Stock Code: 3708

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Devoted to carbon neutrality and new materials innovation

SWANCOR HOLDING CO., LTD.

2021

Annual Report

Notice to readers

The English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Printed on April 8, 2022

This Annual Report is available at: http://mops.twse.com.tw

(Company Website: http://www.swancor.com)

I. Name, Title, Telephone Number, and E-mail Address of the Spokesperson and Acting Spokesperson

Spokesperson	：	(Not Available)
Contact Number	：	
Email	：	
Deputy Spokesperson	：	Chen, Chi-Shen Associate Manager
Contact Number	：	(049) 2255420
Email	：	Brian@swancor.com

II. Addresses and Telephone Numbers of Corporate Headquarters, Subsidiaries and Factories

Headquarters	：	No.9 Industry South 6 Road, Nantou City 54066, Taiwan(R.O.C)
Telephone	：	(049) 2255420
Subsidiary	：	**None**
Factory	：	**None**

III. Name, Address, E-mail Address, and Telephone Number of the Stock Transfer Agency

Meeting	：	Stock-Affairs Agency Department of Taishin Securities Co., Limited
Address	：	B1, No. 96, Sec. 1, Jianguo N. Rd., Jhongshan Dist., Taipei City 104, Taiwan (R.O.C.)
Website	：	https://stocktransfer.tssco.com.tw/index.action
Telephone	：	(02)25048125

IV. Name of the CPA who Audited the Financial Statements for the Most Recent Year, and the Name, Address and Telephone Number of the CPA's Accounting Firm

Name of CPAs	：	CPAs Cheng-Hsueh Chen, Shih-Hua Kuo
Name of the accounting firm	：	KPMG Taiwan
Address	：	68F, No. 7, Section 5, Xinyi Road, Xinyi District, Taipei City, Taiwan (R.O.C.)
Website	：	www.kpmg.com.tw
Telephone	：	(02)81016666

V. Name of any overseas securities trading agency and method for inquiring information of such overseas securities: None

VI. Company website ： www.swancor.com

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Chapter 1. Letter to Shareholders

Dear Shareholders:

First, we would like to express our gratitude for the support and encouragement of all shareholders in the past year.

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

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

The 2021 business results and 2022 business plan are listed as follows:

I. 2021 Business Report

(I) Implementation results of business plan:

Swancor's consolidated sales was NT$10.71 billion in 2021, grew by 8.54% compared with 2020, of which sales of anti-corrosion resin increased by 51.75%, and environmental protection and green energy materials revenue decreased by 10.71%.

The Company's gross profit margin decreased by 5.16ppt YoY to 12.51%, which was mainly due to the rising cost of raw materials.

Net profit attributable to the Company slumped by 70.30% YoY to NT$186 million, with EPS of NT$2.01 in 2021, which decreased by NT$4.81 compared to that in 2020.

(II) Implementation status:

Unit: NT$thousands

Year / Item	2022 Actual Amount
Net operating revenue	10,710,300
Operating costs	9,370,771
Gross profit from operations	1,339,529
Operating expenses	1,190,155
Operating income	149,374
Net non-operating Income (expenses)	(26,911)
Profit before income tax	122,463
Income tax expenses	(96,389)
Net profit for this period	218,852

Note 1: Publication of financial forecasts is not required according to regulations.

(III) The financial income and expenditure and profitability analysis are listed below:

Unit: NT$ thousands

Item \ Year			2021
Financial revenue and expenditure	Net operating revenue		10,710,300
	Gross profit from operations		1,339,529
	Profit before income tax		122,463
Profitability	Return on Shareholders' Equity (%)		3.37
	Income before tax to be paid-in capital ratio (%)	Operating income	15.98
		Net profit before income tax	13.10
	Basic Earnings Per Share (NT$)		2.01
	Diluted Earnings Per Share (NT$)		1.93

II. Technology Development

Swancor Holdings' has innovation and execution abilities, providing products and technologies that meet customer needs, and supporting corporate growth as well as enhancing profitability.

(I) Anti-Corrosion Resin

Swancor has launched SWANCOR HYVER, an innovative product that offers customers an additional choice of high performance and cost-effective anti-corrosion resins, especially for applications in vessels, where the shipbuilding process can be streamlined to improve production efficiency and performance. The product has successfully entered the international market.

In addition, Swancor has cooperated with its strategic partner, Anhui Meijia New Materials Co.,Ltd. (hereinafter referred to as "Anhui Meijia New Materials"), in developing a special-purpose epoxy resin, to enhance and accumulate its independent research and development capabilities with a particular focus on upstream materials.

(II) Recyclable Thermoset Epoxy Resin

In response to the growing trends of carbon neutrality and carbon reduction, Swancor has developed the Recyclable Thermoset Epoxy Resin. Composite materials produced with Swancor's Recyclable Thermoset Epoxy Resin retain the performance and all the characteristics of conventional epoxy resins. In addition, at the end of the product life cycle, resin solutions and fibers can be obtained by soaking the composite materials in Swancor's self-developed solvent followed by appropriate heating. The process produces no pollution, such as wastewater or exhaust gases, which meets the requirements of a circular economy.

Swancor's Recyclable Thermoset Epoxy Resin is an epoxy base that can be used for not only wind power applications, but also across a wide range of uses and can replace epoxy resins used in existing processes and products, such as PCB, sporting goods, vehicles, etc., transforming previously non-recyclable thermoset epoxy resins into environmentally friendly products.

(III) Wind Turbine Laminar Epoxy Resin

Swancor's two innovative products, Recyclable Thermoset Epoxy Resin and SWANCOR HYVER, can substitute for the traditional wind turbine blade infusion resins, providing more choices for the wind turbine blade manufacturers. The Recyclable Thermoset Epoxy Resin is currently undergoing certification testing by international and Chinese customers, while SWANCOR HYVER is undergoing certification testing by Chinese customers.

(IV) High-Performance Carbon Fiber Prepreg Sheets and Pultruded Carbon Fiber Plates

In addition to the carbon fiber prepreg sheets and pultruded carbon fiber plates originally provided, Swancor has developed a pultruded glass fiber plate for wind power spars by integrating its epoxy resin formula, self-developed carbon fiber and forward-looking technology. The products have been certified by the wind turbine manufacturers in China and have started shipping in large quantities.

III. Recent Corporate Development Overview

The subsidiary, Swancor Advanced Materials, announced its investment in Anhui Meijia New Materials in April, 2021. With the investment, Swancor Advanced Materials strives to strategically integrate the upstream supply chain operations from resin suppliers up to basic epoxy resin (main raw materials) manufacturers, thereby ensuring stable supply of raw materials and increasing competitiveness.

The subsidiary, Sunwell Carbon Fiber, has Sunwell (Jiangsu) Carbon Fiber Composite Co., Ltd.'s equity restructured under its ownership to accommodate Swancor's future overall operation plan. Sunwell Carbon Fiber further announced its investment in COTECH INC. in December 2021. With the investment, Sunwell Carbon Fiber strives to integrate the downstream supply chain operations and expand its products from carbon fiber prepreg sheets and pultruded plates to molding components.

Swancor Holdings announced its establishment of a subsidiary, Swancor Innovation & Incubation, in April 2021. The new subsidiary strives to reinforce the research and development of forward-looking innovative materials as well as incubate new businesses.

IV. Business Plan for 2022

Swancor Holding is an investment holding company, and its 2022 plan and strategy for the main subsidiaries, Swancor Advanced Materials, Sunwell Carbon Fiber, and Swancor Innovation & Incubation are described as follows.

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

1.1 Anti-corrosion resin:

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

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

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

1.2 Eco-friendly green energy materials:

China: Promote the innovative SWANCOR HYVER to increase market share and profitability, consolidate supply chain and distribution channels through the establishment of wind turbine blade OEM pilot plants, and promote the Recyclable Thermoset Epoxy Resin at the same time. Keep in line with market development and policy trends; continue to strengthen the strategic alliance with the machine factory in China; improve technical services and Swancor's brand influence; and actively develop new customers on the back of continuous market expansion.

Global: By virtue of Swancor's product quality, technical capabilities and achievements in Taiwan offshore wind power, its wind power laminar resins have obtained orders after being certified by the international wind turbine manufacturers. Swancor will actively explore new customers, promote the Recyclable Thermoset Epoxy Resin and SWANCOR HYVER, and establish production capacity cooperation with strategic partners in Europe to increase competitiveness, while securing its foothold in Taiwan's offshore wind power and relevant emerging industries and continuing to seize new business opportunities in order to maintain market leadership and increase profitability.

The medium and long-term goal of green energy material business unit is to become the leader of wind turbine blade materials.

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

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

Prepreg sheets: Swancor will actively explore new customers and new applications beyond the wind power industry to increase capacity utilization and accelerate sustainable growth.

Besides continuing development of the two major products, Swancor will further integrate the resources of COTECH INC. to expand its business from materials to carbon fibre molding components, harnessing the synergy to tap into a new customer base of carbon fiber composites' applications in the aerospace and new energy vehicle sectors.

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

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

V. Future Prospects

In the coming year, Swancor's advanced materials business strategy will be mainly focused on "maintaining the core business and developing new businesses" on the basis of past business developments, with a particular emphasize on SWANCOR HYVER's mass production and demand growth and the promotion of the Recyclable Thermoset Epoxy Resin, in order to solidify its leading market position and achieve continuous profit growth. Swancor's carbon composite materials have obtained orders from the international wind turbine manufacturers and Chinese machine factories. Swancor will ensure the stable supply of upstream carbon and glass fibers and continuously improve the yield of products, so that the revenue will continue to grow and profits will be improved. At the same time, Swancor will integrate COTECH INC.'s resources to tap into a new customer base of carbon fiber composites' applications in the aerospace and new energy vehicle sectors. Meanwhile, Swancor Innovation & Incubation will focus on the research and development of carbon capture, utilization and storage and carbon fiber recycling applications along with early investments in businesses related to carbon neutrality.

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

Finally, we would like to express our sincere gratitude to all shareholders for your love and care over the past years, and we would appreciate your continued support for the future. Please feel free to give us any advice or opinions.

I wish you all the best.

Good Health and Good Luck.

Chairman：Jau-Yang Tsai

Chapter 2. Company Profile

I. Date of establishment: August 31, 2016.

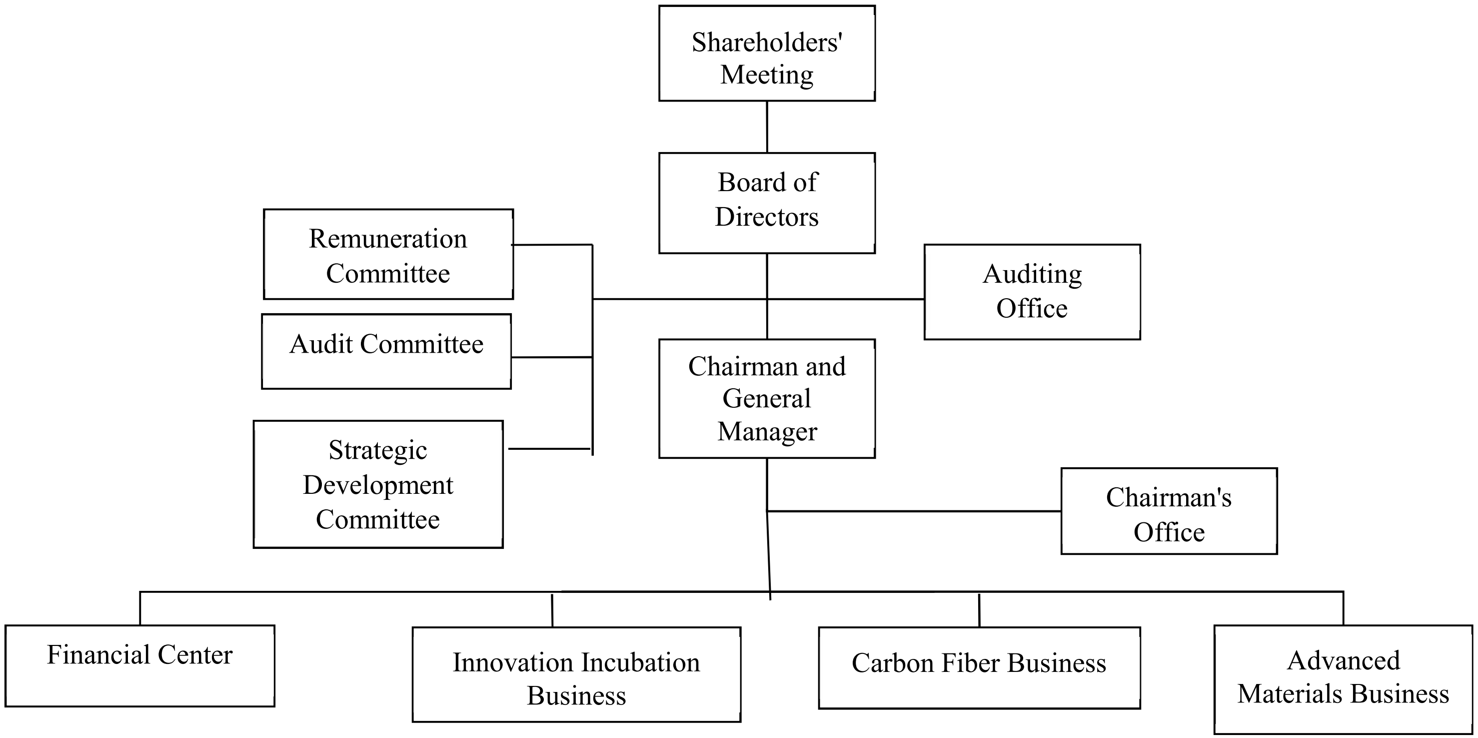
II. Milestones:

