

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

Swancor Holding Company Limited and Subsidiaries

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2022 and 2021**

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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.

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of significant accounting policies	10~12
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	12~13
(6) Explanation of significant accounts	13~55
(7) Related-party transactions	55~57
(8) Pledged assets	57
(9) Significant commitments and contingencies	58
(10) Losses Due to Major Disasters	58
(11) Subsequent Events	58
(12) Other	58
(13) Other disclosures	
(a) Information on significant transactions	59~62
(b) Information on investees	63
(c) Information on investment in Mainland China	63~64
(d) Major shareholders	63~64
(14) Segment information	64



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Independent Auditors' Review Report

To the Board of Directors of Swancor Holding Company Limited:

Introduction

We have reviewed the accompanying consolidated balance sheets of Swancor Holding Company Limited (“the Company”) and its subsidiaries (“the Group”) as of March 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2022 and 2021, 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 Statement of Auditing Standard 65, “Review of Financial Information Performed by the Independent Auditor of the Entity”. 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 generally accepted auditing standards 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 \$767,088 thousand and \$213,340 thousand, constituting 5.29% and 1.72% of the consolidated total assets; and the total liabilities amounting to \$248,175 thousand and \$9,577 thousand, constituting 3.25% and 0.16% of the consolidated total liabilities as of March 31, 2022 and 2021, respectively; as well as the total comprehensive income amounting to \$(11,842) thousand and \$(3,424) thousand, constituting (5.16)% and (3.11)% of the consolidated total comprehensive income (loss) for the three months ended March 31, 2022 and 2021, respectively.

Except for the above statement, as stated in Note 6(g), investments accounted for using equity method of Swancor Holding Company Limited and subsidiaries were \$973,644 thousand as of March 31, 2022; as well as the share of profit of associates and joint ventures accounted for using equity method was \$12,191 thousand for the three months ended March 31, 2022, which were based on the unreviewed financial statements of these investees for the same period.

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 Group as of March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Cheng-Hsueh, Chen and Shi-Hua, Guo.

KPMG

Taipei, Taiwan (Republic of China)
May 6, 2022

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards as of March 31, 2022 and 2021

Swancor Holding Company Limited and subsidiaries

Consolidated Balance Sheets

March 31, 2022, December 31, 2021, and March 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

Assets		March 31, 2022		December 31, 2021		March 31, 2021				Liabilities and Equity		March 31, 2022		December 31, 2021		March 31, 2021	
		Amount	%	Amount	%	Amount	%					Amount	%	Amount	%	Amount	%
Current assets:										Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 2,298,039	16	2,530,959	17	1,100,373	9	2100	Short-term borrowings (note 6(p) and 8)	\$ 1,911,212	13	2,292,267	16	1,149,192	9		
1110	Current financial assets at fair value through profit or loss (note 6(b))	4,088	-	3,505	-	46,033	-	2120	Current financial liabilities at fair value through profit or loss (note 6(b) and (s))	4,860	-	4,700	-	-	-		
1150	Notes receivables, net (note 6(d))	1,611,254	11	2,134,787	15	3,149,725	25	2130	Current contract liabilities (note 6(ab))	18,211	-	14,144	-	15,860	-		
1170	Accounts receivable, net (note 6(d))	2,894,906	20	2,901,468	20	3,084,028	25	2150	Notes payable	597,289	4	553,265	4	360,889	3		
1200	Other receivables (note 6(e) and (i))	12,357	-	1,012	-	98,860	1	2170	Accounts payable	1,942,007	13	2,239,595	15	3,152,823	25		
1210	Other receivables from related parties (note 6(e) and 7)	-	-	-	-	5,617	-	2180	Accounts payable to related parties(note 7)	18,374	-	29,523	-	-	-		
1220	Current tax assets	9,808	-	7,309	-	37,151	-	2200	Other payables (note 6(q))	356,481	3	412,763	3	391,046	3		
130x	Inventories (note 6(f))	1,278,816	9	1,236,469	8	1,227,891	10	2220	Other payables to related parties	10,057	-	-	-	-	-		
1410	Prepayments	90,113	1	38,315	-	217,255	2	2230	Current tax liabilities	109,449	1	98,582	1	130,900	1		
1470	Other current assets (note 6(o))	109,100	1	109,363	1	112,844	1	2300	Other current liabilities (note 6(q) and (v))	77,442	1	62,445	-	11,779	-		
1476	Other current financial assets (note 6(o) and 8)	227,479	1	167,915	1	116,962	1	2322	Long-term borrowings, current portion (note 6(r) and 8)	120,331	1	20,187	-	170,800	2		
	Total current assets	<u>8,535,960</u>	<u>59</u>	<u>9,131,102</u>	<u>62</u>	<u>9,196,739</u>	<u>74</u>	2355	Current lease liabilities(note 6(t))	8,413	-	8,009	-	5,669	-		
Non-current assets:									Total current liabilities	<u>5,174,126</u>	<u>36</u>	<u>5,735,480</u>	<u>39</u>	<u>5,388,958</u>	<u>43</u>		
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	664,094	4	664,094	5	536,642	4	2530	Non-Current liabilities:								
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	114,091	1	115,927	1	115,389	1	2540	Bonds payable(note 6(s))	1,905,972	13	1,900,906	13	-	-		
1550	Investments accounted for using equity method (note 6 (g))	973,644	7	925,446	6	-	-	2550	Long-term borrowings (note 6(r) and 8)	469,077	4	343,727	3	389,231	3		
1600	Property, plant and equipment (note 6(l) and 8)	3,293,229	23	2,809,810	19	1,939,585	16	2570	Non-current provisions(note 6(u))	9,360	-	-	-	-	-		
1755	Right-of-use assets (note 6(m) and 8)	248,602	2	230,228	2	233,464	2	2600	Deferred income tax liabilities	17,657	-	839	-	100,322	1		
1780	Intangible assets (note 6(n))	33,975	-	11,308	-	9,603	-	2613	Other non-current liabilities (note 6(q) and (v))	33,623	-	31,466	-	5,175	-		
1840	Deferred income tax assets	94,925	1	87,974	1	86,357	1		Non-current lease liabilities (note 6(t))	15,232	-	3,564	-	4,420	-		
1981	Cash surrender value of life insurance (note 6(k))	58,517	-	56,340	-	56,630	-		Total non-current liabilities	<u>2,450,921</u>	<u>17</u>	<u>2,280,502</u>	<u>16</u>	<u>499,148</u>	<u>4</u>		
1990	Other non-current assets (note 6(o) and 8)	484,725	3	544,079	4	238,871	2		Total liabilities	<u>7,625,047</u>	<u>53</u>	<u>8,015,982</u>	<u>55</u>	<u>5,888,106</u>	<u>47</u>		
	Total non-current assets	<u>5,965,802</u>	<u>41</u>	<u>5,445,206</u>	<u>38</u>	<u>3,216,541</u>	<u>26</u>		Equity attributable to owners of parent (note 6(y)):								
								3100	Ordinary shares	935,046	6	935,046	6	935,046	8		
								3200	Capital surplus	3,161,540	22	3,161,540	22	2,940,893	24		
								3300	Retained earnings	1,832,481	13	1,774,173	12	1,966,744	16		
								3400	Other equity	(264,073)	(2)	(391,367)	(3)	(397,266)	(3)		
								3500	Treasury shares	(47,301)	-	(47,301)	-	(66,341)	(1)		
									Total equity attributable to owners of parent:	<u>5,617,693</u>	<u>39</u>	<u>5,432,091</u>	<u>37</u>	<u>5,379,076</u>	<u>44</u>		
								36xx	Non-controlling interests (note 6(h) and (j))	1,259,022	8	1,128,235	8	1,146,098	9		
									Total equity	<u>6,876,715</u>	<u>47</u>	<u>6,560,326</u>	<u>45</u>	<u>6,525,174</u>	<u>53</u>		
Total assets		<u>\$ 14,501,762</u>	<u>100</u>	<u>14,576,308</u>	<u>100</u>	<u>12,413,280</u>	<u>100</u>		Total liabilities and equity	<u>\$ 14,501,762</u>	<u>100</u>	<u>14,576,308</u>	<u>100</u>	<u>12,413,280</u>	<u>100</u>		

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

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

		For the three months ended March 31			
		2022		2021	
		Amount	%	Amount	%
4000	Operating revenues (note 6(ab))	2,486,273	100	2,625,455	100
5000	Operating costs (note 6(f), (w), (ac) and 7)	2,186,019	88	2,266,025	86
	Gross profit from operations	<u>300,254</u>	<u>12</u>	<u>359,430</u>	<u>14</u>
	Operating expenses (note 6(w) and (ac)):				
6100	Selling expenses	105,723	4	122,848	5
6200	Administrative expenses	82,518	3	95,423	4
6300	Research and development expenses	47,017	2	64,050	2
6450	Impairment gain determined in accordance with IFRS 9 (note 6(d))	(609)	-	(504)	-
		<u>234,649</u>	<u>9</u>	<u>281,817</u>	<u>11</u>
	Net operating income	<u>65,605</u>	<u>3</u>	<u>77,613</u>	<u>3</u>
	Non-operating income and expenses (note 6(ad)):				
7100	Interest income	2,068	-	1,814	-
7010	Other income and expenses	3,464	-	20,368	1
7020	Other gains and losses (note 6(k))	43,087	2	(6,573)	-
7050	Finance Costs (note 6(s) and (t))	(19,614)	(1)	(18,543)	(1)
7060	Share of profit of associates and joint ventures accounted for using equity method, net (note 6(g))	12,191	-	-	-
		<u>41,196</u>	<u>1</u>	<u>(2,934)</u>	<u>-</u>
7900	Profit before income tax	106,801	4	74,679	3
7950	Income tax expenses (income) (note 6(x))	41,174	1	(6,969)	-
	Profit	<u>65,627</u>	<u>3</u>	<u>81,648</u>	<u>3</u>
	Other comprehensive income (note 6(y)):				
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	166,837	6	31,095	1
8367	Unrealized losses from investments in debt instruments measured at fair value through other comprehensive income	(3,125)	-	(2,705)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
		<u>163,712</u>	<u>6</u>	<u>28,390</u>	<u>1</u>
8500	Total comprehensive income for the period, net of tax	<u><u>229,339</u></u>	<u><u>9</u></u>	<u><u>110,038</u></u>	<u><u>4</u></u>
	Profit attributable to:				
8610	Owners of parent	58,308	3	54,738	2
8620	Non-controlling interests (note 6(i))	7,319	-	26,910	1
	Profit	<u>65,627</u>	<u>3</u>	<u>81,648</u>	<u>3</u>
	Comprehensive income attributable to:				
8710	Owners of parent	185,602	7	76,307	3
8720	Non-controlling interests (note 6(j))	43,737	2	33,731	1
	Comprehensive income	<u>229,339</u>	<u>9</u>	<u>110,038</u>	<u>4</u>
	Earnings per share (NT Dollars) (note 6(aa))				
9750	Basic earnings per share		<u>0.63</u>		<u>0.59</u>
9850	Diluted earnings per share		<u>0.53</u>		<u>0.59</u>

See accompanying notes to consolidated financial statements.

