

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

Swancor Holding Company Limited and Subsidiaries

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2022 and 2021**

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

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Independent Auditors' Review Report

To the Board of Directors of Swancor Holding Company Limited:

Introduction

We have reviewed the accompanying consolidated balance sheets of Swancor Holding Company Limited (“the Company”) and its subsidiaries (“the Group”) as of September 30, 2022 and 2021, and the related consolidated statements of comprehensive income, for the three months and nine months ended September 30, 2022 and 2021, changes in equity and cash flows for the nine months ended September 30, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standard 65, “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$671,952 thousand and \$257,296 thousand, constituting 4.74% and 1.70% of consolidated total assets at September 30, 2022 and 2021, respectively, total liabilities amounting to \$101,795 thousand and \$26,119 thousand, constituting 1.61% and 0.30% of consolidated total liabilities as of September 30, 2022 and 2021, respectively, and total comprehensive income (loss) amounting to \$(11,357) thousand, \$2,275 thousand, \$(22,529) thousand and \$2,274 thousand, constituting (1.65)%, (5.32)%, (2.41)% and 2.44% of consolidated total comprehensive income (loss) for the three months and nine months ended September 30, 2022 and 2021, respectively.

Furthermore, as stated in Note 6(g), the other equity accounted investments of the Swancor Holding Company Limited and its subsidiaries in its investee companies of \$957,464 thousand as of September 30, 2022, and its equity in net earnings on these investee companies of \$5,250 thousand and \$19,707 thousand for the three months and nine months ended September 30, 2022, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Swancor Holding Company Limited and its subsidiaries as at September 30, 2022 and 2021, and of its consolidated financial performance for the three months and nine months ended September 30, 2022 and 2021, as well as its consolidated cash flows for the nine months ended September 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)
November 2, 2022

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards as of September 30, 2022 and 2021

Swancor Holding Company Limited and subsidiaries

Consolidated Balance Sheets

September 30, 2022, December 31, 2021, and September 30, 2021

(Expressed in Thousands of New Taiwan Dollars)

Assets		September 30, 2022		December 31, 2021		September 30, 2021		Liabilities and Equity		September 30, 2022		December 31, 2021		September 30, 2021	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 1,896,169	13	2,530,959	17	3,662,642	24	2100	Short-term borrowings (note 6(p) and 8)	\$ 1,305,383	9	2,292,267	16	2,339,594	16
1110	Current financial assets at fair value through profit or loss (note 6(b) and (s))	141,027	1	3,505	-	17,152	-	2120	Current financial liabilities at fair value through profit or loss (note 6(b) and (s))	4,445	-	4,700	-	2,600	-
1150	Notes receivable, net (note 6(d))	2,350,287	17	2,134,787	15	2,484,082	16	2130	Current contract liabilities (note 6(ab))	10,833	-	14,144	-	18,063	-
1170	Accounts receivable, net (note 6(d))	2,457,800	17	2,901,468	20	2,808,426	19	2150	Notes payable	601,288	5	553,265	4	716,524	5
1200	Other receivables (note 6(e) and (i))	2,548	-	1,012	-	23,004	-	2170	Accounts payable	1,674,260	12	2,239,595	15	2,255,167	15
1220	Current tax assets	16,902	-	7,309	-	16,730	-	2180	Accounts payable to related parties (note 7)	7,877	-	29,523	-	-	-
130X	Inventories (note 6(f))	1,198,247	8	1,236,469	8	1,402,742	9	2200	Other payables (note 6(q))	416,477	3	412,763	3	361,908	2
1410	Prepayments	70,668	-	38,315	-	111,964	1	2220	Other payables to related parties (note 7)	5,000	-	-	-	-	-
1479	Other current assets (note 6(o))	53,601	-	109,363	1	122,235	1	2230	Current tax liabilities	129,625	1	98,582	1	110,475	1
1476	Other current financial assets (note 6(o) and 8)	299,759	2	167,915	1	204,252	1	2399	Other current liabilities, others (note 6(q) and (v))	45,930	-	62,445	-	49,397	-
	Total current assets	<u>8,487,008</u>	<u>58</u>	<u>9,131,102</u>	<u>62</u>	<u>10,853,229</u>	<u>71</u>	2322	Long-term borrowings, current portion (note 6(r) and 8)	45,696	-	20,187	-	572,293	4
	Non-current assets:							2280	Current lease liabilities (note 6(t))	5,290	-	8,009	-	7,946	-
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	664,094	5	664,094	5	664,094	4		Total current liabilities	<u>4,252,104</u>	<u>30</u>	<u>5,735,480</u>	<u>39</u>	<u>6,433,967</u>	<u>43</u>
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	109,894	1	115,927	1	115,622	1		Non-Current liabilities:						
1550	Investments accounted for using equity method (note 6(g))	957,464	7	925,446	6	-	-	2530	Bonds payable (note 6(s) and 8)	1,498,410	11	1,900,906	13	1,895,857	13
1600	Property, plant and equipment (note 6(l) and 8)	3,417,998	25	2,809,810	19	2,664,383	18	2540	Long-term borrowings (note 6(r) and 8)	466,674	4	343,727	3	359,868	2
1755	Right-of-use assets (note 6(m) and 8)	238,454	2	230,228	2	231,208	2	2550	Non-current provisions (note 6(u))	7,900	-	-	-	-	-
1780	Intangible assets (note 6(n))	55,095	-	11,308	-	9,555	-	2570	Deferred income tax liabilities	39,806	-	839	-	61,697	-
1840	Deferred tax assets	92,240	1	87,974	1	85,421	1	2670	Other non-current liabilities, others (note 6(q) and (v))	47,615	-	31,466	-	29,590	-
1981	Cash surrender value of life insurance (note 6(k))	65,471	-	56,340	-	56,321	-	2580	Non-current lease liabilities (note 6(t))	12,450	-	3,564	-	5,097	-
1990	Other non-current assets (note 6(o) and 8)	99,574	1	544,079	4	474,120	3		Total non-current liabilities	<u>2,072,855</u>	<u>15</u>	<u>2,280,502</u>	<u>16</u>	<u>2,352,109</u>	<u>15</u>
	Total non-current assets	<u>5,700,284</u>	<u>42</u>	<u>5,445,206</u>	<u>38</u>	<u>4,300,724</u>	<u>29</u>		Total liabilities	<u>6,324,959</u>	<u>45</u>	<u>8,015,982</u>	<u>55</u>	<u>8,786,076</u>	<u>58</u>
									Equity attributable to owners of parent (note 6(y)):						
								3100	Ordinary shares	981,311	7	935,046	6	935,046	6
								3200	Capital surplus (note 6(z))	3,532,926	25	3,161,540	22	3,154,564	21
								3300	Retained earnings	2,424,698	17	1,774,173	12	1,671,504	11
								3400	Other equity	(306,110)	(3)	(391,367)	(3)	(426,400)	(3)
								3500	Treasury shares	(47,301)	-	(47,301)	-	(66,341)	-
									Total equity attributable to owners of parent:	<u>6,585,524</u>	<u>46</u>	<u>5,432,091</u>	<u>37</u>	<u>5,268,373</u>	<u>35</u>
								36xx	Non-controlling interests (note 6(j))	1,276,809	9	1,128,235	8	1,099,504	7
									Total equity	<u>7,862,333</u>	<u>55</u>	<u>6,560,326</u>	<u>45</u>	<u>6,367,877</u>	<u>42</u>
Total assets		<u>\$ 14,187,292</u>	<u>100</u>	<u>14,576,308</u>	<u>100</u>	<u>15,153,953</u>	<u>100</u>	Total liabilities and equity		<u>\$ 14,187,292</u>	<u>100</u>	<u>14,576,308</u>	<u>100</u>	<u>15,153,953</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

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

Swancor Holding Company Limited and subsidiaries
Consolidated Statements of Comprehensive Income
For the nine months ended September 30, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

	For the three months ended September 30,				For the nine months ended September 30				
	2022		2021		2022		2021		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenues (note 6(ab))								
	\$	2,356,276	100	2,370,044	100	7,465,411	100	7,792,039	100
5000	Operating costs (note 6(f), (w), (ac) and 7)								
		2,006,805	85	2,169,132	92	6,405,159	86	6,820,131	88
	Gross profit from operations								
		349,471	15	200,912	8	1,060,252	14	971,908	12
	Operating expenses (note 6(w), (ac) and 7):								
6100	Selling expenses	114,318	5	118,936	5	313,935	4	396,194	5
6200	Administrative expenses	156,569	7	85,691	4	335,157	4	297,666	4
6300	Research and development expenses	67,735	3	57,788	2	161,577	2	175,086	2
6450	Impairment loss (gain) determined in accordance with IFRS 9 (note 6(d))	(13,416)	(1)	8,163	-	(12,330)	-	24,459	-
		325,206	14	270,578	11	798,339	10	893,405	11
	Net operating income (loss)	24,265	1	(69,666)	(3)	261,913	4	78,503	1
	Non-operating income and expenses (note 6(ad)):								
7100	Interest income	4,849	-	2,661	-	10,076	-	6,242	-
7010	Other income and expenses	12,011	1	31,464	1	23,449	-	57,018	1
7020	Other gains and losses (note 6(i) and (k))	683,561	29	(5,252)	-	735,980	10	(24,386)	-
7050	Finance Costs (note 6(s) and (t))	(21,153)	(1)	(16,649)	-	(62,035)	(1)	(56,248)	(1)
7060	Share of profit of associates and joint ventures accounted for using equity method, net (note 6(g))	5,250	-	-	-	19,707	-	-	-
		684,518	29	12,224	1	727,177	9	(17,374)	-
	Profit (loss) before income tax	708,783	30	(57,442)	(2)	989,090	13	61,129	1
7950	Income tax expenses (income) (note 6(x))	67,918	3	(33,857)	(1)	166,977	2	(41,429)	-
	Profit (loss)	640,865	27	(23,585)	(1)	822,113	11	102,558	1
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	50,056	2	(18,543)	(1)	125,581	2	(8,216)	-
8367	Unrealized losses from investments in debt instruments measured at fair value through other comprehensive income	(3,346)	-	(672)	-	(11,682)	-	(1,263)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
8300	Other comprehensive income, net of tax	46,710	2	(19,215)	(1)	113,899	2	(9,479)	-
	Total comprehensive income for the period, net of tax	\$ 687,575	29	(42,800)	(2)	936,012	13	93,079	1
	Profit attributable to:								
8610	Owners of parent	\$ 629,040	26	(9,085)	-	789,712	11	83,264	1
8620	Non-controlling interests (note 6(j))	11,825	1	(14,500)	(1)	32,401	-	19,294	-
		\$ 640,865	27	(23,585)	(1)	822,113	11	102,558	1
	Comprehensive income attributable to:								
8710	Owners of parent	\$ 664,265	28	(24,356)	(1)	874,969	12	75,699	1
8720	Non-controlling interests (note 6(j))	23,310	1	(18,444)	(1)	61,043	1	17,380	-
		\$ 687,575	29	(42,800)	(2)	936,012	13	93,079	1
	Earnings per share (NT Dollars) (note 6(aa))								
9750	Basic earnings per share	\$ 6.46		(0.10)		8.35		0.90	
9850	Diluted earnings per share	\$ 5.62		(0.13)		7.06		0.86	

See accompanying notes to consolidated financial statements.

