Stock Code:3708

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

Swancor Holding Company Limited

Parent Company Only Financial Statements

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

Address: No. 9, Industry South 6 Road., Nantou City 54066, Taiwan
Telephone: 886-49-225-5420

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

Table of contents

Independent Auditors' Report

To the Board of Directors of Swancor Holding Company Limited:

Opinion

We have audited the parent company only financial statements of Swancor Holding Company Limited ("the Company"), which comprise the balance sheet as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Evaluation of investments accounted for using the equity method

Please refer to Note 4(g) "Investment in associates" and Note 6(e) "Investments accounted for using the equity method" to the parent company only financial statements.

Description of key audit matter:

The investments in its subsidiaries accounted for using the equity method constitute 56% of the total assets of the Company and the amount is material. As a result, the evaluation of investments accounted for using the equity method is our key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures included: Recalculating the shares of profit or loss of associates and subsidiaries in accordance with ownership percentage of shares; confirming the information of long-term equity investments by confirmation letter; discussing with the management about the evaluation of subsidiary-related significant matters, as well as understanding the reasonableness of the subsidiary' s revenue recognition, valuation of impairment for accounts receivable and inventories; considering the adequacy of the Company's disclosures on its accounts.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

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

2. Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method in order to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Cheng-Hsueh, Chen and Shyh-Huar, Kuo.

KPMG

Taipei, Taiwan (Republic of China)
March 10, 2023

Notes to Readers

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

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

Swancor Holding Company Limited

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 1,359,458	16	1,566,792	19
1110	Current financial assets at fair value through profit or loss (note 6(b) and (o))	2,051	-	3,505	-
1200	Other receivables (note 6(d))	2,051	-	513	-
1210	Other receivables from related parties (note 6(e) and 7)	68,221	1	231,178	3
1410	Prepayments	32,876	-	13,461	-
1479	Other current assets (note 6(k) and 8)	2,665	-	2,510	-
	Total current assets	1,467,322	17	1,817,959	22
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	665,904	8	664,094	8
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	109,662	2	115,927	1
1550	Investments accounted for using equity method (note 6(e))	4,826,532	56	4,063,931	50
1600	Property, plant and equipment (note 6(h) and 8)	1,476,779	17	1,067,285	13
1755	Right-of-use assets (note 6(i) and 8)	343	-	2,821	-
1780	Intangible assets (note 6(j))	1,955	-	3,772	-
1840	Deferred tax assets (note 6(r))	21,663	-	17,997	-
1980	Other non-current financial assets (note 6(l) and 8)	-	-	400,029	5
1981	Cash surrender value of life insurance (note 6(g))	-	-	56,340	1
1990	Other non-current assets, others (note 6(k))	16,107	-	2,587	-
	Total non-current assets	7,118,945	83	6,394,783	78
	Total assets	$ 8,586,267	100	8,212,742	100

		December 31, 2022		December 31, 2021	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(l))	$ -	-	500,000	6
2120	Current financial liabilities at fair value through profit or loss (note 6(b) and (o))	3,208	-	4,700	-
2200	Other payables (note 6(m) and (q))	104,117	1	43,126	1
2230	Current tax liabilities	58,799	1	77,235	1
2399	Other current liabilities, others (note 6(m))	523	-	37,707	-
2280	Current lease liabilities (note 6(p))	351	-	2,528	-
	Total current liabilities	166,998	2	665,296	8
	Non-Current liabilities:				
2530	Bonds payable (note 6(o) and 8)	1,502,045	17	1,900,906	23
2540	Long-term borrowings (note 6(n) and 8)	203,515	2	213,515	3
2570	Deferred income tax liabilities (note 6(r))	54,903	1	-	-
2670	Other non-current liabilities, others (note 6(m))	591	-	583	-
2580	Non-current lease liabilities (note 6(p))	-	-	351	-
	Total non-current liabilities	1,761,054	20	2,115,355	26
	Total liabilities	1,928,052	22	2,780,651	34
	Equity (note 6(s)):				
3100	Ordinary shares	981,311	12	935,046	12
3200	Capital surplus (note 6(o))	3,533,803	41	3,161,540	38
3300	Retained earnings	2,538,139	30	1,774,173	22
3400	Other equity	(347,737)	(4)	(391,367)	(5)
3500	Treasury shares	(47,301)	(1)	(47,301)	(1)
	Total equity	6,658,215	78	5,432,091	66
	Total liabilities and equity	$ 8,586,267	100	8,212,742	100

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

Swancor Holding Company Limited
Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		2022 Amount	2022 %	2021 Amount	2021 %
4000	**Operating revenues** (note 6(b), (c) and (v))	$ 362,993	100	134,898	100
5000	**Operating costs**	-	-	-	-
	Gross profit from operations	362,993	100	134,898	100
	Operating expenses (note 6(j), (q), (w) and 7):				
6200	Administrative expenses	109,205	30	68,938	51
6300	Research and development expenses	1,981	-	6,972	5
		111,186	30	75,910	56
	Net operating income	251,807	70	58,988	44
	Non-operating income and expenses (note 6(x)):				
7100	Interest income (note 7)	19,380	5	8,425	6
7010	Other income and expenses (note 7)	38,694	11	25,897	19
7020	Other gains and losses (note 6(o))	705,675	194	4,750	4
7050	Finance Costs (note 6(o) and (p))	(15,832)	(4)	(13,123)	(10)
		747,917	206	25,949	19
	Profit before income tax	999,724	276	84,937	63
7950	Income tax expenses (income) (note 6(r))	96,571	27	(100,996)	(76)
	Profit	903,153	249	185,933	139
8300	**Other comprehensive income** (note 6(s)):				
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	53,910	15	28,071	20
8367	Unrealized losses from investments in debt instruments measured at fair value through other comprehensive income	(10,280)	(3)	(603)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
		43,630	12	27,468	20
8300	**Other comprehensive income for the year, net of tax**	43,630	12	27,468	20
	Total comprehensive income for the year, net of tax	**$ 946,783**	**261**	**213,401**	**159**
	Earnings per share (NT Dollars) (note 6(t))				
9750	**Basic earnings per share**	**$**	**9.48**		**2.01**
9850	**Diluted earnings per share**	**$**	**8.07**		**1.93**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

Swancor Holding Company Limited

Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Other equity interest				
	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	Total equity
Balance at 1, 2021	935,046	2,940,776	210,878	422,477	1,278,651	1,912,006	(415,073)	(3,762)	(418,835)	(66,341)	5,302,652
Profit for the year	-	-	-	-	185,933	185,933	-	-	-	-	185,933
Other comprehensive income for the year	-	-	-	-	-	-	28,071	(603)	27,468	-	27,468
Total comprehensive income for the year	-	-	-	-	185,933	185,933	28,071	(603)	27,468	-	213,401
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	62,603	-	(62,603)	-	-	-	-	-	-
Special reserve	-	-	-	(3,642)	3,642	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(323,766)	(323,766)	-	-	-	-	(323,766)
Treasury shares transfer to employees	-	6,843	-	-	-	-	-	-	-	19,040	25,883
Due to recognition of equity component of convertible bonds issued	-	213,351	-	-	-	-	-	-	-	-	213,351
Adjustment to capital surplus due to non-proportional investment	-	570	-	-	-	-	-	-	-	-	570
Balance at December 31, 2021	**$ 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**
Balance at 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
Profit for the year	-	-	-	-	903,153	903,153	-	-	-	-	903,153
Other comprehensive income for the year	-	-	-	-	-	-	53,910	(10,280)	43,630	-	43,630
Total comprehensive income for the year	-	-	-	-	903,153	903,153	53,910	(10,280)	43,630	-	946,783
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	18,593	-	(18,593)	-	-	-	-	-	-
Special reserve	-	-	-	(27,468)	27,468	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(139,187)	(139,187)	-	-	-	-	(139,187)
Conversion of convertible bonds	46,265	369,564	-	-	-	-	-	-	-	-	415,829
Share-based payment transactions	-	2,699	-	-	-	-	-	-	-	-	2,699
Balance at December 31, 2022	**$ 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**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

Swancor Holding Company Limited
Statements of Cash Flows
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

