

Swancor Holding Company Limited

2023 Annual Shareholders' Meeting Minutes

Time and Date : 9:00 a.m. (Monday) May 29, 2023

Place : No.2, Wenxian Road, Nantou City

Convening Method: Physical Shareholders' Meeting

Attendance: Total shares represented by shareholders present in person or by proxy: 64,967,454 shares (including 19,241,593 shares casted electronically), percentage of shares held by shareholders present in person or by proxy: 66.68% (excluding 713,000 non-voting shares in accordance with Article 179, Paragraph 2 of the Company Act), exceeded the statutory meeting shares : Five directors attended this regular shareholders meeting, including Chairman Jau-Yang Tsai, independent director Sheng-Chung Lin, director Kuei-Tuan Chen, director Pan-Chiang Yang and director Hsiao-Yi Tsai, which exceeded half of the eight director seats.

Other attendees: Cheng-Hsueh Chen of KPMG

Chairman : Jau-Yang Tsai, the Chairman of the Board of Directors

Recorder: Su-Chen Wu

I. Meeting commencement: The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

II. Chairperson's Remarks (omitted)

III. Report Items

- (1) 2022 Business Report (Please refer to Attachment)
- (2) 2022 Audit Committee's Audit Report (Please refer to Attachment)
- (3) 2022 Profit Distribution to Employees and Directors (Please refer to the shareholders meeting manual)
- (4) Repurchase of Treasury Shares (Please refer to the shareholders meeting manual)
- (5) Status on the Issuance of 2021 3rd Domestic Secured Convertible Bond and 4th Domestic Non-secured Convertible Bond (Please refer to the shareholders meeting manual)

IV. Proposals

Case 1 (Proposed by the Board of Directors)

Cause: 2022 Business Report and Financial Statement

- Notes: 1. The Company's stand-alone financial statements and consolidated financial statements (balance sheet, statement of comprehensive loss and profit, statement of changes in equity and cash flow) for 2022 were approved by the resolution of the Board of Directors on March 10, 2023, and audited by CPA Cheng-Hsueh Chen and CPA Shih-Hua, Kuo of KPMG. The above-mentioned financial statements, together with the business report, are submitted to the Audit Committee for audit. The audit has been completed and a written audit report has been issued.
2. Please refer to attachment for 2022 Business Report, the audit report of the CPAs and the above-mentioned forms and lists.
3. The proposal is hereby submitted to the shareholders meeting for ratification.

Voting Results:

Shares represented at the time of voting : 64,967,454

Voting Results*	% of the total represented share present
Votes in favor : 62,540,212 votes (16,814,351 votes)	96.26%
Votes against : 4,762 votes (4,762 votes)	0.00%
Votes invalid : 0 vote	0.00%
Votes abstained : 2,422,480 votes (2,422,480 votes)	3.72%

*including votes casted electronically (numbers in brackets)

RESOLVED, that the 2022 Business Report and Financial Statement be and hereby were accepted as submitted.

Case 2 (Proposed by the Board of Directors)

Cause: Earning Distribution in 2022.

Note: 1.The Company's 2022 earning distribution table is as follows:

Earning distribution table
of Swancor Holding Co., Ltd.
2022

Unit: NT\$

Item	Total
Distributable earnings	
(1) Beginning balance of retained earnings	951,548,240
(2) Net Income for the current period	903,152,939
Total	1,854,701,179
Distribution items	
(1) Legal reserve	90,315,294
(2) Reversal of special reserve	(43,630,300)
(3) Shareholders' dividend - cash (NT\$5 per share)	487,090,520
(4) Undistributed surplus at the end of the period	1,320,925,665
Total	1,854,701,179

Chairman of the board: Jau-Yang Tsai General Manager: Jau-Yang Tsai Accounting supervisor: Chia-Min Hung

2. For this period's motion to distribute cash dividends NT\$487,090,520, the dividend will be calculated to the amount of one whole NTD, and any decimal point below one NTD will be rounded down. Shares below one dollar NTD will be adjusted from the largest decimal place, until the total amount of cash dividend has been distributed. After the approval of this shareholders' meeting, the Board of Directors shall be authorized to set the base date and payment date for dividend distribution.
3. If the change of the Company's share capital affects the number of outstanding shares and leads to the change and amendment of shareholder dividend ratio, Board of

- Directors shall be authorized to handle the changes.
4. The Company's 2022 earnings shall be distributed first.
 5. The proposal is hereby submitted to the shareholders' meeting for ratification.

Voting Results:

Shares represented at the time of voting : 64,967,454

Voting Results*	% of the total represented share present
Votes in favor : 62,542,807 votes (16,816,946 votes)	96.26%
Votes against : 28,863 votes (28,863 votes)	0.04%
Votes invalid : 0 vote	0.00%
Votes abstained : 2,395,784 votes (2,395,784 votes)	3.68%

*including votes casted electronically (numbers in brackets)

RESOLVED, that the Earning Distribution in 2022 be and hereby were accepted as submitted.

V. Discussions

Case 1 (Proposed by the Board of Directors)

Cause: Amendments to partial content of the Procedures for the Acquisition or Disposal of Assets.

- Notes: 1. In line with the existing operating procedures of the Company, partial content of the Company's "Procedures for the Acquisition or Disposal of Assets" were amended.
2. Please refer to attachment for a comparison table of the provisions before and after the amendment of the Company's "Procedures for the Acquisition or Disposal of Assets".
 3. The proposal is hereby submitted to the shareholders' meeting for discussion.

Voting Results:

Shares represented at the time of voting : 64,967,454

Voting Results*	% of the total represented share present
Votes in favor : 52,889,777 votes (7,163,916 votes)	81.40%
Votes against : 8,220,808 votes (8,220,808 votes)	12.65%
Votes invalid : 0 vote	0.00%
Votes abstained : 3,856,869 votes (3,856,869 votes)	5.93%

*including votes casted electronically (numbers in brackets)

RESOLVED, that the above proposal be and hereby was approved as proposed.

Case 2 (Proposed by the Board of Directors)

Cause: Proposal for Issuing New Restricted Employee Shares

- Notes: 1. The Company intends to issue new restricted employee shares in accordance with the provisions of Paragraph 9, Article 267 in the Company Act and the relevant regulations of the Financial Supervisory Commission, including the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers".

2. The estimated total amount of new restricted employee shares to be issued: the number of common shares shall be 450,000 shares which is equivalent to 0.45% of the Company's issued common shares, with a par value of NT\$10 per share, for a total amount of NT\$4.5 million. Within one year after the resolution of the shareholders' meeting, the Company may report to the competent authority all at one time or in a series of separate steps. Within two years from the date of the effective notification of the competent authority's approval of the report, the Company may issue the shares in one or several tranches as deemed necessary. The actual issue date shall be determined by the Board of Directors under the authority of the Chair of Directors.

3. Terms of Issue

(I) Par value of each share: NT\$0 per share, i.e., shares granted to employees.

(II) Vesting Conditions

(1) If an employee is still in employment on each vesting date after being allotted (i.e., the capital increase recordation date) new restricted employee shares, and has not violated the Company's labor contract, work rules, prohibition of competition, prohibition of part-time employment, confidentiality agreement or contractual agreements with the Company during the period as approved by the Company, and has achieved the employee's personal performance evaluation objectives set by the Company and the Company's operating goals for each year, the vesting percentage of new restricted employee shares on each year's vesting date shall be as follows:

- Completion of 1 year of service after allotment: 40% of allotted shares.
- Completion of 2 year of service after allotment: 60% of allotted shares.

(2) Employee's personal performance evaluation objectives: according to the evaluation grade of the year before each vesting date, the employee's individual performance evaluation result shall be S (including S) or above.

(3) The Company's operating goals:

If the Company's net income for the period, after excluding "gain/loss on disposal of investments" and related taxes, attributable to the owners of the parent company in the consolidated financial statements for the year preceding each vesting date is a positive amount, the Company's target achievement rate shall be calculated based on the growth rate of consolidated operating revenues (excluding operating revenues from mergers and acquisitions during the vesting period) compared to 2022.