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Swancor Holding Company Limited and subsidiaries

Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
	Retained earnings					Other equity interest					Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Treasury shares			
Balance on January 1, 2021	\$ 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
Net income for the nine months ended September 30, 2021	-	-	-	-	83,264	83,264	-	-	-	-	83,264	19,294	102,558
Other comprehensive income for the nine months ended September 30, 2021	-	-	-	-	-	-	(6,302)	(1,263)	(7,565)	-	(7,565)	(1,914)	(9,479)
Total comprehensive income for the nine months ended September 30, 2021	-	-	-	-	83,264	83,264	(6,302)	(1,263)	(7,565)	-	75,699	17,380	93,079
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)
Due to recognition of equity component of convertible bonds issued	-	213,351	-	-	-	-	-	-	-	-	213,351	-	213,351
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(30,384)	(30,384)
Adjustment to capital surplus due to non-proportional investment	-	437	-	-	-	-	-	-	-	-	437	(437)	-
Balance at September 30, 2021	\$ 935,046	3,154,564	273,481	418,835	979,188	1,671,504	(421,375)	(5,025)	(426,400)	(66,341)	5,268,373	1,099,504	6,367,877
Balance at January 1, 2022	\$ 935,046	3,161,540	273,481	418,835	1,081,857	1,774,173	(387,002)	(4,365)	(391,367)	(47,301)	5,432,091	1,128,235	6,560,326
Net income for the nine months ended September 30, 2022	-	-	-	-	789,712	789,712	-	-	-	-	789,712	32,401	822,113
Other comprehensive income for the nine months ended September 30, 2022	-	-	-	-	-	-	96,939	(11,682)	85,257	-	85,257	28,642	113,899
Total comprehensive income for the nine months ended September 30, 2022	-	-	-	-	789,712	789,712	96,939	(11,682)	85,257	-	874,969	61,043	936,012
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	18,593	-	(18,593)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	(27,469)	27,469	-	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(139,187)	(139,187)	-	-	-	-	(139,187)	-	(139,187)
Conversion of convertible bonds	46,265	369,564	-	-	-	-	-	-	-	-	415,829	-	415,829
Share-based payment transactions	-	1,822	-	-	-	-	-	-	-	-	1,822	481	2,303
Due to the acquisition of the subsidiary	-	-	-	-	-	-	-	-	-	-	-	87,050	87,050
Balance at September 30, 2022	\$ 981,311	3,532,926	292,074	391,366	1,741,258	2,424,698	(290,063)	(16,047)	(306,110)	(47,301)	6,585,524	1,276,809	7,862,333

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
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Swancor Holding Company Limited and subsidiaries
Consolidated Statements of Cash Flows
For the nine months ended September 30, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	\$ 989,090	61,129
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	187,882	142,214
Amortization expenses	8,066	3,117
Impairment loss (reversal of impairment loss)	(12,330)	24,459
Net gains on financial assets or liabilities at fair value through profit or loss	(646,022)	(3,726)
Interest expense	62,035	56,248
Interest income	(10,076)	(6,242)
Share-based payment transactions	2,303	-
Share of profit of associates and joint ventures accounted for using equity method	(19,707)	-
Losses on disposal of property, plant and equipment	8,641	903
Gains on disposal of investment	(2,530)	(5,317)
Increase in cash surrender value of life insurance	(9,131)	(1,086)
Amortization of deferred income	(3,142)	(700)
Gains on lease modification	(32)	-
Total adjustments to reconcile (gain) loss	(434,043)	209,870
Changes in operating assets and liabilities:		
Changes in operating assets:		
(Increase) decrease in notes receivable	(220,931)	136,690
Decrease in accounts receivable	465,546	562,692
(Increase) decrease in other receivables (including related parties)	(1,498)	67,904
Decrease (increase) in inventories	44,741	(387,158)
(Increase) decrease in prepayments	(31,821)	58,747
Decrease (increase) in other current and non-current assets	57,838	(30,582)
Total changes in operating assets	313,875	408,293
Changes in operating liabilities:		
Increase in notes payable	37,186	272,251
Decrease in accounts payable (including related parties)	(588,631)	(964,864)
Increase (decrease) in other payables	6,074	(39,955)
Decrease in provisions	(18,530)	-
Increase in other operating liabilities	12,764	48,602
Total changes in operating liabilities	(551,137)	(683,966)
Total adjustments	(671,305)	(65,803)
Cash inflow (outflow) generated from operations	317,785	(4,674)
Interest received	10,395	6,538
Interest paid	(46,885)	(55,429)
Income taxes paid	(111,679)	(54,256)
Net cash flows from (used in) operating activities	169,616	(107,821)
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 in financial assets at fair value through profit or loss	609,020	-
Acquisition of current financial assets at fair value through profit or loss	(138,959)	(12,914)
Proceeds from disposal of financial assets at fair value through profit or loss	2,891	5,317
Net cash flow from acquisition of subsidiaries	54,011	-
Acquisition of property, plant and equipment	(551,039)	(932,448)
Proceeds from disposal of property, plant and equipment	55,940	4,875
Decrease in refundable deposits	943	619
Acquisition of intangible assets	(30,590)	(1,293)
Decrease (increase) in other financial assets	268,185	(328,808)
Increase in prepayments for business facilities	(49,617)	(75)
Net cash flow from (used in) investing activities	220,785	(1,392,179)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	2,192,732	3,143,583
Decrease in short-term borrowings	(3,179,616)	(1,585,118)
Issuance to corporate bond	-	2,113,308
Proceeds from long-term borrowings	182,606	746,243
Repayments of long-term borrowings	(153,215)	(497,400)
Increase in guarantee deposits received	279	-
Decrease in other payables to related parties	(9,672)	-
Repayments of lease liabilities	(7,984)	(5,276)
Cash dividends paid	(139,187)	(323,766)
Change in non-controlling interests	-	(30,384)
Increase in deferred income	20,725	23,965
Net cash flow (used in) from financing activities	(1,093,332)	3,585,155
Effect of exchange rate changes on cash and cash equivalents	68,141	(21,313)
Net (decrease) increase in cash and cash equivalents	(634,790)	2,063,842
Cash and cash equivalents at beginning of period	2,530,959	1,598,800
Cash and cash equivalents at end of period	\$ 1,896,169	3,662,642

See accompanying notes to consolidated financial statements.

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

Swancor Holding Company Limited and subsidiaries

Notes to the Consolidated Financial Statements

For the nine months ended September 30, 2022 and 2021

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

(1) Company history

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

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

These consolidated financial statements were authorized for issuance by the Board of Directors on November 2, 2022.

(3) New standards, amendments and interpretations adopted:

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

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

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

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

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

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

(Continued)

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

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(4) Summary of significant accounting policies

- (a) Statement of compliance

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

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

(Continued)

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

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Subsidiary	Principal activity	Shareholding		
			September 30, 2022	December 31, 2021	September 30, 2021
Swancor Holding	Swancor Innovation & Incubation Co., Ltd. (Swancor Innovation & Incubation)	Management consulting	100% (Note 1)	100%	100% (Note 1)
Swancor Holding	S-Wanlai Co., Ltd. (S-Wanlai)	Producing and selling of synthetic chemicals	100% (Note 1)	-	-
Swancor Holding	Swancor Carbon Fiber Composites Corporation., Ltd. (Sunwell Carbon Fiber Composites)	Producing and selling of carbon	86.42% (Note 4)	86.42% (Note 3~4)	86.71% (Note 3)
Swancor Holding	Strategic Capital Holding Ltd. (Strategic)	Investing and holding of subsidiaries	100%	100%	100%
Sunwell Carbon Fiber Composite	Swancor (Jiangsu) Carbon Composites	Producing and selling of carbon	83.89%	83.89%	83.89%
Sunwell Carbon Fiber Composite	COTECH, INC. (COTECH)	Producing and selling of carbon	80.82%	-	-
Strategic	Swancor Ind. Co., Ltd. (Samoa) (Swancor)	Investing and holding of subsidiaries	100%	100%	100%
Strategic	Swancor Advanced Materials Co., Ltd. (Swancor Advanced Materials)(Note 2)	Producing and selling Vinyl Ester Resins and light composite material resins	15.20%	15.20%	15.20%
Swancor	Swancor Advanced Materials	Producing and selling Vinyl Ester Resins and light composite material resins	64.04%	64.04%	64.04%
Swancor Advanced Materials	Swancor (Tianjin) Wind Blade Materials Co., Ltd. (Swancor (Tianjin))	Producing and selling of energy conservation wind power laminar resins	100%	100%	100%
Swancor Advanced Materials	Swancor (Jiangsu) New Materials Co., Ltd. (Swancor (Jiangsu))	Producing and selling of energy conservation wind power laminar resins	100%	100%	100%
Swancor Advanced Materials	Swancor (HK) Investment Co., Ltd. (Swancor (HK))	Investing and holding of subsidiaries	100%	100%	100%
Swancor (HK)	Swancor Ind(M) SDN.BHD. (Swancor Ind(M))	Producing and selling Vinyl Ester Resins and light composite material resins	100% (Note 1)	100%	100% (Note 1)
Swancor (HK)	Swancor Highpolymer Co., Ltd. (Swancor Highpolymer)	Producing and selling Vinyl Ester Resins and light composite material resin	100%	100%	100%

(Continued)

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

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

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

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

Note 4 : On November 5, 2021, the Board of Directors of Sunwell Carbon Fiber Composite determined to transfer 183 thousand of treasury shares to employees. The treasury shares had been transferred in November, 2021, the Group resulting in its shareholding ratio to decrease from 86.71% to 86.42% and decrease the capital surplus amounting to \$323 thousand.

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

- (ii) Changes in ownership of subsidiaries from January 1, 2021 to September 30, 2022 were as follow :

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

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

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

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

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

(Continued)

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

(c) Income taxes

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

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

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

(d) Employee benefits

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

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

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

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2021. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2021.

(6) Explanation of significant accounts:

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2021 consolidated financial statements. Please refer to Note 6 of the 2021 annual consolidated financial statements.

(a) Cash and Cash Equivalents

	September 30, 2022	December 31, 2021	September 30, 2021
Pretty cash and cash on hand	\$ 572	631	513
Demand deposits	543,515	1,567,320	2,119,952
Time deposits	<u>1,352,082</u>	<u>963,008</u>	<u>1,542,177</u>
Cash and cash equivalents in the consolidated statement of cash flow	<u>\$ 1,896,169</u>	<u>2,530,959</u>	<u>3,662,642</u>

(Continued)

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

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

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Financial assets mandatorily measured at fair value through profit or loss :			
Structured deposit	\$ 138,960	-	12,914
Secured convertible corporate bonds-call and put provision	-	1,500	2,300
Non-derivative financial assets-			
Stocks listed on domestic markets	2,067	2,005	1,938
Stocks unlisted on domestic markets	<u>664,094</u>	<u>664,094</u>	<u>664,094</u>
Total	<u>\$ 805,121</u>	<u>667,599</u>	<u>681,246</u>
Financial liabilities mandatorily measured at fair value through profit or loss :			
Unsecured convertible corporate bonds- call and put provision	\$ 4,111	4,700	2,600
Derivative financial liabilities not used for hedging-Forward exchange contracts	<u>334</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,445</u>	<u>4,700</u>	<u>2,600</u>

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

During the three month and nine months ended September 30, 2022 and 2021, the dividend of \$0 thousand, \$29,154 thousand, \$26,067 thousand and \$55,834 thousand, respectively, related to equity investments at fair value through profit or loss held on September 30, 2022 and 2021, were recognized as operating revenue.

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

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

	<u>September 30, 2022</u>		
	<u>Amount (in thousands)</u>	<u>Currency</u>	<u>Maturity date</u>
Forward exchange contracts	EUR 1,134	TWD to EUR	111.10.11~111.12.30

(Continued)

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

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Debt investments at fair value through other comprehensive income :			
Corporate bonds	\$ 36,763	41,946	42,541
Equity investments at fair value through other comprehensive income :			
Domestic unlisted Company - Gigantex Composite Technologies Co., Ltd.	\$ 25,031	25,031	25,031
Domestic on listed Company - WT Microelectronics Co., Ltd	48,100	48,950	48,050
Domestic unlisted Company - Promix Composites, Inc.	-	-	-
Domestic unlisted Company - Ideal Star International Corp.	-	-	-
Subtotal	<u>73,131</u>	<u>73,981</u>	<u>73,081</u>
Total	<u><u>\$ 109,894</u></u>	<u><u>115,927</u></u>	<u><u>115,622</u></u>

1. Debt investments at fair value through other comprehensive income

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

2. Equity investments at fair value through other comprehensive income

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

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of September 30, 2022 and 2021.

During the three month and nine months ended September 30, 2022 and 2021, the dividends of \$0 thousand, \$426 thousand, \$2,000 thousand and \$426 thousand, related to equity investments at fair value through other comprehensive income held on September 30 2022 and 2021, were recognized as operating revenues.

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

The financial assets at fair value through other comprehensive income of the Group had not been pledged as collateral as of September 30, 2022, December 31, 2021 and September 30, 2021.

(Continued)

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

3. The amounts of other comprehensive profit or loss which were recognized at fair value for the three months and nine months ended September 30, 2022 and 2021, were \$(3,346) thousand, \$(672) thousand, \$(11,682) thousand and \$(1,263) thousand.

