

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

Swancor Holding Company Limited and Subsidiaries

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2023 and 2022**

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

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Independent Auditors' Review Report

To the Board of Directors of Swancor Holding Company Limited:

Introduction

We have reviewed the accompanying consolidated balance sheets of Swancor Holding Company Limited (“the Company”) and its subsidiaries (“the Group”) as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$943,268 thousand and \$767,088 thousand, constituting 6.90% and 5.29% of the consolidated total assets; and the total liabilities amounting to \$256,805 thousand and \$248,175 thousand, constituting 4.52% and 3.25% of the consolidated total liabilities as of March 31, 2023 and 2022, respectively; as well as the total comprehensive income amounting to \$(2,266) thousand and \$(11,842) thousand, constituting (5.85)% and (5.16)% of the consolidated total comprehensive income (loss) for the three months ended March 31, 2023 and 2022, respectively.

Furthermore, as stated in Note 6(g), the other equity accounted investments of the Swancor Holding Company Limited and its subsidiaries in its investee companies of \$905,672 thousand and \$973,644 thousand as of March 31, 2023 and 2022, respectively, and its equity in net earnings on these investee companies of \$(18,192) thousand and \$12,191 thousand for the three months ended March 31, 2023 and 2022, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Swancor Holding Company Limited and its subsidiaries as at March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditor's review report are Cheng-Hsueh, Chen and Shyh-Huar, Guo.

KPMG

Taipei, Taiwan (Republic of China)
May 8, 2023

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing

Swancor Holding Company Limited and subsidiaries

Consolidated Balance Sheets

March 31, 2023, December 31, 2022, and March 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		March 31, 2023		December 31, 2022		March 31, 2022		Liabilities and Equity		March 31, 2023		December 31, 2022		March 31, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 2,198,553	16	2,527,070	18	2,298,039	16	2100	Short-term borrowings (note 6(p) and 8)	\$ 1,072,424	8	1,294,674	9	1,911,212	13
1110	Current financial assets at fair value through profit or loss (note 6(b) and 6(s))	136,514	1	2,051	-	4,088	-	2120	Current financial liabilities at fair value through profit or loss (note 6(b) and (s))	359	-	3,761	-	4,860	-
1150	Notes receivable, net (note 6(d))	2,536,828	19	2,452,806	17	1,611,254	11	2130	Current contract liabilities (note 6(ab))	30,409	-	35,333	-	18,211	-
1170	Accounts receivable, net (note 6(d))	1,976,075	14	2,476,625	18	2,894,906	20	2150	Notes payable	268,211	2	426,615	3	597,289	4
1200	Other receivables (note 6(e))	3,471	-	4,064	-	12,357	-	2170	Accounts payable	1,500,043	11	1,707,700	12	1,942,007	13
1220	Current tax assets	28,497	-	9,311	-	9,808	-	2180	Accounts payable to related parties (note 7)	26,561	-	4,318	-	18,374	-
130X	Inventories (note 6(f))	866,884	6	899,451	6	1,278,816	9	2200	Other payables (note 6(q))	354,534	3	439,224	3	356,481	3
1410	Prepayments	33,378	-	43,792	-	90,113	1	2220	Other payables to related parties (note 7)	5,000	-	5,000	-	10,057	-
1479	Other current assets (note 6(o))	66,874	-	59,459	-	109,100	1	2230	Current tax liabilities	145,699	1	129,126	1	109,449	1
1476	Other current financial assets (note 6(o) and 8)	98,713	1	156,070	1	227,479	1	2399	Other current liabilities (note 6(q) and (v))	61,921	-	60,289	-	77,442	1
	Total current assets	<u>7,945,787</u>	<u>57</u>	<u>8,630,699</u>	<u>60</u>	<u>8,535,960</u>	<u>59</u>	2322	Long-term borrowings, current portion (note 6(r) and 8)	70,203	1	62,304	1	120,331	1
	Non-current assets:							2280	Current lease liabilities (note 6(t))	18,836	-	16,784	-	8,413	-
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	665,904	5	665,904	5	664,094	4		Total current liabilities	<u>3,554,200</u>	<u>26</u>	<u>4,185,128</u>	<u>29</u>	<u>5,174,126</u>	<u>36</u>
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	156,059	1	109,662	1	114,091	1		Non-Current liabilities:						
1550	Investments accounted for using equity method (note 6(g))	905,672	7	920,162	6	973,644	7	2530	Bonds payable (note 6(s) and 8)	1,505,596	11	1,502,045	11	1,905,972	13
1600	Property, plant and equipment (note 6(l) and 8)	3,518,064	26	3,469,962	24	3,293,229	23	2540	Long-term borrowings (note 6(r) and 8)	492,000	4	510,896	4	469,077	4
1755	Right-of-use assets (note 6(m) and 8)	253,149	2	251,517	2	248,602	2	2550	Non-current provisions (note 6(u))	7,900	-	7,900	-	9,360	-
1780	Intangible assets (note 6(n))	52,534	-	53,917	-	33,975	-	2570	Deferred income tax liabilities	55,130	-	56,637	-	17,657	-
1840	Deferred tax assets	91,870	1	91,058	1	94,925	1	2670	Other non-current liabilities, others (note 6(q) and (v))	45,042	-	46,055	-	33,623	-
1981	Cash surrender value of life insurance (note 6(k))	-	-	-	-	58,517	-	2580	Non-current lease liabilities (note 6(t))	17,765	-	17,967	-	15,232	-
1990	Other non-current assets (note 6(o) and 8)	76,073	1	81,214	1	484,725	3		Total non-current liabilities	<u>2,123,433</u>	<u>15</u>	<u>2,141,500</u>	<u>15</u>	<u>2,450,921</u>	<u>17</u>
	Total non-current assets	<u>5,719,325</u>	<u>43</u>	<u>5,643,396</u>	<u>40</u>	<u>5,965,802</u>	<u>41</u>		Total liabilities	<u>5,677,633</u>	<u>41</u>	<u>6,326,628</u>	<u>44</u>	<u>7,625,047</u>	<u>53</u>
									Equity attributable to owners of parent (note 6(y)):						
								3100	Ordinary shares	981,322	7	981,311	7	935,046	6
								3200	Capital surplus (note 6(z))	3,534,863	26	3,533,803	25	3,161,540	22
								3300	Retained earnings	2,557,217	19	2,538,139	18	1,832,481	13
								3400	Other equity	(330,398)	(2)	(347,737)	(3)	(264,073)	(2)
								3500	Treasury shares	(47,301)	-	(47,301)	-	(47,301)	-
									Total equity attributable to owners of parent:	<u>6,695,703</u>	<u>50</u>	<u>6,658,215</u>	<u>47</u>	<u>5,617,693</u>	<u>39</u>
								36xx	Non-controlling interests (note 6(j))	1,291,776	9	1,289,252	9	1,259,022	8
									Total equity	<u>7,987,479</u>	<u>59</u>	<u>7,947,467</u>	<u>56</u>	<u>6,876,715</u>	<u>47</u>
									Total liabilities and equity	<u>\$ 13,665,112</u>	<u>100</u>	<u>14,274,095</u>	<u>100</u>	<u>14,501,762</u>	<u>100</u>
	Total assets	<u>\$ 13,665,112</u>	<u>100</u>	<u>14,274,095</u>	<u>100</u>	<u>14,501,762</u>	<u>100</u>								

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing

Swancor Holding Company Limited and subsidiaries
Consolidated Statements of Comprehensive Income
For the three months ended March 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		For the three months ended March 31			
		2023		2022	
		Amount	%	Amount	%
4000	Operating revenues (note 6(ab))	\$ 1,698,486	100	2,486,273	100
5000	Operating costs (note 6(f), (w) and 7)	1,378,487	81	2,186,019	88
	Gross profit from operations	319,999	19	300,254	12
	Operating expenses (note 6(w), (ac) and 7):				
6100	Selling expenses	115,387	7	105,723	4
6200	Administrative expenses	93,161	6	82,518	3
6300	Research and development expenses	52,013	3	47,017	2
6450	Impairment loss (gain) determined in accordance with IFRS 9 (note 6(d))	4,874	-	(609)	-
		265,435	16	234,649	9
	Net operating income	54,564	3	65,605	3
	Non-operating income and expenses (note 6(ad)):				
7100	Interest income	8,577	-	2,068	-
7010	Other income and expenses	12,811	1	3,464	-
7020	Other gains and losses (note 6 (k))	(3,510)	-	43,087	2
7050	Finance Costs (note 6(s) and (t))	(15,782)	(1)	(19,614)	(1)
7060	Share of profit of associates and joint ventures accounted for using equity method (note 6(g))	(18,192)	(1)	12,191	-
		(16,096)	(1)	41,196	1
	Profit before income tax	38,468	2	106,801	4
7950	Income tax expenses (note 6(x))	20,464	1	41,174	1
	Profit	18,004	1	65,627	3
8300	Other comprehensive income (note 6(y)):				
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	17,898	1	166,837	6
8367	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	2,837	-	(3,125)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
		20,735	1	163,712	6
8300	Total comprehensive income for the period, net of tax	\$ 38,739	2	229,339	9
	Profit attributable to:				
8610	Owners of parent	\$ 19,078	1	58,308	3
8620	Non-controlling interests (note 6(j))	(1,074)	-	7,319	-
		\$ 18,004	1	65,627	3
	Comprehensive income attributable to:				
8710	Owners of parent	\$ 36,417	2	185,602	7
8720	Non-controlling interests (note 6(j))	2,322	-	43,737	2
		\$ 38,739	2	229,339	9
	Earnings per share (NT Dollars) (note 6(aa))				
9750	Basic earnings per share	\$ 0.20		0.63	
9850	Diluted earnings per share	\$ 0.17		0.53	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
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Swancor Holding Company Limited and subsidiaries

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
	Retained earnings					Other equity interest					Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Treasury shares			
Balance on January 1, 2022	\$ 935,046	3,161,540	273,481	418,835	1,081,857	1,774,173	(387,002)	(4,365)	(391,367)	(47,301)	5,432,091	1,128,235	6,560,326
Net income for the three months ended March 31, 2022	-	-	-	-	58,308	58,308	-	-	-	-	58,308	7,319	65,627
Other comprehensive income for the three months ended March 31, 2022	-	-	-	-	-	-	130,419	(3,125)	127,294	-	127,294	36,418	163,712
Total comprehensive income for the three months ended March 31, 2022	-	-	-	-	58,308	58,308	130,419	(3,125)	127,294	-	185,602	43,737	229,339
Due to the acquisition of the subsidiary	-	-	-	-	-	-	-	-	-	-	-	87,050	87,050
Balance at March 31, 2022	\$ 935,046	3,161,540	273,481	418,835	1,140,165	1,832,481	(256,583)	(7,490)	(264,073)	(47,301)	5,617,693	1,259,022	6,876,715
Balance on January 1, 2023	\$ 981,311	3,533,803	292,074	391,367	1,854,698	2,538,139	(333,092)	(14,645)	(347,737)	(47,301)	6,658,215	1,289,252	7,947,467
Net income for the three months ended March 31, 2023	-	-	-	-	19,078	19,078	-	-	-	-	19,078	(1,074)	18,004
Other comprehensive income for the three months ended March 31, 2023	-	-	-	-	-	-	14,502	2,837	17,339	-	17,339	3,396	20,735
Total comprehensive income for the three months ended March 31, 2023	-	-	-	-	19,078	19,078	14,502	2,837	17,339	-	36,417	2,322	38,739
Conversion of convertible bonds	11	84	-	-	-	-	-	-	-	-	95	-	95
Share-based payments transactions	-	976	-	-	-	-	-	-	-	-	976	202	1,178
Balance at March 31, 2023	\$ 981,322	3,534,863	292,074	391,367	1,873,776	2,557,217	(318,590)	(11,808)	(330,398)	(47,301)	6,695,703	1,291,776	7,987,479

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
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Swancor Holding Company Limited and subsidiaries
Consolidated Statements of Cash Flows
For the three months ended March 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ 38,468	106,801
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	63,676	60,718
Amortization expenses	3,667	1,550
Impairment loss (reversal of impairment loss)	4,874	(609)
Net gains on financial assets or liabilities at fair value through profit or loss	(4,126)	(621)
Interest expense	15,782	19,614
Interest income	(8,577)	(2,068)
Share-based payment transactions	1,178	-
Share of profit of associates and joint ventures accounted for using equity method	18,192	(12,191)
Losses on disposal of property, plant and equipment	120	175
Gains on disposal of investment	(498)	(113)
Increase in cash surrender value of life insurance	-	(2,177)
Amortization of deferred income	(1,250)	(801)
Gains on lease modification	(237)	-
Total adjustments to reconcile loss	<u>92,801</u>	<u>63,477</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
(Increase) decrease in notes receivable	(86,235)	522,471
Decrease in accounts receivable	497,889	12,350
Decrease (increase) in other receivables	593	(11,279)
Decrease (increase) in inventories	32,567	(35,828)
Decrease (increase) in prepayments	10,414	(51,266)
(Increase) decrease in other operating assets	(7,158)	2,197
Total changes in operating assets	<u>448,070</u>	<u>438,645</u>
Changes in operating liabilities:		
(Decrease) increase in notes payable	(158,404)	33,187
Decrease in accounts payable	(207,657)	(299,238)
Increase (decrease) in accounts payable to related parties	22,243	(11,149)
Decrease in other payables	(53,374)	(79,619)
Increase in other payable to related parties	-	81
Decrease in provisions	-	(17,070)
(Decrease) increase in other operating liabilities	(3,284)	17,747
Total changes in operating liabilities	<u>(400,476)</u>	<u>(356,061)</u>
Total adjustments	<u>140,395</u>	<u>146,061</u>
Cash inflow generated from operations	178,863	252,862
Interest received	8,679	2,141
Interest paid	(12,029)	(14,125)
Income taxes paid	(26,503)	(14,111)
Net cash flows from operating activities	<u>149,010</u>	<u>226,767</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(43,609)	-
Acquisition of current financial assets at fair value through profit or loss	(133,069)	-
Proceeds from disposal of current financial assets at fair value through profit or loss	99	311
Proceeds from disposal of current financial liabilities at fair value through profit or loss	(271)	-
Acquisition of property, plant and equipment	(115,019)	(219,838)
Proceeds from disposal of property, plant and equipment	1,495	12
Increase in refundable deposits	(1,008)	(1,523)
Acquisition of intangible assets	(1,195)	(4,426)
Net cash flow from acquisition of subsidiaries	-	54,011
Increase in other financial assets	-	(59,564)
Increase in prepayments for business facilities	(18,342)	(19,280)
Decrease in other financial assets	61,557	-
Net cash flow used in investing activities	<u>(249,362)</u>	<u>(250,297)</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	373,872	1,021,911
Decrease in short-term borrowings	(596,122)	(1,402,966)
Proceeds from long-term borrowings	-	114,026
Repayments of long-term borrowings	(12,058)	(4,618)
Decrease in guarantee deposits received	-	(2)
Decrease in other payables to related parties	-	(4,696)
Repayments of lease liabilities	(4,074)	(2,556)
Net cash flow used in financing activities	<u>(238,382)</u>	<u>(278,901)</u>
Effect of exchange rate changes on cash and cash equivalents	10,217	69,511
Net decrease in cash and cash equivalents	<u>(328,517)</u>	<u>(232,920)</u>
Cash and cash equivalents at beginning of period	<u>2,527,070</u>	<u>2,530,959</u>
Cash and cash equivalents at end of period	<u>\$ 2,198,553</u>	<u>2,298,039</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing