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Swancor Holding Company Limited and subsidiaries

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
	Retained earnings					Other equity interest					Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Treasury shares			
Balance on January 1, 2021	<u>935,046</u>	<u>2,940,776</u>	<u>210,878</u>	<u>422,477</u>	<u>1,278,651</u>	<u>1,912,006</u>	<u>(415,073)</u>	<u>(3,762)</u>	<u>(418,835)</u>	<u>(66,341)</u>	<u>5,302,652</u>	<u>1,112,945</u>	<u>6,415,597</u>
Net income for the three months ended March 31, 2021	-	-	-	-	54,738	54,738	-	-	-	-	54,738	26,910	81,648
Other comprehensive income for the three months ended March 31, 2021	-	-	-	-	-	-	24,274	(2,705)	21,569	-	21,569	6,821	28,390
Total comprehensive income for the three months ended March 31, 2021	-	-	-	-	54,738	54,738	24,274	(2,705)	21,569	-	76,307	33,731	110,038
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(461)	(461)
Adjustment to capital surplus due to non-proportional investment	-	117	-	-	-	-	-	-	-	-	117	(117)	-
Balance at March 31, 2021	<u>\$ 935,046</u>	<u>2,940,893</u>	<u>210,878</u>	<u>422,477</u>	<u>1,333,389</u>	<u>1,966,744</u>	<u>(390,799)</u>	<u>(6,467)</u>	<u>(397,266)</u>	<u>(66,341)</u>	<u>5,379,076</u>	<u>1,146,098</u>	<u>6,525,174</u>
Balance at January 1, 2022	<u>\$ 935,046</u>	<u>3,161,540</u>	<u>273,481</u>	<u>418,835</u>	<u>1,081,857</u>	<u>1,774,173</u>	<u>(387,002)</u>	<u>(4,365)</u>	<u>(391,367)</u>	<u>(47,301)</u>	<u>5,432,091</u>	<u>1,128,235</u>	<u>6,560,326</u>
Net income for the three months ended March 31, 2022	-	-	-	-	58,308	58,308	-	-	-	-	58,308	7,319	65,627
Other comprehensive income for the three months ended March 31, 2022	-	-	-	-	-	-	130,419	(3,125)	127,294	-	127,294	36,418	163,712
Total comprehensive income for the three months ended March 31, 2022	-	-	-	-	58,308	58,308	130,419	(3,125)	127,294	-	185,602	43,737	229,339
Due to the acquisition of the subsidiary	-	-	-	-	-	-	-	-	-	-	-	87,050	87,050
Balance at March 31, 2022	<u>\$ 935,046</u>	<u>3,161,540</u>	<u>273,481</u>	<u>418,835</u>	<u>1,140,165</u>	<u>1,832,481</u>	<u>(256,583)</u>	<u>(7,490)</u>	<u>(264,073)</u>	<u>(47,301)</u>	<u>5,617,693</u>	<u>1,259,022</u>	<u>6,876,715</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
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Swancor Holding Company Limited and subsidiaries
Consolidated Statements of Cash Flows
For the three months ended March 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	\$ 106,801	74,679
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	60,718	45,329
Amortization expenses	1,550	1,049
Expected credit gain	(609)	(504)
Net gains on financial assets or liabilities at fair value through profit or loss	(621)	(278)
Interest expense	19,614	18,543
Interest income	(2,068)	(1,814)
Share of profit of associates and joint ventures accounted for using equity method	(12,191)	-
Losses on disposal of property, plant and equipment	175	749
Gains on disposal of investment	(113)	(490)
Increase in cash surrender value of life insurance	(2,177)	(1,395)
Amortization of deferred income	(801)	-
Total adjustments to reconcile loss	<u>63,477</u>	<u>61,189</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in notes receivable	522,471	(528,829)
Decrease in accounts receivable (including related parties)	12,350	311,615
Increase in other receivables	(11,279)	(13,569)
Increase in inventories	(35,828)	(212,307)
Increase in prepayments	(51,266)	(46,544)
Decrease (increase) in operating assets	2,197	(33,176)
Total changes in operating assets	<u>438,645</u>	<u>(522,810)</u>
Changes in operating liabilities:		
Increase (decrease) in notes payable	33,187	(83,384)
Decrease in accounts payable	(299,238)	(67,208)
Decrease in accounts payable to related parties	(11,149)	-
Decrease in other payables	(79,619)	(8,437)
Increase in other payable to related parties	81	-
Decrease in provisions	(17,070)	-
Increase in other operating liabilities	17,747	8,842
Total changes in operating liabilities	<u>(356,061)</u>	<u>(150,187)</u>
Total changes in operating assets and liabilities	<u>146,061</u>	<u>(611,808)</u>
Cash inflow (outflow) generated from operations	252,862	(537,129)
Interest received	2,141	1,814
Interest paid	(14,125)	(17,455)
Income taxes paid	(14,111)	(51,023)
Net cash flows from (used in) operating activities	<u>226,767</u>	<u>(603,793)</u>
Cash flows from (used in) investing activities:		
Acquisition of current financial assets at fair value through profit or loss	-	(43,743)
Acquisition of non-current financial assets at fair value through other comprehensive income	-	(550)
Proceeds from disposal of current financial assets at fair value through profit or loss	311	490
Acquisition of property, plant and equipment	(219,838)	(120,468)
Proceeds from disposal of property, plant and equipment	12	-
Acquisition of subsidiary	54,011	-
Increase in refundable deposits	(1,523)	(1,173)
Acquisition of intangible assets	(4,426)	(238)
Increase in prepayments for business facilities	(19,280)	(52,166)
(Increase) decrease in other financial assets	(59,564)	56,798
Net cash flow used in investing activities	<u>(250,297)</u>	<u>(161,050)</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	1,021,911	593,956
Decrease in short-term borrowings	(1,402,966)	(225,893)
Proceeds from long-term borrowings	114,026	3,691
Repayments of long-term borrowings	(4,618)	(128,000)
(Decrease) increase in guarantee deposits received	(2)	1
Repayments of lease liabilities	(2,556)	(1,561)
Decrease in other payables to related parties	(4,696)	-
Change in non-controlling interests	-	(461)
Net cash flow (used in) from financing activities	<u>(278,901)</u>	<u>241,733</u>
Effect of exchange rate changes on cash and cash equivalents	<u>69,511</u>	<u>24,683</u>
Net decrease in cash and cash equivalents	<u>(232,920)</u>	<u>(498,427)</u>
Cash and cash equivalents at beginning of period	<u>2,530,959</u>	<u>1,598,800</u>
Cash and cash equivalents at end of period	<u>\$ 2,298,039</u>	<u>1,100,373</u>

See accompanying notes to consolidated financial statements.

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Reviewed only, not audited in accordance with generally accepted auditing standards

Swancor Holding Company Limited and subsidiaries

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2022 and 2021

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

(1) Company history

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

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

These consolidated financial statements were authorized for issuance by the Board of Directors on May 6, 2022.

(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 new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

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

(Continued)

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

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(Continued)

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

(4) Summary of significant accounting policies

(a) Statement of compliance

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

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2021. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2021.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

<u>Name of Investor</u>	<u>Name of Subsidiary</u>	<u>Principal activity</u>	Shareholding		
			March 31, 2022	December 31, 2021	March 31, 2021
Swancor Holding	Swancor Innovation & Incubation Co., Ltd. (Swancor Innovation & Incubation)	Management consulting	100% (Note 1)	100%	-
Swancor Holding	Swancor Carbon Fiber Composites Corporation., Ltd. (Sunwell Carbon Fiber Composites)	Producing and selling of carbon	86.42% (Note 4~5)	86.42% (Note 4~5)	86.49% (Note 3)
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)	-	-
Strategic	Swancor Ind. Co., Ltd. (Samoa) (Swancor)	Investing and holding of subsidiaries	100%	100%	100%
Strategic	Swancor Advanced Materials Co., Ltd. (Swancor Advanced Materials)(Note 2)	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	64.04%	64.04%	64.04%

(Continued)

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

Name of Investor	Name of Subsidiary	Principal activity	Shareholding		
			March 31, 2022	December 31, 2021	March 31, 2021
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.

Note 2: The original name is Swancor (Shanghai) Fine Chemical Co., Ltd.

Note 3: A resolution was decided during the Board of Directors meeting held on December 31, 2020, to determine whether to repurchase the 600 thousand shares within the period from January 1 to June 30, 2021 at the price of \$10 to \$10.20 per share, as treasury shares, to transfer to employees in the six months ended June 30, 2021. For the three months ended March 31, 2021, the Group had repurchased 46 thousand of the above shares, resulting in its shareholding ratio to increase from 86.42% to 86.49% and recognized the amount of \$117 thousand as capital surplus.

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

Note 5 : On November 5, 2021, The Board of Directors of the Company determined to transfer 183 thousand of treasury shares to employees. The treasury shares had been transferred in November, 2021, the Group resulting in its shareholding ratio to decrease from 86.71% to 86.42%, and decrease the capital surplus amounting to \$323 thousand.

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, 2021 to March 31, 2022 were as follow :

On April 19, 2021, The Group invested the amount of \$10,000 thousand in its subsidiary, Swancor Innovation & Incubation; and the registration procedures had been completed.

On December 23, 2021 and February 8, 2022, the Group paid \$65,000 thousand and \$130,000 thousand in advance, respectively. The payments were used for investing in 130,000 thousand shares of the preferred shares with voting rights issued by COTECH, and the preferred shares were issued and registered on February 8, 2022, representing 80.82% of the voting rights of COTECH after the subscription shares were fully issued, and as a result, the Group gained control over COTECH.

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.

- (c) Income taxes

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

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

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

- (d) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year.

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

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

(Continued)

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

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, 2021. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2021.

(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 2021 consolidated financial statements. Please refer to Note 6 of the 2021 annual consolidated financial statements.

(a) Cash and Cash Equivalents

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Petty cash and cash on hand	\$ 592	631	466
Demand deposits	1,184,756	1,567,320	948,621
Time deposits	<u>1,112,691</u>	<u>963,008</u>	<u>151,286</u>
Cash and cash equivalents in the consolidated statement of cash flow	<u>\$ 2,298,039</u>	<u>2,530,959</u>	<u>1,100,373</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>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Financial assets designated at fair value through profit or loss:			
Structured deposit	\$ -	-	43,743
Financial assets mandatorily measured at fair value through profit or loss :			
Secured convertible corporate bonds-call and put provision	2,200	1,500	-
Non-derivative financial assets-			
Stocks listed on domestic markets	1,888	2,005	2,290
Stocks unlisted on domestic markets	<u>664,094</u>	<u>664,094</u>	<u>536,642</u>
Total	<u>\$ 668,182</u>	<u>667,599</u>	<u>582,675</u>
Financial liabilities mandatorily measured at fair value through profit or loss :			
Unsecured convertible corporate bonds-call and put provision	\$ 2,500	4,700	-
Derivative instruments not used for hedging-Forward exchange contracts	<u>2,360</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,860</u>	<u>4,700</u>	<u>-</u>

(Continued)

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

On August 26, 2021, Swancor Renewable Energy issued new stocks for capital increase by cash, wherein the Group purchased its new shares amounting to \$127,452 thousand.