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

	September 30, 2022	December 31, 2021	September 30, 2021
Notes receivable from operating activities	\$ 1,842,311	1,275,034	1,796,321
Notes receivable-fair value through other comprehensive income	515,713	861,615	688,087
Less: Loss allowance	<u>(7,737)</u>	<u>(1,862)</u>	<u>(326)</u>
	<u>\$ 2,350,287</u>	<u>2,134,787</u>	<u>2,484,082</u>
Accounts receivable - measured as amortized cost	\$ 2,492,571	2,954,619	2,870,647
Less: Loss allowance	<u>(34,771)</u>	<u>(53,151)</u>	<u>(62,221)</u>
	<u>\$ 2,457,800</u>	<u>2,901,468</u>	<u>2,808,426</u>

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

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

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables on September 30, 2022, December 31, 2021 and September 30, 2021. To measure the expected credit losses, accounts receivable has been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provision as of September 30, 2022, December 31, 2021 and September 30, 2021 were determined as follows:

	September 30, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 4,654,134	0.15 %	7,032
Overdue 1 to 90 days	153,940	0.67 %	1,029
Overdue 91 to 180 days	8,415	4.96 %	417
Overdue 181 to 270 days	76	-	-
Overdue 271 to 360 days	-	-	-
Overdue more than 361 days	<u>-</u>	-	<u>-</u>
Total	<u>\$ 4,816,565</u>		<u>8,478</u>

(Continued)

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

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

	September 30, 2021		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 4,838,863	0.14 %	6,673
Overdue 1 to 90 days	328,037	0.30 %	1,000
Overdue 91 to 180 days	141,016	8.98 %	12,663
Overdue 181 to 270 days	7,779	51.39 %	3,998
Overdue 271 to 360 days	5,147	77.72 %	4,000
Overdue more than 361 days	1,535	100 %	1,535
Total	\$ 5,322,377		29,869

The loss allowance provision from the other group as of September 30, 2022, December 31, 2021 and September 30, 2021 were determined as follows:

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

(Continued)

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

	December 31, 2021		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ -	-	%
Overdue 1 to 90 days	-	-	%
Overdue 91 to 180 days	-	-	%
Overdue 181 to 270 days	-	-	%
Overdue 271 to 360 days	-	-	%
Overdue more than 361 days	33,037	100%	33,037
Total	\$ 33,037		33,037
	September 30, 2021		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ -	-	%
Overdue 1 to 90 days	-	-	%
Overdue 91 to 180 days	-	-	%
Overdue 181 to 270 days	-	-	%
Overdue 271 to 360 days	-	-	%
Overdue more than 361 days	32,678	100%	32,678
Total	\$ 32,678		32,678

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

	For the nine months ended September 30,	
	2022	2021
Balance on January 1	\$ 55,013	38,423
Impairment losses recognized	5,784	24,459
Impairment losses reversed	(18,114)	-
Amounts written off	(1,535)	-
Foreign exchange losses	1,360	(335)
Balance on September 30	\$ 42,508	62,547

The notes and accounts receivable of the Group had not been pledged as collateral as of September 30, 2022, December 31, 2021 and September 30, 2021.

(Continued)

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

As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group sold its notes receivable without recourse as follows:

September 30, 2022					
Purchaser	Assignment Facility	Factoring Line	Advanced Amount	Range of Interest Rate	Significant Transferring Terms
BANK OF NINGBO	\$ 22,360	-	22,360	1.40%	Bill by delivery
BANK OF NINGBO	291,581	-	291,581	1.28%	Bill by delivery
BANK OF NINGBO	101,327	-	101,327	2.00%	Bill by delivery
China CITIC Bank	13,416	-	13,416	2.02%	Bill by delivery
China CITIC Bank	270,218	-	270,218	1.88%	Bill by delivery
	\$ 698,902	-	698,902		
December 31, 2021					
Purchaser	Assignment Facility	Factoring Line	Advanced Amount	Range of Interest Rate	Significant Transferring Terms
China CITIC Bank	\$ 21,708	-	21,708	2.75%	Bill by delivery
China CITIC Bank	279,931	-	279,931	2.48%~2.74%	Bill by delivery
China CITIC Bank	86,830	-	86,830	2.41%	Bill by delivery
China CITIC Bank	150,382	-	150,382	2.44%	Bill by delivery
China CITIC Bank	120,550	-	120,550	2.41%~2.44%	Bill by delivery
China CITIC Bank	13,025	-	13,025	2.40%	Bill by delivery
	\$ 672,426	-	672,426		
September 30, 2021					
Purchaser	Assignment Facility	Factoring Line	Advanced Amount	Range of Interest Rate	Significant Transferring Terms
China CITIC Bank	\$ 157,200	-	157,200	2.74%~3.35%	Bill by delivery
China CITIC Bank	79,915	-	79,915	2.74%	Bill by delivery
China CITIC Bank	148,747	-	148,747	2.44%	Bill by delivery
China CITIC Bank	21,472	-	21,472	2.75%	Bill by delivery
China CITIC Bank	83,174	-	83,174	2.44%	Bill by delivery
	\$ 490,508	-	490,508		

The Group transferred \$944,983 thousand, \$802,041 thousand and \$378,267 thousand of trade receivables to an unrelated third party as of September 30, 2022, December 31, 2021 and September 30, 2021. At the time of transfer, the Group provided a guarantee on those trade receivables to the transferee. Therefore, the Group continues to recognize the full carrying value of the trade receivables transferred, and recognized the cash received from the transfer as a guaranteed loan. In addition, as of September 30, 2022, December 31, 2021 and September 30, 2021, the notes receivable for the transfer of endorsements that have not yet expired were \$515,713 thousand, \$861,615 thousand and \$688,087 thousand, respectively, which did not meet the conditions for financial assets had not derecognized.

(Continued)

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

(e) Other receivables (including related parties)

	September 30, 2022	December 31, 2021	September 30, 2021
Other accounts receivable	<u>\$ 2,548</u>	<u>1,012</u>	<u>23,004</u>

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

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

(f) Inventories

	September 30, 2022	December 31, 2021	September 30, 2021
Raw materials	\$ 645,934	767,313	812,695
Finished goods	531,161	450,526	569,571
Goods	17,512	18,630	20,476
Inventory in transit	<u>3,640</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,198,247</u>	<u>1,236,469</u>	<u>1,402,742</u>

The cost of goods sold were as follows

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Inventory that has been sold	\$ 1,999,037	2,156,282	6,390,693	6,775,205
Write-down and slow moving of inventories (Reversal of write-downs)	7,213	12,126	11,858	(675)
Loss on physical inventory	531	724	1,837	2,618
Loss on inventory retired	<u>24</u>	<u>-</u>	<u>771</u>	<u>42,983</u>
	<u>\$ 2,006,805</u>	<u>2,169,132</u>	<u>6,405,159</u>	<u>6,820,131</u>

As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group did not provide any inventories as collateral for its loans.

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

(Continued)

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

(g) Investments accounted for using the equity method

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

	September 30, 2022	December 31, 2021
Associates	\$ 957,464	925,446

(i) Associates

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

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

Name of Associates	Nature of Relationship with the Group	Main operating location/Registered Country of the Company	Proportion of shareholding and voting rights	
			September 30, 2022	December 31, 2021
Anhui Meijia New Materials Co., Ltd.	The main business is production and sales of environmental protective and corrosion resistant resin, lightweight composite resin, for the group to expand the wind power industry affiliated companies.	China	23.81%	23.81%

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

	September 30, 2022	December 31, 2021
Carrying amount of individually insignificant associate's equity	\$ 957,464	925,446
	For the three months ended September 30, 2022	For the Nine months ended September 30, 2022
Attributable to the Group:		
Net income	\$ 5,250	19,707

(ii) Collaterals

The investment accounted for using equity method of the Group had not been pledged as collaterals as of September 30, 2022 and December 31, 2021.

(Continued)

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

(h) Acquisition of subsidiary and non-controlling interests

(i) Acquisition of subsidiary— COTECH

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

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

1) Consideration transferred

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

2) The recognized amounts of assets acquired and liabilities assumed

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

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

(Continued)

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

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

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

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

(ii) Goodwill

Goodwill arising from the acquisition has been recognized as follows:

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

(i) Loss control of subsidiaries

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

The amount of \$83,653 thousand that has yet to be collected had been recognized as other receivables as of June 30, 2021 and received in 2021.

The Group recognized a gain of \$646,591 thousand on September, 2022 for having met certain criteria stated in the condition and had received the entire amount in September 2022.

As of September 30, 2022, the accumulated amount received and recognized gains due to the disposal transactions were \$1,364,312 thousand and \$1,128,645 thousand, respectively.

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

(j) Material non-controlling interests of subsidiaries

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

<u>Subsidiaries</u>	<u>Main operation place</u>	<u>Percentage of non- controlling interests</u>		
		<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Swancor Advanced Materials	China	20.76%	20.76%	20.76%

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

The collective financial information of Swancor Advanced Materials:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Current assets	\$ 5,894,688	7,608,040	9,710,291
Non-current assets	2,207,227	2,178,901	1,231,497
Current liabilities	(3,100,485)	(5,212,469)	(6,486,859)
Non- current liabilities	(19,807)	(136)	(480)
Net assets	<u>\$ 4,981,623</u>	<u>4,574,336</u>	<u>4,454,449</u>
Non-controlling interests	<u>\$ 1,034,185</u>	<u>949,632</u>	<u>924,744</u>

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Operating revenues	\$ 2,001,937	2,098,197	6,364,215	6,481,290
Net operating income	\$ 110,560	665	289,374	640
Other comprehensive income	(137)	2,263	(23,813)	(6,320)
Comprehensive income	<u>\$ 110,423</u>	<u>2,928</u>	<u>265,561</u>	<u>(5,680)</u>
Profit, attributable to non-controlling interests	<u>\$ 22,952</u>	<u>138</u>	<u>60,074</u>	<u>133</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ 22,923</u>	<u>608</u>	<u>55,130</u>	<u>(1,179)</u>
Net cash flows from operating activities	\$ 80,029	(94,533)	(418,801)	(525,063)
Net cash flows from investing activities	(218,022)	(82,392)	(292,119)	(201,097)
Net cash flows from financing activities	(45,800)	330,927	407,694	931,317
Net increase (decrease) in cash and cash equivalents	<u>\$ (183,793)</u>	<u>154,002</u>	<u>(303,226)</u>	<u>205,157</u>
Dividend paid to non-controlling interest	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>(28,543)</u>

(Continued)

Swancor Holding Company Limited and subsidiaries
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(k) Cash surrender value of life insurance

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

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

	For the nine months ended September 30,	
	2022	2021
Balance at January 1	\$ 56,340	55,235
Increase in cash value	9,131	1,086
Balance at September 30	\$ 65,471	56,321

(l) Property, plant and equipment

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

	<u>Land</u>	<u>Buildings and Structures</u>	<u>Machinery and Equipment</u>	<u>Other Equipment</u>	<u>Construction in progress and testing equipment</u>	<u>Total</u>
Cost:						
Balance at January 1, 2022	\$ 776,587	1,275,616	986,412	601,412	244,215	3,884,242
Acquired in acquisition of the subsidiary	-	287,349	34,258	35,445	-	357,052
Additions	3,640	9,297	78,656	48,853	385,538	525,984
Disposals	-	-	(71,793)	(3,908)	-	(75,701)
Reclassification	-	2,655	24,826	16,871	(10,839)	33,513
Effect of movements in exchange rates	-	32,362	21,921	12,020	1,405	67,708
Balance at September 30, 2022	\$ 780,227	1,607,279	1,074,280	710,693	620,319	4,792,798
Balance at January 1, 2021	484,076	1,064,582	612,741	490,895	120,756	2,773,050
Additions	-	185,514	202,508	82,874	456,458	927,354
Disposals	-	-	(7,377)	(15,389)	-	(22,766)
Reclassification	-	-	9,373	7,355	(21,884)	(5,156)
Effect of movements in exchange rates	-	(8,087)	20,996	(1,520)	(460)	10,929
Balance at September 30, 2021	\$ 484,076	1,242,009	838,241	564,215	554,870	3,683,411

(Continued)