Swancor Holding Company Limited and subsidiaries

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2023 and 2022

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

(1) Company history

Swancor Holding Company Limited (the “Company”) was incorporated on August 31, 2016 as a Company limited by transferred preference shares from Swancor Industrial Company Limited (Swancor) and registered under the Company Act of the Republic of China (ROC), wherein the Company’s shares were listed on the Taiwan stock Exchange (TNSE) on the same day. The Company and its subsidiaries (together referred to as the “Group”) is primarily involved in the manufacturing and trading business of precision chemical materials, Vinyl Ester Resins & UP Resin light composite material resins, energy conservation LED resins, energy conservation wind power laminar resins and painting.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on May 8, 2023.

(3) New standards, amendments and interpretations adopted:

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

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

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

(Continued)

Swancor Holding Company Limited and subsidiaries
Notes to the Consolidated Financial Statements

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

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	After reconsidering certain aspects of the 2020 amendments ¹ , new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”

(Continued)

Swancor Holding Company Limited and subsidiaries
Notes to the Consolidated Financial Statements

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of significant accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2022. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Subsidiary	Principal activity	Shareholding		
			March 31, 2023	December 31, 2022	March 31, 2022
Swancor Holding	Swancor Innovation & Incubation Co., Ltd. (Swancor Innovation & Incubation)	Management consulting	100% (Note 1)	100%	100% (Note 1)
Swancor Holding	S-Wanlai Co., Ltd. (S-Wanlai)	Producing and selling of synthetic chemicals	100% (Note 1)	100%	-
Swancor Holding	Swancor Carbon Fiber Composites Corporation., Ltd. (Sunwell Carbon Fiber Composites)	Producing and selling of carbon	86.42%	86.42%	86.42%
Swancor Holding	Strategic Capital Holding Ltd. (Strategic)	Investing and holding of subsidiaries	100%	100%	100%
Sunwell Carbon Fiber Composite	Swancor (Jiangsu) Carbon Composites	Producing and selling of carbon	83.89%	83.89%	83.89%
Sunwell Carbon Fiber Composite	COTECH, INC. (COTECH)	Producing and selling of carbon	80.82% (Note 1)	80.82%	80.82% (Note 1)
Strategic	Swancor Ind. Co., Ltd. (Samoa) (Swancor)	Investing and holding of subsidiaries	100%	100%	100%
Strategic	Swancor Advanced Materials Co., Ltd. (Swancor Advanced Materials)	Producing and selling Vinyl Ester Resins and light composite material resins	15.20%	15.20%	15.20%

(Continued)

Swancor Holding Company Limited and subsidiaries
Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Principal activity	Shareholding		
			March 31, 2023	December 31, 2022	March 31, 2022
Swancor	Swancor Advanced Materials	Producing and selling Vinyl Ester Resins and light composite material resins	64.04%	64.04%	64.04%
Swancor Advanced Materials	Swancor (Tianjin) Wind Blade Materials Co., Ltd. (Swancor (Tianjin))	Producing and selling of energy conservation wind power laminar resins	100%	100%	100%
Swancor Advanced Materials	Swancor (Jiangsu) New Materials Co., Ltd. (Swancor (Jiangsu))	Producing and selling of energy conservation wind power laminar resins	100%	100%	100%
Swancor Advanced Materials	Swancor (HK) Investment Co., Ltd. (Swancor (HK))	Investing and holding of subsidiaries	100%	100%	100%
Swancor (HK)	Swancor Ind(M) SDN.BHD. (Swancor Ind(M))	Producing and selling Vinyl Ester Resins and light composite material resins	100% (Note 1)	100%	100% (Note 1)
Swancor (HK)	Swancor Highpolymer Co., Ltd. (Swancor Highpolymer)	Producing and selling Vinyl Ester Resins and light composite material resin	100%	100%	100%

Note 1: Which is a non-significant subsidiary, its financial statements have not been reviewed.

List of subsidiaries which are not included in the consolidated financial statements: None.

- (ii) Changes in ownership of subsidiaries from January 1, 2022 to March 31, 2023 were as follow :

On December 23, 2021 and February 8, 2022, the Group prepaid the amount of \$65,000 thousand for both periods, totaling \$130,000 thousand. The payments were used for investing 130,000 thousand shares of the preferred shares, with voting rights issued by COTECH, According to the share subscription agreement, the Group obtained all the account books and various seals of COTECH on January 1, 2022, resulting in its shareholding percentage to increase to 80.82% after all the subscription shares were issued, allowing the Group to have control over COTECH. The issuance and registration of the preferred shares had been completed on February 8, 2022.

Resulting in ownership of 80.82% after all the subscription shares were issued, and the Group, therefore, had controls over COTECH. The issuance and the registration of the preferred shares had been completed on February 8, 2022.

The Group invested an additional amount of \$200,000 thousand in its subsidiary, Swancor Innovation & Incubation, on January 27, 2022; and the related registration procedures had been completed.

The Group invested an additional amount of \$200,000 thousand in its subsidiary, S-Wanlai, on June 7, 2022; and the related registration procedures had been completed.

(Continued)

Swancor Holding Company Limited and subsidiaries
Notes to the Consolidated Financial Statements

(c) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period (and allocated to current and deferred taxes based on its proportionate size).

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

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

The preparation of the consolidated financial statements, in conformity with the Regulations and IFRSs (in accordance with IAS 34 "Interim Financial Reporting" and endorsed by the FSC) requires management to make judgments, estimates and assumption 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 preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2022. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2022.

(6) Explanation of significant accounts:

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

(a) Cash and Cash Equivalents

	March 31,	December 31,	March 31,
	2023	2022	2022
Pretty cash and cash on hand	\$ 466	842	592
Demand deposits	820,845	769,273	1,184,756
Time deposits	<u>1,377,242</u>	<u>1,756,955</u>	<u>1,112,691</u>
Cash and cash equivalents in the consolidated statement of cash flow	<u>\$ 2,198,553</u>	<u>2,527,070</u>	<u>2,298,039</u>

The Group obtained cash and cash equivalents due to the acquisition of subsidiary in 2022, please refer to 6(h).

(Continued)

Swancor Holding Company Limited and subsidiaries
Notes to the Consolidated Financial Statements

(b) Financial Assets and Liabilities at Fair Value Through Profit or Loss

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Financial assets mandatorily measured at fair value through profit or loss :			
Structured deposit	\$ 133,468	-	-
Convertible corporate bonds-call and put provision	749	-	2,200
Non-derivative financial assets-			
Stocks listed on domestic markets	2,297	2,051	1,888
Stocks unlisted on domestic markets	<u>665,904</u>	<u>665,904</u>	<u>664,094</u>
Total	<u>\$ 802,418</u>	<u>667,955</u>	<u>668,182</u>
Financial liabilities mandatorily measured at fair value through profit or loss : :			
Convertible corporate bonds- call and put provision	\$ -	3,208	2,500
Derivative instruments not used for hedging-Forward exchange contracts	<u>359</u>	<u>553</u>	<u>2,360</u>
Total	<u>\$ 359</u>	<u>3,761</u>	<u>4,860</u>

The amount of profit or loss which is recognized at fair value please refer to note 6(ae).

The Group uses derivative financial instruments to manage the exposure to foreign exchange and interest rate risk arising from operating, financing and investing activities. The following derivative financial instruments, without the application of hedge accounting were classified as financial assets at fair value through profit or loss and financial liabilities held for trading:

March 31, 2023			
	<u>Amount (in thousands)</u>	<u>Currency</u>	<u>Maturity date</u>
Forward exchange contracts	EUR 766	TWD to EUR	112.4.10~112.6.23
	USD 1,009	TWD to USD	112.4.9~112.7.20
December 31, 2022			
	<u>Amount (in thousands)</u>	<u>Currency</u>	<u>Maturity date</u>
Forward exchange contracts	EUR 547	TWD to EUR	111.12.21~112.03.05
March 31, 2022			
	<u>Amount (in thousands)</u>	<u>Currency</u>	<u>Maturity date</u>
Forward exchange contracts	EUR 5,255	TWD to EUR	111.04.21~111.06.23

(Continued)

Swancor Holding Company Limited and subsidiaries
Notes to the Consolidated Financial Statements

(c) Financial assets at fair value through other comprehensive income

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
Debt investments at fair value through other comprehensive income :			
Corporate bonds	\$ 81,829	36,881	39,410
Equity investments at fair value through other comprehensive income :			
Domestic unlisted Company - Gigantex Composite Technologies Co., Ltd.	\$ 25,031	25,031	25,031
Domestic on listed Company - WT Microelectronics Co., Ltd	49,199	47,750	49,650
Domestic unlisted Company - Promix Composites, Inc.	-	-	-
Domestic unlisted Company - Ideal Star International Corp.	-	-	-
Subtotal	<u>74,230</u>	<u>72,781</u>	<u>74,681</u>
Total	<u>\$ 156,059</u>	<u>109,662</u>	<u>114,091</u>

1. Debt investments at fair value through other comprehensive income

The Group has assessed that the securities were held within a business model whose objective was achieved by collecting the contractual cash flows and by selling securities. Therefore, they have been classified as debt investments at fair value through other comprehensive income.

2. Equity investments at fair value through other comprehensive income

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 intends to hold for long-term for strategic purposes.

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of March 31, 2023 and 2022.

For credit risk (including the impairment of debt investments) and market risk, please refer to note 6(ae).

The financial assets at fair value through other comprehensive income of the Group had not been pledged as collateral as of March 31, 2023, December 31, 2022 and March 31, 2022.

3. The amounts of other comprehensive profit or loss which were recognized at fair value for the three months ended March 31, 2023 and 2022, were \$2,837 thousand and \$(3,125) thousand.

(Continued)

Swancor Holding Company Limited and subsidiaries
Notes to the Consolidated Financial Statements

(d) Notes and Accounts receivable

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivable from operating activities	\$ 1,980,523	1,819,131	1,146,255
Notes receivable-fair value through other comprehensive income	561,373	636,520	468,371
Less: Loss allowance	<u>(5,068)</u>	<u>(2,845)</u>	<u>(3,372)</u>
	<u>\$ 2,536,828</u>	<u>2,452,806</u>	<u>1,611,254</u>
Accounts receivable - measured as amortized cost	\$ 2,001,330	2,499,133	2,947,546
Less: Loss allowance	<u>(25,255)</u>	<u>(22,508)</u>	<u>(52,640)</u>
	<u>\$ 1,976,075</u>	<u>2,476,625</u>	<u>2,894,906</u>

The Group has assessed that these financial assets are held to collect contractual cash flows and selling financial assets, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at fair value through other comprehensive income.

The Group obtained notes and accounts receivable due to the acquisition of the subsidiary in 2022, please refer to note 6(h).