Year/Month	Milestones
Aug. 2016	The Company was established in Nantou by stock conversion of Swancor Industrial Co., Ltd. (hereinafter referred to as Swancor Industrial), and was listed (stock code: 3708) on the date of establishment in accordance with relevant laws and regulations.
Oct. 2016	Established Swancor Highpolymer Co., Ltd.
Jan. 2017	The advanced materials business of Swancor Industrial was transferred to the sub-subsidiary Swancor Highpolymer Co., Ltd. by demerger. Macquarie Capital and DONG Energy signed an investment agreement with Swancor.
Apr. 2017	Subsidiary Formosa I Wind Power CO., Ltd. got the Taiwan first offshore wind power commercial operating license from Taiwan Ministry of Economic Affairs. The two wind turbines demonstrated in Phase 1 by Formosa I were the first offshore wind turbines to be put in commercial operation.
Aug. 2017	Ranked 9th for the Mittelstand Enterprise of the Common Wealth Magazine 2017 - Excellence in Social Corporate Sustainability
Nov. 2017	Won the Silver Award for the Traditional Manufacturing Industry of the 2017 Taiwan Corporate Sustainability Awards (TCSA) - Corporate Sustainability Report.
Dec. 2017	Subsidiary Formosa I Wind Power Co., Ltd. signed the Offshore Wind Power System Purchasing Agreement with TSMC, which is the first comprehensive offshore wind farm purchase contract in Taiwan, with a contract period of 20 years since the initial date of parallel connection (meter reading) in accordance with the Renewable Energy Development Act and The Electricity Act.
Mar. 2018	The Company expanded offshore wind supply chain localization in cooperation with Macquarie Capital, and signed a memorandum of understanding (MOU) with FPC and Formosa Heavy Industries.
Jun. 2018	Formosa I Wind Power Co., Ltd. was the first company in Asia engaged in offshore wind turbine project finance.
Oct. 2018	Swancor signed supply contracts with Siemens Gameas for wind turbine laminar resins, and became the first resin supplier in Asia to supply wind turbine laminar resins for Siemens Gameas' offshore wind turbine laminar.
Dec. 2018	Won the Silver Award for the Traditional Manufacturing Industry of the 2018 Taiwan Corporate Sustainability Awards (TCSA) - Corporate Sustainability Report.
Jan. 2019	Formosa I Wind Power Co., Ltd. won the 2018 Renewable Energy Asia Pacific Project Finance Award of Project Finance International (PFI).
Mar. 2019	Swancor Ind(M) SDN. BHD. opened and completed trial production.
Jul. 2019	Disposal of 95% shareholding of the subsidiary Swancor Renewable Energy Co., Ltd. to Stonepeak Oceanview (Cayman) Holdings Company by the Company's resolution.
Aug. 2019	Ranked 5th for the "Common Wealth Magazine 2019 - Top 100 Rapidly Evolving Enterprises" and 8th in the “Top 10 Profitability of the Rapidly Evolving Enterprises".
Oct. 2019	On December 27, 2019, the subsidiary Swancor Renewable Energy Co., Ltd. completed the construction of Taiwan’s first commercial scale offshore wind farm, with a total capacity of 128 MW.
Apr. 2020	Swancor Industrial’s short-form merger with the Company with record date December 31, 2019 was approved by the Department of Commerce, Ministry of Economic Affairs on April 14, 2020.
Sep. 2020	The subsidiary, Swancor Advanced Materials, was listed on the Science and Technology Innovation Board of Shanghai Stock Exchange on September 28, 2020. It is the first Taiwan funded enterprise to be listed on the Science and Technology Innovation Board of Shanghai Stock Exchange.
Nov. 2020	Won the Bronze Award for the Traditional Manufacturing Industry of the 2020 Taiwan Corporate Sustainability Awards (TCSA) - Corporate Sustainability Report on
Sep. 2021	The subsidiary Swancor Advanced Co., Ltd. launched the SWANCOR HYVER structural innovation to lead a new direction of cost reduction and efficiency enhancement.
Nov. 2021	Won the 2021 TCSA Taiwan Corporate Sustainability Award - Corporate Sustainability Report - Traditional Manufacturing Silver Award.
Dec. 2021	Sunwell Carbon Fiber Composite Corporation, a subsidiary of Swancor Holding Co., Ltd. invested in COTECH, Inc.to enter the aerospace and new energy vehicle market.

Chapter 3. Corporate Governance Report

I. Organization

(I) Organizational Structure



(II) Major Corporate Operations:

Department	Functions
Auditing Office	Responsible for risk control, auditing and tracking of the Company's internal control system, and making suggestions on the improvement of internal control and audit report.
Chairman's Office	Responsible for supervision of the Group's subsidiaries, supporting the Chairman on consolidating and formulating strategies, and communication and coordination with external parties.
General Manager	Responsible for the Group's business management and supervising the formulation and decision-making of major investment plans.
Financial Center	Responsible for finances, accounting, and stock affairs.
Advanced materials business	Responsible for R&D, production and sales of high performance resins.
Carbon fiber business	Responsible for R&D, production and sales of carbon fiber products.
Innovation Incubation Business	Responsible for forward-looking technology research and Group logistics support to improve the Group's operational efficiency.

II. Information Regarding Directors, President, Vice President, Associate Manager, and Manager of Each Division and Branch

(I) Information Regarding Directors:

1. Information of Directors

April 2, 2022

Title	Nationality or place of registration	Name	Gender	Year Age interval	Date elected	Term (years)	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominees		Education and work experiences	Other position concurrently held at the Company or other companies	Executives, directors or supervisors who are spouses or within the second degree of kinship			Remarks
								Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	Republic of China	Jau-Yang Tsai	Male	61-69	2019.05.31	3 years	2016.05.31	11,540,943	12.34	8,957,033	9.58	0	0	10,933,625	11.69	Master's degree, Department of Chemical Engineering, National Tsing Hua University Department of Business Administration, National Cheng Chi University	Chairman of Swancor Holding Co., Ltd, Swancor Advanced Materials Co., Ltd., Swancor (Tianjin) Wind Blade Materials Co., Ltd., Swancor (Jiangsu) New Materials Co.,Ltd., and Swancor (Jiangsu) Carbon Composite Co., Ltd.; Director of Formosa 1 Wind Power Co., Ltd.; Chairman of Swancor Highpolymer Co., Ltd.; Director of Formosa 1 International Investment Co., Ltd.; and Chairman of Sunwell Carbon Fiber Composite Coporation	Nil	Nil	Nil	
Directors	Republic of China	Pan-Chiang Yang	Male	61-69	2019.05.31	3 years	2019.05.31	131,311	0.14	97,311	0.10	0	0	0	0	College of Law, National Taiwan University Attorneys-at-law of Root Law Office Junior partner lawyer of Formosa Transnational Attorneys at Law Arbitrator of Chinese Arbitration Association, Taipei Supervisor of Taichung Bar Association Volunteer attorney and Chairperson of Consumers' Foundation Chinese Taipei, Taichung Branch Member of the Petitions and Appeals Committee and Consumer Dispute Mediation Commission of Taichung City Government Taiwan City Government Public Nuisance Dispute Mediation Committee Member Legal Aid Lawyer, Member of Screening Committee, Member of Rehearing Committee, Legal Aid Foundation	Lawyer at Pan-Chiang Yang Law Office	Nil	Nil	Nil	
Directors	Republic of China	Kuei-Tuan Chen	Male	More than 70	2019.05.31	3 years	2019.05.31	359,527	0.38	410,527	0.44	0	0	0	0	Master of Public Finance, Department of Public Finance, National Cheng Chi University PhD, Department of Economic Law, China University of Political Science and Law, Beijing Professor and Director of the Department of Accounting, and Director of Center for Corporate Governance, Feng Chia University Senior legislative assistant of the Legal Counsel Center, Legislative Yuan Arbitrator of Chinese Taipei and Guangzhou Arbitration Commission Executive Director of Taiwan Certified Public Accountant Association	Professor of the Department of Accounting, Feng Chia University CPA, EnWise CPAs & Co. Independent Director of Lee Chi Enterprises Co., Ltd. Independent Director of CHC Health Care Group Independent Director of Chumpower Machinery Corp.	Nil	Nil	Nil	
Independent Director	Republic of China	Hsiu-Chun Wang	Male	51-60	2019.05.31	3 years	2016.10.19	0	0	0	0	9,360	0.01	0	0	PhD, Department of Engineering-Economic Systems, Stanford University Bachelor of Department of Electrical Engineering, National Tsing Hua University General Manager of WK Innovation Ltd. Principal Analyst for Global Semiconductor, ABN AMRO Bank	Managing Partner, GRC Managers Limited	Nil	Nil	Nil	
Independent Director	Singapore	Jui-Hua Li	Male	61-69	2019.05.31	3 years	2019.05.31	0	0	0	0	0	0	0	0	Master Degree, Stanford Graduate School of Business Deputy General Manager and Head of Human Resources of TSMC Vice President of Asia Pacific at Lucent Technologies Inc. General Manager for Greater China at Polaroid Corporation General Manager of General Electric (China) Co. Ltd. Managing Director for Southeast Asia at DuPont	Contracted Professor of the College of Commerce at National Cheng Chi University Professor of EMBA, Tsinghua University, Beijing Distinguished Professor, School of Management, Shanghai Fu Dan University	Nil	Nil	Nil	
Independent Director	Republic of China	Chung-Ming Liu	Male	More than 70	2019.05.31	3 years	2019.05.31	0	0	0	0	0	0	0	0	MBA of Stanford University; Master & PhD of Chemistry, Columbia University; Bachelor of Department of Chemistry, National Tsing Hua University President and Vice President of ITRI Materials and Chemical Engineering Director of ITRI Chairman of the Materials Research Society, Taiwan Chairman of the Chinese Chemical Society Chairman of The Polymer Society, Taipei Chairman of Industrial Technology Investment Corporation	Distinguished expert of ITRI Independent Director of Technology Co., Ltd.	Nil	Nil	Nil	

Title	Nationality or place of registration	Name	Gender	Year Age interval	Date elected	Term (years)	Date first elected	Shareholding when elected		Current shareholding		Spouse & minor shareholding		Shareholding by nominees		Education and work experiences	Other position concurrently held at the Company or other companies	Executives, directors or supervisors who are spouses or within the second degree of kinship			Remarks
								Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	Republic of China	Sheng-Chung Lin	Male	More than 70	2019.05.31	3 years	2019.05.31	0	0	0	0	0	0	0	0	PhD in Institute of Natural Resource Management, National Taipei University Master of Economics, National Taiwan University Chairman of CPC Chief Delegate and Administrative Deputy Minister of the Ministry of Economic Affairs CEO of Taiwan WTO and RTA Center, Chung-Hua Institution for Economic Research Heads of Delegation of Permanent Mission of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu to the WTO Chief of Public Works Department, Taipei City Government	Honorary Professor, Department of International Business, Chung Yuan Christian University Consultant of Chinese National Association of Industry and Commerce, Taiwan (CNAIC) Independent Director of Kenda Rubber Industrial Co., Ltd., Formosa Taffeta and Taiwanglass	Nil	Nil	Nil	

2. Major Shareholders of Institutional Shareholders: None.
3. List of Institutional Shareholders of SOI's Major Institutional Shareholders: None.
4. Independence of Directors

4-1. Disclosure of professional qualifications of directors and independence of independent directors:

Conditions / Name	Professional Qualifications and Experience	Circumstances of Independence	Number of independent directors of holding a concurrent post of other public offering companies
Chairman Jau-Yang Tsai	1. As the founder of The Company, he is not only familiar with the development of the Company's industrial field, but also advanced in the management and decision-making of the company, leading the Company's sustainable development. 2. Not subject to the circumstances in Article 30 of the Company Law. 3. For major education / experience, please see Page 12.	N/A	0
Directors Kuei-Tuan Chen	1. A certified public accountant with professional qualification of financial accounting. 2. Not subject to the circumstances in Article 30 of the Company Law. 3. For major education / experience, please see Page 12.	N/A	3
Directors Pan-Ching Yang	1. A practicing lawyer with legal professional qualification. 2. Not subject to the circumstances in Article 30 of the Company Law. 3. For major education / experience, please see Page 12.	N/A	0
Independent director Hsiu-Chun Wang	1. Professional in operation and management, leadership and decision-making and industrial knowledge 2. Not subject to the circumstances in Article 30 of the Company Law. 3. For major education / experience, please see Page 12.	1. The independent director complies with the independence requirements of Article 3 of the "Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to be Observed". 2.For relevant information, see Page 12.	0
Independent director Jui-Hua Li	1. Professional in operation and management, leadership and decision-making, and financial accounting 2. Not subject to the circumstances in Article 30 of the Company Law. 3. For major education / experience, please see Page 12.	1. The independent director complies with the independence requirements of Article 3 of the "Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to be Observed". 2.For relevant information, see Page 12	0
Independent director Sheng-Chung Lin	1. Professional in operation and management, leadership and decision-making, industrial knowledge and financial accounting 2. Not subject to the circumstances in Article 30 of the Company Law. 3. For major education / experience, please see Page 13.	1. The independent director complies with the independence requirements of Article 3 of the "Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to be Observed". 2.For relevant information, see Page 13.	3
Independent director Chung-Ming Liu	1. Professional in industrial knowledge 2. Not subject to the circumstances in Article 30 of the Company Law. 3. For major education / experience, please see Page 12.	1. The independent director complies with the independence requirements of Article 3 of the "Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to be Observed". 2.For relevant information, see Page 12.	1

4-2. Diversification and Independence of the Board of Directors:

(I) Diversification of the Board of Directors:

(1) In order to strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, the Company has a policy of diversification in the "Code of Practice on Corporate Governance" and the "Measures for the Election of Directors"

(2) The composition of the Board of Directors takes into account the Company's business structure, business development and strategy, and evaluates the diversification aspects such as A, basic conditions and values: gender, age, nationality and culture. B. Professional knowledge and skills: professional background (e. g. law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc. For information on the diversification of directors of the company, please see Page 12-13.