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

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

	March 31, 2022		
	Amount (in thousands)	Currency	Maturity date
Forward exchange contracts	EUR 5,255	TWD to EUR	2022.4.21~2022.6.23

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

	March 31, 2022	December 31, 2021	March 31, 2021
Debt investments at fair value through other comprehensive income			
Corporate bonds	\$ <u>39,410</u>	<u>41,946</u>	<u>42,509</u>
Equity investments at fair value through other comprehensive income			
Domestic unlisted Company - Gigantex Composite Technologies Co., Ltd.	25,031	25,031	25,031
Domestic on listed Company - WT Microelectronics Co., Ltd	49,650	48,950	47,849
Domestic unlisted Company - Promix Composites, Inc.	-	-	-
Domestic unlisted Company - Ideal Star International Corp.	-	-	-
Subtotal	<u>74,681</u>	<u>73,981</u>	<u>72,880</u>
Total	<u><u>\$ 114,091</u></u>	<u><u>115,927</u></u>	<u><u>115,389</u></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.

(Continued)

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

2. Equity investments at fair value through other comprehensive income

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

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of March 31, 2022 and 2021.

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

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

3. The amounts of other comprehensive profit or loss which were recognized at fair value for the three months ended March 31, 2022 and 2021, were \$(3,125) thousand and \$(2,705) thousand.

(d) Notes and Accounts receivable (Including Related Parties)

	March 31, 2022	December 31, 2021	March 31, 2021
Notes receivable from operating activities	\$ 1,146,255	1,275,034	1,802,786
Notes receivable-fair value through other comprehensive income	468,371	861,615	1,347,143
Less: Loss allowance	<u>(3,372)</u>	<u>(1,862)</u>	<u>(204)</u>
	<u>\$ 1,611,254</u>	<u>2,134,787</u>	<u>3,149,725</u>
Accounts receivable - measured as amortized cost	\$ 2,947,546	2,954,619	3,122,057
Less: Loss allowance	<u>(52,640)</u>	<u>(53,151)</u>	<u>(38,029)</u>
	<u>\$ 2,894,906</u>	<u>2,901,468</u>	<u>3,084,028</u>

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

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

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables on March 31, 2022, December 31, 2021 and March 31, 2021. To measure the expected credit losses, accounts receivable has been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provision as of March 31, 2022, December 31, 2021 and March 31, 2021 were determined as follows:

(Continued)

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

	March 31, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 4,074,459	0.09 %	3,490
Overdue 1 to 90 days	435,150	0.41 %	1,800
Overdue 91 to 180 days	193	-	-
Overdue 181 to 270 days	1,648	-	-
Overdue 271 to 360 days	-	-	-
Overdue more than 361 days	1,535	100 %	1,535
Total	\$ 4,512,985		6,825

	December 31, 2021		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 4,826,581	0.17 %	8,159
Overdue 1 to 90 days	163,048	0.31 %	500
Overdue 91 to 180 days	57,416	8.20 %	4,710
Overdue 181 to 270 days	5,676	73.11 %	4,150
Overdue 271 to 360 days	3,975	73.51 %	2,922
Overdue more than 361 days	1,535	100 %	1,535
Total	\$ 5,058,231		21,976

	March 31, 2021		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 5,964,098	0.06 %	3,409
Overdue 1 to 90 days	266,560	0.04 %	115
Overdue 91 to 180 days	4,659	0.73 %	34
Overdue 181 to 270 days	2,166	8.08 %	175
Overdue 271 to 360 days	47	93.62 %	44
Overdue more than 361 days	1,412	100 %	1,412
Total	\$ 6,238,942		5,189

(Continued)

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

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

	For the thrss months ended March 31,	
	2022	2021
Balance on January 1	\$ 55,013	38,423
Impairment losses reversed	(609)	(504)
Foreign exchange losses	1,608	314
Balance on March 31	\$ 56,012	38,233

The notes and accounts receivable of the Group had not been pledged as collateral as of March 31, 2022, December 31, 2021 and March 31, 2021.

As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group sold its notes receivable without recourse as follows:

March 31, 2022					
Purchaser	Assignment Facility	Factoring Line	Advanced Amount	Range of Interest Rate	Significant Transferring Terms
China CITIC Bank	\$ 13,528	-	13,528	2.02%	Bill by delivery
China CITIC Bank	13,528	-	13,528	2.62%	Bill by delivery
China CITIC Bank	32,061	-	32,061	2.00%	Bill by delivery
	\$ 59,117	-	59,117		
December 31, 2021					
Purchaser	Assignment Facility	Factoring Line	Advanced Amount	Range of Interest Rate	Significant Transferring Terms
China CITIC Bank	\$ 21,708	-	21,708	2.75%	Bill by delivery
China CITIC Bank	279,931	-	279,931	2.48%~2.74%	Bill by delivery
China CITIC Bank	86,830	-	86,830	2.41%	Bill by delivery
China CITIC Bank	150,382	-	150,382	2.44%	Bill by delivery
China CITIC Bank	120,550	-	120,550	2.41%~2.44%	Bill by delivery
China CITIC Bank	13,025	-	13,025	2.40%	Bill by delivery
	\$ 672,426	-	672,426		
March 31, 2021					
Purchaser	Assignment Facility	Factoring Line	Advanced Amount	Range of Interest Rate	Significant Transferring Terms
China CITIC Bank	\$ 327,731	-	327,731	2.95%~3.35%	Bill by delivery
China CITIC Bank	108,561	-	108,561	2.50%	Bill by delivery
China CITIC Bank	130,047	-	130,047	2.57%	Bill by delivery
China CITIC Bank	200,183	-	200,183	3.10%	Bill by delivery
	\$ 766,522	-	766,522		

The Group transferred \$1,414,150 thousand, \$802,041 thousand and \$647,726 thousand of trade receivables to an unrelated third party as of March 31, 2022, December 31, 2021 and March 31, 2021. At the time of transfer, the Group provided a guarantee on those trade receivables to the transferee. Therefore, the Group continues to recognize the full carrying value of the trade receivables transferred, and recognized the cash received from the transfer as a guaranteed loan. In addition, as of March 31, 2022, December 31, 2022 and March 31, 2021, the notes receivable for the transfer of endorsements that have not yet expired were \$468,371 thousand, \$861,615 thousand and \$1,347,143 thousand respectively, which did not meet the conditions for financial assets had not derecognized.

(Continued)

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

(e) Other receivables (including related parties)

	March 31, 2022	December 31, 2021	March 31, 2021
Other accounts receivable—			
Cash dividends from Swancor Renewable Energy	\$ -	-	5,617
Other accounts receivable—			
Equity sale price to Swancor Renewable Energy	-	-	83,653
Other accounts receivable	<u>12,357</u>	<u>1,012</u>	<u>15,207</u>
	<u>\$ 12,357</u>	<u>1,012</u>	<u>104,477</u>

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

	March 31, 2022	December 31, 2021	March 31, 2021
Raw materials	\$ 744,797	767,313	702,224
Finished goods	508,907	450,526	513,485
Goods	23,722	18,630	12,182
Inventory in transit	<u>1,390</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,278,816</u>	<u>1,236,469</u>	<u>1,227,891</u>

The cost of goods sold were as follows

	For the three months ended March 31,	
	2022	2021
Inventory that has been sold	\$ 2,173,817	2,262,943
Write-down and slow moving of inventories (Reversal of write-downs)	10,783	(35,125)
Loss on physical inventory	737	394
Loss on inventory retired	<u>682</u>	<u>37,813</u>
	<u>\$ 2,186,019</u>	<u>2,266,025</u>

As of March 31, 2022, December 31, 2021 and March 31, 2021, 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).

(Continued)

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

(g) Investments accounted for using the equity method

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

	March 31, 2022	December 31, 2021
Associates	<u>\$ 973,644</u>	<u>925,446</u>

(i) Associates

On April 29, 2021, the Board of Directors of the subsidiary, Swancor Advanced Materials, decided to buy 50,000 thousand shares of Anhui Meijia New Materials Co., Ltd, at the price of CNY4.2 per share, with total transaction amount of CNY210,000 thousand to acquire 23.81% of ownership ratio, and completed relative registration on December 1, 2021.

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

<u>Name of Associates</u>	<u>Nature of Relationship with the Group</u>	<u>Main operating location/Registered Country of the Company</u>	<u>Proportion of shareholding and voting rights</u>	
			<u>March 31, 2022</u>	<u>December 31, 2021</u>
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%

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

	March 31, 2022	December 31, 2021
Carrying amount of individually insignificant associate's equity	<u>\$ 973,644</u>	<u>925,446</u>
	For the three months ended March 31,2022	
Attributable to the Group:		
Net income	<u>\$</u>	<u>12,191</u>

(ii) Collaterals

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

(Continued)

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

(h) Acquisition of subsidiary and non-controlling interests

(i) Acquisition of subsidiary— COTECH

On December 23, 2021 and February 8, 2022, the Group each prepaid \$65,000 thousand, amount to \$130,000 thousand, respectively. The payments were used for investing 130,000 thousand shares of the preferred shares with voting rights issued by COTECH, and the preferred shares were issued and registered on February 8, 2022, representing 80.82% of the voting rights of COTECH after the subscription shares were fully issued, and as a result, the Group gained control over COTECH. COTECH is primarily engaged in manufacturing carbon fiber, designing, analyzing and manufacturing composite structure. The Group through this acquisition integrates the downstream supply chains to extend the products from carbon fiber resin prepreg and pultruded sheet to carbon fiber molding, so as to expand the carbon fiber reinforced composite material market.

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

1) Consideration transferred

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

2) The recognized amounts of assets acquired and liabilities assumed

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

Cash and cash equivalents (note 6(a))	\$	54,011
Preferred shares receivable		65,000
Notes receivables (note 6(d))		346
Accounts receivables (note 6(d))		3,771
Other receivables (note 6(e))		38
Inventories (note 6(f))		6,519
Prepayments		532
Other current assets (note 6(o))		830
Property, plant and equipment (note 6(l))		244,776
Intangible assets (note 6(n))		20,546
Right-of-use assets (note 6(m))		13,250
Deferred income tax assets		8,828
Refundable deposits (note 6(o))		6,703
Current contract liabilities (note 6(ab))		(922)
Notes payable		(10,837)
Accounts payable		(1,650)
Other payables (note 6(q))		(23,203)
Other payables to related parties		(14,672)
Other current liabilities (note 6(q))		(216)
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 identifiable net assets acquired	\$	<u>217,050</u>

(Continued)

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

The following fair values of the assets and liabilities have been determined on a provisional basis:

- 1) The fair value of intangible assets of \$20,546 thousand has been determined provisionally pending completion of an independent valuation.
- 2) The fair value of property, plant and equipment of \$244,776 thousand has been determined provisionally pending completion of an independent valuation.

If there is information discovered within one year from the acquisition date about facts and circumstances that existed at the acquisition date which leads to an adjustment to the above provision amounts, or any additional provisions as at the acquisition date, then the acquisition accounting will be revised.

