's independence in 2023</li> <li>• Amendment to the Rules for Making Financial and Business Trading between Related Parties and between the Enterprises in the Group</li> <li>• 2022 Anti-Money Laundering and Counter-Terrorism Financing Internal Control System Declaration</li> <li>• Proposal for 2022 Design and Implementation Declaration of Internal Control System</li> <li>• Making related foreign futures trading through StoneX Group Inc., the affiliate of StoneX Financial Pte Ltd. in Singapore</li> <li>• Handling of customer complaints during the period from October 2022 to January 2023 and improvement plans</li> <li>• Amendment to customer fair treatment KPI for the period during October 2022 to December 2023</li> <li>• Amendment to the Treating Customer Fairly Guideline</li> <li>• Amendment to the Corporate Governance Best-Practice Principles</li> <li>• Amendment to the Sustainable Development Best Practice Principles and the Sustainable Development Policy</li> <li>• 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</li> <li>• Proposal for change to the manager of securities introducing broker</li> <li>• Proposal for change to the manager of futures brokerage business</li> <li>• Amendment to the Guideline for Managed Futures Department Bonus</li> <li>• Proposal for promotion of the supervisors at manager level (inclusive) or above in 2023</li> <li>• Proposal for adjustment to the remuneration of the supervisors at manager level (inclusive) or above in 2023</li> </ul>	<p>Directors: Chia, Chung-Tao; Wang, Jiunn-Chih; Liu, Ching-Tsun; Lee, Yi-Hui Independent Directors: Chen, Kuo-Tay; Hsiao, Nai-Ching; Wu, Yung-Sheng</p>
<p>2023.05.11 16th meeting of the 9th Board of Directors</p>	<ul style="list-style-type: none"> <li>• The Company's Consolidated financial statements of the 1st quarter of 2023</li> <li>• Proposal for the Company to rent office</li> <li>• Application to competent authority for changing the Company's business address</li> <li>• Amendment to Internal Control System</li> <li>• Revision to the Company's Implementation Guidelines for the Whistle-blowing System.</li> <li>• Proposal for establishment of a Financial and Legal Affairs Office under Compliance &amp; Legal Department, and employment of persons and persons adjustment</li> <li>• Proposal for changing the department supervisors of Proprietary Trading Department and Securities Proprietary Trading Department</li> <li>• Proposal for promotion of the supervisor of Managed Futures</li> </ul>	<p>Directors: Chia, Chung-Tao; Liu, Ching-Tsun; Lee, Yi-Hui Independent Directors: Chen, Kuo-Tay; Hsiao, Nai-Ching; Wu, Yung-Sheng</p>

Date	Summary of important agenda	Director
	Department and adjustment to his/her salary <ul style="list-style-type: none"> <li>• Proposal for the Company’s 2022 employee compensation.</li> <li>• Proposal for the Company’s 2022 director’s remuneration payment</li> </ul>	
2023.06.29 17th meeting of the 9th Board of Directors	<ul style="list-style-type: none"> <li>• Formulation of ESG Responsibility-based Investment Policy for the Company</li> <li>• Formulation of the Guidelines for Implementation of Accountability System for the Company</li> <li>• Amendment to the “Corporate Governance Best-Practice Principles”</li> <li>• Extension of the period for implementation of the Guideline for Managed Futures Department Bonus</li> <li>• Proposal for promotion of the supervisor of Domestic Institutional Clients Department and adjustment to his/her salary caused by changes</li> <li>• Proposal for engagement of supervisor for Business Office II under Direct Sales Department</li> <li>• Proposal for changing the supervisors above manager level in Direct Sales Department</li> <li>• Proposal for changing legal compliance supervisor and the special supervisor for anti-money laundering and counter-terrorism financing</li> <li>• Proposal for changing and appointing directors for the subsidiary, CSC Futures (HK) Ltd.</li> </ul>	Directors: Chia, Chung-Tao; Lee, Wen-Chu, Liu, Ching-Tsun; Lee, Yi-Hui Independent Directors: Chen, Kuo-Tay; Hsiao, Nai-Ching; Wu, Yung-Sheng
2023.08.25 18th meeting of the 9th Board of Directors	<ul style="list-style-type: none"> <li>• Individual and Consolidated Financial Report for the 1st half of 2023 (January 1 to June 30)</li> <li>• The subsidiary Capital International Technology Corp. plans to increase its investment in 49% of its reinvested subsidiary True Partner Capital Technology (Chengdu) Co., Ltd.</li> <li>• Amendment to the Company’s Internal Control System</li> <li>• Amendment to the “Business Approval Authority Table”</li> <li>• Proposal for changing and employing supervisor for Digital Growth Department</li> <li>• Revision to the standards for payment of bonus to Chang, Chun-Yuan from Trading Office IV of Proprietary Trading Department</li> <li>• Exemption of calculating the lost amount of the bonus calculation basis for Securities Proprietary Trading Department for the year of 2022 and January to June 2023</li> <li>• Proposal for the Company to pay festival bonus to the supervisors above manager level (inclusive) and bonus to Futures Proprietary Trading Department and Securities Proprietary Trading Department in the first half of 2023</li> <li>• Proposal for holding an concurrent-position as a president for the subsidiary Capital International Technology Corp.</li> </ul>	Directors: Chia, Chung-Tao; Lee, Wen-Chu, Liu, Ching-Tsun; Lee, Yi-Hui Independent Directors: Chen, Kuo-Tay; Hsiao, Nai-Ching; Wu, Yung-Sheng
2023.11.10 19th meeting of the 9th Board of Directors	<ul style="list-style-type: none"> <li>• The Company’s Consolidated financial statements of the 3rd quarter of 2023</li> <li>• Proposal for pre-approval on provision of non-assurance services by KPMG and its affiliates</li> <li>• Proposal for 2024 Annual Operating Plan and Budget</li> <li>• Amendment to the Company’s Internal Control System</li> <li>• The Company’s audit plan for 2024</li> <li>• Setting customer fair treatment KPI for the period during January 2024 to December 2024</li> <li>• Revision to the Rules for Operating Contracts for Futures Trading in Terms of Proprietary Trading Business in Overseas Foreign Exchange</li> <li>• Amendment to the Company’s Guidelines concerning Bonus for Direct Sales Businesses</li> <li>• Amendment to the Company’s Guidelines for Paying Bonus for Sale and Recommendation of Leveraged Trading Businesses</li> <li>• Proposal for changing the supervisors above manager level (inclusive) of</li> </ul>	Directors: Chia, Chung-Tao; Lee, Wen-Chu, Liu, Ching-Tsun; Lee, Yi-Hui Independent Directors: Chen, Kuo-Tay; Hsiao, Nai-Ching; Wu, Yung-Sheng



Date	Summary of important agenda	Director
	<p>Proprietary Trading Department, Futures Advisory Department, Omni-Channel Department and branches in Taichung</p> <ul style="list-style-type: none"> <li>• Proposal for changing futures advisory managerial officers, and the futures brokerage and advisory managerial officers in the branches in Taichung</li> <li>• Proposal for 2023 year-end bonus based on two-month basic salary</li> <li>• Proposal for appointing the fourth term of directors and supervisors for the subsidiary Capital International Technology Corp.</li> </ul>	
2023.12.20 20th meeting of the 9th Board of Directors	<ul style="list-style-type: none"> <li>• Formulation of the Rules for Management on the License for Leveraged Traders to Purchase and Sell the Leveraged Margin Involving Foreign Exchange Transferred from Execution Salespersons for Futures Traders as Entrusted for the Company</li> <li>• Report to CBC for inspecting the contractual commodities to purchase and sell, as a leveraged trader, the leveraged margin involving foreign exchange transferred from execution salespersons for futures traders as entrusted, within the scope of the commodities that the Company has launched, in accordance with Article 3 of the Specifications of TPEX for Futures Traders Purchase and Sell the Leveraged Margin Contracts Transferred From Executors as Entrusted</li> </ul>	<p>Directors: Chia, Chung-Tao; Lee, Wen-Chu, Liu, Ching-Tsun; Wang, Hui-Chin Independent Directors: Chen, Kuo-Tay; Hsiao, Nai-Ching; Wu, Yung-Sheng</p>
2024.01.23 21st meeting of the 9th Board of Directors	<ul style="list-style-type: none"> <li>• Making related foreign futures trading through British Marex Financial and the affiliates of Marex Group to which it is affiliated</li> <li>• Amendment to the Company's Guidelines for Dealing with the Disputes from Consumers</li> <li>• Amendment to the Company's Guideline for Securities IB Direct Sales Bonus</li> <li>• Amendment to the Company's Table of Professional Titles and The Titles on External Business Card</li> <li>• Proposal for changing and appointing directors for the subsidiary, CSC Futures (HK) Ltd.</li> <li>• Proposal for appointing chairman, director and supervisor and employing president for True Partner Capital Technology (Chengdu) Co., Ltd., i.e. the re-investee of the subsidiary Capital International Technology Corp.</li> <li>• Proposal for 2023 performance evaluation results for supervisors at managerial level (inclusive) and above</li> <li>• Proposal for 2023 year-end bonus distribution for supervisors at managerial level (inclusive) above</li> <li>• Proposal for paying festival bonus to the persons above manager level (inclusive) and bonus to Proprietary Trading Department, Securities Proprietary Trading Department and Advisory Department in the second half of 2023</li> </ul>	<p>Directors: Chia, Chung-Tao; Lee, Wen-Chu, Liu, Ching-Tsun; Wang, Hui-Chin Independent Directors: Chen, Kuo-Tay; Hsiao, Nai-Ching; Wu, Yung-Sheng</p>
2024.03.12 22nd meeting of the 9th Board of Directors	<ul style="list-style-type: none"> <li>• Proposal for 2023 Employee and Director Remuneration Distribution</li> <li>• Proposal for 2023 Annual Business Report and Consolidation and Individual Financial Report</li> <li>• Proposal for 2023 Profit Distribution</li> <li>• 2024 certified accountant independence assessment</li> <li>• 2024 Annual Quotation of Accountants' Auditing Fees</li> <li>• The Company's 2024 "Treating Customer Fairly Principle" Evaluation Form</li> <li>• 2023 Anti-Money Laundering and Counter-Terrorism Financing Internal Control System Declaration</li> <li>• Proposal for 2023 Design and Implementation Declaration of Internal Control System</li> <li>• Amendment to the Company's Internal Control System</li> <li>• Amendment to the Rules of Procedures for Board of Directors and the Rules of Procedures for Audit Committee</li> <li>• Proposal for change to and promotion of the supervisors of Omni-</li> </ul>	<p>Directors: Chia, Chung-Tao; Lee, Wen-Chu; Liu, Ching-Tsun; Independent Directors: Chen, Kuo-Tay; Hsiao, Nai-Ching; Wu, Yung-Sheng</p> <p>Director Wang, Hui-Chin entrusted chairman Chia, Chung-Tao to act for her</p>

Date	Summary of important agenda	Director
	Channel Department and Foreign Institutional Clients Department <ul style="list-style-type: none"> <li>• Proposal for promotion of the deputy supervisor of Research &amp; Development Department</li> <li>• Proposal for exempting the deputy supervisor of the branch in Taichung from concurrent service</li> <li>• Proposal for promotion of the supervisors at manager level (inclusive) or above in 2024</li> <li>• Proposal for changing and appointing directors for the subsidiary, CSC Futures (HK) Ltd.</li> <li>• Proposal for the number of directors to be elected for the Company's 10th Board of Directors</li> <li>• Determine the date, venue and agenda of the 2024 Annual General Meeting of Shareholders, accepting proposals from shareholders holding more than 1% of the shares and nominating candidates for directors (including independent directors)</li> </ul>	

(XIV) 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.

(XV) 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: None.

(XVI) 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	Taiwan Institute of Directors	Turning Point Series of A Centennial Enterprise's Strategies - 1 Focusing on Core Diversified Applications	2023.01.12	3
		Turning Point Series of A Centennial Enterprise's Strategies - 2 Innovation Wheel	2023.02.22	3
	Taiwan Corporate governance association	Global Future Risks and Opportunities to be brought by Sustainable Transition	2023.06.30	3
Director Lee, Wen- Chu	Securities & Futures Institute of R.O.C.	Introduction to and Case Analysis on the Short-swing Trading between the Company's Insiders	2023.06.16	3
	Financial Supervisory Commission	The 14th Taipei Corporate Governance Forum	2023.09.04	3
Director Liu, Ching- Tsun	Taiwan Securities Association	Explosion of Artificial Intelligence: Technological Development and Opportunities for Application of Chatbot ChatGPT	2023.08.15	3
		Legal Liability for and Case Analysis on the Protection of Business Secrets	2023.09.20	3
Director Wang, Hui- Chin	Corporate Operating and Sustainable Development Association	Legal Compliance Practices of the Board of Directors and Legal Responsibilities of Directors and Supervisors, as well as Case Studies	2023.12.15	3
	Taipei Foundation of Finance	Planning for Low-carbon Transition Paths – Carbon Rights and Carbon Pricing	2023.12.20	3
	Securities & Futures Institute of R.O.C.	Economic Outlook and Industrial Trends in 2024	2023.12.21	3
		Introduction to and Case Analysis on the Short-swing Trading between the Company's Insiders	2023.12.22	3
Director	Taiwan Corporate	Discussion on Tax Reform and Corporate Tax	2023.05.12	3

Name	Organizer	Continuous education	Training date	Hours
Lee, Yi-Hui	governance association	Governance in the Globe and Taiwan Based on ESG Trends and Epidemic Environment		
		Global Future Risks and Opportunities to be brought by Sustainable Transition	2023.06.30	3
		Corporate Carbon Rights and Countermeasures for Management on Carbon Assets under the Operation of Global Carbon Trading Mechanism	2023.09.19	3
Independent Director Chen, Kuo-Tay	Taiwan Corporate governance association	Role of Directors and Countermeasures for Compliance with Regulations Against Management Rights-related Challenges under Corporate Governance 3.0	2023.08.04	3
		Analysis on Big Data as well as Detection and Prevention of Fraud	2023.08.18	3
Independent Director Hsiao, Nai-Ching	Taiwan Corporate governance association	Emerging Risks for Business: Climate Changes	2023.05.30	3
	Accounting Research and Development Foundation	2023 Seminar on the Finance in Transition and Disclosure of Sustainability	2023.07.18	3
Independent Director Wu, Yung-Sheng	Taiwan Corporate governance association	Thinking about the Information Security Governance Strategies of TWSE/TPEX Listed Companies from the Perspective of Sustainable Development of ESG Companies	2023.05.04	3
		Compulsory Course for Corporate Sustainable Governance: Diversified Management on External Impacts to Create Positive Corporate Value	2023.11.01	3

Title/name	Organizer	Course name	Date	Hours
Head of Corporate Governance Senior Executive Vice President Chen, Chi-Hao	Taiwan Corporate governance association	Protection Of Business Secrets and Non-competition	2023.05.19	3
		Discussion on the Practices of Settling Commercial Litigation and Disputes	2023.06.02	3
		Promotion of the Sustainable Development of An Enterprise Through Risk Management - Risk Management Best Practices Principles for TWSE/TPEX-listed Companies	2023.06.09	3
	Chinese National Futures Association	Promotion Conference for Climate-Related Financial Disclosure in Futures Industry and Scope 3 of GHG Emission	2023.06.08	3
		Analysis of Financial Consumer Protection Act and the Latest Trends	2023.10.18	3
	Taiwan Stock Exchange Corporation	Promotion Symposium for the Strategies for Implementation of Sustainable Development and Transition in Securities Industry	2023.08.24	3
Securities & Futures Institute of R.O.C.	2023 Prevention of Insider Trading Advocacy Conference	2023.10.20	3	
Head of accounting Executive Vice President Lin, Li-Chuan	Taiwan Securities Association	Continuing education for accounting supervisor	2023.09.19 2023.11.14	16
Auditing Officer Senior Vice President Lian, Jing-Lian	Accounting Research and Development Foundation	The Latest Policies Related to ESG Sustainability and Financial Self-Editing and the Practices of Internal Control and Management	2023.04.07	6
	Securities Investment Trust & Consulting Association	Thinking About the Practices and Trends of Responsible Investment in Financial Industry from the Perspective of ESG Risks	2023.05.18	3

Title/name	Organizer	Course name	Head count	Hours
Other supervisors above manager level	Securities & Futures Institute of R.O.C.	Training for the Supervisors of Anti-Money Laundering Business Units	3	36
	Association of Securities Dealers	Anti-money laundering and counter-terrorism financing	9	102
		Application of Management on Big Data Credit Risks	1	3
		Innovative Application Risk Management of Bank 3.0	1	3
		Introduction to Financial Consumer Protection Laws as well as Case Study and Comments	1	3
		Risk Management Seminar - Mode	1	12
		Challenges relating to the risk management in financial industry caused by climate-related financial disclosure	1	3
		Detection of Abnormal Situations and Detection of Fraud	1	3
		Training for the Supervisors of Labor Safety and Health Businesses	1	6
	Chinese National Futures Association	Seminar for Analysis on Anti-Money Laundering Prevention / Counter-Terrorism Financing Laws and Orders and Cases	1	3
		Information Security and Case Seminar	1	3
	Accounting Research and Development Foundation	Continuing training for the accounting supervisors of issuers, securities firms and stock exchanges	1	12
		On-the-job Training for the Internal Auditors Related to Investment and Advising	1	6
	Institution of Financial Law and Crime Prevention	Principles for the customer fair treatment in financial service industry	2	6
	Financial Ombudsman Institution	Course for Analysis on the Judgment and Penalty Cases Imposed by Competent Authorities	1	3

## V. 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 2023 to December 2023	1,810	406	2,216	
	Chen, Yi-Jen					

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) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more: None.

## VI. 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 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 & 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.