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables on March 31, 2023, December 31, 2022 and March 31, 2022. To measure the expected credit losses, accounts receivable has been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provision as of March 31, 2023, December 31, 2022 and March 31, 2022 were determined as follows:

	March 31, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 4,180,290	0.10 %	4,296
Overdue 1 to 90 days	325,139	0.28 %	913
Overdue 91 to 180 days	19,977	36.51 %	7,294
Overdue 181 to 270 days	-	-	-
Overdue 271 to 360 days	-	-	-
Overdue more than 361 days	<u>-</u>	-	<u>-</u>
Total	<u>\$ 4,525,406</u>		<u>12,503</u>

(Continued)

Swancor Holding Company Limited and subsidiaries
Notes to the Consolidated Financial Statements

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 4,714,252	0.03 %	1,450
Overdue 1 to 90 days	212,020	0.73 %	1,546
Overdue 91 to 180 days	9,727	39.64 %	3,856
Overdue 181 to 270 days	1,052	73.00 %	768
Overdue 271 to 360 days	-	-	-
Overdue more than 361 days	-	-	-
Total	\$ 4,937,051		7,620
	March 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 4,074,459	0.09 %	3,490
Overdue 1 to 90 days	435,150	0.41 %	1,800
Overdue 91 to 180 days	193	-	-
Overdue 181 to 270 days	1,648	-	-
Overdue 271 to 360 days	-	-	-
Overdue more than 361 days	1,535	100 %	1,535
Total	\$ 4,512,985		6,825

The loss allowance provision from the other group as of March 31, 2023, December 31, 2022 and March 31, 2022 were determined as follows:

	March 31, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ -	-	-
Overdue 1 to 90 days	-	-	-
Overdue 91 to 180 days	-	-	-
Overdue 181 to 270 days	-	-	-
Overdue 271 to 360 days	-	-	-
Overdue more than 361 days	17,820	100%	17,820
Total	\$ 17,820		17,820

(Continued)

Swancor Holding Company Limited and subsidiaries
Notes to the Consolidated Financial Statements

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ -	-	%
Overdue 1 to 90 days	-	-	%
Overdue 91 to 180 days	-	-	%
Overdue 181 to 270 days	-	-	%
Overdue 271 to 360 days	-	-	%
Overdue more than 361 days	17,733	100%	17,733
Total	\$ 17,733		17,733
	March 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ -	-	%
Overdue 1 to 90 days	14,874	100%	14,874
Overdue 91 to 180 days	-	-	%
Overdue 181 to 270 days	-	-	%
Overdue 271 to 360 days	-	-	%
Overdue more than 361 days	34,313	100%	34,313
Total	\$ 49,187		49,187

The movement in the allowance for notes and trade receivable was as follows:

	For the three months ended March 31,	
	2023	2022
Balance on January 1	\$ 25,353	55,013
Impairment losses recognized	4,874	(609)
Foreign exchange losses	96	1,608
Balance on March 31	\$ 30,323	56,012

The notes and accounts receivable of the Group had not been pledged as collateral as of March 31, 2023, December 31, 2022 and March 31, 2022.

(Continued)

Swancor Holding Company Limited and subsidiaries
Notes to the Consolidated Financial Statements

As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group sold its notes receivable without recourse as follows:

March 31, 2023					
Purchaser	Assignment Facility	Factoring Line	Advanced Amount	Range of Interest Rate	Significant Transferring Terms
China CITIC Bank	\$ 288,921	-	288,921	1.28%	Bill by delivery
China CITIC Bank	107,801	-	107,801	1.47%	Bill by delivery
	\$ 396,722	-	396,722		
December 31, 2022					
Purchaser	Assignment Facility	Factoring Line	Advanced Amount	Range of Interest Rate	Significant Transferring Terms
BANK OF NINGBO	\$ 226,389	-	226,389	2.60%	Bill by delivery
China CITIC Bank	266,436	-	266,436	1.88%	Bill by delivery
BANK OF NINGBO	99,908	-	99,908	2.00%	Bill by delivery
BANK OF NINGBO	287,499	-	287,499	1.28%	Bill by delivery
BANK OF NINGBO	44,094	-	44,094	1.30%	Bill by delivery
BANK OF NINGBO	107,271	-	107,271	1.47%	Bill by delivery
	\$ 1,031,597	-	1,031,597		
March 31, 2022					
Purchaser	Assignment Facility	Factoring Line	Advanced Amount	Range of Interest Rate	Significant Transferring Terms
China CITIC Bank	\$ 13,528	-	13,528	2.02%	Bill by delivery
China CITIC Bank	13,528	-	13,528	2.62%	Bill by delivery
China CITIC Bank	32,061	-	32,061	2.00%	Bill by delivery
	\$ 59,117	-	59,117		

The Group evaluate that part of the notes receivable that been endorsed and transferted to other parties the requirements for derecognized financial assets.

The Group transferred \$451,073 thousand, \$768,368 thousand and \$1,414,150 thousand of trade receivables to an unrelated third party as of March 31, 2023, December 31, 2022 and March 31, 2022. However, if the acceptor (accepting bank) refuses to pay when due, the Group is obliged to pay off to the endorser serve. The acceptor has a relatively high credit rating. Under normal circumstances, the Group didn't expect the acceptor to refuse to pay. At the time of transfer, the Group provided a guarantee on those trade receivables to the transferee. Therefore, the Group continues to recognize the full carrying value of the trade receivables transferred, and recognized the cash received from the transfer as a guaranteed loan. In addition, as of March 31, 2023, December 31, 2022 and March 31, 2022, the notes receivable for the transfer of endorsements that have not yet expired were \$561,373 thousand, \$636,520 thousand and \$468,371 thousand respectively, which did not meet the conditions for financial assets had not derecognized.

(e) Other receivables

	March 31, 2023	December 31, 2022	March 31, 2022
Other accounts receivable	\$ <u>3,471</u>	<u>4,064</u>	<u>12,357</u>

The Group obtained other receivables due to the acquisition of the subsidiary in 2022, please refer to note 6(h).

(Continued)

Swancor Holding Company Limited and subsidiaries
Notes to the Consolidated Financial Statements

For further credit risk information, please refers to note 6(ae).

(f) Inventories

	March 31, 2023	December 31, 2022	March 31, 2022
Raw materials	\$ 409,157	466,799	744,797
Finished goods	437,542	418,243	508,907
Goods	18,707	14,323	23,722
Inventory in transit	1,478	86	1,390
	<u>\$ 866,884</u>	<u>899,451</u>	<u>1,278,816</u>

The cost of goods sold were as follows

	For the three months ended March 31,	
	<u>2023</u>	<u>2022</u>
Inventory that has been sold	\$ 1,355,844	2,173,817
Write-down and slow moving of inventories	21,093	10,783
Loss (gain) on physical inventory	(140)	737
Loss on inventory retired	1,690	682
	<u>\$ 1,378,487</u>	<u>2,186,019</u>

As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group did not provide any inventories as collateral for its loans.

The Group obtained inventories due to the acquisition of the subsidiary in 2022, please refer to note 6(h).

(g) Investments accounted for using the equity method

A summary of the Group's financial information for investments accounted for using the equity method at the reporting date is as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Associates	\$ <u>905,672</u>	<u>920,162</u>	<u>973,644</u>

(Continued)

Swancor Holding Company Limited and subsidiaries
Notes to the Consolidated Financial Statements

(i) Associates

Associates which are material to the Group consisted of the followings :

Name of Associates	Nature of Relationship with the Group	Main operating location/Registered Country of the Company	Proportion of shareholding and voting rights		
			March 31, 2023	December 31, 2022	March 31, 2022
Anhui Meijia New Materials Co., Ltd.	The main business is production and sales of environmental protective and corrosion resistant resin, lightweight composite resin, for the group to expand the wind power industry affiliated companies.	China	23.81%	23.81%	23.81%

The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Carrying amount of individually insignificant associate's equity	\$ <u>905,672</u>	<u>920,162</u>	<u>973,644</u>
	For the three months ended March 31,		
	2023	2022	
Attributable to the Group:			
Net income (loss)	\$ <u>(18,192)</u>	<u>12,191</u>	

(ii) Collaterals

The investment accounted for using equity method of the Group had not been pledged as collaterals as of March 31, 2023, December 31, 2022 and March 31, 2022.

(Continued)

Swancor Holding Company Limited and subsidiaries
Notes to the Consolidated Financial Statements

(h) Acquisition of subsidiary and non-controlling interests

(i) Acquisition of subsidiary— COTECH

On December 23, 2021 and February 8, 2022, the Group each prepaid the amount of \$65,000 thousand for both periods totaling \$130,000 thousand, respectively. The payments were used for investing 130,000 thousand shares of the preferred shares with voting rights issued by COTECH. According to the share subscription agreement, the Group obtained all the account books and various seals of COTECH on January 1, 2022, resulting in its shareholding percentage increase to 80.82% after all the subscription shares were issued, allowing the Group to have control over COTECH. The issuance and registration of the preferred shares had been completed on February 8, 2022. COTECH is primarily engaged in the manufacturing carbon fiber, as well as designing, analyzing and manufacturing composite structure. The Group through the above acquisition integrates the downstream supply chains to extend its products from carbon fiber prepreg and pultruded sheet to carbon fiber molding, so as to expand the carbon fiber reinforced composite material market.

The following is the class of consideration transferred and the recognized amounts of assets acquired and liabilities assumed at the acquisition date:

1) Consideration transferred

Consideration transferred is amounting to 130,000 thousand in cash.

2) The recognized amounts of assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date:

Cash and cash equivalents (note 6(a))	\$	54,011
Preferred shares receivable		65,000
Notes receivables (note 6(d))		346
Accounts receivables (note 6(d))		3,771
Other receivables (note 6(e))		38
Inventories (note 6(f))		6,519
Prepayments		532
Other current assets (note 6(o))		830
Property, plant and equipment (note 6(l))		244,776
Intangible assets (note 6(n))		20,546
Right-of-use assets (note 6(m))		13,250
Deferred income tax assets		8,828
Refundable deposits (note 6(o))		6,703
Current contract liabilities (note 6(ab))		(922)
Notes payable		(10,837)
Accounts payable		(1,650)
Other payables (note 6(q))		(23,203)
Other payables to related parties		(14,672)
Other current liabilities (note 6(q))		(216)

(Continued)

Swancor Holding Company Limited and subsidiaries
Notes to the Consolidated Financial Statements

Long-term borrowings, current portion (note 6(r))	(16,071)
Current lease liabilities (note 6(t))	(1,699)
Long-term borrowings (note 6(r))	(99,405)
Non-current provisions (note 6(u))	(26,430)
Non-current lease liabilities (note 6(t))	(12,568)
Receivable deposits (note 6(q))	(427)
Total air value of identifiable net assets	<u><u>\$ 217,050</u></u>

(ii) Goodwill

Goodwill arising from the acquisition has been recognized as follows:

Consideration transferred	\$ 130,000
Add: Non-controlling interests	87,050
Less: Fair value of identifiable net assets	<u>217,050</u>
Goodwill	<u><u>\$ -</u></u>

(i) Loss control of subsidiaries

The Board of Directors of the Group determined to dispose of 100% of its shares in Synera Renewable Energy and extend time of disposal on June 20 and June 30, 2019. The Group lost its control over Swancor Renewable Energy due to the disposal of its 95% shares in it on July 31, 2019. Since the share price had fluctuated from \$717,721 thousand to \$2,959,604 thousand (USD23,019 thousand to USD94,920 thousand), the Group recognized a gain of \$482,054 thousand based on the most likely price of \$717,721 thousand and received in 2022.

The Group had recognized financial assets profit of \$646,591 thousand with the condition matched and had received all in September, 2022.

The amount of \$1,364,312 thousand and \$1,128,645 thousand had been collected and recognized, respectively, due to disposal transactions mentioned above as of March 31, 2023.

(j) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

<u>Subsidiaries</u>	<u>Main operation place</u>	<u>Percentage of non- controlling interests</u>		
		<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Swancor Advanced Materials	China	20.76%	20.76%	20.76%

The following information on the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Intragroup transactions were not eliminated in this information.

(Continued)

Swancor Holding Company Limited and subsidiaries
Notes to the Consolidated Financial Statements

The collective financial information of Swancor Advanced Materials:

	March 31, 2023	December 31, 2022	March 31, 2022
Current assets	\$ 5,428,481	5,908,319	6,828,140
Non-current assets	2,164,329	2,143,075	2,270,319
Current liabilities	(2,451,141)	(2,985,767)	(4,279,278)
Non- current liabilities	(11,177)	(13,986)	(2,894)
Net assets	<u>\$ 5,130,492</u>	<u>5,051,641</u>	<u>4,816,287</u>
Non-controlling interests	<u>\$ 1,065,090</u>	<u>1,048,721</u>	<u>999,861</u>

	For the three months ended March 31,	
	2023	2022
Operating revenue	\$ 1,424,800	2,153,933
Net Operating income	61,339	95,128
Other comprehensive income	(8,568)	(31,238)
Comprehensive income	<u>\$ 52,771</u>	<u>63,890</u>
Profit, attributable to non-controlling interests	<u>\$ 12,734</u>	<u>19,749</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ 10,955</u>	<u>13,264</u>
Net cash flows from operating activities	(106,072)	289,971
Net cash flows from investing activities	(148,865)	40,660
Net cash flows from financing activities	6,113	(194,978)
Net (decrease) increase in cash and cash equivalents	<u>\$ (248,824)</u>	<u>135,653</u>
Dividend paid to non-controlling interest	<u>\$ -</u>	<u>-</u>

(k) Cash surrender value of life insurance

Cash surrender value of life insurance is an insurance that the employees were insured, and the employer is the beneficiary of the insurance term. The insurance payment is the part of cash surrender value that was a deduction of current insurance expense and becomes an addition of carrying value of the surrender value of life insurance. The carrying value will be deducted when the insurance expires or is terminated.