(3) In 2021, Board of Directors focuses on gender equality in the composition of members, and the goal of adding one female director is expected to be achieved in the fourth Board of Directors.

(II) Independence of the Board of Directors:

The company has 7 directors, including 4 independent directors, accounting for 57% of the total number of directors. None of the directors are related to each other. Please refer to Page 12-13 for any specified circumstances Section 3 and Section 4 of Article 26 of 3 of the Securities and Exchange Act.

(II) General Manager, Deputy General Managers, Associate Manager, and Supervisors of Divisions and Branches:

April 2, 2022

Title	Name	Gender	Nationality	Date elected	Shareholding		Spouse/minor shareholding		Shareholding by nominees		Education and Work Experiences	Other position concurrently held at the Company or other companies	Managers who are spouses or within the second degree of kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager	Jau-Yang Tsai	Male	Republic of China	2021.05.28	8,957,033	9.58	0	0	10,933,625	11.69	Institute of Chemical Engineering, National Tsing Hua University Department of Business Administration, National Chengchi University	Chairman of Swancor Holding Co., Ltd., Chairman of Swancor Advanced Material Co., Ltd., Chairman SWANCOR (Tianjin) Company, Chairman of SWANCOR (Jiangsu) Advanced Material Company, Chairman of Swancor (Jiangsu) Carbon Fiber Company, Chairman of Formosa I Wind Power Co., Ltd., Chairman of Swancor Highpolymer Co., Ltd., Chairman of Formosa I International Investment Co., Ltd. and Chairman of Sunwell Carbon Fiber Composite Corporation	-	-	-	
General Manager	Ming-Jen Chan (Note 1)	Male	Republic of China	2018.11.03	N/A	N/A	N/A	N/A	N/A	N/A	Master of Management Science, National Chiao Tung University KPMG Taiwan executive Vice President	N/A	-	-	-	
Chief Financial Officer	Shu-Hsien Kan (Note 2)	Female	Republic of China	2016.08.31	N/A	N/A	N/A	N/A	N/A	N/A	Master from the Graduate Institute of Finance, Jauyang Yunlin University of Technology EMBA, Department of Business Administration, National Chengchi University Manager of Iron Force Industrial Co., Ltd. Assistant manager of Jonsa Technologies Co., Ltd.	N/A	-	-	-	
Associtate Manager	Tse-Ming Tsai (Note 1)	Male	Republic of China	2016.08.31	N/A	N/A	N/A	N/A	N/A	N/A	MBA, Baruch College, The City University of New York Department of Mathematics, National Chung Hsing University	N/A	-	-	-	
Associate Manager	Chi-Shen Chen (Note 2)	Male	Republic of China	2018.12.05	N/A	N/A	N/A	N/A	N/A	N/A	Department of Industrial Engineering, Chung Yuan Christian University Associate Manager of Eversol Corp. Deputy Executive Director of BKH Lighting Co.,Ltd.	N/A	-	-	-	
Associate Manager	Hsu, Wei-Chin (Note 2)	Male	Republic of China	2021.06.01	N/A	N/A	N/A	N/A	N/A	N/A	EMBA, Department of Biology, Taipei Medical University Master of Institute of Counseling Psychology, Taiwan Normal University Chinese University of Hong Kong, Asia-Pacific EMBA Master of Law Studies, Kyoto University, Japan Taiwan High Speed Rail Corp.-Human Resources Associate Director Wei Chuan Foods Corporation (Wei Chuan).-HR Director	N/A				
Associate Manager	Chia-Min Hung	Female	Republic of China	2019.11.01	16,000	0.02	0	0	0	0	Department of Accounting, Nation Chung Hsing University KPMG Taiwan	Nil	-	-	-	
Manager of Auditing Office	Mei-Ling Chen	Female	Republic of China	2016.08.31	12,000	0.01	0	0	0	0	Master of Human Resources Management, National Sun Yat-sen University Accounting Department of Feng Chia University Lee, Lin & Co. Certified Public Accountants	Nil	-	-	-	

Note 1: General Manager Chan, Ming-Jen resigned on May 28, 2021; Associate Manager Tsai, Tse-Ming resigned on June 30, 2021.

Note 2: Chief Financial Executive Kan, Shu-Hsien transferred the subsidiary company after April 16, 2021; Associate Manager Chen, Chi-Shen transferred the subsidiary company on August 1, 2021; Hsu, Wei-Chin transferred the subsidiary company on January 1, 2022.

(III) Remuneration Paid to Directors (including Independent Directors), Supervisors, General Manager and Dep

1. Remuneration to Directors and Independent Directors

Title	Name	Remuneration								Ratio of the total of 4 iter net income af		
		Remuneration (A)		Severance pay and pension (B)		Remuneration of Directors (C)		Business expense (D)				
		The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company		A t
										Total amount	Percentage% of after-tax pure profit	T ar
Directors	Jau-Yang Tsai	0	0	0	0	1,138	1,138	45	45	1,183	0.64%	1
Directors	Kuei-Tuan Chen											
Directors	Pan-Chiang Yang											
Independent Director	Hsiu-Chun Wang	0	0	0	0	1,517	1,517	55	55	1,572	0.85%	1
Independent Director	Jui-Hua Li											
Independent Director	Sheng-Chung Lin											
Independent Director	Chung-Ming Liu											

1. Please describe the policies, systems, standards and structure of the remuneration for independent directors, and explain the relevance of the amount c profit of contributions is not higher than 3% a year as the reward for the director as the foundation, according to each term of the independent directo contribution and risk of major policy decisions, and consider with the operation and management of communication between the company executives resolution.
2. Except as disclosed in the above table, the remuneration received by the directors of the Company for providing services in the most recent year (e.g., a

Range of remuneration

Range of remuneration paid to directors	Names of directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	Corporations in the consolidated financial statement (G)	The Company	All companies listed in this Financial Report (H)
Less than NTD 1,000,000	Tsai, Jau-Yang Chen, Kuei-Tuan Yang, Pan-Ching Wang, Hsiu-Chun Li, Jui-Hua Lin, Sheng-Chung Liu, Chung-Ming	Tsai, Jau-Yang Chen, Kuei-Tuan Yang, Pan-Ching Wang, Hsiu-Chun Li, Jui-Hua Lin, Sheng-Chung Liu, Chung-Ming	Chen, Kuei-Tuan Yang, Pan-Ching Wang, Hsiu-Chun Li, Jui-Hua Lin, Sheng-Chung Liu, Chung-Ming	Chen, Kuei-Tuan Yang, Pan-Ching Wang, Hsiu-Chun Li, Jui-Hua Lin, Sheng-Chung Liu, Chung-Ming
NTD 1,000,000 (inclusive) to 2,000,000 (not inclusive)	-	-		
NTD 2,000,000 (inclusive) to 3,500,000 (not inclusive)	-	-		
NTD 3,500,000 (inclusive) to 5,000,000 (not inclusive)	-	-		
NTD 5,000,000 (inclusive) to 10,000,000 (not inclusive)	-	-	Tsai, Jau-Yang	
NTD 10,000,000 (inclusive) to 15,000,000 (not inclusive)	-	-		Tsai, Jau-Yang
NTD 15,000,000 (inclusive) to 30,000,000 (not inclusive)	-	-		
NTD 30,000,000 (inclusive) to 50,000,000 (not inclusive)	-	-		-
NTD 50,000,000 (inclusive) to 100,000,000 (not inclusive)	-	-		
More than NTD 100,000,000	-	-		
Total	7	7	7	7

2. Remuneration for General Manager and Deputy General Managers

Unit: thousand NT$ / thousand shares

Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and Allowances (C)		Employee's remuneration (D)				Total amount of A, B, C and D and percentage of after-tax pure profit (%)				Remuneration paid to directors from an invested company other than the Company's subsidiaries or parent company
		The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company		All companies listed in this Financial Report		The Company		All companies listed in this Financial Report		
								Cash	Stock	Cash	Stock	Total amount	Percentage % of after-tax pure profit	Total amount	Percentage% of after-tax pure profit	
General Manager	Jau-Yang Tsai Inauguration (May 28, 2021)	6,393	11,395	81	153	1,318	2,022	1,407	-	2,567	-	9,198	4.95%	16,136	8.68%	0
General Manager	Ming-Jen Chan Resignation (May 28, 2021)															
Chief Financial Officer	Shu-Hsien Kan (April 16, 2021 Transferred subsidiaries)															

Range of remuneration

Range of remuneration paid to the General Manager and Deputy General Managers	Name of General Manager and Deputy General Managers	
	The Company	All Companies Listed in Financial Statements (D)
Less than NTD 1,000,000	Ming-Jen Chan	Ming-Jen Chan
NTD 1,000,000 (inclusive) to 2,000,000 (not inclusive)		
NTD 2,000,000 (inclusive) to 3,500,000 (not inclusive)	Shu-Hsien Kan	
NTD 3,500,000 (inclusive) to 5,000,000 (not inclusive)		
NTD 5,000,000 (inclusive) to 10,000,000 (not inclusive)	Jau-Yang Tsai	Shu-Hsien Kan
NTD 10,000,000 (inclusive) to 15,000,000 (not inclusive)		Jau-Yang Tsai
NTD 15,000,000 (inclusive) to 30,000,000 (not inclusive)		
NTD 30,000,000 (inclusive) to 50,000,000 (not inclusive)		
NTD 50,000,000 (inclusive) to 100,000,000 (not inclusive)		
More than NTD 100,000,000		
Total	3	3

3.Amount of Employee Bonus Paid to Managerial Officers and Their Names:

Unit: NT$ thousands
March 31, 2022

Title	Name	Stock	Cash	Total	Ratio of total amount to net income (%)
General Manager	Tsai, Jau-Yang (Inauguration May 28, 2022)	0	4,028	4,028	2.17%
General Manager	Ming-Jen Chan (Resignation May 28, 2021)				
Chief Financial Officer	Shu-Hsien Kan (Transferred subsidiaries April 16, 2021)				
Associate Manager	Hsu, Wei-Chin (Inauguration June 1, 2021; Transferred subsidiaries January 1, 2022)				
Associate Manager	Tse-Ming Tsai (Resignation June 30, 2021)				
Associate Manager	Chia-Min Hung				
Associate Manager	Chi-Shen Chen (Transferred subsidiaries August 1, 2021)				

4.The ratio of total remuneration paid by Swancor and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, General Manager and Deputy General Managers of the Company, as a percentage of net income stated in the parent company only or unconsolidated financial reports, and the policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance:

(1) The ratio of total remuneration paid for the two most recent fiscal years to directors, supervisors, General Manager and Deputy General Managers of the Company, as a percentage of net income stated in the parent company only financial reports or unconsolidated financial reports: The ratio of total compensation paid by Swancor for the two most recent fiscal years to directors, supervisors, General Manager and Deputy General Managers of the Company, as a percentage of net income is as follows:

Title	2020		2021	
	Parent Company Only Financial Statements	Consolidated Financial Statements	Parent Company Only Financial Statements	Consolidated Financial Statements
Directors	2.27%	6.33%	5.02%	6.88%
General Managers and Deputy General Managers	1.55%	1.72%	4.95%	8.68%

(2) Policies, Standards, and Portfolios of Remuneration; Procedures for Determining Remuneration; and Correlation between Business Performance and Future Risks

A. Directors

No higher than 3% of profit of the current year is distributable as remuneration to directors in accordance with Article 30 of the Company's Articles of Incorporation. In allocating remuneration, we not only consider the Company's overall business achievements, industry risks, and future development trends, but also the individual performance and contribution of directors (such as investment time, business communication with senior executives, and strategy advice, etc.), which shall be submitted for resolution of the board of directors after review by the Remuneration Committee. In addition, the travel expenditures for performing duties and attending board meetings are also included.