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

	<u>Land</u>	<u>Buildings and Structures</u>	<u>Machinery and Equipment</u>	<u>Other Equipment</u>	<u>Construction in progress and testing equipment</u>	<u>Total</u>
Depreciation:						
Balance at January 1, 2022	-	400,855	332,129	341,448	-	1,074,432
Acquired in acquisition of the subsidiary	-	53,279	29,097	29,900	-	112,276
Depreciation	-	54,126	62,567	59,690	-	176,383
Disposals	-	-	(7,279)	(3,841)	-	(11,120)
Effect of movements in exchange rates	-	8,974	7,433	6,422	-	22,829
Balance at September 30, 2022	<u>\$ -</u>	<u>517,234</u>	<u>423,947</u>	<u>433,619</u>	<u>-</u>	<u>1,374,800</u>
Balance at January 1, 2021	-	342,403	277,886	285,565	-	905,854
Depreciation	-	40,872	39,564	52,912	-	133,348
Disposals	-	-	(4,085)	(12,903)	-	(16,988)
Reclassification	-	-	10	2	-	12
Effect of movements in exchange rates	-	(1,289)	(1,109)	(800)	-	(3,198)
Balance at September 30, 2021	<u>\$ -</u>	<u>381,986</u>	<u>312,266</u>	<u>324,776</u>	<u>-</u>	<u>1,019,028</u>
Carrying amounts:						
Balance at January 1, 2022	<u>\$ 776,587</u>	<u>874,761</u>	<u>654,283</u>	<u>259,964</u>	<u>244,215</u>	<u>2,809,810</u>
Balance at September 30, 2022	<u>\$ 780,227</u>	<u>1,090,045</u>	<u>650,333</u>	<u>277,074</u>	<u>620,319</u>	<u>3,417,998</u>
Balance at January 1, 2021	<u>\$ 484,076</u>	<u>722,179</u>	<u>334,855</u>	<u>205,330</u>	<u>120,756</u>	<u>1,867,196</u>
Balance at September 30, 2021	<u>\$ 484,076</u>	<u>860,023</u>	<u>525,975</u>	<u>239,439</u>	<u>554,870</u>	<u>2,664,383</u>

For the three months and nine months ended September 30, 2022 and 2021, the amount of interest capitalization was \$2,251 thousand, \$6,112 thousand, \$5,275 thousand and \$6,112 thousand, respectively.

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

As of September 30, 2022, December 31, 2021 and September 30, 2021, property, plant and equipment pledged as collateral for bank loans are described in note 8.

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Swancor Holding Company Limited and subsidiaries
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(m) Right-of-use assets

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

	<u>Land</u>	<u>Buildings</u>	<u>Transportation Equipment</u>	<u>Total</u>
Costs:				
Balance at January 1, 2022	\$ 234,145	20,169	2,466	256,780
Acquired in acquisition of the subsidiary	15,969	-	1,432	17,401
Additions	-	300	-	300
Disposals	-	(704)	-	(704)
Effects of movements in exchange rates	<u>7,049</u>	<u>115</u>	<u>-</u>	<u>7,164</u>
Balance at September 30, 2022	<u>\$ 257,163</u>	<u>19,880</u>	<u>3,898</u>	<u>280,941</u>
Balance at January 1, 2021	\$ 233,043	9,492	2,466	245,001
Additions	-	10,672	-	10,672
Effect of movements in exchange rates	<u>(1,285)</u>	<u>(36)</u>	<u>-</u>	<u>(1,321)</u>
Balance at September 30, 2021	<u>\$ 231,758</u>	<u>20,128</u>	<u>2,466</u>	<u>254,352</u>
Accumulated depreciation:				
Balance at January 1, 2022	\$ 15,128	10,122	1,302	26,552
Acquired in acquisition of the subsidiary	3,807	-	344	4,151
Depreciation	4,818	5,707	974	11,499
Disposals	-	(274)	-	(274)
Effects of movements in exchange rates	<u>485</u>	<u>74</u>	<u>-</u>	<u>559</u>
Balance at September 30, 2022	<u>\$ 24,238</u>	<u>15,629</u>	<u>2,620</u>	<u>42,487</u>
Balance at January 1, 2021	\$ 10,032	3,869	480	14,381
Depreciation	3,781	4,468	617	8,866
Effect of movements in exchange rates	<u>(89)</u>	<u>(14)</u>	<u>-</u>	<u>(103)</u>
Balance at September 30, 2021	<u>\$ 13,724</u>	<u>8,323</u>	<u>1,097</u>	<u>23,144</u>
Carrying amount:				
Balance at January 1, 2022	<u>\$ 219,017</u>	<u>10,047</u>	<u>1,164</u>	<u>230,228</u>
Balance at September 30, 2022	<u>\$ 232,925</u>	<u>4,251</u>	<u>1,278</u>	<u>238,454</u>
Balance at January 1, 2021	<u>\$ 223,011</u>	<u>5,623</u>	<u>1,986</u>	<u>230,620</u>
Balance at September 30, 2021	<u>\$ 218,034</u>	<u>11,805</u>	<u>1,369</u>	<u>231,208</u>

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Notes to the Consolidated Financial Statements

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

As of September 30, 2022, December 31, 2021 and September 30, 2021, right-of-use assets pledged as collateral for bank loans are described in note 8.

(n) Intangible Assets

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

	<u>Technique</u>	<u>Computer software</u>	<u>Total</u>
Costs:			
Balance at January 1, 2022	\$ 43,345	49,754	93,099
Acquired in acquisition of the subsidiary	20,546	-	20,546
Additions	28,531	2,059	30,590
Disposals	-	(352)	(352)
Reclassification	-	94	94
Effect of movement in exchange rates	1,508	76	1,584
Balance at September 30, 2022	<u>\$ 93,930</u>	<u>51,631</u>	<u>145,561</u>
Balance at January 1, 2021	\$ 44,557	46,196	90,753
Additions	-	1,293	1,293
Effect of movement in exchange rates	(1,374)	(5)	(1,379)
Balance at September 30, 2021	<u>\$ 43,183</u>	<u>47,484</u>	<u>90,667</u>
Amortization:			
Balance at January 1, 2022	\$ 40,315	41,476	81,791
Amortization	6,443	1,623	8,066
Disposals	-	(352)	(352)
Effect of movement in exchange rates	911	50	961
Balance at September 30, 2022	<u>\$ 47,669</u>	<u>42,797</u>	<u>90,466</u>
Balance at January 1, 2021	\$ 40,839	38,791	79,630
Amortization	1,192	1,925	3,117
Effect of movement in exchange rates	(1,630)	(5)	(1,635)
Balance at September 30, 2021	<u>\$ 40,401</u>	<u>40,711</u>	<u>81,112</u>
Carrying value:			
Balance at January 1, 2022	<u>\$ 3,030</u>	<u>8,278</u>	<u>11,308</u>
Balance at September 30, 2022	<u>\$ 46,261</u>	<u>8,834</u>	<u>55,095</u>
Balance at January 1, 2021	<u>\$ 3,718</u>	<u>7,405</u>	<u>11,123</u>
Balance at September 30, 2021	<u>\$ 2,782</u>	<u>6,773</u>	<u>9,555</u>

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

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Swancor Holding Company Limited and subsidiaries
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As of September 30, 2022, December 31, 2021 and September 30, 2021, the intangible assets of the Group had not been pledged as collateral.

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

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

	September 30, 2022	December 31, 2021	September 30, 2021
Other current assets :			
Advanced payments	\$ 6,718	24,032	11,503
Others-current	<u>46,883</u>	<u>85,331</u>	<u>110,732</u>
	<u>\$ 53,601</u>	<u>109,363</u>	<u>122,235</u>
Other current financial assets :			
Restricted bank deposits	<u>\$ 299,759</u>	<u>167,915</u>	<u>204,252</u>
Other non-current assets :			
Refundable deposits	\$ 10,394	4,634	5,040
Prepayments for equipment	83,045	67,035	160,651
Restricted bank deposits	-	400,029	300,000
Prepayments for investments	-	65,000	-
Others-non-current	<u>6,135</u>	<u>7,381</u>	<u>8,429</u>
	<u>\$ 99,574</u>	<u>544,079</u>	<u>474,120</u>

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

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

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

(p) Short-term borrowings

The short-term borrowings were summarized as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Unsecured bank loans	\$ 1,296,068	2,144,132	2,268,465
Secured bank loans	<u>9,315</u>	<u>148,135</u>	<u>71,129</u>
	<u>\$ 1,305,383</u>	<u>2,292,267</u>	<u>2,339,594</u>
Unused short-term credit lines	<u>\$ 2,451,252</u>	<u>1,572,194</u>	<u>783,377</u>
Range of interest rates	<u>1.00%~5.36%</u>	<u>1.00%~5.02%</u>	<u>1.00%~4.633%</u>

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

(i) Issuing and repayment the borrowings

For the nine months ended September 30, 2022 and 2021, the Group's proceeded from short-term borrowings amounted to \$2,192,732 thousand and \$3,143,583 thousand with interest rate of 0.88%~5.65% and 1.00%~4.633%, respectively. The short-term borrowings are due in July 2022 to September 2023 and October 2021 to September 2022, respectively. For the nine months ended September 30, 2022 and 2021, the repayment amounted to \$3,179,616 thousand and \$1,585,118 thousand, respectively.

(ii) Collateral for short-term borrowings

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

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

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

	September 30, 2022	December 31, 2021	September 30, 2021
Other payables-salary	\$ 164,867	122,286	111,817
Other payables-employee bonus	90	885	333
Other payables-director compensation	18,076	2,655	665
Payables on equipment	50,935	75,990	79,629
Other	182,509	210,947	169,464
	<u>\$ 416,477</u>	<u>412,763</u>	<u>361,908</u>

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

	September 30, 2022	December 31, 2021	September 30, 2021
Temporary receipts	\$ 503	37,998	39,722
Receipts under custody	5,173	3,893	4,949
Current deferred income	4,906	1,040	315
Other	35,348	19,514	4,411
	<u>\$ 45,930</u>	<u>62,445</u>	<u>49,397</u>
Non-current deferred income	\$ 46,303	30,883	29,007
Receivable deposits	862	583	583
Other	450	-	-
	<u>\$ 47,165</u>	<u>31,466</u>	<u>29,590</u>

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

(r) Long-term borrowings

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

	September 30, 2022	December 31, 2021	September 30, 2021
First bank and other	\$ -	-	546,000
Secured bank loans	303,515	203,515	40,000
Unsecured bank loans	169,983	120,326	306,858
Other loans (Note)	38,872	40,073	39,303
Less: current portion	<u>(45,696)</u>	<u>(20,187)</u>	<u>(572,293)</u>
	<u>\$ 466,674</u>	<u>343,727</u>	<u>359,868</u>
Unused short-term credit lines	<u>\$ 335,712</u>	<u>414,722</u>	<u>523,985</u>
Range of interest rates	<u>1.73%~4.45%</u>	<u>1.33%~4.65%</u>	<u>0.30%~4.65%</u>

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

(i) Proceeds and repayment the borrowings

For the nine months ended September 30, 2022 and 2021, the Group's proceeded from long-term borrowings amounted to \$182,606 thousand (which include \$1,612 thousand of deferred income; \$(1,899) thousand of amortization loss; \$(2,377) thousand of effect of movement in exchange rates) and \$746,243 thousand (which include \$90 thousand and \$1,720 thousand of the other current liabilities and other non-current liabilities; \$(832) thousand of amortization loss; \$159 thousand of effect of movement in exchange rates) with an interest rate of 1.83%~2.18% and 0.30%~4.65%, respectively. The long-term borrowings are due in July 2025 to June 2032 and November 2021 to June 2028, respectively. For the nine months ended September 30, 2022 and 2021, the repayment amounted to \$153,215 thousand (which included \$925 thousand of deferred income) and \$497,400 thousand, respectively.