- Growth in operating revenue in 2023 compared to 2022: threshold 10%, target 45%.
- Growth in operating revenue in 2024 compared to 2022: threshold 25%, target 80%.

Note 1. The Company's target achievement rate: less than the threshold: 0%, equal to the threshold: 50%, more or equal to the target: 100%, between the threshold and the target: calculated by interpolation.

Note 2. The actual number of shares to be vested shall be calculated based on the vesting ratio set by the Company's achievement of operating goals and the employees' individual performance evaluations. If a calculation of the aforementioned ratio results in a fraction or decimal point, it shall be rounded off. The calculation of the vested shares shall be completed up to the number of shares, and any share that is less than one shall be unconditionally rounded off.

(III) Type of shares issued: Common shares of the Company.

(IV) Handling of employees' failure to meet vesting conditions or in the event of inheritance: If employees fail to meet vesting conditions, the Company shall take back the shares without compensation and cancel them. All other matters shall be

- handled in accordance with the Company's issuance regulations.
4. Necessary reasons for issuing new restricted employee shares: To attract and retain the employees the Company needs, to motivate employees and to enhance their motivation in order to jointly create benefits for the Company and its shareholders, and to ensure that the interests of employees are aligned with those of shareholders.
 5. Employee qualification requirements and number of shares allotted.
 - (I) Eligible employees shall be limited to full-time employees of the Company before the date of granting new restricted employee shares and employees of control or subordinate companies who meet certain criteria which shall be authorized to be set by the Board of Directors.
 - (II) The actual number of shares to be granted to employees and the number of shares to be allotted to them shall be determined by the Chair of Directors with reference to the length of service, grade, performance, overall contribution, special merit or other management criteria, and shall be approved by the Board of Directors after submission to the Board of Directors for approval, except that the qualification of employees with the status of managers or directors with the status of employees shall first be approved by the Compensation Committee and then reported to the Board of Directors for resolution. For employees who are not managers or directors, they shall report to the Audit Committee for approval and then to the Board of Directors for resolution.
 - (III) The cumulative number of shares granted to a sole employee through the issuance of employee stock warrants in accordance with paragraph 1, Article 56-1 in the aforementioned Regulations Governing the Offering and Issuance of Securities by Securities Issuers, plus the cumulative number of new restricted employee shares shall not exceed 3‰ of the total number of shares issued, and the cumulative number of shares granted to a sole employee through the issuance of employee stock warrants in accordance with paragraph 1, Article 56 in said Regulations shall not exceed 1% of the total number of shares issued.
 6. The recognizable expenses: Based on the closing securities price of NT\$100 per share on January 16, 2023, the total amount that can be recognized as expenses shall be estimated to be NT\$45 million, and the estimated amounts that can be recognized as expenses shall be NT\$13.125 million, NT\$24 million and NT\$7.875 million for the year 2023 to 2025, respectively.
 7. Impacts on the Company's earnings per share: Based on the current number of common shares and the number of new restricted employee shares, the company's earnings per share shall be estimated to decline by NT\$0.13, NT\$0.25 and NT\$0.08 for the year 2023 to 2025, respectively.
 8. Other factors affecting shareholders' equity: The number of shares issued shall be still limited to the dilution of the Company's earnings per share, so there is no significant effect on shareholders' equity.
 9. The new restricted employee shares issued by the Company may be handled in the form of custodial trust of the shares.
 10. For the method of issuing the new restricted employee shares in 2023, please refer to the Attachment.
 11. If the conditions for the issuance of new restricted employee shares need to be revised or amended by the competent authorities, the relevant laws and regulations, or in response to the financial market conditions, it shall be submitted to the shareholders' meeting to authorize the Board of Directors to exercise its full authority.
 12. The issuance of new restricted employee shares, the relevant restrictions and important contracts or matters that are not yet completed shall be governed by the relevant laws and regulations and the issuance rules established by the Company.
 13. The proposal is hereby submitted to the shareholders' meeting for discussion.

Voting Results:

Shares represented at the time of voting : 64,967,454

Voting Results*	% of the total represented share present
Votes in favor : 61,048,515 votes (15,322,654 votes)	93.96%
Votes against : 43,295 votes (43,295 votes)	0.00%
Votes invalid : 0 vote	0.00%
Votes abstained : 3,875,644 votes (3,875,644 votes)	5.96%

*including votes casted electronically (numbers in brackets)

RESOLVED, that the above proposal be and hereby was approved as proposed.

VI. Extraordinary Motions : None

VII. Adjournment

The meeting was adjourned at 9:22 am, which was approved by all shareholders present without objection.

There were no questions from shareholders at the shareholders meeting.

(Attachments)

2023 Business Report

Swancor Holding Company Limited (hereinafter referred to as "Swancor Holdings") is an investment holding company. Its main subsidiaries are Swancor Advanced Materials Co., Ltd. (hereinafter referred to as "Swancor Advanced Materials"), Sunwell Carbon Fiber Composite Corporation (hereinafter referred to as "Swancor Carbon Fiber"), and Swancor Innovation & Incubation Co., Ltd. (hereinafter referred to as "Swancor Innovation & Incubation"). Its main businesses include the research and development of precision chemicals, carbon composite materials, and innovative materials as well as new business incubation.

Swancor Holdings established the integrated industrial structure and independent development strategies by focusing on combining precision chemicals and composite materials with green energy and carbon-neutral industries to enhance its overall operating performance and market competitiveness.

I. Operating results in 2022:

The consolidated turnover of Swancor Holding was NT\$9.771 billion, net profit after tax (attributable to the parent company) was NT\$903 million, and earnings per share (attributable to the parent company) was NT\$9.48.

II. Business plan and strategy for 2023:

Swancor Holding is an investment holding company, and its 2023 plan and strategy for the main subsidiaries, Swancor Advanced Materials, Sunwell Carbon Fiber, and Swancor Innovation & Incubation are described as follows.

1. The main products of Swancor Advanced Materials are anti-corrosion resin and green energy materials.

1.1 Anti-corrosion resin:

China: Actively seize business opportunities in various applications of environmental protection in accordance with China's environmental protection policies, collaborate with investment partner, Anhui Meijia New Materials, to expand outreach to composite materials customers, focus on new products and new applications, reinforce geographical expansion strategy, and strengthen marketing in remote areas through distributors, in order to solidify its leading market position and achieve continuous sales growth.

Global: With our successful experience in Taiwan and China markets, we will deepen the market penetration in cooperation with distributors, increase our market share in major target regions including Southeast Asia, India and the Middle East, reinforce the use of SWANCOR HYVER in vessel applications, and establish production capacity cooperation with strategic partners in European and American regions to improve competitiveness, increase market share and enhance profitability.

The medium and long-term goal of anti-corrosion material business unit is to achieve the No. 1 market share in Asian market.

1.2 Eco-friendly green energy materials::

China: We are promoting new recyclable epoxy products, grasping the development trends of the industrial market, closely following government policies, strengthening the strategic partnerships with OEMs in mainland China, improving our technical services and brand image, exploring new customers, and increasing our market penetration rate. We will continue to promote the application of SWANCOR HYVER products in blade components to increase market share and profitability.

Global: By virtue of Swancor's product quality, technical capabilities and achievements in Taiwan offshore wind power, its wind power laminar resins have obtained orders after being certified by the international wind turbine manufacturers. We will actively explore new customers, promote the recyclable epoxy products and HYVER, establish capacity cooperation with strategic partners in Europe to enhance competitiveness, grasp emerging industries such as offshore wind power in Taiwan, and continue to seek new application opportunities to maintain its leading market share and increase profitability.

In the medium and long term, our goal is to become a technology leader in wind turbine blade materials and a pioneer in circular economy.

