

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

**Swancor Holding Company Limited and Subsidiaries**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report**

**For the Nine Months Ended September 30, 2023 and 2022**

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

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## Independent Auditors' Review Report

To the Board of Directors of Swancor Holding Company Limited:

### Introduction

We have reviewed the accompanying consolidated balance sheets of Swancor Holding Company Limited ( "the Company" ) and its subsidiaries ( "the Group" ) as of September 30, 2023 and 2022, and the related consolidated statements of comprehensive income, for the three months and nine months ended September 30, 2023 and 2022, changes in equity and cash flows for the nine months ended September 30, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

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

### Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$1,110,646 thousand and \$671,952 thousand, constituting 7.75% and 4.74% of the consolidated total assets; and the total liabilities amounting to \$284,941 thousand and \$101,795 thousand, constituting 5.17% and 1.61% of the consolidated total liabilities as of September 30, 2023 and 2022, respectively; as well as the total comprehensive income amounting to \$(21,944) thousand, \$(11,357) thousand, \$(34,462) thousand and \$(22,529) thousand, constituting (2.93)%, (1.65)%, (2.54)% and (2.41)% of the consolidated total comprehensive income (loss) for the three months and nine months ended September 30, 2023 and 2022, respectively.

Except, for the above statement, as stated in Note 6(g), the other equity accounted investments of the Swancor Holding Company Limited and its subsidiaries in its investee companies of \$921,551 thousand and \$957,464 thousand as of September 30, 2023 and 2022, respectively, and its equity in net earnings on these investee companies of \$3,216 thousand, \$5,250 thousand, \$(16,098) thousand and \$19,707 thousand for the three months and nine months ended September 30, 2023 and 2022, respectively, were recognized solely on the financial statements which prepared by these investee companies, but were unreviewed by independent auditors.

## **Qualified Conclusion**

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Swancor Holding Company Limited and its subsidiaries as at September 30, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months and nine months ended September 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)  
November 7, 2023

### **Notes to Readers**

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

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

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

Consolidated Balance Sheets

September 30, 2023, December 31, 2022, and September 30, 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets	September 30, 2023		December 31, 2022		September 30, 2022		Liabilities and Equity	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
<b>Current assets:</b>							<b>Current liabilities:</b>						
1100 Cash and cash equivalents (note 6(a))	\$ 2,307,645	16	2,527,070	18	1,896,169	13	2100 Short-term borrowings (note 6(p) and 8)	\$ 562,788	4	1,294,674	9	1,305,383	9
1110 Current financial assets at fair value through profit or loss (note 6(b) and 6(s))	672,029	5	2,051	-	141,027	1	2120 Current financial liabilities at fair value through profit or loss (note 6(b) and (s))	2,087	-	3,761	-	4,445	-
1150 Notes receivable, net (note 6(d))	1,285,800	9	2,452,806	17	2,350,287	17	2130 Current contract liabilities (note 6(ab))	13,463	-	35,333	-	10,833	-
1170 Accounts receivable, net (note 6(d))	2,052,191	14	2,476,625	18	2,457,800	17	2150 Notes payable	114,649	1	426,615	3	601,288	5
1200 Other receivables (note 6(e))	477,128	4	4,064	-	2,548	-	2170 Accounts payable	1,920,050	13	1,707,700	12	1,674,260	12
1220 Current tax assets	40,023	-	9,311	-	16,902	-	2180 Accounts payable to related parties (note 7)	72,875	1	4,318	-	7,877	-
130X Inventories (note 6(f))	754,450	5	899,451	6	1,198,247	8	2200 Other payables (note 6(q))	437,658	3	439,224	3	416,477	3
1410 Prepayments	45,774	-	43,792	-	70,668	-	2220 Other payables to related parties (note 7)	5,000	-	5,000	-	5,000	-
1479 Other current assets (note 6(o))	80,085	1	59,459	-	53,601	-	2230 Current tax liabilities	223,204	2	129,126	1	129,625	1
1476 Other current financial assets (note 6(o) and 8)	886,186	6	156,070	1	299,759	2	2399 Other current liabilities (note 6(q) and (v))	27,784	-	60,289	-	45,930	-
<b>Total current assets</b>	<b>8,601,311</b>	<b>60</b>	<b>8,630,699</b>	<b>60</b>	<b>8,487,008</b>	<b>58</b>	2322 Long-term borrowings, current portion (note 6(r) and 8)	61,856	-	62,304	1	45,696	-
<b>Non-current assets:</b>							2280 Current lease liabilities (note 6(t))	14,747	-	16,784	-	5,290	-
1510 Non-current financial assets at fair value through profit or loss (note 6(b))	258,160	2	665,904	5	664,094	5	<b>Total current liabilities</b>	<b>3,456,161</b>	<b>24</b>	<b>4,185,128</b>	<b>29</b>	<b>4,252,104</b>	<b>30</b>
1517 Non-current financial assets at fair value through other comprehensive income (note 6(c))	226,998	2	109,662	1	109,894	1	<b>Non-Current liabilities:</b>						
1550 Investments accounted for using equity method (note 6(g))	921,551	6	920,162	6	957,464	7	2530 Bonds payable (note 6(s) and 8)	1,512,920	11	1,502,045	11	1,498,410	11
1600 Property, plant and equipment (note 6(l) and 8)	3,759,431	26	3,469,962	24	3,417,998	25	2540 Long-term borrowings (note 6(r) and 8)	430,988	3	510,896	4	466,674	4
1755 Right-of-use assets (note 6(m) and 8)	246,368	2	251,517	2	238,454	2	2550 Non-current provisions (note 6(u))	7,900	-	7,900	-	7,900	-
1780 Intangible assets (note 6(n))	48,396	-	53,917	-	55,095	-	2570 Deferred income tax liabilities	41,442	-	56,637	-	39,806	-
1840 Deferred tax assets	101,254	1	91,058	1	92,240	1	2670 Other non-current liabilities, others (note 6(q) and (v))	51,564	-	46,055	-	47,615	-
1981 Cash surrender value of life insurance (note 6(k))	-	-	-	-	65,471	-	2580 Non-current lease liabilities (note 6(t))	14,810	-	17,967	-	12,450	-
1990 Other non-current assets (note 6(o) and 8)	165,268	1	81,214	1	99,574	1	<b>Total non-current liabilities</b>	<b>2,059,624</b>	<b>14</b>	<b>2,141,500</b>	<b>15</b>	<b>2,072,855</b>	<b>15</b>
<b>Total non-current assets</b>	<b>5,727,426</b>	<b>40</b>	<b>5,643,396</b>	<b>40</b>	<b>5,700,284</b>	<b>42</b>	<b>Total liabilities</b>	<b>5,515,785</b>	<b>38</b>	<b>6,326,628</b>	<b>44</b>	<b>6,324,959</b>	<b>45</b>
							<b>Equity attributable to owners of parent (note 6(y)):</b>						
<b>Total assets</b>	<b>\$ 14,328,737</b>	<b>100</b>	<b>14,274,095</b>	<b>100</b>	<b>14,187,292</b>	<b>100</b>	3100 Ordinary shares	985,601	7	981,311	7	981,311	7
							3200 Capital surplus (note 6(z))	3,569,604	25	3,533,803	25	3,532,926	25
							3300 Retained earnings	3,315,136	23	2,538,139	18	2,424,698	17
							3400 Other equity	(335,716)	(2)	(347,737)	(3)	(306,110)	(3)
							3500 Treasury shares	(47,301)	-	(47,301)	-	(47,301)	-
							<b>Total equity attributable to owners of parent:</b>	<b>7,487,324</b>	<b>53</b>	<b>6,658,215</b>	<b>47</b>	<b>6,585,524</b>	<b>46</b>
							36xx Non-controlling interests (note 6(j))	1,325,628	9	1,289,252	9	1,276,809	9
							<b>Total equity</b>	<b>8,812,952</b>	<b>62</b>	<b>7,947,467</b>	<b>56</b>	<b>7,862,333</b>	<b>55</b>
							<b>Total liabilities and equity</b>	<b>\$ 14,328,737</b>	<b>100</b>	<b>14,274,095</b>	<b>100</b>	<b>14,187,292</b>	<b>100</b>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Swancor Holding Company Limited and subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**For the three months and the nine months ended September 30, 2023 and 2022**  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

	For the three months ended September 30,				For the nine months ended September 30				
	2023		2022		2023		2022		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	<b>Operating revenues</b> (note 6(ab))								
	\$	1,922,680	100	2,356,276	100	5,339,522	100	7,465,411	100
5000	<b>Operating costs</b> (note 6(f), (w) and 7)								
		1,579,528	82	2,006,805	85	4,367,653	82	6,405,159	86
	<b>Gross profit from operations</b>								
		343,152	18	349,471	15	971,869	18	1,060,252	14
	<b>Operating expenses</b> (note 6(w), (ac) and 7):								
6100	Selling expenses	120,081	6	114,318	5	334,343	6	313,935	4
6200	Administrative expenses	97,662	5	156,569	7	284,571	5	335,157	4
6300	Research and development expenses	60,499	3	67,735	3	176,992	4	161,577	2
6450	Impairment loss determined in accordance with IFRS 9 (note 6(d))	(18,885)	(1)	(13,416)	(1)	4,853	-	(12,330)	-
		259,357	13	325,206	14	800,759	15	798,339	10
	<b>Net operating income</b>	83,795	5	24,265	1	171,110	3	261,913	4
	<b>Non-operating income and expenses</b> (note 6(ad)):								
7100	Interest income	10,429	1	4,849	-	31,767	-	10,076	-
7010	Other income and expenses	6,133	-	12,011	1	24,859	-	23,449	-
7020	Other gains and losses (note 6 (k))	555,320	29	683,561	29	1,263,135	24	735,980	10
7050	Finance Costs (note 6(s) and (t))	(11,282)	(1)	(21,153)	(1)	(40,760)	-	(62,035)	(1)
7060	Share of profit of associates and joint ventures accounted for using equity method (note 6(g))	3,216	-	5,250	-	(16,098)	-	19,707	-
		563,816	29	684,518	29	1,262,903	24	727,177	9
	<b>Profit before income tax</b>	647,611	34	708,783	30	1,434,013	27	989,090	13
7950	<b>Income tax expenses</b> (note 6(x))	76,897	4	67,918	3	143,646	3	166,977	2
	<b>Profit</b>	570,714	30	640,865	27	1,290,367	24	822,113	11
8300	<b>Other comprehensive income</b> (note 6(y)):								
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>								
8361	Exchange differences on translation of foreign financial statements	190,493	10	50,056	2	77,297	1	125,581	2
8367	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	(11,683)	(1)	(3,346)	-	(11,182)	-	(11,682)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
8300	<b>Other comprehensive income, net</b>	178,810	9	46,710	2	66,115	1	113,899	2
	<b>Total comprehensive income for the period, net of tax</b>	<b>\$ 749,524</b>	<b>39</b>	<b>687,575</b>	<b>29</b>	<b>1,356,482</b>	<b>25</b>	<b>936,012</b>	<b>13</b>
	<b>Profit attributable to:</b>								
8610	Owners of parent	\$ 552,411	29	629,040	26	1,264,088	24	789,712	11
8620	Non-controlling interests (note 6(j))	18,303	1	11,825	1	26,279	-	32,401	-
		<b>\$ 570,714</b>	<b>30</b>	<b>640,865</b>	<b>27</b>	<b>1,290,367</b>	<b>24</b>	<b>822,113</b>	<b>11</b>
	<b>Comprehensive income attributable to:</b>								
8710	Owners of parent	\$ 689,785	36	664,265	28	1,313,555	25	874,969	12
8720	Non-controlling interests (note 6(j))	59,739	3	23,310	1	42,927	-	61,043	1
		<b>\$ 749,524</b>	<b>39</b>	<b>687,575</b>	<b>29</b>	<b>1,356,482</b>	<b>25</b>	<b>936,012</b>	<b>13</b>
	<b>Earnings per share (NT Dollars)</b> (note 6(aa))								
9750	<b>Basic earnings per share</b>	<b>\$ 5.66</b>		<b>6.46</b>		<b>12.96</b>		<b>8.35</b>	
9850	<b>Diluted earnings per share</b>	<b>\$ 4.84</b>		<b>5.62</b>		<b>11.10</b>		<b>7.06</b>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Swancor Holding Company Limited and subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**For the nine months ended September 30, 2023 and 2022**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent													Non-controlling interests	Total equity
	Retained earnings						Other equity interest						Total equity attributable to owners of parent		
	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	Unearned compensation	Total	Treasury shares				
<b>Balance at January 1, 2022</b>	\$ 935,046	3,161,540	273,481	418,835	1,081,857	1,774,173	(387,002)	(4,365)	-	(391,367)	(47,301)	5,432,091	1,128,235	6,560,326	
Net income for the nine months ended September 30, 2022	-	-	-	-	789,712	789,712	-	-	-	-	-	789,712	32,401	822,113	
Other comprehensive income for the nine months ended September 30, 2022	-	-	-	-	-	-	96,939	(11,682)	-	85,257	-	85,257	28,642	113,899	
Total comprehensive income for the nine months ended September 30, 2022	-	-	-	-	789,712	789,712	96,939	(11,682)	-	85,257	-	874,969	61,043	936,012	
Appropriation and distribution of retained earnings:															
Legal reserve	-	-	18,593	-	(18,593)	-	-	-	-	-	-	-	-	-	
Special reserve	-	-	-	(27,469)	27,469	-	-	-	-	-	-	-	-	-	
Cash dividends of ordinary shares	-	-	-	-	(139,187)	(139,187)	-	-	-	-	-	(139,187)	-	(139,187)	
Conversion of convertible bonds	46,265	369,564	-	-	-	-	-	-	-	-	-	415,829	-	415,829	
Share-based payments transactions	-	1,822	-	-	-	-	-	-	-	-	-	1,822	481	2,303	
Due to the acquisition of the subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	87,050	87,050	
<b>Balance at September 30, 2022</b>	\$ 981,311	3,532,926	292,074	391,366	1,741,258	2,424,698	(290,063)	(16,047)	-	(306,110)	(47,301)	6,585,524	1,276,809	7,862,333	
<b>Balance at January 1, 2023</b>	\$ 981,311	3,533,803	292,074	391,367	1,854,698	2,538,139	(333,092)	(14,645)	-	(347,737)	(47,301)	6,658,215	1,289,252	7,947,467	
Net income for the nine months ended September 30, 2023	-	-	-	-	1,264,088	1,264,088	-	-	-	-	-	1,264,088	26,279	1,290,367	
Other comprehensive income for the nine months ended September 30, 2023	-	-	-	-	-	-	60,649	(11,182)	-	49,467	-	49,467	16,648	66,115	
Total comprehensive income for the nine months ended September 30, 2023	-	-	-	-	1,264,088	1,264,088	60,649	(11,182)	-	49,467	-	1,313,555	42,927	1,356,482	
Appropriation and distribution of retained earnings:															
Legal reserve	-	-	90,315	-	(90,315)	-	-	-	-	-	-	-	-	-	
Special reserve	-	-	-	(43,630)	43,630	-	-	-	-	-	-	-	-	-	
Cash dividends of ordinary shares	-	-	-	-	(487,091)	(487,091)	-	-	-	-	-	(487,091)	-	(487,091)	
Conversion of convertible bonds	11	84	-	-	-	-	-	-	-	-	-	95	-	95	
Issuance of restricted employee stock	4,279	33,167	-	-	-	-	-	-	(37,446)	(37,446)	-	-	-	-	
Changes in ownership interests in subsidiaries	-	522	-	-	-	-	-	-	-	-	-	522	(522)	-	
Share-based payments transactions	-	2,028	-	-	-	-	-	-	-	-	-	2,028	532	2,560	
Increase or decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(6,561)	(6,561)	
<b>Balance at September 30, 2023</b>	\$ 985,601	3,569,604	382,389	347,737	2,585,010	3,315,136	(272,443)	(25,827)	(37,446)	(335,716)	(47,301)	7,487,324	1,325,628	8,812,952	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Swancor Holding Company Limited and subsidiaries**  
**Consolidated Statements of Cash Flows**  
**For the three months and the nine months ended September 30, 2023 and 2022**  
**(Expressed in Thousands of New Taiwan Dollars)**