B. General Managers and Deputy General Managers

Article 30 of the Articles of Incorporation that if there is any profit in the current year, no less than 1% shall be paid for employees. Manager's remuneration includes salary and bonus, in which salary refers to market salary level, title, rank, academic background(experiences), professional ability and responsibility, etc., The bonus considers manager performance evaluation items, including financial indicators (such as company revenue, net profit before tax and net profit after tax).
Non-financial indicators (major deficiencies in compliance with decrees and operation risk matters of the departments under their jurisdiction, implementation of corporate culture by the personnel under their jurisdiction.) and in accordance with the principle of distribution recommended by the compensation committee, the Chairman shall check and approve according to business performance.

III. Implementation of Corporate Governance:

(I) Board operations: Number of board meetings, attendance rate of each Director, objectives and implementation for strengthening board functions in the current year and most recent fiscal year, and other matters to be stated.

A total of the 10th(A) meetings were held by the Board in the most recent year (2021). The attendance of the Directors are as follows:

Title	Name	Attendance in person B	By proxy	Actual attendance rate (%) (B/A)	Remarks
Chairman	Jau-Yang Tsai	10	0	100	
Director	Kuei-Tuan Chen	10	0	100	
Director	Pan-Chiang Yang	10	0	100	
Independent Director	Hsiu-Chun Wang	10	0	100	
Independent Director	Jui-Hua Li	9	1	90	
Independent Director	Sheng-Chung Lin	9	1	90	
Independent Director	Chung-Ming Liu	10	0	100	

Other matters:

I. Where the proceedings of the board meeting include one of the following circumstances, then describe the date, session, topic discussed, opinions of every independent director, and their handling by Silergy:
   (I) Items listed in Article 14-3 of the Securities and Exchange Act: Please refer to p. 53-55.
   (II) Any recorded or written Board resolutions to which independent directors have an objection or reservation that should be noted in addition to the above: None.

II. Recusal of Directors due to conflict of interests (the name of the Directors, the content of the proposals, reasons for recusal, and participation in voting shall be stated):
   (I) February 5, 2021 board meeting: discussion on the year-end bonus plan and various bonus and subsidy payment plans of the Company's managers in 2020. Although Chairman Jau-Yang Tsai was not the Company's manager, he still recused from the voting on his own, and the rest of the directors present had no objection and passed the motion as proposed.
   (II) May 28, 2021 board meeting: discussion on the resignation and appointment of the general manager, and to lift the restrictions on the general manager's non-competitive behavior. Chairman Jau-Yang Tsai intends to concurrently serve as the general manager, he recused from the voting on his own, and the rest of the directors present had no objection and passed the proposal.
   (III) December 16, 2021 board meeting: discussion on the company's treasury shares by employees. Chairman Jau-Yang Tsai served as the general manager, he recused from the voting on his own, and the rest of the directors present had no objection and passed the proposal.
   (IV) January 27, 2022 board meeting: discussion on 2021 year-end bonus and subsidies for the Company's managers. Chairman Jau-Yang Tsai served as the general manager, he recused from the voting on his own, and the rest of the directors present had no objection and passed the proposal.

III. Implementation of self/peer evaluation of the board of directors:

Evaluation Cycle	Period of Evaluation	Scope	Evaluation Methods	Assessment Content
once/year	January 1, 2021~ December 31, 2021	Individual Directors	Fill in the "self-evaluation questionnaire for performance evaluation of Board members"	I. Alignment of the goals and missions of the Company. II. Awareness of the duties of a Director. III. Participation in the operation of the Company. IV. Management of internal relationship and communication. V. The Director's professionalism and continuing education. VI. Internal control. VII. Other contributions
once/year	January 1, 2021 ~ December 31, 2021	Remuneration Committee, Audit Committee and Strategy Development Committee	Fill in the Functional Committee Performance Self-Evaluation Questionnaire	I. Participation in the operation of the Company. II. Cognition of functional committees' responsibilities. III. Improvement of the decision-making quality of functional committees. IV. Composition and selection of members of the functional committees. V. Internal control.
The evaluation is carried out by external professional independent institutions every three years	October 1, 2019 ~ September 30, 2020	Performance evaluation of the board of directors and its members	KPMG was appointed to evaluate by data analysis, questionnaire and interview	I. Nine aspects of board performance: the construction of an effective board, the effective operation of the board, professional development and further education, corporate foresight, performance of duties, management of the management level, the creation of corporate culture, communication with stakeholders and performance evaluation. II. Six aspects of directors' evaluation: mastery of the Company's objectives and tasks, cognition of directors' responsibilities, professional development and further education, performance of responsibilities, participation in the Company's operation and internal relationship management and communication.

IV. Measures taken to strengthen the functions of the Board (for example, establishing an Audit Committee and enhancing information transparency) for the current year and the most recent year and the implementation:
- The Company's Board of Directors is responsible to the Company and the shareholders' meeting, and shall

exercise its powers in accordance with relevant laws and the Articles of Incorporation or the resolution of the shareholders' meeting.

- The company's functional committees and their powers are as follows:
  - (I) Remuneration Committee: Assist in formulating and regularly reviewing policies and systems for performance evaluation and remuneration of directors, supervisors and managers
  - (II) Audit Committee: Assist the Board of Directors in fulfilling its oversight of the quality and integrity of the company's implementation of accounting, auditing, financial reporting processes and financial controls
  - (III) Strategy Development Committee: Put forward suggestions on the company's future short, medium and long-term strategic planning and sent them to the board of directors for discussion.
- In addition to regular self-inspection of the Board of Directors' operations, the Company shall also strengthen the functions of the Board of Directors. The internal auditors shall also prepare audit reports on the operations of the Board of Directors.
- In August 2020, the supervisor of corporate governance was appointed to be responsible for the operation of the board of directors and the shareholders' meeting.
- The results of the 8th Corporate Governance Evaluation in 2020 ranked the second level, which was better than that of the seventh level in 2019.
- The results of the self-evaluation of board members and functional committees in 2021 was reported to the board of directors on March 11, 2022.

(II) Operations of the Audit Committee:

A total of 9 (A) Audit Committee meetings were held in the most recent year (2021). The attendance of the Independent Directors was as follows:

Title	Name	Attendance in person B	By proxy	Actual attendance rate (%) (B/A)	Remarks
Convener	Sheng-Chung Lin	8	1	89	
Member	Hsiu-Chun Wang	9	0	100	
Member	Jui-Hua Li	8	1	89	
Member	Chung-Ming Liu	9	0	100	

Other matters:

I. If the operation of the Audit Committee is under any of the following circumstances, it shall state the date of the Audit Committee's meeting, the date of the meeting, the content of proposals, the independent directors' objections, reservations or major suggestions, the resolution results of the Audit Committee and the company's treatment of the opinions of the Audit Committee.

(I) Items listed in Article 14-5 of the Securities and Exchange Act: Please refer to p. 55-57

(II) Other resolutions passed by two-thirds of all the directors but yet to be approved by the Audit Committee in addition to the above: None.

II. Ways in which Independent Directors have abstained from motions that pose a conflict of interest, the Independent Director's name, the content of the motion, cause of the conflict of interest, and the circumstances of the vote shall be elaborated: None.

III. Communication between the independent director and the internal audit manager or independent auditor (shall include material matters, methods, and results of communication on the finances and state of business of Silergy):

(I) Methods of communication

1. The audit manager and CPAs also directly contact the independent directors as needed, which shows fluent communication.
2. In addition to providing the monthly audit reports to independent directors, the audit supervisor of the Company shall also report to the Audit Committee regularly or irregularly:
   A. Annual Audit Plan
   B. Report regularly to the Audit Committee on the performance of internal audit operations.
   C. Attend the audit committee from time to time and accept inquiries from independent directors.
3. At the quarterly meeting, the accountant shall report the audit results and findings of the financial statements to the independent directors and reply to the questions raised by the independent directors, and provide information on the latest law revision direction or tax policy.

(II) Summary of past meetings between the independent directors and internal audit supervisor

The Independent Directors of the Company perform well in auditing execution, the effectiveness and communication.

The key communication matters for the year of 2021 are summarized as follows:

Date:	Attendance List of Independent Directors	Communication matters	Communication Results
February 5, 2021 Audit Committee	Lin, Sheng-Chung Wang, Hsiu-Chun Li, Jui-Hua Liu, Chung-Ming	Audit Result Report of Audit Business	Independent Director Lin, Sheng-Chung made suggestions on the format of the report content. Handling situation: it has been adjusted according to the suggestion.
May 6, 2021 Audit Committee	Lin, Sheng-Chung Wang, Hsiu-Chun Li, Jui-Hua Liu, Chung-Ming	Independent Director Lin, Sheng-Chung is concerned about the improvements of internal control check findings.	Resolution: please keep track of the situations of improvements.
July 1, 2021 Special Report	Lin, Sheng-Chung	Report on the current situations of audit organization Communicate the check items of important risks	Independent Director Lin, Sheng-Chung proposed to strengthen the risk check of major projects. Handling situation: relevant risks have been checked in advance and in the process according to the suggestions.
August 5, 2021 Audit Committee	Lin, Sheng-Chung Wang, Hsiu-Chun Li, Jui-Hua Liu, Chung-Ming	Independent Director Lin, Sheng-Chung is concerned about the improvements of internal control check findings.	Resolution: please keep track of the situations of improvements.
October 21, 2021 Special Report	Lin, Sheng-Chung	1. Discuss annual audit plan 2. Report implementation of risk management and internal control training situations	Executed in accordance with the resolution

(III) Summary of previous communications between the independent directors and CPAs

Swancor's Independent Directors and CPAs have maintained good communications.

The key communication matters for the year 2021 are summarized as follows:

Date:	Attendance List of Independent Directors	Key points of communication	Communication Results
March 10, 2021 Pre-session meeting of the Board of Auditors	Lin, Sheng-Chung Wang, Hsiu-Chun Li, Jui-Hua Liu, Chung-Ming	Report on Review Results of Individual and Consolidated Financial Statements for the Fourth Quarter of 2020	There is no significant abnormality in the audit result reported by the accountant, and the financial report for the Year 2020 has been approved by the Audit Committee and submitted it to the Board of Directors for approval.
May 6, 2021 Pre-session meeting of the Board of Auditors	Lin, Sheng-Chung Wang, Hsiu-Chun Li, Jui-Hua Liu, Chung-Ming	Report on Review Results of Consolidated Financial Statements for the First Quarter of 2021	There is no significant abnormality in the audit result reported by the accountant, and the financial report for the Year 2021 has been approved by the Audit Committee and submitted it to the Board of Directors for approval.
August 5, 2021 Pre-session meeting of the Board of Auditors	Lin, Sheng-Chung Wang, Hsiu-Chun Li, Jui-Hua Liu, Chung-Ming	Report on Review Results of Consolidated Financial Statements for the Second Quarter of 2021	There is no significant abnormality in the audit result reported by the accountant, and the financial report for the Year 2021 has been approved by the Audit Committee and submitted it to the Board of Directors for approval.
November 5, 2021 Pre-session meeting of the Board of Auditors	Lin, Sheng-Chung Wang, Hsiu-Chun Li, Jui-Hua Liu, Chung-Ming	Report on Review Results of Consolidated Financial Statements for the Third Quarter of 2021	There is no significant abnormality in the audit result reported by the accountant, and the financial report for the Year 2021 has been approved by the Audit Committee and submitted it to the Board of Directors for approval.
		Latest Tax Policy Report	There are no other comments after discussion.

(III) If a company has set up a Remuneration Committee and a Nomination Committee, it shall disclose its composition and operation:

(1) Remuneration Committee

1. Member information

Categories identity	Conditions / Name	Professional Qualifications (Note 1) and Experiences	Situation of Independence (Note 2)	Number of members of Remuneration Committee of holding a concurrent post of other public offering companies
Independent director (Convenor)	Li, Jui-Hua	1. Professional qualification A and C 2. Please refer to Page 12 for major qualifications/experiences.	1. Article 6 of the Regulations on the Establishment and Exercising of the Compensation and Salary Committees of Companies Listed or Traded in Securities Firms, meets the requirements of independence. 2. See Page 12 for information.	0
Independent director	Wang, Hsiu-Chun	1. Professional qualification C 2. Please refer to Page 12 for major qualifications/experiences.	1. Article 6 of the Regulations on the Establishment and Exercising of the Compensation and Salary Committees of Companies Listed or Traded in Securities Firms, meets the requirements of independence. 2. See Page 12 for information.	0
Independent director	Lin, Sheng-Chung	1. Professional qualification A and C 2. Please refer to Page 13 for major qualifications/experiences.	1. Article 6 of the Regulations on the Establishment and Exercising of the Compensation and Salary Committees of Companies Listed or Traded in Securities Firms, meets the requirements of independence. 2. See Page 13 for information.	3
Independent director	Liu, Chung-Ming	1. Professional qualification C 2. Please refer to Page 12 for major qualifications/experiences.	1. Article 6 of the Regulations on the Establishment and Exercising of the Compensation and Salary Committees of Companies Listed or Traded in Securities Firms, meets the requirements of independence. 2. See Page 12 for information.	1

Note 1: In accordance with Article 5 of the “Regulations on the Establishment and Exercising of the Compensation and Salary Committees of Companies Listed or Traded in Securities Firms”, the professional qualifications are as follows:

A. Above lecturer in public and private colleges and universities in business, legal affairs, finance, accounting or related departments of corporate business.