2. The main products of Sunwell Carbon Fiber are pultruded plate and prepreg sheets:

Pultruded plates: The products have been certified by leading international wind turbine manufacturers and major customers in China and have received orders from them. The products are mainly used for wind turbine blade spars. Swancor will continue to refine its product quality, improve its yield of products and technological capabilities, and actively explore and obtain accreditation from new customers to ensure the stable supply of upstream carbon and glass fibers and accelerate sustainable growth.

Prepreg sheets: We will actively explore new customers and applications outside of wind power industry, increase capacity utilization rate, and develop innovative recyclable prepreg sheets in combination with recyclable resins to accelerate sustainable growth.

In addition to the sustainable development of the two major products, we will integrate the resources of COTECH Inc. and move from materials to carbon fiber molded components, so as to exploit the combined effect and develop more customers for carbon fiber composite material applications in aerospace industry and new energy vehicles. We are also actively developing new products as a new growth engine.

3. Swancor Innovation & Incubation mainly focuses on forward-looking research and development of innovative materials and the incubation of new businesses:

We will continue to deepen the cooperation between the Company and schools, and devote ourselves to the R&D of carbon neutrality. Swancor will focus on forward-looking research and development of carbon capture, utilization and storage; identify suitable sites and collaborative partners for carbon capture testing; utilize the test equipment to perform carbon capture in practice; and consolidate existing resources to explore carbon utilization and storage channels. Swancor will also invest resources in the development of carbon fiber recycling applications, including recycling technologies and the market for applications, to achieve the goal of a

circular economy.

This year, we will, based on the business foundation developed in the past few years, continue to develop our new material business under the two main development strategies, and focus on the mass production of EzCiclo and CleaVER and diversified applications to become a leading company in recycled materials. Swancor's carbon composite materials have obtained orders from the international wind turbine manufacturers and Chinese machine factories. Swancor will ensure the stable supply of upstream carbon and glass fibers and continuously improve the yield of products, so that the revenue will continue to grow and profits will be improved. At the same time, Swancor will integrate COTECH INC.'s resources to tap into a new customer base of carbon fiber composites' applications in the aerospace and new energy vehicle sectors. Meanwhile, Swancor Innovation & Incubation will focus on the research and development of carbon capture, utilization and storage and carbon fiber recycling applications along with early investments in businesses related to carbon neutrality. We are actively involved in the development of the circular economy and are committed to becoming a carbon reduction and carbon neutrality expert.

In addition to developing new businesses, Swancor Holdings plans to merge companies with excellent teams and products, in the hope to generate synergy and strengthen competitiveness to accomplish its mission of "Devoted to carbon neutrality and new materials innovation" and lay a broader foundation for corporate sustainability and profitability.

Chairman: Jau-Yang Tsai

General Manager: Jau-Yang Tsai

Accounting supervisor: Chia-Min Hung

Audit Committee's Audit Report

We have audited the Company's 2022 financial statements (including consolidated financial statements), business report and earnings distribution proposal submitted by the board of directors, of which the 2022 financial statements (including consolidated financial statements) have been audited by CPAs Cheng-Hsueh Chen and Shih-Hua, Kuo of KPMG, and the audit report was presented. The above financial statements (including consolidated financial statements), business report and earnings distribution statement for 2022 have been audited by the Audit Committee, and it is found that there is no discrepancy. Therefore, the report shall be prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for your review.

Sincerely,

Swancor Holding Co., Ltd. 2023 General Shareholders' Meeting

Swancor Holding Company Limited

Convener of the Audit Committee: Sheng-Chung Lin

March 10, 2023

Independent Auditors' Report

To the Board of Directors of Swancor Holding Company Limited:

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Evaluation of investments accounted for using the equity method

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company' s internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method in order to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)

March 10, 2023

Notes to Readers

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

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

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

Swancor Holding Company Limited

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021			December 31, 2022		December 31, 2021	
	Amount	%	Amount	%		Amount	%	Amount	%
Assets					Liabilities and Equity				
Current assets:					Current liabilities:				
1100 Cash and cash equivalents (note 6(a))	\$ 1,359,458	16	1,566,792	19	2100 Short-term borrowings (note 6(l))	\$ -	-	500,000	6
1110 Current financial assets at fair value through profit or loss (note 6(b) and (o))	2,051	-	3,505	-	2120 Current financial liabilities at fair value through profit or loss (note 6(b) and (o))	3,208	-	4,700	-
1200 Other receivables (note 6(d))	2,051	-	513	-	2200 Other payables (note 6(m) and (q))	104,117	1	43,126	1
1210 Other receivables from related parties (note 6(e) and 7)	68,221	1	231,178	3	2230 Current tax liabilities	58,799	1	77,235	1
1410 Prepayments	32,876	-	13,461	-	2399 Other current liabilities, others (note 6(m))	523	-	37,707	-
1479 Other current assets (note 6(k) and 8)	2,665	-	2,510	-	2280 Current lease liabilities (note 6(p))	351	-	2,528	-
Total current assets	1,467,322	17	1,817,959	22	Total current liabilities	166,998	2	665,296	8
Non-current assets:					Non-Current liabilities:				
1510 Non-current financial assets at fair value through profit or loss (note 6(b))	665,904	8	664,094	8	2530 Bonds payable (note 6(o) and 8)	1,502,045	17	1,900,906	23
1517 Non-current financial assets at fair value through other comprehensive income (note 6(c))	109,662	2	115,927	1	2540 Long-term borrowings (note 6(n) and 8)	203,515	2	213,515	3
1550 Investments accounted for using equity method (note 6(e))	4,826,532	56	4,063,931	50	2570 Deferred income tax liabilities (note 6(r))	54,903	1	-	-
1600 Property, plant and equipment (note 6(h) and 8)	1,476,779	17	1,067,285	13	2670 Other non-current liabilities, others (note 6(m))	591	-	583	-
1755 Right-of-use assets (note 6(i) and 8)	343	-	2,821	-	2580 Non-current lease liabilities (note 6(p))	-	-	351	-
1780 Intangible assets (note 6(j))	1,955	-	3,772	-	Total non-current liabilities	1,761,054	20	2,115,355	26
1840 Deferred tax assets (note 6(r))	21,663	-	17,997	-	Total liabilities	1,928,052	22	2,780,651	34
1980 Other non-current financial assets (note 6(l) and 8)	-	-	400,029	5	Equity (note 6(s)):				
1981 Cash surrender value of life insurance (note 6(g))	-	-	56,340	1	3100 Ordinary shares	981,311	12	935,046	12
1990 Other non-current assets, others (note 6(k))	16,107	-	2,587	-	3200 Capital surplus (note 6(o))	3,533,803	41	3,161,540	38
Total non-current assets	7,118,945	83	6,394,783	78	3300 Retained earnings	2,538,139	30	1,774,173	22
					3400 Other equity	(347,737)	(4)	(391,367)	(5)
					3500 Treasury shares	(47,301)	(1)	(47,301)	(1)
					Total equity	6,658,215	78	5,432,091	66
Total assets	\$ 8,586,267	100	8,212,742	100	Total liabilities and equity	\$ 8,586,267	100	8,212,742	100

See accompanying notes to parent company only financial statements.

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

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

See accompanying notes to parent company only financial statements.