- VII. 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.**
- VIII. 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	2023		2024 (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	Chia, Chung-Tao	0	0	0	0
Director Representative	Lee, Wen-Chu	0	0	0	0
Director Representative	Liu, Ching-Tsun	0	0	0	0
Institutional Director	Hung Yeh Investment Co., Ltd	0	0	0	0
Director Representative	Wang, Hui-Chin	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	0	0	-18,000	0
Senior Executive Vice President	Huang, Wei-Ben	0	0	0	0
Senior Executive Vice President	Chen, Chi-Hao	0	0	0	0
Senior Executive Vice President	Yang, Rui-Ling	-7,000	0	0	0
Executive Vice President	Hsu, Ji-Ching	-27,000	0	0	0
Executive Vice President	Lin, Li-Chuan	0	0	0	0
Executive Vice President	Chen, Wei-Ting	0	0	0	0
Executive Vice President	Lin, Xiao-Chian	0	0	0	0
Executive Vice President	Kuo, Shu-Zhen	0	0	0	0
Executive Vice President	Lee, Chung-Wei	-45,000	0	0	0
Executive Vice President	Cho, Cheng-Kang	0	0	0	0
Executive Vice President	Ho, Cho-I	0	0	0	0
Executive Vice President	Wu, Chung-Hsien	0	0	0	0
Senior Executive Officer	Yi, Chien-Hsiung	0	0	0	0

Title	Name	2023		2024 (until March 31)	
		Increase (decrease) in shares held	Increase (decrease) in shares collateralized	Increase (decrease) in shares held	Increase (decrease) in shares collateralized
Senior Executive Officer	Wang, Min-Nan (Took office on March 1, 2024)	-	-	0	0
Senior Vice President	Lian, Jing-Lian	0	0	0	0
Senior Vice President	Peng, Chien-Cheng	0	0	0	0
Senior Vice President	Lin, Hsiu-Chu	-5,000	0	0	0
Senior Vice President	Chung, Cheng-Huang	0	0	0	0
Senior Vice President	Chen, Yung-Lin	0	0	0	0
Senior Vice President	Chu, Chun-Chang	0	0	0	0
Senior Vice President	Chang, Su-Fang	0	0	0	0
Senior Vice President	Chen, Chih-Chung	0	0	0	0
Senior Vice President	Cheng, Shin-Pin	0	0	0	0
Vice President	Chen, Tsung-Yu	0	0	0	0
Vice President	Wang, Han-Yao	0	0	0	0
Vice President	Chang, Yun-Hsuan	-300	0	0	0
Vice President	Wu, Wen-Jie	0	0	0	0
Vice President	Liu, Kun-Ming	0	0	0	0
Vice President	Hsu, Hua-Shan	0	0	0	0
Vice President	Jen, Ming-Ying	0	0	0	0
Vice President	Li, Kuan-Hui (Took office on March 18, 2024)	-	-	0	0
Assistant Vice President	Chang, Ya-Ju	0	0	0	0
Senior Manager	Chang, Tuo	0	0	0	0
Senior Specialist	Liu, Pao-Hua	0	0	0	0
Senior Specialist	Chang, Mu-Min	0	0	0	0
Senior Specialist	Lu, Wei-Liang	0	0	0	0
Senior Specialist	Lai, Han-Sen	0	0	0	0
Senior Specialist	Shen, Chun-Liang	0	0	0	0
Senior Specialist	Hsieh, Jung-Lien	0	0	0	0

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

**IX. Information disclosing the relationship between any of the Company's top ten shareholders.**

The interrelationship among the Company's top ten shareholders

Book closure date as of April 1, 2024 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: Chou, Hsiu-Chen	119,066,014	56.58%	0	0	0	0	None	None	-
Hontai Life Insurance Co., Ltd. Representative: Li, Chi-Hsien	4,836,434	2.30%	0	0	0	0	None	None	-
Zengmao Investment Co., Ltd. Representative: Lee, Yi-Hui	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	-
Special Investment Account of JP Morgan Securities Co., Ltd. Managed by Taipei Branch of JPMorgan Chase Bank as Entrusted	1,093,874	0.52%	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	
China University of Technology	922,137	0.44%	0	0	0	0	None	None	-
Standard Chartered International Commercial Bank Business Department managed Westendtree Emerging Market Small Capital Dividend Fund Investment Account of Westendtree Trust	798,000	0.38%	0	0	0	0	None	None	-
Yingqun Investment Co., Ltd. Representative: Chang, Yen-Chih	648,314	0.31%	0	0	0	0	None	None	-
Special SBL/PB Investment Account of Barclays Capital Managed by CitiBank	617,936	0.29%	0	0	0	0	None	None	-

**X. 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, 2024; 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	NT\$199,100,000 of increase in capital stock in 2014	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	NT\$380,000,000 of increase in capital stock in 2016	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	NT\$340,000,000 of increase in capital stock in 2019	None	Note 12

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

## (II) Shareholders structure

Book closure date as of April 1, 2024

Shareholders structure / Quantities	Government institutions	Financial institutions	Other corporations	Foreign institutions and foreigners	Individuals	Total
Head count	1	7	98	86	16,752	16,944
Shares held	45,000	6,510,434	131,072,512	7,749,958	65,059,680	210,437,584
Ratio of Shareholding	0.02%	3.09%	62.29%	3.68%	30.92%	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 1, 2024

Class of shareholding	Number of shareholders	Number of shares held (share)	Ratio of shareholding (%)
1 to 999	6,409	998,600	0.48
1,000 to 5,000	8,010	16,397,379	7.79
5,001 to 10,000	1,282	9,599,640	4.56
10,001 to 15,000	422	5,362,388	2.55
15,001 to 20,000	218	3,914,976	1.86
20,001 to 30,000	204	5,110,993	2.43
30,001 to 40,000	95	3,360,011	1.60
40,001 to 50,000	71	3,200,346	1.52
50,001 to 100,000	143	10,465,474	4.97
100,001 to 200,000	50	6,853,459	3.26
200,001 to 400,000	21	5,657,320	2.69
400,001 to 600,000	9	4,376,363	2.08
600,001 to 800,000	3	2,064,250	0.98
800,001 to 1,000,000	1	922,137	0.43
> 100,000,000	6	132,154,248	62.80
Total	16,944	210,437,584	100.00

### 2. Disclosure relating to preferred stock: None.

## (IV) List of major shareholders:

Book closure date as of April 1, 2024

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%
Special Investment Account of JP Morgan		1,093,874	0.52%

Name of major shareholders:	Shares	Number of shares held (share)	Ratio of shareholding (%)
Securities Co., Ltd. Managed by Taipei Branch of JPMorgan Chase Bank as Entrusted			
China University of Technology		922,137	0.44%
Standard Chartered International Commercial Bank Business Department managed Westendtree Emerging Market Small Capital Dividend Fund Investment Account of Westendtree Trust		798,000	0.38%
Yingqun Investment Co., Ltd.		648,314	0.31%
Special SBL/PB Investment Account of Barclays Capital Managed by CitiBank		617,936	0.29%

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

Item		Year	2022	2023	Current year as of March 31, 2024 (Note 8)
Market price per share (Note 1)	Highest		39.05	51.40	56.3
	Lowest		33.10	36.45	48.7
	Average		36.61	44.37	52.78
Net worth per share (Note 2)	Before dividend distribution		32.23	34.09	-
	After dividend distribution		29.21	30.65	-
Earnings per share	Weighted average outstanding shares		210,437,584	210,437,584	-
	Earnings per share (before adjustment) (Note 3)		3.72	4.8	-
	Earnings per share (after adjustment) (Note 3)		3.72	4.8	-
Dividends per share	Cash dividends		3.02	3.44	-
	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)		9.84	9.24	-
	Price to dividends ratio (Note 6)		12.12	12.9	-
	Cash dividend yield (Note 7)		8.25%	7.75	-

\* 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 2023 Annual General Meeting of Shareholders:

The Company's net profit after tax in 2023 was NT\$1,010,195,721. After adding the accumulated undistributed earnings from the previous year of NT\$177,838, and the adjusted undistributed earnings of the current period of NT\$17,387,438, the distributable earnings are NT\$1,027,760,997. The Company's Articles of Association provide for the earnings distribution as follows:

- (1) The amount of legal reserve is NT\$100,990,707.
- (2) The amount of special reserve is NT\$201,981,414.
- (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\$723,905,289 (at NT\$3.44 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\$883,587. 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 percentages or ranges with respect to the remuneration of employee, director, and supervisor, as set forth in the Company's 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 2023 was NT\$1,305,211,002. According to the Company's Articles of Association, the Board of Directors resolved to distribute NT\$14,748,884 in employee compensation, representing 1.13% of the profit for the year and NT\$14,748,884 in directors' remuneration, representing 1.13% of the profit for the year, all paid in cash. The employee remuneration and directors' remuneration in 2023 have no difference from the amount resolved by the Board of Directors.
3. The Company's cash remuneration distribution in 2022 were NT\$ 11,472,718 to employees and NT\$ 11,472,718 to directors and supervisors, based on the remuneration distribution plan approved by the Board of Directors. The employee remuneration and directors' remuneration in 2022 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, attendance fee 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 2023, the Company's



earnings per share was 4.80 (NT\$/share), the average employee welfare expense was 1,727 (NT\$ thousand/person), and the average employee salary was 1,563 (NT\$ thousand/person). The average salary of full-time employees who are not in supervisory positions is 1,333 (NT\$ thousand/person) where the median salary is 1,022 (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.

1. The main contents of the company's businesses: futures brokerage business, futures proprietary business, futures consulting business, futures management business, securities trading assistant, securities investment consulting business, securities dealers, and leveraged trader.
2. Proportion of main business income

Unit: NT\$ thousand

Item \ Year	2022		2023	
	Amount	Ratio (%)	Amount	Ratio (%)
Brokerage fee revenue	1,996,416	72	1,631,578	74
Futures commission revenue	310,640	11	301,191	14
Net gains (losses) on derivative instruments	393,888	14	311,836	14
Advisory fee revenue	13,916	0	6,418	0
Other	65,610	3	(38,446)	(2)
Total	2,780,470	100	2,212,577	100

Source: Consolidated financial statements audited and certified by CPA.

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

Order acceptance:

Futures and options contracts in Taiwan Futures Exchange.

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.

Self-operated securities: Trading securities on its own in centralized trading markets and business premises.

Leverage transaction merchants: Leverage contract trading business.

4. New products (services) under development

- (1) The Company will research and develop new products for leveraged transaction independently to provide differentiated services to meet customer's demands.
- (2) The Company will continue to strive to open trading companies, meet the demands of spot customer groups by virtue of professional periods and current strategies, and position itself in niche markets.
- (3) The Company's subsidiary in Hong Kong will develop global "futures + securities" integrated businesses by taking advantage of its self-built platforms.

(II) Industrial profiles

1. The status quo and development of the industry

According Taiwan TAIEX statistics, the participants in the domestic futures market in 2023 includes 14 futures brokerage businesses with a total of 30 business outlets; 12 concurrent futures brokerage business with a total of 89 business outlets; 42 futures introducing broker with a total of 718 business outlets. On the other hand, there are 11 futures proprietary merchants and 17 concurrent proprietary merchants; Lastly, there are 19 general clearing members, 8 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.

The increase in the number of accounts opened in the futures market slowed down. There were nearly cumulative 1.96 million accounts opened in the futures market as of the end of 2023, among which new accounts were mainly opened by natural persons, and the male and female who opened the accounts accounted for 67.64% and 32.36% respectively. The persons who opened the new accounts were mainly aged from 41 to 50 years old, accounting for 28.47%, and the persons who opened the new accounts and were aged from 31 to 40 years old accounted for 25.04%, and the persons who opened the new accounts and were aged from 20 to 30 years old

accounted for 16.10%, which indicates that the enthusiasm of young people for the trading in futures market was slightly cooled down. The proportion of male and female traders were 79.24% and 20.76% respectively of the overall trading volume in the futures market in 2023. The major trading group was the persons aged from 41 to 50 years old, accounting for 33.47% 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
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%	48.27%	31.46%	51.73%
2022	1,939,161	99.43%	11,092	0.57%	48.47%	31.21%	51.53%
2023	1,958,340	99.43%	11,172	0.57%	48.11%	29.35%	51.89%

Source: TAIFEX website, prepared by the Company

Since there was a stable increase trend throughout the year in the stock spot market in Taiwan, there was a decrease in traders' demands for hedging by taking advantage of futures market. However, as for stock futures, as benefited from AI technological revolution, individual stock futures with related concepts became the focus of competition among traders. The total trading volume in Taiwan's futures market in 2023 exceeded 324 million lots, with an average daily volume of 1.358 million lots, decrease of 19% as compared with the total trading volume of 380 million lots in 2022. With the demands for various hedging and trading, the proportion of the daily trading volume in night trading to day trading in futures market remained at the level of 2022, reaching 56.55%, which is the second highest in history, indicating that traders are accustomed to adjusting positions and hedging through night trading. In terms of the participation of traders, the proportion of the trading volume from various traders in 2023 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 48.11% and 29.35% respectively.

#### Trading structure of the participants in the futures and options trading market of Taiwan Futures Exchange

Unit: Thousand lots

Item	2019	2020	2021	2022	2023
Securities Proprietary Trading Account	1,466	1,774	2,172	3,392	2,846
Futures Proprietary Trading Account	156,096	170,195	150,547	147,611	138,153
Securities Investment Trust Account	1,104	1,446	1,166	1,153	970
Foreign and Mainland Chinese investors	108,141	177,744	246,784	240,011	190,535
Futures Managers and Trust Funds	145	261	488	631	354
Other institutional investors	3,874	3,336	4,589	3,400	4,057
Natural Person	250,705	328,031	378,659	372,739	312,375

Source: TAIFEX, prepared by the Company

As Taiwan Futures Exchange continues to promote market innovation and development, information security measures are continuously strengthened for domestic futures to provide a stable trading environment in the market, and international institutional participants are developed actively to develop new opportunities and increase the proportion of foreign investment, and the niches and opportunities for development in Chinese market are advertised and promoted by participating in international conferences and exhibition to promote the mutual prosperity and development in futures industry and market.

As for overseas futures, continuous global regional political turmoil, election of U.S. president, changes in climate environment and many other factors cause uncertainties in global economic and financial markets and a great amount of demands for market hedging, therefore, there become more trading opportunities in the global futures market.

## 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:

### Commodities of TAIFEX

Unit: Lot

Year	Futures	Options	Total
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
2023	148,125,640	176,519,207	324,644,847

Source: TAIFEX, prepared by the Company

## Commodities in overseas futures exchange

Unit: Lot

Year	US Stock	Singapore Stock	Hong Kong Stock	Japan Stock	Other Stock	Total
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
2023	26,690,114	10,292,372	1,876,188	1,212,589	1,795,859	41,867,122

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 Yuanta Futures, President Futures, SinoPac Futures and KGI Futures, etc. The capital, net profit, and earnings per share before tax of competitors in 2023 are as follows:

#### Profits in 2023 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	Yuanta Futures	289,976	2,286,740	7.89
2	Optiver Taiwan Futures	60,000	376,891	6.28
3	Capital Futures Corp.	210,438	1,275,713	6.06
4	President Futures Corp.	66,000	400,260	6.06
5	J.P. Morgan Chase & Corp.	239,344	1,216,094	5.08
6	SinoPac Futures	167,525	837,240	5.00
7	KGI Futures	168,556	837,968	4.97
8	Cathay Futures Co., Ltd.	66,700	192,545	2.89
9	Shin Kong International Securities	32,000	84,353	2.64
10	Fubon Futures Co., Ltd.	210,000	394,478	1.88

Source: TAIFEX, prepared by the Company

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

#### 1. Technologies and R&D:

The Company has a Research & Development Department established, with a number of professional researchers in financial field, which regularly provides the information in financial market and special research report, and develops commodities that combine stock and futures modules as leading in the industry, and which has successfully developed a balanced products with low risks and stable returns. And it also applies more effective investment strategies and risk management methods by utilizing data analysis, AI and other technologies to improve customers' trading experience and investment returns.

The Company is committed to promoting the development of financial technologies and smart transition, and improving service quality and customers' experience through innovation and R&D of technologies. Such "Happy Trader" stock purchase APP with the first mobile phone "Super-light Speed Purchasing" function as developed by the Company independently makes purchase on mobile phone as fast and efficient as that operated on computer and the "Smart Purchase Function", "Price Reminder" and "Smart Broadcasting" functions allow customers to keep track of global market trends, and provide real-time and valuable information to 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 2023, the Company has obtained 4 patents and 8 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 2023 at the 21st meeting of the 9th Board of Directors on January 23, 2024. The Company strengthens corporate governance through management on intellectual properties.

The Company has about 30 to 40 R&D and FinTech persons in financial field, and it is expected to continue to invest NT\$40 million to NT\$60 million of R&D expenses in the future, accounting for 1% to 3% of the consolidated revenue. The R&D expenses invested in the most recent year are as follows:

Unit: NT\$ thousand

Item	2021	2022	2023
Research and development expenses	40,694	48,878	56,888

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

1. Short-term development programs

- (1) Futures + securities integrated development strategy: As to the integrated marketing and account opening for futures + securities brokerage businesses, personnel will get securities-related qualification and accept training on securities business-related ability.
- (2) The Company will introduce marketing, community, AI and other emerging digital technologies to improve marketing effectiveness, community-based management traffic, and digital services.
- (3) The Company will develop new products for leveraged transaction independently to provide differentiated services to meet the needs of various

customers.

- (4) The Company will list cultivation and introduction of outstanding talents as the KPIs of various departments. The talents in various departments are the Company's assets, and should be adjusted and rotated properly so that their potential should be developed.
- (5) The Company will establish ESG goals and development strategies and review their effect in accordance with the policies and guidelines of competent authorities.

## 2. Long-term development programs

- (1) Integration the functional interface of trading systems for futures + securities, and integration the services of futures + securities on community operation of Line OA.
- (2) The Company will further improve trading platform and develop advanced functions for smart orders and algorithmic trading, which will further increase the leading edges of systems and create a market positioning of "The best smart trading system" in securities and futures industry.
- (3) The Company's subsidiary in Hong Kong will develop new markets in Southeast Asia by taking advantage of its self-built platforms.
- (4) The Company will carefully provide employees with training to cultivate their new concepts, new technologies, and new market-related abilities, so that the Company can continue to transform upwards.
- (5) The Company will strengthen the implementation of corporate governance, treating-customer-fairly, green digital finance, social services and other principles, and strive to safeguard shareholders' interests and achieve corporate sustainable development goals.

## **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 2023 is 18.4%, 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 TAIFEX in 2023 was 7.97%, ranking third in the market.



## Commodities of TAIFEX

Unit: Thousand lots

Ranking	2021			2022			2023		
	Futures Merchant	Brokerage volume	Market share %	Futures Merchant	Brokerage volume	Market share %	Futures Merchant	Brokerage volume	Market share %
1	Yuanta Futures	163,704	20.87	Yuanta Futures	157,818	20.52	Yuanta Futures	121,790	18.76
2	KGI Futures	143,584	18.30	KGI Futures	142,351	18.51	KGI Futures	119,400	18.39
3	Capital Futures Corp.	61,764	7.87	Capital Futures Corp.	62,088	8.07	Capital Futures Corp.	51,752	7.97
4	SinoPac Futures	46,878	5.98	SinoPac Futures	46,871	6.10	SinoPac Futures	40,003	6.16
5	President Futures Corp.	31,390	4.00	President Futures Corp.	30,762	4.00	Fubon Futures Co., Ltd.	26,897	4.14
6	Concord Futures	23,324	2.97	Fubon Futures Co., Ltd.	21,243	2.76	President Futures Corp.	26,321	4.05
7	Fubon Futures Co., Ltd.	22,272	2.84	Concord Futures	20,493	2.67	Concord Futures	17,605	2.71
8	Masterlink Futures Corp.	20,162	2.57	Masterlink Futures Corp.	19,433	2.53	Masterlink Futures Corp.	16,017	2.47
9	Hua Nan Futures	18,427	2.35	Hua Nan Futures	17,439	2.27	Hua Nan Futures	14,273	2.20
10	Jih Sun Futures Co., Ltd	18,311	2.33	Jih Sun Futures Co., Ltd	17,324	2.25	IBF Futures Co., Ltd.	11,139	1.72

Source: TAIFEX, prepared by the Company

## Commodities in overseas futures exchange in 2023

Unit: Lot

Ranking	Futures Merchant	CME G	SGX	HKEEx	EUREX	ICE	Japan Stock	Other	Subtotal	Market share (%)
1	Yuanta Futures	6,117,279	3,976,090	399,125	149,721	311,521	265,367	29,025	11,248,128	26.9
2	Capital Futures Corp.	5,674,556	1,223,109	224,730	240,332	201,380	121,236	7,854	7,693,197	18.4
3	KGI Futures	2,874,309	1,959,438	602,895	68,714	151,043	234,640	530,589	6,421,628	15.3
4	SinoPac Futures	2,421,348	799,760	355,855	16,417	201,762	69,599	213	3,864,954	9.2
5	Fubon Futures Co., Ltd.	1,883,344	862,233	129,066	34,402	71,868	116,500	8,735	3,106,148	7.4
6	President Futures Corp.	1,613,296	535,536	55,182	20,691	123,996	62,392	1,675	2,412,768	5.8
7	Concord Futures	1,814,294	127,361	39,856	18,170	64,047	93,915	1,549	2,159,192	5.2
8	Masterlink Futures Corp.	561,156	404,110	7,835	8,392	18,730	38,737	0	1,038,960	2.5
9	Cathay Futures Co., Ltd.	756,696	93,318	20,237	16,332	25,600	23,796	1,308	937,287	2.2
10	IBF Futures Co., Ltd.	551,232	134,012	15,870	4,605	77,554	117,960	115	901,348	2.2

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:

There are rising interest rates, inflation and geopolitical risks in the globe, which leads to increased fluctuation in international financial market, thus, there are

increased demands of traders for hedging by taking advantage of futures market when financial market is in turmoil. In addition, Taiwan Futures Exchange has established a customized contract trading platform, thus traders may apply for customized contracts due on listing and release date at any time in response to special events in the market (such as release of major economic data, important company briefings or issuance of financial reports, etc.), which may increase flexibility in trading, achieve accurate management on investment portfolios, meet the demands for different trading strategies, and provide diversified strategies and trading opportunities, with a hope to attract more participants and promote the market to become more active.