		2022	2021
Cash flows from (used in) operating activities:			
Profit before tax	$	999,724	84,937
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expenses		12,723	13,238
Amortization expenses		2,238	2,195
Interest expense		15,832	13,123
Interest income		(19,380)	(8,425)
Dividend income		(65,224)	(56,280)
Share-based payment transactions		-	2,544
Net gains on financial assets or liabilities at fair value through profit or loss		(648,691)	(893)
Share of profit of associates and joint ventures accounted for using equity method		(297,769)	(78,618)
Gain on disposal of property, plant and equipment		(7,311)	(1,053)
Gain on disposal of intangible assets		(912)	(7,151)
Decrease in cash surrender value of life insurance		(11,683)	(1,105)
Other adjustments to reconcile profit		(4,449)	-
Total adjustments to reconcile loss		(1,024,626)	(122,425)
Changes in operating assets and liabilities:			
Changes in operating assets:			
(Increase) decrease in other receivables		(84)	83,553
Decrease in other receivables due from related parties		162,957	32,297
Increase in prepayments		(19,415)	(8,580)
Decrease (increase) in other financial assets		400,029	(391,935)
Increase in other operating assets		(230)	(1,378)
Total changes in operating assets		543,257	(286,043)
Changes in operating liabilities:			
Increase (decrease) in other payables		78,534	(34,690)
Increase in other operating liabilities		387	37,175
Total changes in operating liabilities		78,921	2,485
Total adjustments		(402,448)	(405,983)
Cash inflow (outflow) generated from operations		597,276	(321,046)
Dividends received		65,224	143,040
Interest received		18,360	9,439
Interest paid		(16,155)	(12,406)
Income taxes paid		(63,770)	(31,427)
Net cash flows from (used in) operating activities		600,935	(212,400)
Cash flows from (used in) investing activities:			
Acquisition of non-current financial assets at fair value through profit or loss		-	(127,452)
Proceeds from disposal of non-current financial assets at fair value through profit or loss		609,020	-
Acquisition of investments accounted for using the equity method		(400,000)	(10,000)
Acquisition of property, plant and equipment		(419,739)	(397,664)
Proceeds from disposal of property, plant and equipment		-	384
Increase in refundable deposits		-	117
Acquisition of intangible assets		(397)	(522)
Proceeds from disposal of intangible assets		-	1,612
(Increase) decrease in prepayments for business facilities		(13,469)	174
Proceeds from disposal of cash surrender value of life insurance		68,023	-
Net cash flow used in investing activities		(156,562)	(533,351)
Cash flows from (used in) financing activities:			
Increase in short-term borrowings		330,000	703,766
Decrease in short-term borrowings		(830,000)	(203,766)
Issuance to corporate bond		-	2,113,308
Proceeds from long-term borrowings		-	614,515
Repayments of long-term borrowings		(10,000)	(1,063,800)
Increase in guarantee deposits received		8	-
Repayments of lease liabilities		(2,528)	(2,477)
Cash dividends paid		(139,187)	(323,766)
Proceeds from sale of treasury shares		-	19,040
Net cash flow (used in) from financing activities		(651,707)	1,856,820
Net (decrease) increase in cash and cash equivalents		(207,334)	1,111,069
Cash and cash equivalents at beginning of period		1,566,792	455,723
Cash and cash equivalents at end of period	$	**1,359,458**	**1,566,792**

See accompanying notes to parent company only financial statements.

(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 is primarily involved in the investing.

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

The accompanying parent company only financial statements were authorized for issuance by the Board of Directors on March 10, 2023.

(3) New standards, amendments and interpretations adopted:

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

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

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

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

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

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

Swancor Holding Company Limited
Notes to the Financial Statements

(c) 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 Company, 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 amendments1, 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 Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and parent company only financial performance. The results thereof will be disclosed when the Company completes its evaluation.

Swancor Holding Company Limited
Notes to the Financial Statements

The Company 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 parent company only financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of significant accounting policies

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

(a) Statement of compliance

These parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

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

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) Fair value through other comprehensive income are measured at fair value.

(ii) Functional and presentation currency

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

(c) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

(Continued)

Swancor Holding Company Limited
Notes to the Financial Statements

Nonmonetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of translation.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interest. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planed nor likely to occur in the foreseeable future. Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation and are recognized in other comprehensive income.

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

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

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(Continued)

Swancor Holding Company Limited
Notes to the Financial Statements

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

(i) It is expected to settle in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Accounts receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. Accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at amortized cost, FVOCI-debt investment, FVOCI-equity investment and FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Swancor Holding Company Limited
Notes to the Financial Statements

1) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- it is contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

2) Fair value through other comprehensive income (FVOCI)

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

(Continued)

Swancor Holding Company Limited
Notes to the Financial Statements

3) Fair value through profit or loss (FVTPL)

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

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

4) Impairment of financial assets

The Company recognizes its loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, other receivables, guarantee deposit paid and other financial assets) and debt investments at fair value through other comprehensive income.

The Company measures its loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL：

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

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

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 361 days past due or the debtor is unlikely to fully pay its credit obligations to the Company.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘ investment grade which is considered to be BBB- or higher per standard & Poor’s, Baa3 or higher per Moody’s or twA or higher per Taiwan Ratings’.

Swancor Holding Company Limited
Notes to the Financial Statements

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

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

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

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

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

- significant financial difficulty of the borrower or issuer；
- a breach of contract such as a default or being more than 361 days past due；
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider；
- it is probable that the borrower will enter bankruptcy or other financial reorganization；or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

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

Swancor Holding Company Limited
Notes to the Financial Statements

5) Derecognition of financial assets

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

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

ii) Financial liabilities and equity instrument

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

5) Financial liabilities

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

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

6) Derecognition of financial liabilities

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

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

7) Offsetting of financial assets and liabilities

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

(g) Investment in associates

The subsidiaries in which the Company holds controlling interest are accounted for under the equity method in the non-consolidated financial statements. Under the equity method, the net income, other comprehensive income and equity in the non-consolidated financial statement are the same as those attributable to the owners of the parent in the consolidated financial statements.

The changes in ownership of the subsidiaries are recognized as equity transaction.

(Continued)

Swancor Holding Company Limited
Notes to the Financial Statements

(h) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

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

(iii) Depreciation

Depreciation is calculated on the cost of an asset, less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

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

1) Buildings and structures: 6~25 years

2) Other equipment: 4~14 years

3) The significant components and related useful lives of buildings and structures and machinery and equipment are as follow:

Components	Useful Lives
Buildings and structures	25years
Electrical power equipment	20years
Improvement construction	20years
Fire protection engineering	20years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Swancor Holding Company Limited
Notes to the Financial Statements

(i) Lease

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

(i) As a lease

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

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

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

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

1) fixed payments, including in-substance fixed payments;

2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

3) amounts expected to be paid under a residual value guarantee; and

4) payments for purchase or termination options that are reasonably certain to be exercised.

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

1) there is a change in future lease payments arising from the change in an index or rate; or

2) there is a change in the Company's estimate of the amount expected to be paid under a residual value guarantee; or

3) there is a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

4) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

5) there are any lease modifications.

(Continued)

Swancor Holding Company Limited
Notes to the Financial Statements

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

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

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

If an arrangement contains lease and non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

(j) Intangible assets

(i) Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(Continued)

Swancor Holding Company Limited
Notes to the Financial Statements

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

1) Technique: 5 years

2) Computer software: 2~10 years

Amortization methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(k) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’ s recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

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

(l) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Short-term employee benefits

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

(Continued)

Swancor Holding Company Limited
Notes to the Financial Statements

(m) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(n) Income taxes

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

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year, and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables is the best estimate of the tax amount expected to be paid or received that it is measured using tax rates enacted or substantively enacted at the reporting date.

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

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

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

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

(Continued)

Swancor Holding Company Limited
Notes to the Financial Statements

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

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(o) Earnings per share

The Company discloses the Company’ s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and employee compensation.

(p) Operating segments

The Company has disclosed the information on operating segments in its consolidated financial statements. Hence, no further information is disclosed in the parent company only financial statements.

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

The preparation of the parent company only financial statements requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates

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

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the parent company only financial statements is as follows:

(a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

Swancor Holding Company Limited
Notes to the Financial Statements

(b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(c) Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

(6) Explanation of significant accounts:

(a) Cash and Cash Equivalents

	December 31, 2022	December 31, 2021
Pretty cash and cash on hand	$ 148	162
Demand deposits	222,502	614,042
Time deposits	1,136,808	952,588
Cash and cash equivalents in the statement of cash flow	**$ 1,359,458**	**1,566,792**

Please refer to note 6(y) for the exchange rate risk and sensitivity analysis of the financial assets and liabilities of the Company.

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

	December 31, 2022	December 31, 2021
Financial assets mandatorily measured at fair value through profit or loss：		
Secured convertible corporate bonds - call and put provision	$ -	1,500
Non-derivative financial assets - Stocks listed on domestic markets	2,051	2,005
Stocks unlisted on domestic markets	665,904	664,094
Total	**$ 667,955**	**667,599**
Financial liabilities mandatorily measured at fair value through profit or loss：		
Unsecured convertible corporate bonds - call and put provision	**$ 3,208**	**4,700**

On August 26, 2021, Synera Renewable Energy (formerly known as Swancor Renewable Energy) issued new stocks for capital increase by cash, wherein the Company purchased its new shares amounting to $127,452 thousand.

For the year ended December 31, 2022 and 2021, the dividends of $63,225 thousand and $55,834 thousand, respectively, related to equity investments at fair value through profit or loss held on the years then ended, were recognized as operating revenues.

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

(Continued)

Swancor Holding Company Limited
Notes to the Financial Statements

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

	December 31, 2022	December 31, 2021
Debt investments at fair value through other comprehensive income：		
Corporate bonds	$ 36,881	41,946
Equity investments at fair value through other comprehensive income：		
Domestic unlisted Company - Gigantex Composite Technologies Co., Ltd.	25,031	25,031
Domestic on listed Company - WT Microelectronics Co., Ltd	47,750	48,950
Domestic unlisted Company - Promix Composites, Inc.	-	-
Domestic unlisted Company - Ideal Star International Corp.	-	-
Subtotal	72,781	73,981
Total	**$ 109,662**	**115,927**

1.Debt investments at fair value through other comprehensive income

The Company 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 Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company 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 December 31, 2022 and 2021.