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

(ii) Syndicated loan

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

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

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

(iii) Collateral for long-term borrowings

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

(s) Bonds payable

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

	September 30, 2022	December 31, 2021	September 30, 2021
Third secured convertible bonds- domestic	\$ 1,000,000	1,000,000	1,000,000
Forth unsecured convertible bonds- domestic	1,000,000	1,000,000	1,000,000
Unamortized discounted corporate bonds payable	(59,490)	(99,094)	(104,143)
Cumulative converted amount	<u>(442,100)</u>	<u>-</u>	<u>-</u>
	1,498,410	1,900,906	1,895,857
Less: Current portion	<u>-</u>	<u>-</u>	<u>-</u>
Corporate bonds issued balance at year-end	<u>\$ 1,498,410</u>	<u>1,900,906</u>	<u>1,895,857</u>
Embedded derivative – call and put options, including financial assets at fair value through profit or loss	<u>\$ -</u>	<u>1,500</u>	<u>2,300</u>
Embedded derivative – call and put options, including financial liabilities at fair value through profit or loss	<u>\$ 4,111</u>	<u>4,700</u>	<u>2,600</u>
Equity component – conversion options, included in capital surplus– stock options	<u>\$ 167,610</u>	<u>213,351</u>	<u>213,351</u>

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Embedded derivative instruments – call and put rights, including net gain of evaluation in financial asset and liabilities	<u>\$ 6,858</u>	<u>(3,800)</u>	<u>658</u>	<u>(3,800)</u>
Interest expense	<u>\$ 3,626</u>	<u>13,584</u>	<u>13,585</u>	<u>-</u>

(Continued)

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

- (i) Swancor Holding issued its third domestic secured convertible bonds on September 27, 2021, and the significant terms of the bonds were as follows:
- 1) Offering amount: \$1,000,000 thousand
 - 2) Duration: five years (September 27, 2021 to September 27, 2026)
 - 3) Interest rate: 0%
 - 4) Conversion period: From three months after the issuance date to the maturity date. (December 28, 2021 to September 27, 2026)
 - 5) Conversion price: As of the issuance date, the conversion price was NTD 99 per share. However, after Swancor Holding issued the corporate bonds, except for the exchange of various securities with common stock conversion rights or stock options issued by Swancor Holding for common stock, or the issuance of new shares due to employee dividends. When the shares increased, or when cash dividends were distributed, or when re-raising or private placement of various securities with common stock conversion rights or stock options at a conversion or subscription price lower than the current price per share, or when decreased in common shares caused by capital reduction not due to the cancellation of treasury shares, the conversion price will be adjusted according to the formula in the terms of conversion.
 - 6) On the repurchase dates, after the issuance date, the bondholders may request Swancor Holding to repurchase the bonds at their face value, by cash, in five trading days.
 - 7) From three months after the issuance date to 40 days before the maturity date, if the closing price of Swancor Holding shares on the TWSE is higher than 130% of the conversion price for 30 consecutive trading days or when the outstanding convertible bonds are less than 10% of the initial issued bonds, Swancor Industrial may redeem the remaining bonds at their face value by cash in five trading days after the redemption date.
 - 8) Terms of redemption: Swancor Holding needs to redeem the bonds by cash upon maturity, except for the bonds that had been converted into shares.

Swancor Holding separated its equity and liability components as follows:

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

- 9) According to the share exchange agreement, the performance obligation of equity warrants, which were approved by the authority, should be transferred to the Company, and the conversion price and quantity are adjusted by using the conversion ratio.
- (ii) Swancor Holding issued its fourth domestic unsecured convertible bonds on September 28, 2021, and the terms of issuance were as follows:

(Continued)

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

- 1) Offering amount: \$1,000,000 thousand
- 2) Duration: five years (September 28, 2021 to September 28, 2026)
- 3) Interest rate: 0%
- 4) Conversion period: From three months after issuance date to the maturity date. (December 29, 2021 to September 28, 2026)
- 5) Conversion price: As of the issuance date, the conversion price was NTD95 per share. However, after Swancor Holding issued the corporate bonds, except for the exchange of various securities with common stock conversion rights or stock options issued by Swancor Holding for common stock, or the issuance of new shares due to employee dividends. When the shares increased, or when cash dividends were distributed, or when re-raising or private placement of various securities with common stock conversion rights or stock options at a conversion or subscription price lower than the current price per share, or when decreased in common shares caused by capital reduction not due to the cancellation of treasury shares, the conversion price will be adjusted according to the formula in the terms of conversion.
- 6) On the repurchase dates, after the issuance date, the bondholders may request Swancor Holding to repurchase the bonds at their face value, with the interests of 0.75% of the face value for three years, plus yield to put of 0.25%, by cash, in five trading days.
- 7) From one month after the issuance date to 40 days before the maturity date, if the closing price of Swancor Holding shares on the TWSE is higher than 130% of the conversion price for 30 consecutive trading days or when the outstanding convertible bonds are less than 10% of the initial issued bonds, Swancor Holding may redeem the remaining bonds at their face value by cash in five trading days after the redemption date.
- 8) Terms of redemption: Swancor Holding needs to redeem the bonds by cash upon maturity, except for the bonds that had been converted into shares.

Swancor Holding separated its equity and liability components as follows:

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

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

(Continued)

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

(t) Lease liabilities

	September 30, 2022	December 31, 2021	September 30, 2021
Current	<u>\$ 5,290</u>	<u>8,009</u>	<u>7,946</u>
Non-current	<u>\$ 12,450</u>	<u>3,564</u>	<u>5,097</u>

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Interest on lease liabilities	<u>\$ 304</u>	<u>56</u>	<u>574</u>	<u>215</u>
Expenses relating to short-term leases	<u>\$ 590</u>	<u>4,428</u>	<u>4,627</u>	<u>12,778</u>

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

	For the nine months ended September 30,	
	2022	2021
Total cash outflow for leases	<u>\$ 13,185</u>	<u>18,269</u>

(i) Real estate leases

As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group leases land and buildings for its office and factory space. The leases of office and factory space typically run for a period of 3 to 5 years. Some leases had not included an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

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

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

(u) Provisions

Legal	<u>\$ 7,900</u>
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The Group obtained provisions due to the acquisition of the subsidiary in 2022, please refer to note 6(h).

(Continued)

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

Except for the following, there were no significant changes in provisions for the nine months ended September 30, 2022.

Legal

Due to the acquisition of COTECH, the Group assumed the responsibility for involving illegal fund raising, violating the Securities and Exchange Act by the chairman of COTECH, Qing Long, Wong, his spouse, Yu Wen, Shen, and other managers, Zu Wang Li and Ming Dao, Xiao in 2018. The Taichung District Court ruled that the four persons should be forfeited in amount of \$66,503 thousand on May 27, 2021. COTECH needs to recover \$26,430 thousand, based on the advice of the Group's legal counsel, the management estimates the most likely consequence is that COTECH should pay \$26,430 thousand to pay off this obligation, including the expected litigation costs, of which has been paid \$18,530 thousand for the nine months ended September 30, 2022.

(v) Deferred income

	September 30, 2022	December 31, 2021	September 30, 2021
Government grants	<u>\$ 51,209</u>	<u>31,923</u>	<u>29,322</u>
Current	\$ 4,906	1,040	315
Non-current	<u>46,303</u>	<u>30,883</u>	<u>29,007</u>
	<u>\$ 51,209</u>	<u>31,923</u>	<u>29,322</u>

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

The subsidiary has received an industrial economic grant from its local government in April 2021 and June 2022, which were conditional on the acquisition of equipment wherein high intelligent equipment for technical improvement had to be installed. The equipment has been used in May 2021, and the grant, recognized as deferred income, was amortized over the useful life of the equipment.

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

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

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

(Continued)

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

The Group received an industrial economic grant from the local government where the subsidiary is located in June 2022, in connection with the installation of high-end intelligent equipment for technical improvement, The equipment has been in use since June 2022, and the grant which was recognized as deferred income, was expected to be amortized over the useful life of the equipment.

(w) Employee benefits

Defined contribution plans

The Group's expenses under the pension plan cost to the Bureau of Labor Insurance were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Operating costs	\$ 1,054	549	2,350	1,535
Selling expenses	267	275	749	755
Administrative expenses	976	995	2,826	3,110
Research and development expenses	479	302	1,273	866
	<u>\$ 2,776</u>	<u>2,121</u>	<u>7,198</u>	<u>6,266</u>

Other foreign subsidiaries recognized pension expenses of \$7,787 thousand, \$7,240 thousand, \$22,849 thousand and \$21,126 thousand for the three months and nine months ended September 30, 2022 and 2021, respectively, for the defined contribution plans based on their respective local government regulations.

(x) Income taxes

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

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current tax expense				
Current period	\$ 53,166	17,403	123,008	34,324
Adjustment for prior periods	2,057	-	440	(17,386)
	<u>55,223</u>	<u>17,403</u>	<u>123,448</u>	<u>16,938</u>
Deferred tax expense				
Origination and reversal of temporary differences	12,695	(51,260)	43,529	(58,367)
Income tax expense	<u>\$ 67,918</u>	<u>(33,857)</u>	<u>166,977</u>	<u>(41,429)</u>

(Continued)

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

For the nine months ended September 30, 2022 and 2021, there were no income taxes recognized directly in equity and other comprehensive income.

(ii) Assessment of tax

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

	<u>Assessed Year</u>
The Company	2020
Sunwell Carbon Fiber Composites	2020
Swancor Highpolymer	2019
COTECH	2020

(y) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the periods from January 1 to September 30, 2022 and 2021. For the related information, please refer to note 6(w) of the consolidated financial statements for the year ended December 31, 2021.

(i) Capital surplus

The balances of capital surplus were as follows:

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Share capital	\$ 405,127	405,127	405,127
Premium on bonds conversion	956,812	541,507	541,507
Donation	253	253	253
Employee share options (overdue and not be executed)	8,151	8,151	8,151
Treasury share transactions	107,315	107,315	100,472
Expired stock option	41,059	41,059	41,059
Difference arising from subsidiary's share price and its carrying value	1,066,262	1,064,440	1,064,307
Stock transfer (from retained earnings of Swancor)	780,337	780,337	780,337
Equity component of convertible bonds recognized in stock option	<u>167,610</u>	<u>213,351</u>	<u>213,351</u>
	<u>\$ 3,532,926</u>	<u>3,161,540</u>	<u>3,154,564</u>

- 1) According to the Enterprise Merges and Acquisition Act, when an enterprise exchanges shares with other company, its undistributed retained earnings would be the capital surplus of the other company (as holding company) after the exchange has been completed.

(Continued)

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

- 2) A resolution was decided during the Board of Directors' meeting of Sunwell Carbon Fiber Composites held on December 31, 2020 to determine whether to repurchase the 600 thousand shares within the period from January 1 to June 30, 2021 at the price of \$10 to \$10.20 per share, as treasury shares, to transfer to employees. For the six months ended June 30, 2021 the Group had repurchased 183 thousand of the above shares, resulting in its shareholding ratio to increase from 86.63% to 86.42% and recognized the amount of \$346 thousand as capital surplus.
 - 3) A resolution was decided during the Board of Directors meeting of Sunwell Carbon Fiber Composites held on August 4, 2021, to determine whether to repurchase the 600 thousand shares within the period from August 4, 2021 to February 4, 2022 at the price of \$10 to \$10.20 per share, as treasury shares, to transfer to employees. For the years ended December 31, 2021, the Group had repurchased 183 thousand of the above shares, resulting in its shareholding ratio to increase from 86.63% to 86.71%, and recognized the amount of \$91 thousand as capital surplus.
 - 4) A resolution was decided during the Board of Directors' meeting of Sunwell Carbon Fiber Composites held on November 5, 2021 to authorize the chairman of the Board to transfer 183 thousand shares of treasury stock to employees for subscription. The treasury stock was transferred in November 2021, \$435 thousand share premium - subsidiary changes in equity was recognized, and \$67 thousand share premium was recognized for non-controlling interest. In addition, due to the Group's ownership percentage decreased from 86.71% to 86.42%, share premium for subsidiary changes in equity reduced \$302 thousand.
 - 5) A resolution was decided during the Board of Directors' meeting of the Company held on December 16, 2021 to authorize the transfer of 287 thousand shares of treasury stock to employees for subscription. The treasury stock was transferred in December 2021 and share premium- treasury stock \$6,843 thousand was recognized.
 - 6) According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the capital increase, by transferring capital surplus in excess of the par value, should not exceed 10% of the total common stock outstanding.
- (ii) Retained earnings

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

(Continued)

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

The Company is currently in a growth stage. The Company's policy on the distribution of dividends to shareholders is subject to the Company's current and future investment environment, capital requirements, domestic and international competition and capital budget, taking into account the interests of shareholders and Company's long-term financial planning. The earning distribution can be settled by cash or by stocks and cash dividends shall not be more than 10% of total dividends.