	For the nine months ended September 30	
	2023	2022
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 1,434,013	989,090
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expenses	190,372	187,882
Amortization expenses	8,251	8,066
Expected credit losses (gains)	4,853	(12,330)
Net gains on financial assets or liabilities at fair value through profit	(1,211,046)	(646,022)
Interest expense	40,760	62,035
Interest income	(31,767)	(10,076)
Share-based payment transactions	2,560	2,303
Share of profit (loss) of associates and joint ventures accounted for using equity method	16,098	(19,707)
(Gains) losses on disposal of property, plant and equipment	(856)	8,641
Gains on disposal of investment	-	(2,530)
Increase in cash surrender value of life insurance	-	(9,131)
Amortization of deferred income	(3,912)	(3,142)
Gains on lease modification	(237)	(32)
<b>Total adjustments to reconcile profit</b>	<u>(984,924)</u>	<u>(434,043)</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Decrease (increase) in notes receivable	1,166,314	(220,931)
Decrease in accounts receivable	420,273	465,546
Decrease (increase) in other receivables	2,345	(1,498)
Decrease in inventories	145,001	44,741
Increase in prepayments	(1,982)	(31,821)
(Increase) decrease in other operating assets	(19,926)	57,838
<b>Total changes in operating assets</b>	<u>1,712,025</u>	<u>313,875</u>
<b>Changes in operating liabilities:</b>		
(Decrease) increase in notes payable	(311,966)	37,186
Increase (decrease) in accounts payable	212,350	(566,985)
Increase (decrease) in accounts payable to related parties	68,557	(21,646)
Increase in other payables	24,434	6,074
Decrease in provisions	-	(18,530)
(Decrease) increase in other operating liabilities	(54,858)	12,764
<b>Total changes in operating liabilities</b>	<u>(61,483)</u>	<u>(551,137)</u>
<b>Total adjustments</b>	<u>665,618</u>	<u>(671,305)</u>
Cash inflow generated from operations	2,099,631	317,785
Interest received	31,972	10,395
Interest paid	(28,902)	(46,885)
Income taxes paid	(67,435)	(111,679)
<b>Net cash flows from operating activities</b>	<u>2,035,266</u>	<u>169,616</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(129,639)	(138,959)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6,172	2,891
Acquisition of financial assets at fair value through profit or loss	(712,835)	-
Proceeds from disposal of financial assets at fair value through profit or loss	1,185,687	609,020
Acquisition of property, plant and equipment	(460,638)	(551,039)
Proceeds from disposal of property, plant and equipment	21,193	55,940
Decrease in refundable deposits	643	943
Acquisition of intangible assets	(1,723)	(30,590)
Net cash flow from acquisition of subsidiaries	-	54,011
Increase in other financial assets	(725,916)	-
Increase in prepayments for business facilities	(117,726)	(49,617)
Decrease in other financial assets	-	268,185
<b>Net cash flow (used in) from investing activities</b>	<u>(934,782)</u>	<u>220,785</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	847,061	2,192,732
Decrease in short-term borrowings	(1,578,947)	(3,179,616)
Proceeds from long-term borrowings	-	182,606
Repayments of long-term borrowings	(83,816)	(153,215)
Increase in other financial liabilities	87	279
Decrease in accounts payable to related parties	-	(9,672)
Repayments of lease liabilities	(11,991)	(7,984)
Cash dividends paid	(487,091)	(139,187)
Increase in deferred income	8,989	20,725
Change in non-controlling interests	(6,561)	-
<b>Net cash flow used in financing activities</b>	<u>(1,312,269)</u>	<u>(1,093,332)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(7,640)</u>	<u>68,141</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(219,425)</u>	<u>(634,790)</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>2,527,070</u>	<u>2,530,959</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 2,307,645</u>	<u>1,896,169</u>

See accompanying notes to consolidated financial statements.



**Swancor Holding Company Limited and subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**For the nine months ended September 30, 2023 and 2022**  
**(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

**(1) Company history**

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

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

These consolidated financial statements were authorized for issuance by the Board of Directors on November 7, 2023.

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

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

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

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

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

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

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

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

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Regarding the classification of liabilities with covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier finance arrangements”
- Amendments to IFRS 16 “Lease liabilities arising from sale and leaseback transaction”

(Continued)

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

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 21 “Lack of Exchangeability”

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

- (a) Statement of compliance

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

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

(Continued)

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

## (b) Basis of consolidation

## (i) List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Subsidiary	Principal activity	Shareholding		
			September 30, 2023	December 31, 2022	September 30, 2022
Swancor Holding	Swancor Innovation & Incubation Co., Ltd. (Swancor Innovation & Incubation)	Management consulting	100% (Note 1)	100%	100% (Note 1)
Swancor Holding	S-Wanlai Co., Ltd. (S-Wanlai)	Producing and selling of synthetic chemicals	100% (Note 1)	100%	100% (Note 1)
Swancor Holding	Swancor Carbon Fiber Composites Corporation., Ltd. (Sunwell Carbon Fiber Composites)	Producing and selling of carbon	86.42%	86.42%	86.42%
Swancor Holding	Strategic Capital Holding Ltd. (Strategic)	Investing and holding of subsidiaries	100%	100%	100%
Sunwell Carbon Fiber Composite	Swancor (Jiangsu) Carbon Composites	Producing and selling of carbon	83.89%	83.89%	83.89%
Sunwell Carbon Fiber Composite	COTECH, INC. (COTECH)	Producing and selling of carbon	80.82% (Note 1)	80.82%	80.82% (Note 1)
Strategic	Swancor Ind. Co., Ltd. (Samoa) (Swancor)	Investing and holding of subsidiaries	100%	100%	100%
Strategic	Swancor Advanced Materials Co., Ltd. (Swancor Advanced Materials)	Producing and selling Vinyl Ester Resins and light composite material resins	15.20%	15.20%	15.20%
Swancor	Swancor Advanced Materials	Producing and selling Vinyl Ester Resins and light composite material resins	64.03%	64.04%	64.04%
Swancor Advanced Materials	Swancor (Tianjin) Wind Blade Materials Co., Ltd. (Swancor (Tianjin))	Producing and selling of energy conservation wind power laminar resins	100%	100%	100%
Swancor Advanced Materials	Swancor (Jiangsu) New Materials Co., Ltd. (Swancor (Jiangsu))	Producing and selling of energy conservation wind power laminar resins	100%	100%	100%
Swancor Advanced Materials	Swancor (HK) Investment Co., Ltd. (Swancor (HK))	Investing and holding of subsidiaries	100%	100%	100%
Swancor (HK)	Swancor Ind(M) SDN.BHD. (Swancor Ind(M))	Producing and selling Vinyl Ester Resins and light composite material resins	100% (Note 1)	100%	100% (Note 1)
Swancor (HK)	Swancor Highpolymer Co., Ltd. (Swancor Highpolymer)	Producing and selling Vinyl Ester Resins and light composite material resin	100%	100%	100%

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

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

(Continued)

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

- (ii) Changes in ownership of subsidiaries from January 1, 2022 to September 30, 2023 were as follow :

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

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

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

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

The Group invested an additional amount of \$150,000 thousand in its subsidiary, S-Wanlai, on May 8, 2023; and the related registration procedures had been completed.

- (c) Income taxes

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

Income tax expenses for the period are measured by multiplying together the pre-tax income for the interim reporting period and the management's best estimate of effective annual tax rate. This should be recognized fully as tax expense for the current period.

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

(Continued)

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

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

The preparation of the consolidated financial statements, in conform with the Regulations and IFRs (in accordance with IAS 34 "Interim Financial Reporting" and endorsed by the FSC) requires management to make judgments, estimates and assumption that affect the application of the accounting policies and the reports amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2022. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2022.

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

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

(a) Cash and Cash Equivalents

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Pretty cash and cash on hand	\$ 6,237	842	572
Demand deposits	909,228	769,273	543,515
Time deposits	1,392,180	1,756,955	1,352,082
Cash and cash equivalents in the consolidated statement of cash flow	<u>\$ 2,307,645</u>	<u>2,527,070</u>	<u>1,896,169</u>

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

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<b>Financial assets mandatorily measured at fair value through profit or loss :</b>			
Structured deposit	\$ 669,266	-	138,960
Derivative instruments not used for hedging-Forward exchange contracts	292	-	-
Non-derivative financial assets-			
Stocks listed on domestic markets	2,471	2,051	2,067
Stocks unlisted on domestic markets	258,160	665,904	664,094
Total	<u>\$ 930,189</u>	<u>667,955</u>	<u>805,121</u>

(Continued)

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
<b>Financial liabilities mandatorily measured at fair value through profit or loss :</b>			
Convertible corporate bonds- call and put provision	\$ 2,087	3,208	4,111
Derivative instruments not used for hedging-Forward exchange contracts	-	553	334
<b>Total</b>	<b>\$ 2,087</b>	<b>3,761</b>	<b>4,445</b>

During the nine months ended September 30, 2023 and 2022, the dividend of \$29 thousand and \$26,067 thousand, respectively, related to equity investments at fair value through profit or loss held on September 30, 2023 and 2022, were recognized as operating revenue.

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 Investment Co., Ltd and completed the transaction in April 2023. The disposition price is USD40,000 thousand and deducted the agreed amounts. The Group had recognized gains (accounting other gains and losses) due to the disposal transactions of \$689,252 thousand.