(ii) Goodwill

Goodwill arising from the acquisition has been recognized as follows:

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

(i) Loss control of subsidiaries

The Board of Directors of the Group determined to dispose of 100% of its shares in Swancor Renewable Energy and extend time of disposal on June 20 and June 30, 2019. The Group lost its control over Swancor Renewable Energy due to the disposal of its 95% shares in it. 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.

The amount of \$83,653 thousand that has yet to be collected had been recognized as other receivables as of March 31, 2021 and received in 2021.

(j) Material non-controlling interests of subsidiaries

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

<u>Subsidiaries</u>	<u>Main operation place</u>	<u>Percentage of non- controlling interests</u>		
		<u>2022.3.31</u>	<u>2021.12.31</u>	<u>2021.3.31</u>
Swancor Advanced Materials	China	20.76%	20.76%	20.76%

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

(Continued)

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

The collective financial information of Swancor Advanced Materials:

	March 31, 2022	December 31, 2021	March 31, 2021
Current assets	\$ 6,828,140	7,608,040	9,652,402
Non-current assets	2,270,319	2,178,901	1,186,829
Current liabilities	(4,279,278)	(5,212,469)	(6,281,795)
Non- current liabilities	<u>(2,894)</u>	<u>(136)</u>	<u>(2,168)</u>
Net assets	<u>\$ 4,816,287</u>	<u>4,574,336</u>	<u>4,555,268</u>
Non-controlling interests	<u>\$ 999,861</u>	<u>949,632</u>	<u>945,674</u>

	For the three months ended March 31,	
	2022	2021
Sales revenue	\$ 2,153,933	1,877,203
Net income (loss)	\$ 95,128	(61,365)
Other comprehensive income	<u>(31,238)</u>	<u>(10,692)</u>
Comprehensive income	<u>\$ 63,890</u>	<u>(72,057)</u>
Profit, attributable to non-controlling interests	<u>\$ 19,749</u>	<u>(12,739)</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ 13,264</u>	<u>(14,959)</u>
Net cash flows from operating activities	\$ 289,971	(525,160)
Net cash flows from investing activities	40,660	(122,034)
Net cash flows from financing activities	<u>(194,978)</u>	<u>178,530</u>
Net income in cash and cash equivalents	<u>\$ 135,653</u>	<u>(468,664)</u>
Dividend paid to non-controlling interest	<u>\$ -</u>	<u>-</u>

(k) Cash surrender value of life insurance

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

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

	For the three months ended March 31,	
	2022	2021
Balance at January 1	\$ 56,340	55,235
Increase in cash value	<u>2,177</u>	<u>1,395</u>
Balance at March 31	<u>\$ 58,517</u>	<u>56,630</u>

(Continued)

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

(1) Property, plant and equipment

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

	<u>Land</u>	<u>Buildings and Structures</u>	<u>Machinery and Equipment</u>	<u>Other Equipment</u>	<u>Construction in progress and testing equipment</u>	<u>Total</u>
Cost:						
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
Additions	-	5,411	3,796	15,724	195,283	220,214
Disposals	-	-	(862)	(1,500)	-	(2,362)
Reclassification	-	1,708	18,507	2,614	(2,166)	20,663
Effect of movements in exchange rates	-	40,337	27,571	15,375	1,528	84,811
Balance at March 31, 2022	<u>\$ 776,587</u>	<u>1,610,421</u>	<u>1,069,682</u>	<u>669,070</u>	<u>438,860</u>	<u>4,564,620</u>
Balance at January 1, 2021	\$ 484,076	1,064,582	612,741	490,895	120,756	2,773,050
Additions	-	214	8,921	26,990	75,995	112,120
Disposals	-	-	(2,885)	(10,650)	-	(13,535)
Reclassification	-	-	228	3,202	(5,785)	(2,355)
Effect of movements in exchange rates	-	5,179	3,279	2,508	(209)	10,757
Balance at March 31, 2021	<u>\$ 484,076</u>	<u>1,069,975</u>	<u>622,284</u>	<u>512,945</u>	<u>190,757</u>	<u>2,880,037</u>
Depreciation and impairment loss:						
Balance at January 1, 2022	\$ -	400,855	332,129	341,448	-	1,074,432
Acquired in acquisition of the subsidiary	-	53,279	29,097	29,900	-	112,276
Depreciation	-	17,657	20,996	18,584	-	57,237
Disposals	-	-	(697)	(1,478)	-	(2,175)
Effect of movements in exchange rates	-	11,263	9,306	9,052	-	29,621
Balance at March 31, 2022	<u>\$ -</u>	<u>483,054</u>	<u>390,831</u>	<u>397,506</u>	<u>-</u>	<u>1,271,391</u>
Balance at January 1, 2021	\$ -	342,403	277,886	285,565	-	905,854
Depreciation	-	13,544	11,903	17,176	-	42,623
Disposals	-	-	(2,598)	(10,188)	-	(12,786)
Reclassification	-	-	-	12	-	12
Effect of movements in exchange rates	-	1,779	1,386	1,584	-	4,749
Balance at March 31, 2021	<u>\$ -</u>	<u>357,726</u>	<u>288,577</u>	<u>294,149</u>	<u>-</u>	<u>940,452</u>
Carrying amounts:						
Balance at January 1, 2022	<u>\$ 776,587</u>	<u>874,761</u>	<u>654,283</u>	<u>259,964</u>	<u>244,215</u>	<u>2,809,810</u>
Balance at March 31, 2022	<u>\$ 776,587</u>	<u>1,127,367</u>	<u>678,851</u>	<u>271,564</u>	<u>438,860</u>	<u>3,293,229</u>
Balance at January 1, 2021	<u>\$ 484,076</u>	<u>722,179</u>	<u>334,855</u>	<u>205,330</u>	<u>120,756</u>	<u>1,867,196</u>
Balance at March 31, 2021	<u>\$ 484,076</u>	<u>712,249</u>	<u>333,707</u>	<u>218,796</u>	<u>190,757</u>	<u>1,939,585</u>

(Continued)

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

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

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

As of March 31, 2022, December 31, 2021 and March 31, 2021, 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>
Costs:				
Balance at January 1, 2022	\$ 234,145	20,169	2,466	256,780
Acquired in acquisition of the subsidiary	15,969	-	1,432	17,401
Additions	-	298	-	298
Effects of movements in exchange rates	8,846	153	-	8,999
Balance at March 31, 2022	<u>\$ 258,960</u>	<u>20,620</u>	<u>3,898</u>	<u>283,478</u>
Balance at January 1, 2021	\$ 233,043	9,492	2,466	245,001
Additions	-	4,007	-	4,007
Effect of movements in exchange rates	1,631	(28)	-	1,603
Balance at March 31, 2021	<u>\$ 234,674</u>	<u>13,471</u>	<u>2,466</u>	<u>250,611</u>
Accumulated depreciation and impairment losses:				
Balance at January 1, 2022	\$ 15,128	10,122	1,302	26,552
Acquired in acquisition of the subsidiary	3,807	-	344	4,151
Depreciation	1,281	1,995	205	3,481
Effects of movements in exchange rates	602	90	-	692
Balance at March 31, 2022	<u>\$ 20,818</u>	<u>12,207</u>	<u>1,851</u>	<u>34,876</u>
Balance at January 1, 2021	\$ 10,032	3,869	480	14,381
Depreciation	1,273	1,227	206	2,706
Effect of movements in exchange rates	63	(3)	-	60
Balance at March 31, 2021	<u>\$ 11,368</u>	<u>5,093</u>	<u>686</u>	<u>17,147</u>
Carrying amount:				
Balance at January 1, 2022	<u>\$ 219,017</u>	<u>10,047</u>	<u>1,164</u>	<u>230,228</u>
Balance at March 31, 2022	<u>\$ 238,142</u>	<u>8,413</u>	<u>2,047</u>	<u>248,602</u>
Balance at January 1, 2021	<u>\$ 223,011</u>	<u>5,623</u>	<u>1,986</u>	<u>230,620</u>
Balance at March 31, 2021	<u>\$ 223,306</u>	<u>8,378</u>	<u>1,780</u>	<u>233,464</u>

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

As of March 31, 2022, December 31, 2021 and March 31, 2021, right-of-use assets pledged as collateral for bank loans are described in note 8.

(Continued)

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

(n) Intangible Assets

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

	<u>Technique</u>	<u>Computer software</u>	<u>Total</u>
Costs:			
Balance at January 1, 2022	\$ 43,345	49,754	93,099
Acquired in acquisition of the subsidiary	20,546	-	20,546
Additions	3,631	795	4,426
Reclassification	-	94	94
Effect of movement in exchange rates	(1,344)	97	(1,247)
Balance at March 31, 2022	<u>\$ 66,178</u>	<u>50,740</u>	<u>116,918</u>
Balance at January 1, 2021	\$ 44,557	46,196	90,753
Additions	-	238	238
Effect of movement in exchange rates	(1,366)	14	(1,352)
Balance at March 31, 2021	<u>\$ 43,191</u>	<u>46,448</u>	<u>89,639</u>
Amortization and Impairment Loss:			
Balance at January 1, 2022	\$ 40,315	41,476	81,791
Amortization	712	838	1,550
Effect of movement in exchange rates	(462)	64	(398)
Balance at March 31, 2022	<u>\$ 40,565</u>	<u>42,378</u>	<u>82,943</u>
Balance at January 1, 2021	\$ 40,839	38,791	79,630
Amortization	398	651	1,049
Effect of movement in exchange rates	(655)	12	(643)
Balance at March 31, 2021	<u>\$ 40,582</u>	<u>39,454</u>	<u>80,036</u>
Carrying value:			
Balance at January 1, 2022	<u>\$ 3,030</u>	<u>8,278</u>	<u>11,308</u>
Balance at March 31, 2022	<u>\$ 25,613</u>	<u>8,362</u>	<u>33,975</u>
Balance at January 1, 2021	<u>\$ 3,718</u>	<u>7,405</u>	<u>11,123</u>
Balance at March 31, 2021	<u>\$ 2,609</u>	<u>6,994</u>	<u>9,603</u>

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

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

(Continued)

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

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

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Other current assets :			
Advanced payments	\$ 25,448	24,032	11,541
Others-current	<u>83,652</u>	<u>85,331</u>	<u>101,303</u>
	<u><u>\$ 109,100</u></u>	<u><u>109,363</u></u>	<u><u>112,844</u></u>
Other current financial assets :			
Restricted bank deposits	<u>\$ 227,479</u>	<u>167,915</u>	<u>116,962</u>
Other non-current assets :			
Refundable deposits	\$ 12,860	4,634	6,832
Prepayments for equipment	65,558	67,035	209,941
Restricted bank deposits	400,029	400,029	1,684
Prepayments for investments	-	65,000	-
Others-non-current	<u>6,278</u>	<u>7,381</u>	<u>20,414</u>
	<u><u>\$ 484,725</u></u>	<u><u>544,079</u></u>	<u><u>238,871</u></u>

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

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.