1) Legal reserve

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

2) Special reserve

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

3) Earnings distribution

The earnings distribution for 2021 and 2020 were decided during the general meeting of the shareholders held on May 31, 2022 and July 19, 2021, respectively, as follows:

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

(iii) Treasury shares

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

(Continued)

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

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

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

The movement of treasury stock for the nine months ended September 30, 2021 was as follows:

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

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

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

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

(Continued)

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

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

(iv) Other equity

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at 1 January 2022	\$ (387,002)	(4,365)	(391,367)
Exchange differences on foreign operations	96,939	-	96,939
Net change in fair value of investments in financial assets at FVTOCI	-	(11,682)	(11,682)
Balance at 30 September 2022	<u>\$ (290,063)</u>	<u>(16,047)</u>	<u>(306,110)</u>
Balance at 1 January 2021	\$ (415,073)	(3,762)	(418,835)
Exchange differences on foreign operations	(6,302)	-	(6,302)
Net change in fair value of investments in financial assets at FVTOCI	-	(1,263)	(1,263)
Balance at 30 September 2021	<u>\$ (421,375)</u>	<u>(5,025)</u>	<u>(426,400)</u>

(z) Share-based Payments

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

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

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

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

(Continued)

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Notes to the Consolidated Financial Statements

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

	For the nine months ended September 30,	
	2022	2021
	Number of shares(thousand)	Number of shares(thousand)
Outstanding at 1 January	-	3,047
Granted	673	-
Vested	-	(3,047)
Outstanding at 30 September	673	-

(iii) Expense incurred from share-based arrangements:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
	Expenses resulting from granted employee share options	\$ 1,729	-	2,303

(aa) Earnings per Share

1 Basic earnings per share

(i) Profit attributable to ordinary shareholders of the Company

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
	Profit (loss) attributable to ordinary shareholders of the Company	\$ 629,040	(9,085)	789,712

(ii) Weighted average number of ordinary shares

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
	Weighted average number of ordinary shares	\$ 97,407	92,505	94,546

(Continued)

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

2 Diluted earnings per share

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Profit (loss) attributable to ordinary shareholders of the Company(basic)	\$ 629,040	(9,085)	789,712	83,264
Effect of dilutive potential ordinary shares				
Interest expense on convertible bonds, net of tax	<u>8,386</u>	<u>(3,040)</u>	<u>11,394</u>	<u>(3,040)</u>
Profit (loss) attributable to ordinary shareholders of the Company (diluted)	<u>\$ 637,426</u>	<u>(12,125)</u>	<u>801,106</u>	<u>80,224</u>

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Weighted average number of ordinary shares (basic)	\$ 97,407	92,505	94,546	92,505
Effect of dilutive potential ordinary shares				
Effect of conversion of convertible bonds	16,013	782	18,889	264
Effect of employee share bonus (Notes)	<u>-</u>	<u>-</u>	<u>3</u>	<u>15</u>
Weighted average number of ordinary shares (diluted)	<u>\$ 113,420</u>	<u>93,287</u>	<u>113,438</u>	<u>92,784</u>

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

(Continued)

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

(ab) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2021	2020
Primary geographical markets				
Taiwan	\$ 243,177	264,960	668,164	624,827
China	1,367,522	1,606,631	4,518,428	5,121,193
Other	745,577	498,453	2,278,819	2,046,019
	<u>\$ 2,356,276</u>	<u>2,370,044</u>	<u>7,465,411</u>	<u>7,792,039</u>
Major products/services lines				
Anti-corrosion material	\$ 853,935	932,221	2,439,907	2,381,650
Wind blade material	983,114	962,580	3,331,687	3,447,815
Other	519,227	475,243	1,693,817	1,962,574
	<u>\$ 2,356,276</u>	<u>2,370,044</u>	<u>7,465,411</u>	<u>7,792,039</u>

(ii) Contract balances

	September 30, 2022	December 31, 2021	September 30, 2021
Contract liability-advance payment	<u>\$ 10,833</u>	<u>14,144</u>	<u>18,063</u>

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

The amount of revenue recognized for the for the three months ended September 30, 2022 and 2021 and the nine months ended September 30, 2022 and 2021, that were included in the contract liability balance at the beginning of the period were \$753 thousand, \$0 thousand, \$13,276 thousand and \$3,286 thousand, respectively.

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

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

(Continued)

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For the three months ended September 30, 2022 and 2021 and the nine months ended September 30, 2022 and 2021, the Company estimated and reversed its employee remuneration amounting to \$(1,907) thousand, \$(310) thousand, \$90 thousand and \$333 thousand and directors' and supervisors' remuneration amounting to \$14,082 thousand, \$(621) thousand, \$18,076 thousand and \$665 thousand. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholder' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. Shares distributed to employees as employees' remuneration are calculated based on the closing price of the Company's shares on the day before the approval by the Board of Directors.

For the year ended December 31, 2021 and 2020, the Company estimated its employee remuneration amounting to \$885 thousand and \$7,022 thousand, and directors' and supervisors' remuneration amounting to \$2,665 thousand and \$14,010 thousand. Related information would be available at the Market Observation Post System website.

(ad) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Interest income from bank deposits	\$ 4,454	1,550	8,929	5,131
Interest income from bonds investment	395	1,111	1,147	1,111
	\$ 4,849	2,661	10,076	6,242

(ii) Other income and expenses

The details of other income and expenses were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Government subsidy	\$ 1,846	31,453	10,860	46,877
Other	10,165	11	12,589	10,141
	\$ 12,011	31,464	23,449	57,018

(Continued)

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(iii) Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Gains (losses) on disposal of property, plant and equipment	\$ (8,754)	1,563	(8,641)	903
Gains on disposal of investments	1,928	4,419	2,530	5,317
Foreign exchange gains (losses)	51,971	(14,827)	96,068	(34,332)
Gains on disposal of financial assets (liabilities) measured at fair value through profit or loss	<u>638,416</u>	<u>3,593</u>	<u>646,023</u>	<u>3,726</u>
	<u>\$ 683,561</u>	<u>(5,252)</u>	<u>735,980</u>	<u>(24,386)</u>

(iv) Finance costs

The details of finance costs were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Interest expense-bank loans	\$ 16,501	16,263	45,803	54,198
Interest expense-lease liabilities	304	56	574	215
Interest expense-bonds	3,626	-	13,585	-
Interest expense-government loans	<u>722</u>	<u>330</u>	<u>2,073</u>	<u>1,835</u>
	<u>\$ 21,153</u>	<u>16,649</u>	<u>62,035</u>	<u>56,248</u>

(ae) Financial instrument

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For related information, please refer to note 6(ac) of the consolidated financial statements for the year ended December 31, 2021.

(i) Credit risk

1) Credit risk exposure

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

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2) Concentration of credit risk

Major clients of the Group are concentrated in composite material market. To minimize credit risk, the Group periodically evaluates its financial positions and will pledge a collateral if deemed necessary. Besides, the Group monitors and reviews the recoverable amounts of its trade receivables to ensure the uncollectible amounts are recognized appropriately as impairment loss. As of September 30, 2022, December 31, 2021 and September 30, 2021, the percentage of 11%, 16% and 9%, respectively, of accounts receivable were derived from major customers. Thus, the credit risk is significantly centralized.

3) Receivables and debt securities

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

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

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. The Group has no loss allowance provision for the nine months ended September 30, 2022 and 2021.

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>1-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
September 30, 2022						
Non-derivative financial liabilities						
Secured loans	\$ 312,830	335,391	17,731	16,377	246,114	55,169
Unsecured loans	1,466,051	1,499,528	1,367,463	62,749	60,868	8,448
Other loans	38,872	42,037	-	-	42,037	-
Accounts payable	2,704,902	2,704,902	2,704,902	-	-	-
Bonds payable	1,498,410	1,557,900	-	-	1,557,900	-
Lease liability	17,740	19,291	5,648	3,008	4,669	5,966
	<u>\$ 6,038,805</u>	<u>6,159,049</u>	<u>4,095,744</u>	<u>82,134</u>	<u>1,911,588</u>	<u>69,583</u>
December 31, 2021						
Non-derivative financial liabilities						
Secured loans	\$ 351,650	363,943	151,499	2,747	209,697	-
Unsecured loans	2,264,458	2,289,782	2,182,959	27,699	68,854	10,270
Other loans	40,073	44,500	-	-	44,500	-
Accounts payable	3,235,146	3,235,146	3,235,146	-	-	-
Bonds payable	1,900,906	2,000,000	-	-	2,000,000	-
Lease liability	11,573	11,732	8,134	2,786	812	-
	<u>\$ 7,803,806</u>	<u>7,945,103</u>	<u>5,577,738</u>	<u>33,232</u>	<u>2,323,863</u>	<u>10,270</u>

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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>1-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
September 30, 2021						
Non-derivative financial liabilities						
Secured loans	\$ 657,130	665,920	625,410	120	360	40,030
Unsecured loans	2,575,322	2,621,200	2,328,318	29,396	263,486	-
Other loans	39,303	44,017	-	-	44,017	-
Accounts payable	3,333,599	3,333,599	3,333,599	-	-	-
Bonds payable	1,895,857	2,000,000	-	-	2,000,000	-
Lease liability	13,043	13,261	8,113	3,754	1,394	-
	<u>\$ 8,514,254</u>	<u>8,677,997</u>	<u>6,295,440</u>	<u>33,270</u>	<u>2,309,257</u>	<u>40,030</u>

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

(iii) Market risk

1) Currency risk

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

	<u>September 30, 2022</u>			<u>December 31, 2021</u>			<u>September 30, 2021</u>		
	<u>Foreign currency</u>	<u>Exchange rates</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rates</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rates</u>	<u>NTD</u>
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 58,222	31.75	1,848,549	28,599	27.68	791,620	28,373	27.85	790,188
EUR	3,012	31.26	94,155	13,297	31.32	416,462	12,349	32.32	399,120
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	20,434	31.75	648,780	22,807	27.68	631,298	25,013	27.85	696,612
EUR	-	-	-	7,891	31.32	247,146	3,531	32.32	114,122

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts and other receivables, financial assets at fair value through other comprehensive income, financial liabilities at fair value through profit of loss, loans and borrowings and accounts and other payables that are denominated in foreign currency. A strengthening (weakening) of 0.5% of the NTD against the USD and EUR as at September 30, 2022 and 2021 would have increased (decreased) the net profit after tax by \$5,172 thousand and \$1,514 thousand, respectively.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months ended September 30, 2022 and 2021 and the nine months ended September 30, 2022 and 2021, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$51,971 thousand, \$(14,827) thousand, \$96,068 thousand and \$(34,332) thousand, respectively.

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2) Interest rate risk

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

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

If the interest rate had increased/decreased by 0.5%, with all other variable factor remaining constant, the Group's net income would have increased/decreased by \$7,116 thousand and \$12,930 thousand for the nine months ended September 30, 2022 and 2021, respectively. This is mainly due to the Group's borrowing in variable rates.