(Continued)

Swancor Holding Company Limited and subsidiaries
Notes to the Consolidated Financial Statements

The movements of cash surrender value of life insurance were as follows:

	For the three months ended March 31,
	2022
Balance at January 1	\$ 56,340
Increase in cash value	2,177
Balance at March 31	\$ 58,517

(l) Property, plant and equipment

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

	Land	Buildings and Structures	Machinery and Equipment	Other Equipment	Construction in progress and testing equipment	Total
Cost:						
Balance at January 1, 2023	\$ 780,227	1,629,445	1,085,980	718,118	661,767	4,875,537
Additions	-	-	4,564	4,136	75,614	84,314
Disposals	-	(64)	(6,096)	(7,387)	-	(13,547)
Reclassification	-	10	18,588	4,185	(2,749)	20,034
Effect of movements in exchange rates	-	3,067	2,357	2,008	123	7,555
Balance at March 31, 2023	\$ 780,227	1,632,458	1,105,393	721,060	734,755	4,973,893
Balance at January 1, 2022	\$ 776,587	1,275,616	986,412	601,412	244,215	3,884,242
Acquired in acquisition of the subsidiary	-	287,349	34,258	35,445	-	357,052
Additron	-	5,411	3,796	15,724	195,283	220,214
Disposals	-	-	(862)	(1,500)	-	(2,362)
Reclassification	-	1,708	18,507	2,614	(2,166)	20,663
Effect of movements in exchange rates	-	40,337	27,571	15,375	1,528	84,811
Balance at March 31, 2022	\$ 776,587	1,610,421	1,069,682	669,070	438,860	4,564,620

(Continued)

Swancor Holding Company Limited and subsidiaries
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Buildings and Structures</u>	<u>Machinery and Equipment</u>	<u>Other Equipment</u>	<u>Construction in progress and testing equipment</u>	<u>Total</u>
Depreciation:						
Balance at January 1, 2023	\$ -	521,041	434,697	449,837	-	1,405,575
Depreciation	-	18,227	21,230	18,868	-	58,325
Disposals	-	(51)	(6,027)	(5,854)	-	(11,932)
Reclassification	-	(145)	-	145	-	-
Effect of movements in exchange rates	-	1,370	1,147	1,344	-	3,861
Balance at March 31, 2023	<u>\$ -</u>	<u>540,442</u>	<u>451,047</u>	<u>464,340</u>	<u>-</u>	<u>1,455,829</u>
Balance at January 1, 2022	\$ -	400,855	332,129	341,448	-	1,074,432
Acquired in acquisition of the subsidiary	-	53,279	29,097	29,900	-	112,276
Depreciation	-	17,657	20,996	18,584	-	39,580
Disposals	-	-	(697)	(1,478)	-	(2,175)
Reclassification	-	-	-	-	-	-
Effect of movements in exchange rates	-	11,263	9,306	9,052	-	29,621
Balance at March 31, 2022	<u>\$ -</u>	<u>483,054</u>	<u>390,831</u>	<u>397,506</u>	<u>-</u>	<u>1,271,391</u>
Carrying amounts:						
Balance at January 1, 2023	<u>\$ 780,227</u>	<u>1,108,404</u>	<u>651,283</u>	<u>268,281</u>	<u>661,767</u>	<u>3,469,962</u>
Balance at March 31, 2023	<u>\$ 780,227</u>	<u>1,092,016</u>	<u>654,346</u>	<u>256,720</u>	<u>734,755</u>	<u>3,518,064</u>
Balance at January 1, 2022	<u>\$ 776,587</u>	<u>874,761</u>	<u>654,283</u>	<u>259,964</u>	<u>244,215</u>	<u>2,809,810</u>
Balance at March 31, 2022	<u>\$ 776,587</u>	<u>1,127,367</u>	<u>678,851</u>	<u>271,564</u>	<u>438,860</u>	<u>3,293,229</u>

For the three months ended March 31, 2022, and 2023 the amount of interest capitalization was \$2,354 thousand and \$1,450 thousand, respectively.

As of March 31, 2023, December 31, 2022 and March 31, 2022, property, plant and equipment pledged as collateral for bank loans are described in note 8.

(m) Right-of-use assets

The Group leases many assets including land and buildings. Information about leases for which the Group as a lessee was presented below:

(Continued)

Swancor Holding Company Limited and subsidiaries
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Buildings</u>	<u>Transportation Equipment</u>	<u>Total</u>
Costs:				
Balance at January 1, 2023	\$ 254,278	39,523	3,898	297,699
Additions	-	6,127	-	6,127
Effects of movements in exchange rates	901	55	-	956
Balance at March 31, 2023	<u>\$ 255,179</u>	<u>45,705</u>	<u>3,898</u>	<u>304,782</u>
Balance at January 1, 2022	\$ 234,145	20,169	2,466	256,780
Acquired in acquisition of the subsidiary	15,969	-	1,432	17,401
Additions	-	298	-	298
Effect of movements in exchange rates	8,846	153	-	8,999
Balance at March 31, 2022	<u>\$ 258,960</u>	<u>20,620</u>	<u>3,898</u>	<u>283,478</u>
Depreciation:				
Balance at January 1, 2023	\$ 25,599	17,638	2,945	46,182
Depreciation	1,608	3,418	325	5,351
Effects of movements in exchange rates	78	22	-	100
Balance at March 31, 2023	<u>\$ 27,285</u>	<u>21,078</u>	<u>3,270</u>	<u>51,633</u>
Balance at January 1, 2022	\$ 15,128	10,122	1,302	26,552
Acquired in acquisition of the subsidiary	3,807	-	344	4,151
Depreciation	1,281	1,995	205	3,481
Effect of movements in exchange rates	602	90	-	692
Balance at March 31, 2022	<u>\$ 20,818</u>	<u>12,207</u>	<u>1,851</u>	<u>34,876</u>

(Continued)

Swancor Holding Company Limited and subsidiaries
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Buildings</u>	<u>Transportation Equipment</u>	<u>Total</u>
Carrying amount:				
Balance at January 1, 2023	\$ 228,679	21,885	953	251,517
Balance at March 31, 2023	\$ 227,894	24,627	628	253,149
Balance at January 1, 2022	\$ 219,017	10,047	1,164	230,228
Balance at March 31, 2022	\$ 238,142	8,413	2,047	248,602

The Group obtained right of use assets due to the acquisition of the subsidiary in 2022, please refer to note 6(h).

As of March 31, 2023, December 31, 2022 and March 31, 2022, right-of-use assets pledged as collateral for bank loans are described in note 8.

(n) Intangible Assets

The costs of intangible assets, amortization, and impairment loss of the Group were as follows:

	<u>Technique</u>	<u>Computer software</u>	<u>Total</u>
Costs:			
Balance at January 1, 2023	\$ 93,565	53,167	146,732
Additions	-	1,195	1,195
Effect of movement in exchange rates	1,266	13	1,279
Balance at March 31, 2023	\$ 94,831	54,375	149,206
Balance at January 1, 2022	\$ 43,345	49,754	93,099
Acquired in acquisition of the subsidiary	20,546	-	20,546
Additions	3,631	795	4,426
Reclassification	-	94	94
Effect of movement in exchange rates	(1,344)	97	(1,247)
Balance at March 31, 2022	\$ 66,178	50,740	116,918
Amortization:			
Balance at January 1, 2023	\$ 49,436	43,379	92,815
Amortization	2,260	1,407	3,667
Effect of movement in exchange rates	181	9	190
Balance at March 31, 2023	\$ 51,877	44,795	96,672
Balance at January 1, 2022	\$ 40,315	41,476	81,791
Amortization	712	838	1,550
Effect of movement in exchange rates	(462)	64	(398)
Balance at March 31, 2022	\$ 40,565	42,378	82,943
Carrying value:			
Balance at January 1, 2023	\$ 44,129	9,788	53,917
Balance at March 31, 2023	\$ 42,954	9,580	52,534
Balance at January 1, 2022	\$ 3,030	8,278	11,308
Balance at March 31, 2022	\$ 25,613	8,362	33,975

The Group obtained intangible assets due to the acquisition of the subsidiary in 2022, please refer to note 6(h).

(Continued)

Swancor Holding Company Limited and subsidiaries
Notes to the Consolidated Financial Statements

As of March 31, 2023, December 31, 2022 and March 31, 2022 the intangible assets of the Group had not been pledged as collateral.

(o) Other current assets and other non-current assets

The other current assets and others non-current assets of the Group were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Other current assets :			
Advanced payments	\$ 13,648	6,381	25,488
Refundable deposits	1,786	1,788	1,786
Other-current	<u>51,440</u>	<u>51,290</u>	<u>81,866</u>
	<u>\$ 66,874</u>	<u>59,459</u>	<u>109,140</u>

The VAT of purchasing inventories is confined as “other current”.

	March 31, 2023	December 31, 2022	March 31, 2022
Other current financial assets :			
Restricted bank depositis	<u>\$ 98,713</u>	<u>156,070</u>	<u>227,479</u>

Restricted bank deposits are confined as restricted bank deposits pledged banker’s acceptance, convertible bond pledged, syndicated loan and loan commitments as collateral, please refer to note 8.

	March 31, 2023	December 31, 2022	March 31, 2022
Other non-current assets :			
Refundable deposits	\$ 11,090	10,080	12,860
Prepayments for equipment	59,097	60,789	65,558
Restricted bank deposits	-	4,200	400,029
Others-non-current	<u>5,886</u>	<u>6,145</u>	<u>6,278</u>
	<u>\$ 76,073</u>	<u>81,214</u>	<u>484,725</u>

(Continued)

Swancor Holding Company Limited and subsidiaries
Notes to the Consolidated Financial Statements

(p) Short-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured bank loans	\$ 1,055,468	1,280,064	1,900,270
Secured bank loans	16,956	14,610	10,942
	<u>\$ 1,072,424</u>	<u>1,294,674</u>	<u>1,911,212</u>
Unused short-term credit lines	<u>\$ 3,322,770</u>	<u>3,062,425</u>	<u>1,841,216</u>
Range of interest rates	<u>1.30%~6.05%</u>	<u>1.30%~6.40%</u>	<u>0.93%~4.35%</u>

(i) Issuing and repayment the borrowings

For the three months ended March 31, 2023 and 2022, the Group's proceeded from short-term borrowings amounted to \$373,872 thousand and \$1,021,911 thousand with interest rate of 1.64%~5.81% and 0.93%~4.35%, respectively. The short-term borrowings are due in April 2023 to March 2024 and April 2022 to March 2023, respectively. For the three months ended March 31, 2023 and 2022, the repayment amount to \$596,122 thousand and \$1,402,966 thousand, respectively.

(ii) Collateral for short-term borrowings

For the collateral for short-term borrowings, please refer to note 8.

(q) Other current and non-current liabilities

The other payables, other current and non-current liabilities were summarized as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Other payables-salary	\$ 123,519	175,193	95,199
Other payables-employee bonus	276	2,769	750
Other payables-director compensation	551	14,523	1,500
Payables on equipment	26,376	57,081	76,366
Other	203,812	189,658	182,666
	<u>\$ 354,534</u>	<u>439,224</u>	<u>356,481</u>

Business tax payable, payable on professional service fee and shipping expense are confined as "Other".

(Continued)

Swancor Holding Company Limited and subsidiaries
Notes to the Consolidated Financial Statements

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
Other current liabilities:			
Temporary receipts	\$ 1,623	475	38,485
Receipts under custody	3,325	3,559	5,329
Current deferred revenue	4,923	4,931	1,219
Other	<u>52,050</u>	<u>51,324</u>	<u>32,409</u>
	<u>\$ 61,921</u>	<u>60,289</u>	<u>77,442</u>
Non-current liabilities:			
Non-current deferred revenue	\$ 44,180	45,193	32,615
Gurantee deposit received	<u>862</u>	<u>862</u>	<u>1,008</u>
	<u>\$ 45,042</u>	<u>46,055</u>	<u>33,623</u>

(r) Long-term borrowings

The details of long-term borrowings of the group were as follows:

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
Secured bank loans	\$ 303,515	303,514	385,180
Unsecured bank loans	219,520	231,035	156,520
Other loans (Note)	39,168	38,651	47,708
Less: current portion	<u>(70,203)</u>	<u>(62,304)</u>	<u>(120,331)</u>
	<u>\$ 492,000</u>	<u>510,896</u>	<u>469,077</u>
Unused short-term credit lines	<u>\$ 181,000</u>	<u>291,000</u>	<u>307,508</u>
Range of interest rates	<u>1.98%~4.30%</u>	<u>1.33%~4.65%</u>	<u>1.34%~4.65%</u>

Note: Loaned by the company of development zone platform held by government where the subsidiary is located.

(i) Proceeds and repayment the borrowings

For the three months ended March 31, 2023 and 2022, the Group's proceeded from long-term borrowings amounted to \$0 and \$114,026 thousand (which include \$24 thousand and \$1,588 thousand of the other current liabilities and other non-current liabilities; \$(666) thousand of amortization loss; \$(1,556) thousand of effect of movement in exchange rates) with an interest rate of 1.34%~3.92%, respectively. The long-term borrowings are due in January 2025. For the three months ended March 31, 2022 and 2021, the repayment amounted to \$12,058 thousand and \$4,618 thousand.

The Group obtained long term borrowings (including current portion) due to the acquisition of the subsidiary in 2022, please refer to note 6(h).

(Continued)

Swancor Holding Company Limited and subsidiaries
Notes to the Consolidated Financial Statements

(ii) Collateral for long-term borrowings

The details of the assets of the Group had been pledged, please refer note 8.

(s) Bonds payable

The details of bonds payable of the Group were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Third secured convertible bonds- domestic	\$ 1,000,000	1,000,000	1,000,000
Fourth unsecured convertible bonds- domestic	1,000,000	1,000,000	1,000,000
Unamortized discounted corporate bonds payable	(52,204)	(55,855)	(94,028)
Cumulative converted amount	<u>(442,200)</u>	<u>(442,100)</u>	<u>-</u>
Corporate bonds issued balance at March 31, 2023	<u>\$ 1,505,596</u>	<u>1,502,045</u>	<u>1,905,972</u>
Embedded derivative – call and put options, including financial assets at fair value through profit or loss	<u>749</u>	<u>-</u>	<u>2,200</u>
Embedded derivative – call and put options, including financial liabilities at fair value through profit or loss	<u>-</u>	<u>3,208</u>	<u>2,500</u>
Equity component – conversion options, included in capital surplus– stock options	<u>\$ 167,600</u>	<u>167,610</u>	<u>213,351</u>
	<u>For the three months ended March 31,</u>		
	<u>2023</u>	<u>2022</u>	
Embedded derivative instruments – call and put rights, including net gain of evaluation in financial asset and liabilities	<u>\$ (3,957)</u>	<u>(2,900)</u>	
Interest expense	<u>\$ 3,646</u>	<u>5,066</u>	

(i) Swancor Holding issued its third domestic secured convertible bonds on September 27, 2021, and the significant terms of the bonds were as follows:

- 1) Offering amount: \$1,000,000 thousand
- 2) Duration: five years (September 27, 2021 to September 27, 2026)
- 3) Interest rate: 0%
- 4) Conversion period: From three months after the issuance date to the maturity date. (December 28, 2021 to September 27, 2026)

(Continued)

Swancor Holding Company Limited and subsidiaries
Notes to the Consolidated Financial Statements

- 5) Conversion price: As of the issuance date, the conversion price was NTD 99 per share. However, after Swancor Holding issued the corporate bonds, except for the exchange of various securities with common stock conversion rights or stock options issued by Swancor Holding for common stock, or the issuance of new shares due to employee dividends. When the shares increased, or when cash dividends were distributed, or when re-raising or private placement of various securities with common stock conversion rights or stock options at a conversion or subscription price lower than the current price per share, or when decreased in common shares caused by capital reduction not due to the cancellation of treasury shares, the conversion price will be adjusted according to the formula in the terms of conversion. In 2022, the cash dividend was declared, resulting in an adjustment of the conversion price to \$97.8 per share from July 16, 2022.
- 6) On the repurchase dates, after the issuance date, the bondholders may request Swancor Holding to repurchase the bonds at their face value, by cash, in five trading days.
- 7) From three months after the issuance date to 40 days before the maturity date, if the closing price of Swancor Holding shares on the TWSE is higher than 130% of the conversion price for 30 consecutive trading days or when the outstanding convertible bonds are less than 10% of the initial issued bonds, Swancor Industrial may redeem the remaining bonds at their face value by cash in five trading days after the redemption date.
- 8) Terms of redemption: Swancor Holding needs to redeem the bonds by cash upon maturity, except for the bonds that had been converted into shares.