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

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

		<b>September 30, 2023</b>		
		<b>Amount (in thousands)</b>	<b>Currency</b>	<b>Maturity date</b>
Forward exchange contracts	EUR	38	TWD to EUR	2023.10.14~2023.10.27
	EUR	72	TWD to EUR	2023.10.14~2023.10.29
	EUR	116	TWD to EUR	2023.10.14~2023.11.03
	EUR	35	TWD to EUR	2023.10.14~2023.11.04
	EUR	150	TWD to EUR	2023.10.14~2023.11.10
		<b>December 31, 2022</b>		
		<b>Amount (in thousands)</b>	<b>Currency</b>	<b>Maturity date</b>
Forward exchange contracts	EUR	547	TWD to EUR	2022.12.21~2023.03.05
		<b>September 30, 2022</b>		
		<b>Amount (in thousands)</b>	<b>Currency</b>	<b>Maturity date</b>
Forward exchange contracts	EUR	1,134	TWD to EUR	2022.10.11~2022.12.30

(Continued)

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

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

	September 30, 2023	December 31, 2022	September 30, 2022
<b>Debt investments at fair value through other comprehensive income :</b>			
Corporate bonds	\$ 82,618	36,881	36,763
<b>Equity investments at fair value through other comprehensive income :</b>			
Domestic on listed Company - WT Microelectronics Co., Ltd	\$ 39,349	47,750	48,100
Domestic unlisted Company - Gigantex Composite Technologies Co., Ltd.	25,031	25,031	25,031
Domestic unlisted Company - Promix Composites, Inc.	-	-	-
Domestic unlisted Company - Yang Bao Enterprise Co., Ltd.	80,000	-	-
Domestic unlisted Company - Ideal Star International Corp.	-	-	-
Subtotal	144,380	72,781	73,131
Total	<u>\$ 226,998</u>	<u>109,662</u>	<u>109,894</u>

1. Debt investments at fair value through other comprehensive income

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

2. Equity investments at fair value through other comprehensive income

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term for strategic purposes.

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of September 30, 2023 and 2022.

During the nine months ended September 30, 2023 and 2022, the dividend of \$2,000 thousand for each period, related to equity investments at fair value through comprehensive profit or loss held on September 30, 2023 and 2022, were recognized as operating revenue.

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

The financial assets at fair value through other comprehensive income of the Group had not been pledged as collateral as of September 30, 2023, December 31, 2022 and September 30, 2022.

3. The amounts of other comprehensive profit or loss which were recognized at fair value for the three months and nine months ended September 30, 2023 and 2022, were \$(11,683) thousand, \$(3,346) thousand, \$(11,182) thousand and \$(11,682) thousand.

(Continued)

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

## (d) Notes and Accounts receivable

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Notes receivable from operating activities	\$ 668,329	1,819,131	1,842,311
Notes receivable-fair value through other comprehensive income	621,076	636,520	515,713
Less: Loss allowance	<u>(3,605)</u>	<u>(2,845)</u>	<u>(7,737)</u>
	<b><u>\$ 1,285,800</u></b>	<b><u>2,452,806</u></b>	<b><u>2,350,287</u></b>
Accounts receivable - measured as amortized cost	\$ 2,061,176	2,499,133	2,492,571
Less: Loss allowance	<u>(8,985)</u>	<u>(22,508)</u>	<u>(34,771)</u>
	<b><u>\$ 2,052,191</u></b>	<b><u>2,476,625</u></b>	<b><u>2,457,800</u></b>

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

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

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables on September 30, 2023, December 31, 2022 and September 30, 2022. To measure the expected credit losses, accounts receivable has been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provision as of September 30, 2023, December 31, 2022 and September 30, 2022 were determined as follows:

	<b>September 30, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted-aver- age loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 3,077,445	0.03%	1,006
Overdue 1 to 90 days	223,199	2.27%	5,070
Overdue 91 to 180 days	46,037	5.68%	2,614
Overdue 181 to 270 days	-	-	-
Overdue 271 to 360 days	2,694	100%	2,694
Overdue more than 361 days	<u>1,206</u>	100%	<u>1,206</u>
Total	<b><u>\$ 3,350,581</u></b>		<b><u>12,590</u></b>

(Continued)



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

	<b>December 31, 2022</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 4,714,252	0.03%	1,450
Overdue 1 to 90 days	212,020	0.73%	1,546
Overdue 91 to 180 days	9,727	39.64%	3,856
Overdue 181 to 270 days	1,052	73.00%	768
Overdue 271 to 360 days	-	-	-
Overdue more than 361 days	-	-	-
<b>Total</b>	<b>\$ 4,937,051</b>		<b>7,620</b>
	<b>September 30, 2022</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 4,654,134	0.15%	7,032
Overdue 1 to 90 days	153,940	0.67%	1,029
Overdue 91 to 180 days	8,415	4.96%	417
Overdue 181 to 270 days	76	-	-
Overdue 271 to 360 days	-	-	-
Overdue more than 361 days	-	-	-
<b>Total</b>	<b>\$ 4,816,565</b>		<b>8,478</b>

The loss allowance provision from the other group as of December 31, 2022 and September 30, 2022 were determined as follows:

	<b>December 31, 2022</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ -	-	-
Overdue 1 to 90 days	-	-	-
Overdue 91 to 180 days	-	-	-
Overdue 181 to 270 days	-	-	-
Overdue 271 to 360 days	-	-	-
Overdue more than 361 days	17,733	100%	17,733
<b>Total</b>	<b>\$ 17,733</b>		<b>17,733</b>

(Continued)

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

	September 30, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ -	-	%
Overdue 1 to 90 days	-	-	%
Overdue 91 to 180 days	-	-	%
Overdue 181 to 270 days	-	-	%
Overdue 271 to 360 days	-	-	%
Overdue more than 361 days	34,030	100%	34,030
Total	<b>\$ 34,030</b>		<b>34,030</b>

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

	For the nine months ended September 30,	
	2023	2022
Balance on January 1	\$ 25,353	55,013
Impairment losses recognized (reversed)	4,853	(12,330)
Amounts written off	(17,746)	(1,535)
Foreign exchange losses	130	1,360
Balance on September 30	<b>\$ 12,590</b>	<b>42,508</b>

The notes and accounts receivable of the Group had not been pledged as collateral as of September 30, 2023, December 31, 2022 and September 30, 2022.

As of December 31, 2022 and September 30, 2022, the Group sold its notes receivable without recourse as follows:

Purchaser	December 31, 2022			
	Assignment Facility	Factoring Line	Advanced Amount	Range of Interest Rate
BANK OF NINGBO	\$ 226,389	-	226,389	2.60%
China CITIC Bank	266,436	-	266,436	1.88%
BANK OF NINGBO	99,908	-	99,908	2.00%
BANK OF NINGBO	287,499	-	287,499	1.28%
BANK OF NINGBO	44,094	-	44,094	1.30%
BANK OF NINGBO	107,271	-	107,271	1.47%
	<b>\$ 1,031,597</b>	-	<b>1,031,597</b>	

Purchaser	September 30, 2022			
	Assignment Facility	Factoring Line	Advanced Amount	Range of Interest Rate
Bank of NINGBO	\$ 22,360	-	22,360	1.40%
Bank of NINGBO	291,581	-	291,581	1.28%
Bank of NINGBO	101,327	-	101,327	2.00%
China CITIC Bank	13,416	-	13,416	2.02%
China CITIC Bank	270,218	-	270,218	1.88%
	<b>\$ 698,902</b>	-	<b>698,902</b>	

(Continued)

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

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

The Group transferred \$487,023 thousand, \$768,368 thousand and \$944,983 thousand of trade receivables to an unrelated third party as of September 30, 2023, December 31, 2022 and September 30, 2022. However, if the acceptor (accepting bank) refuses to pay when due, the Group is obliged to pay off to the endorser serve. The acceptor has relatively high credit rating. Under normal circumstances, the Group didn't expect the acceptor to refuse to pay. At the time of transfer, the Group provided a guarantee on those trade receivables to the transferee. Therefore, the Group continues to recognize the full carrying value of the trade receivables transferred, and recognized the cash received from the transfer as a guaranteed loan. In addition, as of September 30, 2023, December 31, 2022 and September 30, 2022, the notes receivable for the transfer of endorsements that have not yet expired were \$621,076 thousand, \$636,520 thousand and \$515,713 thousand, respectively, which did not meet the conditions for financial assets had not derecognized.

(e) Other receivables

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Other accounts receivable— Equity sale price to Synerd Renewable Energy	\$ 471,062	-	-
Other accounts receivable	6,066	4,064	2,548
	<b><u>\$ 477,128</u></b>	<b><u>4,064</u></b>	<b><u>2,548</u></b>

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

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

(f) Inventories

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Raw materials	\$ 315,980	466,799	645,934
Finished goods	421,913	418,243	531,161
Goods	16,331	14,323	17,512
Inventory in transit	226	86	3,640
	<b><u>\$ 754,450</u></b>	<b><u>899,451</u></b>	<b><u>1,198,247</u></b>

(Continued)

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

The cost of goods sold were as follows :

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Inventory that has been sold	\$ 1,561,758	1,999,037	4,300,851	6,390,693
Write-down and slow moving of inventories	16,341	7,213	64,243	11,858
Loss (gain) on physical inventory	1,425	531	(446)	1,837
Loss on inventory retired	4	24	3,005	771
	<b><u>\$ 1,579,528</u></b>	<b><u>2,006,805</u></b>	<b><u>4,367,653</u></b>	<b><u>6,405,159</u></b>

As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group did not provide any inventories as collateral for its loans.

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

(g) Investments accounted for using the equity method

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Associates	<b><u>\$ 921,551</u></b>	<b><u>920,162</u></b>	<b><u>957,464</u></b>

(i) Associates

Associates which are material to the Group consisted of the following information:

<b>Name of Associates</b>	<b>Nature of Relationship with the Group</b>	<b>Main operating location/Registered Country of the Company</b>	<b>Proportion of shareholding and voting rights</b>		
			<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Anhui Meijia New Materials Co., Ltd.	The main business is production and sales of environmental protective and corrosion resistant resin, lightweight composite resin, for the group to expand the wind power industry affiliated companies.	China	23.81%	23.81%	23.81%

(Continued)

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

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Carrying amount of individually insignificant associate's equity	<b>\$ 921,551</b>	<b>920,162</b>	<b>957,464</b>
	<b>For the three months ended September 30 2023</b>	<b>For the nine months ended September 30 2022</b>	<b>For the nine months ended September 30 2023</b>
Attributable to the Group:			
Net income (loss)	<b>\$ 3,216</b>	<b>5,250</b>	<b>(16,098) 19,707</b>

(ii) Collaterals

The investment accounted for using equity method of the Group had not been pledged as collaterals as of September 30, 2023, December 31, 2022 and September 30, 2022.

(h) Acquisition of subsidiary and non-controlling interests

(i) Acquisition of subsidiary— COTECH

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

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

1) Consideration transferred

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

(Continued)

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

2) The recognized amounts of assets acquired and liabilities assumed

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

Cash and cash equivalents (note 6(a))	\$	54,011
Preferred shares receivable		65,000
Notes receivables (note 6(d))		346
Accounts receivables (note 6(d))		3,771
Other receivables (note 6(e))		38
Inventories (note 6(f))		6,519
Prepayments		532
Other current assets (note 6(o))		830
Property, plant and equipment (note 6(l))		244,776
Intangible assets (note 6(n))		20,546
Right-of-use assets (note 6(m))		13,250
Deferred income tax assets		8,828
Refundable deposits (note 6(o))		6,703
Current contract liabilities (note 6(ab))		(922)
Notes payable		(10,837)
Accounts payable		(1,650)
Other payables (note 6(q))		(23,203)
Other payables to related parties		(14,672)
Other current liabilities (note 6(q))		(216)
Long-term borrowings, current portion (note 6(r))		(16,071)
Current lease liabilities (note 6(t))		(1,699)
Long-term borrowings (note 6(r))		(99,405)
Non-current provisions (note 6(u))		(26,430)
Non-current lease liabilities (note 6(t))		(12,568)
Receivable deposits (note 6(q))		(427)
Total fair value of identifiable net assets	<b>\$</b>	<b><u>217,050</u></b>

(ii) Goodwill

Goodwill arising from the acquisition has been recognized as follows:

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

(Continued)

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

(i) Loss control of subsidiaries

The Board of Directors of the Group determined to dispose of 100% of its shares in Synera Renewable Energy on July 31, 2019. The Group lost its control over Swancor Renewable Energy due to the disposal of its 95% shares in it on October 24, 2019. Since the share price had fluctuated from \$717,721 thousand to \$2,959,604 thousand (USD23,019 thousand to USD94,920 thousand), the Group recognized a gain of \$482,054 thousand based on the most likely price of \$717,721 thousand and received in 2021.

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

The Group had recognized financial assets profit of \$471,062 thousand with the condition matched. The amount of \$471,062 thousand that has yet to be collected had been recognized as other receivables of September 30, 2023.