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

Swancor Holding Company Limited

Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Other equity interest		Total	Treasury shares	Total equity	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income				
Balance at 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>
Profit for the year	-	-	-	-	185,933	185,933	-	-	-	-	185,933
Other comprehensive income for the year	-	-	-	-	-	-	28,071	(603)	27,468	-	27,468
Total comprehensive income for the year	-	-	-	-	185,933	185,933	28,071	(603)	27,468	-	213,401
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	62,603	-	(62,603)	-	-	-	-	-	-
Special reserve	-	-	-	(3,642)	3,642	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(323,766)	(323,766)	-	-	-	-	(323,766)
Treasury shares transfer to employees	-	6,843	-	-	-	-	-	-	-	19,040	25,883
Due to recognition of equity component of convertible bonds issued	-	213,351	-	-	-	-	-	-	-	-	213,351
Adjustment to capital surplus due to non-proportional investment	-	570	-	-	-	-	-	-	-	-	570
Balance at December 31, 2021	<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>
Balance at 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>
Profit for the year	-	-	-	-	903,153	903,153	-	-	-	-	903,153
Other comprehensive income for the year	-	-	-	-	-	-	53,910	(10,280)	43,630	-	43,630
Total comprehensive income for the year	-	-	-	-	903,153	903,153	53,910	(10,280)	43,630	-	946,783
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	18,593	-	(18,593)	-	-	-	-	-	-
Special reserve	-	-	-	(27,468)	27,468	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(139,187)	(139,187)	-	-	-	-	(139,187)
Conversion of convertible bonds	46,265	369,564	-	-	-	-	-	-	-	-	415,829
Share-based payment transactions	-	2,699	-	-	-	-	-	-	-	-	2,699
Balance at December 31, 2022	<u>\$ 981,311</u>	<u>3,533,803</u>	<u>292,074</u>	<u>391,367</u>	<u>1,854,698</u>	<u>2,538,139</u>	<u>(333,092)</u>	<u>(14,645)</u>	<u>(347,737)</u>	<u>(47,301)</u>	<u>6,658,215</u>

See accompanying notes to parent company only financial statements.

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

Swancor Holding Company Limited

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

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

See accompanying notes to parent company only financial statements.

Independent Auditors' Report

To the Board of Directors of Swancor Holding Company Limited:

Opinion

We have audited the consolidated financial statements of Swancor Holding Company Limited (“the Company”) and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2022, and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

1. Revenue Recognition

Refer to Note 4(n) “Revenue” and Note 6(ab) “Revenue from contracts with customers” to the consolidated financial statements.

Description of key audit matter:

Revenue recognition when the control in each individual contract with customers is transferred. The Company recognizes revenue depending on the various sales terms in each individual contract with customers of the Group’s management. In addition, since the Company is a listed company, it takes responsibility to maintain stable revenue in order to meet investors’ expectation; therefore, revenue recognition has been identified as one of our key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included testing the Company’s internal controls surrounding revenue recognition; assessing whether appropriate revenue recognition policies are applied through comparison with accounting standard, and understanding the Company’s main revenue types, its related sales agreements, and sales terms; on a sample basis, inspecting contracts with customers or customers’ orders, and assessing whether the accounting treatment of the related contracts (including sales terms) is applied appropriately; performing a test regarding the details on sales revenue, and understanding the rationale for any identified significant sales fluctuations and any significant reversals of revenue through sales discounts and sales returns, which incurred within a certain period before, or after, the balance sheet date; and evaluating the adequacy of the Company’s disclosures of its revenue recognition policy and other related disclosures.

2. Evaluation of Accounts receivable

Please refer to Note 4(g) “Financial instruments”, Note 5(a) “The loss allowance of accounts receivable” and Note 6(d) “Notes and accounts receivable” to the consolidated financial statements.

Description of key audit matter:

The Group’s accounts receivable is concentrated within certain customers, and the determination of allowance for accounts receivable relies on the management’s subjective judgment. Therefore, the valuation of accounts receivables is one of our key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, concerning the allowance of accounts receivable, we analyze the overdue aging report, historical collection records and concentration of credit risk from clients in order to determine whether the Company recognizes its allowance of accounts receivable and the amount appropriately.

3. Assessment of Inventories

The accounting principle of inventories, refer to consolidated financial statements Note 4 (h) “inventories”, the assessment of accounting estimate and assumption uncertainty, refer to consolidated financial statements Note 5 (b); the explanation of inventories assessment refers to consolidated financial statements Note 6 (f).

Description of key audit matter:

The Group’s inventories are measured at the lower of cost and net realizable value. However, the cost of inventories might exceed its net realizable value due to the rapid advancement of technology and the changes in market demand. Therefore, inventories evaluation is one of our key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included conducting sampling to examine accuracy of inventories aging; assessing the Group's inventories decline or rationality of debt ratio; examining accuracy of allowance amount of inventory of past years, and comparing with this period; assessing whether estimation method this period presents fairly; examining whether the valuation of inventories is in compliance with the accounting policies of the Group; understanding the basis of the selling price the management used to ensure the reasonableness of net realizable value of inventories to determine the sufficiency of allowance of inventories and whether the related disclosures are appropriate.

Other Matter

The Company has prepared its parent company only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

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

Notes to Readers

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

The independent auditors' audit 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' audit report and consolidated financial statements, the Chinese version shall prevail.

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

Swancor Holding Company Limited and subsidiaries

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2022		December 31, 2021		Liabilities and Equity		December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 2,527,070	18	2,530,959	17	2100	Short-term borrowings (note 6(p) and 8)	\$ 1,294,674	9	2,292,267	16
1110	Current financial assets at fair value through profit or loss (note 6(b) and (s))	2,051	-	3,505	-	2120	Current financial liabilities at fair value through profit or loss (note 6(b) and (s))	3,761	-	4,700	-
1150	Notes receivable, net (note 6(d))	2,452,806	17	2,134,787	15	2130	Current contract liabilities (note 6(ab))	35,333	-	14,144	-
1170	Accounts receivable, net (note 6(d))	2,476,625	18	2,901,468	20	2150	Notes payable	426,615	3	553,265	4
1200	Other receivables (note 6(e))	4,064	-	1,012	-	2170	Accounts payable	1,707,700	12	2,239,595	15
1220	Current tax assets	9,311	-	7,309	-	2180	Accounts payable to related parties (note 7)	4,318	-	29,523	-
130X	Inventories (note 6(f))	899,451	6	1,236,469	8	2200	Other payables (note 6(q))	439,224	3	412,763	3
1410	Prepayments	43,792	-	38,315	-	2220	Other payables to related parties (note 7)	5,000	-	-	-
1479	Other current assets (note 6(o))	59,459	-	109,363	1	2230	Current tax liabilities	129,126	1	98,582	1
1476	Other current financial assets (note 6(o) and 8)	156,070	1	167,915	1	2399	Other current liabilities, others (note 6(q) and (v))	60,289	-	62,445	-
	Total current assets	8,630,699	60	9,131,102	62	2322	Long-term borrowings, current portion (note 6(r) and 8)	62,304	1	20,187	-
Non-current assets:						2280	Current lease liabilities (note 6(t))	16,784	-	8,009	-
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	665,904	5	664,094	5		Total current liabilities	4,185,128	29	5,735,480	39
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	109,662	1	115,927	1		Non-Current liabilities:				
1550	Investments accounted for using equity method (note 6(g))	920,162	6	925,446	6	2530	Bonds payable (note 6(s) and 8)	1,502,045	11	1,900,906	13
1600	Property, plant and equipment (note 6(l) and 8)	3,469,962	24	2,809,810	19	2540	Long-term borrowings (note 6(r) and 8)	510,896	4	343,727	3
1755	Right-of-use assets (note 6(m) and 8)	251,517	2	230,228	2	2550	Non-current provisions (note 6(u))	7,900	-	-	-
1780	Intangible assets (note 6(n))	53,917	-	11,308	-	2570	Deferred income tax liabilities (note 6(x))	56,637	-	839	-
1840	Deferred tax assets (note 6(x))	91,058	1	87,974	1	2670	Other non-current liabilities, others (note 6(q) and (v))	46,055	-	31,466	-
1981	Cash surrender value of life insurance (note 6(k))	-	-	56,340	-	2580	Non-current lease liabilities (note 6(t))	17,967	-	3,564	-
1990	Other non-current assets (note 6(o) and 8)	81,214	1	544,079	4		Total non-current liabilities	2,141,500	15	2,280,502	16
	Total non-current assets	5,643,396	40	5,445,206	38		Total liabilities	6,326,628	44	8,015,982	55
Total assets		\$ 14,274,095	100	14,576,308	100	Equity attributable to owners of parent (note 6(y)):					
						3100	Ordinary shares	981,311	7	935,046	6
						3200	Capital surplus (note 6(z))	3,533,803	25	3,161,540	22
						3300	Retained earnings	2,538,139	18	1,774,173	12
						3400	Other equity	(347,737)	(3)	(391,367)	(3)
						3500	Treasury shares	(47,301)	-	(47,301)	-
							Total equity attributable to owners of parent:	6,658,215	47	5,432,091	37
						36xx	Non-controlling interests (note 6(j))	1,289,252	9	1,128,235	8
							Total equity	7,947,467	56	6,560,326	45
							Total liabilities and equity	\$ 14,274,095	100	14,576,308	100

See accompanying notes to consolidated financial statements.