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

(p) Short-term borrowings

The short-term borrowings were summarized as follows:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Other loans (Note)	\$ -	-	43,424
Unsecured bank loans	1,900,270	2,144,132	928,241
Secured bank loans	<u>10,942</u>	<u>148,135</u>	<u>177,527</u>
	<u><u>\$ 1,911,212</u></u>	<u><u>2,292,267</u></u>	<u><u>1,149,192</u></u>
Unused short-term credit lines	<u><u>\$ 1,841,216</u></u>	<u><u>1,572,194</u></u>	<u><u>749,504</u></u>
Range of interest rates	<u><u>0.93%~4.35%</u></u>	<u><u>1.00%~5.02%</u></u>	<u><u>1.30%~5.00%</u></u>

Note: Loans from a government-controlled company within the development zone.

(Continued)

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

(i) Issuing and repayment the borrowings

For the three months ended March 31, 2022 and 2021, the Group's proceeded from short-term borrowings amounted to \$1,021,911 thousand and \$593,956 thousand with interest rate of 0.93%~4.35% and 1.30%~5.00%, respectively. The short-term borrowings are due in April 2022 to March 2023 and April 2021 to March 2022, respectively. For the three months ended March 31, 2022 and 2021, the repayment amounted to \$1,402,966 thousand and \$225,893 thousand, respectively.

(ii) Collateral for short-term borrowings

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

(q) Other current and non-current liabilities

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

	March 31, 2022	December 31, 2021	March 31, 2021
Other payables-salary	\$ 95,199	122,286	119,674
Other payables-employee bonus	750	885	485
Other payables-director compensation	1,500	2,655	970
Payables on equipment	76,366	75,990	76,333
Other	182,666	210,947	193,584
	<u>\$ 356,481</u>	<u>412,763</u>	<u>391,046</u>

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

	March 31, 2022	December 31, 2021	March 31, 2021
Temporary receipts	\$ 38,485	37,998	2,573
Receipts under custody	5,329	3,893	4,428
Current deferred revenue	1,219	1,040	254
Other	32,409	19,514	4,524
	<u>\$ 77,442</u>	<u>62,445</u>	<u>11,779</u>
Non-current deferred revenue	\$ 32,615	30,883	4,591
Receivable deposits	1,008	583	584
	<u>\$ 33,623</u>	<u>31,466</u>	<u>5,175</u>

The Group obtained other current and non current liabilities 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

(r) Long-term borrowings

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

	March 31, 2022	December 31, 2021	March 31, 2021
First bank and other	\$ -	-	534,800
Secured bank loans	385,180	203,515	-
Unsecured bank loans	156,520	120,326	-
Other loans (Note)	47,708	40,073	25,231
Less: current portion	(120,331)	(20,187)	(170,800)
	\$ 469,077	343,727	389,231
Unused short-term credit lines	\$ 307,508	414,722	848,654
Range of interest rates	<u>1.34%~4.65%</u>	<u>1.33%~4.65%</u>	<u>1.8526%~3.92%</u>

Note: Loaned by the company of development zone platform held by government.

(i) Proceeds and repayment the borrowings

For the three months ended March 31, 2022 and 2021, the Group's proceeded from long-term borrowings amounted to \$114,026 thousand (which include \$24 thousand and \$1,588 thousand of the other current liabilities and other non-current liabilities; \$(666) thousand of amortization loss; \$(1,556) thousand of effect of movement in exchange rates) and \$3,691 thousand (which include \$26 thousand and \$499 thousand of the other current liabilities and other non-current liabilities; \$(227) thousand of amortization loss; \$(183) thousand of effect of movement in exchange rates) with an interest rate of 1.34%~3.92% and 3.92%. The long-term borrowings are due in January 2025. For the three months ended March 31, 2022 and 2021, the repayment amounted to \$4,618 thousand and \$128,000 thousand.

The Group obtained long term borrowings (including current portion) amounted to \$115,476 thousand due to the acquisition of the subsidiary in 2022, please refer to note 6(h).

(ii) Syndicated loan

The Group had co-signed a joint loan agreement with First Bank and another seven banks in July 2017 for a credit line of three years amounting to \$1,600,000 thousand, with a credit term of floating interest rate. The Group can renew the extension of the loan for two years only for one time.

The Group shall comply with the rules of specific financial ratios (current ratio, debt ratio, tangible equity and times interest earned) that being align with the audited annual consolidated financial statements and reviewed second-quarter financial reports by certified public accountant specified in the joint loan agreement. Interest shall be required if there is any violation of the rules. If specific terms of loan agreement are being violated and no improvement plan being provided to the banks, the Group is required to redeem all the loan based on the time requested by the bank. As of December 31, 2020, the Group complied with all the financial covenants under each of the loan agreements.

The Group repaid all of the syndicated loan on October 21, 2021.

(Continued)

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

(iii) Collateral for long-term borrowings

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

(s) Bonds payable

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

	March 31, 2022	December 31, 2021
Third secured convertible bonds- domestic	\$ 1,000,000	1,000,000
Fourth unsecured convertible bonds- domestic	1,000,000	1,000,000
Unamortized discounted corporate bonds payable	(94,028)	(99,094)
Cumulative converted amount	-	-
Cumulative redeemed amount	-	-
	<u>1,905,972</u>	<u>1,900,906</u>
Less: current portion	<u>-</u>	<u>-</u>
Corporate bonds issued balance at year-end	<u>\$ 1,905,972</u>	<u>1,900,906</u>
Embedded derivative – call and put options, including financial assets at fair value through profit or loss	<u>\$ 2,200</u>	<u>1,500</u>
Embedded derivative – call and put options, including financial liabilities at fair value through profit or loss	<u>\$ 2,500</u>	<u>4,700</u>
Equity component – conversion options, included in capital surplus– stock options	<u>\$ 213,351</u>	<u>213,351</u>
	For the three months ended March 31, 2022	
Embedded derivative instruments – call and put rights, including net gain of evaluation in financial asset and liabilities	<u>\$ (2,900)</u>	
Interest expense	<u>\$ 5,066</u>	

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

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

(Continued)

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

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

Swancor Holding separated its equity and liability components as follows:

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

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

(Continued)

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

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

Swancor Holding separated its equity and liability components as follows:

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

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

(Continued)

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

(t) Lease liabilities

	March 31, 2022	December 31, 2021	March 31, 2021
Current	<u>\$ 8,413</u>	<u>8,009</u>	<u>5,669</u>
Non-current	<u>\$ 15,232</u>	<u>3,564</u>	<u>4,420</u>

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31,	
	2022	2021
Interest on lease liabilities	<u>\$ 51</u>	<u>95</u>
Expenses relating to short-term leases	<u>\$ 1,886</u>	<u>4,126</u>

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

	For the three months ended March 31,	
	2022	2021
Total cash outflow for leases	<u>\$ 4,493</u>	<u>5,782</u>

(i) Real estate leases

As of March 31, 2022, December 31, 2021 and March 31, 2021, 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).

(Continued)

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

(u) Provisions

	March 31, 2022
Legal	\$ 9,360

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

Except for the following, there were no significant changes in provisions for the three months ended March 31, 2022.

Legal

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 \$17,070 thousand for the three months ended March 31, 2022.

(v) Deferred income

	March 31, 2022	December 31, 2021	March 31, 2021
Government grants	\$ 33,834	31,923	4,845
Current	\$ 1,219	1,040	254
Non-current	32,615	30,883	4,591
	\$ 33,834	31,923	4,845

The Group has been awarded government grants for both of its factories in January 2020 and May 2021, which were conditional on the acquisition of plants in a specified region. Both factories have been completed and have been in operation since May 2020 and June 2021; and the grants, recognized as deferred income, were amortized over the useful life of the building.

The subsidiary has received an industrial economic grant from its local government in April 2021, which was conditional on the acquisition of equipment wherein high intelligent equipment for technical improvement had to be installed. The equipment has been used in May 2021, and the grant, recognized as deferred income, was amortized over the useful life of the equipment.

The subsidiary received the factory construction grant from its local government in April 2021, wherein it was recognized as deferred income and amortized over the useful life of the building. The building had been used since December, 2021.

(Continued)

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

The Group acquired low-rate loan in April 2021, which was working capital subsidy for small and medium-sized enterprises from the government. The subsidy was recognized as deferred income and amortized during the loan period.

The subsidiary received a low-rate government subsidy loan, and the related condition required the subsidiary to purchase machinery and equipment. The machinery and equipment had been used since June 2021. The subsidy was recognized as deferred income and amortized during the useful life of machinery and equipment.

(w) Employee benefits

Defined contribution plans

The Group's expenses under the pension plan cost to the Bureau of Labor Insurance for the three months ended March 31, 2022 and 2021 were as follows:

	For the three months ended March 31,	
	2022	2021
Operating cost	\$ 727	481
Selling expenses	244	194
Administrative expenses	929	1,080
Research and development expenses	373	277
	\$ 2,273	2,032

Other foreign subsidiaries recognized pension expenses of \$8,179 thousand and \$7,186 thousand for the three months ended March 31, 2022 and 2021, respectively, for the defined contribution plans based on their respective local government regulations.

(x) Income taxes

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

	For the three months ended March 31,	
	2022	2021
Current tax expense		
Current period	\$ 22,479	13,709
Deferred tax expense		
Origination and reversal of temporary differences	\$ 18,695	(20,678)
Income tax expense	\$ 41,174	(6,969)

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

(Continued)

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

(ii) Assessment of tax

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

	Assessed Year
The Company	2020
Sunwell Carbon Fiber Composites	2019
Swancor Highpolymer	2019 (2018 has yet to be approved)

(y) Capital and other equity

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

(i) Capital surplus

The balances of capital surplus were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Share capital	\$ 405,127	405,127	405,127
Premium on bonds conversion	541,507	541,507	541,507
Donation	253	253	253
Employee share options (overdue and not be executed)	8,151	8,151	8,151
Treasury share transactions	107,315	107,315	100,472
Expired stock option	41,059	41,059	41,059
Difference arising from subsidiary's share price and its carrying value	1,064,440	1,064,440	1,063,987
Stock transfer (from retained earnings of Swancor)	780,337	780,337	780,337
Equity component of convertible bonds recognized in stock option	213,351	213,351	-
	\$ 3,161,540	3,161,540	2,940,893

- 1) According to the Enterprise Merges and Acquisition Act, when an enterprise exchanges shares with other company, its undistributed retained earnings would be the capital surplus of the other company (as holding company) after the exchange has been completed.
- 2) A resolution was decided during the Board of Directors' meeting held on December 31, 2020 to determine whether to repurchase the 600 thousand shares within the period from January 1 to June 30, 2021 at the price of \$10 to \$10.20 per share, as treasury shares, to transfer to employees in the six months ended June 30, 2021. For the three months ended March 31, 2021, the Group had repurchased 46 thousand of the above shares, resulting in its shareholding ratio to increase from 86.42% to 86.49% and recognized the amount of \$117 thousand as capital surplus.