The amount of \$1,364,312 thousand and \$1,599,707 thousand had been collected and recognized, respectively, due to disposal transactions mentioned above as of September 30, 2023.

(j) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiary was as follows:

<u>Subsidiaries</u>	<u>Main operation place</u>	<u>Percentage of non- controlling interests</u>		
		<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Swancor Advanced Materials	China	20.77%	20.76%	20.76%

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

The collective financial information of Swancor Advanced Materials:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current assets	\$ 5,459,847	5,908,319	5,894,688
Non-current assets	2,251,099	2,143,075	2,207,227
Current liabilities	(2,271,645)	(2,985,767)	(3,100,485)
Non- current liabilities	(72,382)	(13,986)	(19,807)
Net assets	<u>\$ 5,366,919</u>	<u>5,051,641</u>	<u>4,981,623</u>
Non-controlling interests	<u>\$ 1,114,709</u>	<u>1,048,721</u>	<u>1,034,185</u>

(Continued)

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

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Operating revenue	\$ 1,635,643	2,001,937	4,500,965	6,364,215
Net Operating income	\$ 134,526	110,560	277,991	289,374
Other comprehensive income	(47,643)	(137)	(28,905)	(23,813)
Comprehensive income	<b>\$ 86,883</b>	<b>110,423</b>	<b>249,086</b>	<b>265,561</b>
Profit, attributable to non-controlling interests	<b>\$ 27,942</b>	<b>22,952</b>	<b>57,739</b>	<b>60,074</b>
Comprehensive income, attributable to non-controlling interests	<b>\$ 18,062</b>	<b>22,923</b>	<b>51,735</b>	<b>55,130</b>
Net cash flows from operating activities	\$ 934,371	80,029	1,068,962	(418,801)
Net cash flows from investing activities	(819,397)	(218,022)	(913,826)	(292,119)
Net cash flows from financing activities	(775)	(45,800)	(46,647)	407,694
Net increase (decrease) in cash and cash equivalents	<b>\$ 114,199</b>	<b>(183,793)</b>	<b>108,489</b>	<b>(303,226)</b>
Dividend paid to non-controlling interest	\$ -	-	(7,857)	-

(k) Cash surrender value of life insurance

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

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

	<b>For the nine months ended September 30, 2022</b>
Balance at January 1	\$ 56,340
Increase in cash value	9,131
Balance at September 30	<b>\$ 65,471</b>

(Continued)



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

(l) Property, plant and equipment

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

	<b>Land</b>	<b>Buildings and Structures</b>	<b>Machinery and Equipment</b>	<b>Other Equipment</b>	<b>Construction in progress and Prepayments for land</b>	<b>Total</b>
<b>Cost:</b>						
Balance at January 1, 2023	\$ 780,227	1,629,445	1,085,980	718,118	661,767	4,875,537
Additions	-	11,446	10,303	30,766	382,281	434,796
Disposals	-	(64)	(40,075)	(10,985)	-	(51,124)
Reclassification	-	-	52,850	10,040	(35,473)	27,417
Effect of movements in exchange rates	-	17,420	12,957	8,161	2,115	40,653
Balance at September 30, 2023	<u>\$ 780,227</u>	<u>1,658,247</u>	<u>1,122,015</u>	<u>756,100</u>	<u>1,010,690</u>	<u>5,327,279</u>
Balance at January 1, 2022	\$ 776,587	1,275,616	986,412	601,412	244,215	3,884,242
Acquired in acquisition of the subsidiary	-	287,349	34,258	35,445	-	357,052
Addition	3,640	9,297	78,656	48,853	385,538	525,984
Disposals	-	-	(71,793)	(3,908)	-	(75,701)
Reclassification	-	2,655	24,826	16,871	(10,839)	33,513
Effect of movements in exchange rates	-	32,362	21,921	12,020	1,405	67,708
Balance at September 30, 2022	<u>\$ 780,227</u>	<u>1,607,279</u>	<u>1,074,280</u>	<u>710,693</u>	<u>620,319</u>	<u>4,792,798</u>
<b>Depreciation:</b>						
Balance at January 1, 2023	\$ -	521,041	434,697	449,837	-	1,405,575
Depreciation	-	54,602	63,887	56,036	-	174,525
Disposals	-	(51)	(21,796)	(8,940)	-	(30,787)
Reclassification	-	(103)	5,069	(4,966)	-	-
Effect of movements in exchange rates	-	6,756	6,004	5,775	-	18,535
Balance at September 30, 2023	<u>\$ -</u>	<u>582,245</u>	<u>487,861</u>	<u>497,742</u>	<u>-</u>	<u>1,567,848</u>
Balance at January 1, 2022	\$ -	400,855	332,129	341,448	-	1,074,432
Acquired in acquisition of the subsidiary	-	53,279	29,097	29,900	-	112,276
Depreciation	-	54,126	62,567	59,690	-	176,383
Disposals	-	-	(7,279)	(3,841)	-	(11,120)
Effect of movements in exchange rates	-	8,974	7,433	6,422	-	22,829
Balance at September 30, 2022	<u>\$ -</u>	<u>517,234</u>	<u>423,947</u>	<u>433,619</u>	<u>-</u>	<u>1,374,800</u>
<b>Carrying amounts:</b>						
Balance at January 1, 2023	<u>\$ 780,227</u>	<u>1,108,404</u>	<u>651,283</u>	<u>268,281</u>	<u>661,767</u>	<u>3,469,962</u>
Balance at September 30, 2023	<u>\$ 780,227</u>	<u>1,076,002</u>	<u>634,154</u>	<u>258,358</u>	<u>1,010,690</u>	<u>3,759,431</u>
Balance at January 1, 2022	<u>\$ 776,587</u>	<u>874,761</u>	<u>654,283</u>	<u>259,964</u>	<u>244,215</u>	<u>2,809,810</u>

(Continued)

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

Balance at September 30, 2022	\$	<u>780,227</u>	<u>1,090,045</u>	<u>650,333</u>	<u>277,074</u>	<u>620,319</u>	<u>3,417,998</u>
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(Continued)

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

For the three months and nine months ended September 30, 2023, and 2022, the amount of interest capitalization was \$2,859 thousand, \$2,251 thousand, \$7,775 thousand, and \$5,275 thousand, respectively.

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

As of September 30, 2023, December 31, 2022 and September 30, 2022, property, plant and equipment pledged as collateral for bank loans are described in note 8.

(m) Right-of-use assets

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

	<u>Land</u>	<u>Buildings</u>	<u>Transportation Equipment</u>	<u>Total</u>
<b>Costs:</b>				
Balance at January 1, 2023	\$ 254,278	39,523	3,898	297,699
Additions	-	6,127	818	6,945
Effects of movements in exchange rates	4,087	208	-	4,295
Balance at September 30, 2023	<b>\$ 258,365</b>	<b>45,858</b>	<b>4,716</b>	<b>308,939</b>
Balance at January 1, 2022	\$ 234,145	20,169	2,466	256,780
Acquired in acquisition of the subsidiary	15,969	-	1,432	17,401
Additions	-	300	-	300
Disposals	-	(704)	-	(704)
Effect of movements in exchange rates	7,049	115	-	7,164
Balance at September 30, 2022	<b>\$ 257,163</b>	<b>19,880</b>	<b>3,898</b>	<b>280,941</b>
<b>Depreciation:</b>				
Balance at January 1, 2023	\$ 25,599	17,638	2,945	46,182
Depreciation	4,799	10,245	803	15,847
Effects of movements in exchange rates	428	114	-	542
Balance at September 30, 2023	<b>\$ 30,826</b>	<b>27,997</b>	<b>3,748</b>	<b>62,571</b>
Balance at January 1, 2022	\$ 15,128	10,122	1,302	26,552
Acquired in acquisition of the subsidiary	3,807	-	344	4,151
Depreciation	4,818	5,707	974	11,499
Disposals	-	(274)	-	(274)
Effect of movements in exchange rates	485	74	-	559
Balance at September 30, 2022	<b>\$ 24,238</b>	<b>15,629</b>	<b>2,620</b>	<b>42,487</b>
<b>Carrying amount:</b>				
Balance at January 1, 2023	<b>\$ 228,679</b>	<b>21,885</b>	<b>953</b>	<b>251,517</b>
Balance at September 30, 2023	<b>\$ 227,539</b>	<b>17,861</b>	<b>968</b>	<b>246,368</b>
Balance at January 1, 2022	<b>\$ 219,017</b>	<b>10,047</b>	<b>1,164</b>	<b>230,228</b>
Balance at September 30, 2022	<b>\$ 232,925</b>	<b>4,251</b>	<b>1,278</b>	<b>238,454</b>

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

(Continued)

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

As of September 30, 2023 December 31, 2022 and September 30, 2022, right-of-use assets pledged as collateral for bank loans are described in note 8.

(n) Intangible Assets

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

	<u>Technique</u>	<u>Computer software</u>	<u>Total</u>
<b>Costs:</b>			
Balance at January 1, 2023	\$ 93,565	53,167	146,732
Additions	109	1,614	1,723
Reclassification	-	712	712
Effect of movement in exchange rates	1,119	49	1,168
Balance at September 30, 2023	<b>\$ 94,793</b>	<b>55,542</b>	<b>150,335</b>
Balance at January 1, 2022	\$ 43,345	49,754	93,099
Acquired in acquisition of the subsidiary	20,546	-	20,546
Additions	28,531	2,059	30,590
Disposals	-	(352)	(352)
Reclassification	-	94	94
Effect of movement in exchange rates	1,508	76	1,584
Balance at September 30, 2022	<b>\$ 93,930</b>	<b>51,631</b>	<b>145,561</b>
<b>Amortization:</b>			
Balance at January 1, 2023	\$ 49,436	43,379	92,815
Amortization	5,668	2,583	8,251
Effect of movement in exchange rates	833	40	873
Balance at September 30, 2023	<b>\$ 55,937</b>	<b>46,002</b>	<b>101,939</b>
Balance at January 1, 2022	\$ 40,315	41,476	81,791
Amortization	6,443	1,623	8,066
Disposals	-	(352)	(352)
Effect of movement in exchange rates	911	50	961
Balance at September 30, 2022	<b>\$ 47,669</b>	<b>42,797</b>	<b>90,466</b>
<b>Carrying value:</b>			
Balance at January 1, 2023	<b>\$ 44,129</b>	<b>9,788</b>	<b>53,917</b>
Balance at September 30, 2023	<b>\$ 38,856</b>	<b>9,540</b>	<b>48,396</b>
Balance at January 1, 2022	<b>\$ 3,030</b>	<b>8,278</b>	<b>11,308</b>
Balance at September 30, 2022	<b>\$ 46,261</b>	<b>8,834</b>	<b>55,095</b>

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

As of September 30, 2023 December 31, 2022 and September 30, 2022 the intangible assets of the Group had not been pledged as collateral.

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

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

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Other current assets :			
Temporary payments and payment on behalf of others	\$ 18,046	6,381	6,718
Refundable deposits	1,683	1,788	-
Other-current	60,356	51,290	46,883
	<u><b>\$ 80,085</b></u>	<u><b>59,459</b></u>	<u><b>53,601</b></u>

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Other current financial assets :			
Time deposits with maturities of more than three months	\$ 837,143	-	-
Restricted bank deposits	49,043	156,070	299,759
	<u><b>\$ 886,186</b></u>	<u><b>156,070</b></u>	<u><b>299,759</b></u>

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Other non-current assets :			
Refundable deposits	\$ 9,542	10,080	10,394
Prepayments for equipment	150,386	60,789	83,045
Restricted bank deposits	-	4,200	-
Others-non-current	5,340	6,145	6,135
	<u><b>\$ 165,268</b></u>	<u><b>81,214</b></u>	<u><b>99,574</b></u>

The Group obtained other current assets, other current financial assets and other non-current assets due to the acquisition of the subsidiary in 2022, please refer to note 6(h).

(Continued)

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

(p) Short-term borrowings

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Unsecured bank loans	\$ 562,788	1,280,064	1,296,068
Secured bank loans	-	14,610	9,315
	<b><u>\$ 562,788</u></b>	<b><u>1,294,674</u></b>	<b><u>1,305,383</u></b>
Unused short-term credit lines	<b><u>\$ 3,703,595</u></b>	<b><u>3,062,425</u></b>	<b><u>2,451,252</u></b>
Range of interest rates	<b><u>1.94%~4.34%</u></b>	<b><u>1.30%~6.40%</u></b>	<b><u>1.00%~5.36%</u></b>

(i) Issuance and repayment of borrowings

For the nine months ended September 30, 2023 and 2022, the Group obtained from short-term borrowings amounted to \$847,061 thousand and \$2,192,732 thousand with interest rate of 1.64%~4.34% and 0.88%~5.65%, respectively. The short-term borrowings are due in April 2023 to July 2024 and July 2022 to September 2023, respectively. For the nine months ended September 30, 2023 and 2022, the repayment amounted to \$1,578,947 thousand and \$3,719,616 thousand, respectively.