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		2022	2023	As of March 31, 2024
Number of employees employed		288	291	291
Average age		38.5	38.9	39.0
Average years of service		6.69	7.14	7.25
Education levels	Doctoral Degree	1.0%	1.0%	1.0%
	Master's Degree	20.8%	20.6%	21.0%
	Bachelor's Degree	72.9%	74.6%	74.6%
	Below high school	5.3%	3.8%	3.4%

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:**

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 Company employs, dismisses and transfers employees, pays them salaries and deals with other personnel-related matters in compliance with Article 5 of the Employment Service Act, and it does not discriminate anyone due to race, class, language, thought, religion, political party, place of origin, place of birth, gender, sexual orientation, age, marital status, appearance, facial features, or disability. The Company has a clear and reasonable reward system, formulates various bonus payment measures, properly reflects its operating performance or results in employee's salary and remuneration policies, and regularly arranges Remuneration Committee to evaluate the fairness of employee's rewards and remuneration. 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. Employee's benefit measures: Capital Financial Group has established an Employee Benefit Committee to provide employees with a number of benefits, such as wedding and funeral subsidies, community activity and self-paid vaccination subsidies, travel activities, etc. The sources of the funds are welfare fund and interests thereon, and the amount withdrawn proportionally based on the paid-in capital upon its foundation, employees' salaries, revenue, etc. General speaking, the funds are still sufficient, and the benefit policies can be implemented according to 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.

The Company attaches importance to the physical and mental health of its employees, and it allocates funds to establish basketball, badminton and other sports clubs to improve employees' enthusiasm for sports. And, in order to encourage employees to actively participate in voluntary public service activities, the Company provides employees with volunteer leave to promote public interests.

The Benefit Committee offered NT\$1,533,668 of various subsidies in 2023.

The Company provided employees with NT\$559,171 of sports clubs funds in 2023.

The Company offered 118 person-times of health consultation services in 2023.

2. 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. In addition, the Company lists "learning" as an important evaluation indicator upon 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.

3. 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 1998, 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.

4. 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.

5. The Company attaches importance to each employee's rights at work, and it is committed to maintaining the dignity of all employees. In order to safeguard staff's work-related rights and interests, the Company has formulated Work Rules to clearly define employees' positions and working locations. However, the Company may second or temporarily dispatch employees due to business needs in accordance with the related provisions of the Labor Standards Act, and make full communication and coordination with employees before the secondment. As for employees' relevant rights and interests, the Company advocates human rights in the pre-employment training conducted for new employees. All employees must sign the "Code of Conduct for Capital Financial Group Employees" on the first day and follow the ethical principle to execute various businesses.
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"> <li>• Group insurance such as labor insurance, health insurance, employee life insurance, accident insurance, accidental medical treatment and occupational insurance.</li> <li>• 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.</li> <li>• 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.</li> <li>• Formulate the "Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace".</li> <li>• Hold employee health checkup every three years and provide employees with preferential health checkup plans with health checkup centers.</li> <li>• 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.</li> <li>• The Company offers subsidies for employees' sports and entertainment club activities.</li> </ul>
Environment and Health	<ul style="list-style-type: none"> <li>• 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.</li> <li>• The Company cleans and disinfects the office environment regularly.</li> </ul>

Safety certificate	<ul style="list-style-type: none"> <li>Capital Financial Group has been certified by BSI's ISO 22301 Business Continuity Management. The purpose of this certification is to ensure that the Company can minimize any damages when it encounters sudden emergencies, so as to ensure personnel safety, legal compliance, customers' rights and interests, the Company's goodwill and assets, and make sure that operation of the Group's significant businesses may be resumed successively within a recovery time in order to maintain its operating.</li> </ul>
Personal data authentication	<ul style="list-style-type: none"> <li>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.</li> </ul>
Employee safety	<ul style="list-style-type: none"> <li>Access control management and security management monitoring system are implemented for all personnel and office.</li> <li>Ensure communication channel is established with the police security unit for alert to maintain work safety.</li> <li>The office environment is completely non-smoking in accordance with the Tobacco Hazards Prevention Act.</li> <li>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.</li> <li>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.</li> <li>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 Rules.</li> <li>The office environment inspection and verification report are carried out every six months.</li> </ul>
Fire Safety	<ul style="list-style-type: none"> <li>Fire drills are held regularly every year.</li> <li>Fire inspections are outsourced every year according to the provisions of the Fire Services Act.</li> </ul>
Insurance	The Company's business premises and branches are insured with commercial fire insurance, electronic equipment insurance, and public accident liability insurance.

## VI. ICT security management

### (I) ICT security management and implementation

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.

The Company established an Information Security Management Committee in 2023 to ensure the continued and effective operation of information security management system. Chief Security Officer makes coordination for information security-related matters. The Company established a Dedicated Information Security Unit, composed of 1 Dedicated Information Security Supervisor and 2 Information Security Persons, which is responsible for implementing information security policies and related systems on a dedicated basis, and regularly holds information meeting every month to discuss and track various information security-related matters, evaluates core operating systems and equipment every year to ensure continued operation and operational resilience, and

summarizes the overall implementation status of information security, and reports review and improvement status to the Board of Directors within three months after the end of a fiscal year, and issues an internal control system statement jointly with the chairman, president and audit supervisor.

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 regularly conducts daily, monthly and annual inspection on information security, including protection against distributed denial-of-service (DDoS) attack, protection against data disclosure, review on user's permission in the system, and remote backup drills, personnel evacuation drills, scanning of system vulnerability, penetration testing, information security, personal data security education and training, email-based social engineering drills, regular inspection and evaluation on key information systems, etc. 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. The Company implements risk assessment and management, classification of and control over assets, personnel security, physical and environmental security, network security management, management on computer system and operation security, and it evaluates information security upon its annual self-assessment on internal control system.

In 2023, information expenses (including capital expenditures, maintenance costs, and software and hardware equipment) reached NT\$160 million.

In 2023, the Company provided its employees with the education and training on the protection against social engineering attack, information security, protection of personal data and continued management on operation through its on-line teaching system, E-learning, for 1,958 person-times.

- (II) List the losses, possible impacts, and countermeasures from major ICT security incidents in the most recent year and up to the date of publication of the annual report. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

There was no loss to the Company caused by significant information security events in 2023.

## 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 Co., Ltd. SG Securities AUS Pty Ltd. NH Futures Ltd. Phillip Nova Pte. Ltd. StoneX Financial Pte. Ltd. Marex Financial	1997.04.16~Now 2004.06.15~Now 2011.05.04~Now 2014.01.22~Now 2016.12.21~Now 2019.07.01~Now 2023.06.12~Now 2023.07.31~Now	Re-consigned brokerage business	None
Settlement Contract for Foreign Futures Products	Phillip Nova Pte. Ltd. LMAX Global CMC UK Markets Plc SOCIETE GENERALE SA	2013.12.06~Now 2020.03.10~Now 2021.08.31~Now 2023.10.12~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		2019	2020	2021	2022	2023
Current assets		40,602,721	45,824,153	46,090,407	49,535,671	49,408,270
Property, plant and equipment		66,829	63,272	47,372	42,724	134,775
Intangible assets		82,235	79,546	70,581	61,640	59,972
Other assets		409,125	446,424	399,176	403,333	737,076
Total assets		41,160,910	46,413,395	46,607,536	50,043,368	49,340,093
Current liabilities	Before dividend distribution	36,092,258	39,973,101	40,294,097	43,205,487	42,077,086
	After dividend distribution	36,492,089	40,577,056	40,630,797	43,841,009	42,800,991
Non-Current liabilities		27,368	53,335	39,341	54,368	86,629
Total liabilities	Before dividend distribution	36,119,626	40,026,436	40,333,438	43,259,855	42,163,715
	After dividend distribution	36,519,457	40,630,391	40,670,138	43,895,377	42,887,620
Equity attributable to owners of parent		5,012,996	6,359,664	6,248,364	6,781,388	7,173,449
Share Capital		1,764,376	2,104,376	2,104,376	2,104,376	2,104,376
Capital surplus		1,047,338	1,873,996	1,663,621	1,663,251	1,663,251
Retained earnings	Before dividend distribution	2,246,703	2,468,329	2,596,173	3,043,848	3,418,234
	After dividend distribution	1,846,872	2,074,811	2,259,473	2,408,326	2,694,329
Other equity		(45,421)	(87,037)	(115,806)	(30,087)	(12,412)
Treasury stock		-	-	-	-	-
Non-con trolling interests		28,288	27,295	25,734	2,125	2,929
Total equity	Before dividend distribution	5,041,284	6,386,959	6,274,098	6,783,513	7,176,378
	After dividend distribution	4,641,453	5,783,004	5,937,398	6,147,991	6,452,473

\* 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 2023 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		2019	2020	2021	2022	2023
Current assets		38,683,882	43,978,617	43,681,868	45,996,498	44,754,505
Property, plant and equipment		57,721	50,864	36,558	36,012	129,958
Intangible assets		56,982	55,737	52,084	48,030	51,287
Other assets		1,356,566	1,344,646	1,209,236	1,344,751	1,589,267
Total assets		40,155,151	45,429,864	44,979,746	47,425,291	46,525,017
Current liabilities	Before dividend distribution	35,119,902	39,018,015	38,702,447	40,595,760	39,269,119
	After dividend distribution	35,519,733	39,621,970	39,039,147	41,231,282	39,993,024
Non-Current liabilities		22,253	52,185	28,935	48,143	82,449
Total liabilities	Before dividend distribution	35,142,155	39,070,200	38,731,382	40,643,903	39,351,568
	After dividend distribution	35,541,986	39,674,155	39,068,082	41,279,425	40,075,473
Equity attributable to owners of parent		5,012,996	6,359,664	6,248,364	6,781,388	7,173,449
Share Capital		1,764,376	2,104,376	2,104,376	2,104,376	2,104,376
Capital surplus		1,047,338	1,873,996	1,663,621	1,663,251	1,663,251
Retained earnings	Before dividend distribution	2,246,703	2,468,329	2,596,173	3,043,848	3,418,234
	After dividend distribution	1,846,872	2,074,811	2,259,473	2,408,326	2,694,329
Other equity		(45,421)	(87,037)	(115,806)	(30,087)	(12,412)
Treasury stock		-	-	-	-	-
Non-con trolling interests		-	-	-	-	-
Total equity	Before dividend distribution	5,012,996	6,359,664	6,248,364	6,781,388	7,173,449
	After dividend distribution	4,613,165	5,755,709	5,911,664	6,145,866	6,449,544

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

Note 2: Distribution of the profits of 2023 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	2019	2020	2021	2022	2023
Revenue	1,916,778	2,426,236	2,438,961	2,780,470	2,212,577
Gross profit	1,047,967	1,333,494	1,396,381	1,644,027	1,236,882
Operating income (loss)	177,662	371,097	420,195	488,688	70,934
Non-operating income and expenses	568,952	413,409	179,706	468,595	1,205,924
Net income before tax	746,614	784,506	599,901	957,283	1,276,858
Profit from continuing operations	599,676	622,344	489,323	781,353	1,011,052
Gain (loss) from discontinued operations	-	-	-	-	-
Net income	599,676	622,344	489,323	781,353	1,011,052
Current period other comprehensive income (post-tax profit or loss)	(19,776)	(43,496)	1,709	86,286	17,335
Total comprehensive income	579,900	578,848	491,032	867,639	1,028,387
Net income attributable to owners of the parent company	600,009	622,166	490,039	781,860	1,010,196
Net income attributable to non-controlling interests	(333)	178	(716)	(507)	856
Total comprehensive income attributable to owners of the parent company	580,792	579,841	492,593	867,965	1,027,583
Total comprehensive income attributable to non-controlling interests	(892)	(993)	(1,561)	(326)	804
Earnings per share (\$)	3.4	3.07	2.33	3.72	4.8

\* 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)				
	2019	2020	2021	2022	2023
Item					
Revenue	1,735,635	2,132,715	2,201,615	2,587,605	2,003,026
Gross profit	954,017	1,211,263	1,316,110	1,560,829	1,143,182
Operating income (loss)	238,920	399,831	462,733	502,519	101,066
Non-operating income and expenses	508,027	384,754	137,884	455,110	1,174,648
Net income before tax	746,947	784,585	600,617	957,629	1,275,714
Profit from continuing operations	600,009	622,166	490,039	781,860	1,010,196
Gain (loss) from discontinued operations	-	-	-	-	-
Net income	600,009	622,166	490,039	781,860	1,010,196
Current period other comprehensive income (post-tax profit or loss)	(19,217)	(42,325)	2,554	86,105	17,387
Total comprehensive income	580,792	579,841	492,593	867,965	1,027,583
Earnings per share (\$)	3.4	3.07	2.33	3.72	4.8

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
2023	KPMG	Wu, Cheng-Yen & Chen, Yi-Jen	Unqualified 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

## II. Five-year financial analysis

### (I) Financial analysis - IFRS

#### 1. Financial analysis - IFRS (Consolidated)

Analysis item (Note 4)		Five-year financial analysis				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt to assets ratio	87.75	86.24	86.54	86.44	85.46
	Ratio of long-term capital to property, plant and equipment	7,584.51	10,178.74	13,327.36	16,004.78	5,388.99
Solvency (%)	Current ratio	112.50	114.64	114.39	114.65	115.05
	Quick ratio	112.47	114.62	114.37	114.56	115.00
Profitability	Return on assets (%)	1.47	1.42	1.05	1.62	2.03
	Return on equity (%)	11.87	10.89	7.73	11.97	14.49
	Ratio of net profit before tax to the paid-in capital (%) (Note 8)	42.32	37.28	28.51	45.49	60.68
	Net profit margin (%)	31.29	25.65	20.06	28.10	45.70
	Earnings per share (\$)	3.40	3.07	2.33	3.72	4.80
Cash Flow	Cash flow ratio (%)	2.45	1.49	1.10	0.72	3.39
	Cash flow adequacy ratio (%)	132.08	134.44	135.04	123.85	130.14
	Cash re-investment ratio (%)	5.49	2.98	0.00	0.00	10.74
Special Regulation Rate	Shareholders' Equity to Adjusted Total Liabilities (%)	768	732	627	316	444
	Shareholders' Equity to Minimum Paid-Up Capital (%)	449.60	570.37	560.39	608.20	643.36
	Adjusted Net Capital to Guaranty Margins on Futures Traders Outstanding Position (%)	55.49	66.09	54.88	44.35	53.77

Reasons for fluctuation over 20% in the financial ratios over the last two years

1. There was a decrease in the ratio of current long-term capital to property, plant and equipment as compared with the previous period, which mainly caused by the increase in current office facilities.
2. The profitability of current period increased as compared with the previous period mainly due to the increase in the net profit of current period.
3. The cash flow ratio and cash re-investment ratio of the current period increased compared with the previous period, which was mainly due to the increase of net cash flow from operating activities in the current period.
4. The increase in the ratio of current shareholders' equity to adjusted total liabilities was mainly caused by the decrease in the current adjusted total liabilities.
5. The increase in the ratio of current adjusted net capital to guaranty margins on futures traders outstanding position was mainly caused by the increase in the current adjusted net capital.

\* 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)		Five-year financial analysis				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt to assets ratio	87.52	86.00	86.11	85.70	84.58
	Ratio of long-term capital to property, plant and equipment	8,723.43	12,605.87	17,170.79	18,964.60	5,583.26
Solvency (%)	Current ratio	110.15	112.71	112.87	113.30	113.97
	Quick ratio	110.14	112.71	112.86	113.22	113.96
Profitability	Return on assets (%)	1.50	1.45	1.08	1.69	2.15
	Return on equity (%)	11.95	10.94	7.77	12.00	14.48
	Ratio of net profit before tax to the paid-in capital (%) (Note 8)	42.33	37.28	28.54	45.51	60.62
	Net profit (%)	34.57	29.17	22.26	30.22	50.43
	Earnings per share (NT\$)	3.40	3.07	2.33	3.72	4.80
Cash Flow	Cash flow ratio (%)	2.05	1.77	1.86	0.36	3.51
	Cash flow adequacy ratio (%)	115.20	126.63	139.81	123.56	131.27
	Cash re-investment ratio (%)	2.37	4.46	1.83	0.00	10.19
Special Regulation Rate	Shareholders' Equity to Adjusted Total Liabilities (%)	768	732	627	316	444
	Shareholders' Equity to Minimum Paid-Up Capital (%)	449.60	570.37	560.39	608.20	643.36
	Adjusted Net Capital to Guaranty Margins on Futures Traders Outstanding Position (%)	55.49	66.09	54.88	44.35	53.77

Reasons for fluctuation over 20% in the financial ratios over the last two years

1. There was a decrease in the ratio of current long-term capital to property, plant and equipment as compared with the previous period, which mainly caused by the increase in current office facilities.
2. The profitability of current period increased as compared with the previous period mainly due to the increase in the net profit of current period.
3. The cash flow ratio and cash re-investment ratio of the current period increased compared with the previous period, which was mainly due to the increase of net cash flow from operating activities in the current period.
4. The increase in the ratio of current shareholders' equity to adjusted total liabilities was mainly caused by the decrease in the current adjusted total liabilities.
5. The increase in the ratio of current adjusted net capital to guaranty margins on futures traders outstanding position was mainly caused by the increase in the current adjusted net capital.

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 127 of this annual report for details.

**IV. The financial statements in the latest year:** Please refer to the appendix of this annual report.

**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.

**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 2023 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 “Chen, Yi-Jen”, 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 12, 2024

# 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	2023	2022	Difference	
		Total	Total	Amount	%
Current assets		44,754,505	45,996,498	(1,241,993)	(2.70)
Property and equipment		129,958	36,012	93,946	260.87
Other non-current assets		1,640,554	1,392,781	247,773	17.79
Current liabilities	Before dividend distribution	39,269,119	40,595,760	(1,326,641)	(3.27)
	After dividend distribution	39,993,024	41,231,282	(1,238,258)	(3.00)
Non-Current liabilities		82,449	48,143	34,306	71.26
Share Capital		2,104,376	2,104,376	-	-
Retained earnings	Before dividend distribution	3,418,234	3,043,848	374,386	12.30
	After dividend distribution	2,694,329	2,408,326	286,003	11.88
Total assets		46,525,017	47,425,291	(900,274)	(1.90)
Total liabilities	Before dividend distribution	39,351,568	40,643,903	(1,292,335)	(3.18)
	After dividend distribution	40,075,473	41,279,425	(1,203,952)	(2.92)
Total equity	Before dividend distribution	7,173,449	6,781,388	392,061	5.78
	After dividend distribution	6,449,544	6,145,866	303,678	4.94

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

1. Property and equipment: The current increase was mainly caused by the increase in office facilities.
2. Non-current liabilities: The current increase was mainly caused by the increase in lease liabilities.

## II. Analysis of operation results

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

Unit: NT\$ thousand

Item \ Year	2023	2022	Change amount	Change percentage
	Total	Total		(%)
Income	2,003,026	2,587,605	(584,579)	(22.59)
Operating expenses	1,901,960	2,085,086	(183,126)	(8.78)
Net operating income	101,066	502,519	(401,453)	(79.89)
Non-operating income and expenses	1,174,648	455,110	719,538	158.10
Net income before tax	1,275,714	957,629	318,085	33.22
Income tax	265,518	175,769	89,749	51.06
Net income	1,010,196	781,860	228,336	29.20

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

- Income and net operating income: There was a decrease in current period as compared with the previous period, which was mainly caused by the decrease in the brokerage fee revenue.
- 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	2023	2022	Increase (decrease) ratio
Cash flow ratio (%)	3.51	0.36	875
Cash flow adequacy ratio (%)	131.27	123.56	6.24
Cash re-investment ratio (%)	10.19	0	100

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

- The cash flow ratio and cash re-investment ratio of the current period increased: compared with the previous period, which was mainly due to the increase of net cash flow from operating activities in the 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
5,062,327	1,120,791	803,708	5,379,410	-	-

**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 current interest income of CSC Futures (HK) Ltd. increased significantly since interest rate entered rate hike cycle, resulting in continued increase in its current earnings. It also will develop customers and new products in the future.  
There was a decrease in the investment losses suffered by Capital International Technology Corp. in current period due to mitigation of the losses suffered by its investee. In addition to strengthening the development of investee's new system, it will continue to implement 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, climate 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 stable cash flow, and it does not borrow funds to the external, so there is no risk of changes in the interest rates for borrowing. Although interest rates stopped rising due to the slowdown of inflation in 2023, it is estimated that the Federal Reserve System may not begin to make decrease in interest rates until there is a significant slow-down of inflation, since excessively rapid decrease in interest rates may cause inflation to be resumed. In 2023, as impacted by interest rate hike, there was a significant increase in the Company's interest income, and its net interest income increased from NT\$409,651 thousand to NT\$1,100,337 thousand, with an increase of 168.60%.
    - (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 source of income is the transaction service fee for accepting orders from trading customers, among which the service fee income denominated in foreign currency is recognized as income at a fixed time in accordance with customer margin management regulations. In 2023, the Company suffered NT\$1,057 thousand of exchange losses due to reduced fluctuation of exchange rate in current year as compared with previous year.
  3. The impact incurred by inflation upon the Company and the future countermeasures

In 2023, the inflation problem in the United States was under control due to declining non-agricultural job insufficiency, a great number of labor force and slowed growth of salary. While, the inflation problem has not cause adverse impact on the Company yet in Taiwan due to stable economic, trade and labor participation conditions.
- (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 30 to 40 professional R&D and fintech persons in financial field, and it is expected to continue to invest about NT\$40 million to NT\$60 million of R&D expenses in the future, accounting for 1% to 3% 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, please refer to pages 114-115 of this annual report.
- (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 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 interests" and continue to serve the everyone. If corporate crisis is caused by any change in corporate image, the Company also has Compliance & Legal Department and Internal Auditing Department to provide professional consultation on possible threats.
- (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 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 the risks that may be caused by business/profit concentration
- (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, 2024:

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 liability for making compensation to her in the amount of NT\$2,798,313.	This case is now pending in the Taiwan Taipei District Court.	2019.04.08	2,798,313 (NT)

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

The annual risk-adjusted average daily net capital was 55.60%, with the highest of 66.58% and the lowest of 44.12%. 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.