Swancor Holding separated its equity and liability components as follows:

Items	Amount
Total price of issuance (deducted transaction cost)	\$ 1,081,297
Fair value of convertible bonds upon issuance	(970,976)
Embedded derivative debt upon issuance	900
Equity components upon issuance	\$ 111,221

- 9) According to the share exchange agreement, the performance obligation of equity warrants, which were approved by the authority, should be transferred to the Company, and the conversion price and quantity are adjusted by using the conversion ratio.
 - 10) The Group set up collaterals of issuing corporate bonds with assets, please refer to note 8 for details.
- (ii) Swancor Holding issued its forth domestic unsecured convertible bonds on September 28, 2021, and the terms of issuance were as follows:
- 1) Offering amount: \$1,000,000 thousand
 - 2) Duration: five years (September 28, 2021 to September 28, 2026)
 - 3) Interest rate: 0%
 - 4) Conversion period: From three months after issuance date to the maturity date. (December 29, 2021 to September 28, 2026)

(Continued)

Swancor Holding Company Limited and subsidiaries
Notes to the Consolidated Financial Statements

- 5) Conversion price: As of the issuance date, the conversion price was NTD95 per share. However, after Swancor Holding issued the corporate bonds, except for the exchange of various securities with common stock conversion rights or stock options issued by Swancor Holding for common stock, or the issuance of new shares due to employee dividends. When the shares increased, or when cash dividends were distributed, or when re-raising or private placement of various securities with common stock conversion rights or stock options at a conversion or subscription price lower than the current price per share, or when decreased in common shares caused by capital reduction not due to the cancellation of treasury shares, the conversion price will be adjusted according to the formula in the terms of conversion. In 2022, the cash dividend was declared, resulting in an adjustment of the conversion price to \$93.8 per share from July 16, 2022.
- 6) On the repurchase dates, after the issuance date, the bondholders may request Swancor Holding to repurchase the bonds at their face value, with the interests of 0.75% of the face value for three years, plus yield to put of 0.25%, by cash, in five trading days.
- 7) From one month after the issuance date to 40 days before the maturity date, if the closing price of Swancor Holding shares on the TWSE is higher than 130% of the conversion price for 30 consecutive trading days or when the outstanding convertible bonds are less than 10% of the initial issued bonds, Swancor Holding may redeem the remaining bonds at their face value by cash in five trading days after the redemption date.
- 8) Terms of redemption: Swancor Holding needs to redeem the bonds by cash upon maturity, except for the bonds that had been converted into shares.

Swancor Holding separated its equity and liability components as follows:

<u>Items</u>	<u>Amount</u>
Total price of issuance (deducted transaction cost)	\$ 1,032,011
Fair value of convertible bonds upon issuance	(924,881)
Embedded derivative debt upon issuance (warrant)	<u>(5,000)</u>
Equity components upon issuance	<u>\$ 102,130</u>

- 9) According to the share exchange agreement, the performance obligation of equity warrants, which were approved by the authority, should be transferred to the Company, and the conversion price and quantity are adjusted by using the conversion ratio.

(Continued)

Swancor Holding Company Limited and subsidiaries
Notes to the Consolidated Financial Statements

(t) Lease liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
Current	\$ <u>18,836</u>	<u>16,784</u>	<u>8,413</u>
Non-current	\$ <u>17,765</u>	<u>17,967</u>	<u>15,232</u>

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31,	
	2023	2022
Interest on lease liabilities	\$ <u>126</u>	<u>51</u>
Expenses relating to short-term leases	\$ <u>1,438</u>	<u>1,886</u>
Income from modification leases	\$ <u>(237)</u>	<u>-</u>

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

	For the three months ended March 31,	
	2023	2022
Total cash outflow for leases	\$ <u>5,638</u>	<u>4,493</u>

(i) Real estate leases

As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group leases land and buildings for its office and factory space. The leases of office and factory space typically run for a period of 3 to 5 years. Some leases had not included an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Group leases staff dormitory and trivial leases with lease terms of 1 to 3 years, these leases are short-term and leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(iii) The Group obtained lease liabilities due to the acquisition of the subsidiary in 2022, please refer to note 6(h).

(u) Provisions

	March 31, 2023	December 31, 2022	March 31, 2022
Legal	\$ <u>7,900</u>	<u>7,900</u>	<u>9,360</u>

The Group obtained provisions due to the acquisition of the subsidiary in 2022, please refer to note 6(h).

(Continued)

Swancor Holding Company Limited and subsidiaries
Notes to the Consolidated Financial Statements

Due to the acquisition of COTECH, the Group assumed the responsibility for involving illegal fund raising, violating the Securities and Exchange Act by the chairman of COTECH, Qing Long, Wong, his spouse, Yu Wen, Shen, and other managers, Zu Wang Li and Ming Dao, Xiao in 2018. The Taichung District Court ruled that the four persons should be forfeited in amount of \$66,503 thousand on May 27, 2021. COTECH needs to recover \$26,430 thousand, based on the advice of the Group's legal counsel, the management estimates the most likely consequence is that COTECH should pay \$26,430 thousand to pay off this obligation, including the expected litigation costs, of which has been paid \$18,530 thousand for the three months ended March 31, 2023.

(v) Deferred income

	March 31, 2023	December 31, 2022	March 31, 2022
Deferred income	\$ <u>49,103</u>	<u>50,124</u>	<u>33,834</u>
Current	\$ 4,923	4,931	1,219
Non-current	<u>44,180</u>	<u>45,193</u>	<u>32,615</u>
	\$ <u>49,103</u>	<u>50,124</u>	<u>33,834</u>

The Group has received an industrial economic grant from the government where the subsidiary is located in June 2022, which was conditional on the acquisition of equipment wherein high intelligent equipment for technical improvement had to be installed. The equipment has been used in June 2022, and the grant, recognized as deferred income, was amortized over the useful life of the equipment.

The Group received a low-rate government subsidy loan from the government where the subsidiary is located in February and December 2022, and the related condition required the subsidiary to purchase machinery and equipment. The machinery and equipment had been used since February and December 2022. The subsidy was recognized as deferred income and amortized during the useful life of machinery and equipment.

(w) Employee benefits

Defined contribution plans

The Group's expenses under the pension plan cost to the Bureau of Labor Insurance for the three months ended March 31, 2023 and 2022 were as follows:

	For the three months ended March 31,	
	2023	2022
Operating cost	\$ 994	727
Selling expenses	285	244
Administrative expenses	1,012	929
Research and development expenses	<u>472</u>	<u>373</u>
	\$ <u>2,763</u>	<u>2,273</u>

(Continued)

Swancor Holding Company Limited and subsidiaries
Notes to the Consolidated Financial Statements

Other foreign subsidiaries recognized pension expenses of \$7,004 thousand and \$8,179 thousand for the three months ended March 31, 2023 and 2022, respectively, for the defined contribution plans based on their respective local government regulations.

(x) Income taxes

(i) The components of income tax were as follows:

	For the three months ended March 31,	
	2023	2022
Current tax expense		
Current period	\$ 22,783	22,479
Deferred tax expense		
Origination and reversal of temporary differences	(2,319)	18,695
Income tax expense	\$ 20,464	41,174

For the three months ended March 31, 2023 and 2022, there were no income taxes recognized directly in equity and other comprehensive income.

(ii) Assessment of tax

The Group's tax returns were assessed by the Taipei National Tax Administration as follows:

	Assessed Year
The Company	2021
Sunwell Carbon Fiber Composite	2020
Swancor Highpolymer	2020
COTECH	2020

(y) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for periods from January 1 to March 31, 2023 and 2021. For the related information, please refer to note 6(y) of the consolidated financial statements for the year ended December 31, 2022.

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Swancor Holding Company Limited and subsidiaries
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(i) Capital surplus

The balances of capital surplus were as follows:

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
Share capital	\$ 405,127	405,127	405,127
Premium on bonds conversion	956,906	956,812	541,507
Donation	253	253	253
Employee share options (overdue and not be executed)	8,151	8,151	8,151
Treasury share transactions	107,315	107,315	107,315
Expired stock option	41,059	41,059	41,059
Difference arising from subsidiary's share price and its carrying value	1,068,115	1,067,139	1,064,440
Stock transfer (from retained earnings of Swancor)	780,337	780,337	780,337
Equity component of convertible bonds recognized in stock option	<u>167,600</u>	<u>167,610</u>	<u>213,351</u>
	<u>\$ 3,534,863</u>	<u>3,533,803</u>	<u>3,161,540</u>

- 1) According to the Enterprise Merges and Acquisition Act, when an enterprise exchanges shares with other company, its undistributed retained earnings would be the capital surplus of the other company (as holding company) after the exchange has been completed.
- 2) According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the capital increase, by transferring capital surplus in excess of the par value, should not exceed 10% of the total common stock outstanding.

(ii) Retained earnings

The Company's article of incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit, together with any undistributed retained earnings, shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

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Swancor Holding Company Limited and subsidiaries
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The Company is currently in a growth stage. The Company's policy on the distribution of dividends to shareholders is subject to the Company's current and future investment environment, capital requirements, domestic and international competition and capital budget, taking into account the interests of shareholders and Company's long-term financial planning.

The earning distribution can be settled by cash or by stocks and cash dividends shall not be more than 10% of total dividends.

1) Legal reserve

According to the amendment of the R.O.C. Company Act, the Company must retain 10% of its after-tax annual earnings as legal reserve until such retention equals the amount of total capital. When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with the regulations of the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The earnings distribution for 2022 and 2021 were decided during the Company's board meeting and the general meeting of the shareholders held on March 10, 2023 and May 31, 2022, respectively, as follows:

	2022	2021
Dividends distributed to ordinary shareholders		
Cash	\$ 487,091	139,187

(iii) Treasury shares

- 1) In accordance with the requirements under section 28(2) of the Securities and Exchange Act, as the March 23, 2020, the Board of Directors of the Company determined to repurchase 2,000 thousand shares during March 24 to May 23, 2020, at the price of \$37 to \$106 per share, as treasury shares, in order to encourage its employees.

(Continued)

Swancor Holding Company Limited and subsidiaries
Notes to the Consolidated Financial Statements

The movement of treasury stock for the three months ended March 31, 2023 was as follows:

Reason for repurchase	Beginning shares	Increase	Decrease	Ending shares
Transfer to employees	<u>713</u>	<u>-</u>	<u>-</u>	<u>713</u>

The movement of treasury stock for the three months ended March 31, 2022 was as follows:

Reason for repurchase	Beginning shares	Increase	Decrease	Ending shares
Transfer to employees	<u>713</u>	<u>-</u>	<u>-</u>	<u>713</u>

- 2) In accordance with Securities and Exchange Act requirements as stated above, the number of shares repurchased should not exceed 10 percent of all shares outstanding. Also, the value of the repurchased shares should not exceed the sum of the Company's retained earnings, share premium, and realized capital reserves. As of December 31, 2019, the Company could repurchase no more than 7,849 thousand shares, with a total value of no more than \$2,790,383 thousand.
- 3) In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

(iv) Other equity(net after tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at 1 January 2023	\$ (333,092)	(14,645)	(347,737)
Exchange differences on foreign operations	14,502	-	14,502
Net change in fair value of investments in financial assets at FVTOCI	-	2,837	2,837
Balance at 31 March 2023	<u>\$ (318,590)</u>	<u>(11,808)</u>	<u>(330,398)</u>
Balance at 1 January 2022	\$ (387,002)	(4,365)	(391,367)
Exchange differences on foreign operations	130,419	-	130,419
Net change in fair value of investments in financial assets at FVTOCI	-	(3,125)	(3,125)
Balance at 31 March 2022	<u>\$ (256,583)</u>	<u>(7,490)</u>	<u>(264,073)</u>

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Swancor Holding Company Limited and subsidiaries
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(z) Share-based Payments

(i) Details of the share-based payment agreement of Swancor Advanced Materials are as follows:

<u>Type of agreement</u>	<u>Grant date</u>	<u>Granted share (in thousand shares)</u>	<u>Contract Period</u>	<u>Conditions</u>
Restricted employee stock option plan (Notes)	2016.03.31	3,047	4 years	Employees' performance has reached the Company's performance standard
Restricted employee stock option plan	2022.05.25	673	4 years	Employees' performance has reached the Company's performance standard

Notes: The restricted employee stock option issued by Swancor Advanced Materials cannot be transferred without meeting the required condition but voting rights and participation of dividend distribution are not limited.