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

		<u>2022</u>		<u>2021</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenues (note 6(ab))	\$ 9,771,454	100	10,710,300	100
5000	Operating costs (note 6(f), (w) and 7)	8,243,020	84	9,370,771	87
	Gross profit from operations	<u>1,528,434</u>	<u>16</u>	<u>1,339,529</u>	<u>13</u>
	Operating expenses (note 6(w), (ac) and 7):				
6100	Selling expenses	418,344	4	531,723	5
6200	Administrative expenses	435,407	5	400,341	4
6300	Research and development expenses	214,300	2	240,938	2
6450	Impairment loss (gain) determined in accordance with IFRS 9 (note 6(d))	(13,100)	-	17,153	-
		<u>1,054,951</u>	<u>11</u>	<u>1,190,155</u>	<u>11</u>
	Net operating income	<u>473,483</u>	<u>5</u>	<u>149,374</u>	<u>2</u>
	Non-operating income and expenses (note 6(ad)):				
7100	Interest income	19,798	-	10,439	-
7010	Other income and expenses	40,847	1	66,571	-
7020	Other gains and losses (note 6(i) and (k))	697,675	7	(26,543)	-
7050	Finance Costs (note 6(s) and (t))	(81,105)	(1)	(91,106)	-
7060	Share of profit of associates and joint ventures accounted for using equity method (note 6(g))	(4,371)	-	13,728	-
		<u>672,844</u>	<u>7</u>	<u>(26,911)</u>	<u>-</u>
	Profit before income tax	<u>1,146,327</u>	<u>12</u>	<u>122,463</u>	<u>2</u>
7950	Income tax expenses (income) (note 6(x))	186,348	2	(96,389)	-
	Profit	<u>959,979</u>	<u>10</u>	<u>218,852</u>	<u>2</u>
8300	Other comprehensive income (note 6(y)):				
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	70,194	1	38,290	-
8367	Unrealized losses from investments in debt instruments measured at fair value through other comprehensive income	(10,280)	-	(603)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
8300	Other comprehensive income for the year, net of tax	<u>59,914</u>	<u>1</u>	<u>37,687</u>	<u>-</u>
	Total comprehensive income for the year, net of tax	<u>\$ 1,019,893</u>	<u>11</u>	<u>256,539</u>	<u>2</u>
	Profit attributable to:				
8610	Owners of parent	903,153	9	185,933	2
8620	Non-controlling interests (note 6(j))	56,826	1	32,919	-
		<u>\$ 959,979</u>	<u>10</u>	<u>218,852</u>	<u>2</u>
	Comprehensive income attributable to:				
8710	Owners of parent	946,783	10	213,401	2
8720	Non-controlling interests (note 6(j))	73,110	1	43,138	-
		<u>\$ 1,019,893</u>	<u>11</u>	<u>256,539</u>	<u>2</u>
	Earnings per share (NT Dollars) (note 6(aa))				
9750	Basic earnings per share	<u>\$ 9.48</u>		<u>2.01</u>	
9850	Diluted earnings per share	<u>\$ 8.07</u>		<u>1.93</u>	

See accompanying notes to consolidated financial statements.

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

Swancor Holding Company Limited and subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
	Retained earnings						Other equity interest			Treasury shares	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				
Balance on January 1, 2021	\$ 935,046	2,940,776	210,878	422,477	1,278,651	1,912,006	(415,073)	(3,762)	(418,835)	(66,341)	5,302,652	1,112,945	6,415,597
Profit for the year	-	-	-	-	185,933	185,933	-	-	-	-	185,933	32,919	218,852
Other comprehensive income for the year	-	-	-	-	-	-	28,071	(603)	27,468	-	27,468	10,219	37,687
Total comprehensive income for the year	-	-	-	-	185,933	185,933	28,071	(603)	27,468	-	213,401	43,138	256,539
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	62,603	-	(62,603)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	(3,642)	3,642	-	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(323,766)	(323,766)	-	-	-	-	(323,766)	-	(323,766)
Treasury share transfer to employees	-	7,278	-	-	-	-	-	-	-	19,040	26,318	830	27,148
Due to recognition of equity component of convertible bonds issued	-	213,351	-	-	-	-	-	-	-	-	213,351	-	213,351
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(28,543)	(28,543)
Adjustment to capital surplus due to non-proportional investment	-	135	-	-	-	-	-	-	-	-	135	(135)	-
Balance at December 31, 2021	\$ 935,046	3,161,540	273,481	418,835	1,081,857	1,774,173	(387,002)	(4,365)	(391,367)	(47,301)	5,432,091	1,128,235	6,560,326
Balance on January 1, 2022	\$ 935,046	3,161,540	273,481	418,835	1,081,857	1,774,173	(387,002)	(4,365)	(391,367)	(47,301)	5,432,091	1,128,235	6,560,326
Profit for the year	-	-	-	-	903,153	903,153	-	-	-	-	903,153	56,826	959,979
Other comprehensive income for the year	-	-	-	-	-	-	53,910	(10,280)	43,630	-	43,630	16,284	59,914
Total comprehensive income for the year	-	-	-	-	903,153	903,153	53,910	(10,280)	43,630	-	946,783	73,110	1,019,893
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	18,593	-	(18,593)	-	-	-	-	-	-	-	-
special reserve	-	-	-	(27,468)	27,468	-	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(139,187)	(139,187)	-	-	-	-	(139,187)	-	(139,187)
Conversion of convertible bonds	46,265	369,564	-	-	-	-	-	-	-	-	415,829	-	415,829
Share-based payment transactions	-	2,699	-	-	-	-	-	-	-	-	2,699	656	3,355
Due to the acquisition of the subsidiary	-	-	-	-	-	-	-	-	-	-	-	87,251	87,251
Balance at December 31, 2022	\$ 981,311	3,533,803	292,074	391,367	1,854,698	2,538,139	(333,092)	(14,645)	(347,737)	(47,301)	6,658,215	1,289,252	7,947,467

See accompanying notes to consolidated financial statements.