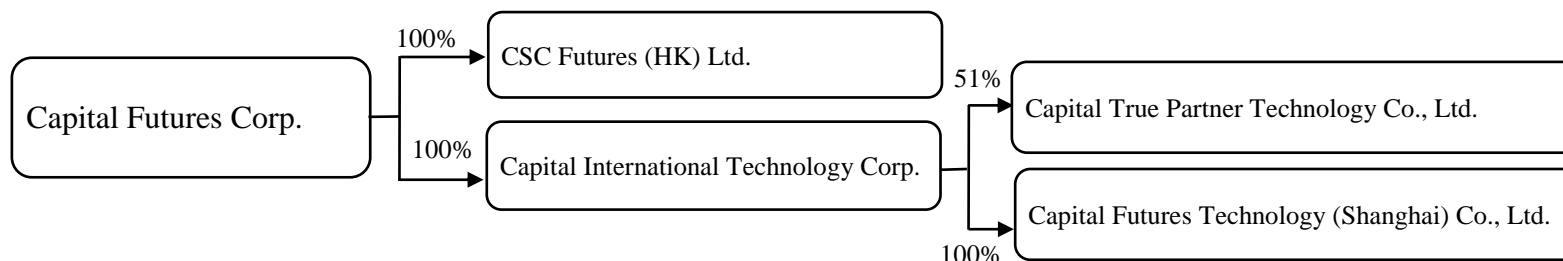
**VII. Other important matters: None.**

# Chapter VIII. Special Disclosures

## I. Summary of affiliated companies

(I) 2023 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, Sheung Wan, Hong Kong	HK\$220,000,000	Securities trading, futures contract trading
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 1708, 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; Shares %

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, 2024

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: Lee, Wen-Chu	0	0
	Director	Capital Futures Corp. Representative: Xie, Xiu-Ying	0	0
	Director	Capital Futures Corp. Representative: Chou, Hsien-Yang	0	0
	Director	Capital Futures Corp. Representative: Shi, Tian	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
	President	Mao, Jen-Hua	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
	President	Teng, Yi	0	0
Capital Futures Technology (Shanghai) Co., Ltd.	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**

Date of data: December 31, 2023 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	18,648	347	18,301	1,792	980	(8,048)	-1.61
CSC Futures (HK) Ltd.	875,750	9,246,204	8,210,892	1,035,312	325,140	(48,079)	79,386	0.36
Capital True Partner Technology (Chengdu) Co., Ltd.	5,013	15,288	9,309	5,979	33,459	1,529	1,747	1.75
Capital Futures Technology (Shanghai) Co., Ltd.	18,863	3,235	735	2,500	-	(5,229)	(5,157)	-1.29

Note: Exchange rate (December 31, 2023): Assets and liabilities: TWD: HKD = 3.899 : 1, Profit and Loss: TWD: HKD = 3.934: 1.

Assets and Liabilities: TWD: CNY = 4.302: 1, Profit and Loss: TWD: CNY = 4.368: 1.

- (II) Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises: Please refer to the appendix of this annual report.
- (III) Affiliation Reports: Please refer to pages 138-142 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.**

## Declaration

The Company's 2023 affiliation report (from January 1, 2023, to December 31, 2023) is based on the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", paid for the current fiscal 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 12, 2024



安侯建業聯合會計師事務所  
KPMG

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電話 Tel + 886 2 8101 6666  
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## CPA Review Opinion on Affiliation Report

Recipient: Capital Futures Corp.

The 2023 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-Cai-Zheng (6) Zi No. 04448 on November 30, 1999. This review is to determine whether the Report report of Capital Futures Corp. in 2023 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 12, 2024.

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-Cai-Zheng-Liu-Zi No.  
1060042577

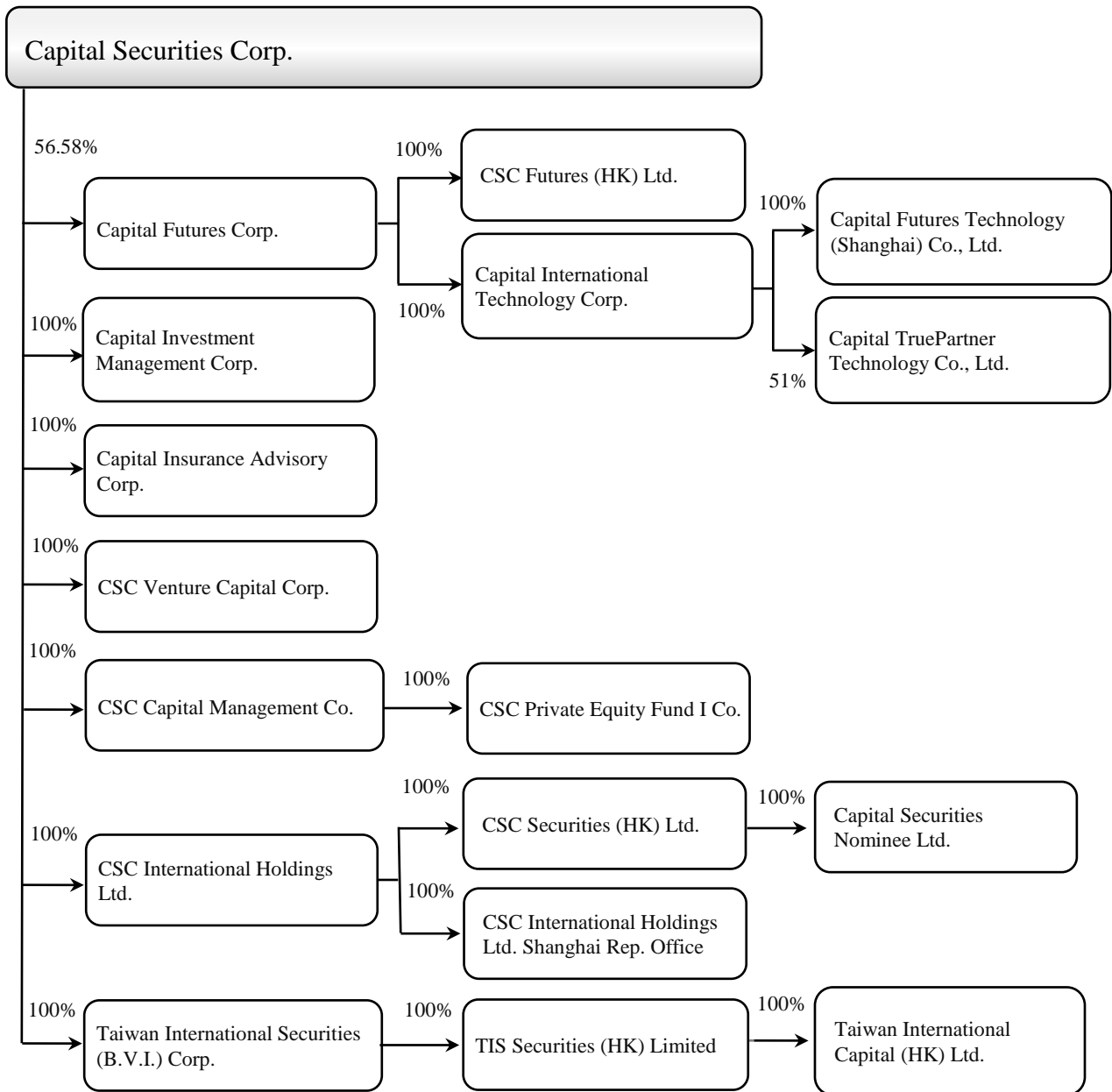
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Approval Certified Number      Jin-Guan-Zheng-Shen-Zi No.  
1100333824

March 12, 2024

**I. Information of affiliated businesses - Organization chart and shareholding structure of affiliated businesses (%)**

Date as of December 31, 2023



Note: 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: Lee, Wen-Chu 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	2023 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., Taipei City, R.O.C	2020.08.01~2023.07.31 2023.08.01~2026.07.31	Business lease	According to current market price	Monthly payment	No major discrepancy	17,315 (Note 1)	Normal	None

Note 1: It is the rental payment paid to Capital Securities Corp. The additional deposit is NT\$4,620 thousand.

**VII. Other significant business transactions:**

1. In 2023, the brokerage fee income of futures trading with Capital Securities Corp. was NT\$34,162 thousand, and on December 31, 2023, the interests of its futures traders were NT\$1,760,408 thousand, and interest expense on deposit guarantee for futures trading is NT\$35 thousand.
2. Accounts receivable (payable) to Capital Securities Corp. on December 31, 2023: accounts receivable of NT\$1,118 thousand, accounts payable of NT\$8,956 thousand, and other receivables of NT\$3,649 thousand and other payables of NT\$295 thousand.
3. In 2023, the interest income received from Capital Securities Corp. for the repurchase bond investment was NT\$713 thousand, and as of December 31, 2023, the Company has undertaken to invest NT\$31,426 thousand bonds with sell-back. The agreed sell-back date is January 12, 2024, and the agreed interest rate is 1%.
4. In 2023, a three-year lease contract was signed with Capital Securities Corp. for leasing office. As of December 31, 2023, the total effective contract value was NT\$53,141 thousand. The lease transaction was recognized as interest expense of NT\$455 thousand in 2023, and the balance of lease liabilities as of December 31, 2023 was NT\$44,521 thousand. In addition, as of December 31, 2023, the Guarantee deposits paid was NT\$4,620 thousand.
5. In 2023, a lease contract was signed with Capital Securities Corp. and a rental expense of NT\$ 904 thousand was recognized due to the application of short-term or low-value leases.
6. In 2023, he was entrusted as a securities introducing broker of Capital Securities Corp., and the securities commission income was NT\$12,761 thousand.
7. In 2023, NT\$123 thousand was collected from the interest income (interest on deposit and rent, etc.), and NT\$34 thousand from the interest income (securities lending), of Capital Securities Corp.
8. In 2023, Capital Securities Corp. was entrusted as a securities introducing broker paid for the current fiscal the commission paid was NT\$131,141 thousand.
9. In 2023, the computer information service fee paid to Capital Securities Corp. was NT\$53,440 thousand.
10. In 2023, the stock agency expenses paid to Capital Securities Corp. were NT\$659 thousand.
11. In 2023, the HR and legal service fees paid to Capital Securities Corp. were NT\$300 thousand.
12. In 2023, the handling fee for securities paid to Capital Securities Corp. was NT\$469 thousand.
13. In 2023, the discretionary business commission paid to Capital Securities Corp. was NT\$340 thousand.
14. In 2023, NT\$267 thousand of proprietary business service fee expenses were paid to Capital Securities Corp.
15. In 2023, the stationery printing expenses paid to Capital Securities Corp. were NT\$32 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, 2023 and 2022**

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

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

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## **Representation Letter**

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

Company name: Capital Futures Corporation

Chairman: Chia, Chung-Tao

Date: March 12, 2024



安侯建業聯合會計師事務所  
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## Independent Auditors' Report

To the Board of Directors of Capital Futures Corporation

### Opinion

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

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

### Basis for Opinion

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

### Key Audit Matters

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

Brokerage fee revenue recognized:

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

Explanation of key audit matters:

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

Audit procedures in response:

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

### **Other Matter**

Capital Futures Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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



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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Wu, Cheng-Yen and Chen, Yi-Jen.

KPMG

Taipei, Taiwan (Republic of China)

March 12, 2024

#### **Notes to Readers**

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

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

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

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

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

See accompanying notes to consolidated financial statements.

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

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

		2023		2022	
		Amount	%	Amount	%
<b>Income:</b>					
401000	Brokerage fee revenue (Note 6(m))	\$ 1,631,578	74	1,996,416	72
410000	Net gains (losses) on sale of trading securities	(126,081)	(6)	(7,830)	-
421300	Dividend revenue	134,420	6	4,589	-
421500	Net gains (losses) on measurement of trading securities at fair value through profit or loss	21,397	1	1,006	-
421600	Net gains (losses) on covering of borrowed securities and bonds with resale agreements-short sales	(78,525)	(4)	11,210	-
421610	Net gains (losses) on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss	(18,733)	(1)	19,315	1
424100	Futures commission revenue (Note 6(m))	301,191	14	310,640	11
424200	Securities commission revenue	14,199	1	14,304	1
424400	Net gains (losses) on derivative instruments- futures (Note 6(m))	209,477	9	223,939	8
424500	Net gains (losses) on derivative instruments - OTC (Note 6(m))	102,359	5	169,949	6
424800	Management fee revenue	3,377	-	685	-
424900	Consulting fee revenue	6,418	-	13,916	-
428000	Other operating revenue	11,500	1	22,331	1
		<u>2,212,577</u>	<u>100</u>	<u>2,780,470</u>	<u>100</u>
<b>Expenses:</b>					
501000	Brokerage fees	316,731	14	329,139	12
502000	Brokerage fees - proprietary trading	6,889	-	13,031	1
521200	Financial costs	43,838	2	17,489	1
521640	Loss from securities borrowing transactions	8	-	190	-
425300	Expected credit impairment losses and reversal gains (Note 6(n))	(248)	-	473	-
524100	Futures commission expenses (Note 6(m))	434,874	20	560,957	20
524300	Clearing and settlement expenses	167,457	8	207,540	7
528000	Other operating expenditure	6,146	-	7,624	-
531000	Employee benefit expenses (Note 6(m))	638,366	29	602,909	22
532000	Depreciation and amortization expenses (Note 6(m))	63,172	3	61,714	2
533000	Other operating expenses (Note 6(m))	464,410	21	490,716	18
		<u>2,141,643</u>	<u>97</u>	<u>2,291,782</u>	<u>83</u>
	<b>Net operating income</b>	<u>70,934</u>	<u>3</u>	<u>488,688</u>	<u>17</u>
<b>Non-operating income and expenses:</b>					
602000	Other gains and losses (Note 6(m))	1,205,924	55	468,595	17
		<u>1,205,924</u>	<u>55</u>	<u>468,595</u>	<u>17</u>
902001	<b>Net income before income tax</b>	1,276,858	58	957,283	34
701000	<b>Less: Income tax expenses (Note 6(j))</b>	265,806	12	175,930	6
	<b>Net income</b>	<u>1,011,052</u>	<u>46</u>	<u>781,353</u>	<u>28</u>
<b>Other comprehensive income:</b>					
805500	<b>Components that may not be reclassified subsequently to profit or loss:</b>				
805510	Actuarial gain (loss) on defined benefit plans (Note 6(i))	(934)	-	2,515	-
805540	Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income	21,355	1	(11,175)	-
805599	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	<b>Subtotal of components that may not be reclassified subsequently into profit or loss</b>	<u>20,421</u>	<u>1</u>	<u>(8,660)</u>	<u>-</u>
805600	<b>Components that may be reclassified subsequently to profit or loss:</b>				
805610	Exchange differences on translation of foreign operations	(3,086)	-	94,946	3
805699	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	<b>Subtotal of components that may be reclassified subsequently to profit or loss</b>	<u>(3,086)</u>	<u>-</u>	<u>94,946</u>	<u>3</u>
805000	<b>Other comprehensive income</b>	<u>17,335</u>	<u>1</u>	<u>86,286</u>	<u>3</u>
902006	<b>Total comprehensive income</b>	<u>\$ 1,028,387</u>	<u>47</u>	<u>867,639</u>	<u>31</u>
<b>Net income attributable to:</b>					
913100	Shareholders of the parent	\$ 1,010,196	46	781,860	28
913200	Non-controlling interests	856	-	(507)	-
		<u>\$ 1,011,052</u>	<u>46</u>	<u>781,353</u>	<u>28</u>
<b>Comprehensive income attributable to:</b>					
914100	Shareholders of the parent	\$ 1,027,583	47	867,965	31
914200	Non-controlling interests	804	-	(326)	-
		<u>\$ 1,028,387</u>	<u>47</u>	<u>867,639</u>	<u>31</u>
975000	<b>Basic earnings per share (NT dollars) (Note 6(l))</b>	<u>\$ 4.80</u>		<u>3.72</u>	
985000	<b>Diluted earnings per share (NT dollars) (Note 6(l))</b>	<u>\$ 4.79</u>		<u>3.71</u>	

See accompanying notes to consolidated financial statements.

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

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES****Consolidated Statements of Changes in Equity****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent											
	Stock		Retained earnings				Other equity				Non-controlling interests	Total equity
	Common stocks	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Equity related to non-current assets classified as held for sale	Total equity attributable to owners of parent			
<b>Balance at January 1, 2022</b>	\$ 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)	
<b>Balance at December 31, 2022</b>	2,104,376	1,663,251	678,939	1,579,617	785,292	(23,060)	(7,027)	-	6,781,388	2,125	6,783,513	
Net income for the year ended December 31, 2023	-	-	-	-	1,010,196	-	-	-	1,010,196	856	1,011,052	
Other comprehensive income	-	-	-	-	(934)	(3,034)	21,355	-	17,387	(52)	17,335	
Total comprehensive income	-	-	-	-	1,009,262	(3,034)	21,355	-	1,027,583	804	1,028,387	
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	78,438	-	(78,438)	-	-	-	-	-	-	
Special reserve	-	-	-	156,874	(156,874)	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(635,522)	-	-	-	(635,522)	-	(635,522)	
Reversal of special reserve for the contra equity account	-	-	-	(85,719)	85,719	-	-	-	-	-	-	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	646	-	(646)	-	-	-	-	
<b>Balance at December 31, 2023</b>	\$ 2,104,376	1,663,251	757,377	1,650,772	1,010,085	(26,094)	13,682	-	7,173,449	2,929	7,176,378	

See accompanying notes to consolidated financial statements.

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

## CAPITAL FUTURES CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

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

See accompanying notes to consolidated financial statements.

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

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**For the years ended December 31, 2023 and 2022**

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

**(1) Company history**

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

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

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

The consolidated financial statements were authorized for issuance by the Board of Directors on March 12, 2024.

**(3) New standards, amendments and interpretations adopted:**

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

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

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

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

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

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

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

**(4) Summary of material accounting policies:**

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

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, the related rules of Preparing Financial Reports of Managed Futures Enterprises, the Regulations Governing the Preparation of Financial Reports by Securities Firms and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(b) Basis of preparation

(i) Basis of measurement

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

- 1) Financial assets at fair value through profit or loss are measured at fair value (including derivative instruments);
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liabilities (assets) are measured as the fair value of the plan assets less the present value of the defined benefit obligation, and the upper limit of the number of effects mentioned in (Note 4(p))(ii) stated.