During 2022 and 2021, the dividends of $ 2,000 thousand and $426 thousand, related to equity investments at fair value through other comprehensive income held on December 31, 2022 and 2021, were recognized as operating revenues.

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

The financial assets at fair value through other comprehensive income of the Company had not been pledged as collateral as of December 31, 2022 and 2021.

3.The amounts of other comprehensive profit or loss which were recognized at fair value in 2022 and 2021 were $(10,280) thousand and $(603) thousand, respectively.

Swancor Holding Company Limited
Notes to the Financial Statements

(d) Other receivables (Including Related Parties)

		December 31, 2022	December 31, 2021
Other accounts receivable	$	2,051	513
Other accounts receivable—Related Parties		68,221	231,178
	$	**70,272**	**231,691**

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

For related-party transactions, please refers to note 7.

(e) Investments accounted for using the equity method

		December 31, 2022	December 31, 2021
Subsidiaries	**$**	**4,826,532**	**4,063,931**

(i) Subsidiaries

Please refer to the consolidated financial statements of the year 2022. In addition, please refer to note 6(v) for recognizing subsidiaries、share of loss of associates and joint ventures accounted for using the equity method of the year 2022 and 2021.

(ii) Collaterals

The investment accounted for using equity method of the Company had not been pledged as collaterals as of December 31, 2022 and 2021.

(f) Loss control of subsidiaries

The Board of Directors of the Company determined to dispose of 100% of its shares in Synera Renewable Energy on June 20 and June 30, 2019. The Company lost its control over Synera 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 Company recognized a gain of $482,054 thousand based on the most likely price of $717,721thousand and had received all in 2021.

The Company hand 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 the disposal transactions mentioned above of December 31, 2022.

(g) 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.

Swancor Holding Company Limited
Notes to the Financial Statements

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

		2022	2021
Balance at January 1	$	56,340	55,235
Increase in cash value		11,683	1,105
Decrease in surrender value of life insurance		(68,023)	-
Balance at December 31	**$**	**-**	**56,340**

(h) Property, plant and equipment

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

		Land	Buildings and Structures	Other Equipment	Construction in progress and testing equipment	Total
Cost:						
Balance at January 1, 2022	$	776,587	204,028	12,821	196,958	1,190,394
Additions		3,640	-	-	416,099	419,739
Balance at December 31, 2022	**$**	**780,227**	**204,028**	**12,821**	**613,057**	**1,610,133**
Balance at January 1, 2021	$	484,076	204,028	21,200	91,931	801,235
Additions		203,515	-	125	194,024	397,664
Disposals		-	-	(8,504)	-	(8,504)
Reclassification		88,996	-	-	(88,997)	(1)
Balance at December 31, 2021	**$**	**776,587**	**204,028**	**12,821**	**196,958**	**1,190,394**
Depreciation:						
Balance at January 1, 2022	$	-	113,576	9,533	-	123,109
Depreciation		-	9,199	1,046	-	10,245
Balance at December 31, 2022	**$**	**-**	**122,775**	**10,579**	**-**	**133,354**
Balance at January 1, 2021	$	-	104,174	16,513	-	120,687
Depreciation		-	9,402	1,357	-	10,759
Disposals		-	-	(8,337)	-	(8,337)
Balance at December 31, 2021	**$**	**-**	**113,576**	**9,533**	**-**	**123,109**
Carrying amounts:						
Balance at December 31, 2022	**$**	**780,227**	**81,253**	**2,242**	**613,057**	**1,476,779**
Balance at January 1, 2021	**$**	**484,076**	**99,854**	**4,687**	**91,931**	**680,548**
Balance at December 31, 2021	**$**	**776,587**	**90,452**	**3,288**	**196,958**	**1,067,285**

For the years ended December 31, 2022 and 2021, the amount of interest capitalization were $7,458 thousand and $6,291 thousand, respectively.

As of December 31, 2022 and 2021, property, plant and equipment pledged as collateral for bank loans are described in note 8.

Swancor Holding Company Limited
Notes to the Financial Statements

(i) Right-of-use assets

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

	Buildings	Transportation Equipment	Total
Costs:			
Balance at December 31, 2022 (Balance at January 1, 2022)	$ 5,457	2,466	7,923
Balance at January 1, 2021	$ 5,260	2,466	7,726
Additions	197	-	197
Balance at December 31, 2021	5,457	2,466	7,923
Depreciation:			
Balance at January 1, 2022	$ 3,801	1,301	5,102
Depreciation	1,656	822	2,478
Balance at December 31, 2022	$ 5,457	2,123	7,580
Balance at January 1, 2021	$ 2,144	479	2,623
Depreciation	1,657	822	2,479
Balance at December 31, 2021	$ 3,801	1,301	5,102
Carrying amounts:			
Balance at December 31, 2022	$ -	343	343
Balance at January 1, 2021	$ 3,116	1,987	5,103
Balance at December 31, 2021	$ 1,656	1,165	2,821

(j) Intangible Assets

The costs and amortization of intangible assets of the Company were as follows:

	Technique	Computer software	Total
Costs:			
Balance at January 1, 2022	$ 43,767	15,142	58,909
Additions	-	397	397
Reclassification	-	24	24
Balance at December 31, 2022	$ 43,767	15,563	59,330
Balance at January 1, 2021	$ 43,767	35,377	79,144
Additions	-	522	522
Disposals	-	(20,757)	(20,757)
Balance at December 31, 2021	$ 43,767	15,142	58,909

(Continued)

Swancor Holding Company Limited
Notes to the Financial Statements

		Technique	Computer software	Total
Amortization:				
Balance at January 1, 2022	$	42,267	12,870	55,137
Amortization		1,500	738	2,238
Balance at December 31, 2022	$	43,767	13,608	57,375
Balance at January 1, 2021	$	40,767	32,324	73,091
Amortization		1,500	695	2,195
Disposals		-	(20,149)	(20,149)
Balance at , 2021	$	42,267	12,870	55,137
Carrying amounts:				
Balance at December 31, 2022	$	-	1,955	1,955
Balance at January 1, 2021	$	3,000	3,053	6,053
Balance at December 31, 2021	$	1,500	2,272	3,772

(i) For the years ended December 31, 2022 and 2021, the amortizations of intangible assets were included in the statement of comprehensive income:

		2022	2021
Operating expenses	$	2,238	2,195

(ii) Disclosures on pledges

As of December 31, 2022 and 2021, the intangible assets of the Company had not been pledged as collateral.

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

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

		December 31, 2022	December 31, 2021
Other current assets：			
Restricted bank deposits	$	1,000	1,000
Refundable deposits		1,448	1,448
Others-current		217	62
	$	2,665	2,510
Other non-current financial assets：			
Restricted bank deposits	$	-	400,029

(Continued)

Swancor Holding Company Limited
Notes to the Financial Statements

	December 31, 2022	December 31, 2021
Other non-current assets：		
Refundable deposits	$ 1,285	1,285
Prepayments for equipment	14,747	1,302
Others-non-current	75	-
	$ 16,107	2,587

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

(l) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2022	December 31, 2021
Unsecured bank loans	$ -	500,000
Unused short-term credit lines	$ 330,000	245,000
Range of interest rates	-	1.00%~1.17%

(m) Other payables, other current and non-current liabilities

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

	December 31, 2022	December 31, 2021
Other payables：		
Other payables-salary	$ 65,720	34,384
Other payables-employee compensation	2,769	885
Other payables-director compensation	14,523	2,655
Payables on equipment	16,166	-
Other	4,939	5,202
	$ 104,117	43,126
Other current liabilities：		
Temporary receipts	$ -	37,571
Receipts under custody	523	136
	$ 523	37,707
Other non-current liabilities：		
Receivable deposits	$ 591	583

Swancor Holding Company Limited
Notes to the Financial Statements

(n) Long-term borrowings

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

	December 31, 2022			
	Currency	Rate	Maturity year	Amount
Secured bank loans	NTD	1.8500%	2026/3/25	$ 203,515
Unused long-term credit line				$ 291,000

	December 31, 2021			
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	NTD	1.3300%	2025/12/30	$ 10,000
Secured bank loans	NTD	1.3500%	2026/3/25	203,515
				213,515
Less: current portion				-
Total				$ 213,515
Unused long-term credit line				$ 331,485

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

(o) Bonds payable

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

	December 31, 2022	December 31, 2021
Third secured convertible bonds – domestic	$ 1,000,000	1,000,000
Forth unsecured convertible bonds – domestic	1,000,000	1,000,000
Unamortized discounted corporate bonds payable	(55,855)	(99,094)
Cumulative converted amount	(442,100)	-
Corporate bonds issued balance at year-end	$ 1,502,045	1,900,906
Embedded derivative – call and put options, including financial assets at fair value through profit or loss	$ -	1,500
Embedded derivative – call and put options, including financial liabilities at fair value through profit or loss	$ 3,208	4,700
Equity component – conversion options, included in capital surplus – stock options	$ 167,610	213,351

	2022	2021
Embedded derivative instruments – call and put rights, including net gain of evaluation in financial asset and liabilities	$ (244)	(900)
Interest expense	$ 17,220	5,049

Swancor Holding Company Limited
Notes to the Financial Statements

(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)

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.