(Continued)

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

- 3) A resolution was decided during the Board of Directors meeting held on August 4, 2021, to determine whether to repurchase the 600 thousand shares within the period from August 4, 2021 to February 4, 2022 at the price of \$10 to \$10.20 per share, as treasury shares, to transfer to employees in the six months ended December 31, 2021. For the years ended December 31, 2021, the Group had repurchased 183 thousand of the above shares, resulting in its shareholding ratio to increase from 86.63% to 86.71%, and recognized the amount of \$91 thousand as capital surplus.
- 4) A resolution was decided during the Board of Directors' meeting held on November 5, 2021 to authorize the chairman of the Board to transfer 183 thousand shares of treasury stock to employees for subscription. The treasury stock was transferred in November 2021, \$435 thousand share premium - subsidiary changes in equity was recognized, and \$67 thousand share premium was recognized for non-controlling interest. In addition, due to the Group's ownership percentage decreased from 86.71% to 86.42%, share premium for subsidiary changes in equity reduced \$302 thousand.
- 5) A resolution was decided during the Board of Directors' meeting held on December 16, 2021 to authorize the transfer of 287 thousand shares of treasury stock to employees for subscription. The treasury stock was transferred in December 2021 and share premium-treasury stock \$6,843 thousand was recognized.
- 6) According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the capital increase, by transferring capital surplus in excess of the par value, should not exceed 10% of the total common stock outstanding.

(ii) Retained earnings

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

Before the distribution of dividends, the Company shall first take into consideration its programs to maintain operating efficiency and meet its capital expenditure budget. The earning distribution can be settled by cash or by stocks and cash dividends shall not be more than 10% of total dividends.

(Continued)

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

1) Legal reserve

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

2) Special reserve

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

3) Earnings distribution

The earnings distribution for 2021 and 2020 were decided during the Company's board meeting and the general meeting of the shareholders held on March 11, 2022 and July 19, 2021, respectively, as follows:

	2021	2020
	Total amount	Total amount
Dividends distributed to ordinary shareholders		
Cash	\$ 139,187	323,766

(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 22, 2020, at the price of \$37 to \$106 per share, as treasury shares, in order to encourage its employees.

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

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

(Continued)

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

The movement of treasury stock for the three months ended March 31, 2021 was as follows:

<u>Reason for repurchase</u>	<u>Beginning shares</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending shares</u>
Transfer to employees	<u>\$ 1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>

- 2) In accordance with Securities and Exchange Act requirements as stated above, the number of shares repurchased should not exceed 10 percent of all shares outstanding. Also, the value of the repurchased shares should not exceed the sum of the Company's retained earnings, share premium, and realized capital reserves. As of December 31, 2019, the Company could repurchase no more than 7,849 thousand shares, with a total value of no more than \$2,790,383 thousand.
- 3) In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.
- 4) On December 16, 2021, the Company announced that it will transfer 287 thousand treasury shares to its employees, with the value of \$19,040 thousand, wherein the Company will recognize the salary expense, capital surplus, and minority interest of \$7,606 thousand, \$6,843 thousand, and \$763 thousand, respectively, in December 2021. The transfer procedures had been completed in January 2022.
- 5) Measurement of fair value on grant date

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

	<u>December 16, 2021</u>
	<u>Transfer for employees</u>
Fair value of grant day	\$ 93.00
Stock price of grant day	93.00
Strike price	66.34
Expected volatility	44.66 %
Expected Life	8
Risk-free interest rate	0.4050 %

Expected volatility is based on the weighted average of historical volatility, and it is adjusted when there is additional market information about the volatility. The Group determined the expected dividends, wherein the risk-free interest rate is based on interest rate of bank time deposit. Service and non-market performance conditions attached to the transactions are not taken into account in determining the fair value.

(Continued)

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

(iv) Other equity

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at 1 January 2022	\$ (387,002)	(4,365)	(391,367)
Exchange differences on foreign operations	130,419	-	130,419
Net change in fair value of investments in financial assets at FVTOCI	-	(3,125)	(3,125)
Balance at 31 March 2022	<u>\$ (256,583)</u>	<u>(7,490)</u>	<u>(264,073)</u>
Balance at 1 January 2021	\$ (415,073)	(3,762)	(418,835)
Exchange differences on foreign operations	24,274	-	24,274
Net change in fair value of investments in financial assets at FVTOCI	-	(2,705)	(2,705)
Balance at 31 March 2021	<u>\$ (390,799)</u>	<u>(6,467)</u>	<u>(397,266)</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)	2016.03.31	3,047	4 years	Employees' performance has reached the Company's performance standard

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

(ii) The Shareholders' meeting was held on March 29, 2016, Swancor Advanced Materials decided to award 3,047 thousand new shares of restricted stock at an issuance price of CNY9.82, and a fair value of CNY2.44, on grant day to those full-time employees who meet the Company's requirements.

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

	For the three months ended March 31,	
	2022	2021
	Number of shares(thousand)	Number of shares(thousand)
Outstanding at 1 January (as the same outstanding at 31 March)	\$ -	<u>3,047</u> (Note)

Note: According to the share transfer agreement, the shares cannot be transferred within a year on the day Swancor Advanced Materials was listed in the public market.

(Continued)

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

(iii) Expense incurred from share-based arrangements:

	For the three months ended March 31,	
	2022	2021
Expenses resulting from granted employee share options	\$ -	-

(aa) Earnings per Share

1 Basic earnings per share

(i) Profit attributable to ordinary shareholders of the Company

	For the three months ended March 31,	
	2022	2021
Profit attributable to ordinary shareholders of the Company	\$ 58,308	54,738

(ii) Weighted average number of ordinary shares

	For the three months ended March 31,	
	2022	2021
Weighted average number of ordinary shares	\$ 92,792	92,505

2 Diluted earnings per share

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

	For the three months ended March 31,	
	2022	2021
Profit attributable to ordinary shareholders of the Company(basic)	\$ 58,308	54,738
Effect of dilutive potential ordinary shares		
Interest expense on convertible bonds, net of tax	\$ 1,732	-
Profit attributable to ordinary shareholders of the Company (diluted)	\$ 60,040	54,738

(Continued)

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

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

	For the three months ended March 31,	
	2022	2021
Weighted average number of ordinary shares (basic)	\$ 92,792	92,505
Effect of dilutive potential ordinary shares		
Effect of restricted employee shares unvested (Notes)	15	40
Effect of conversion of convertible bonds	20,627	-
Weighted average number of ordinary shares (diluted)	\$ 113,434	92,545

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.

(ab) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended March 31,	
	2022	2021
<u>Primary geographical markets</u>		
Taiwan	\$ 187,807	165,517
China	1,624,564	1,862,771
Other	673,902	597,167
	\$ 2,486,273	2,625,455
<u>Major products/services lines</u>		
Anti-corrosion material	\$ 767,724	566,871
Wind blade material	1,191,135	1,042,720
Other	527,414	1,015,864
	\$ 2,486,273	2,625,455

(Continued)

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

(ii) Contract balances

	March 31, 2022	December 31, 2021	March 31, 2021
Contract liability-advance payment	\$ <u>18,211</u>	<u>14,144</u>	<u>15,860</u>

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

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

The amount of revenue recognized for the three months ended March 31, 2022 and 2021, that were included in the contract liability balance at the beginning of the period were \$11,935 thousand and \$3,294 thousand, respectively.

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

According to the Company's articles of incorporation, the Company should distribute its remuneration of not less than 1% and not more than 3% of annual profits to its employees and directors respectively, after offsetting accumulated deficits, if any. 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. The said conditions and distribution method are decided by the Board of Directors or the personnel authorized by the Board of Directors.

For the three months ended March 31, 2022 and 2021, the Company estimated and reversed its employee remuneration amounting to \$750 thousand and \$485 thousand and directors' and supervisors' remuneration amounting to \$1,500 thousand and \$970 thousand. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholder' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. Shares distributed to employees as employees' remuneration are calculated based on the closing price of the Company's shares on the day before the approval by the Board of Directors.

For the year ended December 31, 2021 and 2020, the Company estimated its employee remuneration amounting to \$885 thousand and \$7,022 thousand, and directors' and supervisors' remuneration amounting to \$2,655 thousand and \$14,010 thousand. Related information would be available at the Market Observation Post System website.

(Continued)

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

(ad) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the three months ended March 31,	
	2022	2021
Interest income from bank deposits	1,699	1,814
Interest income from bonds investment	369	-
	2,068	1,814

(ii) Other income

The details of other income were as follows:

	For the three months ended March 31,	
	2022	2021
Government subsidy	1,526	12,128
Other	1,938	8,240
	3,464	20,368

(iii) Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended March 31,	
	2022	2021
Losses on disposal of property, plant and equipment	(175)	(749)
Gains on disposal of investments	113	490
Foreign exchange gains (losses)	42,528	(6,592)
Gains on disposal of financial assets (liabilities) measured at fair value through profit or loss	621	278
	43,087	(6,573)

(Continued)

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

(iv) Finance costs

The details of finance costs were as follows:

	For the three months ended March 31,	
	2022	2021
Interest expense-bank loans	13,831	17,682
Interest expense-lease liabilities	51	95
Interest expense-bonds	5,066	-
Interest expense - government loans	666	766
	19,614	18,543

(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(ac) of the consolidated financial statements for the year ended December 31, 2021.

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

Major clients of the Group are concentrated in composite material market. To minimize credit risk, the Group periodically evaluates its financial positions and will pledge a collateral if deemed necessary. Besides, the Group monitors and reviews the recoverable amounts of its trade receivables to ensure the uncollectible amounts are recognized appropriately as impairment loss. As of March 31, 2022, December 31, 2021, and March 31, 2021, the percentage of 35%, 16% and 8%, respectively, of accounts receivable were derived from major customers. Thus, the credit risk is significantly centralized.

3) Receivables and debt securities

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

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. The Group has no loss allowance provision for the three months ended March 31 2022 and 2021.