(ii) The Shareholders' meeting was held on March 29, 2016, Swancor Advanced Materials decided to award 3,047 thousand new shares of restricted stock at an issuance price of RMB\$9.82 and a fair value of RMB\$2.44, on grant day to those full-time employees who meet the Company's requirements.

(iii) The Extraordinary shareholders' meeting was held on May 25, 2022, Swancor Advanced Materials decided to award 673 thousand new shares of restricted stock at an issuance price of RMB4.32, and a fair value of RMB4.52, on grant day to those full-time employees who meet the Company's requirements.

Details of restricted non-vesting stock option for employees of the Company were as follows:

	<u>For the three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
	<u>Number of shares(thousand)</u>	<u>Number of shares(thousand)</u>
Outstanding at 1 January (as the same outstanding at 31 March)	<u>673</u>	<u>-</u>

(iv) Expense incurred from share-based arrangements:

	<u>For the three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Expenses resulting from granted employee share options	<u>\$ 1,178</u>	<u>-</u>

(aa) Earnings per Share

1 Basic earnings per share

(i) Profit attributable to ordinary shareholders of the Company

	<u>For the three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Profit attributable to ordinary shareholders of the Company	<u>\$ 19,078</u>	<u>58,308</u>

(Continued)

Swancor Holding Company Limited and subsidiaries
Notes to the Consolidated Financial Statements

(ii) Weighted average number of ordinary shares

	<u>For the three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Weighted average number of ordinary shares	<u>97,418</u>	<u>92,792</u>

(iii) Basic earnings per share

	<u>For the three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Basic earnings per share	<u>\$ 0.20</u>	<u>0.63</u>

2 Diluted earnings per share

(i) Profit attributable to ordinary shareholders of the Company (diluted)

	<u>For the three months ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Profit attributable to ordinary shareholders of the Company(basic)	\$ 19,078	58,308
Effect of dilutive potential ordinary shares		
Interest expense on convertible bonds, net of tax	(248)	1,732
Profit attributable to ordinary shareholders of the Company (diluted)	<u>\$ 18,830</u>	<u>60,040</u>

(ii) Weighted average number of ordinary shares (diluted)

	<u>For the three months ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Weighted average number of ordinary shares (basic)	97,418	92,792
Effect of dilutive potential ordinary shares		
Effect of conversion of convertible bonds	16,201	20,627
Effect of restricted employee shares unvested (Notes)	23	15
Weighted average number of ordinary shares (diluted)	<u>113,642</u>	<u>113,434</u>

(iii) Diluted earnings per share

	<u>For the three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Basic earnings per share	<u>\$ 0.17</u>	<u>0.53</u>

Notes: For the calculation of the dilutive effect of the stock option, the average market value is assessed based on the quoted market price on the balance sheet day and the day before the Board of Directors' meeting, where the Company's option is outstanding.

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Swancor Holding Company Limited and subsidiaries
Notes to the Consolidated Financial Statements

(ab) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended March 31,	
	2023	2022
<u>Primary geographical markets</u>		
Taiwan	\$ 287,906	187,807
China	762,528	1,624,564
Other	648,052	673,902
	\$ 1,698,486	2,486,273
	For the three months ended March 31,	
	2023	2022
<u>Major products/services lines</u>		
Anti-corrosion material	\$ 741,513	767,724
Wind blade material	546,522	1,191,135
Other	410,451	527,414
	\$ 1,698,486	2,486,273

(ii) Contract balances

	March 31,	December 31,	March 31,
	2023	2022	2022
Contract liability-advance payment	\$ 30,409	35,333	18,211

For details on accounts receivable and allowance for impairment, please refer to note 6(d).

The amount of revenue recognized for the for the three months ended March 31, 2023 and 2022, that were included in the contract liability balance at the beginning of the period were \$17,303 thousand and \$11,935 thousand, respectively.

(ac) Employee compensation and directors' and supervisors' remuneration

According to the Company's articles of incorporation, the Company should distribute its remuneration of not less than 1% and not more than 3% of annual profits to its employees and directors respectively, after offsetting accumulated deficits, if any. However, the Company amended its Articles of incorporation in May 31, 2022, were in the Company is now required to appropriate its remuneration of not less than 0.01% and not more than 3% of its annual profit to its employees and directors, respectively. Employees, including employees of affiliate companies that meet certain conditions, are subject to the abovementioned remuneration, which is to be distributed in stock or cash.

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Notes to the Consolidated Financial Statements

For the three months ended March 31, 2023 and 2022, the Company estimated its employee remuneration amounting to \$276 thousand and \$750 thousand, and directors' and supervisors' remuneration amounting to \$551 thousand and \$1,500 thousand. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholder' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. Shares distributed to employees as employees' remuneration are calculated based on the closing price of the Company's shares on the day before the approval by the Board of Directors.

For the year ended December 31, 2022 and 2021, the Company estimated its employee remuneration amounting to \$2,769 thousand and \$885 thousand, and directors' and supervisors' remuneration amounting to \$14,523 thousand and \$2,665 thousand. Related information would be available at the Market Observation Post System website.

(ad) Non-operating income and expenses

(i) Interest income

	For the three months ended March 31,	
	2023	2022
Interest income from bank deposits	\$ 7,992	1,699
Interest income from bonds investment	585	369
	\$ 8,577	2,068

(ii) Other income

	For the three months ended March 31,	
	2023	2022
Government subsidy	\$ 10,729	1,526
Other	2,082	1,938
	\$ 12,811	3,464

(iii) Other gains and losses

	For the three months ended March 31,	
	2023	2022
Losses on disposal of property, plant and equipment	\$ (120)	(175)
Gains on disposal of investments	498	113
Foreign exchange gains (losses)	(8,014)	42,528
Gains (losses) on disposal of financial assets (liabilities) measured at fair value through profit or loss	4,126	621
	\$ (3,510)	43,087

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Swancor Holding Company Limited and subsidiaries
Notes to the Consolidated Financial Statements

(iv) Finance costs

	For the three months ended March 31,	
	2023	2022
Interest expense-bank loans	\$ 13,646	15,281
Interest expense-lease liabilities	126	51
Interest expense-bonds	3,646	5,066
Interest expense-government loans	718	666
Less: capitalization of interest	<u>(2,354)</u>	<u>(1,450)</u>
	<u>\$ 15,782</u>	<u>19,614</u>

(ae) Financial instrument

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For related information, please refer to note 6(ae) of the consolidated financial statements for the year ended December 31, 2022.

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

Major clients of the Group are concentrated in composite material market. To minimize credit risk, the Group periodically evaluates its financial positions and will pledge a collateral if deemed necessary. Besides, the Group monitors and reviews the recoverable amounts of its trade receivables to ensure the uncollectible amounts are recognized appropriately as impairment loss. As of March 31, 2023, December 31, 2022 and March 31, 2022, the percentage of 4%, 8% and 35%, respectively, of accounts receivable were derived from major customers. Thus, the credit risk is significantly centralized.

3) Receivables and debt securities

For credit risk exposure of note and trade receivables, please refer to note 6(d). Other financial assets at amortized cost includes other receivables and other financial assets.

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. The Group has no loss allowance provision for the three months ended March 31, 2023 and 2022.

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Swancor Holding Company Limited and subsidiaries
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(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including the estimated interest payments but excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	1-12 months	1-2 years	2-5 years	Over 5 years
March 31, 2023						
Non-derivative financial liabilities						
Secured loans	\$ 320,471	344,624	31,782	17,089	246,229	49,524
Unsecured loans	1,274,988	1,298,923	1,136,007	97,650	61,403	3,863
Other loans	39,168	41,653	-	41,653	-	-
Accounts payable (including related parties)	2,154,349	2,154,349	2,154,349	-	-	-
Bonds payable	1,505,596	1,557,800	-	-	1,557,800	-
Lease liability	36,601	38,396	19,548	8,991	4,669	5,188
	<u>\$ 5,331,173</u>	<u>5,435,745</u>	<u>3,341,686</u>	<u>165,383</u>	<u>1,870,101</u>	<u>58,575</u>
December 31, 2022						
Non-derivative financial liabilities						
Secured loans	\$ 318,124	341,338	26,294	16,775	245,834	52,435
Unsecured loans	1,511,099	1,534,532	1,354,196	105,032	67,584	7,720
Other loans	38,651	41,448	-	-	41,448	-
Accounts payable (including related parties)	2,582,857	2,582,857	2,582,857	-	-	-
Bonds payable	1,502,045	1,557,900	-	-	1,557,900	-
Lease liability	34,751	36,603	17,468	8,889	4,669	5,577
	<u>\$ 5,987,527</u>	<u>6,094,678</u>	<u>3,980,815</u>	<u>130,696</u>	<u>1,917,435</u>	<u>65,732</u>
March 31, 2022						
Non-derivative financial liabilities						
Secured loans	\$ 396,122	417,050	103,595	18,403	255,979	39,073
Unsecured loans	2,056,790	2,084,502	1,959,462	32,891	77,983	14,166
Other loans	47,708	52,376	-	-	52,376	-
Accounts payable (including related parties)	2,924,208	2,924,207	2,924,207	-	-	-
Bonds payable	1,905,972	2,000,000	-	-	2,000,000	-
Lease liability	23,645	25,532	8,857	4,505	5,037	7,133
	<u>\$ 7,354,445</u>	<u>7,503,667</u>	<u>4,996,121</u>	<u>55,799</u>	<u>2,391,375</u>	<u>60,372</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

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(iii) Exchange rate risk

1) Currency risk

The Group's significant exposure to foreign currency risk was as follows:

	<u>March 31, 2023</u>			<u>December 31, 2022</u>			<u>March 31, 2022</u>		
	<u>Foreign currency</u>	<u>Exchange rates</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rates</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rates</u>	<u>NTD</u>
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 35,266	30.45	1,073,850	45,430	30.71	1,395,155	36,254	28.63	1,037,771
EUR	1,655	33.15	54,863	1,268	32.72	41,489	7,800	31.92	248,976
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	11,114	30.45	338,421	11,947	30.71	366,892	24,808	28.63	710,129
EUR	66	33.15	2,188	88	32.72	2,879	6,339	31.92	202,341

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts and other receivables, loans and borrowings and accounts and other payables that are denominated in foreign currency. A strengthening (weakening) of 0.5% of the NTD against the USD and EUR as at March 31, 2023 and 2022 would have increased (decreased) the net profit after tax by \$3,151 thousand and \$1,497 thousand, respectively.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months ended March 31, 2023 and 2022, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$(8,014) thousand and \$42,528 thousand, respectively.

2) Interest rate risk

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate which increases or decreases by 0.5% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased/decreased by 0.5%, with all other variable factor remaining constant, the Group's net income would have increased/decreased by \$6,382 thousand and \$9,812 thousand for the three months ended March 31, 2023 and 2022, respectively. This is mainly due to the Group's borrowing in variable rates.

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3) Other market price risk

For the three months ended March 31, 2023 and 2022, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss with all other variable factors remaining constant as illustrated below:

Prices of securities at the reporting date	For the three months ended March, 31				
	2023		2022		
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income	
Increasing 0.5%	\$ 246	9	248	8	
Decreasing 0.5%	(246)	(9)	(248)	(8)	

(vi) Fair value of financial instruments

1) Categories and fair value of financial instruments

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy, were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities disclosure of fair value information is not required:

	Carrying amount	March 31, 2023			Total
		Level 1	Level 2	Level 3	
Financial assets					
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	\$ 802,418	2,297	134,217	665,904	802,418
Financial assets at fair value through other comprehensive income					
Stocks unlisted on domestic markets	25,031	-	-	25,031	25,031
Stocks listed on domestic markets	49,199	49,199	-	-	49,199
Original bonds	81,829	81,829	-	-	81,829
Subtotal	156,059	131,028	-	25,031	156,059
Financial assets measured at amortized cost					
Cash and cash equivalents	2,198,553	-	-	-	-
Notes, accounts and other receivables	4,516,374	-	-	-	-
Other financial assets-current	98,713	-	-	-	-
Refundable deposit	12,876	-	-	-	-
Subtotal	6,826,516	-	-	-	-
Total	\$ 7,784,993	133,325	134,217	690,935	958,477

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	March 31, 2022				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial liabilities					
Financial liabilities measured at amortized cost					
Non derivative financial liabilities mandatorily measured at fair value through profit or loss	\$ 4,860	-	4,860	-	4,860
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 1,911,212	-	-	-	-
Notes, accounts and other payables (including related parties)	2,924,208	-	-	-	-
Long-term borrowings, current portion	120,331	-	-	-	-
Long-term borrowings (including other loans)	469,077	-	-	-	-
Bonds payable	1,905,972	-	2,400,000	-	2,400,000
Current and non-current lease liabilities	23,645	-	-	-	-
Subtotal	<u>7,354,445</u>	<u>-</u>	<u>2,400,000</u>	<u>-</u>	<u>2,400,000</u>
Total	<u>\$ 7,359,305</u>	<u>-</u>	<u>2,404,860</u>	<u>-</u>	<u>2,404,860</u>

2) Valuation techniques for financial instruments not measured at fair value.

The Group estimates its financial instruments, that are not measured at fair value, by methods and assumption as follows:

If there is quoted price generated by transactions for financial liabilities at amortized cost, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation techniques for financial instruments measured at fair value

Non-derivative financial instruments traded in active markets are based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a basis to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

If a quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities, and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have a quoted price in an active market. If a financial instrument is not in accord with the definition mentioned above, then it is considered to be without a quoted price in an active market. In general, market with low trading volume or high bid-ask spreads is an indication of a non-active market.

The fair value of the listed common shares and funds held by the Group are determined by reference to the market quotation.

(Continued)

Swancor Holding Company Limited and subsidiaries
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Measurements of fair value of financial instruments without an active market are based on valuation technique or quoted price from a competitor.