(ii) Functional and presentation currency

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

(c) Basis of consolidation

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

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

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

(ii) List of subsidiaries in the consolidated financial statements

Subsidiaries included in the consolidated financial report are as follows:

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

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

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(d) Foreign currency

(i) Foreign currency transaction

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

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

(ii) Foreign operations

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

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

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

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

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

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

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

An entity shall classify a liability as current when:

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

(f) Cash and cash equivalents

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

(g) Financial instruments

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

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

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

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

3) Fair value through profit or loss (FVTPL)

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

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

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

4) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

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

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

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

5) Derecognition of financial assets

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

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

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Financial liabilities

1) Financial liabilities

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

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

2) Derecognition of financial liabilities

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

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

3) Offsetting of financial assets and liabilities

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

(iii) Non-hedging derivative financial instruments

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

(h) Securities under agreements

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

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(i) Securities borrowing transactions

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

(j) Customers margin accounts and future traders' equity

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

(k) Property and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent cost

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

(iii) Depreciation

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

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

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

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

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

(l) Leases

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

As a lessee

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

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

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

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

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

(Continued)



**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

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

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

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

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

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

(m) Intangible assets

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

(n) Revenue recognition

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

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(o) Impairment of non financial assets

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

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

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

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

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

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

(p) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

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

(iii) Termination benefits

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

(iv) Short term employee benefits

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

(q) Income tax

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

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

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

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

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

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

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

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

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

(r) Earnings per share (“EPS”)

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

(s) Segment information

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

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

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

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

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

Impairment of goodwill

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

**(6) Explanation of significant accounts:**

(a) Cash and cash equivalents

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

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

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

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

If there is an increase in the securities price of 1% on the reporting date (assume that all other variables remained constantly), the impact on after-tax comprehensive income for the years ended December 31, 2023 and 2022, will increase \$3,835 and \$539, respectively. Conversely, if there is a decrease in the securities price of 1% on the reporting date based on all other variables remained constantly, there will be the same amount but opposite direction of influence.

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

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

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

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

During the year ended December 31, 2023 and 2022, due to the consideration of asset allocation and managing and adjusting the investment portfolio, the Group sold shares of stocks for a fair value \$36,610 and \$0, respectively, and cumulative dispose gains for the year ended December 31, 2023 and 2022, amounted to \$646 and \$0, respectively, were transferred from other equity items to retained earnings.

(iii) Bonds purchased under resale agreements

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

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

Equity instruments at fair value through other comprehensive income:

<u>Investee Company</u>	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Ownership ratio</u>	<u>Amount</u>	<u>Ownership ratio</u>	<u>Amount</u>
Taiwan Futures Exchange Co., Ltd	0.0042 %	\$ 1,504	0.0042 %	1,263
CME Group	0.0056 %	<u>129,329</u>	-	-
Total		<u>\$ 130,833</u>		<u>1,263</u>

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

During the year ended December 31, 2023 and 2022, the dividends of \$3,794 and \$56, related to equity investments at fair value through other comprehensive income held on December 31, 2023 and 2022, respectively, were recognized. No strategic investments were disposed of during the year ended December 31, 2023 and 2022, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

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

(c) Property and equipment

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

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

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
Balance at January 1, 2022	\$ 76,661	9,225	85,886
Depreciation	24,097	3,193	27,290
Scrap	(6,850)	(6,634)	(13,484)
Effect of exchange rate changes	3,461	75	3,536
Balance at December 31, 2022	<u>\$ 97,369</u>	<u>5,859</u>	<u>103,228</u>
<b>Carrying amounts:</b>			
Balance at December 31, 2023	<u>\$ 126,010</u>	<u>8,765</u>	<u>134,775</u>
Balance at December 31, 2022	<u>\$ 37,451</u>	<u>5,273</u>	<u>42,724</u>

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

(d) Right-of-use assets

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

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

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>Buildings</u>	<u>Equipment</u>	<u>Total</u>
Balance at January 1, 2022	\$ 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>
<b>Carrying amounts:</b>			
Balance at December 31, 2023	<u>\$ 83,979</u>	<u>5,403</u>	<u>89,382</u>
Balance at December 31, 2022	<u>\$ 32,790</u>	<u>4,158</u>	<u>36,948</u>

(e) Customers margin accounts/futures traders' equity

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

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

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (f) Receivable - futures margin

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

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

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

## (g) Intangible assets

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

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

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

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

2. The Group recognized an impairment loss of \$4,627 and \$4,802 for the years ended December 31, 2023 and 2022, by using the discount rate of 4.20% and 4.30% on the basis of the future recoverable amount of sub-subsidiary from Mainland China.

(h) Lease liabilities

The Group's lease liabilities were as follows:

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

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

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The amounts recognized in profit or loss were as follows :

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

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

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

(i) Real estate leases

The Group leases buildings for its office space. The leases of office space typically run for 1 to 5 years.

(ii) Other leases

The Group leases equipment with contract terms of 1 to 5 years.

(i) Employee benefits

(i) Defined benefit plans

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

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

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

1) Composition of plan assets

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

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

2) Movements in present value of defined benefit obligation

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

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

3) Movements in fair value of defined benefit plan assets

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

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

4) Expense recognized in profit or loss

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

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

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

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

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

- 6) Actuarial assumptions

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

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

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

- 7) Sensitivity Analysis

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

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

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

(Continued)

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

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

(ii) Defined contribution plans

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

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

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

(j) Income taxes

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

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

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

The tax rates of reinvestment business of subsidiaries including Capital True Partner Technology Co., Ltd. and Capital Futures Technology (Shanghai) Co., Ltd. founded in Mainland China are both 25% for the years ended December 31, 2023 and 2022.

(ii) Income tax expense

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

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

(Continued)



**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

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

(iii) Deferred tax assets and liabilities

1) Unrecognized deferred income tax liabilities

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

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

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

2) Unrecognized deferred income tax assets

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

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

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

3) Recognized deferred income tax liabilities

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

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

(iv) Income tax assessment status

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

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

(k) Capital and other equity

(i) Common stock

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

(ii) Capital surplus

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

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

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

(iii) Retained earnings

1) Legal reserve

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

2) Special reserve

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

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

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

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

3) Undistributed earnings

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

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

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

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

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

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

(l) Earnings per share

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

(i) Basic earnings per share

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

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Diluted earnings per share

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

(m) Items of the statements of comprehensive income

(i) Brokerage fee revenue

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

(ii) Futures commission revenue

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

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

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Net gains (losses) on derivative instruments

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

(iv) Futures commission expenses

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<u>          </u>	<u>          </u>
Re-consigned futures trading	\$ 225,574	278,395
Futures introducing broker business	134,182	189,349
Commission expenses - CSC Futures (HK) Ltd.	<u>75,118</u>	<u>93,213</u>
	<b><u>\$ 434,874</u></b>	<b><u>560,957</u></b>

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(v) Employee benefit, depreciation and amortization expenses

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Employee benefit expenses		
Salary expense	\$ 547,764	521,308
Labor and health insurance expense	32,851	29,886
Pension expense	16,122	14,754
Director remuneration	31,667	27,012
Others	9,962	9,949
Depreciation expense	57,558	55,078
Amortization expense	5,614	6,636
	<b>\$ 701,538</b>	<b>664,623</b>

(vi) Other operating expenses

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

(vii) Other gains and losses

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

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(viii) Remuneration to employees and directors

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

For the year ended December 31, 2023 and 2022, the estimated amounts of remuneration to employee were \$14,749 and \$11,473, and to directors by the Company were \$14,749 and \$11,473, respectively, which were calculated based on the Company's net profit before income tax and remuneration to employees and directors multiple the earnings allocation percentage as specified in the Company's articles. It was recognized as operating expense for the years ended December 31, 2023 and 2022. If the actual distribution amount differs from the estimated amount in the following year, the difference is treated as a change in accounting estimate and recognized as profit or loss in the following year. The difference is recognized as profit or loss in the following year. If the Board of Directors resolved to distribute the employees' remuneration in the form of shares, the number of shares of the distribution is based on the closing price of the day before the Board of Directors' meeting date.

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

(n) Financial Instruments

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

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

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

3) Impairment losses

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

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

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

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

4) Credit risk of receivables

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

<b>For the years ended December 31, 2023</b>						
	<b>12-month ECL</b>	<b>Lifetime ECL-not credit impaired</b>	<b>Lifetime ECL - credit impaired</b>			<b>Total</b>
			<b>Accounts receivable</b>	<b>Receivable- futures margin</b>	<b>Other receivables</b>	
Balance on January 1	\$ -	-	-	6,756	-	6,756
Impairment losses (reversal of impairment losses)	-	-	51	(299)	-	(248)
Amounts written off	-	-	(51)	-	-	(51)
Balance on December 31	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>6,457</u>	<u>-</u>	<u>6,457</u>
<b>For the years ended December 31, 2022</b>						
	<b>12-month ECL</b>	<b>Lifetime ECL-not credit impaired</b>	<b>Lifetime ECL - credit impaired</b>			<b>Total</b>
			<b>Accounts receivable</b>	<b>Receivable- futures margin</b>	<b>Other receivables</b>	
Balance on January 1	\$ -	-	-	7,020	-	7,020
Impairment losses (reversal of impairment losses)	-	-	737	(264)	-	473
Amounts written off	-	-	(737)	-	-	(737)
Balance on December 31	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>6,756</u>	<u>-</u>	<u>6,756</u>

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contract cash flow</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 year</u>	<u>2-5 year</u>	<u>More than 5 year</u>
<b>December 31, 2023</b>							
Financial liabilities at fair value through profit or loss	\$ 226,781	226,781	226,781	-	-	-	-
Futures traders' equity	40,522,584	40,522,584	40,522,584	-	-	-	-
Leverage contract trading- customers' equity	733,533	733,533	733,533	-	-	-	-
Accounts payable	125,630	125,630	125,630	-	-	-	-
Receipts under custody	4,992	4,992	4,992	-	-	-	-
Other payables	218,981	218,981	218,981	-	-	-	-
Lease liabilities	<u>89,500</u>	<u>92,897</u>	<u>17,811</u>	<u>16,973</u>	<u>29,804</u>	<u>28,309</u>	<u>-</u>
	<u>\$ 41,922,001</u>	<u>41,925,398</u>	<u>41,850,312</u>	<u>16,973</u>	<u>29,804</u>	<u>28,309</u>	<u>-</u>
<b>December 31, 2022</b>							
Financial liabilities at fair value through profit or loss	\$ 844,885	844,885	844,885	-	-	-	-
Futures traders' equity	41,087,125	41,087,125	41,087,125	-	-	-	-
Leverage contract trading- customers' equity	849,887	849,887	849,887	-	-	-	-
Accounts payable	65,110	65,110	65,110	-	-	-	-
Receipts under custody	5,196	5,196	5,196	-	-	-	-
Other payables	227,715	227,715	227,715	-	-	-	-
Lease liabilities	<u>37,156</u>	<u>38,555</u>	<u>14,448</u>	<u>7,246</u>	<u>9,186</u>	<u>7,675</u>	<u>-</u>
	<u>\$ 43,117,074</u>	<u>43,118,473</u>	<u>43,094,366</u>	<u>7,246</u>	<u>9,186</u>	<u>7,675</u>	<u>-</u>

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Currency risk

1) Exposure to foreign currency risk

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

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

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**Notes to the Consolidated Financial Statements**

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

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

December 31, 2022			
	Foreign currency (dollar)	Exchange rate	Thousands of New Taiwan Dollars
<b><u>Financial assets</u></b>			
<b><u>Monetary items</u></b>			
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
<b><u>Non-monetary items</u></b>			
USD	9,307,738.03	30.7100	285,841
JPY	1,187,954.00	0.2324	276
AUD	2,471.66	20.8300	51
NZD	4,904.05	19.4400	95
ZAR	169,089.77	1.8100	306

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

December 31, 2022			
	Foreign currency (dollar)	Exchange rate	Thousands of New Taiwan Dollars
<b><u>Financial liabilities</u></b>			
<b><u>Monetary items</u></b>			
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
<b><u>Non-monetary items</u></b>			
USD	660,112.48	30.7100	20,272
CAD	2,514.08	22.6700	57
GBP	3,118.21	37.0900	116
CNY	2,093,312.79	4.4080	9,227
SGD	161.20	22.8800	4
CHF	28,668.74	33.2100	952

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

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Sensitivity analysis

The currency risk of the Group arises mainly from cash and cash equivalents, customers' margin accounts, financial assets at fair value through profit or loss and futures traders' equity, which are denominated in foreign currency. Foreign exchange gain or loss occurs as foreign currency was translated to TWD currency. For the years ended December 31, 2023 and 2022, with all other variable factors remain constant, a strengthening (weakening) 1% of the TWD against the above major foreign currency, would cause after-tax comprehensive income result in a decrease or an increase by \$2,584 and \$3,867, respectively. The analytical basis was the same in both years.

(iv) Analysis in interest rates

For the years ended December 31, 2023 and 2022, with all other variable factors remain constant, when the interest rate increases or decreases by 100 basis points, would cause after-tax comprehensive income result in an increase or a decrease by \$6,884 and \$6,962. This is mainly due to the Group's time deposits in variable rate, guarantee deposited for business operations in variable rate and settlement fund in variable rate.

(v) Fair value and hierarchy information

1) Fair value information

a) General description

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

b) Definition of fair value hierarchy

i) Level 1

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

ii) Level 2

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

iii) Level 3

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

(Continued)



**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Based on fair value measurement

a) Hierarchy information of fair value

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

<u>Assets and Liabilities items</u>	<u>December 31, 2023</u>			
	<u>Total</u>	<u>Public quote of the same financial instrument in an active market (Level 1)</u>	<u>Observable price except public quote in an active market (Level 2)</u>	<u>Based neither on direct market data nor from the counter party (Level 3)</u>
<b><u>Fair value evaluated on a recurring basis</u></b>				
<u>Non derivative assets and liabilities</u>				
Assets:				
Financial assets at fair value through profit or loss				
Beneficiary certificate	\$ 83,920	83,920	-	-
Stock investment	299,558	299,558	-	-
Financial assets at fair value through other comprehensive income	144,076	142,572	-	1,504
Liabilities:				
Financial liabilities at fair value through profit or loss	129,211	129,211	-	-
<u>Derivative assets and liabilities</u>				
Assets:				
Financial assets at fair value through profit or loss	\$ 448,520	281,959	166,561	-
Liabilities:				
Financial liabilities at fair value through profit or loss	97,570	82,162	15,408	-

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>Assets and Liabilities items</u>	<u>December 31, 2022</u>			
	<u>Total</u>	<u>Public quote of the same financial instrument in an active market (Level 1)</u>	<u>Observable price except public quote in an active market (Level 2)</u>	<u>Based neither on direct market data nor from the counter party (Level 3)</u>
<b><u>Fair value evaluated on a recurring basis</u></b>				
<u>Non derivative assets and liabilities</u>				
Assets:				
Financial assets at fair value through profit or loss				
Beneficiary certificate	\$ 35,096	35,096	-	-
Stock investment	18,829	18,829	-	-
Financial assets at fair value through other comprehensive income	44,949	43,686	-	1,263
Liabilities:				
Financial liabilities at fair value through profit or loss	685,371	685,371	-	-
<u>Derivative assets and liabilities</u>				
Assets:				
Financial assets at fair value through profit or loss	\$ 520,866	301,097	219,769	-
Liabilities:				
Financial liabilities at fair value through profit or loss	159,514	128,886	30,628	-

b) Valuation techniques

i) Non-derivative financial instruments

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

ii) Derivative financial instruments

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

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

iii) Transfer between Level 1 and Level 2

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

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

(In Thousands Dollars)

Item	For the years ended December 31, 2023							Ending Balance
	Beginning Balance	Gains and losses on valuation		Addition		Reduction		
		Amount recognized in profit or loss	Amount recognized in comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3	
Financial assets at fair value through other comprehensive income	\$ 1,263	-	241	-	-	-	-	1,504

Item	For the years ended December 31, 2022							Ending Balance
	Beginning Balance	Gains and losses on valuation		Addition		Reduction		
		Amount recognized in profit or loss	Amount recognized in comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3	
Financial assets at fair value through other comprehensive income	\$ 1,581	-	(318)	-	-	-	-	1,263

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

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

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

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

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

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

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

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

- c) Financial instruments not measured at fair value

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

- (o) Financial risk management

- (i) General description

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

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

(Continued)

## **CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

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

(ii) Risk management structure

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

(iii) Credit risk

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

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

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

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

(iv) Liquidity risk

Liquidity risks are market liquidity risk and capital liquidity risk

1) Market liquidity risk:

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

2) Capital liquidity risk:

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

Liquidity risk management of the Group includes :

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

(v) Market risk

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

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

Quantitative Measurement on Market Risk was as follows:

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

(p) Capital management

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

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

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(q) Financing activities not affecting current cash flow

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

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

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

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

**(7) Related-party transactions:**

(a) Parent company and ultimate controlling party

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

(b) Names of related parties and their relationship with related parties

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

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

(Continued)



**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Key management personnel compensation

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 116,797	82,140
Post-employment benefits	1,290	1,057
Total	<b>\$ 118,087</b>	<b>83,197</b>

(d) Significant transactions with related parties

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

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

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.

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

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Accounts payable and receivable:

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

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

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

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

(iii) Bonds purchased under resale agreements

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

	December 31, 2023	December 31, 2022
Bonds purchased under resale agreements	\$ 31,426	43,166
Resale price under the agreements	\$ 31,450	43,190
Interest rates	1.00%	0.77%
Date of repurchase	2024.01.12	2023.01.03~2023.01.13
	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Interest income	\$ 713	395

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iv) Leases

The Group signed three-year lease contracts and rented the office from Capital Securities Corporation. As of December 31, 2023 and 2022, the total value of effective contracts were all \$53,289. For the year ended December 31, 2023 and 2022, the Group recognized the amount of \$457 and \$208 as interest expense. As of December 31, 2023 and 2022, lease liabilities amounted to \$44,644 and \$10,326, respectively, and refundable deposits were all amounted to \$4,633.

The Group signed five-year and three-month lease contracts and rented the office from Fu Tai Construction Corporation. As of December 31, 2023 and 2022, the total value of effective contracts were \$24,090 and \$0, respectively. For the year ended December 31, 2023 and 2022, the Group recognized the amount of \$249 and \$0 as interest expense. As of December 31, 2023 and 2022, lease liabilities amounted to \$20,283 and \$0, respectively, and refundable deposits were amounted to \$1,165 and \$0.

The Group signed one-year lease contracts and rented the office from CSC International Holdings Ltd. As of December 31, 2023 and 2022, the total value of effective contracts were all \$552 (CNY\$127 thousands). For the year ended December 31, 2023 and 2022, the Group all recognized the amount of \$0 as interest expense. As of December 31, 2023 and 2022, lease liabilities were amounted to \$228 and \$232, respectively, and refundable deposits were amounted to \$137 and \$140.