B. Judges, prosecutors, lawyers, accountants or other professional and technical personnel who have obtained certificates in the national examination required for the business of the Company.

C. Experience required in business, legal affairs, finance, accounting or company business.

Note 2: In accordance with Article 6 of the “Regulations on the Establishment and Exercising of the Compensation and Salary Committees of Companies Listed or Traded in Securities Firms”, the members of Remuneration Committee shall maintain their independence within the scope of their business activities and shall not have direct or indirect interests with the Company, and shall have none of the following circumstances during the two years prior to the appointment and during the term of office:

I. Employees of the Company or its affiliated enterprises.

II. Directors or supervisors of the Company or its affiliated enterprises.

III. A natural person shareholder who owns more than 1% of the total issued shares of the Company or holds the top ten shares in the name of another person, his/her spouse, minor children or other persons.

IV. The spouse of the manager referred to in the first Section or the person listed in the preceding two Sections, relatives within the second degree or blood relatives within the third degree.

V. Directors, supervisors or employees who directly hold more than 5% of the total issued shares of the Company, hold the top five shares, or appoint a representative in accordance with Section 1 or 2 of Article 27 of the

Company Law to act as a director or supervisor of the Company.

VI. More than half of the directors or voting shares of a company and another company shall be controlled by the same person, and the directors, supervisors or employees of the other company.

VII. The Chairman , General Manager or equivalent of a company or organization shall be the same person or spouse, and the director, supervisor or employee of the other company or organization.

VIII. Directors, supervisors, managers or shareholders who hold more than 5% of the shares of a specific company or organization that has financial or business dealings with the Company.

IX. Professionals, sole proprietors, partners, directors, supervisors, managers and their spouses who provide business, legal, financial, accounting and other related services for a company or a related enterprise with an accumulated remuneration of more than NT $ 500,000 in the last two years. However, members of the Remuneration Committee, the Review Committee for Public Takeovers, or the Special Committee on Mergers and Acquisitions who perform their functions and duties in accordance with this Act or the relevant Act on Mergers and Acquisitions are not subject to the limits.

2. Operations of Remuneration Committee

i. There are a total of 4 members in the Remuneration Committee.

ii. Term of the committee members: From May 31, 2019 to May 30, 2022; 6(A) meetings were held by the Remuneration Committee in the most recent year (2021), qualification and attendance of the committee members are as follow:

Title	Name	Attendance in person B	By proxy	Actual attendance rate (%) (B/A)	Remarks
Convener	Jui-Hua Li	5	1	83	
Member	Hsiu-Chun Wang	6	0	100	
Member	Sheng-Chung Lin	6	0	100	
Member	Chung-Ming Liu	6	0	100	

Other matters:

I. If the Board of Directors does not adopt or wishes to amend the proposals of the Remuneration Committee, please state the date and session of the Board meeting, proposals, resolutions from the Board of Directors, and handling of the Remuneration Committee's opinions (such as the difference between the salary and remuneration approved by the Board of Directors and those proposed by the Remuneration Committee and the reason): None.

II. If the resolutions to which the members of the Remuneration Committee have an objection or reservation are recorded or written, please state the date and session of the meeting of the Remuneration Committee, proposals, opinions of the members, and handling of the opinions: None.

(2) Nomination Committee: The Company has no Nomination Committee.

(IV) The situation of corporate governance operation and its differences with the company's practice rules for listing on the company:

Evaluation items	Implementation status: Yes	No	Description	Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
I. Does the Company establish and disclose the Corporate Governance Best-Practice Principles" based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	V		(I) The Company has adopted and implemented the "Corporate Governance Best-Practice Principles" on October 28, 2016. (II) The Company adopted the "Corporate Governance Best-Practice Principles" as follows: (1) Internally: The Company internally announces the "Corporate Governance Best-Practice Principles" to all employees for legal compliance via the intranet. (2) Externally: The "Corporate Governance Best Practice Principles" shall be disclosed on the MOPS and the Company's official website as a reference for shareholders and stakeholders, with designated personnel to be responsible for updates.	No difference.
II. Shareholding structure & shareholders' rights				
(I) Has the Company established internal operating procedures to deal with shareholders' suggestions, doubts, disputes and litigations, and does the Company implement the procedures in accordance with the procedure?	V		(I) The Company has set up a spokesperson and deputy spokesperson system, with the mailbox and contact No. disclosed on the Company's official website for shareholder opinions, queries and solving disputes, which will be recorded and reported to ensure shareholder interests.	(I) No difference.
(II) Does the Company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?	V		(II) In addition to the original name list of shareholders on the book closure date, the list of major shareholders holding more than 5% of shares will be recorded every quarter. Directors, managers and shareholders holding more than 10% shareholding are required to report their shareholdings on a monthly basis in accordance with relevant laws and regulations.	(II) No difference.
(III) Has the Company established, and does it execute, a risk management and firewall system within its affiliated companies?	V		(III) The Company has established the "Regulations Governing the Supervision and Management of Subsidiaries", "Procedures for Related Parties Transactions Between Group Enterprises and Specified Companies" and other regulations related to internal control and internal audit, in order to implement the risk control mechanism and firewall between the Company	(III) No difference.

Evaluation items	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
(IV) Has the Company established internal rules against insiders using undisclosed information to trade with?	V		and its affiliates in accordance with relevant laws and regulations. (IV) The Company has established the “Regulations Governing the Prevention of Insider Trading” and a system for handling and disclosing material information within the Company. Subsequent amendments of the regulations shall be published on the Company’s internal website and disclosed on the Company’s official website for employees and related parties, in order to ensure the consistency and accuracy in the public disclosure of information. In addition to regular education advocacy, messages are sent by email on an irregular basis as a reminder for internal staff.	(IV) No difference.
III. Composition and responsibilities of the Board of Directors (I) Does the Board of Directors formulate diversified policies, specific management objectives and implementation?	V		(I) The Company has stipulated a policy on the diversity of Board members in the Corporate Governance Best Practice Principles, and has set up a nomination system for Board members in the Articles of Incorporation. Apart from considering professional skills and industry and academic experience, the Company also values integrity and leadership, providing diversity and independence of Board members in accordance with the “Procedures for the Election of Directors”. See Page 14-15. The Company has elected 7 directors (including 4 independent directors) on May 31, 2019, of which all members are male with no relatives in the Company. Apart from 1 director who works for the Company's subsidiary, none of the remaining directors are employees of the Company. Among the elected directors, 1 director is under the age of 60, 3 directors are between 60 and 69, and 3 director is over the age of 70. The Company has experts in various fields, Jau-Yang Tsai, Hsiu-Chun Wang, Jui-Hua Li and Sheng-Chung Lin (former parliamentary undersecretary of the MOEA) are experienced in leadership, business decision-making, operational management, industry knowledge, and the international market; Pan-Chiang Yang in legal affairs; Kuei-Tuan Chen in financial accounting; and Chung-Ming Liu (Senior Consultant of ITRI) in	(I) No difference.

Evaluation items	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			product development. Considering the diversification policy of gender equality and the addition of a new female board seat, the fourth Board of Directors is expected to be completed.	
(II) In addition to the legally-required Remuneration Committee and Audit Committee, has the Company voluntarily established other functional committees?	V		(II) In addition to the establishment of the Remuneration Committee and Audit Committee, there are also 1. the Strategic Development Committee, which is composed of all directors to plan the Company's short, medium and long-term development strategy research and talent strategy; 2. the Company's CSR Committee, which is composed of the supervisors of all departments to be responsible for the implementation of the Company's sustainable operation and social responsibility.	(II) No difference.
(III) Does the Company formulate the performance evaluation methods for the Board of Directors, conduct performance evaluations annually and regularly, and report the results of the performance evaluations to the Board of Directors, and use them as a reference for individual directors' remuneration and nomination and renewal?	V		(III) The Company has established the "Procedures for Evaluation of Performance of the Board", and the Remuneration Committee is responsible for regular reviews of the performance of directors and managerial officers, and the policy, system, standards, and structure of their compensations and submit recommendations for discussion at the Board. The performance evaluation of the Board of Directors and Board members in 2020 was conducted by an external unit and reported to the Remuneration Committee and the Board of Directors on November 6. Annual self-performance evaluation of board members and functional committee operation is conducted. The self-performance evaluation of board members and functional committees in Year 2021 was completed in February, 2022, and the report of Remuneration Committee and Board of Directors was submitted on March 11, 2022. In addition, with reference to the overall operating performance of the Company and the contribution of individual directors to the Company, the remuneration of individual directors is recommended by the Remuneration Committee and reviewed by the Board of Directors.	(III) No difference.
(IV) Did the Company regularly implement assessments on the independence of CPA?	V		(IV) The Company's Board of Directors evaluates CPA independence and appropriateness on an annual basis, and requires CPAs to provide the Auditor's Independence Declaration (without violating Bulletin No. 10 of	(IV) No difference.

Evaluation items	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			the Norm of Professional Ethics for Certified Public Accountant of the Republic of China). The Audit Committee and the Board of Directors confirmed that visa accountants and inter-company non-interested parties met the independence requirements on May 6 and November 5 in 2021 respectively. The Company's evaluation items are as follows: 1. Apart from CPA auditing and certification, whether there is any other relationship that could affect his/her independence. 2. Whether he/she holds the Company's shares. 3. Whether he/she is a relative of the Company's director, supervisor, manager, or employee. 4. Whether there are any other situations that may affect the independence of the Company.	
IV. Did the TWSE/TPEx listed company has qualified and an appropriate number of corporate governance personnel, and appointed corporate governance directors responsible for matters related to corporate governance (including but not limited to providing directors and supervisors with the necessary information for operation, assisting directors and supervisors in following regulations, handling matters related to Board meetings and the shareholders' meetings in accordance with the regulations, preparing minutes for Board meetings and the shareholders' meetings, etc.)?		V	The Company established the position of Corporate Governance Director in August 2020. Associate Manager Hung, Chia-Min was appointed by the Board of Directors on April 16, 2021 as the Chief Executive of Corporate Governance, responsible for corporate governance-related matters, and staffed with qualified personnel and number to handle corporate governance matters . 2.The director of corporate governance supervises the handling of corporate governance-related matters, including handling the Board of Directors and shareholders’ meeting, preparing the minutes of the Board of Directors and Board of Shareholders, assisting the directors to take office and continuing their studies, providing the materials necessary for the directors to carry out the business, assisting the directors to comply with the decrees and providing the latest decrees and policies in real time, etc.	No difference.

Evaluation items	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
V. Has the Company established a communication channel with stakeholders (including but not limited to shareholders, employees, customers, and suppliers)? Has a stakeholders' area been established on the Company's website? Are major Corporate Social Responsibility (CSR) topics that the stakeholders are concerned with addressed appropriately by the Company?	V		The Company's website has a "Stakeholders" section and "Contact us" to disclose spokesperson, deputy spokesperson, CSR email boxes and contact windows for stakeholders. It serves as a channel for stakeholders to inquire about issues of concern, give immediate reply and report the record to the Board of Directors. The issues of concern and response of the Company to interested parties in 2021 were reported by the Board of Directors on November 5, 2021.	No difference.
VI. Has the Company appointed a professional shareholder service agency to deal with shareholder affairs?	V		The Company appointed a professional stock affairs agency to handle affairs related to the shareholders' meeting. The information of stock affairs agency is as follows: Name: Stock Affairs Department of Taishin Securities Co., Limited Address: B1, No. 96, Sec. 1, Jianguo N. Rd., Taipei City Website: https://stocktransfer.tssco.com.tw/index.action Tel: (02)2504-8125	No difference.
VII. Information disclosure (I) Has the Company established a website to disclose information on financial operations and corporate governance? (II) Does the Company have other information disclosure channels (e.g., setting up an English website, appointing designated people to handle information collection and disclosure, creating a spokesman	 V V		(I) The Company has a website to disclose the relevant information of the Company (in both Chinese and English), and may also inquire about the financial business and corporate governance information of the Company through the Public Information Observation Station. (II) The Company has specially-assigned persons responsible for the collection and disclosure of the Company's information, and has established a system of spokespersons and acting spokespersons to respond to the questions of interested parties in real time, and is invited to attend the legal person's briefing held by the securities firm	 (I) No difference. (II) No difference.

<table>
<tr><th rowspan="2">Evaluation items</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>system, and webcasting investor conferences)?

(III) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline.</td><td></td><td>V</td><td>to explain the Company’s financial business and future operation status. The Corporate Briefing will be presented at the Public Information Observation Station and the Company’s website in both Chinese and English.