4) Transfers between Level 1 and Level 2

There were no transfers from one level to another level for the three months ended March 31, 2023 and 2022.

5) Reconciliation of Level 3 fair values

	Fair value through profit or loss (Unquoted equity instruments)	Fair value through other comprehensive income (Unquoted equity instruments)
Opening balance on January 1, 2023 (as the same balance at March 31)	\$ 665,904	25,031
Opening balance on January 1, 2022 (as the same balance at March 31)	\$ 664,094	25,031

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include "At fair value through profit or loss—unquoted equity instruments" and "fair value through other comprehensive income—unquoted equity instruments."

The Group, which is classified as equity instrument investment without an active market, has a number of significant unobservable inputs. The significant unobservable inputs of equity instrument investments without an active market are independent of each other. Therefore, there were no interrelationships from one input to another.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at fair value through profit or loss - equity investments without an active market- Synera Renewable Energy	Discounted Cash Flow Method	<ul style="list-style-type: none"> • Cost of equity Ratio (As of March 31, 2023, December 31, 2022 and March 31, 2022 were 9.12%, 9.12% and 6.96%) • Lack of marketability discount (As of March 31, 2023, December 31, 2022 and March 31, 2022 were 19%, 19% and 26.2%) 	<ul style="list-style-type: none"> • the higher the Cost of equity Ratio, the higher the fair value • the higher the lack of marketability discount, the lower the fair value

(Continued)

Swancor Holding Company Limited and subsidiaries
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<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets measured at fair value through profit or loss-equity investments without an active market-F I International	Discounted Cash Flow Method	<ul style="list-style-type: none"> • Cost of equity Ratio (As of March 31, 2023, December 31, 2022 and March 31, 2022 were 9.12%, 9.12% and 6.96%) • Lack of marketability discount (As of March 31, 2023, December 31, 2022 and March 31, 2022 were 19%, 19% and 26.2%) 	<ul style="list-style-type: none"> • the higher the Cost of equity Ratio, the higher the fair value • the higher the lack of marketability discount, the lower the fair value
Financial assets at fair value through other comprehensive income (Available-for-sale financial assets) equity investments without an active market-Gigantex Composite Technologies	Public company comparable	<ul style="list-style-type: none"> • Price-Book Ratio (As of March 31, 2023, December 31, 2022 and March 31, 2022 were 2.02~2.42, 2.02~2.42 and 2.12~3.97, respectively) • Price-to-Sales Ratio (As of March 31, 2023, December 31, 2022 and March 31, 2022 were 0.63~1.58, 0.63~1.58 and 0.65~1.88, respectively) • Lack of marketability discount (As of March 31, 2023, December 31, 2022 and March 31, 2022 were all 35%) 	<ul style="list-style-type: none"> • the higher the Price-Book Ratio, the higher the fair value • the higher the Price-to-Sales Ratio, the higher the fair value • the higher the lack of marketability discount, the lower the fair value

7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Group's fair value measurement of financial instruments is reasonable. However, the use of different evaluation models or evaluation parameters may result in different evaluation results.

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Swancor Holding Company Limited and subsidiaries
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For fair value measurements in Level 3, changing one or more of the assumptions to reflect reasonably possible alternative assumptions would have the following effects:

	<u>Input value</u>	<u>Change up or down</u>	<u>Profit or loss</u>		<u>Other comprehensive income</u>	
			<u>Favorable</u>	<u>Unfavorable</u>	<u>Favorable</u>	<u>Unfavorable</u>
March 31, 2023						
Financial assets at fair value through profit or lost						
Equity investments without an active market	665,904	0.5 %	3,330	(3,330)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	25,031	0.5 %	-	-	125	(125)
December 31, 2022						
Financial assets at fair value through profit or lost						
Equity investments without an active market	665,904	0.5 %	3,330	(3,330)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	25,031	0.5 %	-	-	125	(125)
March 31, 2022						
Financial assets at fair value through profit or lost						
Equity investments without an active market	664,094	0.5 %	3,320	(3,320)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	25,031	0.5 %	-	-	125	(125)

The favorable and unfavorable effects represent the changes in fair value, and the fair value is based on a variety of unobservable inputs calculated using the valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

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Swancor Holding Company Limited and subsidiaries
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(af) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note 6(af) of the consolidated financial statements for the year ended December 31, 2022.

(ag) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2022. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2022. Please refer to Note 6(ag) of the consolidated financial statements for the year ended December 31, 2022 for further details.

(ah) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities, which did not affect its current cash flow in the three months ended March 31, 2023 and 2022, were as follows:

- (i) For acquisition of right-of-use assets through lease, please refer to note 6(m).
- (ii) For conversion of convertible bonds to ordinary shares, please refer to notes 6(y).
- (iii) For shared-based payments, please refer to notes 6(z).

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Non-cash changes				March 31, 2023
			Acquisition	Foreign exchange movement	Amortization	Transferred shares and Capital surplus	
Short-term borrowings	\$ 1,294,674	(222,250)	-	-	-	-	1,072,424
Long-term borrowings (including current portion)	534,549	(12,058)	-	153	391	-	523,035
Other loans (including deferred income)	88,775	-	-	419	(923)	-	88,271
Lease liabilities (including current portion)	34,751	(4,074)	5,890	34	-	-	36,601
Bonds payable	<u>1,502,045</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,646</u>	<u>(95)</u>	<u>1,505,596</u>
Total liabilities from financing activities	<u>\$ 3,454,794</u>	<u>(238,382)</u>	<u>5,890</u>	<u>606</u>	<u>3,114</u>	<u>(95)</u>	<u>3,225,927</u>

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Swancor Holding Company Limited and subsidiaries
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	<u>January 1, 2022</u>	<u>Cash flows</u>	<u>Non-cash changes</u>				<u>Acquired in acquisition of the subsidiary</u>	<u>March 31, 2022</u>
			<u>Acquisition</u>	<u>Foreign exchange movement</u>	<u>Amortization</u>			
Short-term borrowings	\$ 2,292,267	(381,055)	-	-	-	-	1,911,212	
Long-term borrowings (including current portion)	323,841	103,252	(1,165)	-	296	115,476	541,700	
Other loans (including deferred income)	71,996	6,156	1,165	2,656	(431)	-	81,542	
Lease liabilities (including current portion)	11,573	(2,556)	298	63	-	14,267	23,645	
Bonds payable	<u>1,900,906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,066</u>	<u>-</u>	<u>1,905,972</u>	
Total liabilities from financing activities	<u>\$ 4,600,583</u>	<u>(274,203)</u>	<u>298</u>	<u>2,719</u>	<u>4,931</u>	<u>129,743</u>	<u>4,464,071</u>	

(7) Related-party transactions:

(a) Names and relationship with related parties

<u>Name of related party</u>	<u>Relationship with the Group</u>
Anhui Meijia New Materials Co., Ltd. (Meijia New Materials)	Associate of the Group
Pan-Jiang, Yang	Director of the Company
Wan-Cong, Wong	Director of the subsidiary of the Group
Qian-Xiu, Wong	Relative within second degree of relationship of director of the subsidiary of the Group
Yun-Zhe, Won	Relative within second degree of relationship of director of the subsidiary of the Group
Qing-Long, Wong	Relative within first degree of relationship of director of the subsidiary of the Group
Jian-Dong-Chen	Shareholder of the subsidiary of the Group
Wen-Yu-Chen	Shareholder of the subsidiary of the Group

(b) Significant transactions with related parties

(i) Purchase

The Group purchase from related parties was as follows:

	<u>For the three months ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Associates-Meijia New Materials	<u>\$ 37,262</u>	<u>46,883</u>

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Swancor Holding Company Limited and subsidiaries
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There are no significant differences with the purchase price from the above-mentioned companies to general companies. The payment term is 30 days to 120 days, which is not significant different from general companies.

(ii) Borrowings from Related Parties

The Group's borrowings from related parties (accounting other payables to related parties) were as follows:

<u>Relationship</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Chairman of the subsidiary— Wan-Cong, Wong	\$ 1,421	1,421	1,421
Director of the subsidiary— Qian-Xiu, Wong	2,459	2,459	2,459
Director of the subsidiary— Yun-Zhe, Wong	717	717	717
Relative within first degree of relationship of chairman of the subsidiary— Qian-Xiu, Wong	403	403	403
Shareholder of the subsidiary— Jian-Dong, Chen	-	-	3,289
Shareholder of the subsidiary— Wen-Yu, Chen	-	-	1,687
	<u>\$ 5,000</u>	<u>5,000</u>	<u>9,976</u>

The Group's borrowings from related parties were interest-free and unsecured, please refer note 6(h).

(iii) Other transaction

The Group's labor expense due to related party provide legal advisory services (accounting operating expense) was as follows:

	<u>For the three months ended March 31, 2022</u>
Director of the company— Pan-Jiang, Yang	<u>\$ 90</u>

(iv) Payable from Related Parties

The payable from associates were as follows:

<u>Account</u>	<u>Relationship</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Accounts payables	Associates - Meijia New Materials	<u>\$ 26,561</u>	<u>4,318</u>	<u>18,374</u>

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Swancor Holding Company Limited and subsidiaries
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(c) Key management personnel compensation

Key management personnel compensation comprised the following:

	For the three months ended March 31,	
	2023	2022
Short-term employee benefits	\$ 8,714	13,404
Post-employment benefits	192	201
Other long-term employee benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	<u>\$ 8,906</u>	<u>13,605</u>

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	March 31, 2023	December 31, 2022	March 31, 2022
Land	Bank Loans	\$ 540,921	540,921	537,281
Buildings	Bank Loans	642,687	151,263	304,143
Right-of-use asset	Bank Loans	160,229	160,608	166,372
Restricted bank deposit (other financial assets- current)	Bank's acceptance bill, long-term borrowings, stand by L/C and bank guarantee	98,713	156,070	227,479
Restricted bank deposit (other non-current assets)	Guarantee letter of convertible bond and bank loans	-	4,200	400,029
		<u>\$ 1,442,550</u>	<u>1,013,062</u>	<u>1,635,304</u>

(9) Significant commitments and contingencies:

(a) Unrecognized contractual commitments

	March 31, 2023	December 31, 2022	March 31, 2022
Acquisition of property, plant and equipment	\$ <u>584,936</u>	<u>493,913</u>	<u>688,802</u>

(b) Outstanding standby letter of credit

	March 31, 2023	December 31, 2022	March 31, 2022
Outstanding standby letter of credit	\$ <u>74,388</u>	<u>87,704</u>	<u>172,429</u>

(c) Contingencies: None.

(d) Other: None.

(10) Losses Due to Major Disasters:None

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(11) Subsequent Events:None.

(12) Other:

- (a) The followings are the summary statement of employee benefits, depreciation, depletion, and amortization expenses by function in the current period:

By function	For the three months ended March 31,					
	2023			2022		
	Cose of sales	Operating expenses	Total	Cose of sales	Operating expenses	Total
Employee benefits						
Salary	39,655	76,157	115,812	37,174	71,710	108,884
Labor and health insurance	3,706	7,176	10,882	3,997	6,086	10,083
Pension	3,346	6,421	9,767	4,449	6,003	10,452
Others	1,906	1,420	3,326	1,936	1,388	3,324
Depreciation	41,428	22,248	63,676	38,692	22,026	60,718
Amortization	-	3,667	3,667	-	1,550	1,550

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SWANCOR HOLDING COMPANY LIMITED AND SUBSIDIARIES
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(13) Other disclosures:

(a) Information on significant transactions:

The followings were the information on significant transactions, required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, of the Group:

(i) Lending to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period (Note 5)	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Loss Allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	Swancor Holding	Swancor Ind. Co., Ltd.	Other receivables	Yes	USD2,000 61,420	USD2,000 60,900	USD2,000 60,900	4%	2	-	Operating purpose	-	-	-	2,678,281 (Note 1)	2,678,281 (Note 2)
0	Swancor Holding	Sunwell Carbon Fiber Composite	Other receivables	Yes	120,000	120,000	-	-	2	-	Operating purpose	-	-	-	1,004,355 (Note 1)	2,678,281 (Note 2)
1	Sunwell Carbon Fiber Composite	Swancor (Jiangsu) Carbon Composites	Other receivables	Yes	RMB15,000 66,642	RMB15,000 66,468	RMB15,000 66,468	4.25%	2	-	Operating purpose	-	-	-	102,663 (Note 3)	273,769 (Note 3)
2	Swancor Highpolymer	Swancor Ind (M)	Other receivables	Yes	USD1,500 46,065	USD1,500 45,675	USD1,500 45,675	5.30%	2	-	Operating purpose	-	-	-	147,523 (Note 4)	393,394 (Note 4)

Note1 : The limited amount of loan to subsidiaries of the Group shall not exceed the net value of 15%. The total amount for lending to subsidiaries of the Company shall not exceed 40% of the Company's net worth.

Note2 : The total amount available for lending purpose shall not exceed 40% of the Company's net worth.

Note3 : According to the “Procedure for Loaning of Funds and Endorsements and Guarantees” issued by Sunwell Carbon Fiber Composite, the amount of endorsements and/or guarantees to subsidiaries of the Group shall not exceed 15% of Sunwell Carbon Fiber Composites' net worth. The total amount of endorsements and/or guarantees to subsidiaries of the Group shall not exceed 40% of Sunwell Carbon Fiber Composites' net worth.

Note4 : According to the “Procedure for Loaning of Funds and Endorsements and Guarantees” issued by Swancor Highpolymer Sunwell Carbon Fiber Composite, the amount of endorsements and/or guarantees to subsidiaries of the Group shall not exceed 15% of Swancor Highpolymer Sunwell Carbon Fiber Composites' net worth. The total amount of endorsements and/or guarantees to subsidiaries of the Group shall not exceed 40% Swancor Highpolymer of Swancor Highpolymer Sunwell Carbon Fiber Composites' net worth.