(ii) Collateral for short-term borrowings

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

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

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Other payables :			
Other payables-salary	\$ 139,087	175,193	164,867
Other payables-employee compensation	1,585	2,769	90
Other payables-director's remuneration	14,377	14,523	18,076
Payables on equipment	31,239	57,081	50,935
Other	251,370	189,658	182,509
	<b><u>\$ 437,658</u></b>	<b><u>439,224</u></b>	<b><u>416,477</u></b>

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

(Continued)

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

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Other current liabilities:			
Temporary receipts	\$ 1,192	475	503
Receipts under custody	3,654	3,559	5,173
Current deferred revenue	5,414	4,931	4,906
Other	17,524	51,324	35,348
	<u>\$ 27,784</u>	<u>60,289</u>	<u>45,930</u>
Non-current liabilities:			
Non-current deferred revenue	\$ 50,615	45,193	46,303
Guarantee deposit received	949	862	862
Other	-	-	450
	<u>\$ 51,564</u>	<u>46,055</u>	<u>47,615</u>

The Group obtained other payables, other current and non-current liabilities due to the acquisition of the subsidiary in 2022, please refer to note 6(h).

Deferred revenue please refer to note 6(v).

(r) Long-term borrowings

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

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Secured bank loans	\$ 291,220	303,514	303,515
Unsecured bank loans	161,224	231,035	169,983
Other loans (Note)	40,400	38,651	38,872
Less: current portion	(61,856)	(62,304)	(45,696)
	<u>\$ 430,988</u>	<u>510,896</u>	<u>466,674</u>
Unused short-term credit lines	<u>\$ 181,000</u>	<u>291,000</u>	<u>335,712</u>
Range of interest rates	<u>2.10%~2.55%</u>	<u>1.33%~4.65%</u>	<u>1.73%~4.45%</u>

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

(i) Issuance and repayment of borrowings

For the nine months ended September 30, 2023 and 2022, the Group obtained long-term borrowings amounted to \$0 and \$182,606 thousand (which included \$1,612 thousand of the current deferred revenue and non-current deferred revenue; \$(1,899) thousands of amortization loss; \$(2,377) thousands of effect of movement in exchange rates) with an interest rate of 1.83%~2.18%, respectively. The long-term borrowings are due in July 2025 to June 2032. For the nine months ended September 30, 2023 and 2022, the repayment amounted to \$83,816 thousand and \$153,215 thousand (which include \$925 thousand of the current deferred revenue and non-current deferred revenue), respectively.

(Continued)

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

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

(ii) Collateral for long-term borrowings

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

(s) Bonds payable

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Third secured convertible bonds- domestic	\$ 1,000,000	1,000,000	1,000,000
Forth unsecured convertible bonds- domestic	1,000,000	1,000,000	1,000,000
Unamortized discounted corporate bonds payable	(44,880)	(55,855)	(59,490)
Cumulative converted amount	(442,200)	(442,100)	(442,100)
Corporate bonds issued balance at September 30, 2023	<u>\$ 1,512,920</u>	<u>1,502,045</u>	<u>1,498,410</u>
Embedded derivative – call and put options, including financial liabilities at fair value through profit or loss	<u>\$ 2,087</u>	<u>3,208</u>	<u>4,111</u>
Equity component – conversion options, included in capital surplus – stock options	<u>\$ 167,600</u>	<u>167,610</u>	<u>167,610</u>
		<b>For the three months ended September 30</b>	<b>For the nine months ended September 30</b>
	<u>2023</u>	<u>2022</u>	<u>2023</u>
Embedded derivative instruments – call and put rights, including net gain of evaluation in financial asset and liabilities	<u>\$ 157</u>	<u>6,858</u>	<u>(1,121)</u>
Interest expense	<u>\$ 3,668</u>	<u>3,626</u>	<u>10,970</u>
			<u>13,585</u>

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

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

(Continued)



## Swancor Holding Company Limited and subsidiaries

### Notes to the Consolidated Financial Statements

- 5) Conversion price: As of the issuance date, the conversion price was NTD 99 per share. However, after Swancor Holding issued the corporate bonds, except for the exchange of various securities with common stock conversion rights or stock options issued by Swancor Holding for common stock, or the issuance of new shares due to employee dividends. When the shares increased, or when cash dividends were distributed, or when re-raising or private placement of various securities with common stock conversion rights or stock options at a conversion or subscription price lower than the current price per share, or when decreased in common shares caused by capital reduction not due to the cancellation of treasury shares, the conversion price will be adjusted according to the formula in the terms of conversion. In 2022, the cash dividend was declared, resulting in an adjustment of the conversion price to \$97.8 per share from July 16, 2022. In 2023, the cash dividend was declared, resulting in an adjustment of the conversion price to \$92.7 per share from July 4, 2023.
- 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	<b>\$ 111,221</b>

- 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.
- (ii) Swancor Holding issued its fourth domestic unsecured convertible bonds on September 28, 2021, and the terms of issuance were as follows:
- 1) Offering amount: \$1,000,000 thousand
  - 2) Duration: five years (September 28, 2021 to September 28, 2026)
  - 3) Interest rate: 0%
  - 4) Conversion period: From three months after issuance date to the maturity date. (December 29, 2021 to September 28, 2026)

(Continued)

## Swancor Holding Company Limited and subsidiaries

### Notes to the Consolidated Financial Statements

- 5) Conversion price: As of the issuance date, the conversion price was NTD95 per share. However, after Swancor Holding issued the corporate bonds, except for the exchange of various securities with common stock conversion rights or stock options issued by Swancor Holding for common stock, or the issuance of new shares due to employee dividends. When the shares increased, or when cash dividends were distributed, or when re-raising or private placement of various securities with common stock conversion rights or stock options at a conversion or subscription price lower than the current price per share, or when decreased in common shares caused by capital reduction not due to the cancellation of treasury shares, the conversion price will be adjusted according to the formula in the terms of conversion. In 2022, the cash dividend was declared, resulting in an adjustment of the conversion price to \$93.8 per share from July 16, 2022. In 2023, the cash dividend was declared, resulting in an adjustment of the conversion price to \$89.0 per share from July 4, 2023.
- 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 (warrant)	(5,000)
Equity components upon issuance	<b>\$ 102,130</b>

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

(Continued)

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

## (t) Lease liabilities

The amounts of lease liabilities of the Group were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Current	<u>\$ 14,747</u>	<u>16,784</u>	<u>5,290</u>
Non-current	<u>\$ 14,810</u>	<u>17,967</u>	<u>12,450</u>

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30		For the year nine months ended September 30	
	2023	2022	2023	2022
Interest on lease liabilities	<u>\$ 214</u>	<u>304</u>	<u>456</u>	<u>574</u>
Expenses relating to short-term leases	<u>\$ 1,534</u>	<u>590</u>	<u>4,509</u>	<u>4,627</u>
Income from modification leases	<u>\$ -</u>	<u>-</u>	<u>(237)</u>	<u>-</u>

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

	For the nine months ended September 30	
	2023	2022
Total cash outflow for leases	<u>\$ 16,956</u>	<u>13,185</u>

## (i) Real estate leases

As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group leases land and buildings for its office and factory space. The leases of office and factory space typically run for a period of 3 to 5 years. Some leases had not included an option to renew the lease for an additional period of the same duration after the end of the contract term.

## (ii) Other leases

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

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

## (u) Provisions

	September 30, 2023	December 31, 2022	September 30, 2022
Legal	<u>\$ 7,900</u>	<u>7,900</u>	<u>7,900</u>

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

(Continued)

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

Due to the acquisition of COTECH, the Group assumed the responsibility for involving illegal fund raising, violating the Securities and Exchange Act by the chairman of COTECH, Qing Long, Wong, his spouse, Yu Wen, Shen, and other managers, Zu Wang Li and Ming Dao, Xiao in 2018. The Taichung District Court ruled that the four persons should be forfeited in amount of \$66,503 thousand on May 27, 2021. COTECH needs to recover \$26,430 thousand, based on the advice of the Group's legal counsel, the management estimates the most likely consequence is that COTECH should pay \$26,430 thousand to pay off this obligation, including the expected litigation costs, of which has been paid \$18,530 thousand for the nine months ended September 30, 2023.

(v) Deferred income

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Deferred income	<b>\$ 56,029</b>	<b>50,124</b>	<b>51,209</b>
Current	\$ 5,414	4,931	4,906
Non-current	50,615	45,193	46,303
	<b>\$ 56,029</b>	<b>50,124</b>	<b>51,209</b>

The Group received building construction grants from the government where the subsidiary is located in May 2023 and June 2022. The building has been used since December 2021, and the grant, was recognized as deferred income, has been amortized over the useful life of the building.

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

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

(w) Employee benefits

Defined contribution plans

The Group's expenses under the pension plan cost to the Bureau of Labor Insurance for the three months and nine months ended September 30, 2023 and 2022 were as follows:

(Continued)

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

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Operating cost	\$ 1,027	1,054	3,100	2,350
Selling expenses	300	267	877	749
Administrative expenses	1,055	976	3,124	2,826
Research and development expenses	510	479	1,537	1,273
	<b>\$ 2,892</b>	<b>2,776</b>	<b>8,638</b>	<b>7,198</b>

Other foreign subsidiaries recognized pension expenses of \$7,284 thousand, \$7,787 thousand, \$21,180 thousand and \$22,849 thousand for the three months and nine months ended September 30, 2023 and 2022, respectively, for the defined contribution plans based on their respective local government regulations.

(x) Income taxes

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

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Income tax expense	<b>\$ 76,897</b>	<b>67,918</b>	<b>143,646</b>	<b>166,977</b>

For the nine months ended September 30, 2023 and 2022, there were no income taxes recognized directly in equity and other comprehensive income.

(ii) Assessment of tax

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

	<b>Assessed Year</b>
The Company	2021
Sunwell Carbon Fiber Composite	2021
Swancor Highpolymer	2020
COTECH	2021

(y) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for periods from January 1 to September 30, 2023 and 2022. For the related information, please refer to note 6(y) of the consolidated financial statements for the year ended December 31, 2022.

(Continued)

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

(i) Capital surplus

The balances of capital surplus were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Share capital	\$ 405,127	405,127	405,127
Premium on bonds conversion	956,906	956,812	956,812
Donation	253	253	253
Employee share options (overdue and not be executed)	8,151	8,151	8,151
Treasury share transactions	107,315	107,315	107,315
Expired stock option	41,059	41,059	41,059
Difference arising from subsidiary's share price and its carrying value	1,069,689	1,067,139	1,066,262
Stock transfer (from retained earnings of Swancor)	780,337	780,337	780,337
Restricted employee stock	33,167	-	-
Equity component of convertible bonds recognized in stock option	167,600	167,610	167,610
	<u>\$ 3,569,604</u>	<u>3,533,803</u>	<u>3,532,926</u>

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

(ii) Retained earnings

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

(Continued)

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

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

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

1) Legal reserve

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

2) Special reserve

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

3) Earnings distribution

The earnings distribution for 2022 and 2021 were decided during the Company's board meeting and the general meeting of the shareholders held on May 29, 2023 and May 31, 2022, respectively, as follows:

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

(iii) Treasury shares

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

(Continued)

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

The movement of treasury stock for the nine months ended September 30, 2023 was as follows:

<b>Reason for repurchase</b>	<b>Beginni shares</b>	<b>Increase</b>	<b>Decrease</b>	<b>Endi shares</b>
Transfer to employees	<b>713</b>	-	-	<b>713</b>

The movement of treasury stock for the nine months ended September 30, 2022 was as follows:

<b>Reason for repurchase</b>	<b>Beginni shares</b>	<b>Increase</b>	<b>Decrease</b>	<b>Endi shares</b>
Transfer to employees	<b>713</b>	-	-	<b>713</b>

- 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)

	<b>Exchange differences on translation of foreign financial statements</b>	<b>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</b>	<b>Unearned compensation</b>	<b>Total</b>
Balance at 1 January 2023	\$ (333,092)	(14,645)	-	(347,737)
Exchange differences on foreign operations	60,649	-	-	60,649
Net change in fair value of investments in financial assets at FVTOCI	-	(11,182)	-	(11,182)
Issuance of restricted employee stock	-	-	(37,466)	(37,466)
Balance at 30 September 2023	<b>\$ (272,443)</b>	<b>(25,827)</b>	<b>(37,466)</b>	<b>(335,736)</b>

(Continued)



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

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned compensation	Total
Balance at 1 January 2022	\$ (387,002)	(4,365)	-	(391,367)
Exchange differences on foreign operations	96,939	-	-	96,939
Net change in fair value of investments in financial assets at FVTOCI	-	(11,682)	-	(11,682)
Balance at 30 September 2022	<u>\$ (290,063)</u>	<u>(16,047)</u>	-	<u>(306,110)</u>

(z) Share-based Payments

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

Type of agreement	Grant date	Granted share (in thousand shares)	Contract Period	Conditions
Restricted employee stock option plan (Notes)	2022.05.25	673	4 years	Employees' performance has reached the Company's performance standard
Restricted employee stock option plan	2023.08.08	428	3 years	Employees' performance has reached the Company's performance standard

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

(ii) The Shareholders' meeting was held on March 29, 2016, Swancor Advanced Materials decided to award 3,047 thousand new shares of restricted stock at an issuance price of RMB9.82 and a fair value of RMB2.44, on grant day to employees who meet the Company's requirements.