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

Swancor Holding Company Limited and subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	\$ 1,146,327	122,463
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	251,362	197,336
Amortization expenses	10,956	4,269
Impairment loss (reversal of impairment loss)	(13,100)	17,153
Net gains on financial assets or liabilities at fair value through profit or loss	(650,607)	(5,287)
Interest expense	81,105	91,106
Interest income	(19,798)	(10,439)
Dividend income	(65,225)	(56,280)
Share-based payment transactions	3,355	8,108
Share of profit of associates and joint ventures accounted for using equity method	4,371	(13,728)
Losses (gain) on disposal of property, plant and equipment	9,707	(972)
Increase in cash surrender value of life insurance	(11,683)	(1,105)
Amortization of deferred income	(4,374)	(2,034)
Gains on lease modification	(32)	-
Other adjustments to reconcile profit	(4,449)	-
	<u>(408,412)</u>	<u>228,127</u>
Changes in operating assets and liabilities:		
(Increase) decrease in notes receivable	(318,633)	484,454
Decrease in accounts receivable	442,674	478,487
(Increase) decrease in other receivables	(3,014)	84,279
Decrease in other receivables due from related parties	-	5,617
Decrease (increase) in inventories	343,537	(220,885)
(Increase) decrease in prepayments	(4,945)	132,396
Decrease (increase) in other operating assets	51,970	(16,662)
Total changes in operating assets	<u>511,589</u>	<u>947,686</u>
Changes in operating liabilities:		
Decrease (increase) in notes payable	(137,487)	108,992
Decrease in accounts payable	(533,545)	(980,436)
Decrease (increase) in accounts payable to related parties	(25,205)	29,523
Increase in other payables	27,535	14,084
Decrease in other payable to related parties	(5,029)	-
Decrease in provisions	(18,530)	-
Increase in other operating liabilities	51,148	57,006
Total changes in operating liabilities	<u>(641,113)</u>	<u>(770,831)</u>
Total adjustments	<u>(537,936)</u>	<u>404,982</u>
Cash inflow generated from operations	608,391	527,445
Dividends received	65,225	56,280
Interest received	20,232	10,840
Interest paid	(61,529)	(83,843)
Income taxes paid	(96,264)	(65,179)
Net cash flows from operating activities	<u>536,055</u>	<u>445,543</u>
Cash flows from (used in) investing activities:		
Acquisition of non-current financial assets at fair value through profit or loss	-	(127,452)
Proceeds from disposal of non-current financial assets at fair value through profit or loss	609,020	-
Acquisition of current financial assets at fair value through profit or loss	(137,017)	-
Proceeds from disposal of current financial assets at fair value through profit or loss	139,486	4,394
Acquisition of investments accounted for using equity method	-	(911,718)
Acquisition of property, plant and equipment	(665,369)	(1,093,221)
Proceeds from disposal of property, plant and equipment	56,463	6,900
Decrease in refundable deposits	1,257	1,025
Acquisition of intangible assets	(32,167)	(3,699)
Net cash flow from acquisition of subsidiaries	54,212	-
Decrease (increase) in other financial assets	407,674	(392,500)
Increase (decrease) in prepayments for business facilities	(34,261)	41,509
Increase in prepayments for investments	-	(65,000)
Proceeds from disposal of cash surrender value of life insurance	68,023	-
Net cash flow from (used in) investing activities	<u>467,321</u>	<u>(2,539,762)</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	2,638,918	4,173,872
Decrease in short-term borrowings	(3,636,511)	(2,662,734)
Issuance to corporate bond	-	2,113,308
Proceeds from long-term borrowings	255,520	756,715
Repayments of long-term borrowings	(163,990)	(1,073,919)
Increase in guarantee deposits received	279	-
Decrease in other payables to related parties	(9,643)	-
Repayments of lease liabilities	(10,673)	(6,769)
Cash dividends paid	(139,187)	(323,766)
Proceeds from sale of treasury shares	-	19,040
Change in non-controlling interests	-	(28,543)
Increase in deferred income	20,434	23,965
Net cash flow (used in) from financing activities	<u>(1,044,853)</u>	<u>2,991,169</u>
Effect of exchange rate changes on cash and cash equivalents	<u>37,588</u>	<u>35,209</u>
Net (decrease) increase in cash and cash equivalents	<u>(3,889)</u>	<u>932,159</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>\$ 2,527,070</u>	<u>2,530,959</u>

See accompanying notes to consolidated financial statements.

Comparison Table for Amendments to “Procedures for the Acquisition or Disposal of Assets”

Original Version		Amended Version		Revision notes
No.	Summary	No.	Summary	
5.0 Process Notes 5.1	<p>5.1 Below are the procedures and limits relevant to the acquisition and disposal of the Company's assets.</p> <p>5.1.1 Investment in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficiary securities and asset-based securities, etc., <u>with an amount of less than NT\$50 million per day or per transaction or cumulative amount, shall be approved by the top supervisor of the authorized financial unit; the amount between NT\$50 million and NT\$100 million (inclusive) shall be authorized to the chairman for approval and submitted to the latest board of directors for ratification.</u></p> <p>5.1.2 Real property and its right-of-use assets: <u>the amount of each transaction of less than or equal to NT\$50 million shall be authorized to the chairman for approval and submitted to the latest board of directors for ratification.</u></p> <p>5.1.3 Other fixed assets, membership cards and intangible assets: <u>the amount of each transaction of less than or equal to NT\$500,000 shall be executed after being approved by the supervisor of each unit; the amount of each transaction between NT\$500,000 and NT\$10 million (inclusive) shall be executed after being approved by the chairman; the amount of each transaction between NT\$10 million and NT\$50 million (inclusive) shall be authorized to the chairman for approval, and submitted to the latest board of directors for ratification.</u></p> <p>5.1.4 Derivative products: shall be processed in accordance with the Company's</p>	5.0 Process Notes 5.1	<p>5.1 Below are the procedures and limits relevant to the acquisition and disposal of the Company's assets.</p> <p>5.1.1 Investment in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficiary securities and asset-based securities, etc.: <u>to be approved at each level in accordance with the "Approval Authority".</u></p> <p>5.1.2 Real property and its right-of-use assets: 5.1.2.1 <u>If the counterparty is a non-related party: to be approved at each level in accordance with the "Approval Authority".</u> 5.1.2.2 <u>If the counterparty is a related party: to be approved by the Board of Directors. If the relationship with the related party could meet the requirements in 5.8.5, the transaction amount shall be approved level by level according to the Approval Authority, and submitted to the Board of Directors for confirmation afterwards.</u></p> <p>5.1.3 Other fixed assets, membership cards and intangible assets: <u>to be approved at each level in accordance with the "Approval Authority".</u></p> <p>5.1.4 Derivative products: shall be processed in accordance with the Company's "Procedures for Engaging in Derivatives Trading".</p>	To be in line with the Company's practical approval level adjustment, and take into account the modification procedure of the process to modify it.

	"Procedures for Engaging in Derivatives Trading".			
5.0 Process Notes 5.4 Standards for announcement and declaration 5.4.3	"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount.	5.0 Process Notes 5.4 Standards for announcement and declaration 5.4.3	"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these <u>Procedures</u> need not be counted toward the transaction amount.	To revise the name.
5.0 Process Notes 5.8 The operating procedures for the acquisition or disposal of assets by the Company and its related parties are as follows: 5.8.3~5.8.5	5.8.3 If the Company acquires or disposes of real property or its right-of-use assets from a related party, or acquires or disposes of assets other than real property or its right-of-use assets with a related party, and the transaction amount reaches 20% of the Company's paid in capital, 10% of its total assets, or NT\$300 million or more, except for buying and selling domestic government bonds, bonds with repurchase or resale conditions, subscribing for or repurchasing money market funds issued by domestic securities investment trust enterprises, the following data shall be submitted to the Audit Committee <u>and</u> the Board of Directors for approval before signing the transaction contract and making payment: 5.8.3.1 The purposes, necessity, and anticipated benefits of the acquisition or disposition of the assets. 5.8.3.2 The reasons for selecting the related persons as the transaction counterparty. 5.8.3.3 When acquiring real property or its right-of-use assets from related parties, the Company shall evaluate relevant data of rationality of predetermined transaction conditions in accordance with 5.8.7. 5.8.3.4 Information such as the date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party. 5.8.3.5 Monthly cash flow forecasts for the year commencing from the	5.0 Process Notes 5.8 The operating procedures for the acquisition or disposal of assets by the Company and its related parties are as follows: 5.8.3~5.8.5	5.8.3 If the Company acquires or disposes of real property or its right-of-use assets from a related party, or acquires or disposes of assets other than real property or its right-of-use assets with a related party, and the transaction amount reaches 20% of the Company's paid in capital, 10% of its total assets, or NT\$300 million or more, except for buying and selling domestic government bonds, bonds with repurchase or resale conditions, subscribing for or repurchasing money market funds issued by domestic securities investment trust enterprises, the following data shall be submitted to the Audit Committee <u>for approval by more than half of the members of the committee and also to the Board of Directors</u> for approval the transaction contract and making payment: 5.8.3.1 The purposes, necessity, and anticipated benefits of the acquisition or disposition of the assets. 5.8.3.2 The reasons for selecting the related persons as the transaction counterparty. 5.8.3.3 When acquiring real property or its right-of-use assets from related parties, the Company shall evaluate relevant data of rationality of predetermined transaction conditions in accordance with 5.8.7. 5.8.3.4 Information such as the date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party. 5.8.3.5 Monthly cash flow forecasts for the year	1. To clearly describe the process. 2. To revise the name.