(III) The Company was unable to announce and file its annual financial report within two months after the end of the fiscal year due to the audit by the subsidiary's local accountant, but announced and filed its Q1, Q2 and Q3 financial reports in advance of the required deadline.
The Company's operating status for each month has been published and reported before the specified deadline in accordance with relevant laws and regulations.</td><td>(III) According to local laws and regulations and audit schedules of subsidiaries, the financial statements could not be approved by the Board of Directors in advance before the end of February.</td></tr>
<tr><td>VIII. Is there any other important information to facilitate a better understanding of the Company’s corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, directors’ and supervisors’ training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by directors and supervisors)?</td><td>V</td><td></td><td>(I) Employee interests and employee care: The Company attaches great importance on employee rights in expressing their opinions, and labor-management relations. The HR department interviews employees on an irregular basis and care for their working conditions, and set up the Employees' Welfare Committee to organize activities on an irregular basis for employees and their families.
(II) Investor relations: The Company has set up the spokesperson and deputy spokesperson system to respond to shareholders’ opinions.
(III) Supplier relations: A supplier management mechanism is used for supplier assessment (including environmental protection, occupational safety and health, labor issues, and corporate social responsibility), and the suppliers are required to sign the Honesty and Integrity Statement.
(IV) Stakeholder rights: The stakeholder section has been set up on the Company’s official website to provide stakeholder communication channels and enable them to express their opinions to ensure stakeholder interests.
(V) Continuing Education for Directors and Supervisors: Please refer to p. 34 of the Annual Report.
(VI) Continuing Education for Managers on corporate governance: Please refer</td><td>No difference.</td></tr>
</table>

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<tr><td></td><td></td><td></td><td>to p. 34 of the Annual Report.
(VII) Implementation of risk management policies and risk measurement standards: A risk management department is established and various internal regulations are in place for management and control. Please refer to p. 279-282 of the Annual Report.
(VIII) Implementation of customer policies: In addition to telephone, email and communication software, the sales staff will conduct company visits and record interviews. The customer complaint handling mechanism has been set up to ensure that customers can receive feedback and resolve their problems.
(IX) In order to ensure that directors and supervisors have the loyalty and exercise the due care of a good administrator in conducting Swancor's business operation, and lower and diversify the risk of material loss to the Company due to negligence of directors and managers during their terms of office, the Company has purchase the liability insurance, with relevant contents as follows:
(1) Insurance Company: Mingtai Insurance Co., Ltd.
(2) Insurance Period: February 1, 2022 to February 1, 2023 (Original Expiration Date: February 1, 2022, for continuous insurance)
(3) Insured amount: US$8,000,000</td><td></td></tr>
<tr><td colspan="5">IX. Describe improvements made according to the corporate governance assessment made in the latest fiscal year by the Corporate Governance Center of the Taiwan Stock Exchange Corporation (TWSE), and provide priority improvements and measures to be taken for improvements that have yet to be carried out. (not required for companies not included in the Evaluation Companies List)

The Company has conducted self-evaluation based on the most recent corporate governance evaluation indicators, followed by a review and discussion of the reasons for the differences between the results of corporate governance evaluation and the Company's self-evaluation. In addition, the Company makes improvements for unscored indicators based on the difficulty of self-evaluation, in order to meet corporate governance requirements.

Improvement projects in 2020: release of major information in English, announcement of quarterly financial report in English, announcement of annual report in English, voluntary setting of corporate governance supervisor, submission of implementation of various corporate governance operations to the Board of Directors, etc.</td></tr>
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Evaluation items	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
Improvement projects in 2021: announcement of important information in both Chinese and English, preparation of notice of meeting of Board of Shareholders in English/discussion handbook /minutes of meeting, and verification of corporate social responsibility report by a third party. The results of the 8th corporate governance evaluation in 2021 ranked second, better than the fourth rank in the seventh session in 2019.				

(V) The status of Directors and Supervisors training:

The Company's directors and supervisors have the relevant expertise. The continued education and training courses of directors and supervisors in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies" are as follows:

Courses	Hours	Chairman Jau-Yang Tsai	Directors Pan-Chiang Yang	Directors Kuei-Tuan Chen	Independent Director Hsiu-Chun Wang	Independent Director Jui-Hua Li	Independent Director Sheng-Chung Lin	Independent Director Chung-Ming Liu
Strategy and Planning of Enterprise M&A	3	✓	✓	✓	✓	✓	✓	✓
How to complete corporate governance through TIPS intelligent financial management	3	✓	✓	✓	✓	✓	✓	✓
Prospect and Trend Analysis of Production and Economics	3	✓						
Application of Money Laundering Crime by Judgment Analysis	3			✓				
Trust Asset Inheritance Tax Planning	3			✓				
Evaluation Bulletin and Guidance Introduction	3			✓				
Enterprise M&A and Evaluation	3			✓				
Evaluation of relevant tax laws and regulations	3			✓				
Review of Evaluation	3			✓				
Application of Digital Identification Technology in Enterprise Dance Coin Investigation and Transnational Litigation	3			✓			✓	
On the Disputes of Business Rights from the Perspective of Corporate Governance and Shareholder Structure	3						✓	

(VI) Continuing education for managers on corporate governance:

The courses related to continuing education for the Company's financial, corporate governance and audit managers are listed as follows:

Title	Name	Training date	Organizer	Course title	Hours of Courses	
Associate Manager	Hung, Chia-Min	October 4, 2021-October 15, 2021	Accounting Research and Development Foundation	Initial Refresher Course for Accountants of Issuer Securities&Securities Exchanges	30	Finance executive refresher course
		November 4, 2021	Taiwan Corporate Governance Association	Strategy and Planning of Enterprise M&A	3	Refresher Course for Executives of Corporate Governance
		November 4, 2021	Taiwan Corporate Governance Association	How to complete corporate governance through TIPS intelligent financial management	3	Refresher Course for Executives of Corporate Governance
Manager of Audit Office	Mei-Ling Chen	August 2, 2022	Institute of Internal Auditors	Policy Analysis and Internal Auditing and Internal Control Practice of Enterprises to Improve the Ability of Making Financial Reports by themselves	6	
		August 3, 2021	Institute of Internal Auditors	Analysis of Latest Domestic Corporate Governance Trend and Implementation of Control Environment	6	

(VII) Implementation of the Company's promotion of sustainable development and the circumstances and reasons for differences between the Company and the Code of Practice for Sustainable Development of Listed Companies:

Promotion projects	Implementation status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
I. Does the company establish a governance structure to promote sustainable development, and set up full-time (part-time) units to promote sustainable development, which shall be handled by senior management authorized by the Board of Directors and supervised by the Board of Directors?	V		The Company established the Corporate Sustainability Committee in 2015 and renamed it as the Sustainability Committee in 2021. It is the highest-level decision-making center for sustainable development within the Company. It is chaired by the Chairman of Directors. together with a number of senior executives in different fields, examines the company's core operational capabilities, and is committed to combining sustainable development with the core industry to formulate a medium and long-term sustainable development plan. The Sustainability Committee serves as an interdepartmental communication platform that integrates the upper and lower levels. A dedicated Sustainability Office was established in 2021 to inherit the objectives of the Board of Directors, integrate and utilize the internal resources of the organization, and meet irregularly every year by members to identify sustainable issues of concern to the operation of the Company and interested parties, formulate corresponding strategies and management policies, plan the KPIs of each department and implement the annual plan, and track the implementation results to ensure that the sustainable development strategy is fully implemented in the daily operation of the Company. The Chairman of the Sustainability Committee reports to the Board of Directors annually on the results of implementation of sustainable development and its future work plan. A total of 4 meetings were held in 2021, including the analysis of stakeholders and sustainable issues, the revision of the objectives of sustainable issues and the follow-up of implementation results, the conviction of education and training & meetings … etc.	No difference.

Promotion projects	Implementation status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			The Board of Directors of the Company shall listen to the reports of the operation team (including ESG) from time to time, and shall make suggestions and urge the implementation of sustainable operation according to the strategies formulated by the Company.	
II. Does the Company establish an exclusively (or part-time) dedicated unit for promoting Corporate Social Responsibility? Is the unit authorized by the Board of Directors to implement CSR activities at the executive level? Does the unit report the progress of such activities to the Board of Directors?	V		1. This disclosure covers the performance of sustainable development in major positions from January 2021 to December 2021. The risk evaluation boundary is dominated by companies, including Taiwan, Chinese mainland and Malaysia. 2. The Sustainability Committee shall conduct analysis according to the principle of significance of the Sustainability Report, integrate the evaluation data of various departments and subsidiaries, evaluate the significant ESG issues, formulate risk management policies for effective identification, measurement and evaluation, supervision and control, and adopt specific action plans to reduce the impact of related risks. 3. The risk operation of Swancor Holding Co., Ltd. and its subsidiaries in 2021, including important risk topics and risk control and implementation results, was reported to the Board of Directors on November 5, 2021. Please refer to the company website for more details.(http://www.swancor.com/tw/csr/governance/5).	No difference.
III. Environmental Issues (I) Did the Company establish a suitable environmental management system based on its industrial characteristics?	V		(I) The Company is committed to promoting environmental management, and achieves systematic management through ISO 14001 environmental management system (with the validity period from January 19th, 2022 to January 19th, 2025). Annual review shall be conducted to meet international environmental protection requirements and comply with relevant domestic environmental regulations and specifications.	(I) No difference.
(II) Is the company committed to improving energy efficiency and using recycled materials with low impact on environmental load?	V		(II) The types and quantities of materials used based on the nature of the industry indicate the effect of natural resource dependence and materials availability on the organization. The Company's resource	(II) No difference.

Promotion projects	Implementation status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			conservation strategy is focused on recycling and reusing materials, products and packaging materials. Swancor's main product is vinyl ester resins, which are produced by Cycloaddition of epoxy resins and methyl methacrylate, followed by dilution with styrene monomer. However, the above materials are non-renewable raw materials due to the nature of its industry. According to the operating conditions of mechanical equipment, the variable frequency motor is selected, and the frequency converter is used as the speed governor of pump or fan, which has good energy saving effect. At present, about 40% of the motor in the plant is frequency conversion motors, which can improve the energy utilization efficiency.	
(III) Does the company evaluate the potential risks and opportunities of climate change to the enterprise now and in the future and take relevant countermeasures?	V		(III) As global warming has led to extreme weather conditions such as typhoons, especially in islands, Taiwan was ranked 7th in the world for climate risk by Germanwatch, an international organization. The Company's operating risks from climate change 1. Threats to the life and property of employees. 2. Delays in the supply chain and shipments and increased operating costs due to port closures. In order to protect the Earth, the Company advocates on energy saving and carbon reduction, and its 905-2 product is applied for modifying old chimneys and adding dust removal equipment, reducing the amount of greenhouse gases and PM2.5 from chimneys. The Company also develops large-scale laminar resin for offshore wind turbines, and giving Earth some breathing space in response to the government’s non-nuclear clean energy policy. 3. The drastic weather change caused the prices of raw materials to rise sharply, which increased the Company's operating costs. The Company has opened up the European and Southeast Asian source	(III) No difference.

Promotion projects	Implementation status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			channels, increased the supply chain and reduced the operating costs.	
(IV) Does the company make statistics on greenhouse gas emissions, water consumption and total waste weight over the past two years and formulate policies for greenhouse gas reduction, water use reduction or other waste management?	V		(IV) The Company is committed to carbon neutralization, plans short-term, medium-term and long-term objectives, and offsetting its own greenhouse gas emissions by replacing fossil fuels with low-carbon energy, saving energy and reducing emissions, so as to achieve the goal of zero carbon emission. At present, the company has begun to build clean energy,and replace fossil fuels through solar power generation to achieve carbon neutrality year by year. Water consumption for company operations may have an impact on the Earth's water resources, and that obtaining water from the water resources system will lower the groundwater level and reduce the total amount of water, causing an impact on the environment. With that, the Company adopts the strategy of recycling and reusing cooling water instead of obtaining underground in order to achieve water conservation. For waste reduction, the Company's waste management concept lies in green production, and reduces waste through improved process design, reduction from the source, reduction of packaging materials, and reusing and recycling of resources. According to the thorough examination results of Year 2021, the direct emission of greenhouse gases (category I) accounted for 39.83% (811.434 metric tons of tCO2e), mainly used for natural gas from steam boilers, and the indirect emissions of greenhouse gases (category II) accounted for 60.17% (1225.763 metric tons of tCO2e), mainly used for production equipment and electricity. The total water consumption in 2021 is 12,850°C, which is 19.1% higher than that of 10,786°C in 2020; the total amount of waste in 2021 is 436.86 metric tons, an increase of 184.31 metric tons compared with 252.55 metric tons in 2020, mainly due to the increase of wind power production line output in 2021 and 52.18 metric tons of waste packaging containers.	(IV) No difference.