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

(iv) A resolution was decided during the board meeting held on May 26, 2023 to award 450 thousand new shares of restricted stock to employees who meet the Company's requirements. The restricted stock has been registered with, and approved by, the Securities and Futures Bureau of the Financial Supervisory Commission, R.O.C. On August 8, 2023, the board of directors resolved to issue 428 thousand shares, with the fair value on the grant date of \$87.5 per share.

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

(Continued)

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

	<b>For the nine months ended September 30</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Number of shares(thousand)</b>		<b>Number of shares(thousand)</b>	
Outstanding at 1 January	673		-	
Vested	428		673	
Loss	(109)		-	
Gain	(70)		-	
Outstanding at 30 September	<b>922</b>		<b>673</b>	

(iv) Expense incurred from share-based arrangements:

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Expenses resulting from granted employee share options	<b>\$ 1,038</b>	<b>1,729</b>	<b>2,560</b>	<b>2,303</b>

(aa) Earnings per Share

1. Basic earnings per share

(i) Profit attributable to ordinary shareholders of the Company

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Profit attributable to ordinary shareholders of the Company	<b>\$ 552,411</b>	<b>629,040</b>	<b>1,264,088</b>	<b>789,712</b>

(ii) Weighted average number of ordinary shares

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Weighted average number of ordinary shares	<b>97,670</b>	<b>97,407</b>	<b>97,503</b>	<b>94,546</b>

(iii) Basic earnings per share

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Basic earnings per share	<b>\$ 5.66</b>	<b>6.46</b>	<b>12.96</b>	<b>8.35</b>

(Continued)

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

2. Diluted earnings per share

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

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Profit attributable to ordinary shareholders of the Company(basic)	\$ 552,411	629,040	1,264,088	789,712
Effect of dilutive potential ordinary shares				
Interest expense on convertible bonds, net of tax	3,058	8,386	7,878	11,394
Profit attributable to ordinary shareholders of the Company (diluted)	<b>\$ 555,469</b>	<b>637,426</b>	<b>1,271,966</b>	<b>801,106</b>

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

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Weighted average number of ordinary shares (basic)	97,670	97,407	97,503	94,546
Effect of dilutive potential ordinary shares				
Effect of conversion of convertible bonds	17,084	16,013	17,084	18,889
Effect of restricted employee shares unvested (Notes)	9	-	24	3
Weighted average number of ordinary shares (diluted)	<b>114,763</b>	<b>113,420</b>	<b>114,611</b>	<b>113,438</b>

(iii) Diluted earnings per share

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Diluted earnings per share	<b>\$ 4.84</b>	<b>5.62</b>	<b>11.10</b>	<b>7.06</b>

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.

(Continued)

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

## (ab) Revenue from contracts with customers

## (i) Disaggregation of revenue

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<u>Primary geographical markets</u>				
Taiwan	\$ 362,964	243,177	950,824	668,164
China	1,049,150	1,367,522	2,783,088	4,518,428
Other	510,566	745,577	1,605,610	2,278,819
	<b>\$ 1,922,680</b>	<b>2,356,276</b>	<b>5,339,522</b>	<b>7,465,411</b>
	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<u>Major products/services lines</u>				
Anti-corrosion material	\$ 850,474	853,935	2,394,348	2,439,907
Wind blade material	612,460	983,114	1,548,711	3,331,687
Recycling material	-	-	16,401	-
Other	459,746	519,227	1,380,062	1,693,817
	<b>\$ 1,922,680</b>	<b>2,356,276</b>	<b>5,339,522</b>	<b>7,465,411</b>

## (ii) Contract balances

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Contract liability-advance payment	<b>\$ 13,463</b>	<b>35,333</b>	<b>10,833</b>

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

The amount of revenue recognized for the for the three months and nine months ended September 30, 2023 and 2022, that were included in the contract liability balance at the beginning of the period were \$3,763 thousand, \$753 thousand, \$34,702 thousand and \$13,276 thousand, respectively.

## (ac) Employee and directors' 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.

(Continued)

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

For the three months and nine months ended September 30, 2023 and 2022, the Company estimated and reversed its employee remuneration amounting to \$775 thousand, \$(1,907) thousand, \$1,585 thousand and \$90 thousand and directors' remuneration amounting to \$12,757 thousand, \$14,082 thousands, \$14,377 thousand and \$18,076 thousand. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors 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 remuneration are calculated based on the closing price of the Company' s shares on the day before the approval by the Board of Directors.

For the year ended December 31, 2022 and 2021, the Company estimated its employee remuneration amounting to \$2,769 thousand and \$885 thousand, and directors' remuneration amounting to \$14,523 thousand and \$2,655 thousand. Related information would be available at the Market Observation Post System website.

(ad) Non-operating income and expenses

(i) Interest income

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Interest income from bank deposits	\$ 9,446	4,454	29,259	8,929
Interest income from bonds investment	983	395	2,508	1,147
	<b>\$ 10,429</b>	<b>4,849</b>	<b>31,767</b>	<b>10,076</b>

(ii) Other income

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Government subsidy	\$ 1,756	1,846	15,748	10,860
Other	4,377	10,165	9,111	12,589
	<b>\$ 6,133</b>	<b>12,011</b>	<b>24,859</b>	<b>23,449</b>

(iii) Other gains and losses

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Gains on disposal of property, plant and equipment	\$ (17)	(8,754)	856	(8,641)
Gains on disposal of investments	-	1,928	-	2,530
Foreign exchange gains	35,164	51,971	51,233	96,068
Gains on disposal of financial assets (liabilities) measured at fair value through profit or loss	520,173	638,416	1,211,046	646,023

(Continued)

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

\$ 555,320      683,561      1,263,135      735,980

(Continued)

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

## (iv) Finance costs

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Interest expense-bank loans	\$ 9,577	18,752	35,012	51,078
Interest expense-lease liabilities	214	304	456	574
Interest expense-bonds	3,668	3,626	10,970	13,585
Interest expense-government loans	682	722	2,097	2,073
Less: capitalization of interest	(2,859)	(2,251)	(7,775)	(5,275)
	<b>\$ 11,282</b>	<b>21,153</b>	<b>40,760</b>	<b>62,035</b>

## (ae) Financial instrument

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

## (i) Credit risk

## 1) Credit risk exposure

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

## 2) Concentration of credit risk

Major clients of the Group are concentrated in composite material market. To minimize credit risk, the Group periodically evaluates its financial positions and will pledge a collateral if deemed necessary. Besides, the Group monitors and reviews the recoverable amounts of its trade receivables to ensure the uncollectible amounts are recognized appropriately as impairment loss. As of September 30, 2023, December 31, 2022 and September 30, 2022, the percentage of 12%, 8% and 11%, respectively, of accounts receivable were derived from major customers. Thus, the credit risk is significantly centralized.

## 3) Receivables and debt securities

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

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. The Group has no loss allowance provision for the nine months ended September 30, 2023 and 2022.

(Continued)

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

(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
<b>September 30, 2023</b>						
Non-derivative financial liabilities						
Secured loans	\$ 291,220	313,757	9,718	18,658	236,395	48,986
Unsecured loans	724,012	739,486	633,667	58,090	47,729	-
Other loans	40,400	42,249	-	42,249	-	-
Accounts payable (including related parties)	2,550,232	2,550,232	2,550,232	-	-	-
Bonds payable	1,512,920	1,557,800	-	-	1,557,800	-
Lease liability	29,557	30,970	15,217	6,674	4,669	4,410
	<b>\$ 5,148,341</b>	<b>5,234,494</b>	<b>3,208,834</b>	<b>125,671</b>	<b>1,846,593</b>	<b>53,396</b>
<b>December 31, 2022</b>						
Non-derivative financial liabilities						
Secured loans	\$ 318,124	341,338	26,294	16,775	245,834	52,435
Unsecured loans	1,511,099	1,534,532	1,354,196	105,032	67,584	7,720
Other loans	38,651	41,448	-	-	41,448	-
Accounts payable (including related parties)	2,582,857	2,582,857	2,582,857	-	-	-
Bonds payable	1,502,045	1,557,900	-	-	1,557,900	-
Lease liability	34,751	36,603	17,468	8,889	4,669	5,577
	<b>\$ 5,987,527</b>	<b>6,094,678</b>	<b>3,980,815</b>	<b>130,696</b>	<b>1,917,435</b>	<b>65,732</b>
<b>September 30, 2022</b>						
Non-derivative financial liabilities						
Secured loans	\$ 312,830	335,391	17,731	16,377	246,114	55,169
Unsecured loans	1,466,051	1,499,528	1,367,463	62,749	60,868	8,448
Other loans	38,872	42,037	-	-	42,037	-
Accounts payable (including related parties)	2,704,902	2,704,902	2,704,902	-	-	-
Bonds payable	1,498,410	1,557,900	-	-	1,557,900	-
Lease liability	17,740	19,291	5,648	3,008	4,669	5,966
	<b>\$ 6,038,805</b>	<b>6,159,049</b>	<b>4,095,744</b>	<b>82,134</b>	<b>1,911,588</b>	<b>69,583</b>

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

(Continued)



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

(iii) Exchange rate risk

1) Currency risk

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

	September 30, 2023			December 31, 2022			September 30, 2022		
	Foreign currency	Exchange rates	NTD	Foreign currency	Exchange rates	NTD	Foreign currency	Exchange rates	NTD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 27,678	32.27	893,169	45,430	30.71	1,395,155	58,222	31.75	1,848,549
EUR	1,843	33.91	62,496	1,268	32.72	41,489	3,012	31.26	94,155
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	5,839	32.27	188,425	11,947	30.71	366,892	20,434	31.75	648,780
EUR	932	33.91	31,604	88	32.72	2,879	-	-	-

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts and other receivables, financial assets at fair value through other comprehensive income, financial liabilities at fair value through profit or loss, 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 September 30, 2023 and 2022 would have increased (decreased) the net profit after tax by \$2,943 thousand and \$5,172 thousand, respectively.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months and nine months ended September 30, 2023 and 2022, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$35,164 thousand, \$51,971 thousand, \$51,233 thousand and \$96,068 thousand, respectively.

2) Interest rate risk

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

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

If the interest rate had increased/decreased by 0.5%, with all other variable factor remaining constant, the Group's net income would have increased/decreased by \$4,223 thousand and \$7,116 thousand for the nine months ended September 30, 2023 and 2022, respectively. This is mainly due to the Group's borrowing in variable rates.