(v) Rental expenses

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

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

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

(vi) Securities commission income

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

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

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

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

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

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

(ix) Commission cost

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

(x) Information technology expenses

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

(xi) Stock service fees

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

(xii) Human resource and legal service fees

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

(xiii) Securities transaction fees

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

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(xiv) Discretionary service commission fees

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

(xv) Brokerage fees - proprietary trading

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

(xvi) Management service fees

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

(xvii) Stationery and printing fees

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

(xviii) Consulting fees

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

**(8) Pledged assets:None.**

**(9) Significant commitments and contingencies:**

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

**(10) Losses due to major disasters:None.**

**(11) Significant subsequent events:None.**

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**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(12) Derivative instrument transactions:**

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

**December 31, 2023**

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/Short	Number of contracts			
Futures contract:						
	TAIEX Futures	Long	445	\$ 1,586,880	1,590,217	
	TAIEX Futures	Short	16	(57,010)	(57,152)	
	Mini Taiex Futures	Long	362	322,557	323,224	
	Mini Taiex Futures	Short	60	(52,593)	(53,542)	
	Electronic Sector Index Futures	Long	2	7,038	7,135	
	Financial Insurance Index Futures	Long	3	5,163	5,158	
	NTD Gold Futures	Short	1	(770)	(767)	
	Taiwan Stock Futures	Long	1,630	309,347	311,055	
	Taiwan Stock Futures	Short	3,547	(417,206)	(427,330)	
	US Dollar Index Futures	Short	48	(149,950)	(148,901)	
	Mini Taiex Weekly Futures	Long	332	295,916	297,006	
	Mini Financial Futures	Short	4	(1,719)	(1,719)	
	CME BTC	Short	7	(47,168)	(45,270)	
	CME MBT	Short	5	(674)	(647)	
	Subtotal			<u>1,799,811</u>		

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**December 31, 2023**

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/Short	Number of contracts			
Options contract:						
	Stock Options (Call)	Long	36	\$ 150	193	
	Stock Options (Call)	Short	103	(667)	(717)	
	Stock Options (Put)	Short	31	(249)	(224)	
	Stock Options (Put)	Long	89	372	368	
	TAIEX Options (Call)	Long	3,363	112,684	125,734	
	TAIEX Options (Call)	Short	4,635	(48,055)	(64,308)	
	TAIEX Options (Put)	Long	6,936	83,712	64,039	
	TAIEX Options (Put)	Short	4,185	(17,811)	(11,508)	
	TAIEX Weekly Options (Call)	Long	1,283	2,054	2,087	
	TAIEX Weekly Options (Call)	Short	1,138	(3,905)	(3,855)	
	TAIEX Weekly Options (Put)	Long	1,415	2,141	1,730	
	TAIEX Weekly Options (Put)	Short	643	(1,328)	(1,120)	
	Electronic Sector Index Options (Call)	Short	20	(171)	(273)	
	Financial Insurance Index Options (Call)	Long	22	51	36	
	Financial Insurance Index Options (Call)	Short	27	(60)	(113)	
	Financial Insurance Index Options (Put)	Long	25	54	9	
	Financial Insurance Index Options (Put)	Short	10	(16)	(1)	
	Gold Options (Call)	Short	11	(51)	(9)	
	Gold Options (Put)	Short	10	(25)	(34)	
	Subtotal			<u>128,880</u>		
Total				<u>\$ 1,928,691</u>		

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**December 31, 2022**

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/Short	Number of contracts			
Futures contract:						
	TAIEX Futures	Long	12	\$ 33,584	33,469	
	TAIEX Futures	Short	64	(180,858)	(180,624)	
	Mini Taiex Futures	Long	35	24,538	24,396	
	Mini Taiex Futures	Short	345	(244,333)	(243,213)	
	Electronic Sector Index Futures	Short	7	(18,045)	(18,025)	
	Financial Insurance Index Futures	Short	3	(4,492)	(4,483)	
	NTD Gold Futures	Short	4	(2,667)	(2,712)	
	Taiwan Stock Futures	Long	6,944	660,461	633,265	
	Taiwan Stock Futures	Short	20	(5,846)	(5,869)	
	US Dollar Index Futures	Short	14	(44,641)	(44,399)	
	Mini Taiex Weekly Futures	Long	51	36,157	36,096	
	Mini Financial Futures	Short	20	(7,415)	(7,472)	
	Mini Electronic Futures	Long	56	18,042	18,025	
	E-Mini S&P 500 Futures	Short	125	(73,669)	(74,107)	
	E-Mini Nasdaq 100 Futures	Short	12	(8,583)	(8,124)	
	Nikkei 225 Index Futures	Short	10	(39,897)	(39,570)	
	Mini Oil Futures	Long	14	17,161	17,265	
	E-Mini Russell 2000 Index Futures	Short	10	(27,085)	(27,192)	
	Soybean Futures	Long	10	23,380	23,401	
	Subtotal			<u>155,792</u>		

(Continued)



**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**December 31, 2022**

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/Short	Number of contracts			
Options contract:						
	Stock Options (Call)	Long	49	\$ 455	455	
	Stock Options (Call)	Short	44	(385)	(425)	
	Stock Options (Put)	Short	31	(374)	(244)	
	Stock Options (Put)	Long	35	572	446	
	TAIEX Options (Call)	Long	6,775	41,960	34,353	
	TAIEX Options (Call)	Short	5,361	(50,773)	(48,719)	
	TAIEX Options (Put)	Long	6,546	50,874	43,912	
	TAIEX Options (Put)	Short	6,458	(67,257)	(61,088)	
	TAIEX Weekly Options (Call)	Long	2,709	5,010	4,333	
	TAIEX Weekly Options (Call)	Short	2,339	(9,953)	(9,614)	
	TAIEX Weekly Options (Put)	Long	3,532	5,282	5,303	
	TAIEX Weekly Options (Put)	Short	2,539	(7,542)	(8,555)	
	Electronic Sector Index Options (Call)	Long	3	17	5	
	Electronic Sector Index Options (Call)	Short	1	(8)	-	
	Financial Insurance Index Options (Call)	Long	94	262	182	
	Financial Insurance Index Options (Call)	Short	33	(65)	(31)	
	Financial Insurance Index Options (Put)	Long	16	64	22	
	Financial Insurance Index Options (Put)	Short	85	(235)	(168)	
	Gold Options (Call)	Long	23	241	216	
	Gold Options (Call)	Short	10	(48)	(38)	
	Gold Options (Put)	Long	7	25	5	
	Gold Options (Put)	Short	6	(28)	(4)	
	Subtotal			(31,906)		
Total				\$ <u>123,886</u>		

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

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

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

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

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

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

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

**(15) Other:None.**

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(16) Other disclosures:**

## (a) Information on significant transactions:

## (i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

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

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

Note 1: Type of Numbering

(1) 0 represents Parent company

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

Note 2: Type of Loans

(1) Business transactions

(2) Necessaries of short-term financing

## (ii) Guarantees and endorsements for other parties:None.

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

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

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

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

## (vii) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	CSC Futures (HK) Ltd.	Capital True Partner Technology Co., Ltd.	3	Information technology expenses	16,860	General transaction	0.76%
2	Capital True Partner Technology Co., Ltd.	CSC Futures (HK) Ltd.	3	Other operating revenue	16,860	General transaction	0.76%
1	CSC Futures (HK) Ltd.	Capital True Partner Technology Co., Ltd.	3	Other payables	4,302		0.01%
2	Capital True Partner Technology Co., Ltd.	CSC Futures (HK) Ltd.	3	Accounts receivable	4,302		0.01%
2	Capital True Partner Technology Co., Ltd.	Capital Futures Corp.	2	Other operating revenue	16,598	General transaction	0.75%

(Continued)

**CAPITAL FUTURES CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

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

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

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

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

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

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Date of establishment	FSC Rule No.	Main businesses and products	Original investment amount		Highest Percentage of ownership	Balance as of December 31, 2023			Revenue of investee	Net income (losses) of investee	Share of profits/losses of investee	Cash dividend	Note
						December 31, 2023	December 31, 2022		Shares (thousands)	Percentage of ownership	Carrying value					
Capital Futures Corporation	CSC Futures (HK) Ltd.	Hong Kong	1998.12.9	Gin Guan Zheng Zhi No. 1010027412 letter	Futures dealing business and other businesses permitted by local law of Hong Kong	886,284	886,284	100.00 %	220,000	100.00 %	1,035,312	325,140	79,386	79,386	-	Subsidiary
Capital Futures Corporation	Capital International Technology Co., Ltd.	Taiwan	2014.12.29	Gin Guan Zheng Zhi No. 1030038387 letter	Management consulting and information service business	50,000	50,000	100.00 %	5,000	100.00 %	18,301	1,792	(8,048)	(8,048)	-	Subsidiary

(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, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Direct or indirect share holdings (%) by the company	Highest percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Capital True Partner Technology Co., Ltd.	Management consulting and information service business	5,013	(C)	24,372	-	-	24,372	1,747	51.00%	51.00%	890 B (2)	9,553	-
Capital Futures Technology (Shanghai) Co., Ltd.	Management consulting and information service business	18,863	(C)	18,863	-	-	18,863	(5,157)	100.00%	100.00%	(5,157) B (2)	2,500	-

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

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

Note 2: Investment gains and losses recognized during the period

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

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

(ii) Limitation on investment in Mainland China:

(In Thousands of New Taiwan Dollars)

Company Name	Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Capital International Technology Corp.	43,235	43,235	80,000

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

(e) Major shareholders:

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

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

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

(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, 2023 and 2022, none of the above segments met the quantitative thresholds for reportable segments.

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

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

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

(c) Information about regions

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

(d) Information about major customers

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

**CAPITAL FUTURES CORPORATION****Financial Statements**

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

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

The independent auditors' report and the accompanying 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.

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安侯建業聯合會計師事務所

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## 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, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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(n) revenue recognition. Explanation of brokerage fee revenue, please refer to the financial report Note 6(n)(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 Chen, Yi-Jen.

KPMG

Taipei, Taiwan (Republic of China)

March 12, 2024

#### **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 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.

(English Translation of Financial Statements Originally Issued in Chinese)

## CAPITAL FUTURES CORPORATION

## Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2023		December 31, 2022		Liabilities and Equity		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
111100	Cash and cash equivalents (Note 6(a))	\$ 5,062,327	11	4,513,256	10	212000	Financial liabilities at fair value through profit or loss- current (Note 6(b))	\$ 226,781	1	844,885	2
112000	Financial assets at fair value through profit or loss- current (Note 6(b))	764,009	2	574,711	1	214080	Futures traders' equity (Note 6(f))	37,736,980	81	38,496,045	81
113200	Financial assets at fair value through other comprehensive income- current (Note 6(b))	13,243	-	43,686	-	214100	Leverage contract trading - customers' equity	733,533	2	849,887	2
114010	Bonds purchased under resale agreements (Note 6(b))	91,634	-	43,166	-	214130	Accounts payable	115,216	-	50,890	-
114070	Customers margin accounts (Note 6(f))	37,787,311	81	38,527,278	81	214140	Accounts payable- related parties (Note 7)	8,956	-	12,761	-
114080	Receivable - futures margin (Note 6(g))	-	-	7	-	214150	Advance receipts	1,970	-	2,215	-
114090	Security borrowing collateral price	117,392	-	473,545	1	214160	Receipts under custody	4,953	-	5,149	-
114100	Security borrowing margin	88,680	-	868,437	2	214170	Other payables	199,740	-	205,506	1
114130	Accounts receivable	43,391	-	10,362	-	214180	Other payables- related parties (Note 7)	5,758	-	10,826	-
114140	Accounts receivable- related parties (Note 7)	1,118	-	884	-	214600	Current income tax liabilities	162,806	-	82,787	-
114150	Prepayments	2,463	-	35,111	-	215100	Provisions- current	6,938	-	6,039	-
114170	Other receivables	66,833	-	42,743	-	216000	Lease liabilities- current (Note 6(i))	26,513	-	15,019	-
114180	Other receivables- related parties (Note 7)	3,649	-	7,291	-	219000	Other current liabilities	39,975	-	13,751	-
114300	Leverage contract trading-customers' margin accounts	712,455	2	856,021	2			39,269,119	84	40,595,760	86
		<u>44,754,505</u>	<u>96</u>	<u>45,996,498</u>	<u>97</u>						
<b>Non-current assets:</b>						<b>Non-current liabilities:</b>					
123200	Financial assets at fair value through other comprehensive income- non- current (Note 6(b))	130,833	1	1,263	-	226000	Lease liabilities- non-current (Note 6(i))	52,218	-	10,315	-
124100	Investments under equity method (Note 6(c))	1,053,613	2	985,309	2	228000	Deferred income tax liabilities (Note 6(k))	30,231	-	37,828	-
125000	Property and equipment (Note 6(d))	129,958	-	36,012	-			82,449	-	48,143	-
125800	Right-of-use assets (Note 6(e))	78,547	-	25,162	-	906003	<b>Total liabilities</b>	39,351,568	84	40,643,903	86
127000	Intangible assets (Note 6(h))	51,287	-	48,030	-	301010	Common stock (Note 6(l))	2,104,376	4	2,104,376	4
129000	Other non-current assets	326,274	1	333,017	1	302000	Capital surplus (Note 6(l))	1,663,251	4	1,663,251	4
		1,770,512	4	1,428,793	3	304010	Legal reserve	757,377	2	678,939	1
		<u>1,770,512</u>	<u>4</u>	<u>1,428,793</u>	<u>3</u>	304020	Special reserve	1,650,772	4	1,579,617	3
						304040	Unappropriated earnings (Note 6(l))	1,010,085	2	785,292	2
						305000	Other equity	(12,412)	-	(30,087)	-
						906004	<b>Total equity</b>	7,173,449	16	6,781,388	14
906001	<b>Total assets</b>	<u>\$ 46,525,017</u>	<u>100</u>	<u>47,425,291</u>	<u>100</u>	906002	<b>Total liabilities and equity</b>	<u>\$ 46,525,017</u>	<u>100</u>	<u>47,425,291</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, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)**

	2023		2022	
	Amount	%	Amount	%
<b>Income:</b>				
401000	\$ 1,734,612	87	2,128,288	82
410000	(126,081)	(6)	(7,830)	-
421300	134,409	7	4,589	-
421500	8,815	-	1,031	-
421600	(78,525)	(4)	11,210	-
421610	(18,733)	(1)	19,315	1
424200	12,761	1	14,122	1
424400	222,589	11	224,289	9
424500	102,359	5	169,949	7
424800	3,377	-	685	-
424900	6,418	-	13,916	-
428000	1,025	-	8,041	-
	<u>2,003,026</u>	<u>100</u>	<u>2,587,605</u>	<u>100</u>
<b>Expenses:</b>				
501000	243,617	12	297,580	12
502000	6,889	-	13,031	1
521200	63,714	3	23,795	1
521640	8	-	190	-
425300	(299)	-	(264)	-
524100	372,312	19	477,280	18
524300	167,457	8	207,540	8
528000	6,146	-	7,624	-
531000	572,204	29	551,714	21
532000	52,747	3	49,517	2
533000	417,165	21	457,079	18
	<u>1,901,960</u>	<u>95</u>	<u>2,085,086</u>	<u>81</u>
	<u>101,066</u>	<u>5</u>	<u>502,519</u>	<u>19</u>
<b>Net operating income</b>				
<b>Non-operating income and expenses:</b>				
601100	71,338	4	4,803	-
602000	1,103,310	55	450,307	18
	<u>1,174,648</u>	<u>59</u>	<u>455,110</u>	<u>18</u>
902001	1,275,714	64	957,629	37
701000	265,518	13	175,769	7
	<u>1,010,196</u>	<u>51</u>	<u>781,860</u>	<u>30</u>
<b>Other comprehensive income:</b>				
<b>Components that may not be reclassified subsequently to profit or loss:</b>				
805510	(934)	-	2,515	-
805540	21,355	1	(11,175)	-
805599	-	-	-	-
	<u>20,421</u>	<u>1</u>	<u>(8,660)</u>	<u>-</u>
<b>Subtotal of components that may not be reclassified subsequently into profit or loss</b>				
<b>Components that may be reclassified subsequently to profit or loss:</b>				
805600	(2,915)	-	94,562	4
805610	(119)	-	203	-
805660	-	-	-	-
805699	-	-	-	-
	<u>(3,034)</u>	<u>-</u>	<u>94,765</u>	<u>4</u>
805000	17,387	1	86,105	4
902006	<u>\$ 1,027,583</u>	<u>52</u>	<u>867,965</u>	<u>34</u>
975000	<u>\$ 4.80</u>		<u>3.72</u>	
985000	<u>\$ 4.79</u>		<u>3.71</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, 2023 and 2022****(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	
<b>Balance at January 1, 2022</b>	\$ 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)
<b>Balance at December 31, 2022</b>	2,104,376	1,663,251	678,939	1,579,617	785,292	(23,060)	(7,027)	-	6,781,388
Net income for the year ended December 31, 2023	-	-	-	-	1,010,196	-	-	-	1,010,196
Other comprehensive income	-	-	-	-	(934)	(3,034)	21,355	-	17,387
Total comprehensive income	-	-	-	-	1,009,262	(3,034)	21,355	-	1,027,583
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	78,438	-	(78,438)	-	-	-	-
Special reserve	-	-	-	156,874	(156,874)	-	-	-	-
Cash dividends	-	-	-	-	(635,522)	-	-	-	(635,522)
Reversal of special reserve for the contra equity account	-	-	-	(85,719)	85,719	-	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	646	-	(646)	-	-
<b>Balance at December 31, 2023</b>	\$ 2,104,376	1,663,251	757,377	1,650,772	1,010,085	(26,094)	13,682	-	7,173,449

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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
<b>Cash flows from (used in) operating activities:</b>		
Net income before income tax	\$ 1,275,714	957,629
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	47,421	43,172
Amortization expense	5,326	6,345
Expected credit impairment reversal gain	(299)	(264)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	8,978	(21,029)
Interest expense	63,714	23,795
Interest income (including financial income)	(1,100,337)	(409,651)
Dividend revenue	(395,452)	(5,116)
Shares of (profit) loss of associates and joint ventures under equity method	(71,338)	(4,803)
Loss (gain) on lease modification	(5)	-
Loss on disposal of Joint Venture	-	1,210
<b>Total adjustments to reconcile profit (loss)</b>	<u>(1,441,992)</u>	<u>(366,341)</u>
<b>Changes in operating assets and liabilities:</b>		
Increase in financial assets at fair value through profit or loss	(179,543)	(216,276)
Decrease (increase) in bond purchased under resale agreements	(48,468)	40,847
Decrease (increase) in customer margin accounts	739,967	(772,727)
Decrease in receivable-futures margin	306	257
Decrease (increase) in leverage contract trading - customer's margin accounts	143,566	(231,789)
Decrease (increase) in security borrowing margin	779,757	(868,437)
Decrease (increase) in security borrowing collateral price	356,153	(473,545)
Decrease (increase) in accounts receivable	(33,029)	7,485
Decrease (increase) in accounts receivable - related parties	(234)	2,127
Increase in prepayments	(98)	(31,829)
Decrease (increase) in other receivables	3,450	(4,118)
Decrease (increase) in other receivables- related parties	3,652	(3,437)
Increase in net defined benefit assets	(2,563)	(5,580)
Decrease in other current assets	-	2
Decrease (increase) in clearing and settlement fund	9,708	(10,440)
Decrease (increase) in refundable deposits	(1,336)	150
Increase (decrease) in financial liabilities at fair value through profit or loss	(636,837)	796,394
Increase (decrease) in futures traders' equity	(759,065)	761,002
Increase (decrease) in leverage contract trading - customer's equity	(116,354)	219,057
Increase in accounts payable	64,326	6,574
Increase (decrease) in accounts payable - related parties	(3,805)	1,313
Decrease in advance receipts	(245)	(1,037)
Increase (decrease) in receipts under custody	(196)	272
Increase (decrease) in other payables	(6,466)	80,783
Increase (decrease) in other payables - related parties	(5,365)	316
Increase in provisions for liabilities	899	421
Increase in other current liabilities	25,224	3,983
<b>Total changes in operating assets and liabilities</b>	<u>333,404</u>	<u>(698,232)</u>
<b>Total adjustments</b>	<u>(1,108,588)</u>	<u>(1,064,573)</u>
Cash inflow (outflow) generated from operations	167,126	(106,944)
Interest received	1,075,214	380,548
Dividends received	393,025	5,182
Interest paid	(62,863)	(21,780)
Income taxes paid	(193,096)	(109,691)
<b>Net cash flows from operating activities</b>	<u>1,379,406</u>	<u>147,315</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(114,382)	(26,275)
Proceeds from disposal of financial assets at fair value through other comprehensive income	36,610	-
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	(84,191)	(20,724)
Acquisition of intangible assets	(7,008)	(2,291)
Increase in prepayments for business facilities	(1,170)	-
<b>Net cash flows used in investing activities</b>	<u>(170,141)</u>	<u>(21,912)</u>
<b>Cash flows from (used in) financing activities:</b>		
Cash dividends paid	(635,522)	(336,700)
Payments of lease liabilities	(24,672)	(21,834)
<b>Net cash flows used in financing activities</b>	<u>(660,194)</u>	<u>(358,534)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	549,071	(233,131)
<b>Cash and cash equivalents at beginning of period</b>	4,513,256	4,746,387
<b>Cash and cash equivalents at end of period</b>	<u>\$ 5,062,327</u>	<u>4,513,256</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, 2023 and 2022

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

#### (1) Company history

Capital Futures Corporation (the “Company”) was incorporated on February 26, 1997 and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is 32nd and B1 Fl. No. 97, Tun Hwa South Rd., Sec. 2, Taipei, Taiwan, R.O.C. The Company established the Taichung branch. The Company's common shares were listed at Taipei Exchange (TPEX) officially on April 27, 2009, then transferred to Taiwan Stock Exchange (TWSE) on October 16, 2017. The 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 12, 2024.