	<p>anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the uses of fund.</p> <p>5.8.3.6 An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>5.8.3.7 Restrictive covenants and other important stipulations associated with the transaction.</p> <p>5.8.4 The calculation of the transaction amount in 5.8.3 and 5.8.5 shall be conducted in accordance with 5.4.2, and the said one-year period is based on the date of the occurrence of the transaction, which is calculated retroactively one year ahead. Those that have been submitted to shareholders' meeting, <u>the Audit Committee</u> and the Board of Directors for approval in accordance with the provisions of these guidelines are not included.</p> <p>5.8.5 When the Company and its subsidiaries, or its subsidiaries that the Company directly or indirectly holds 100% of the issued shares or total capital, engage in the following transactions with each other, the board of directors may, in accordance with the provisions of 5.1 and 5.3 of these guidelines, authorize the Chairman to make a decision within a certain amount and then submit it to the latest board of directors for ratification:</p> <p>5.8.5.1 Acquisition or disposal of the equipment or the right-of-use assets for business use.</p> <p>5.8.5.2 Acquisition or disposal of real property right-of-use assets held for business use.</p>		<p>commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the uses of fund.</p> <p>5.8.3.6 An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</p> <p>5.8.3.7 Restrictive covenants and other important stipulations associated with the transaction.</p> <p>5.8.4 The calculation of the transaction amount in 5.8.3 and 5.8.5 shall be conducted in accordance with 5.4.2, and the said one-year period is based on the date of the occurrence of the transaction, which is calculated retroactively one year ahead. Those that have been submitted to shareholders' meeting, <u>the Board of Directors and</u> the Audit Committee for approval in accordance with the provisions of these <u>Procedures</u> are not included.</p> <p>5.8.5 When the Company and its subsidiaries, or its subsidiaries that the Company directly or indirectly holds 100% of the issued shares or total capital, engage in the following transactions with each other, the board of directors may, in accordance with the provisions of 5.1 and 5.3 of these <u>Procedures</u>, authorize the Chairman to make a decision within a certain amount and then submit it to the latest board of directors for ratification:</p> <p>5.8.5.1 Acquisition or disposal of the equipment or the right-of-use assets for business use.</p> <p>5.8.5.2 Acquisition or disposal of real property right-of-use assets held for business use.</p>	
<p>5.0 Process Notes</p> <p>5.8 The operating procedures for the acquisition or disposal of assets by the Company and its related parties</p>	<p>If the transaction under 5.8.3 between the Company or a Company's subsidiary amounts to more than 10% of the public company's total assets, the Company shall submit the information listed in the 5.8.3 to the shareholders' meeting for approval before signing the transaction contract and making</p>	<p>5.0 Process Notes</p> <p>5.8 The operating procedures for the acquisition or disposal of assets by the Company and its related</p>	<p>If the transaction under 5.8.3 between the Company or a Company's subsidiary <u>that is not listed</u> amounts to more than 10% of the public company's total assets, the Company shall submit the information listed in the 5.8.3 to the shareholders' meeting for approval before signing the transaction contract and making</p>	<p>1.To revise the text.</p> <p>2.To adjust the item numbers.</p>

<p>are as follows: 5.8.6.2</p>	<p>the payment. However, this does not apply to transactions between the Company and its subsidiaries, or between its subsidiaries.</p>	<p>parties are as follows: <u>5.8.8</u></p>	<p>the payment. However, this does not apply to transactions between the Company <u>and its parent company</u> and subsidiaries, or between its subsidiaries.</p>	
<p>5.0 Process Notes 5.9 Procedures for handling merger, spin-off, acquisition or transfer of shares by the Company 5.9.2</p>	<p>The Company participating in a merger, spin-off or acquisition shall prepare a public report to shareholders detailing important contractual content and relevant matters prior to the shareholders meeting and include it along with the expert opinion referred to in the preceding paragraph when sending shareholders meeting invitation for reference in deciding whether to approve the merger, spin-off, or acquisition. Provided, where a provision of another act exempts the Company from convening a shareholders meeting to approve the merger, spin-off, or acquisition, this restriction shall not apply.</p>	<p>5.0 Process Notes 5.9 Procedures for handling merger, spin-off, acquisition or transfer of shares by the Company 5.9.2</p>	<p>The Company <u>participating in a merger, spin-off or acquisition</u> shall prepare a public report to shareholders detailing important contractual content and relevant matters related to such merger, spin-off or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in the preceding paragraph when sending shareholders meeting invitation for reference in deciding whether to approve the merger, spin-off, or acquisition. Provided, where a provision of another act exempts the Company from convening a shareholders meeting to approve the merger, spin-off, or acquisition, this restriction shall not apply.</p>	<p>To specify the contents.</p>

Swancor Holding Company Limited

Method of issuing new restricted employee shares in 2023

Article 1. Purpose of issuance

In order to attract and retain the talents needed by the Company, to motivate our employees, and to jointly create benefits for the Company and its shareholders, the Company has established the method of issuing new restricted employee shares (the "Method") according to the Article 267 of the Company Law and the Regulations Governing the Offering and Issuance of Securities by Securities Issuers (the "Regulations") issued by the Financial Supervisory Commission (the "FSC").

Article 2. Issuance period

Within one year after the resolution of the shareholders' meeting, the Company may report to the competent authority all at one time or in a series of separate steps. Within two years from the date of the effective notification of the competent authority's approval of the report, the Company may issue the shares in one or several tranches as deemed necessary. The actual issue date shall be determined by the Board of Directors under the authority of the Chair of Directors.

Article 3. Employee qualification requirements and number of shares allotted.

- (I) Eligible employees shall be limited to full-time employees of the Company before the date of granting new restricted employee shares and employees of control or subordinate companies who meet certain criteria which shall be authorized to be set by the Board of Directors.
- (II) The actual number of shares to be granted to employees and the number of shares to be allotted to them shall be determined by the Chair of Directors with reference to the length of service, grade, performance, overall contribution, special merit or other management criteria, and shall be approved by the Board of Directors after submission to the Board of Directors for approval, except that the qualification of employees with the status of managers or directors with the status of employees shall first be approved by the Compensation Committee and then reported to the Board of Directors for resolution. For employees who are not managers or directors, they shall report to the Audit Committee for approval and then to the Board of Directors for resolution.
- (III) The cumulative number of shares granted to a sole employee through the issuance of employee stock warrants in accordance with paragraph 1, Article 56-1 in the aforementioned Regulations Governing the Offering and Issuance of Securities by Securities Issuers, plus the cumulative number of new restricted employee shares shall not exceed 3‰ of the total number of shares issued, and the cumulative number of shares granted to a sole employee through the issuance of employee stock warrants in accordance with paragraph 1, Article 56 in said Regulations shall not exceed 1% of the total number of shares issued. However, if approved by the central governmental authority, the total number of employee stock options and new restricted employee shares acquired by a single employee may not be limited by the above ratios. If the competent authorities update the relevant regulations, the updated regulations shall prevail.

Article 4. Total number of issued shares

The total amount of new restricted employee shares is NT\$4,500,000 with a par value of NT\$10 per share, and a total of 450,000 common shares will be issued.