Swancor Holding Company Limited
Notes to the Financial Statements

(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)

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:

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

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
Notes to the Financial Statements

(p) Lease liabilities

	December 31, 2022	December 31, 2021
Current	$ 351	2,528
Non-current	$ -	351

The amounts recognized in profit or loss were as follows:

	For the year ended December 31, 2022	2021
Interest on lease liabilities	$ 34	85
Expenses relating to short-term leases	$ 83	188

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

	For the year ended December 31, 2022	2021
Total cash outflow for leases	$ 2,645	2,750

(i) Real estate leases

As of December 31, 2022 and 2021, the Company leases land and buildings for its office and factory space. The leases of office and factory space typically run for a period of three to four 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

As of December 31, 2022 and 2021, the Company leases transportations for three years.

Furthermore, the Company leases staff dormitory and trivial leases with lease terms of one to three year, these leases are short-term and leases of low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(q) Employee benefits

(i) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $274 thousand and $1,412 thousand for the years ended December 31, 2022 and 2021, respectively.

(ii) Short-term compensated absence

The short-term compensated absence for the years ended December 31, 2022 and 2021 were included in other payable with balance of $1,289 thousand and $1,948 thousand, respectively.

(Continued)

Swancor Holding Company Limited
Notes to the Financial Statements

(r) Income taxes

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

		2022	2021
Current tax expense			
Current period	$	42,466	258
Adjustment for prior periods		87	(16,690)
Undistributed earnings additional tax		2,781	12,165
		45,334	(4,267)
Deferred tax expense			
Origination and reversal of temporary differences		51,237	(96,729)
Income tax expense (income)	$	**96,571**	**(100,996)**

For the years ended December 31, 2022 and 2021, there were no income taxes recognized directly in equity and other comprehensive income.

Reconciliation of income tax and income before tax 2022 and 2021 were as follows.

		2022	2021
Profit excluding income tax	$	**999,724**	**84,937**
Income tax using the Company's domestic tax rate	$	199,945	16,987
Income tax impact of foreign operating entity surplus not expected to be repatriated		(17,889)	(24,267)
Share of profit of subsidiaries accounted for using the equity method–domestic		4,555	(2,309)
Adjustment in tax rate		(121,374)	(5,846)
Changes in provision in prior periods		87	(16,690)
Recognition of previously over-estimated deferred tax assets		-	6
Recognition of previously over-estimated deferred tax liabilities		-	(81,042)
Undistributed earnings additional tax		2,781	12,165
Income basic tax		28,466	-
Total	$	**96,571**	**(100,996)**

Swancor Holding Company Limited
Notes to the Financial Statements

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The consolidated entity is able to control the timing of the reversal of the temporary differences associated with the investments in subsidiaries as at December 31, 2022 and 2021. Also, the management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2022	December 31, 2021
Aggregate amount of temporary differences related to investments in subsidiaries	$ **2,571,952**	**2,482,505**
Unrecognized deferred tax liabilities	$ **514,390**	**496,501**

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets were as follows:

Deferred Tax Assets:

	Net loss of evaluation in financial asset and liabilities	Short-term compensated absence	Cash surrender value of life insurance	Unearned-gross sales from subsidiaries	Unrealized foreign exchange loss	Other	Total
Balance at 1 January 2022	$ 685	390	820	14,795	1,141	166	17,997
Recognized profit or loss	(420)	(132)	(820)	(1,644)	6,682	-	3,666
Balance at 31 December 2022	**$ 265**	**258**	**-**	**13,151**	**7,823**	**166**	**21,663**
Balance at 1 January 2021	$ 864	290	1,040	16,192	3,038	166	21,590
Recognized profit or loss	(179)	100	(220)	(1,397)	(1,897)	-	(3,593)
Balance at 31 December 2021	**$ 685**	**390**	**820**	**14,795**	**1,141**	**166**	**17,997**

Deferred Tax Liabilities:

	Unrealized foreign exchange gain	Recognized foreign investment income in equity method	Total
Balance at 1 January 2022	$ -	-	-
Recognized profit or loss	$ 8,683	46,220	54,903
Balance at 31 December 2022	**8,683**	**46,220**	**54,903**
Balance at 1 January 2021	$ -	100,322	100,322
Recognized profit or loss	-	(100,322)	(100,322)
Balance at 31 December 2021	**$ -**	**-**	**-**

(iii) Assessment of tax

The Company’s tax returns were assessed by the Taipei National Tax Administration to 2020.

Swancor Holding Company Limited
Notes to the Financial Statements

(s) Capital and other equity

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.

As of December 31, 2022 and 2021 the Company's authorized ordinary shares of 200,000 thousand amounted to $2,000,000 thousand for both years, with a par value of $10 per share.

Its outstanding capital consisted of 98,131 thousand common shares and 93,505 thousand common shares for the years ended December 31, 2022 and 2021, respectively.

Reconciliation of shares outstanding for 2022 and 2021 was as follows:

	Ordinary Shares	
(in thousands of shares)	2022	2021
Balance on January 1	93,505	93,505
Conversion to Convertible corporate bonds	4,626	-
Balance on December 31	**98,131**	**93,505**

(i) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2022	December 31, 2021
Share capital	$ 405,127	405,127
Premium on bonds conversion	956,812	541,507
Donation	253	253
Employee share options (overdue and not be executed)	8,151	8,151
Treasury share transactions	107,315	107,315
Expired stock option	41,059	41,059
Difference arising from subsidiary's share price and its carrying value	1,067,139	1,064,440
Stock transfer (from retained earnings of Swancor)	780,337	780,337
Equity component of convertible bonds recognized in stock option	167,610	213,351
	$ 3,533,803	**3,161,540**

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) A resolution was decided during the Board of Directors' meeting of Sunwell Carbon Fiber Composites held on December 31, 2020 to determine whether to repurchase the 600 thousand shares within the period from January 1 to December 31, 2021 at the price of $10 to $10.20 per share, as treasury shares, to transfer to employees. For the six months ended December 31, 2021 the Company had repurchased 183 thousand of the above shares, resulting in its shareholding ratio to increase from 86.42% to 86.63% and recognized the amount of $346 thousand as capital surplus.

(Continued)

Swancor Holding Company Limited
Notes to the Financial Statements

3) A resolution was decided during the Board of Directors meeting of Sunwell Carbon Fiber Composites held on August 4, 2021, to determine whether to repurchase the 600 thousand shares within the period from August 4, 2021 to February 4, 2022 at the price of $10 to $10.20 per share, as treasury shares, to transfer to employees. For the years ended December 31, 2021, the Company had repurchased 183 thousand of the above shares, resulting in its shareholding ratio to increase from 86.63% to 86.71%, and recognized the amount of $91 thousand as capital surplus.

4) A resolution was decided during the Board of Directors’ meeting of Sunwell Carbon Fiber Compositels held on November 5, 2021 to authorize the chairman of the Board to transfer 183 thousand shares of treasury stock to employees for subscription. The treasury stock was transferred in November 2021, $435 thousand share premium - subsidiary changes in equity was recognized, and $67 thousand share premium was recognized for non-controlling interest. In addition, due to the Company’s ownership percentage decreased from 86.71% to 86.42%, share premium for subsidiary changes in equity reduced $302 thousand.

5) A resolution was decided during the Board of Directors’ meeting held on December 16, 2021 to authorize the transfer of 287 thousand shares of treasury stock to employees for subscription. The treasury stock was transferred in December 2021 and share premium-treasury stock $6,843 thousand was recognized.

6) 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.

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.

Swancor Holding Company Limited
Notes to the Financial Statements

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 2021 and 2020 were decided during the Company's board meeting and the general meeting of the shareholders held on May 31, 2022 and July 19, 2021, respectively, as follows:

	2021	2020
Dividends distributed to ordinary shareholders		-
Cash	$ 139,187	323,766

Earnings distribution for 2021 were decided by the general meeting of the shareholders held on March 10, 2023 as follows:

	2022
Dividends distributed to ordinary shareholders	
Cash	$ 487,091

(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.

Swancor Holding Company Limited
Notes to the Financial Statements

The movement of treasury stock for 2022 was as follows:

(in thousands of shares)

Reason for repurchase	Beginning shares	Increase	Decrease	Ending shares
Transfer to employees	**713**	**-**	**-**	**713**

The movement of treasury stock for 2021 was as follows:

Reason for repurchase	Beginning shares	Increase	Decrease	Ending shares
Transfer to employees	**1,000**	**-**	**287**	**1,287**

Treasury shares transferred to employees 287 thousand shares in 2021, please refer note 6(t).

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 2022	$ (387,002)	(4,365)	(391,367)
Exchange differences on foreign operations	53,910	-	53,910
Net change in fair value of investments in financial assets at FVTOCI	-	(10,280)	(10,280)
Balance at 31 December 2022	**$ (333,092)**	**(14,645)**	**(347,737)**
Balance at 1 January 2021	$ (415,073)	(3,762)	(418,835)
Exchange differences on foreign operations	28,071	-	28,071
Net change in fair value of investments in financial assets at FVTOCI	-	(603)	(603)
Balance at 31 December 2021	**$ (387,002)**	**(4,365)**	**(391,367)**

Swancor Holding Company Limited
Notes to the Financial Statements

(t) Share-based Payments

On December 16, 2021, the Company announced that it will transfer 287 thousand treasury shares to its employees, with the value of $19,040 thousand, wherein the Company will recognize the salary expense, capital surplus, and minority interest of $7,606 thousand, $6,843 thousand and $763 thousand, respectively, in December 2021. The transfer procedures had been completed in January 2022.