#### (3) New standards, amendments and interpretations adopted:

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

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2023:

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

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

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

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

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

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

The 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 IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS 21 “Lack of Exchangeability”

**(4) Summary of material accounting policies:**

The material 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(o))(ii) stated.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The 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) 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.

(h) 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.

(i) 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.

(j) Customers margin accounts and future traders' equity

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

(Continued)



**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

(k) Property and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. 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.

(l) 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.

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

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.

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.

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

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.

(m) 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.

(n) Revenue recognition

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

(o) 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.

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The 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.

(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.

(p) 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 date 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.

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

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

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

- (i) the 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
  - 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.

(q) 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.

(r) 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.

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

**(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.

**(6) Explanation of significant accounts:**

(a) Cash and cash equivalents

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Cash	\$ 60	60
Demand deposits	193,299	167,792
Time deposits	3,970,605	3,666,368
Futures margin- excess margin	649,286	679,036
Commercial paper	249,077	-
Total	<u><u>\$ 5,062,327</u></u>	<u><u>4,513,256</u></u>

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

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

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Open-ended funds and money- market instruments	\$ 30,000	20,000
Open-ended funds and money- market instruments valuation adjustment	263	(269)
Trading securities- proprietary trading	294,712	17,938
Trading securities- proprietary trading valuation adjustment	9,416	633
Securities invested by securities broker	6,314	15,996
Securities invested by securities broker valuation adjustment	7	(453)
Call options- non-hedging	194,196	89,232
Futures margin- proprietary fund- non-hedging	62,540	211,865
Leverage derivatives- non-hedging	150,671	202,915
Equity derivatives- non-hedging	<u>15,890</u>	<u>16,854</u>
Total	<b><u>\$ 764,009</u></b>	<b><u>574,711</u></b>

If there is an increase in the securities price of 1% on the reporting date (assume that all other variables remained constantly), the impact on after-tax comprehensive income for the years ended December 31, 2023 and 2022, will increase \$3,407 and \$538, respectively. Conversely, if there is a decrease in the securities price of 1% on the reporting date based on all other variables remained constantly, there will be the same amount but opposite direction of influence.

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

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

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.

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

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

During the year ended December 31, 2023 and 2022, due to the consideration of asset allocation and managing and adjusting the investment portfolio, the Company sold shares of stocks for a fair value \$36,610 and \$0, respectively, and cumulative dispose gains for the year ended December 31, 2023 and 2022, amounted to \$646 and \$0, respectively, were transferred from other equity items to retained earnings.

(iii) Bonds purchased under resale agreements

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

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

Equity instruments at fair value through other comprehensive income:

<u>Investee Company</u>	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Ownership ratio</u>	<u>Amount</u>	<u>Ownership ratio</u>	<u>Amount</u>
Taiwan Futures Exchange Co., Ltd	0.0042 %	\$ 1,504	0.0042 %	1,263
CME Group	0.0056 %	<u>129,329</u>	-	-
Total		<u>\$ 130,833</u>		<u>1,263</u>

The 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, 2023 and 2022, the dividends of \$3,794 and \$56, related to equity investments at fair value through other comprehensive income held on December 31, 2023 and 2022, respectively, were recognized. No strategic investments were disposed of during the year ended December 31, 2023 and 2022, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

(Continued)



**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

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

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

- (c) Investments under equity method

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

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Subsidiaries	<u>\$ 1,053,613</u>	<u>985,309</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 2023.

For the years ended December 31, 2023 and 2022, the Company's share of gains or losses of the subsidiaries were as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Audited by the certified public accountants	<u>\$ 71,338</u>	<u>4,803</u>

- (ii) Collateral and pledge

As of December 31, 2023 and 2022, the Company did not provide any investment accounted for using equity method as collaterals for its loans.

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

(d) 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>
<b>Cost:</b>			
Balance at January 1, 2023	\$ 88,918	7,518	96,436
Additions	77,574	6,617	84,191
Transfer from prepayments for business facilities	32,341	-	32,341
Scrap	<u>(34,722)</u>	<u>(1,220)</u>	<u>(35,942)</u>
Balance at December 31, 2023	<u><u>\$ 164,111</u></u>	<u><u>12,915</u></u>	<u><u>177,026</u></u>
Balance at January 1, 2022	\$ 75,730	13,455	89,185
Additions	20,027	697	20,724
Scrap	<u>(6,839)</u>	<u>(6,634)</u>	<u>(13,473)</u>
Balance at December 31, 2022	<u><u>\$ 88,918</u></u>	<u><u>7,518</u></u>	<u><u>96,436</u></u>
<b>Accumulated depreciation:</b>			
Balance at January 1, 2023	\$ 55,863	4,561	60,424
Depreciation	20,207	2,379	22,586
Scrap	<u>(34,722)</u>	<u>(1,220)</u>	<u>(35,942)</u>
Balance at December 31, 2023	<u><u>\$ 41,348</u></u>	<u><u>5,720</u></u>	<u><u>47,068</u></u>
Balance at January 1, 2022	\$ 43,950	8,677	52,627
Depreciation	18,752	2,518	21,270
Scrap	<u>(6,839)</u>	<u>(6,634)</u>	<u>(13,473)</u>
Balance at December 31, 2022	<u><u>\$ 55,863</u></u>	<u><u>4,561</u></u>	<u><u>60,424</u></u>
<b>Carrying amounts:</b>			
Balance at December 31, 2023	<u><u>\$ 122,763</u></u>	<u><u>7,195</u></u>	<u><u>129,958</u></u>
Balance at December 31, 2022	<u><u>\$ 33,055</u></u>	<u><u>2,957</u></u>	<u><u>36,012</u></u>

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

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**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

## (e) 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>
<b>Cost:</b>			
Balance at January 1, 2023	\$ 69,721	9,895	79,616
Additions	74,368	4,689	79,057
Derecognition	<u>(55,734)</u>	<u>(5,311)</u>	<u>(61,045)</u>
Balance at December 31, 2023	<u>\$ 88,355</u>	<u>9,273</u>	<u>97,628</u>
Balance at January 1, 2022	\$ 55,734	7,383	63,117
Additions	<u>13,987</u>	<u>2,512</u>	<u>16,499</u>
Balance at December 31, 2022	<u>\$ 69,721</u>	<u>9,895</u>	<u>79,616</u>
<b>Accumulated depreciation:</b>			
Balance at January 1, 2023	\$ 48,717	5,737	54,454
Depreciation	22,228	2,607	24,835
Derecognition	<u>(55,734)</u>	<u>(4,474)</u>	<u>(60,208)</u>
Balance at December 31, 2023	<u>\$ 15,211</u>	<u>3,870</u>	<u>19,081</u>
Balance at January 1, 2022	\$ 29,201	3,351	32,552
Depreciation	<u>19,516</u>	<u>2,386</u>	<u>21,902</u>
Balance at December 31, 2022	<u>\$ 48,717</u>	<u>5,737</u>	<u>54,454</u>
<b>Carrying amounts:</b>			
Balance at December 31, 2023	<u>\$ 73,144</u>	<u>5,403</u>	<u>78,547</u>
Balance at December 31, 2022	<u>\$ 21,004</u>	<u>4,158</u>	<u>25,162</u>

## (f) Customers margin accounts/futures traders' equity

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Customers margin accounts		
Cash in bank	\$ 26,695,229	29,852,912
Balance of the futures clearing house	5,832,851	4,474,937
Balance of other futures commission merchants	5,258,170	4,176,441
Marketable securities	<u>1,061</u>	<u>22,988</u>
Balance of customers margin accounts	<u>37,787,311</u>	<u>38,527,278</u>

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**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Plus adjustment items:		
Commission cost	\$ 3,335	4,214
Others	119	49
Deduction adjustment items:		
Brokerage fee revenue	(10,959)	(15,843)
Futures transaction tax	(1,544)	(1,617)
Interest income	(3,202)	(5,668)
Temporary credits	(812)	(758)
Remittance amount of the customers after the market closed	(37,268)	(11,610)
Balance of futures traders' equity	<u>\$ 37,736,980</u>	<u>38,496,045</u>
 (g) Receivable - futures margin		
	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Receivable - futures margin - current	\$ 373	380
Less: Loss allowance	<u>373</u>	<u>373</u>
Subtotal	<u>-</u>	<u>7</u>
Receivable - futures margin - non-current	6,084	6,383
Less: Loss allowance	<u>6,084</u>	<u>6,383</u>
Subtotal	<u>-</u>	<u>-</u>
Total	<u>\$ -</u>	<u>7</u>

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

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

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**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

(h) Intangible assets

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

	<b>The seats of foreign futures exchanges (Note)</b>	<b>Computer software</b>	<b>Total</b>
<b>Cost:</b>			
Balance at January 1, 2023	\$ 44,325	12,480	56,805
Additions	-	7,008	7,008
Transfer from prepayments for business facilities	-	1,575	1,575
Scrap	-	(6,945)	(6,945)
Balance at December 31, 2023	<u>\$ 44,325</u>	<u>14,118</u>	<u>58,443</u>
Balance at January 1, 2022	\$ 44,325	24,093	68,418
Additions	-	2,291	2,291
Scrap	-	(13,904)	(13,904)
Balance at December 31, 2022	<u>\$ 44,325</u>	<u>12,480</u>	<u>56,805</u>
<b>Amortization and impairment losses:</b>			
Balance at January 1, 2023	\$ -	8,775	8,775
Amortization	-	5,326	5,326
Scrap	-	(6,945)	(6,945)
Balance at December 31, 2023	<u>\$ -</u>	<u>7,156</u>	<u>7,156</u>
Balance at January 1, 2022	\$ -	16,334	16,334
Amortization	-	6,345	6,345
Scrap	-	(13,904)	(13,904)
Balance at December 31, 2022	<u>\$ -</u>	<u>8,775</u>	<u>8,775</u>
<b>Carrying value:</b>			
Balance at December 31, 2023	<u>\$ 44,325</u>	<u>6,962</u>	<u>51,287</u>
Balance at December 31, 2022	<u>\$ 44,325</u>	<u>3,705</u>	<u>48,030</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.

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

(i) Lease liabilities

The Company's lease liabilities were as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Current	<u>\$ 26,513</u>	<u>15,019</u>
Non-current	<u>\$ 52,218</u>	<u>10,315</u>

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

The amounts recognized in profit or loss were as follows :

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Interest on lease liabilities	<u>\$ 802</u>	<u>311</u>
Expenses relating to short-term leases	<u>\$ 8,539</u>	<u>4,438</u>
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	<u>\$ 177</u>	<u>303</u>

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

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Total cash outflow for leases	<u>\$ 34,190</u>	<u>26,886</u>

(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.

(j) 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:

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

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

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 \$19,192 as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of defined benefit obligation

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

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

3) Movements in fair value of defined benefit plan assets

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

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

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

4) Expense recognized in profit or loss

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

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

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

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

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

6) Actuarial assumptions

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

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

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

7) Sensitivity Analysis

When calculating the present value of the defined benefit obligations, the 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.

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**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

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

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

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

(k) Income taxes

(i) Income tax expense

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

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Current income tax expense	\$ 273,115	154,265
Deferred income tax expense	(7,597)	21,504
Total	<b>\$ 265,518</b>	<b>175,769</b>

(Continued)

**CAPITAL FUTURES CORPORATION**  
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The amounts of income tax expense (benefit) recognized in other comprehensive income of the Company in 2023 and 2022 were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Net income before income tax	\$ 1,275,714	957,629
Income tax using the Company's domestic tax rate	255,143	191,526
Tax-exempt income	29,147	(7,463)
Adjustments to prior year's income tax	1,115	(2,102)
Others	(19,887)	(6,192)
Total	<u>\$ 265,518</u>	<u>175,769</u>

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred income tax liabilities

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Aggregate amount of temporary differences related to investments in subsidiaries	<u>\$ (29,227)</u>	<u>(13,933)</u>

The dividend policies of the Company's subsidiaries, CSC Futures (HK) Ltd. was prescribed not to appropriate the retained earning until December 31, 2023. 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, 2023 and 2022, the details of the Company's recognized deferred tax assets and liabilities were as follows:

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

(iii) Income tax assessment status

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

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**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

(l) Capital and other equity

(i) Common stock

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

(ii) Capital surplus

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

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

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**CAPITAL FUTURES CORPORATION**  
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2) Special reserve

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

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

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

3) Undistributed earnings

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

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

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

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

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

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

(m) Earnings per share

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

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

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**CAPITAL FUTURES CORPORATION**  
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(n) Items of the statements of comprehensive income

(i) Brokerage fee revenue

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Consignment trading handling fee revenue- Domestic futures	\$ 927,589	1,171,818
Consignment trading handling fee revenue- Foreign futures	790,940	956,470
Consignment trading handling fee revenue-Leverage Exchange Agency Trading	16,083	-
	<b><u>\$ 1,734,612</u></b>	<b><u>2,128,288</u></b>

(ii) Net gains (losses) on derivative instruments

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Non-hedging		
Net gains (losses) on futures contracts		
Gains on futures contracts	\$ 1,039,330	912,661
Losses on futures contracts	(953,434)	(889,268)
	<b><u>\$ 85,896</u></b>	<b><u>23,393</u></b>
Net gains (losses) on option contracts		
Gains on option contracts	\$ 427,706	698,236
Losses on option contracts	(291,013)	(497,340)
	<b><u>\$ 136,693</u></b>	<b><u>200,896</u></b>
Net gains (losses) on leverage derivatives		
Gains on leverage derivatives	\$ 1,612,091	1,842,208
Losses on leverage derivatives	(1,516,580)	(1,694,428)
	<b><u>\$ 95,511</u></b>	<b><u>147,780</u></b>
Net gains (losses) on equity derivatives		
Gains on equity derivatives	\$ 143,327	159,866
Losses on equity derivatives	(136,479)	(137,697)
	<b><u>\$ 6,848</u></b>	<b><u>22,169</u></b>
Non-hedging		
Total gains on derivative financial instruments	\$ 3,222,454	3,612,971
Total losses on derivative financial instruments	(2,897,506)	(3,218,733)
	<b><u>\$ 324,948</u></b>	<b><u>394,238</u></b>

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**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

## (iii) Futures commission expenses

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Re-consigned futures trading	\$ 238,130	287,931
Futures introducing broker business	134,182	189,349
	<b>\$ 372,312</b>	<b>477,280</b>

## (iv) Employee benefit, depreciation and amortization expenses

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Employee benefit expenses		
Salary expense	\$ 489,102	475,987
Labor and health insurance expense	31,054	28,587
Pension expense	12,590	11,866
Director remuneration	31,667	27,012
Others	7,791	8,262
Depreciation expense	47,421	43,172
Amortization expense	5,326	6,345
	<b>\$ 624,951</b>	<b>601,231</b>

## (v) Other operating expenses

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Postage expense	\$ 56,935	47,379
Taxes	90,123	109,869
Rental expense	8,808	4,782
Information technology expense	160,978	192,195
Professional service fee	26,216	32,010
Others	74,105	70,844
	<b>\$ 417,165</b>	<b>457,079</b>

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

## (vi) Other gains and losses

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Interest income	\$ 1,100,337	409,651
Dividend income	261,043	527
Net gains on non-operating financial instruments at fair value through profit or loss	940	683
Net gains (losses) on foreign exchange	(1,057)	34,914
Net gains (losses) on disposal of investments	(270,637)	3,028
Other non-operating revenue - other	14,528	9,064
Other non-operating expense - other	(1,844)	(7,560)
	<b><u>\$ 1,103,310</u></b>	<b><u>450,307</u></b>

## (vii) Remuneration to employees and directors

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

For the year ended December 31, 2023 and 2022, the estimated amounts of remuneration to employee were \$14,749 and \$11,473, and to directors by the Company were \$14,749 and \$11,473, respectively, which were calculated based on the Company's net profit before income tax and remuneration to employees and directors multiple the earnings allocation percentage as specified in the Company's articles. It was recognized as operating expense for the years ended December 31, 2023 and 2022. If the actual distribution amount differs from the estimated amount in the following year, the difference is treated as a change in accounting estimate and recognized as profit or loss in the following year. The difference is recognized as profit or loss in the following year. If the Board of Directors resolved to distribute the employees' remuneration in the form of shares, the number of shares of the distribution is based on the closing price of the day before the Board of Directors' meeting date.

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

(Continued)



**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

(o) Financial Instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represent the maximum credit exposure. As of December 31, 2023 and 2022 the maximum credit exposure amounted to \$43,550,468 and \$44,668,807, respectively.

2) Concentration of credit risk

The exposure of credit risk by geographic region in December 31, 2023 as shown in below, mainly focusing on Taiwan (accounted for 89.05%), secondly in Europe (accounted for 8.28%), thirdly in Asia (accounted for 2.33% excluded Taiwan). The proportion of investment by geographic region did not change significantly compared to the same period last year.

<u>Area</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Taiwan	\$ 38,780,375	40,860,129
Asia (excluded Taiwan)	1,013,649	3,542,370
North America	149,837	128,095
Europe	3,606,607	92,540
Oceania	-	45,673
Total	<u>\$ 43,550,468</u>	<u>44,668,807</u>

3) Impairment losses

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

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Gross carrying amount</u>	<u>Impairment</u>	<u>Gross carrying amount</u>	<u>Impairment</u>
Current	\$ 121,448	6,457	68,043	6,756
Past due 0~30 days	-	-	-	-
Past due 31~120 days	-	-	-	-
Past due 121~360 days	-	-	-	-
Past due more than 360 days	-	-	-	-
	<u>\$ 121,448</u>	<u>6,457</u>	<u>68,043</u>	<u>6,756</u>

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

(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(f). 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, 2023 and 2022 was as follows:

<b>For the years ended December 31, 2023</b>						
	<b>12-month ECL</b>	<b>Lifetime ECL-not credit impaired</b>	<b>Lifetime ECL - credit impaired</b>			<b>Total</b>
			<b>Accounts receivable</b>	<b>Receivable- futures margin</b>	<b>Other receivables</b>	
Balance on January 1	\$ -	-	-	6,756	-	6,756
Reversal of impairment losses	-	-	-	(299)	-	(299)
Balance on December 31	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>6,457</u>	<u>-</u>	<u>6,457</u>
<b>For the years ended December 31, 2022</b>						
	<b>12-month ECL</b>	<b>Lifetime ECL-not credit impaired</b>	<b>Lifetime ECL - credit impaired</b>			<b>Total</b>
			<b>Accounts receivable</b>	<b>Receivable- futures margin</b>	<b>Other receivables</b>	
Balance on January 1	\$ -	-	-	7,020	-	7,020
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>

(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>
<b>December 31, 2023</b>							
Financial liabilities at fair value through profit or loss	\$ 226,781	226,781	226,781	-	-	-	-
Futures traders' equity	37,736,980	37,736,980	37,736,980	-	-	-	-
Leverage contract trading- customers' equity	733,533	733,533	733,533	-	-	-	-
Accounts payable	124,172	124,172	124,172	-	-	-	-
Receipts under custody	4,953	4,953	4,953	-	-	-	-
Other payables	205,498	205,498	205,498	-	-	-	-
Lease liabilities	78,731	81,118	14,165	13,554	26,779	26,620	-
	<u>\$ 39,110,648</u>	<u>39,113,035</u>	<u>39,046,082</u>	<u>13,554</u>	<u>26,779</u>	<u>26,620</u>	<u>-</u>
<b>December 31, 2022</b>							
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>

(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:

	<b>December 31, 2023</b>		
	<b>Foreign currency (dollar)</b>	<b>Exchange rate</b>	<b>Thousands of New Taiwan Dollars</b>
<b><u>Financial assets</u></b>			
<b><u>Monetary items</u></b>			
USD	\$ 518,853,562.12	30.7050	15,931,399
EUR	12,344,345.62	33.9800	419,461
GBP	544,955.69	39.1500	21,335
JPY	1,032,990,184.00	0.2172	224,365
HKD	282,133,813.04	3.9290	1,108,504
AUD	2,839,857.28	20.9800	59,580
CHF	56,230.60	36.4900	2,052
SGD	128,357.59	23.2900	2,989
CNY	9,225,312.88	4.3270	39,918
NZD	123,973.43	19.4800	2,415
ZAR	3,752,125.79	1.6570	6,217
<b><u>Non-monetary items</u></b>			
USD	11,157,083.06	30.7050	342,578
JPY	1,697,776.00	0.2172	369
GBP	4,527.85	39.1500	177
AUD	4,121.35	20.9800	86
CAD	6,159.20	23.2000	143
ZAR	388,850.20	1.6570	644
<b><u>Investments under equity method</u></b>			
HKD	265,532,578.94	3.8990	1,035,312

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

<b>December 31, 2023</b>			
	<b>Foreign currency (dollar)</b>	<b>Exchange rate</b>	<b>Thousands of New Taiwan Dollars</b>
<b><u>Financial liabilities</u></b>			
<b><u>Monetary items</u></b>			
USD	\$ 511,533,334.90	30.7050	15,706,631
EUR	12,250,362.83	33.9800	416,267
GBP	473,913.81	39.1500	18,554
JPY	989,504,381.00	0.2172	214,920
HKD	281,929,199.10	3.9290	1,107,700
AUD	2,773,861.25	20.9800	58,196
CHF	136,846.05	36.4900	4,994
SGD	238,745.67	23.2900	5,560
CNY	7,803,511.92	4.3270	33,766
NZD	933.08	19.4800	18
CAD	7,849.17	23.2000	182
<b><u>Non-monetary items</u></b>			
USD	12,726.95	30.7050	391
CNY	1,857,743.84	4.3270	8,039
NZD	8,735.90	19.4800	170
SGD	4,822.19	23.2900	112
CHF	183,499.75	36.4900	6,696

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

	<b>December 31, 2022</b>		
	<b>Foreign currency (dollar)</b>	<b>Exchange rate</b>	<b>Thousands of New Taiwan Dollars</b>
<b><u>Financial assets</u></b>			
<b><u>Monetary items</u></b>			
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
<b><u>Non-monetary items</u></b>			
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
<b><u>Investments under equity method</u></b>			
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	Thousands of New Taiwan Dollars
<b><u>Financial liabilities</u></b>			
<b><u>Monetary items</u></b>			
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
<b><u>Non-monetary items</u></b>			
USD	660,112.48	30.7100	20,272
CAD	2,514.08	22.6700	57
GBP	3,118.21	37.0900	116
CNY	2,093,312.79	4.4080	9,227
SGD	161.20	22.8800	4
CHF	28,668.74	33.2100	952

The Company disclosed the summarized information on exchange gain or loss. The realized and unrealized exchange gains amounted to \$304 and \$43,495 for the year ended December 31, 2023 and 2022, 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, 2023 and 2022, with all other variable factors remain constant, a strengthening (weakening) 1% of the TWD against the above major foreign currency, would cause after-tax comprehensive income result in a decrease or an increase by \$12,923 and \$13,055, respectively. The analytical basis was the same in both years.