(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.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>1-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
March 31, 2022						
Non-derivative financial liabilities						
Secured loans	\$ 396,122	417,050	103,595	18,403	255,979	39,073
Unsecured loans	2,056,790	2,084,502	1,959,462	32,891	77,983	14,166
Other loans	47,708	52,376	-	-	52,376	-
Accounts payable (including related parties)	2,924,208	2,924,207	2,924,207	-	-	-
Bonds payable	1,905,972	2,000,000	-	-	2,000,000	-
Lease liability	23,645	25,532	8,857	4,505	5,037	7,133
	<u>\$ 7,354,445</u>	<u>7,503,667</u>	<u>4,996,121</u>	<u>55,799</u>	<u>2,391,375</u>	<u>60,372</u>
December 31, 2021						
Non-derivative financial liabilities						
Secured loans	\$ 351,650	363,943	151,499	2,747	209,697	-
Unsecured loans	2,264,458	2,289,782	2,182,959	27,699	68,854	10,270
Other loans	40,073	44,500	-	-	44,500	-
Accounts payable	3,235,146	3,235,146	3,235,146	-	-	-
Bonds payable	1,900,906	2,000,000	-	-	2,000,000	-
Lease liability	11,573	11,732	8,134	2,786	812	-
	<u>\$ 7,803,806</u>	<u>7,945,103</u>	<u>5,577,738</u>	<u>33,232</u>	<u>2,323,863</u>	<u>10,270</u>
March 31, 2021						
Non-derivative financial liabilities						
Secured loans	\$ 712,327	725,085	357,713	367,372	-	-
Unsecured loans	928,241	945,595	945,595	-	-	-
Other loans	68,655	72,991	43,680	-	29,311	-
Account payable	3,904,758	3,904,758	3,904,758	-	-	-
Lease liability	10,089	10,286	5,826	4,319	141	-
	<u>\$ 5,624,070</u>	<u>5,658,715</u>	<u>5,257,572</u>	<u>371,691</u>	<u>29,452</u>	<u>-</u>

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) Market risk

1) Currency risk

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

	March 31, 2022			December 31, 2021			March 31, 2021		
	Foreign currency	Exchange rates	NTD	Foreign currency	Exchange rates	NTD	Foreign currency	Exchange rates	NTD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 36,254	28.625	1,037,771	28,599	27.68	791,620	23,353	28.535	666,378
EUR	7,800	31.92	248,976	13,297	31.32	416,462	15,427	33.48	516,496
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	24,808	28.625	710,129	22,807	27.68	631,298	30,455	28.535	869,033
EUR	6,339	31.92	202,341	7,891	31.32	247,146	4,614	33.48	154,477

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts and other receivables, loans and borrowings and accounts and other payables that are denominated in foreign currency. A strengthening (weakening) of 0.5% of the NTD against the USD and EUR as at March 31, 2022 and 2021 would have increased (decreased) the net profit after tax by \$1,497 thousand and \$637 thousand, respectively.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months ended March 31, 2022 and 2021, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$42,528 thousand and \$(6,592) 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 \$9,812 thousand and \$6,837 thousand for the three months ended March 31, 2022 and 2021, respectively. This is mainly due to the Group's borrowing in variable rates.

(Continued)

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

3) Other market price risk

For the three months ended March 31, 2022 and 2021, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss with all other variable factors remaining constant as illustrated below:

<u>Prices of securities at the reporting date</u>	For the three months ended March 31,			
	2022		2021	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increasing 0.5%	\$ 248	8	239	11
Decreasing 0.5%	\$ (248)	(8)	(239)	(11)

(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:

	March 31, 2022				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	\$ 668,182	1,888	2,200	664,094	668,182
Financial assets at fair value through other comprehensive income					
Stocks unlisted on domestic markets	25,031	-	-	25,031	25,031
Stocks listed on domestic markets	49,650	49,650	-	-	49,650
Original bonds	39,410	39,410	-	-	39,410
Subtotal	114,091	89,060	-	25,031	114,091
Financial assets measured at amortized cost					
Cash and cash equivalents	2,298,039	-	-	-	-
Notes, accounts and other receivables	4,518,517	-	-	-	-
Other financial assets-current	227,479	-	-	-	-
Other financial assets-non-current	400,029	-	-	-	-
Cash surrender value of life insurance	58,517	-	-	-	-
Refundable deposit	12,860	-	-	-	-
Subtotal	7,515,441	-	-	-	-
Total	\$ 8,297,714	90,948	2,200	689,125	782,273

(Continued)

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

	March 31, 2021				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Financial assets at fair value through profit or loss					
Financial assets designated at fair value through profit or loss	\$ 43,743	-	43,743	-	43,743
Non derivative financial assets mandatorily measured at fair value through profit or loss	538,932	2,290	-	536,642	538,932
Subtotal	\$ 582,675	2,290	43,743	536,642	582,675
Financial assets at fair value through other comprehensive income					
Stocks unlisted on domestic markets	\$ 25,031	-	-	25,031	25,031
Stocks listed on domestic markets	47,849	47,849	-	-	47,849
Original bonds	42,509	42,509	-	-	42,509
Subtotal	115,389	90,358	-	25,031	115,389
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,100,373	-	-	-	-
Notes, accounts and other receivables (including related parties)	6,338,230	-	-	-	-
Other financial assets-current	116,962	-	-	-	-
Other financial assets-non-current	1,684	-	-	-	-
Cash surrender value of life insurance	56,630	-	-	-	-
Refundable deposits	6,832	-	-	-	-
Subtotal	7,620,711	-	-	-	-
Total	\$ 8,318,775	92,648	43,743	561,673	698,064
Financial liabilities					
Financial liabilities measured at amortized cost					
Short-term borrowings (including other loans)	\$ 1,149,192	-	-	-	-
Notes, accounts and other payables	3,904,758	-	-	-	-
Long-term borrowings, current portion	170,800	-	-	-	-
Long-term borrowings (including other loans)	389,231	-	-	-	-
Subtotal	5,613,981	-	-	-	-
Total	\$ 5,613,981	-	-	-	-

- 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.

(Continued)

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

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.

4) Transfers between Level 1 and Level 2

There were no transfers from one level to another level for the three months ended March 31, 2022 and 2021.

5) Reconciliation of Level 3 fair values

	<u>Fair value through profit or loss (Unquoted equity instruments)</u>	<u>Fair value through other comprehensive income (Unquoted equity instruments)</u>
Opening balance on January 1, 2022 (as the same balance at March 31)	\$ <u>664,094</u>	<u>25,031</u>
Opening balance on January 1, 2021 (as the same balance at March 31)	\$ <u>536,642</u>	<u>25,031</u>

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.

(Continued)

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

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets measured at fair value through profit or loss - equity investments without an active market- Swancor Renewable Energy	Discounted Cash Flow Method	<ul style="list-style-type: none"> • Cost of equity Ratio (As of March 31, 2022, December 31, 2021 and March 31, 2021 were 6.96%, 6.96% and 7.22%) • Lack of marketability discount (As of March 31, 2022, December 31, 2021 and March 31, 2021 were all 26.2%) 	<ul style="list-style-type: none"> • the higher the Cost of equity Ratio, the higher the fair value • the higher the lack of marketability discount, the lower the fair value
Financial assets measured at fair value through profit or loss- equity investments without an active market-F I International	Discounted Cash Flow Method	<ul style="list-style-type: none"> • Cost of equity Ratio (As of March 31, 2022, December 31, 2021 and March 31, 2021 were 6.96%, 6.96% and 7.22%) • Lack of marketability discount (As of March 31, 2022, December 31, 2021 and March 31, 2021 were all 26.2%) 	<ul style="list-style-type: none"> • the higher the Cost of equity Ratio, the higher the fair value • the higher the lack of marketability discount, the lower the fair value
Financial assets at fair value through other comprehensive income (Available-for-sale financial assets) equity investments without an active market-Gigantex Composite Technologies	Public company comparable	<ul style="list-style-type: none"> • Price-Book Ratio (As of March 31, 2022, December 31, 2021 and March 31, 2021 were 2.12~3.97, 2.12~3.97 and 1.27~2.54, respectively) • Price-to-Sales Ratio (As of March 31, 2022, December 31, 2021 and March 31, 2021 were 0.65~1.88, 0.65~1.88 and 0.47~1.90, respectively) • Lack of marketability discount (As of March 31, 2022, December 31, 2021 and March 31, 2021 were all 35%, respectively) 	<ul style="list-style-type: none"> • the higher the Price-Book Ratio, the higher the fair value • the higher the Price-to-Sales Ratio, the higher the fair value • the higher the lack of marketability discount, the lower the fair value

(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>
March 31, 2022						
Financial assets at fair value through profit or lost						
Equity investments without an active market	664,094	0.5 %	3,320	(3,320)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	25,031	0.5%	-	-	125	(125)
December 31, 2021						
Financial assets at fair value through profit or lost						
Equity investments without an active market	664,094	0.5 %	3,320	(3,320)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	25,031	0.5%	-	-	125	(125)
March 31, 2021						
Financial assets at fair value through profit or lost						
Equity investments without an active market	536,642	0.5%	2,683	(2,683)	-	-
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
Notes to the Consolidated Financial Statements

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(ad) of the consolidated financial statements for the year ended December 31, 2021.

(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, 2021. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2021. Please refer to Note 6(ae) of the consolidated financial statements for the year ended December 31, 2021 for further details.

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

The Group's investing and financing activities, which did not affect its current cash flow in the three months ended March 31, 2022 and 2021, 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, 2022	Cash flows	Non-cash changes				March 31, 2022
			Write-off	Foreign exchange movement	Amortization	Acquired in acquisition of the subsidiary	
Short-term borrowings	\$ 2,292,267	(381,055)	-	-	-	-	1,911,212
Long-term borrowings (including current portion)	323,841	103,252	(1,165)	-	296	115,476	541,700
Other loans (including deferred income)	71,996	6,156	1,165	2,656	(431)	-	81,542
Lease liabilities (including current portion)	11,573	(2,556)	298	63	-	14,267	23,645
Bonds payable	<u>1,900,906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,066</u>	<u>-</u>	<u>1,905,972</u>
Total liabilities from financing activities	<u>\$ 4,600,583</u>	<u>(274,203)</u>	<u>298</u>	<u>2,719</u>	<u>4,931</u>	<u>129,743</u>	<u>4,464,071</u>

(Continued)

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

	January 1,2021	Cash flows	Non-cash changes				March 31, 2021
			Write-off	Foreign exchange movement	Amortization	Acquired in acquisition of the subsidiary	
Short-term borrowings	\$ 738,071	367,697	-	-	-	-	1,105,768
Long-term borrowings (including current portion)	662,800	(128,000)	-	-	-	-	534,800
Other loans (including current portion)	69,078	4,057	-	(115)	480	-	73,500
Lease liabilities (including current portion)	7,665	(1,561)	4,007	(22)	-	-	10,089
Total liabilities from financing activities	<u>\$ 1,477,614</u>	<u>242,193</u>	<u>4,007</u>	<u>(137)</u>	<u>480</u>	<u>-</u>	<u>1,724,157</u>

(7) Related-party transactions:

(a) Names and relationship with related parties

<u>Name of related party</u>	<u>Relationship with the Group</u>
Swancor Renewable Energy Co., Ltd. (Swancor Renewable Energy)	Key management personnel of the Group are Swancor Renewable Energy's director
Anhui Meijia New Materials Co., Ltd. (Meijia New Materials)	Associate of the Group
Pan-Jiang, Yang	Director of the Group
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
Jian-Dong, Chen	Shareholder of the subsidiary of the Group
Wen-Yu, Chen	Shareholder of the subsidiary of the Group
Qing-Long, Wong	Relative within first degree of relationship of director of the subsidiary of the Group

(Continued)

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

(b) Significant transactions with related parties

(i) Purchase

The Group purchase from related parties was as follows:

	For the three months ended March 31, 2022
Associates-Meijia New Materials	\$ 46,883

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:

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

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) for the three months ended March 31,2022 was as follows:

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

(Continued)

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

(iv) Receivables from Related Parties

The receivables from associates were as follows:

<u>Account</u>	<u>Relationship</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Other receivables	Other related parties - Swancor Renewable Energy	\$ -	-	<u>5,617</u>

(v) Payable from Related Parties

The payable from associates were as follows:

<u>Account</u>	<u>Relationship</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Accounts payables	Associates - Meijia New Materials	\$ 18,374	29,523
Other payables	Director of the Group - Pan-Jiang, Yang	81	-
		<u>\$ 18,455</u>	<u>29,523</u>

(c) Key management personnel compensation

Key management personnel compensation comprised the following:

	<u>For the three months ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 13,404	7,166
Post-employment benefits	201	303
	<u>\$ 13,605</u>	<u>7,469</u>

(8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Land	Bank Loans	\$ 537,281	537,281	484,076
Buildings	Bank Loans	304,143	146,647	192,240
Right-of-use asset	Bank Loans	166,372	161,260	164,442
Restricted bank deposit (other financial assets- current)	Bank's acceptance bill, long-term borrowings, stand by L/C and bank guarantee	227,479	167,915	116,962
Restricted bank deposit (other non-current assets)	Guarantee letter of convertible bond and bank loans	400,029	400,029	1,684
		<u>\$ 1,635,304</u>	<u>1,413,132</u>	<u>959,404</u>

(Continued)

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

(9) Significant commitments and contingencies:

- (a) Unrecognized contractual commitments

	March 31, 2022	December 31, 2021	March 31, 2021
Acquisition of property, plant and equipment	\$ 688,802	863,705	257,389

- (b) Outstanding standby letter of credit

	March 31, 2022	December 31, 2021	March 31, 2021
Outstanding standby letter of credit	\$ 172,429	128,242	142,977

- (c) Contingencies: None.