The Company evaluated the fair value of share-based payment by using the Black-Scholes option pricing model; the related parameters were as follows:

	December 16, 2021 Transfer for employees
Fair value of grant day	$ 93.00
Stock price of grant day	93.00
Strike price	66.34
Expected volatility	44.66 %
Expected Life	8
Risk-free interest rate	0.405 %

Expected volatility is based on the weighted average of historical volatility, and it is adjusted when there is additional market information about the volatility. The Company determined the risk-free rate during the life of the option. This rate is determined based on rate of time deposits, and it is in a accordance with the regulations. Service and non-market performance conditions attached to the transactions are not taken into account in determining the fair value.

(u) Earnings per Share

1 Basic earnings per share

(i) Profit attributable to ordinary shareholders of the Company

	2022	2021
Profit attributable to ordinary shareholders of the Company	$ **903,153**	**185,933**

(ii) Weighted average number of ordinary shares

	2022	2021
Issued ordinary shares at 1 January	95,270	92,505
Effect of treasury shares	-	7
Weighted average number of ordinary shares at 31 December	**95,270**	**92,512**

(iii) Basic earnings per share

	2022	2021
Basic earnings per share	$ **9.48**	**2.01**

(Continued)

Swancor Holding Company Limited
Notes to the Financial Statements

2 Diluted earnings per share

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

		2022	2021
Profit attributable to ordinary shareholders of the Company(basic)	$	903,153	185,933
Effect of dilutive potential ordinary shares			
Interest expense on convertible bonds, net of tax		13,580	3,320
Profit attributable to ordinary shareholders of the Company (diluted)	$	**916,733**	**189,253**

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

	2022	2021
Weighted average number of ordinary shares (basic)	95,270	92,512
Effect of dilutive potential ordinary shares		
Effect of conversion of convertible bonds	18,361	5,397
Effect of restricted employee shares unvested (Notes)	31	18
Weighted average number of ordinary shares (diluted)	**113,662**	**97,927**

(iii) Diluted earnings per share

		2022	2021
Diluted earnings per share	$	**8.07**	**1.93**

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.

(v) Revenue

The details of revenue for the years ended December 31, 2022 and 2021 were as follows：

		2022	2021
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	$	297,769	78,618
Dividend revenue		65,224	56,280
	$	**362,993**	**134,898**

Swancor Holding Company Limited
Notes to the Financial Statements

(w) 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.

For the year ended December 31, 2022 and 2021, the Company estimated and reversed its employee remuneration amounting to $2,769 thousand, $885 thousand, and directors' and supervisors' remuneration amounting to $14,523 thousand and $2,655 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.

(x) Non-operating income and expenses

(i) Interest income

		2022	2021
Interest income from bank deposits	$	11,791	1,517
Interest income from bonds investment		1,552	1,474
Other interest income		6,037	5,434
	$	**19,380**	**8,425**

For related-party transactions, please refer to note 7.

(ii) Other income and expenses

		2022	2021
Rent income	$	17,782	17,792
Fee income		5,084	4,943
Service revenue		701	3,162
Other		15,127	-
	$	**38,694**	**25,897**

For related-party transactions, please refer to note 7.

Swancor Holding Company Limited
Notes to the Financial Statements

(iii) Other gains and losses

	2022	2021
Gains on disposal of property, plant and equipment	$ 912	1,053
Gains on disposal of intangible assets	7,311	7,151
Foreign exchange gains (losses)	49,343	(3,184)
Gains on disposal of financial assets (liabilities) measured at fair value through profit or loss	648,691	893
Fee expense	(581)	(1,161)
Others	(1)	(2)
	$ 705,675	**4,750**

For financial assets measured at fair value through profit or loss, please refer to note 6(f).

(iv) Finance costs

	2022	2021
Interest expense-bank loans	$ 6,032	14,280
Interest expense-lease liabilities	34	85
Interest expense-bonds	17,220	5,049
Others	4	-
Less: capitalization of interest	(7,458)	(6,291)
	$ 15,832	**13,123**

(y) Financial instrument

(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

During 2022 and 2021, the Company’ s revenue was share of profit of subsidiaries, associates and joint ventures accounted for using the equity method. There was no concentration of credit risk.

Swancor Holding Company Limited
Notes to the Financial Statements

3) Receivables and debt securities

Other financial assets at amortized cost includes other receivables and other financial assets.

Debt investments at fair value through other comprehensive income include corporate bonds.

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 Company has no loss allowance provision as of December 31, 2022 and 2021.

(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
December 30, 2022						
Non-derivative financial liabilities						
Secured loans	$ 203,515	215,968	3,982	3,765	208,221	-
Accounts payable	104,117	104,117	104,117	-	-	-
Bonds payable	1,502,045	1,557,900	-	-	1,557,900	-
Lease liability	351	352	352	-	-	-
	$ 1,810,028	1,878,337	108,451	3,765	1,766,121	-
December 30, 2021						
Non-derivative financial liabilities						
Secured loans	$ 203,515	215,350	2,906	2,747	209,697	-
Unsecured loans	510,000	512,565	502,394	3,405	6,766	-
Accounts payable	43,126	43,126	43,126	-	-	-
Bonds payable	1,900,906	2,000,000	-	-	2,000,000	-
Lease liability	2,879	2,914	2,562	352	-	-
	$ 2,660,426	2,773,955	550,988	6,504	2,216,463	-

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

(iii) Market risk

1) Currency risk

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

	December 31, 2022			December 31, 2021		
	Foreign currency	Exchange rates	NTD	Foreign currency	Exchange rates	NTD
Financial assets						
Monetary items						
USD	$ 14,793	30.71	454,293	13,696	27.68	379,105

Swancor Holding Company Limited
Notes to the Financial Statements

2) Sensitivity analysis

The Company’ 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 December 31, 2022 and 2021 would have increased (decreased) the net profit after tax by $1,817 thousand and $1,516 thousand, respectively.

3) Foreign exchange gain and loss on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2022 and 2021, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to $49,343 thousand and $(3,184) thousand, respectively.

(iv) Interest rate risk

Please refer to the notes on liquidity risk management and interest rate exposure of the Company'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 Company 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 Company's net income would have increased/decreased by $814 thousand and $2,854 thousand for the years ended December 31, 2022 and 2021, respectively. This is mainly due to the Company’s borrowing in variable rates.

(v) Other market price risk

For the years ended December 31, 2022 and 2021, 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:

	For the years ended December 31			
	2022		2021	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increasing 0.5%	$ 239	10	245	10
Decreasing 0.5%	(239)	(10)	(245)	(10)

(Continued)

Swancor Holding Company Limited
Notes to the Financial Statements

(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:

	December 31, 2022				
	Carrying	Fair Value			
	amount	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	$ 667,955	2,051	-	665,904	667,955
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	47,750	47,750	-	-	47,750
Original bonds	36,881	36,881	-	-	36,881
Subtotal	109,662	84,631	-	25,031	109,662
Financial assets measured at amortized cost					
Cash and cash equivalents	1,359,458	-	-	-	-
Other receivables (including related parties)	70,272	-	-	-	-
Other financial assets-current	1,000	-	-	-	-
Refundable deposit	1,448	-	-	-	-
Subtotal	1,432,178	-	-	-	-
Total	**$ 2,209,795**	**86,682**	**-**	**690,935**	**777,617**
Financial liabilities					
Financial liabilities at fair value through profit or loss					
Non derivative financial liabilities mandatorily measured at fair value through profit or loss	$ 3,208	-	3,208	-	3,208
Financial liabilities measured at amortized cost					
Other payables	104,117	-	-	-	-
Long-term borrowings	203,515	-	-	-	-
Bonds payable	1,502,045	-	1,737,686	-	1,737,686
Current and non-current lease liabilities	351	-	-	-	-
Subtotal	1,810,028	-	1,737,686	-	1,737,686
Total	**$ 1,813,236**	**-**	**1,740,894**	**-**	**1,740,894**

Swancor Holding Company Limited
Notes to the Financial Statements

	December 31, 2021				
	Carrying	Fair Value			
	amount	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	$ 667,599	2,005	1,500	664,094	667,599
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	48,950	48,950	-	-	48,950
Original bonds	41,946	41,946	-	-	41,946
Subtotal	115,927	90,896	-	25,031	115,927
Financial assets measured at amortized cost					
Cash and cash equivalents	1,566,792	-	-	-	-
Other receivables (including related parties)	231,691	-	-	-	-
Other financial assets-current	1,000	-	-	-	-
Other financial assets-non-current	400,029	-	-	-	-
Refundable deposit	1,285	-	-	-	-
Subtotal	2,200,797	-	-	-	-
Total	**$ 2,984,323**	**92,901**	**1,500**	**689,125**	**783,526**
Financial liabilities					
Financial liabilities at fair value through profit or loss					
Non derivative financial liabilities mandatorily measured at fair value through profit or loss	$ 4,700	-	4,700	-	4,700
Financial liabilities measured at amortized cost					
Short-term borrowings	500,000	-	-	-	-
Other payables (including related parties)	43,126	-	-	-	-
Long-term borrowings	213,515	-	-	-	-
Bonds payable	1,900,906	-	2,299,500	-	2,299,500
Current and non-current lease liabilities	2,879	-	-	-	-
Subtotal	2,660,426	-	2,299,500	-	2,299,500
Total	**$ 2,665,126**	**-**	**2,304,200**	**-**	**2,304,200**

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

   The Company 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

(Continued)

Swancor Holding Company Limited
Notes to the Financial Statements

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 Company are determined by reference to the market quotation.