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

3) Other market price risk

For the nine months ended September 30, 2023 and 2022, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss with all other variable factors remaining constant as illustrated below:

Prices of securities at the reporting date	For the nine months ended September 30			
	2023		2022	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increasing 0.5%	\$ 197	12	241	10
Decreasing 0.5%	(197)	(12)	(241)	(10)

(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:

	September 30, 2023				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets</b>					
<b>Financial assets at fair value through profit or loss</b>					
Non derivative financial assets mandatorily measured at fair value through profit or loss	\$ 930,189	2,471	669,558	258,160	930,189
<b>Financial assets at fair value through other comprehensive income</b>					
Stocks unlisted on domestic markets	105,031	-	-	105,031	105,031
Stocks listed on domestic markets	39,349	39,349	-	-	39,349
Original bonds	82,618	82,618	-	-	82,618
Subtotal	226,998	121,967	-	105,031	226,998
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	2,307,645	-	-	-	-
Notes, accounts and other receivables	3,815,119	-	-	-	-
Other financial assets-current	886,186	-	-	-	-
Refundable deposit	11,225	-	-	-	-
Subtotal	7,020,175	-	-	-	-
<b>Total</b>	<b>\$ 8,177,362</b>	<b>124,438</b>	<b>669,558</b>	<b>363,191</b>	<b>1,157,187</b>

(Continued)

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

	September 30, 2023				
	Carrying	Fair Value			Total
	amount	Level 1	Level 2	Level 3	
<b>Financial liabilities</b>					
<b>Financial liabilities at fair value through profit or loss</b>					
Non derivative financial liabilities mandatorily measured at fair value through profit or loss	\$ 2,087	-	-	2,087	2,087
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	562,788	-	-	-	-
Notes, accounts and other payables (including related parties)	2,550,232	-	-	-	-
Long-term borrowings, current portion	61,856	-	-	-	-
Long-term borrowings (including other loans)	430,988	-	-	-	-
Bonds payable	1,512,920	-	-	1,750,988	1,750,988
Current and non-current lease liabilities	29,557	-	-	-	-
Subtotal	5,148,341	-	-	1,750,988	1,750,988
<b>Total</b>	<b>\$ 5,150,428</b>	<b>-</b>	<b>-</b>	<b>1,753,075</b>	<b>1,753,075</b>
<b>December 31, 2022</b>					
	Carrying	Fair Value			Total
	amount	Level 1	Level 2	Level 3	
<b>Financial assets</b>					
<b>Financial assets at fair value through profit or loss</b>					
Non derivative financial assets mandatorily measured at fair value through profit or loss	\$ 667,955	2,051	-	665,904	667,955
<b>Financial assets at fair value through other comprehensive income</b>					
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
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	2,527,070	-	-	-	-
Notes, accounts and other receivables	4,933,495	-	-	-	-
Other financial assets-current	156,070	-	-	-	-
Other financial assets-non-current	4,200	-	-	-	-
Refundable deposit	11,868	-	-	-	-
Subtotal	7,632,703	-	-	-	-
<b>Total</b>	<b>\$ 8,410,320</b>	<b>86,682</b>	<b>-</b>	<b>690,935</b>	<b>777,617</b>

(Continued)

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

	December 31, 2022				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial liabilities</b>					
<b>Financial liabilities at fair value through profit or loss</b>					
Non derivative financial liabilities mandatorily measured at fair value through profit or loss	\$ 3,761	-	3,761	-	3,761
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	1,294,674	-	-	-	-
Notes, accounts and other payables (including related parties)	2,582,857	-	-	-	-
Long-term borrowings, current portion	62,304	-	-	-	-
Long-term borrowings (including other loans)	510,896	-	-	-	-
Bonds payable	1,502,045	-	1,737,686	-	1,737,686
Current and non-current lease liabilities	34,751	-	-	-	-
Subtotal	5,987,527	-	1,737,686	-	1,737,686
<b>Total</b>	<b>\$ 5,991,288</b>	<b>-</b>	<b>1,741,447</b>	<b>-</b>	<b>1,741,447</b>
<b>September 30, 2022</b>					
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets</b>					
<b>Financial assets at fair value through profit or loss</b>					
Non derivative financial assets mandatorily measured at fair value through profit or loss	\$ 805,121	2,067	138,960	664,094	805,121
<b>Financial assets at fair value through other comprehensive income</b>					
Stocks unlisted on domestic markets	25,031	-	-	25,031	25,031
Stocks listed on domestic markets	48,100	48,100	-	-	48,100
Original bonds	36,763	36,763	-	-	36,763
Subtotal	109,894	84,863	-	25,031	109,894
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	1,869,169	-	-	-	-
Notes, accounts and other receivables	4,810,635	-	-	-	-
Other financial assets-current	299,759	-	-	-	-
Cash surrender value of life insurance	65,471	-	-	-	-
Refundable deposits	10,394	-	-	-	-
Subtotal	7,055,428	-	-	-	-
<b>Total</b>	<b>\$ 7,970,443</b>	<b>86,930</b>	<b>138,960</b>	<b>689,125</b>	<b>915,015</b>

(Continued)

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

	September 30, 2022				Total
	Carrying amount	Level 1	Level 2	Level 3	
<b>Financial liabilities</b>					
Non derivative financial liabilities mandatorily measured at fair value through profit or loss	\$ 4,445	-	4,445	-	4,445
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	\$ 1,305,383	-	-	-	-
Notes, accounts and other payables (including related parties)	2,704,902	-	-	-	-
Long-term borrowings, current portion	45,696	-	-	-	-
Long-term borrowings (including other loans)	466,674	-	-	-	-
Bonds payable	1,498,410	-	-	1,735,517	1,735,517
Current and non-current lease liabilities	17,740	-	-	-	-
Subtotal	6,038,805	-	-	1,735,517	1,735,517
<b>Total</b>	<b>\$ 6,043,250</b>	<b>-</b>	<b>4,445</b>	<b>1,735,517</b>	<b>1,739,962</b>

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

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

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

3) Valuation techniques for financial instruments measured at fair value

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

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

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

Measurements of fair value of financial instruments without an active market are based on valuation technique or quoted price from a competitor.

(Continued)

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

4) Transfers between Level 1 and Level 2

There were no transfers from one level to another level for the nine months ended September 30, 2023 and 2022.

5) Reconciliation of Level 3 fair values

	<b>Fair value through profit or loss (Unquoted equity instruments)</b>	<b>Fair value through other comprehensive income (Unquoted equity instruments)</b>
Opening balance on January 1, 2023	\$ 665,904	25,031
Recognized in profit or loss	734,508	-
Disposal	(1,142,252)	-
Ending balance on September 30, 2023	<b>\$ 258,160</b>	<b>25,031</b>
Opening balance on January 1, 2022 (as the same balance at September 30)	<b>\$ 664,094</b>	<b>25,031</b>

The Group disposed financial assets mandatorily measured at fair value through profit or loss in 2023, please refer to note 6(b).

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

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

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

Quantified information of significant unobservable inputs was as follows:

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**Swancor Holding Company Limited and subsidiaries**

**Notes to the Consolidated Financial Statements**

<b>Item</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between significant unobservable inputs and fair value measurement</b>
Financial assets measured at fair value through profit or loss - equity investments without an active market- Synera Renewable Energy	Discounted Cash Flow Method	<ul style="list-style-type: none"> <li>• Cost of equity Ratio (As of September 30, 2023, December 31, 2022 and September 30, 2022 were 9.12%, 9.12% and 6.96%, respectively)</li> <li>• Lack of marketability discount (As of September 30, 2023, December 31, 2022 and September 30, 2022 were 19%, 19% and 26.2%, respectively)</li> </ul>	<ul style="list-style-type: none"> <li>• the higher the Cost of equity Ratio, the higher the fair value</li> <li>• the higher the lack of marketability discount, the lower the fair value</li> </ul>
Financial assets measured at fair value through profit or loss- equity investments without an active market-F I International	Discounted Cash Flow Method	<ul style="list-style-type: none"> <li>• Cost of equity Ratio (As of December 31, 2022 and September 30, 2022 were 9.12% and 6.96%, respectively)</li> <li>• Lack of marketability discount (As of December 31, 2022 and September 30, 2022 were 19% and 26.2%, respectively)</li> </ul>	<ul style="list-style-type: none"> <li>• the higher the Cost of equity Ratio, the higher the fair value</li> <li>• the higher the lack of marketability discount, the lower the fair value</li> </ul>
Financial assets at fair value through other comprehensive income (Available-for-sale financial assets) equity investments without an active market-Gigantex Composite Technologies	Public company comparable	<ul style="list-style-type: none"> <li>• Price-Book Ratio (As of September 30, 2023, December 31, 2022 and September 30, 2022 were 2.02~2.42, 2.02~2.42 and 2.12~3.97, respectively)</li> <li>• Price-to-Sales Ratio (As of September 30, 2023, December 31, 2022 and September 30, 2022 were 0.63~1.58, 0.63~1.58 and 0.65~1.88, respectively)</li> <li>• Lack of marketability discount (As of September 30, 2023, December 31, 2022 and September 30, 2022 were all 35%)</li> </ul>	<ul style="list-style-type: none"> <li>• the higher the Price-Book Ratio, the higher the fair value</li> <li>• the higher the Price-to-Sales Ratio, the higher the fair value</li> <li>• the higher the lack of marketability discount, the lower the fair value</li> </ul>

(Continued)

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

- 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.

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

	<u>Input value</u>	<u>Change up or down</u>	<u>Profit or loss</u>		<u>Other comprehensive income</u>	
			<u>Favorable</u>	<u>Unfavorable</u>	<u>Favorable</u>	<u>Unfavorable</u>
<b>September 30, 2023</b>						
Financial assets at fair value through profit or lost						
Equity investments without an active market	258,160	0.5%	1,291	(1,291)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	105,031	0.5%	-	-	525	(525)
<b>December 31, 2022</b>						
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)
<b>September 30, 2022</b>						
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)

(Continued)



**Swancor Holding Company Limited and subsidiaries**  
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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.

(af) Financial risk management

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

(ag) Capital management

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

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

The Group's investing and financing activities, which did not affect its current cash flow in the nine months ended September 30, 2023 and 2022, were as follows:

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

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Non-cash changes				September 30, 2023
			Increase (Decrease)	Foreign exchange movement	Amortization	Transferred shares and Capital surplus	
Short-term borrowings	\$ 1,294,674	(731,886)	-	-	-	-	562,788
Long-term borrowings (including current portion)	534,549	(83,816)	-	598	1,113	-	452,444
Other loans (including deferred income)	88,775	8,989	-	1,592	(2,927)	-	96,429
Lease liabilities (including current portion)	34,751	(11,991)	6,708	89	-	-	29,557
Bonds payable	1,502,045	-	-	-	10,970	(95)	1,512,920
Total liabilities from financing activities	<b>\$ 3,454,794</b>	<b>(818,704)</b>	<b>6,708</b>	<b>2,279</b>	<b>9,156</b>	<b>(95)</b>	<b>2,654,138</b>

(Continued)

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

	January 1, 2022	Cash flows	Non-cash changes				September 30, 2022
			Increase (Decrease)	Foreign exchange movement	Amortization	Acquired in acquisition of the subsidiary	
Short-term borrowings	\$ 2,292,267	(986,884)	-	-	-	-	1,305,383
Long-term borrowings (including current portion)	323,841	33,192	(1,165)	1,162	992	115,476	473,498
Other loans (including deferred income)	71,996	16,923	1,165	2,059	(2,062)	-	90,081
Lease liabilities (including current portion)	11,573	(7,984)	(162)	46	-	14,267	17,740
Bonds payable	1,900,906	-	(416,081)	-	13,585	-	1,498,410
Total liabilities from financing activities	<u>\$ 4,600,583</u>	<u>(944,753)</u>	<u>(416,243)</u>	<u>3,267</u>	<u>12,515</u>	<u>129,743</u>	<u>3,385,112</u>

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

(a) Names and relationship with related parties

Name of related party	Relationship with the Group
Anhui Meijia New Materials Co., Ltd. (Meijia New Materials)	Associate of the Group
Pan-Jiang, Yang	Director of the Company
Wan-Cong, Wong	Director of the subsidiary of the Group
Qian-Xiu, Wong	Relative within second degree of relationship of director of the subsidiary of the Group
Yun-Zhe, Wong	Relative within second degree of relationship of director of the subsidiary of the Group
Qing-Long, Wong	Relative within first degree of relationship of director of the subsidiary of the Group

(b) Significant transactions with related parties

(i) Purchase

The Group purchase from related parties were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Associates-Meijia New Materials	<u>\$ 68,239</u>	<u>55,157</u>	<u>192,081</u>	<u>173,256</u>

(Continued)

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

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

(ii) Borrowings from Related Parties

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

<b>Relationship</b>	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Director of the subsidiary— Wan-Cong, Wong	\$ 1,421	1,421	1,421
Relative within second degree of relationship of director of the subsidiary— Qian-Xiu, Wong	2,459	2,459	2,459
Relative within second degree of relationship of director of the subsidiary— Yun-Zhe, Wong	717	717	717
Relative within first degree of relationship of director of the subsidiary— Qian-Long, Wong	403	403	403
	<b>\$ 5,000</b>	<b>5,000</b>	<b>5,000</b>

The Group obtained other payables to related parties due to the acquisition of the subsidiary in 2022, please refer to note 6(h). The Group' s borrowings from related parties were interest-free and unsecured.

(iii) Other transaction

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

	<b>For the three months ended September 30 2022</b>	<b>For the nine months ended September 30 2022</b>
Director of the company— Pan-Jiang, Yang	\$ -	<b>90</b>

(iv) Payable from Related Parties

The payable from associate were as follows:

<b>Account</b>	<b>Relationship</b>	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Accounts payable	Associate - Meijia New Materials	\$ 72,875	4,318	7,877

(Continued)

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

(c) Key management personnel compensation

Key management personnel compensation comprised the following details:

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 7,396	7,898	23,050	27,849
Post-employment benefits	238	129	721	440
Other long-term employee benefits	-	-	-	-
Termination benefits	-	-	-	-
Share-based payments	-	-	-	-
	<b>\$ 7,634</b>	<b>8,027</b>	<b>23,771</b>	<b>28,289</b>

**(8) Pledged assets:**

The carrying values of pledged assets were as follows:

<b>Pledged assets</b>	<b>Object</b>	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Land	Bank loans	\$ 540,921	540,921	540,921
Buildings	Bank loans	630,353	151,263	296,340
Right-of-use asset	Bank loans	160,449	160,608	163,349
Restricted bank deposit (other financial assets-current)	Bank' s acceptance bill, Bank loans, Forward exchange contract and stand by L/C and bank guarantee	49,043	156,070	299,759
Restricted bank deposit (other non-current assets)	Guarantee letter of convertible bond and bank loans	-	4,200	-
		<b>\$ 1,380,766</b>	<b>1,013,062</b>	<b>1,300,369</b>

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

(a) Unrecognized contractual commitments

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Acquisition of property, plant and equipment	\$ 293,586	493,913	525,624

(b) Outstanding standby letter of credit

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Outstanding standby letter of credit	\$ 145,921	87,704	129,228

(c) Contingencies: None.