3) Other market price risk

For the nine months ended September 30, 2022 and 2021, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss with all other variable factors remaining constant as illustrated below:

<u>Prices of securities at the reporting date</u>	<u>For the nine months ended September 30,</u>			
	<u>2022</u>		<u>2021</u>	
	<u>Other comprehensive income after tax</u>	<u>Net income</u>	<u>Other comprehensive income after tax</u>	<u>Net income</u>
Increasing 0.5%	\$ 241	10	240	10
Decreasing 0.5%	(241)	(10)	(240)	(10)

(vi) Fair value of financial instruments

1) Categories and fair value of financial instruments

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

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	September 30, 2022				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	\$ 805,121	2,067	138,960	664,094	805,121
Financial assets at fair value through other comprehensive income					
Stocks unlisted on domestic markets	25,031	-	-	25,031	25,031
Stocks listed on domestic markets	48,100	48,100	-	-	48,100
Original bonds	36,763	36,763	-	-	36,763
Subtotal	109,894	84,863	-	25,031	109,894
Financial assets measured at amortized cost					
Cash and cash equivalents	1,869,169	-	-	-	-
Notes, accounts and other receivables	4,810,635	-	-	-	-
Other financial assets-current	299,759	-	-	-	-
Cash surrender value of life insurance	65,471	-	-	-	-
Refundable deposit	10,394	-	-	-	-
Subtotal	7,055,428	-	-	-	-
Total	\$ 7,970,443	86,930	138,960	689,125	915,015
Financial liabilities					
Financial liabilities at fair value through profit or loss					
Non derivative financial liabilities mandatorily measured at fair value through profit or loss	\$ 4,445	-	4,445	-	4,445
Financial liabilities measured at amortized cost					
Short-term borrowings	1,305,383	-	-	-	-
Notes, accounts and other payables (including related parties)	2,704,902	-	-	-	-
Long-term borrowings, current portion	45,696	-	-	-	-
Long-term borrowings (including other loans)	466,674	-	-	-	-
Bonds payable	1,498,410	-	-	1,735,517	1,735,517
Current and non-current lease liabilities	17,740	-	-	-	-
Subtotal	6,038,805	-	-	1,735,517	1,735,517
Total	\$ 6,043,250	-	4,445	1,735,517	1,739,962

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	December 31, 2021				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	\$ 667,599	2,005	1,500	664,094	667,599
Financial assets at fair value through other comprehensive income					
Stocks unlisted on domestic markets	25,031	-	-	25,031	25,031
Stocks listed on domestic markets	48,950	48,950	-	-	48,950
Original bonds	41,946	41,946	-	-	41,946
Subtotal	115,927	90,896	-	25,031	115,927
Financial assets measured at amortized cost					
Cash and cash equivalents	2,530,959	-	-	-	-
Notes, accounts and other receivables	5,037,267	-	-	-	-
Other financial assets-current	167,915	-	-	-	-
Other financial assets-non-current	400,029	-	-	-	-
Cash surrender value of life insurance	56,340	-	-	-	-
Refundable deposit	4,634	-	-	-	-
Subtotal	8,197,144	-	-	-	-
Total	\$ 8,980,670	92,901	1,500	689,125	783,526
Financial liabilities					
Financial liabilities at fair value through profit or loss					
Non derivative financial liabilities mandatorily measured at fair value through profit or loss	\$ 4,700	-	4,700	-	4,700
Financial liabilities measured at amortized cost					
Short-term borrowings	2,292,267	-	-	-	-
Notes, accounts and other payables	3,235,146	-	-	-	-
Long-term borrowings, current portion	20,187	-	-	-	-
Long-term borrowings (including other loans)	343,727	-	-	-	-
Bonds payable	1,900,906	-	2,299,500	-	2,299,500
Current and non-current lease liabilities	11,573	-	-	-	-
Subtotal	7,803,806	-	2,299,500	-	2,299,500
Total	\$ 7,808,506	-	2,304,200	-	2,304,200

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	September 30, 2021				
	Carrying	Fair Value			
	amount	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	\$ 681,246	1,938	15,214	664,094	681,246
Financial assets at fair value through other comprehensive income					
Stocks unlisted on domestic markets	25,031	-	-	25,031	25,031
Stocks listed on domestic markets	48,050	48,050	-	-	48,050
Original bonds	42,541	42,541	-	-	42,541
Subtotal	115,622	90,591	-	25,031	115,622
Financial assets measured at amortized cost					
Cash and cash equivalents	3,662,642	-	-	-	-
Notes, accounts and other receivables	5,315,512	-	-	-	-
Other financial assets-current	204,252	-	-	-	-
Other financial assets-non-current	300,000	-	-	-	-
Cash surrender value of life insurance	56,321	-	-	-	-
Refundable deposits	5,040	-	-	-	-
Subtotal	9,543,767	-	-	-	-
Total	\$ 10,340,635	92,529	15,214	689,125	796,868
Financial liabilities					
Financial liabilities measured at amortized cost					
Non derivative financial liabilities mandatorily measured at fair value through profit or loss	\$ 2,600	-	2,600	-	2,600
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 2,339,594	-	-	-	-
Notes, accounts and other payables (including related parties)	3,333,599	-	-	-	-
Long-term borrowings, current portion	572,293	-	-	-	-
Long-term borrowings (including other loans)	359,868	-	-	-	-
Bonds payable	1,895,857	-	2,198,900	-	2,198,900
Current and non-current lease liabilities	13,043	-	-	-	-
Subtotal	8,514,254	-	2,198,900	-	2,198,900
Total	\$ 8,516,854	-	2,201,500	-	2,201,500

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

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

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

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3) Valuation techniques for financial instruments measured at fair value

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

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

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

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

4) Transfers between Level 1 and Level 2

There were no transfers from one level to another level for the nine months ended September 30, 2022 and 2021.

5) Reconciliation of Level 3 fair values

	Fair value through profit or loss (Unquoted equity instruments)	Fair value through other comprehensive income (Unquoted equity instruments)
Opening balance on January 1, 2022 (as the same balance at September 30)	\$ 664,094	25,031
Opening balance on January 1, 2021	\$ 536,642	25,031
Purchased	127,452	-
Balance at September 30, 2021	\$ 664,094	25,031

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

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

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

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets measured at fair value through profit or loss - equity investments without an active market- Swancor Renewable Energy	Discounted Cash Flow Method	<ul style="list-style-type: none"> • Cost of equity Ratio (As of September 30, 2022, December 31, 2021 and September 30, 2021 were 6.96%, 6.96% and 7.22%, respectively) • Lack of marketability discount (As of September 30, 2022, December 31, 2021 and September 30, 2021 were all 26.2%) 	<ul style="list-style-type: none"> • the higher the Cost of equity Ratio, the higher the fair value • the higher the lack of marketability discount, the lower the fair value
Financial assets measured at fair value through profit or loss- equity investments without an active market-F I International	Discounted Cash Flow Method	<ul style="list-style-type: none"> • Cost of equity Ratio (As of September 30, 2022, December 31, 2021 and September 30, 2021 were 6.96%, 6.96% and 7.22%, respectively) • Lack of marketability discount (As of September 30, 2022, December 31, 2021 and September 30, 2021 were all 26.2%) 	<ul style="list-style-type: none"> • the higher the Cost of equity Ratio, the higher the fair value • the higher the lack of marketability discount, the lower the fair value

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<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income (Available-for-sale financial assets) equity investments without an active market-Gigantex Composite Technologies	Public company comparable	<ul style="list-style-type: none"> • Price-Book Ratio (As of September 30, 2022, December 31, 2021 and September 30, 2021 were 2.12~3.97, 2.12~3.97 and 1.27~2.54, respectively) • Price-to-Sales Ratio (As of September 30, 2022, December 31, 2021 and September 30, 2021 were 0.65~1.88, 0.65~1.88 and 0.47~1.90, respectively) • Lack of marketability discount (As of September 30, 2022, December 31, 2021 and September 30, 2021 were all 35%, respectively) 	<ul style="list-style-type: none"> • the higher the Price-Book Ratio, the higher the fair value • the higher the Price-to-Sales Ratio, the higher the fair value • the higher the lack of marketability discount, the lower the fair value

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

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

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

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

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	<u>Input value</u>	<u>Change up or down</u>	<u>Profit or loss</u>		<u>Other comprehensive income</u>	
			<u>Favorable</u>	<u>Unfavorable</u>	<u>Favorable</u>	<u>Unfavorable</u>
December 31, 2021						
Financial assets at fair value through profit or lost						
Equity investments without an active market	664,094	0.5 %	3,320	(3,320)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	25,031	0.5 %	-	-	125	(125)

	<u>Input value</u>	<u>Change up or down</u>	<u>Profit or loss</u>		<u>Other comprehensive income</u>	
			<u>Favorable</u>	<u>Unfavorable</u>	<u>Favorable</u>	<u>Unfavorable</u>
September 31, 2021						
Financial assets at fair value through profit or lost						
Equity investments without an active market	664,094	0.5 %	3,320	(3,320)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	25,031	0.5 %	-	-	125	(125)

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

(af) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note 6(ad) of the consolidated financial statements for the year ended December 31, 2021.

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(ag) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2021. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2021. Please refer to Note 6(ae) of the consolidated financial statements for the year ended December 31, 2021 for further details.

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

The Group's investing and financing activities, which did not affect its current cash flow in the nine months ended September 30, 2022 and 2021, were as follows:

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

Reconciliation of liabilities arising from financing activities were as follows:

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

(Continued)

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

	<u>Non-cash changes</u>					<u>September 30, 2021</u>
	<u>January 1, 2021</u>	<u>Cash flows</u>	<u>Increase (Decrease)</u>	<u>Foreign exchange movement</u>	<u>Amortization</u>	
Short-term borrowings	\$ 738,071	1,601,523	-	-	-	2,339,594
Long-term borrowings (including current portion)	662,800	230,058	-	-	-	892,858
Other loans (including deferred income)	69,078	(308)	-	(277)	132	68,625
Lease liabilities (including current portion)	7,665	(5,276)	10,672	(18)	-	13,043
Bonds payable	-	2,113,308	(217,451)	-	-	1,895,857
Total liabilities from financing activities	<u>\$ 1,477,614</u>	<u>3,939,305</u>	<u>(206,779)</u>	<u>(295)</u>	<u>132</u>	<u>5,209,977</u>

(7) Related-party transactions:

(a) Names and relationship with related parties

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

(b) Significant transactions with related parties

(i) Purchase

The Group purchase from related parties was as follows:

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

(Continued)

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

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

(ii) Borrowings from Related Parties

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

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

The Group's borrowings from related parties were interest-free and unsecured.

(iii) Other transaction

The Group's labor expense due to related party provide legal advisory services (accounting operating expense) for the three months and nine months ended September 30, 2022 was as follows:

	<u>For the three months ended September 30, 2022</u>	<u>For the nine months ended September 30, 2021</u>
Director of the Company— Pan-Jiang, Yang	\$ -	90

(iv) Payable from Related Parties

The payable from associates were as follows:

<u>Account</u>	<u>Relationship</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Accounts payables	Associates - Meijia New Materials	<u>\$ 7,877</u>	<u>29,523</u>

(Continued)

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

(c) Key management personnel compensation

Key management personnel compensation comprised the following:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 7,898	7,545	27,849	22,930
Post-employment benefits	129	301	440	928
Other long-term benefits	-	-	-	-
Termination benefits	-	-	-	-
Share based payments	-	-	-	-
	<u>\$ 8,027</u>	<u>7,846</u>	<u>28,289</u>	<u>23,858</u>

(8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Land	Bank Loans	\$ 540,921	537,281	484,076
Buildings	Bank Loans	296,340	146,647	183,475
Right-of-use asset	Bank Loans	163,349	161,260	160,544
Restricted bank deposit (other financial assets- current)	Bank's acceptance bill, long-term borrowings, stand by L/C and bank guarantee	299,759	167,915	204,252
Restricted bank deposit (other non-current assets)	Guarantee letter of convertible bond and bank loans	-	400,029	300,000
		<u>\$ 1,300,369</u>	<u>1,413,132</u>	<u>1,332,347</u>

(9) Significant commitments and contingencies:

(a) Unrecognized contractual commitments

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Acquisition of property, plant and equipment	<u>\$ 525,624</u>	<u>863,705</u>	<u>824,536</u>

(b) Outstanding standby letter of credit

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Outstanding standby letter of credit	<u>\$ 129,228</u>	<u>128,242</u>	<u>153,000</u>

(c) Contingencies: None.

(d) Other: None.

(Continued)

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

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other:

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

By function	For the three months ended September 30,					
	2022			2021		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	43,241	143,575	186,816	37,342	66,362	103,704
Labor and health insurance	5,176	5,431	10,607	3,358	5,841	9,199
Pension	4,137	6,426	10,563	3,942	5,419	9,361
Others	2,256	1,447	3,703	2,857	1,481	4,338
Depreciation	42,281	20,660	62,941	27,225	21,786	49,011
Amortization	8	2,845	2,853	7	1,031	1,038

By function	For the nine months ended September 30,					
	2022			2021		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	118,383	287,761	406,144	108,107	208,940	317,047
Labor and health insurance	12,039	17,762	29,801	10,189	16,637	26,826
Pension	11,236	18,811	30,047	11,859	15,533	27,392
Others	6,331	4,061	10,392	7,003	4,186	11,189
Depreciation	123,738	64,144	187,882	76,240	65,974	142,214
Amortization	23	8,043	8,066	20	3,097	3,117

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

(Continued)

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

(13) Other disclosures:

(a) Information on significant transactions:

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

(i) Lending to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period (Note 5)	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Loss Allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	Swancor Holding	Swancor Innovation & Incubation	Other receivables	Yes	30,000	-	-	-	2	-	Operating purpose	-	-	-	2,634,210 (Note 1)	2,634,210 (Note 2)
0	Swancor Holding	Swancor	Other receivables	Yes	USD2,000 63,500	USD2,000 63,500	USD2,000 63,500	4%	2	-	Operating purpose	-	-	-	2,634,210 (Note 1)	2,634,210 (Note 2)
0	Swancor Holding	Sunwell Carbon Fiber Composite	Other receivables	Yes	130,000	130,000	130,000	1.6%	2	-	Operating purpose	-	-	-	987,829 (Note 1)	987,829 (Note 2)
0	Swancor Holding	Swancor (Jiangsu) Carbon Composites	Other receivables	Yes	RMB18,000 81,166	-	-	4%	2	-	Operating purpose	-	-	-	987,829 (Note 1)	987,829 (Note 2)
1	Sunwell Carbon Fiber Composite	Swancor (Jiangsu) Carbon Composites	Other receivables	Yes	RMB20,000 90,184	RMB15,000 67,080	RMB15,000 67,080	4.25%	2	-	Operating purpose	-	-	-	104,154 (Note 3)	277,745 (Note 3)

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

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

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

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

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

Note5 : The transactions have been eliminated upon consolidation.