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 in 2022 and 2021.

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, 2022	$ 664,094	25,031
Effects of loss of control of subsidiary	1,810	-
Ending Balance on December 31, 2022	**$ 665,904**	**25,031**
Opening balance on January 1, 2021	$ 536,642	25,031
Purchased	127,452	-
Balance at September 30, 2021	**$ 664,094**	**25,031**

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

The Company'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 Company, 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.

(Continued)

Swancor Holding Company Limited
Notes to the Financial Statements

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	• Cost of equity Ratio (As of December 31, 2022 and 2021 were 9.12% and 6.96%) • Lack of marketability discount (As of December 31, 2022 and 2021 were 19% and 26.2%)	• 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 measured at fair value through profit or loss- equity investments without an active market-F I International	Discounted Cash Flow Method	• Cost of equity Ratio (As of December 31, 2022 and 2021 were 9.12% and 6.96%) • Lack of marketability discount (As of December 31, 2022 and 2021 were 19% and 26.2%)	• 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	• Price-Book Ratio (As of December 31, 2022 and 2021 were 2.02~2.42 and 2.12~3.97, respectively) • Price-to-Sales Ratio (As of December 31, 2022 and 2021 were 0.63~1.58 and 0.65~1.88, respectively) • Lack of marketability discount (As of December 31, 2022 and 2021 were all 35%, respectively)	• 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.

Swancor Holding Company Limited
Notes to the Financial Statements

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:

	Input value	Change up or down	Profit or loss Favorable	Profit or loss Unfavorable	Other comprehensive income Favorable	Other comprehensive income Unfavorable
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)

	Input value	Change up or down	Profit or loss Favorable	Profit or loss Unfavorable	Other comprehensive income Favorable	Other comprehensive income Unfavorable
December 31, 2021						
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.

(z) Financial risk management

(i) Overview

The Company is exposed to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

In this note expressed the information on risk exposure and objectives, policies and procedures of risk measurement and management. For detailed information, please refer to the related notes of each risk.

Swancor Holding Company Limited
Notes to the Financial Statements

(ii) Structure of risk management

The Company' s finance management department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations. The Company minimizes the risk exposure through derivative financial instruments. The Board of Directors regulates the use of derivative financial instruments in accordance with the Company' s policy on risks arising from financial instruments such as currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investments of excess liquidity. The internal auditors of the Company continue to review the amount of the risk exposure in accordance with the Company's policies and the risk management's policies and procedures. The Company has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a subsidiary or counterparty to financial instruments fails to meet its contractual obligations, that arise principally from the Company's other receivable from subsidiaries and bank deposits.

1) Other receivables

The Company's other receivable is mainly generated from fee income of guarantees and endorsements, service revenue and cash dividends between subsidiaries, associates and other related parties. Please refer to note 7 for related-party transactions.

The Company did not have any collateral or other credit enhancements in order to avoid credit risk of the financial assets.

2) Investment

The exposure to credit risk for bank deposits and other financial instruments is measured and monitored by the Company' s finance department. The Company only deals with banks with good credit rating. The Company does not expect any of the counterparties above to fail in meeting their obligations; hence, there is no significant credit risk arising from these counterparties.

(iv) Liquidity risk

The Company was incorporated as a investing and holding Company limited by transferred preference shares. The assets mainly consist of long-term investment. The operating capital requirements are particularly low. Thus, it manages sufficient cash and cash equivalents to cope with its operations and mitigate the effects of fluctuations in cash flows.

(v) Market risk

Market risk is a risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Swancor Holding Company Limited
Notes to the Financial Statements

1) Currency risk

NTD is the Company's functional currency. And the Company's service revenues and general administrative expenses are mainly denominated in NTD. Thus, there is no currency risk.

2) Interest rate risk

The Company adopts a policy of ensuring that changes in interest rates on borrowings is on a variable rate basis.

(aa) Capital management

The Company's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust its capital structure, the Company may adjust the dividend payment to its shareholders, reduce the capital for redistribution to shareholders, and issue new shares, or sell assets to settle any liabilities.

The Company and other entities in the similar industry use the debt-to-equity ratio to manage their capital. This ratio is calculated using the total net debt, divided by the total capital. The net debts from the balance sheet is derived from the total liabilities, less, cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity, plus, net debt.
As of December 31, 2022, the Company's capital management strategy is consistent with that of the prior year, and the gearing ratio is maintained within 2% to 50% so as to ensure financing at reasonable cost. The Company' s debt-to-equity ratio at the end of the reporting period as at December 31, 2022 and 2021 were as follows:

		December 31, 2022	December 31, 2021
Total liabilities	$	1,928,052	2,780,651
Less: cash and cash equivalents		1,359,458	1,566,792
Net debt		568,594	1,213,859
Total equity		6,658,215	5,432,091
Adjusted equity	**$**	**7,226,809**	**6,645,950**
Debt-to-equity ratio		**8 %**	**18 %**

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

The Company's investing and financing activities, which did not affect its current cash flow in the years ended December 31, 2022 and 2021, were as follows:

(i) For loss control of subsidiaries, please refer to notes 6(f).

(ii) For acquisition of right-of-use assets through lease, please refer to note 6(i).

Swancor Holding Company Limited
Notes to the Financial Statements

(iii) For dividends receivable of investments accounted for using the equity method, please refer to notes 6(e).

(iv) For conversion of convertible bonds to ordinary shares, please refer to notes 6(s).

Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes		
	January 1, 2022	Cash flows	Increase (Decrease)	Amortization	December 31, 2022
Short-term borrowings	$ 500,000	(500,000)	-	-	-
Long-term borrowings (including current portion)	213,515	(10,000)	-	-	203,515
Lease liabilities (including current portion)	2,879	(2,528)	-	-	351
Bonds payable	1,900,906	-	(416,081)	17,220	1,502,045
Total liabilities from financing activities	$ 2,617,300	(512,528)	(416,081)	17,220	1,705,911

			Non-cash changes		
	January 1, 2021	Cash flows	Increase (Decrease)	Amortization	December 31, 2021
Short-term borrowings	$ -	500,000	-	-	500,000
Long-term borrowings (including current portion)	662,800	(449,285)	-	-	213,515
Lease liabilities (including current portion)	5,159	(2,477)	197	-	2,879
Bonds payable	-	2,113,308	(217,451)	5,049	1,900,906
Total liabilities from financing activities	$ 667,959	2,161,546	(217,254)	5,049	2,617,300

Swancor Holding Company Limited
Notes to the Financial Statements

(7) Related-party transactions:

(a) Names and relationship with related parties

Name of related party	Relationship with the Group
Synera Renewable Energy Co., Ltd. (Synera Renewable Energy) (note)	Key management personnel of the Company are Synera Renewable Energy's director
Swancor(HK) Investment Co., Ltd (Swancor(HK))	Subsidiary of the Company
Swancor Highpolymer Co., Ltd. (Swancor Highpolymer)	Subsidiary of the Company
Strategic Capital Holding Ltd. (Strategic)	Subsidiary of the Company
Swancor(Jiangsu) New Materials Co., Ltd. (Swancor(Jiangsu))	Subsidiary of the Company
Swancor (Jiangsu) Carbon Composites Co., Ltd. (Swancor (Jiangsu) Carbon Composites)	Subsidiary of the Company
Sunwell Carbon Fiber Composite Corporation (Sunwell Carbon Fiber Composite)	Subsidiary of the Company
Swancor Ind. Co., Ltd. (Samoa) (Swancor)	Subsidiary of the Company
Swancor Advanced Materials Co., Ltd. (Swancor Advanced Materials)	Subsidiary of the Company
Swancor (Tianjin) Wind Blade Materials Co., Ltd. (Swancor (Tianjin))	Subsidiary of the Company
Swancor Ind(M) SDN.BHD. (Swancor Ind(M))	Subsidiary of the Company
Swancor Innovation & Incubation Co., Ltd. (Swancor Innovation & Incubation)	Subsidiary of the Company
S-Wanlai co., Ltd. (S-Wanlai)	Subsidiary of the Company

note: The original name is Swancor Renewable Energy Co., Ltd. which changed the name to Synera Renewable Energy Co., Ltd. in November 2022.

(b) Significant transactions with related parties

(i) Other transaction

1) The labor services provided to associates by the Company in 2022 were as follows:

	2022
Other related parties- Synera Renewable Energy	$ 701

Swancor Holding Company Limited
Notes to the Financial Statements

2) As of December 31, 2022 and 2021, the Company provided guarantees and endorsements for related parties, and the fee income generated from related parties was as follows:

	2022	2021
Subsidiary- Swancor (Jiangsu) Carbon Composites	$ 5,084	4,943

As of December 31, 2022 and 2021, the amount that had yet to be collected (which were classified under other receivable due from related parties) were as follows:

	December 31, 2022	December 31, 2021
Subsidiary- Swancor (Jiangsu) Carbon Composites	$ 5,421	4,969

3) Rent income

As of December 31, 2022 and 2021, the Company leases office to related parties were as follows:

	2022	2021
Subsidiary- Swancor Highpolymer	$ 12,156	12,171
Subsidiary- Sunwell Carbon Fiber Composite	2,292	2,287
	$ 14,448	14,458

(ii) Property transaction

The Company sold the other equipment to Sunwell Carbon Fiber Composite for $369 thousand in April 2021, and the above-mentioned amount had been received as of December 31, 2021. Please refer to note 6 (h) for other equipment changes.