Promotion projects	Implementation status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
IV. Social Issues (I) Has the Company formulated management policies and procedures following relevant regulations and international human rights treaties?	V		(I) The Company formulates "Human Rights Policy" in accordance with the protection spirit and standards of various international human rights conventions such as the Universal Declaration of Human Rights of the United Nations, the Ten Principles of the United Nations Global Compact and the Declaration of Fundamental Principles and Rights at Work of the International Labour Organization, and formulates "Work Rules" in accordance with the Labor Standards Act and relevant laws and regulations.	(I) No difference.
(II) Does the Company establish and deliver reasonable employee welfare programs (including salary, compensated absences, and other benefits) and adjust employee compensation in relation to business performance?	V		(II) All the principal employees of the Company enjoy a consistent salary system. In addition to inspecting the local basic salary level of each factory every year to ensure that the salary is competitive in the local area, a fair evaluation and performance bonus distribution system shall be established. According to the monthly operation conditions of Company, a fixed proportion of profits shall be allocated as bonus distribution amount and employee welfare fund. Through bonus and employee welfare measures, employees can share the business results and strengthen the centripetal force of employees.	(II) No difference.
(III) Does the Company provide a healthy and safe work environment, and does it organize health and safety training for its employees on a regular basis?	V		(III) The Company is committed to creating a safe and healthy working environment. Through the ISO45001 occupational safety and health management system (with the validity period from January 19, 2022 to January 19, 2025), we can achieve systematic management. The annual review shall be conducted to meet the requirements of international occupational safety and health, and comply with relevant national safety and health regulations. The Company has a complete education and training system, which is arranged according to the individual work position, gives new colleagues a correct safety concept when they report for duty, and conducts monthly safety training for employees, thus shaping the enterprise safety culture.	(III) No difference.

Promotion projects	Implementation status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
(IV) Has the Company established effective career development and training plans for its employees?	V		(IV) The Company reviews the difference in performance and abilities between employees every six months based on requirements of the organization, departments and individuals, and arranges education and training programs to strengthen employee skills or develop new talents, encouraging employees to actively suggest training courses for developing professional skills.	(IV) No difference.
(V) Does the Company comply with relevant laws and regulations and international standards, and formulate relevant policies and grievance procedures to protect the rights and interests of consumers or customers with respect to issues such as customer health and safety, customer privacy, marketing and labeling of products and services?	V		(V) Products are packaged and labeled in accordance with the Globally Harmonised System (GHS) standard. Swancor has always attached great importance on customer satisfaction, and has formulated the customer complaint handling procedures to immediately deal with complaints and meet consumers' needs.	(V) No difference.
(VI) Does the Company formulate a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights? And, how well are those policies implemented?	V		(VI) The Company conducts regular evaluation on all suppliers, and only deals with qualified suppliers. The evaluation items include quality control, supplier management, occupational safety and health, environmental protection or labor and human rights issues, and are evaluated with reference to the past environmental and social records.	(VI) No difference.
V. Does the company refer to the internationally accepted reporting standards or guidelines for the preparation of reports, and prepare reports that disclose non-financial information of the company, such as sustainable development reports?	V		The Sustainable Development Report of the Company is prepared in accordance with the GRI Standards of Global Reporting Initiative (GRI) by adopting the core disclosure method; ESG Committee led each unit to prepare and write the report, and Deloitte & Touche issued a limited assurance report according to the Statement of Assurance Standards No.1, which was published on the website of the Company.(http://www.swancor.com/uploads/images/csr/reports/reports-2020.pdf)	No difference.
VI. If the Company has its own sustainable development code in accordance with the "Code of Practice for the Sustainable Development of Listed Companies", please describe the differences between its operation and the established code: 1. In accordance with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, the Company has established the				

Promotion projects	Implementation status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
“Corporate Social Responsibility Best Practice Principles” on October 28, 2016 by resolution of the Board of Directors. 2. The Company has published the 1st edition of the CSR Report in 2016, and the 6th edition has been published in July 2021. The Company has also established the CSR Section on the Company’s official website, and continue to publish annual CSR reports. 3. The Company established the Corporate Sustainability Committee in April 2015 and formulated the CSR Policy in August 2019. The Company is committed to integrating corporate sustainability with its core business. The board of directors is the highest level for sustainable governance, promoting top down sustainable governance, showing its determination on sustainable operations with consideration on environmental, social and corporate governance (ESG) development.				
VII. Other important information to help understand the implementation of promoting sustainable development: ➢ Professional technical talents in the industry are cultivated via industry-academic cooperation. ➢ Gender equality and equal employment opportunity principles are implemented to prevent gender-based violence and prohibit any form of discrimination. ➢ Each year, the Company donates funds for charitable activities, mainly focusing on talent cultivation and sponsoring primary and secondary schools. ➢ Continue to participate and organize various local activities. ➢ Taiwan’s first offshore wind farm was set up to generate more green electricity. ➢ Engaged in the first financing case in Taiwan that is based on the Equator Principles. ➢ All water used in production processes is 100% recycled in order to reduce environmental pollution. ➢ Waste management is implemented to enhance recycling value, and reduce intermediate treatment and final disposal volume. ➢ Production of epoxy vinyl ester resins and wind turbine laminar materials to reduce environmental pollution and hazards. ➢ Swancor's wind power blade resin reduces approximately 98.25 million tons of carbon dioxide emissions per year, and the amount of carbon reduced is equivalent to 252,589 Daan Forest Park. ➢ Cooperate with external academic institutions and research institutions, and actively participate in the activities of public associations and other groups, so as to convey the message of carbon neutralization. ➢ Take carbon neutralization and green circular economy as the guiding direction of corporate governance, product service and future development; work with interested parties to create a partnership of mutual benefit, sharing and coexistence between enterprises and society.				

(VIII) Implementation of Ethical Management; Difference from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the Reasons Thereof:

Item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
I. Establishment of ethical corporate management policies and programs				
(I) Does the Company formulate its ethical corporate management policies that have been approved by the Board of Directors? Has the Company declared its ethical corporate management policies and procedures in its guidelines and external documents, and does the Board of Directors and management work proactively to implement its commitment to those management policies?	V		(I) On October 28, 2016, the Board of Directors of the Company formulated the "Ethical Corporate Management Best Practice Principles " and on November 6, 2020, the Board of Directors formulated the "Procedures for Ethical Management and Guidelines for Conduct", and has established sound governance and risk control mechanisms by upholding the concept of "quality products with in-time service and innovation", in order for legal compliance by the Board and top level management and corporate sustainability. In addition to quarterly education and training for new employees, which is included in advocacy courses, the Company also conducts anti-fraud education and training and examinations for all employees from time to time. In 2021, the education and training on compliance with business laws and regulations with integrity included physical and online learning. All my colleagues completed the training with a total of 707 person-times, with a total of 353.5 hours of training hours.	(I) No difference.
(II) Does the Company establish an assessment mechanism for unethical risks, according to which it analyzes and assesses operating activities with high potential unethical risks? Does the mechanism include any precautionary measures against all the conducts as stated in Paragraph 2 of Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	V		(II) The Company has formulated the "Regulations Governing the Prevention of Insider Trading", "Code of Ethical Conduct", "Employee Work Rules", "Procedures for Ethical Management and Guidelines for Conduct" and "Reporting method" to regulate and prevent relevant staff from unethical conduct such as offering/accepting bribes, illegal political contributions, unreasonable	(II) No difference.

Item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			donation/sponsorship/gifts/hospitality or other unwarranted benefits, or the Company's infringement of intellectual property rights or illegal competition, in order to prevent against illegal activities or fraud. A whistle-blowing mechanism is set up for internal and external personnel. The Company conducts investigations in confidentiality and handle the complaints based on the investigation results and the Company's relevant regulations.	
(III) Has the Company established policies to prevent unethical conduct, with clear statements regarding relevant procedures, conduct guidelines, punishments for violation, and rules for appeal, and does the Company implement them accordingly, and regularly review and correct such measures?	V		(III) The Company's Code of Ethical Conduct, "Procedures for Ethical Management and Guidelines for Conduct", "Whistle-blower System" and Employee Work Rules stipulate punishment and appeals channels in order to promote and implement the Company's "Integrity-based Culture". If the information proves to be true after investigation, the violator shall be mildly/severely punished based on the severity of the violation, and the violation case shall be internally announced for employee awareness. The Company's laws and regulations shall be amended and announced to employees when the Company has discovered via annual self-auditing that it does not comply with the Company's business operations.	(III) No difference.
II. Fulfillment of Ethical Corporate Management (I) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	V		(I) The Company conducts internal evaluation procedures on new customers/suppliers and refers to information obtained from external credit rating agencies to reduce the chance of trading with unethical companies. The existing customers/suppliers are evaluated on an annual basis based on the materiality principle in order to safeguard the Company's interests.	(I) No difference.

Item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
(II) Has the Company established an exclusively (or concurrently) dedicated unit under the Board to implement ethical corporate management, and report to the Board on a regular basis (at least annually) about the ethical corporate management policies, precautionary measures against unethical conducts, as well as the implementation and supervision thereof?		V	(II) In order to establish the Company's corporate culture of ethical management, improve its development and establish good business operation, we have formulated and implemented the "Code of Ethical Management". We have set up the corporate governance unit under the Board of Directors as the responsible unit to promote the ethical management of the Company and in charge of 1. helping to integrate the ethical and moral values into the Company's business strategy; 2. planning the internal organization, establishment and responsibilities, and placing a mutual supervision and balance mechanism for the business activities with higher risk of unethical conducts within the business scope; 3. regularly analyzing and evaluating the risk of unethical conducts within the scope of business, with the assistance of the Human Resources Development Center and the Legal Office. The implementation is reported to the Board of Directors at least once a year, and the date of report to the Board of Directors this year was November 5, 2021.	(II) No difference.
(III) Has the Company established policies to prevent conflicts of interests, provided proper channels of appeal, and enforced these policies and channels accordingly?	V		(III) The Code of Ethical Conduct and Employee Work Rules stipulate relevant appeal and grievance channels and relevant solution methods and encourage directors, supervisors, managers, and employees to express their opinions for review and discussions on improving the efficiency of ethical corporate management.	(III) No difference.
(IV) Has the Company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the	V		(IV) Establish an effective and sound accounting and internal control system, fully implement computerized operations and exception management. The Company also established a professional and independent internal audit operation structure.	(IV) No difference.

Item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?				
(V) Does the Company regularly hold internal and external educational trainings on ethical corporate management?	V		(V) The Company advocates integrity and requires employees to sign the Honesty and Integrity Statement during new employee orientation, so as to raise employee awareness on the Company's integrity policy and appeals and grievance channels. At least once a year, we conduct advocacy and appraisal on ethical management for all employees.	(V) No difference.
III. Status of enforcing whistle-blowing systems in the Company				
(I) Has the Company established a concrete whistleblowing and rewarding system, and set up accessible methods for whistleblowers, and designate appropriate and dedicated personnel to investigate the accused?	V		(I) The Code of Ethical Conduct, Employee Work Rules and Whistle-blower System all stipulate the appeals and grievance channels and punishments. In addition to the internal network, the Company's external website provides a mailbox dedicated for complaints of external parties, which shall be handled by designated personnel. In addition, the "convener of Audit Committee" mailbox was set up to increase independence.	(I) No difference.
(II) Has the Company established standard operating procedures for the reported matters, the measures to be taken after the investigation is completed, and the relevant confidential mechanism?	V		(II) In accordance with the relevant laws and regulations, designated personnel shall be appointed for the whole process for handling and recording appeals from receiving a report to the end of the investigation.	(II) No difference.
(III) Does the Company take any measures to protect whistleblowers so that they are safe from mishandling?	V		(III) Since the Company shall appoint designated personnel for handling the appeals, the identity of the whistle-blower and appeal contents are more easily and effectively managed, in order to avoid data leakage and damage.	(III) No difference.

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>IV. Enhanced disclosure of corporate social responsibility information
Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company’s website and MOPS?</td><td>V</td><td></td><td>The implementation of ethical corporate management has already been disclosed on the Company's official website.</td><td>No difference.</td></tr>
<tr><td colspan="5">V. If the Company has established Ethical Corporate Management Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies", describe any deviations between the principles and their implementation: None.</td></tr>
<tr><td colspan="5">VI. Other important information that facilitate the understanding of the implementation of ethical corporate management (such as review and amendment of the Company's "Ethical Corporate Management Best Practice Principles"): In November 2020, the Company approved Procedures for Ethical Management and Guidelines for Conduct.
In November 2020, the "Procedures for Ethical Management and Guidelines for Conduct" was approved.</td></tr>
</table>

(IX) If the Company has adopted Corporate Governance Best-Practice Principles or related bylaws, disclose how these are to be searched.: The Company has established the Corporate Governance Best-Practice Principles which has already been disclosed on the MOPS and the Corporate Governance section of the Company's official website for shareholders' reference.

(X) Other Significant Information that Provides Better Understanding of the State of Operations of Corporate Governance: Please refer to the "Investor Relations" section of the Company's official website.

(XI) The following matters regarding the internal control system implementation status shall be disclosed:

1. Statement of Internal Control: Please refer to p.52.
2. Any CPA commissioned to conduct a project review of the ICS shall disclose the CPA's audit report: None.