Article 5. Terms of Issue

- (I) Par value of each share: NT\$0 per share, i.e., shares granted to employees.
- (II) Vesting conditions:
 1. If an employee is still in employment on each vesting date after being allotted (i.e., the capital increase recordation date) new restricted employee shares, and has not violated the Company's labor contract, work rules, prohibition of competition, prohibition of part-time employment, confidentiality agreement or contractual agreements with the Company during the period as approved by the Company, and has achieved the employee's personal performance evaluation

objectives set by the Company and the Company's operating goals for each year, the vesting percentage of new restricted employee shares on each year's vesting date shall be as follows:

- Completion of 1 year of service after allotment: 40% of allotted shares.
- Completion of 2 year of service after allotment: 60% of allotted shares.

2. Employee's personal performance evaluation objectives: according to the evaluation grade of the year before each vesting date, the employee's individual performance evaluation result shall be S (including S) or above.

3. The Company's operating goals:

If the Company's net income for the period, after excluding "gain/loss on disposal of investments" and related taxes, attributable to the owners of the parent company in the consolidated financial statements for the year preceding each vesting date is a positive amount, the Company's target achievement rate shall be calculated based on the growth rate of consolidated operating revenues (excluding operating revenues from mergers and acquisitions during the vesting period) compared to 2022:

- Growth in operating revenue in 2023 compared to 2022: threshold 10%, target 45%;
- Growth in operating revenue in 2024 compared to 2022: threshold 25%, target 80%;

Note 1: The Company's target achievement rate: less than the threshold: 0%, equal to the threshold: 50%, more or equal to the target: 100%, between the threshold and the target: calculated by interpolation.

Note 2: The actual number of shares to be vested shall be calculated based on the vesting ratio set by the Company's achievement of operating goals and the employees' individual performance evaluations. If a calculation of the aforementioned ratio results in a fraction or decimal point, it shall be rounded off. The calculation of the vested shares shall be completed up to the number of shares, and any share that is less than one shall be unconditionally rounded off.

(III) Type of shares issued: Common shares of the Company.

(IV) Handling of employees' failure to meet vesting conditions or in the event of inheritance:

1. If employees fail to meet vesting conditions, the Company shall take back the shares without compensation and cancel them.

2. Leaving or dismissal of employees for any reason:

If there are shares that do not meet the vesting conditions, the Company shall recover and cancel them without compensation, except for those approved by the Board of Directors, and the Board of Directors is authorized to resolve the disposal of new restricted employee shares that do not meet the vesting conditions.

3. Employees who are unable to continue working or die as a result of an occupational disaster:

(1) (For those who are unable to continue to work due to an occupational disaster and have not yet fulfilled the vesting conditions, the vesting conditions shall still be fulfilled in proportion to the time period of the vesting condition in (II) of this Article.

(2) In the event of death due to an occupational disaster, the new restricted employee shares that have not yet fulfilled the vesting condition shall be fulfilled by the successor in proportion to the vesting condition in paragraph (b) of this Article from the date of death of the succeeding employee. However, the successor may apply to receive the shares or disposed interests after they have completed the necessary legal procedures and provided the relevant documents. However, the successor must cooperate to complete the procedures related to the receipt of shares within one year from the date of notification of receipt by the Company. If the successor fails to cooperate in the process after the expiration of the time limit, the successor shall be deemed to have refused to accept the shares and the Company shall have the right to take back and cancel the shares without compensation.

4. Retention without pay:

New restricted employee shares that have not yet met the vesting conditions shall be reinstated from the date of reinstatement, provided that the vesting period shall be deferred for the period of retention without pay. The employees who have not been reinstated after the expiration of the retention without pay shall be deemed to be disqualified from fulfilling the vesting conditions on the date of expiration of the retention without pay, and the Company shall take back the shares that have not yet fulfilled the vesting conditions without compensation and cancel them in accordance with the law.

5. Transfer to affiliates:

If the Company approves the transfer of an employee to an affiliate, the new restricted employee shares that have not yet reached the vesting conditions will still be vested in proportion to the vesting conditions in accordance with this Method and will not be affected by the transfer.

6. Retirement:

For new restricted employee shares that have not yet reached the vesting conditions, if the retirement is approved by the Company in accordance with the regulations, the vesting conditions shall be reached in proportion to those in (b) of this Article from the effective date of the retirement.

7. General death:

New restricted employee shares that have not yet met the vesting conditions shall be deemed not to have met the vesting conditions on the date of death, and the shares will be taken back by the Company without compensation and canceled in accordance with the law.

8. In the event that an employee violates the Company's labor contract, work rules, competition restrictions, part-time employment restrictions, confidentiality agreement, or contractual agreements with the Company, the Company shall take back his or her shares without compensation and cancel them in accordance with the law.

Article 6. Restricted rights of employees until vesting conditions are met after allotment of new shares

- (I) Employees shall not sell, mortgage, transfer, donate, pledge or dispose of the new restricted employee shares until the vesting conditions have been met after allotting the new shares, except for inheritance.
- (II) Attendance, proposals, speeches, voting rights and other matters related to shareholders' rights and interests at shareholders' meetings shall be carried out in accordance with the Trust Custody Agreement.
- (III) In addition to the aforementioned restrictions, employees who are allotted new restricted employee shares in accordance with this method shall not be entitled to the rights and benefits of share allotment, dividend allotment, cash capital increase, capital increase by capital reserve and capital reserve cash allotment until the vesting conditions are met. In the event that the employees who have met the vesting conditions during the period of fifteen business days before the cessation date of each of the Company's share allotment, dividend allotment and stock option to the base date of rights distribution are not entitled to the rights and benefits of share allotment, dividend allotment, stock option, capital increase by capital reserve and capital reserve cash allotment.
- (IV) During the vesting period, the new restricted employee shares shall not participate in the cash capital increase.
- (V) If cash is refunded during the vesting period as a result of the Company's cash reduction, the refund of the capital reduction not vested as a result of such allotment shall be delivered to a trust and the employee, together with the vested shares, without interest upon satisfaction of the vesting conditions and period; provided that if the vesting conditions are

not met upon expiration of the period, the Company shall recover such cash.

Article 7. Taxes

Taxes and duties related to the new restricted employee shares allotted under this Method shall be subject to the laws and regulations of the ROC at the time.

Article 8. Other important agreed matters

- (I) In the event that the Company deems that it is necessary to entrust the new restricted employee shares allotted to the employees under this Method to a trustee for safekeeping, the Company shall have the right to negotiate, sign, amend, extend, cancel, and terminate the trustee contract, transfer and dispose of the trustee property (shares and cash), and perform other acts based on this Method on behalf of the employees.
- (II) The new restricted employee shares allotted to employees under this Method shall be delivered to the trustee designated by the Company for safekeeping before the fulfillment of the vesting conditions, and the employees shall not request the trustee to return the shares for any reason or in any way before the fulfillment of the vesting conditions.
- (III) Signing contract and confidentiality
 1. The Company shall notify the employees receiving the shares to sign the "Contract for New Restricted Employee Shares" when the Company proceeds with the issuance of the shares in accordance with these Regulations, and the employees receiving the shares shall be deemed to have acquired the allotted rights upon signing the "Contract for New Restricted Employee Shares".
 2. The employees who are granted the stock options shall abide by the Company's confidentiality regulations and shall not inquire others or divulge the content and quantity of the new restricted employee shares. If there is any violation, the Company may punish the employee based on the severity of the case. If an employee commits a violation and the Company deems the violation to be material, the employee shall be immediately disqualified from receiving the shares and the Company shall have the right to take back the shares without compensation and cancel them if the employee has not yet fulfilled the vesting conditions.
- (IV) This Method shall be approved by more than 50% of the members of the Board of Directors at the meeting attended by more than two thirds of the members of the Board of Directors, and submitted to the competent authority for approval before becoming effective. Any amendments to the Method shall also be subject to this article before issuance. If, in the course of submission for review and approval, the competent authority requests an amendment to the Method, or if there is a subsequent amendment to the Method due to a change in law or objective circumstances, the Chairman shall be authorized to revise the Method, and the Board of Directors may issue it only after it is ratified by the Board.
- (V) Any matters not covered by the Method shall be subject to the related laws and regulations.