The Company sold computer software to Sunwell Carbon Fiber Composite for $1,612 thousand in April 2021, and the above-mentioned amount had been received as of December 31, 2021. Please refer to Note 6 (j) for details of computer software changes.

(iii) Loans to Related Parties

The loans to related parties (recognized as other receivable-related parties) were as follows:

	December 31, 2022	December 31, 2021
Subsidiary- Swancor (Jiangsu) Carbon Composites	$ -	78,147
Subsidiary- Swancor	61,420	49,824
Subsidiary- Swancor Innovation & Incubation	-	30,000
Subsidiary- Sunwell Carbon Fiber Composites	-	65,000
	$ 61,420	222,971

Swancor Holding Company Limited
Notes to the Financial Statements

The loans to related parties are unsecured. The interest income form the loans were as follows:

	2022	2021
Subsidiary- Swancor (Jiangsu) Carbon Composites	$ 1,995	3,895
Subsidiary- Swancor	2,050	1,511
Subsidiary- Sunwell Carbon Fiber Composites	1,909	28
Subsidiary- Swancor Innovation & Incubation	72	-
	$ 6,026	**5,434**

As of December 31, 2022 and 2021, interest of related parties receivable (recognized as other receivable- related parties) were $1,380 thousand and $3,238 thousand, respectively.

(iv) Guarantee

As of December 31, 2022 and 2021, the Company had provided guarantee for the loans of subsidiary-Swancor (Jiangsu) Carbon Composites with credit limit of $854,931 thousand and $886,398 thousand, respectively.

(c) Key management personnel compensation

Key management personnel compensation comprised the following:

	2022	2021
Short-term employee benefits	$ 10,885	10,607
Post-employment benefits	153	367
Other long-term employee benefits	-	-
Termination benefits	-	-
Share-based payments	-	1,855
	$ 11,038	**12,829**

Swancor Holding Company Limited
Notes to the Financial Statements

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2022	December 31, 2021
Land	Bank Loans	$ 540,921	537,281
Buildings	Bank Loans	-	-
Restricted bank deposit (other financial assets-current)	Bank's acceptance bill, long-term borrowings, stand by L/C and bank guarantee	1,000	1,000
Restricted bank deposit (other non-current assets)	Guarantee letter of convertible bond and bank loans	-	400,029
		$ 541,921	938,310

(9) Significant commitments and contingencies:

(a) Unrecognized contractual commitments

	December 31, 2022	December 31, 2021
Acquisition of property, plant and equipment	$ 401,845	730,566

(b) Contingencies: None.

(c) Other: None.

(10) Losses Due to Major Disasters:None.

(11) Subsequent Events:

A resolution was decided during the Board of Directors meeting held on January 18, 2023, determine to disposal of 7.5% of its share in Formosa I International (listed as non-current financial assets at fair value through profit or loss) to STONEPEK VETTEL HOLDINGS COMPANY LIMITED(referred to as a trading partner), the disposition price is USD $40,000 thousand and deducted the agreed amounts. However, the disposition of the equity transaction has yet to complete the following important agreements are as follows:

(1) Apply to the Investment Commission Ministry of Economic Affairs (and other relevant government agencies) for permission to invest in Formosa I International and obtain approval;

(2) Pass the KYC review of the financial institutions;

(3) Obtain the approval of relevant government agencies for Anti-trust Laws (if needed), including but not limited to Competition Laws issued by the European Union and Anti-trust Laws of the PRC.

Swancor Holding Company Limited
Notes to the Financial Statements

(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 / By item	2022			2021		
	Cost of sales from continuing operations	Operating expenses from continuing operations	Total	Cost of sales from continuing operations	Operating expenses from continuing operations	Total
Employee benefits						
Salary	-	46,637	46,637	-	32,156	32,156
Labor and health insurance	-	627	627	-	2,616	2,616
Pension	-	274	274	-	1,412	1,412
Remuneration directors	-	14,628	14,628	-	2,754	2,754
Others	-	-	-	-	370	370
Depreciation	-	12,723	12,723	-	13,238	13,238
Amortization	-	2,238	2,238	-	2,195	2,195

Additional information of the number of employees and employee benefits of the Company in 2022 and 2021:

	2022	2021
The number of employees	23	30
The number of directors excluding the employees	6	6
The average of employees' benefits	$ 2,796	1,523
The average of salary	$ 2,743	1,340
The average of salary adjustment	105.00 %	(4.90)%
Supervisor's remuneration	$ -	-

The Company's salary and remuneration policy (including directors, supervisors, managers and employees) are as follows:

The Company provides better and more competitive salary level than same business. In order to raise the employee team morale and improve competitiveness of the group, the Company establishes salary and welfare system according to the group organization function. Furthermore, the Company attracts, retains, cultivates and encourages outstanding talents with the concept of employee profit sharing.

(Continued)

SWANCOR HOLDING COMPANY LIMITED
Notes to the Financial Statements

(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 Innovation & Incubation	Other receivables	Yes	30,000	-	-	-	2	-	Operating purpose	-	-	-	2,663,286 (Note 1)	2,663,286 (Note 2)
0	Swancor Holding	Swancor	Other receivables	Yes	USD2,000 64,430	USD2,000 61,420	USD2,000 61,420	4%	2	-	Operating purpose	-	-	-	2,663,286 (Note 1)	2,663,286 (Note 2)
0	Swancor Holding	Sunwell Carbon Fiber Composite	Other receivables	Yes	250,000	120,000	-	1.6%	2	-	Operating purpose	-	-	-	998,732 (Note 1)	2,663,286 (Note 2)
0	Swancor Holding	Swancor (Jiangsu) Carbon Composites	Other receivables	Yes	RMB18,000 81,166	-	-	-%	2	-	Operating purpose	-	-	-	998,732 (Note 1)	2,663,286 (Note 2)
1	Sunwell Carbon Fiber Composite	Swancor (Jiangsu) Carbon Composites	Other receivables	Yes	RMB20,000 90,184	RMB15,000 66,141	RMB15,000 66,141	4.25%	2	-	Operating purpose	-	-	-	104,550 (Note 3)	278,799 (Note 3)
2	Swancor Highpolymer	Swancor Ind(M)	Other receivables	Yes	USD1,500 46,065	USD1,500 46,065	USD1,500 46,065	5.30%	2	-	Operating purpose	-	-	-	138,268 (note 4)	368,714 (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 shall not exceed 15% of Sunwell Carbon Fiber Composites' net worth. The total amount of endorsements and/or guarantees 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 Highploymer, the amount of endorsements and/or guarantees shall not exceed 15% of Swancor Highploymers' net worth. The total amount of endorsements and/or guarantees shall not exceed 40% of Swancor Highploymers' 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.

SWANCOR HOLDING COMPANY LIMITED
Notes to the Financial Statements

(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	3,329,108	70,000	70,000	-	-	1.05 %	6,658,215	Y	N	N
0	Swancor Holding	Swancor (Jiangsu) CarbonComposites	2	3,329,108	940,636	854,931	419,255	-	12.85 %	6,658,215	Y	N	Y
1	Swancor Highpolymer	Swancor Ind (M)	1	460,892	193,290	184,260	-	-	19.99 %	921,785	N	N	N
2	Swancor Advanced Materials	Swancor (Jiangsu)	2	1,515,492	605,988	595,269	48,120	53,584	11.78 %	2,525,821	N	N	Y
2	Swancor Advanced Materials	Swancor (Tianjin)	2	1,515,492	1,122,200	1,102,350	168,665	93,601	21.82 %	2,525,821	N	N	Y
2	Swancor Advanced Materials	Swancor Ind (M)	2	1,515,492	996,690	78,909	-	-	1.56 %	2,525,821	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 shall not exceed 30% of Swancor Advanced Materials' net worth. The total amount of endorsements and/or guarantees 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 Highploymer, the amount of endorsements and/or guarantees shall not exceed 50% of Swancor Highploymers' net worth. The total amount of endorsements and/or guarantees shall not exceed 100% of Swancor Highploymers’ 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.