(iv) Analysis in interest rates

For the years ended December 31, 2023 and 2022, with all other variable factors remain constant, when the interest rate increases or decreases by 100 basis points, would cause after-tax comprehensive income result in an increase or a decrease by \$6,848 and \$6,925. 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, 2023			
Assets and Liabilities items	Total	Public quote of the same financial instrument in an active market (Level 1)	Observable price except public quote in an active market (Level 2)	Based neither on direct market data nor from the counter party (Level 3)	
<b>Fair value evaluated on a recurring basis</b>					
<u>Non derivative assets and liabilities</u>					
Assets:					
Financial assets at fair value through profit or loss					
Beneficiary certificate	\$ 41,211	41,211	-	-	
Stock investment	299,501	299,501	-	-	
Financial assets at fair value through other comprehensive income	144,076	142,572	-	1,504	
Liabilities:					
Financial liabilities at fair value through profit or loss	129,211	129,211	-	-	
<u>Derivative assets and liabilities</u>					
Assets:					
Financial assets at fair value through profit or loss	\$ 423,297	256,736	166,561	-	
Liabilities:					
Financial liabilities at fair value through profit or loss	97,570	82,162	15,408	-	
		December 31, 2022			
Assets and Liabilities items	Total	Public quote of the same financial instrument in an active market (Level 1)	Observable price except public quote in an active market (Level 2)	Based neither on direct market data nor from the counter party (Level 3)	
<b>Fair value evaluated on a recurring basis</b>					
<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	-	

(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, 2023 and 2022.

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

(In Thousands Dollars)

		For the years ended December 31, 2023							
		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	\$ 1,263	-	241	-	-	-	-	1,504	

		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	

(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.

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"> <li>• Price-to-Book Ratio</li> <li>• Discount for lack of marketability</li> </ul>	<ul style="list-style-type: none"> <li>• The higher price to-book-ratio is, the higher fair value is.</li> <li>• The higher discount for lack of marketability is, the lower the fair value is.</li> </ul>

- 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:

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

(p) 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.

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**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.

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**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.

(q) 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, 2023, the Company didn't change the method of capital management.

(r) 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, 2023 and 2022, were as follows:

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

	January 1, 2023		Non-cash changes			December 31, 2023
	Cash flows	Other	Foreign exchange movement	Fair value changes		
Lease liabilities	\$ 25,334	(25,474)	78,871	-	-	78,731
Total liabilities from financing activities	\$ 25,334	(25,474)	78,871	-	-	78,731

	January 1, 2022		Non-cash changes			December 31, 2022
	Cash flows	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

(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
Fu Tai Construction Corporation	Related party in Substance
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>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 110,093	76,333
Post-employment benefits	1,225	990
Total	<u>\$ 111,318</u>	<u>77,323</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, 2023 and 2022 were as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
<b><u>Brokerage fee revenue</u></b>		
Capital Securities Corporation	\$ 34,162	29,146
CSC Future (HK) Ltd.	103,034	131,872
Funds issued by Capital Investment Trust Corp.	1,846	82
Other related parties	264	513
Total	<u>\$ 139,306</u>	<u>161,613</u>

(Continued)



**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
<b><u>Futures traders' equity</u></b>		
Capital Securities Corporation	\$ 1,760,408	2,202,884
CSC Futures (HK) Ltd	4,643,380	3,720,246
Funds issued by Capital Investment Trust Corp.	671,147	275,178
Other related parties	<u>270</u>	<u>270</u>
Total	<u>\$ 7,075,205</u>	<u>6,198,578</u>
	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
<b><u>Customers margin account- other futures commission merchants</u></b>		
CSC Futures (HK) Ltd	<u>\$ 755,989</u>	<u>616,876</u>
	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
<b><u>Futures margin-proprietary fund</u></b>		
CSC Futures (HK) Ltd	<u>\$ 2</u>	<u>-</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>2023</u>	<u>2022</u>
<b><u>Interest expense</u></b>		
Capital Securities Corporation	\$ 35	67
CSC Futures (HK) Ltd	20,667	9,344
Funds issued by Capital Investment Trust Corp.	<u>573</u>	<u>296</u>
Total	<u>\$ 21,275</u>	<u>9,707</u>

(ii) Accounts payable and receivable:

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
<b><u>Accounts receivable</u></b>		
Capital Securities Corporation	<u>\$ 1,118</u>	<u>884</u>
 <b><u>Accounts payable</u></b>		
Capital Securities Corporation	<u>\$ 8,956</u>	<u>12,761</u>

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
<b>Other receivables (Note 1)</b>		
Capital Securities Corporation	<b>\$ <u>3,649</u></b>	<b><u>7,291</u></b>
<b>Other payables</b>		
Capital Securities Corporation (Note 2)	\$ 295	4,051
CSC Securities (HK) Ltd. (Note 3)	5,463	4,158
Capital True Partner Technology Co., Ltd. (Note 4)	-	<u>2,617</u>
Total	<b>\$ <u>5,758</u></b>	<b><u>10,826</u></b>

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

(Note 2) 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:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Bonds purchased under resale agreements	<b>\$ <u>31,426</u></b>	<b><u>43,166</u></b>
Resale price under the agreements	<b>\$ <u>31,450</u></b>	<b><u>43,190</u></b>
Interest rates	<b><u>1.00%</u></b>	<b><u>0.77%</u></b>
Date of repurchase	<b><u>2024.01.12</u></b>	<b><u>2023.01.03~2023.01.13</u></b>
	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Interest income	<b>\$ <u>713</u></b>	<b><u>395</u></b>

(iv) Leases

The Company signed three-year lease contracts and rented the office from Capital Securities Corporation. As of December 31, 2023 and 2022, the total value of effective contracts were \$53,141 and \$51,091, respectively. For the year ended December 31, 2023 and 2022, the Company recognized the amount of \$455 and \$200 as interest expense. As of December 31, 2023 and 2022, lease liabilities amounted to \$44,521 and \$9,900, respectively, and refundable deposits were amounted to \$4,620 and \$4,450 .

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

The Company signed five-year and three-month lease contracts and rented the office from Fu Tai Construction Corporation. As of December 31, 2023 and 2022, the total value of effective contracts were \$24,090 and \$0, respectively. For the year ended December 31, 2023 and 2022, the Company recognized the amount of \$249 and \$0 as interest expense. As of December 31, 2023 and 2022, lease liabilities amounted to \$20,283 and \$0, respectively, and refundable deposits were amounted to \$1,165 and \$0.

(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:

<b>Related parties</b>	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Capital Securities Corporation	<b>\$ 904</b>	<b>854</b>

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:

<b>Related parties</b>	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Capital Securities Corporation	<b>\$ 12,761</b>	<b>14,122</b>

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

<b>Related parties</b>	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Capital Securities Corporation	<b>\$ 123</b>	<b>35</b>

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

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

(ix) Commission cost

<b>Related parties</b>	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Capital Securities Corporation	<b>\$ 131,141</b>	<b>186,991</b>
CSC Futures (HK) Ltd.	<b>12,555</b>	<b>9,536</b>
Total	<b>\$ 143,696</b>	<b>196,527</b>

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

- (x) Information technology expenses

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

- (xi) Stock service fees

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

- (xii) Human resource and legal service fees

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

- (xiii) Securities transaction fees

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

- (xiv) Discretionary service commission fees

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

- (xv) Brokerage fees - proprietary trading

	<b>For the years ended December 31,</b>	
<b>Related parties</b>	<b>2023</b>	<b>2022</b>
Capital Securities Corporation	\$ <b>267</b>	<b>-</b>

- (xvi) Stationery and printing fees

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

- (xvii) Repair and maintenance fees

	<b>For the years ended December 31,</b>	
<b>Related parties</b>	<b>2023</b>	<b>2022</b>
Capital International Technology Co., Ltd.	\$ <b>1,882</b>	<b>3,226</b>

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

(xviii) Professional service fees

	<b>For the years ended December 31,</b>	
<b>Related parties</b>	<b>2023</b>	<b>2022</b>
Capital True Partner Technology Co., Ltd.	\$ <b>20,677</b>	<b>28,074</b>

(xix) Consulting fees

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

**(8) Pledged assets: None.**

**(9) Commitments and contingencies:**

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

**(10) Losses Due to Major Disasters: None.**

**(11) Subsequent Events: None.**

**(12) Derivative instrument transactions:**

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

**December 31, 2023**

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/Short	Number of contracts			
Futures contract:						
	TAIEX Futures	Long	445	\$ 1,586,880	1,590,217	
	TAIEX Futures	Short	16	(57,010)	(57,152)	
	Mini Taiex Futures	Long	362	322,557	323,224	
	Mini Taiex Futures	Short	60	(52,593)	(53,542)	
	Electronic Sector Index Futures	Long	2	7,038	7,135	
	Financial Insurance Index Futures	Long	3	5,163	5,158	
	NTD Gold Futures	Short	1	(770)	(767)	
	Taiwan Stock Futures	Long	1,630	309,347	311,055	
	Taiwan Stock Futures	Short	3,547	(417,206)	(427,330)	
	US Dollar Index Futures	Short	48	(149,950)	(148,901)	
	Mini Taiex Weekly Futures	Long	332	295,916	297,006	
	Mini Financial Futures	Short	4	(1,719)	(1,719)	
	Subtotal			1,847,653		

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

**December 31, 2023**

Item	Trading category	Open positions		Contract size or paid for (received from) premium	Fair value	Note
		Long/Short	Number of contracts			
Options contract:						
	Stock Options (Call)	Long	36	\$ 150	193	
	Stock Options (Call)	Short	103	(667)	(717)	
	Stock Options (Put)	Short	31	(249)	(224)	
	Stock Options (Put)	Long	89	372	368	
	TAIEX Options (Call)	Long	3,363	112,684	125,734	
	TAIEX Options (Call)	Short	4,635	(48,055)	(64,308)	
	TAIEX Options (Put)	Long	6,936	83,712	64,039	
	TAIEX Options (Put)	Short	4,185	(17,811)	(11,508)	
	TAIEX Weekly Options (Call)	Long	1,283	2,054	2,087	
	TAIEX Weekly Options (Call)	Short	1,138	(3,905)	(3,855)	
	TAIEX Weekly Options (Put)	Long	1,415	2,141	1,730	
	TAIEX Weekly Options (Put)	Short	643	(1,328)	(1,120)	
	Electronic Sector Index Options (Call)	Short	20	(171)	(273)	
	Financial Insurance Index Options (Call)	Long	22	51	36	
	Financial Insurance Index Options (Call)	Short	27	(60)	(113)	
	Financial Insurance Index Options (Put)	Long	25	54	9	
	Financial Insurance Index Options (Put)	Short	10	(16)	(1)	
	Gold Options (Call)	Short	11	(51)	(9)	
	Gold Options (Put)	Short	10	(25)	(34)	
	Subtotal			<u>128,880</u>		
Total				<u>\$ 1,976,533</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			
Futures contract:						
	TAIEX Futures	Long	12	\$ 33,584	33,469	
	TAIEX Futures	Short	64	(180,858)	(180,624)	
	Mini Taiex Futures	Long	35	24,538	24,396	
	Mini Taiex Futures	Short	345	(244,333)	(243,213)	
	Electronic Sector Index Futures	Short	7	(18,045)	(18,025)	
	Financial Insurance Index Futures	Short	3	(4,492)	(4,483)	
	NTD Gold Futures	Short	4	(2,667)	(2,712)	
	Taiwan Stock Futures	Long	6,944	660,461	633,265	
	Taiwan Stock Futures	Short	20	(5,846)	(5,869)	
	US Dollar Index Futures	Short	14	(44,641)	(44,399)	
	Mini Taiex Weekly Futures	Long	51	36,157	36,096	
	Mini Financial Futures	Short	20	(7,415)	(7,472)	
	Mini Electronic Futures	Long	56	18,042	18,025	
	E-Mini S&P 500 Futures	Short	125	(73,669)	(74,107)	
	E-Mini Nasdaq-100 Futures	Short	12	(8,583)	(8,124)	
	Nikkei 225 Index Futures	Short	10	(39,897)	(39,570)	
	Mini Oil Futures	Long	14	17,161	17,265	
	E-mini Russell 2000 Index Futures	Short	10	(27,085)	(27,192)	
	Soybean Futures	Long	10	23,380	23,401	
	Subtotal			<u>155,792</u>		
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	43,719	
	TAIEX Options (Put)	Short	6,458	(67,257)	(61,088)	
	TAIEX Weekly Options (Call)	Long	2,709	5,010	4,333	
	TAIEX Weekly Options (Call)	Short	2,339	(9,953)	(9,614)	
	TAIEX Weekly Options (Put)	Long	3,532	5,282	5,303	
	TAIEX Weekly Options (Put)	Short	2,539	(7,542)	(8,555)	
	Electronic Sector Index Options (Call)	Long	3	17	5	
	Electronic Sector Index Options (Call)	Short	1	(8)	-	
	Financial Insurance Index Options (Call)	Long	94	262	182	
	Financial Insurance Index Options (Call)	Short	33	(65)	(31)	
	Financial Insurance Index Options (Put)	Long	16	64	22	
	Financial Insurance Index Options (Put)	Short	85	(235)	(168)	
	Gold Options (Call)	Long	23	241	216	
	Gold Options (Call)	Short	10	(48)	(38)	
	Gold Options (Put)	Long	7	25	5	
	Gold Options (Put)	Short	6	(28)	(4)	
	Subtotal			<u>(31,906)</u>		
Total				<u>\$ 123,886</u>		

(Continued)

**CAPITAL FUTURES CORPORATION**  
**Notes to the Financial Statements**

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

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

**(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						
	(Total liabilities– futures traders' equity)	7,173,449	4.44	6,781,388	3.16	≥ 1	Satisfactory to requirement
17	Current Assets	1,614,588		2,147,858			
	Current Liabilities	44,754,505	1.14	45,996,498	1.13	≥ 1	"
22	Stockholders' equity	39,269,119		40,595,760			
	Minimum paid-in capital	7,173,449	643.36 %	6,781,388	608.20 %	≥ 60%	"
22	Post-adjustment net capital	1,115,000		1,115,000		≥ 40%	
	Total customer margin	5,191,652	53.77 %	3,701,351	44.35 %	≥ 20%	"
	deposits required for open positions of customers	9,654,651		8,344,985		≥ 15%	

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

Transactions in futures and options carry a high degree of risk because of the amount of initial margin is small relative to the value of the futures contract, meaning that transactions are heavily leveraged, the fluctuation of underlying markets is unpredictable, and the variance risk of the exchange rate is high. Futures industry thus bears higher operation risk than other industries. If the customers can't exercise the contract or maintain the proper margin, in order to dealing with such abrupt condition, the 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	60,934	60,934	-	10.27%	1	3,487		-		-	207,062	,035,312
1	CSC Futures (HK) Ltd.	F611702	Account receivables -Customer	No	426,535	426,535	31,990	6.52%~ 7.77%	1	173,801		-		-	426,535	,035,312
1	CSC Futures (HK) Ltd.	F613059	Account receivables -Customer	No	91,400	91,400	-	9.27%	1	14,455		-		-	207,062	,035,312
1	CSC Futures (HK) Ltd.	F612688	Account receivables -Customer	No	15,233	15,233	-	8.27%	1	-		-		-	207,062	,035,312
1	CSC Futures (HK) Ltd.	F612687	Account receivables -Customer	No	-	-	-	8.27%	1	56		-		-	207,062	,035,312
1	CSC Futures (HK) Ltd.	F612851	Account receivables -Customer	No	60,934	60,934	-	8.27%	1	1,259		-		-	207,062	,035,312
1	CSC Futures (HK) Ltd.	F613091	Account receivables -Customer	No	45,700	45,700	-	8.27%	1	9,507		-		-	207,062	,035,312
1	CSC Futures (HK) Ltd.	F190416	Account receivables -Customer	No	213,268	213,268	-	6.77%	1	3,488		-		-	213,268	,035,312

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

Note 1: Type of Numbering

(1) 0 represents Parent company

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

Note 2: Type of Loans

(1) Business transactions

(2) Necessaries of short-term financing

##### (ii) Guarantees and endorsements for other parties: None.

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

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

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

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

##### (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, 2023			Revenue of investee	Net income (losses) of investee	Share of profits/losses of investee	Cash dividend	Note
						December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value					
Capital Futures Corporation	CSC Futures (HK) Ltd.	Hong Kong	1998.12.9	Gin Guan Zheng Zhi No. 1010027412 letter	Futures dealing business and other businesses permitted by local law of Hong Kong	886,284	886,284	220,000	100.00 %	1,035,312	325,140	79,386	79,386	-	Subsidiary
Capital Futures Corporation	Capital International Technology Co., Ltd.	Taiwan	2014.12.29	Gin Guan Zheng Zhi No. 1030038387 letter	Management consulting and information service business	50,000	50,000	5,000	100.00 %	18,301	1,792	(8,048)	(8,048)	-	Subsidiary

(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, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Direct or indirect share holdings(%) by the company	Highest percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Capital True Partner Technology Co., Ltd.	Management consulting and information service business	5,013	(C)	24,372	-	-	24,372	1,747	51.00%	51.00%	890 B (2)	9,553	-
Capital Futures Technology (Shanghai) Co., Ltd.	Management consulting and information service business	18,863	(C)	18,863	-	-	18,863	(5,157)	100.00%	100.00%	(5,157) B (2)	2,500	-

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

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

Note 2: Investment gains and losses recognized during the period

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

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

(ii) Limitation on investment in Mainland China:

(In Thousands of New Taiwan Dollars)

Accumulated Investment in Mainland China as of December 31, 2023	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, 2023.

**Capital Futures Corp.**

**Chairman Chia, Chung-Tao**