(d) Other: None.

(Continued)

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

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other:

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

By function	For the three months ended September 30,					
	2023			2022		
	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	37,953	78,755	116,708	43,241	77,937	121,178
Labor and health insurance	3,798	7,015	10,813	5,176	5,431	10,607
Pension	3,360	6,816	10,176	4,137	6,426	10,563
Others	2,079	1,602	3,681	2,256	1,447	3,703
Depreciation	38,113	26,203	64,316	42,281	20,660	62,941
Amortization	-	881	881	8	2,845	2,853

By function	For the nine months ended September 30					
	2023			2022		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	116,918	232,880	349,798	118,383	222,123	340,506
Labor and health insurance	11,631	21,268	32,899	12,039	17,762	29,801
Pension	10,082	19,736	29,818	11,236	18,811	30,047
Others	5,826	4,563	10,389	6,331	4,061	10,392
Depreciation	123,843	66,529	190,372	123,738	64,144	187,882
Amortization	-	8,251	8,251	23	8,043	8,066

- (b) Seasonality of operations: The Group's operations are not affected by seasonal or cyclical factors.

(Continued)

**SWANCOR HOLDING COMPANY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated 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	Other receivables	Yes	RMB16,000 USD2,000 130,970	RMB14,400 71,914	RMB14,400 64,722	4%	2	-	Operating purpose	-	-	-	2,994 (0)	2,994 (N)
0	Swancor Holding	Sunwell Carbon Fiber Composite	Other receivables	Yes	120,000	120,000	-	-	2	-	Operating purpose	-	-	-	1,120 (0)	2,994 (N)
1	Sunwell Carbon Fiber Composite	Swancor (Jiangsu) Carbon Composites	Other receivables	Yes	RMB15,000 67,419	RMB15,000 67,419	-	-	2	-	Operating purpose	-	-	-	100 (0)	270 (N)
2	Swancor Highpolymer	Swancor Ind (M)	Other receivables	Yes	USD2,500 80,675	USD2,500 80,675	USD2,500 80,675	5.30%	2	-	Operating purpose	-	-	-	100 (0)	440 (N)

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 Highpolymer, the amount of endorsements and/or guarantees shall not exceed 15% of Swancor Highpolymer's net worth. The total amount of endorsements and/or guarantees shall not exceed 40% of Swancor Highpolymer's 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.

(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	3,743,662	130,000	130,000	20,000	-	1.74%	7,487,324	Y	N	N
0	Swancor Holding	Swancor (Jiangsu) Carbon Composites	2	3,743,662	854,931	389,949	311,925	-	5.21%	7,487,324	Y	N	Y
0	Swancor Holding	Yang Bao Enterprise Co., LTD.	1	748,732	80,000	80,000	80,000	80,000	1.07%	7,487,324	N	N	N
1	Swancor	Swancor Ind	1	559,397	258,160	258,160	-	-	23.07%	1,118,795	N	N	N

(Continued)

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

	Highpolymer(M)												
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**SWANCOR HOLDING COMPANY LIMITED AND SUBSIDIARIES**  
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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										
2	Swancor Advanced Materials	Swancor (Jiangsu)	2	1,610,076	786,555	786,555	-	-	29.31%	2,683,460	N	N	Y
2	Swancor Advanced Materials	Swancor (Tianjin)	2	1,610,076	1,110,700	1,029,488	-	-	38.36%	2,683,460	N	N	Y
2	Swancor Advanced Materials	Swancor Ind (M)	2	1,610,076	81,734	81,734	334	-	3.05%	2,683,460	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 : The amount of endorsements and/or guarantees to other parties shall not exceed 10% of the Company's net worth. The total amount of endorsements and/or guarantees to other parties shall not exceed 100% of the Company's net worth.

Note3 : 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.

Note4 : According to the "Procedure for Loaning of Funds and Endorsements and Guarantees" issued by Swancor Highpolymer, the amount of endorsements and/or guarantees shall not exceed 50% of Swancor Highpolymer's net worth. The total amount of endorsements and/or guarantees shall not exceed 100% of Swancor Highpolymer's net worth.

Note5 : Relationship between guarantee providers and guarantee parties were as follows:

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

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

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

(In Thousands of New Taiwan Dollars)

Name of holder	Name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Swancor Holding	Stock - Synera Renewable Energy	Other related parties	Financial assets at fair value through profit or loss-non-current	25,127	258,160	5.00%	258,160	
Swancor Holding	Stock - China Communications Media Group Co., Ltd.		Financial assets at fair value through profit or loss-current	10	181	0.04%	181	
Swancor Holding	Stock- Tsang Yow Industrial Co., Ltd.		Financial assets at fair value through profit or loss-current	26	747	0.03%	747	
Swancor Holding	Stock - Aero Win Technology Corporation		Financial assets at fair value through profit or loss-current	12	564	0.02%	564	
Swancor Holding	Stock - KoanHau Technology Co., Ltd.		Financial assets at fair value through profit or loss-current	68	979	0.09%	979	
Swancor Holding	Stock - Yangbao Enterprise Co., Ltd.		Financial assets at fair value through other comprehensive income-non-current	2,000	80,000	3.04%	80,000	
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	39,349	0.10%	39,349	
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-Dell Internation L.L.C		Financial assets at fair value through other comprehensive income-non-current	-	6,513	- %	6,513	
Swancor Holding	Bonds-Citigroup Inc.		Financial assets at fair value through other comprehensive income-non-current	-	8,156	- %	8,156	
Swancor Holding	Bonds-AT & T Corporation		Financial assets at fair value through other comprehensive income-non-current	-	6,347	- %	6,347	
Swancor Holding	Bonds-British Petroleum		Financial assets at fair value through other comprehensive income-non-current	-	5,405	- %	5,405	
Swancor Holding	Bonds-Hewlett Packard Company		Financial assets at fair value through other comprehensive income-non-current	-	4,979	- %	4,979	
Swancor Holding	Bonds-Saudi Aramco		Financial assets at fair value through other comprehensive income-non-current	-	15,452	- %	15,452	
Swancor Holding	Bonds-Standard & Poor's		Financial assets at fair value through other comprehensive income-non-current	-	9,146	- %	9,146	
Swancor Holding	Bonds-POSCO		Financial assets at fair value through other comprehensive income-non-current	-	14,441	- %	14,441	
Swancor Holding	Bonds-Macquarie Group Limited.		Financial assets at fair value through other comprehensive income-non-current	-	5,997	- %	5,997	
Swancor Holding	Bonds-GLE		Financial assets at fair value through other comprehensive income-non-current	-	6,182	- %	6,182	

(iv) Information regarding purchase or sale of securities for the period exceeding 300 million or 20% of the Company's paid-in capital:.

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
Swancor Holding	Financial International	Financial assets at fair value through profit or loss	Stonepeak Vettel Holding Co., Ltd.	No	45,246	453,000	-	-	45,246	1,142,252	453,000	689,252	-	-

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

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

(Continued)

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

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

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Swancor (Jiangsu)	Swancor Advanced Materials	Direct of indirect subsidiaries of the Company	(Sales)	(1,287,807)	(24.12)%	90 day	Note 1	No difference	563,016	43.79%	
Swancor Advanced Materials	Swancor (Jiangsu)	Direct of indirect subsidiaries of the Company	Purchases	1,287,807	34.10%	90 day	Note 1	No difference	(563,016)	(26.71)%	
Swancor (Jiangsu)	Swancor (Tianjin)	Direct of indirect subsidiaries of the Company	(Sales)	(124,053)	(2.32)%	90 day	Note 1	No difference	111	0.01%	
Swancor (Tianjin)	Swancor (Jiangsu)	Direct of indirect subsidiaries of the Company	Purchases	124,053	3.28%	90 day	Note 1	No difference	(111)	(0.01)%	
Meijia New Materials	Swancor (Jiangsu)	Direct of indirect subsidiaries of the Company	(Sales)	(192,081)	(3.60)%	30~120 day	Note 1	No difference	72,875	5.67%	
Swancor (Jiangsu)	Meijia New Materials	Associate of the subsidiary	Purchases	192,081	5.09%	30~120 day	Note 1	No difference	(72,875)	(3.46)%	

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

Note2 : The transactions have been eliminated upon consolidation.

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

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss allowance
					Amount	Action taken		
Swancor(Jiangsu)	Swancor Advanced Materials	Direct of indirect subsidiaries of the Company	563,016	(4.65)%	-	-	-	-

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

- (x) Significant transactions and business relationship between the parent company and its subsidiaries for the nine months ended September 30, 2023:

(In Thousands of New Taiwan Dollars)

No. (Note1)	Name of company	Name of counterparty	Nature of relationship (Note2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	Swancor (Jiangsu)	Swancor Advanced Materials	3	Sales	1,287,807	The sales prices and payment terms were same as those of sales to third parties.	24.12%
2	Swancor Advanced Materials	Swancor (Jiangsu)	3	Purchases	1,287,807	The sales prices and payment terms were same as those of sales to third parties.	24.12%
3	Swancor(Jiangsu)	Swancor(Tianjin)	3	Sales	124,053	The sales prices and payment terms were same as those of sales to third parties.	2.32%
4	Swancor(Tianjin)	Swancor(Jiangsu)	3	Purchases	124,053	The sales prices and payment terms were same as those of sales to third parties.	2.32%

Note1 : The number filled in as follows:

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

Note2 : Transactions labeled as follows:

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

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

**SWANCOR HOLDING COMPANY LIMITED AND SUBSIDIARIES**  
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## (b) Information on investees:

The following is the information on investees (excluding information on investees in Mainland China) for the nine months ended September 30, 2023:

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

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
Swancor Holding	Sunwell Carbon Fiber Composite	R.O.C.	Producing and selling carbon composites	458,000	458,000	45,800	86.42%	583,312	(29,657)	(25,630)	
Swancor Holding	Strategic	Samoa	Investing and holding	USD 9,601 317,780	USD 9,601 317,780	9,601	100.00%	4,133,370	USD6,989 216,349	216,349	
Swancor Holding	Swancor Innovation & Incubation	R.O.C.	Management consulting	210,000	210,000	21,000	100.00%	103,421	(33,056)	(33,056)	
Swancor Holding	S-Wanlai	R.O.C.	Chemical products manufacturing and processing	200,000	200,000	20,000	100.00%	338,737	(15,441)	(15,441)	
Strategic	Swancor	Samoa	Investing and holding	USD 7,100 233,692	USD 7,100 233,692	7,100	100.00%	USD 104,620 3,376,103	USD 5,646 174,773	USD 5,646 174,773	
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 300,757 1,351,766	RMB 49,787 219,706	RMB 49,787 219,706	
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 56,237 231,931	HKD 5,823 23,012	HKD 5,823 23,012	
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%	HKD271,269 1,118,768	HKD49,856 197,015	HKD49,856 197,015	
Sunwell Carbon Fiber Composite	COTECH	R.O.C.	Producing and selling carbon composites	130,000	130,000	130,000	80.82%	130,000	(15,294)	-	

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

## (c) Information on investment in Mainland China:

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

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Swancor Advanced Materials	Production and selling of Vinyl Ester Resins and light composite material resins	USD 20,677 RMB 348,576 1,834,912	Indirectly owned by the company	USD 2,500 84,071	-	-	USD 2,500 84,071	USD 8,980 277,991	79.23%	USD 7,115 220,252	USD 131,770 4,252,210	RMB 137,866 615,142
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 (9,255) (40,842)	79.23%	RMB (7,333) (32,359)	RMB 185,975 835,873	-
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 11,082 48,906	79.23%	RMB 8,781 38,748	RMB 143,567 645,267	-
Meijia New Materials	Producing and selling of powder coating and epoxy resin	RMB 210,000 913,290	Indirectly owned by the company	-	-	-	-	RMB (15,325) (67,626)	18.86%	RMB (2,890) (12,754)	RMB 162,451 730,145	-
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 (12,873) (56,807)	72.50%	RMB (9,333) (41,186)	369,072	-

(Continued)

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

(ii) Limitation on investment in Mainland China:

Company Name	Accumulated Investment in Mainland China as of September 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Swancor Holding	USD2,282	USD 89,531 2,698,826	5,287,771

Note1 : Invested by Ideal Star

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

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

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

(iii) Significant transactions:

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

(d) Major shareholders

Shareholding Shareholder's name	Shares	Percentage
Tsai's Holding Co., Ltd.	19,313,658	19.59%

**(14) Segment information:**

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