SWANCOR HOLDING COMPANY LIMITED
Notes to the Financial Statements

(iii) Securities held as of December 31, 2022 (excluding those investments in subsidiaries, associates and joint ventures):

(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 – Synera 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	187	0.04 %	187	
Swancor Holding	Stock- Tsang Yow Industrial Co., Ltd.		Financial assets at fair value through profit or loss-current	26	590	0.03 %	590	
Swancor Holding	Stock – Aero Win Technology Corporation		Financial assets at fair value through profit or loss-current	12	312	0.02 %	312	
Swancor Holding	Stock – KoanHau Technology Co., Ltd.		Financial assets at fair value through profit or loss-current	68	962	0.09 %	962	
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	47,750	0.10 %	47,750	
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	-	6,154	- %	6,154	
Swancor Holding	Stock- Dell Inc.		Financial assets at fair value through other comprehensive income-non-current	-	6,306	- %	6,306	
Swancor Holding	Bonds-Citigroup Inc.		Financial assets at fair value through other comprehensive income-non-current	-	8,295	- %	8,295	
Swancor Holding	Bonds-AT & T Corporation		Financial assets at fair value through other comprehensive income-non-current	-	6,308	- %	6,308	
Swancor Holding	Stock- Dell Inc.		Financial assets at fair value through other comprehensive income-non-current	-	5,025	- %	5,025	
Swancor Holding	Bonds-Hewlett Packard Company		Financial assets at fair value through other comprehensive income-non-current	-	4,793	- %	4,793	

(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) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
Swancor Holding	Construction in progress	111.1.1~111.12.31	335,442	According to contract	Truedreams Construction CO.,LTD etc.	None	Not applicable	Not applicable	Not applicable	-	Public Bidding	For operating	None

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

SWANCOR HOLDING COMPANY LIMITED
Notes to the 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 (Tianjin)	Swancor (Jiangsu)	Direct of indirect subsidiaries of the Company	(Sales)	(134,118)	(1.37) %	90 day	Note 1	No difference	-	- %	note 2
Swancor (Jiangsu)	Swancor (Tianjin)	Direct of indirect subsidiaries of the Company	Purchases	134,118	1.84 %	90 day	Note 1	No difference	-	- %	note 2
Swancor (Jiangsu)	Swancor (Tianjin)	Direct of indirect subsidiaries of the Company	(Sales)	(485,123)	(4.96) %	90 day	Note 1	No difference	125,912	2.66 %	note 2
Swancor (Tianjin)	Swancor (Jiangsu)	Direct of indirect subsidiaries of the Company	Purchases	485,123	6.66 %	90 day	Note 1	No difference	(125,912)	(6.46) %	note 2
Swancor (Jiangsu)	Swancor Advanced Materials	Direct of indirect subsidiaries of the Company	(Sales)	(847,621)	(8.67) %	90 day	Note 1	No difference	175,398	3.70 %	note 2
Swancor Advanced Materials	Swancor (Jiangsu)	Direct of indirect subsidiaries of the Company	Purchases	847,621	11.64 %	90 day	Note 1	No difference	(175,398)	(9.01) %	note 2
Swancor (Jiangsu)	Meijia New Materials	Shift in investment: associates to subsidiary	Purchases	140,975	1.94%	30~120 day	-	No difference	(2,172)	(0.11) %	
Meijia New Materials	Swancor (Jiangsu)	Shift in investment: associates to subsidiary	(Sales)	(140,975)	(1.44)%	30~120 day	-	No difference	2,172	0.05 %	

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) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

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	175,398	(5.12) %	-	-	155,134	-
Swancor (Jiangsu)	Swancor (Tianjin)	Direct of indirect subsidiaries of the Company	125,912	(7.71) %	-	0	124,351	-

(ix) Trading in derivative instruments:Please refer to note 6(b).

SWANCOR HOLDING COMPANY LIMITED
Notes to the Financial Statements

(b) Information on investees:

The following is the information on investees (excluding information on investees in Mainland China):

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

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Net income (losses)of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value			
Swancor Holding	Sunwell Carbon Fiber Composite	R.O.C.	Producing and sellingcarbon composites	458,000	458,000	45,800	86.42 %	601,761	35,328	30,530	
Swancor Holding	Swancor Innovation & Incubation	R.O.C.	Management consulting	210,000	10,000	21,000	100.00 %	136,477	(57,484)	(57,484)	
Swancor Holding	Strategic	Samoa	Investing and holding	USD 9,601 317,780	USD 9,601 317,780	9,601	100.00 %	3,884,116	US$10,739 320,545	320,545	
Swancor Holding	S-Wanlai	R.O.C.	Chemical products manufacturing and processing	200,000	-	20,000	100.00 %	204,178	4,178	4,178	
Strategic	Swancor	Samoa	Investing and holding	USD 7,100 233,692	USD 7,100 233,692	7,100	100.00 %	USD 103,509 3,178,772	USD 8,670 258,781	USD 8,670 258,781	
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 257,519 1,135,516	RMB 54,770 243,059	RMB 54,770 243,059	
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 53,926 212,401	HKD 6,019 22,941	HKD 6,019 22,941	
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 234,027 921,775	HKD 57,765 220,173	HKD 57,765 220,173	
Sunwell Carbon Fiber Composite	COTECH	R.O.C.	Producing and selling carbon composites	130,000	-	130,000	80.82 %	130,000	(22,939)	-	

(c) Information on investment in Mainland China: None.

(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,	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	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 13,660 407,741	79.24 %	USD 10,824 323,094	USD 130,346 4,002,920	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 (Note1)	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 12,729 56,490	79.24 %	RMB 10,087 44,763	RMB193,332 852,486	-
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 4,273 18,964	79.24 %	RMB 3,386 15,027	RMB134,803 594,406	-
Meijia New Materials	Producing and selling of powder coating and epoxy resin	RMB 210,000 913,290	Indirectly owned by the company	-	-	-	-	RMB 7,330 32,529	18.87 %	RMB (781) (3,464)	RMB165,358 729,136	-
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 (5,813) (25,795)	72.50 %	RMB (4,214) (18,702)	403,211	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
USD2,282	USD 90,401 2,726,477 (Note3)	4,768,480 (Note5)

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 US$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.

Note5：The investment limit for Mainland China is 60% of the consolidated equity of the Company.

(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

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

(14) Segment information:

Please refer to the 2022 consolidated financial statement.

Swancor Holding Company Limited

Statement of Cash and Cash Equivalents

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Cash	Petty cash and cash on hand	$ 148
Cash in banks	Demand deposit	222,502
	Time deposits	1,136,808
		$ 1,359,458

Statement of Prepayments

Item	Description	Amount
Other prepayments	Software maintenance expense	$ 2,741
Overpaid sales tax		29,341
Others (Note)		794
		$ 32,876

Note: The amount of each item in others does not exceed 5% of the account balance.

Swancor Holding Company Limited

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

	Beginning Balance			Addition		Decrease		Ending Balance				Amount of exchange on translation of foreign financial statement	Market value of Net Assets value		
Name of investee	Shares	Percentage of ownership	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of ownership	Amount	Profit or loss of investment		Unit price	Total price	Pledge Collateral
Sunwell Carbon Fiber Composites Corporation	45,800,000	86.42 %	$ 564,395	-	248 (note 1)	-	-	45,800,000	86.42 %	601,761	30,530	6,588	13.14	601,761	None
Strategic Capital Holding Ltd.	9,601,000	100.00 %	3,505,575	-	10,674 (note 2)	-	-	9,601,000	100.00 %	3,884,116	320,545	47,322	404.55	3,884,116	None
S-Wanlai Co., Ltd.	-	-	-	20,000,000	200,000 (note 3)	-	-	20,000,000	100.00 %	204,178	4,178	-	10.20	204,178	None
Swancor Innovation & Incubation	1,000,000	100.00 %	(6,039)	20,000,000	200,000 (note 4)	-	-	21,000,000	100.00 %	136,477	(57,484)	-	4.55	136,477	None
			$ 4,063,931		410,922		-			4,826,532	297,769	53,910		4,826,532	

Note1: Including the investment amount of $248 thousand of changing in downstream transactions.

Note2: Including credit $2,699 thousand of capital surplus because of recognizing the company’s employee share options and the investment amount of $7,975 thousand of changing in downstream transactions.

Note3: Including $200,000 thousand of increase capital to set up S-Wanlai Co., Ltd..

Note4: Including $200,000 thousand of increase capital to Swancor Innovation & Incubation.

Swancor Holding Company Limited

Statement of Other Payables and Other Payables

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Other payables	Salary Payable	$ 65,720
	Employee and director compensation	17,292
	Payables on equipment	16,166
	Others (Note)	4,939
		$ 104,117

Note: The amount of each item in others does not exceed 5% of the account balance.

Statement of Other Current liabilities

Item	Description	Amount
Other Current liabilities	Receipts under custody	**$ 523**

Swancor Holding Company Limited

Statement of Operating Revenue

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Share of profit of Subsidiaries, associates and joint ventures accounted for using the equity method	$ 297,769
Dividend income	65,224
	$ 362,993

Statement of Operating Expenses

Item	Administrative expenses	Research and development expenses
Salary	$ 61,217	48
Professional service fees	6,461	142
Depreciation	12,464	259
Amortization	738	1,500
Others (Note)	28,325	32
Total	**$ 109,205**	**1,981**

Note：The amount of each item in others does not exceed 5% of the account balance.

Swancor Holding Company Limited

Statement of Non-Operating income and expenses

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Description		Amount
Non-Operating Income			
Foreign exchange gains	Net foreign exchange gains	$	49,343
Current financial assets (liabilities) at fair value through profit	Financial assets (liabilities) evaluation profit and loss		648,691
Other (Note)			66,297
			764,331
Non-Operating Expenses			
Interest expense			15,832
Others (Note)			582
			16,414
		$	**747,917**

Note: The amount of each item in others does not exceed 5% of the account balance.