(Continued)

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

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/guarantees to third parties on behalf of parent company	Endorsements/guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	Swancor Holding	Swancor (Jiangsu) CarbonComposites	2	3,292,762	940,636	864,175	543,406	-	13.12 %	6,585,524	Y	N	Y
1	Swancor Highpolymer	Swancor Ind (M)	1	388,623	158,750	158,750	50,800	-	20.43 %	777,245	N	N	N
2	Swancor Advanced Materials	Swancor (Jiangsu)	2	1,494,487	603,720	603,720	50,815	-	12.12 %	2,490,811	N	N	Y
2	Swancor Advanced Materials	Swancor (Tianjin)	2	1,494,487	1,118,000	1,118,000	302,108	95,635	22.44 %	2,490,811	N	N	Y
2	Swancor Advanced Materials	Swancor Ind (M)	2	1,494,487	996,690	80,629	9,315	-	1.62 %	2,490,811	N	N	N

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

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

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

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

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

(Continued)

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

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

(In Thousands of New Taiwan Dollars)

Name of holder	Name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Swancor Holding	Stock – Swancor Renewable Energy	Other related parties	Financial assets at fair value through profit or loss-non-current	25,127	259,707	5.00 %	259,707	
Swancor Holding	Stock – China Communications Media Group Co., Ltd.		Financial assets at fair value through profit or loss-current	10	190	0.04 %	190	
Swancor Holding	Stock- Tsang Yow Industrial Co., Ltd.		Financial assets at fair value through profit or loss-current	26	620	0.03 %	620	
Swancor Holding	Stock – Aero Win Technology Corporation		Financial assets at fair value through profit or loss-current	12	295	0.02 %	295	
Swancor Holding	Stock – KoanHau Technology Co., Ltd.		Financial assets at fair value through profit or loss-current	68	962	0.09 %	962	
Swancor Holding	Stock - F I International		Financial assets at fair value through profit or loss-non-current	45,246	404,387	7.50 %	404,387	
Swancor Holding	Stock – Gigantex Composite Technologies Co., Ltd.		Financial assets at fair value through other comprehensive income-non-current	20	25,031	14.92 %	25,031	
Swancor Holding	Special Stock – WT Microelectronics Co., Ltd.		Financial assets at fair value through other comprehensive income-non-current	1,000	48,100	0.10 %	48,100	
Swancor Holding	Stock – Promix Composites, Inc.		Financial assets at fair value through other comprehensive income-non-current	1,500	-	10.00 %	-	
Swancor Holding	Stock- Ideal Star International Corp.		Financial assets at fair value through other comprehensive income-non-current	500,000	-	10.00 %	-	
Swancor Holding	Bonds-The Royal Bank of Scotland Group plc		Financial assets at fair value through other comprehensive income-non-current	-	6,299	- %	6,299	
Swancor Holding	Stock- BP Capital Markets PLC		Financial assets at fair value through other comprehensive income-non-current	-	6,414	- %	6,414	
Swancor Holding	Bonds-Citigroup Inc.		Financial assets at fair value through other comprehensive income-non-current	-	8,018	- %	8,018	
Swancor Holding	Bonds-AT & T Corporation		Financial assets at fair value through other comprehensive income-non-current	-	6,355	- %	6,355	
Swancor Holding	Stock- BP Capital Markets PLC		Financial assets at fair value through other comprehensive income-non-current	-	5,137	- %	5,137	
Swancor Holding	Bonds-Hewlett Packard Company		Financial assets at fair value through other comprehensive income-non-current	-	4,540	- %	4,540	

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

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

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

(Continued)

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

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

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Swancor (Tianjin)	Swancor (Jiangsu)	Direct of indirect subsidiaries of the Company	(Sales)	(108,777)	(1.46) %	90 day	Note 1	No difference	8,539	0.18 %	
Swancor (Jiangsu)	Swancor (Tianjin)	Direct of indirect subsidiaries of the Company	Purchases	108,777	1.69 %	90 day	Note 1	No difference	(8,539)	(0.37) %	
Swancor (Jiangsu)	Swancor (Tianjin)	Direct of indirect subsidiaries of the Company	(Sales)	(327,152)	(4.38) %	90 day	Note 1	No difference	44,486	0.93 %	
Swancor (Tianjin)	Swancor (Jiangsu)	Direct of indirect subsidiaries of the Company	Purchases	327,152	5.09 %	90 day	-	No difference	(44,486)	(1.95) %	
Swancor (Jiangsu)	Swancor Advanced Materials	Direct of indirect subsidiaries of the Company	(Sales)	(682,307)	(9.14) %	90 day	-	No difference	179,272	3.73 %	
Swancor Advanced Materials	Swancor (Jiangsu)	Direct of indirect subsidiaries of the Company	Purchases	682,307	10.62 %	90 day	-	No difference	(179,272)	(7.85) %	

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

Note2 : The transactions have been eliminated upon consolidation

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

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss allowance
					Amount	Action taken		
Swancor(Jiangsu)	Swancor Advanced Materials	Direct of indirect subsidiaries of the Company	179,272	(3.06) %	-	-	-	-

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

- (x) Significant transactions and business relationship between the parent company and its subsidiaries for the nine months ended September 30, 2022:

(In Thousands of New Taiwan Dollars)

No. (Note1)	Name of company	Name of counterparty	Nature of relationship (Note2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	Swancor(Tianjin)	Swancor(Jiangsu)	3	Sales	108,777	The sales prices and payment terms were same as those of sales to third parties.	1.46 %
2	Swancor(Jiangsu)	Swancor(Tianjin)	3	Purchases	108,777	The sales prices and payment terms were same as those of sales to third parties.	1.46 %
3	Swancor(Jiangsu)	Swancor(Tianjin)	3	Sales	327,152	The sales prices and payment terms were same as those of sales to third parties.	4.38 %
4	Swancor(Tianjin)	Swancor(Jiangsu)	3	Purchases	327,152	The sales prices and payment terms were same as those of sales to third parties.	4.38 %
5	Swancor(Jiangsu)	Swancor Advanced Materials	3	Sales	682,307	The sales prices and payment terms were same as those of sales to third parties.	9.14 %
6	Swancor Advanced Materials	Swancor(Jiangsu)	3	Purchases	682,307	The sales prices and payment terms were same as those of sales to third parties.	9.14 %

Note1 : The number filled in as follows:

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

(Continued)

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

Note2 : Transactions labeled as follows:

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

(b) Information on investees:

The following is the information on investees (excluding information on investees in Mainland China) for the nine months ended September 30, 2022:

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

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2022			Net income losses) of investee	Share of profits/losses of investee	Note
				September 30, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value			
Swancor Holding	Sunwell Carbon Fiber Composite	R.O.C.	Producing and selling carbon composites	458,000	458,000	45,800	86.42 %	600,068	26,145	22,594	
Swancor Holding	Swancor Innovation & Incubation	R.O.C.	Management consulting	210,000	10,000	21,000	100.00 %	151,033	(42,927)	(42,927)	
Swancor Holding	Strategic	Samoa	Investing and holding	USD 9,601 317,780	USD 9,601 317,780	9,601	100.00 %	3,892,542	USD 7,750 227,314	227,314	
Swancor Holding	S-Wanlai	R.O.C.	Chemical products manufacturing and processing	200,000	-	20,000	100.00 %	200,855	855	855	
Strategic	Swancor	Samoa	Investing and holding	USD 7,100 233,692	USD 7,100 233,692	7,100	100.00 %	USD 98,665 3,132,621	USD 6,258 183,570	USD 6,258 183,570	
Swancor Advanced Materials	Swancor (HK)	Hong Kong	Investing and holding	USD 21,880 662,997	USD 21,880 662,997	35,650	100.00 %	RMB 219,802 982,956	RMB 42,776 189,906	RMB 42,776 189,906	
Swancor (HK)	Swancor Ind. (M)	Malaysia	Chemical products manufacturing and processing	USD 7,820 241,521	USD 7,820 241,521	32,657	100.00 %	HKD 50,519 204,330	HKD 5,122 19,178	HKD 5,122 19,178	
Swancor (HK)	Swancor Highpolymer	R.O.C.	Chemical products manufacturing and processing	USD 14,000 415,800	USD 14,000 415,800	41,580	100.00 %	HKD 192,169 777,245	HKD 45,608 170,755	HKD 45,608 170,755	
Sunwell Carbon Fiber Composite	COTECH	R.O.C.	Producing and selling carbon composites	130,000	-	130,000	80.82 %	130,000	(20,901)	-	

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

(c) Information on investment in Mainland China:

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

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2022	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Swancor Advanced Materials	Production and selling of Vinyl Ester Resins and light composite material resins	USD 20,677 RMB 348,576 1,834,912	Indirectly owned by the company	USD 2,500 84,071	-	-	USD 2,500 84,071	USD 9,866 289,374	79.24 %	USD 7,818 229,300	USD 124,329 3,947,438	RMB 131,009 585,878
Wuxi Rongmai Engineering Plastic Co., Ltd.	Producing Engineering plastic used in electronic, electrical engineering and automotive industry	USD 2,100 64,806	Indirectly owned by the company (Note1)	USD 250 8,098	-	-	USD 250 8,098	-	10.00 %	-	-	-
Swancor (Tianjin)	Energy conservation wind power laminar resins' manufacturing and selling	USD 7,000 RMB 5,500 254,376	Indirectly owned by the company	USD 7,000 230,401	-	-	USD 7,000 230,401	RMB 3,099 13,760	79.24 %	RMB 2,456 10,904	RMB 185,701 830,455	-
Swancor (Jiangsu)	Energy conservation wind power laminar resins' manufacturing and selling	RMB 122,500 613,850	Indirectly owned by the company	RMB 76,875 380,892	-	-	RMB 76,875 380,892	RMB 2,563 11,377	79.24 %	RMB 2,031 9,015	RMB 133,447 596,776	-
Meijia New Materials	Producing and selling of powder coating and epoxy resin	RMB 210,000 913,290	Indirectly owned by the company	-	-	-	-	RMB 18,644 82,770	18.87 %	RMB 3,517 15,730	RMB 169,654 758,696	-
Swancor (Jiangsu) Carbon Composites	Producing and selling carbon composites	USD 19,000 611,313	Directly owned by the company	USD 15,940 512,237	-	-	USD 15,940 512,237	RMB (7,903) (35,085)	72.50 %	RMB (5,730) (25,437)	402,187	-

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

(ii) Limitation on investment in Mainland China:

Company Name	Accumulated Investment in Mainland China as of September 30, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Swancor Holding	USD2,282	USD 90,401 2,726,477	4,717,400

Note1 : Invested by Ideal Star

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

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

Note4 : The indirectly investment in Mainland China amounting to USD91,263 thousand was incurred from the merger of the Company and Swancor Industrial, wherein the Company became the surviving company and Swancor Industrial became the dissolved entity thereafter.

(iii) Significant transactions:

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

(d) Major shareholders

Shareholder's name	Shareholding	Shares	Percentage
Tsai's Holding Co., Ltd.		11,255,625	11.46 %
Jau-Yang, Tsai		8,957,033	9.12 %

(14) Segment information:

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