- (d) Other: None.

(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:

		For the three months ended March 31,					
By function		2022			2021		
By item	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	37,174	71,710	108,884	40,717	71,211	111,928	
Labor and health insurance	3,997	6,086	10,083	3,524	5,322	8,846	
Pension	4,449	6,003	10,452	4,143	5,075	9,218	
Others	1,936	1,388	3,324	2,267	1,257	3,524	
Depreciation	38,692	22,026	60,718	23,107	22,222	45,329	
Amortization	-	1,550	1,550	5	1,044	1,049	

- (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		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
					Ending balance									Item	Value		
0	Swancor Holding	Swancor Innovation & Incubation	Other receivables	Yes	30,000	-	-	-	2	-	Operating purpose	-	-	-	2,247,077 (Note 1)	2,247,077 (Note 2)	
0	Swancor Holding	Swancor	Other receivables	Yes	USD 1,800 51,525	USD 1,800 51,525	USD 1,800 51,525	3%	2	-	Operating purpose	-	-	-	2,247,077 (Note 1)	2,247,077 (Note 2)	
0	Swancor Holding	Sunwell Carbon Fiber Composite	Other receivables	Yes	130,000	130,000	130,000	1.6%	2	-	Operating purpose	-	-	-	842,654 (Note 1)	2,247,077 (Note 2)	
0	Swancor Holding	Swancor (Jiangsu) Carbon Composites	Other receivables	Yes	RMB 18,000 81,166	RMB 18,000 81,166	RMB 18,000 81,166	4%	2	-	Operating purpose	-	-	-	842,654 (Note 1)	2,247,077 (Note 2)	
2	Sunwell Carbon Fiber Composite	Swancor (Jiangsu) Carbon Composites	Other receivables	Yes	RMB 20,000 90,184	RMB 20,000 90,184	RMB 5,000 22,546	4.5%	2	-	Operating purpose	-	-	-	99,746 (Note 3)	265,990 (Note 3)	

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

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

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

Note4 : For the purpose of lending, the numbering is classified as follows:

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

Note5 : The transactions have been eliminated upon consolidation.

(Continued)

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

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/guarantees to third parties on behalf of parent company	Endorsements/guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	Swancor Holding	Swancor (Jiangsu) Carbon Composites	2	2,808,847	886,398	829,008	554,756	-	14.76 %	5,617,693	Y	N	Y
1	Swancor Highpolymer	Swancor Ind (M)	1	385,835	143,125	143,125	14,313	-	9.27 %	771,669	N	N	N
2	Swancor Advanced Materials	Swancor Ind (M)	2	1,444,886	976,105	976,105	48,993	-	20.27 %	2,408,144	N	N	N
2	Swancor Advanced Materials	Swancor (Jiangsu)	2	1,444,886	67,638	67,638	32,196	-	1.40 %	2,408,144	N	N	Y
2	Swancor Advanced Materials	Swancor (Tianjin)	2	1,444,886	676,380	676,380	397,277	-	14.04 %	2,408,144	N	N	Y

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

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

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

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

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

(Continued)

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 not included):

(In Thousands of New Taiwan Dollars)

Name of holder	Name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Swancor Holding	Stock – Swancor Renewable Energy	Other related parties	Financial assets at fair value through profit or loss-non-current	25,127	259,707	5.00 %	259,707	
Swancor Holding	Stock – China Communications Media Group Co., Ltd.		Financial assets at fair value through profit or loss-current	10	189	0.06 %	189	
Swancor Holding	Stock- Tsang Yow Industrial Co., Ltd.		Financial assets at fair value through profit or loss-current	26	530	0.03 %	530	
Swancor Holding	Stock – Aero Win Technology Corporation		Financial assets at fair value through profit or loss-current	12	169	0.02 %	169	
Swancor Holding	Stock – KoanHau Technology Co., Ltd.		Financial assets at fair value through profit or loss-current	68	1,000	0.09 %	1,000	
Swancor Holding	Stock - F I International		Financial assets at fair value through profit or loss-non-current	45,246	404,387	7.50 %	404,387	
Swancor Holding	Stock – Gigantex Composite Technologies Co., Ltd.		Financial assets at fair value through other comprehensive income-non-current	20	25,031	14.92 %	25,031	
Swancor Holding	Special Stock – WT Microelectronics Co., Ltd.		Financial assets at fair value through other comprehensive income-non-current	1,000	49,650	0.11 %	49,650	
Swancor Holding	Stock – Promix Composites, Inc.		Financial assets at fair value through other comprehensive income-non-current	1,500	-	10 %	-	
Swancor Holding	Stock- Ideal Star International Corp.		Financial assets at fair value through other comprehensive income-non-current	500,000	-	10 %	-	
Swancor Holding	Bonds-The Royal Bank of Scotland Group plc		Financial assets at fair value through other comprehensive income-non-current	-	5,903	- %	5,903	
Swancor Holding	Stock- Dell Inc.		Financial assets at fair value through other comprehensive income-non-current	-	6,241	- %	6,241	
Swancor Holding	Bonds-Citigroup Inc.		Financial assets at fair value through other comprehensive income-non-current	-	9,560	- %	9,560	
Swancor Holding	Bonds-AT & T Corporation		Financial assets at fair value through other comprehensive income-non-current	-	7,040	- %	7,040	
Swancor Holding	Bonds-British Petroleum		Financial assets at fair value through other comprehensive income-non-current	-	5,319	- %	5,319	
Swancor Holding	Bonds-Hewlett Packard Company		Financial assets at fair value through other comprehensive income-non-current	-	5,347	- %	5,347	

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

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

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

(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 or indirect subsidiaries of the Company	(Sales)	(170,437)	(7.02)%	90 day	Note 1	No difference	100,873	2.71 %	
Swancor Advanced Materials	Swancor (Jiangsu)	Direct or indirect subsidiaries of the Company	Purchases	170,437	6 %	90 day	Note 1	No difference	(100,873)	(3)%	

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:

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 or indirect subsidiaries of the Company	100,873	(5.32) %	-	-	-	-
Swancor (Jiangsu)	Swancor (Tianjin)	Direct or indirect subsidiaries of the Company	199,101	(1.66) %	-	-	-	-

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

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

(In Thousands of New Taiwan Dollars)

No. (Note1)	Name of company	Name of counterparty	Nature of relationship (Note2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	Swancor Advanced Materials	Swancor(Jiangsu)	3	Purchases	170,437	The sales prices and payment terms were same as those of sales to third parties.	6.86 %
2	Swancor(Jiangsu)	Swancor Advanced Materials	3	Sales	170,437	The sales prices and payment terms were same as those of sales to third parties.	6.86 %

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

(Continued)

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

(b) Information on investees:

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

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

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2022	December 31, 2021	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%	574,671	(7,191)	(6,214)	
Swancor Holding	Swancor Innovation & Incubation	R.O.C.	Management consulting	210,000	10,000	21,000	100%	181,192	(12,769)	(12,769)	
Swancor Holding	Strategic	Samoa	Investing and holding	USD 9,601 317,780	USD 9,601 317,780	9,601	100%	3,768,374	USD 2,673 74,894	74,894	
Strategic	Swancor	Samoa	Investing and holding	USD 7,100 233,692	USD 7,100 233,692	7,100	100%	USD 105,978 3,033,608	USD 2,156 60,426	USD 2,156 60,426	
Swancor Advanced Materials	Swancor (HK)	Hong Kong	Investing and holding	USD 21,880 662,997	USD 21,880 662,997	35,650	100%	RMB 213,818 964,138	RMB 8,697 38,375	RMB 8,697 38,375	
Swancor (HK)	Swancor Ind. (M)	Malaysia	Chemical products manufacturing and processing	USD 7,820 241,521	USD 7,820 241,521	32,657	100%	HKD 52,493 191,972	HKD 2,283 8,149	HKD 2,283 8,149	
Swancor (HK)	Swancor Highpolymer	ROC	Chemical products manufacturing and processing	USD 14,000 415,800	USD 14,000 415,800	41,580	100%	HKD 211,012 771,669	HKD 8,407 30,179	HKD 8,407 30,179	
Sunwell Carbon Fiber Composite	COTECH	ROC	Producing and selling carbon composites	130,000	-	130,000	80.82%	130,000	(8,229)	-	

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

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

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

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2022	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Swancor Advanced Materials	Production and selling of Vinyl Ester Resins and light composite material resins	USD 20,677 RMB 348,576 1,834,912	Indirectly owned by the company	USD 2,500 84,071	-	-	USD 2,500 84,071	USD 3,395 95,129	79.24%	USD 2,690 75,380	USD 133,325 3,816,426	RMB 131,009 585,878
Wuxi Rongmai Engineering Plastic Co., Ltd.	Producing Engineering plastic used in electronic, electrical engineering and automotive industry	USD 2,100 64,806	Indirectly owned by the company (Note1)	USD 250 8,098	-	-	USD 250 8,098	-	10%	-	-	-
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 3,627 16,006	79.24%	RMB 2,874 12,683	RMB 186,119 839,250	-
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 (6) (28)	79.24%	RMB (5) (22)	RMB 135,374 610,427	-
Meijia New Materials	Producing and selling of powder coating and epoxy resin	RMB 210,000 913,290	Indirectly owned by the company	-	-	-	-	RMB 14,470 63,850	18.87%	RMB 2,189 9,661	RMB 171,100 771,524	-
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 (4,536) (20,013)	72.50%	RMB (3,805) (16,790)	416,526	-

(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 March 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Swancor Holding	USD 2,282	USD 90,401 2,726,477	4,126,029

Note1 : Invested by Ideal Star

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

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

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

(iii) Significant transactions:

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

(d) Major shareholders

Shareholder's name	Shareholding	Shares	Percentage
Tsai's Holding Co., Ltd.		10,683,625	11.42 %
Jau-Yang, Tsai		8,957,033	9.57 %

(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.