Note5 : For the purpose of lending, the numbering is classified as follows:

- 1) Business relationship.
- 2) Short-term financing.

Note6 : The transactions have been eliminated upon consolidation.

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SWANCOR HOLDING COMPANY LIMITED AND SUBSIDIARIES
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(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/guarantees to third parties on behalf of parent company	Endorsements/guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	Swancor Holding	S-wanlai	2	3,347,852	70,000	70,000	-	-	1.05 %	6,695,703	Y	N	N
0	Swancor Holding	Swancor (Jiangsu) Carbon Composites	2	3,347,852	854,931	851,118	353,995	-	12.71 %	6,695,703	Y	N	Y
1	Swancor Highpolymer	Swancor Ind (M)	1	491,742	184,260	182,700	6,090	-	18.58 %	983,484	N	N	N
2	Swancor Advanced Materials	Swancor (Jiangsu)	2	1,539,148	775,460	775,460	38,271	59,257	15.11 %	2,565,246	N	N	Y
2	Swancor Advanced Materials	Swancor (Tianjin)	2	1,539,148	1,110,700	1,107,800	48,225	62,069	21.59 %	2,565,246	N	N	Y
2	Swancor Advanced Materials	Swancor Ind (M)	2	1,539,148	78,900	78,135	-	-	1.52 %	2,565,246	N	N	N

Note1 : The amount of endorsements and/or guarantees to subsidiaries of the Company shall not exceed 50% of the Company's net worth. The total amount of endorsements and/or guarantees to subsidiaries of the Company shall not exceed 100% of the Company's net worth. The amount of endorsements and/or guarantees to other parties expect subsidiaries shall not exceed 10% of the Company's net worth. The total amount of endorsements and/or guarantees to other parties expect subsidiaries shall not exceed 100% of the Company's net worth. For the parent company, the amount of endorsements and/or guarantees shall not exceed 50% of the Company's net worth.

Note2 : According to the "Procedure for Loaning of Funds and Endorsements and Guarantees" issued by Swancor Advanced Materials, the amount of endorsements and/or guarantees to subsidiaries of the Group shall not exceed 30% of Swancor Advanced Materials' net worth. The total amount of endorsements and/or guarantees to subsidiaries of the Group shall not exceed 50% of Swancor Advanced Materials' net worth.

Note3 : According to the "Procedure for Loaning of Funds and Endorsements and Guarantees" issued by Swancor Highpolymer, the amount of endorsements and/or guarantees to subsidiaries of the Group shall not exceed 50% of Swancor Highpolymer's net worth. The total amount of endorsements and/or guarantees to subsidiaries of the Group shall not exceed 100% of Swancor Highpolymer's net worth.

Note4 : Relationship between guarantee providers and guarantee parties were as follows:

- 1) Entities with business relationship with the Company.
- 2) Entities which the Company, directly or indirectly, held more than 50% voting shares.
- 3) Entities which, directly or indirectly, held more than 50% voting shares of the Company.
- 4) Entities which the Company, directly or indirectly, held more than 90% voting shares.

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(iii) Information regarding securities held at the reporting date (subsidiaries, associates and joint ventures not included):

(In Thousands of New Taiwan Dollars)

Name of holder	Name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Swancor Holding	Stock – Swancor Renewable Energy	Other related parties	Financial assets at fair value through profit or loss-non-current	25,127	212,904	5.00 %	212,904	
Swancor Holding	Stock – China Communications Media Group Co., Ltd.		Financial assets at fair value through profit or loss-current	10	227	0.04 %	227	
Swancor Holding	Stock- Tsang Yow Industrial Co., Ltd.		Financial assets at fair value through profit or loss-current	26	637	0.03 %	637	
Swancor Holding	Stock – Aero Win Technology Corporation		Financial assets at fair value through profit or loss-current	12	464	0.02 %	464	
Swancor Holding	Stock – KoanHau Technology Co., Ltd.		Financial assets at fair value through profit or loss-current	68	969	0.09 %	969	
Swancor Holding	Stock - F I International		Financial assets at fair value through profit or loss-non-current	45,246	453,000	7.50 %	453,000	
Swancor Holding	Stock – Gigantex Composite Technologies Co., Ltd.		Financial assets at fair value through other comprehensive income-non-current	20	25,031	14.92 %	25,031	
Swancor Holding	Special Stock – WT Microelectronics Co., Ltd.		Financial assets at fair value through other comprehensive income-non-current	1,000	49,199	0.10 %	49,199	
Swancor Holding	Stock – Promix Composites, Inc.		Financial assets at fair value through other comprehensive income-non-current	1,500	-	10.00 %	-	
Swancor Holding	Stock- Ideal Star International Corp.		Financial assets at fair value through other comprehensive income-non-current	500,000	-	10.00 %	-	
Swancor Holding	Bonds-The Royal Bank of Scotland Group plc		Financial assets at fair value through other comprehensive income-non-current	-	6,013	- %	6,013	
Swancor Holding	Stock- Dell Internation L.L.C		Financial assets at fair value through other comprehensive income-non-current	-	6,274	- %	6,274	
Swancor Holding	Bonds-Citigroup Inc.		Financial assets at fair value through other comprehensive income-non-current	-	8,586	- %	8,586	
Swancor Holding	Bonds-AT & T Corporation		Financial assets at fair value through other comprehensive income-non-current	-	6,467	- %	6,467	
Swancor Holding	Bonds-British Petroleum		Financial assets at fair value through other comprehensive income-non-current	-	5,099	- %	5,099	
Swancor Holding	Bonds-Hewlett Packard Company		Financial assets at fair value through other comprehensive income-non-current	-	5,042	- %	5,042	
Swancor Holding	Bonds-Saudi Aramco		Financial assets at fair value through other comprehensive income-non-current	-	15,298	- %	15,298	
Swancor Holding	Bonds-Standard & Poor's		Financial assets at fair value through other comprehensive income-non-current	-	9,141	- %	9,141	
Swancor Holding	Bonds-POSCO		Financial assets at fair value through other comprehensive income-non-current	-	14,109	- %	14,109	
Swancor Holding	Bonds-Macquarie Group Limited.		Financial assets at fair value through other comprehensive income-non-current	-	5,800	- %	5,800	

(iv) Information regarding purchase or sale of securities for the period exceeding 300 million or 20% of the Company's paid-in capital: None.

(v) Information on acquisition of real estate with purchase amount exceeding 300 million or 20% of the Company's paid-in capital: None

(vi) Information regarding receivables from disposal of real estate exceeding 300 million or 20% of the Company's paid-in capital: None.

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SWANCOR HOLDING COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (vii) Information regarding related-parties purchases and/or sales exceeding 100 million or 20% of the Company's paid-in capital:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Swancor (Jiangsu)	Swancor Advanced Materials	Direct of indirect subsidiaries of the Company	(Sales)	(372,328)	(21.81) %	90 day	Note 1	No difference	328,068	7.27 %	
Swancor Advanced Materials	Swancor (Jiangsu)	Direct of indirect subsidiaries of the Company	Purchases	372,328	30.79 %	90 day	Note 1	No difference	(328,068)	(18.28) %	

Note1 : The sales prices and payment terms to related parties were not significantly different from those of the third parties, except for some special items.

Note2 : The transactions have been eliminated upon consolidation

- (viii) Information regarding receivables from related-parties exceeding 100 million or 20% of the Company's paid-in capital:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss allowance
					Amount	Action taken		
Swancor(Jiangsu)	Swancor Advanced Materials	Direct of indirect subsidiaries of the Company	328,068	(5.92) %	-	-	-	-

- (ix) Information regarding trading in derivative financial instruments: Please refer to note 6(b).

- (x) Significant transactions and business relationship between the parent company and its subsidiaries for the three months ended March 31, 2022:

(In Thousands of New Taiwan Dollars)

No. (Note1)	Name of company	Name of counterparty	Nature of relationship (Note2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	Swancor (Jiangsu)	Swancor Advanced Materials	3	Sales	372,328	The sales prices and payment terms were same as those of sales to third parties.	21.92 %
2	Swancor Advanced Materials	Swancor (Jiangsu)	3	Purchases	372,328	The sales prices and payment terms were same as those of sales to third parties.	21.92 %

Note1 : The number filled in as follows:

- 1) 0 represents the company.
- 2) Subsidiaries are sorted in a numerical order starting from 1.

Note2 : Transactions labeled as follows:

- 1) represents the transactions form the parent company to subsidiaries.
- 2) represents the transactions from subsidiaries to the company.
- 3) represents the transactions between subsidiaries.

(Continued)

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(b) Information on investees:

The following is the information on investees (excluding information on investees in Mainland China) for the three months ended March 31, 2022:

(In Thousands of NTD/USD/RMB/HKD)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
Swancor Holding	Sunwell Carbon Fiber Composite	R.O.C.	Producing and selling carbon composites	458,000	458,000	45,800	86.42 %	591,479	(14,918)	(12,892)	
Swancor Holding	Strategic	Samoa	Investing and holding	USD 9,601 317,780	USD 9,601 317,780	9,601	100.00 %	4,010,774	USD 1,580 48,043	48,043	
Swancor Holding	Swancor Innovation & Incubation	R.O.C.	Management consulting	210,000	210,000	21,000	100.00 %	131,759	(4,718)	(4,718)	
Swancor Holding	S-Wanlai	R.O.C.	Chemical products manufacturing and processing	200,000	200,000	20,000	100.00 %	200,041	(4,137)	(4,137)	
Strategic	Swancor	Samoa	Investing and holding	USD 7,100 233,692	USD 7,100 233,692	7,100	100.00 %	USD 106,048 3,229,151	USD 1,273 38,693	USD 1,273 38,693	
Swancor Advanced Materials	Swancor (HK)	Hong Kong	Investing and holding	USD 21,880 662,997	USD 21,880 662,997	35,650	100.00 %	RMB 272,233 1,206,322	RMB 16,643 73,892	RMB 16,643 73,892	
Swancor (HK)	Swancor Ind. (M)	Malaysia	Chemical products manufacturing and processing	USD 7,820 241,521	USD 7,820 241,521	32,657	100.00 %	HKD 57,092 221,471	HKD 3,139 12,175	HKD 3,139 12,175	
Swancor (HK)	Swancor Highpolymer	R.O.C.	Chemical products manufacturing and processing	USD 14,000 415,800	USD 14,000 415,800	41,580	100.00 %	HKD 253,534 983,512	HKD 15,909 61,697	HKD 15,909 61,697	
Sunwell Carbon Fiber Composite	COTECH	R.O.C.	Producing and selling carbon composites	130,000	130,000	130,000	80.82 %	130,000	(6,738)	-	

Note : Each investment income is recognized based on the audited financial statements of each invested company in the period except of Swancor Innovation & Incubation, Swancor Ind. (M), COTECH and S-wanlai have not been reviewed.

(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, their main businesses and products, and other information:

(In Thousands of NTD/USD/RMB/HKD)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Swancor Advanced Materials	Production and selling of Vinyl Ester Resins and light composite material resins	USD 20,677 RMB 348,576 1,834,912	Indirectly owned by the company	USD 2,500 84,071	-	-	USD 2,500 84,071	USD 2,018 61,339	79.24 %	USD 1,599 48,605	USD 133,511 4,065,402	RMB 131,009 585,878
Wuxi Rongmai Engineering Plastic Co., Ltd.	Producing Engineering plastic used in electronic, electrical engineering and automotive industry	USD 2,100 64,806	Indirectly owned by the company (Note 1)	USD 250 8,098	-	-	USD 250 8,098	-	10.00 %	-	-	-
Swancor (Tianjin)	Energy conservation wind power laminar resins' manufacturing and selling	USD 7,000 RMB 5,500 254,376	Indirectly owned by the company	USD 7,000 230,401	-	-	USD 7,000 230,401	RMB (4,707) (20,900)	79.24 %	RMB (3,730) (16,561)	RMB 189,602 840,167	-
Swancor (Jiangsu)	Energy conservation wind power laminar resins' manufacturing and selling	RMB 122,500 613,850	Indirectly owned by the company	RMB 76,875 380,892	-	-	RMB 76,875 380,892	RMB 2,930 13,010	79.24 %	RMB 2,322 10,309	RMB 137,125 607,630	-
Meijia New Materials	Producing and selling of powder coating and epoxy resin	RMB 210,000 913,290	Indirectly owned by the company	-	-	-	-	RMB (17,209) (76,406)	18.87 %	RMB (3,247) (14,416)	RMB 161,954 717,655	-
Swancor (Jiangsu) Carbon Composites	Producing and selling carbon composites	USD 19,000 611,313	Directly owned by the company	USD 15,940 512,237	-	-	USD 15,940 512,237	RMB (6,469) (28,723)	72.50 %	RMB (4,690) (20,825)	384,465	-

(Continued)

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(ii) Limitation on investment in Mainland China:

Company Name	Accumulated Investment in Mainland China as of March 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Swancor Holding	USD2,282	USD 90,401 2,726,477	4,792,487

Note1 : Invested by Ideal Star

Note2 : The amount was recognized based on the audited financial statements.

Note3 : The amount was translated at the rates of exchange at each authorization by Investment Commission.

Note4 : The indirectly investment in Mainland China amounting to USD\$91,263 thousand was incurred from the merger of the Company and Swancor Industrial, wherein the Company became the surviving company and Swancor Industrial became the dissolved entity thereafter.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, were disclosed in “ the Information on significant transactions”.

(d) Major shareholders

Shareholder's name	Shareholding	Shares	Percentage
Tsai's Holding Co., Ltd.		11,255,625	11.46 %
Tsais' family Holding Co., Ltd.		7,858,033	8.00 %

(14) Segment information:

Information about reportable segments was the same as that of the consolidated financial report. Please refer to the consolidated balance sheets and statement of comprehensive income.