(XII) Any penalties imposed upon the Company or internal personnel by laws, or punishment imposed by the Company on internal personnel for violation of the Company's internal control system regulations, details on the punishment if it might have a significant impact on the shareholders' equity or securities prices, major defects and corrective action thereof in the most recent fiscal year and as of the date of this annual report: None.

(XIII) Material resolutions of a Shareholders' Meeting or a Board of Directors meeting during the most recent fiscal year or during the current fiscal year up to the publication date of the Annual Report: Please refer to p.53-55.

(XIV) Major contents of any dissenting opinions on record or stated in a written statement made by Directors or Supervisors regarding material resolutions passed by the Board of Directors' meetings in the most recent year up to the publication date of the annual report: None.

(XV) Summary of resignation or dismissal of personnel (including the Chairman, General Manager, financial manager, accounting manager, internal audit manager and R&D manager) who are involved with the Company's financial statements during the most recent year and up to the date of publication of this annual report: None.

Title	Name of Original Appointed Person	Name of Newly Appointed Person	Reason for Change
General Manager	Chan, Ming-Jen	Tsai, Jau-Yang	Resignation May 28, 2021
Head of Corporate Governance	Kan, Shu-Hsien	Hung, Chia-Min	Transferred to subsidiary on April 16, 2021
Accounting Supervisor	Kan, Shu-Hsien	Hung, Chia-Min	Transferred to subsidiary on April 16, 2021
Financial Executive	Kan, Shu-Hsien	(not available)	Transferred to subsidiary on April 16, 2021

(XVI) The company and the personnel related to the transparency of financial information obtain the relevant licenses specified by the competent authority: None.

Swancor Holding Company Limited
Statement of Internal Control System

Date: March 11, 2022

Based on the findings of a self-assessment, the Company states the following with regard to its internal control system during the year of 2021:

I. The Company acknowledges that the establishment, implementation, and maintenance of an internal control system is the responsibility of the Board of Directors and managers, and the Company has established an internal control system. The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance, and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.

II. The internal control system has innate limitations. No matter how robust and effective the internal control system, it can only provide reasonable assurance of the achievement of the foregoing three goals; in addition, the effectiveness of the internal control system may vary due to changes in the environment and conditions. However, the internal control system of the Company has self-monitoring mechanisms in place, and the Company will take corrective action against any defects identified.

III. The Company uses the assessment items specified in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations") to determine whether the design and implementation of the internal control system are effective. Based on the process of control, the assessment items specified in the Regulations divide the internal control system into five constituent elements: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communications; and 5. monitoring activities. Each constituent element includes a certain number of items. For more information on such items, refer to the Regulations.

IV. The Company has already adopted the aforementioned Regulations to evaluate the effectiveness of its internal control system design and operating effectiveness.

V. Based on the findings of such evaluation, TSMC believes that, on December 31, 2021, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.

VI. This statement will constitute the main content of the Company's annual report and the prospectus and will be disclosed to the public. Any falsehood or concealment with regard to the above contents will entail legal liability under Article 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. The Company hereby declares that this statement had been approved by the Board of Directors on March 11, 2022. Among the seven directors present, none raised any objection to the contents of this statement.

Swancor Holding Company Limited

Chairman: Jau-Yang Tsai Signature

General Manager: Jau-Yang Tsai Signature

Major resolutions of the shareholder meeting(s), board of directors, audit committee and Remuneration Committee in the most recent year as of the date of publication of the Annual Report

(I) Major resolutions of the annual shareholders meeting:

Meeting Date	Major resolutions	Status of execution
July 19, 2021	1. 2020 Earnings Distribution Plan	The cash dividend of NT$3.5 is found through distribution of each share. The base date of interest distribution is August 16, 2021 and the date of distribution is September 6, 2021.
	2. Revise some provisions of the "Procedure for Election of Directors" of the Company	The revised version shall be issued on July 19, 2021 according to the contents adopted by the Board of Shareholders.
	3. Revise some provisions of the "Rules of Procedure for Shareholders Meetings" of the Company.	The revised version shall be issued on July 19, 2021 according to the contents adopted by the Board of Shareholders.
	4. Revise some provisions of the "Procedure for Acquisition or Disposal of Assets" of the Company.	The revised version shall be issued on July 19, 2021 according to the contents adopted by the Board of Shareholders.
	5. The Company handles the share release to the subsidiary Sunwell Carbon Fiber Composite Corporation by several times and abandons to participate in the cash capital increase plan	Due to the delay of listing plan of Sunwell Carbon Fiber Composite Corporation, it has not been implemented yet.

(II) Major board of directors resolutions:

Meeting Date	Major resolutions	Items listed in Article 14-3 of the Securities and Exchange Act	Dissenting or qualified opinion of the independent director	Silergy's handling of the opinions of the independent director
Second in 2021 1st meeting February 5, 2021	1. The Company's 2021 Business Plan			
	2. 2020 year-end bonus for the Company's managers			
	3. 2020 bonuses and subsidies for the Company's managers			
	4. The Company's Loaning of Funds and Making of Endorsements/Guarantees	V	Nil	Nil
	5. Case of judging whether overdue accounts receivable of subsidiaries belong to the capital loan	V	Nil	Nil
	6. The Company's Loans of Financial Institutions			
Second in 2021 2nd meeting March 10, 2021	1. Distribution of 2020 employee compensation and remuneration to Director and Supervisors			
	2. 2020 business report and financial statements			
	3. 2020 earnings distribution			
	4. Revise some provisions of the "Procedure for Election of Directors" of the Company	V	Nil	Nil
	5. Revise some provisions of the "Rules of Procedure for Shareholders Meetings" of the Company	V	Nil	Nil
	6. The Company handles the share release to the subsidiary Sunwell Carbon Fiber Composite Corporation by several times and abandons to participate in the cash capital increase plan	V	Nil	Nil
	7. Matters related to the 2020 Annual Shareholders' Meeting			
	8. 2020 Internal Control System Declaration			
	9. Revise some provisions of "Group Enterprise, Specific Person and Related Parties Transaction Procedure" of the Company	V	Nil	Nil
	10. Revise some provisions of the "Investment Cycle" of the Company	V	Nil	Nil
Second in 2021 3rd meeting April 16, 2021	1. Change of Chief Financial Executive, Accounting Supervisor, Corporate Governance Officer and Acting Spokesperson of the Company	V	Nil	Nil
	2. Revise some provisions of the "Procedure for Acquisition or Disposal of Assets" of the Company	V	Nil	Nil
	3. The Company's Loans of Financial Institutions			
Second in 2021	1. Case of coordinating with the internal adjustment of the accounting firm to change the visa accountant	V	Nil	Nil

4th meeting May 6, 2021	2. Financial statements for the first quarter of 2021			
	3. Disposal of Land and Plant by the Company	V	Nil	Nil
	4. Endorsement Guarantee of the Company	V	Nil	Nil
	5. Judging whether overdue accounts receivable of subsidiaries belong to the capital loan	V	Nil	Nil
Second in 2021 5th meeting May 28, 2021	1. Project of the Company's Construction of Group R&D and Operation Headquarters	V	Nil	Nil
	2. planning to handle the third secured convertible corporate bond and the fourth unsecured convertible corporate bond of the Company	V	Nil	Nil
	3. Rental Plan of the Company			
	4. Resignation and Appointment of General Manager			
	5. Lifting the Restriction of General Manager's Competitive Behavior	V	Nil	Nil
	6. Manager's Appointment			
	7. Acting Spokesperson Appointment of the Company			
	8. The Company's Loaning of Funds and Making of Endorsements/Guarantees	V	Nil	Nil
Second in 2021 6th meeting June 25, 2021	1. Change of date and place of the general meeting of shareholders of 2021 of the Company			
Second in 2021 7th meeting July 19, 2021	1. The conditions, record date, and dividend yield for earnings distribution by cash			
	2. The Company's Loaning of Funds	V	Nil	Nil
	3. The Company's Loans of Financial Institutions			
Second in 2021 8th meetingThe eighth August 5, 2021	1. Cash capital increase in connection with the acquisition of Swancor Renewable Energy Co., Ltd.	V	Nil	Nil
	2. Judging whether overdue accounts receivable of subsidiaries belong to the capital loan	V	Nil	Nil
	3. Revise the 2021 audit plan of the Company			
	4. The Company's Loans of Financial Institutions			
Second in 2021 9th meeting2021 November 5, 2021	1. Evaluation of Independence and Competence of Certified Public Accountants			
	2. 2022 Audit Plan of the Company's and its Sub-invested Subsidiaries Swancor Innovation & Incubation Co., Ltd.			
	3. The Company's Loaning of Funds and Making of Endorsements/Guarantees	V	Nil	Nil
	4. Revise the Company's internal control system "Management Method for Financial Statement Preparation Process"	V	Nil	Nil
	5. Revise the Company's internal control system "Property Management Procedure" and "Management Method for Organization Preparation"	V	Nil	Nil
	6. Revise the "Management Method for Managers' Remuneration" of the Company	V	Nil	Nil
	7. Revise the "Cash Capital Increase Employee Share Subscription Method" of Sub-invested Subsidiary Sunwell Carbon Fiber Composite Corporation			
	8. Judging whether overdue accounts receivable of subsidiaries belong to the capital loan	V	Nil	Nil
	9. Change of custodian of industrial and commercial registration seal of Ministry of Economy			
Second in 2021 10th meeting20 December 16, 2021	1. Subscription of the company's treasury shares by employees			
	2. The Company's Loaning of Funds	V	Nil	Nil
Second in 2022 1st meeting January 27, 2022	1. The Company's 2022 Business Report			
	2. 2021 year-end bonus for the Company's managers.			
	3. 2021 bonuses and subsidies for the Company's managers.			
	4. Adjustment of manager position and salary of subsidiary Swancor Innovation & Incubation Co., Ltd.			

	5. The Company subscribing to the cash capital increase of Swancor Innovation & Incubation Co., Ltd.	V	Nil	Nil
Second in 2022 2nd meeting March 11, 2022	1. Distribution of 2021 employee compensation and remuneration to Director and Supervisors			
	2. 2021 Business Report and Financial Statements			
	3. 2021 Earning Distribution Plan			
	4. Revise some provisions of the "Articles of Association" of the Company			
	5. Revise some provisions of the "Procedure for the Acquisition or Disposal of Assets" of the Company	V	Nil	Nil
	6. Overall Election of Directors			
	7. Nomination of Directors and Candidates for Independent Directors			
	8. Lifting the Restriction of Newly Appointed Directors' Competitive Behavior			
	9. Convening General Meeting of Shareholders in 2022			
	10. 2021 Annual Statement of Internal Control System			
	11. Abolishing some provisions of the "Organization Procedure of the Special Committee for Listing Application of Subsidiary Companies"	V	Nil	Nil
	12. Revise some provisions of the "Investment Cycle" of the Company	V	Nil	Nil
	13. Revise the section provisions of Company's "Procedures and Conduct Guidelines for Credit Operation", "Debt Commitment and Contingency Management Operation Procedure", "Group Enterprise, Specific Company and Related Person Transaction Procedure", "Accounting Professional Judgment Procedure, Accounting Policy and Estimation Change Process Management Method", "Management Method for Preventing Insider Transaction", "Code of Practice on Corporate Governance", "Salary Work Cycle", "Protection Management Procedure of Personal Data", "Implementation Measures of Duty Agent", "Seal Management Regulations" and "Electronic Information System Circulation". "Procurement and Payment Cycle" and "Reporting System"	V	Nil	Nil
	14. Judging whether overdue accounts receivable of subsidiaries belong to the capital loan	V	Nil	Nil
	15. Endorsement Guarantee of the Company	V	Nil	Nil

(III) Major resolutions of the Audit Committee:

Meeting Date	Proposals	Matters referred to in Article 14-5 of the Securities and Exchange Act	Resolution Result	Swancor's response to the opinions of the Audit Committee
First In 2021 1st meeting February 5, 2021	1. Capital Loan and Endorsement Guarantee of the Company	V	All members agree to pass it.	Approved by all members of the Board of Directors
	2.Judging whether overdue accounts receivable of subsidiaries belong to the capital loan	V	Approved by all committee members	Approved by all board members
First in 2021 2nd meeting March 10, 2021	1. Distribution of 2020 employee compensation and remuneration to Director and Supervisors			
	2. 2020 business report and financial statements	V	Approved by all committee members	Approved by all board members
	3. 2020 earnings distribution			
	4. Revise some provisions of the " Procedures for the Election of Directors" of the Company	V	Approved by all committee members	Approved by all board members

	5. Revise some provisions of the “Rules of Procedure for Shareholders Meetings” of the Company	V	Approved by all committee members	Approved by all board members
	6. The Company handles the share release to the subsidiary Sunwell Carbon Fiber Composite Corporation by several times and abandons to participate in the cash capital increase plan	V	Approved by all committee members	Approved by all board members
	7. 2020 Internal Control System Declaration	V	Approved by all committee members	Approved by all board members
	8. Revise some provisions of “Group Enterprise, Specific Person and Related Parties Transaction Procedure” of the Company	V	Approved by all committee members	Approved by all board members
	9. Revise the “Investment Circle” of the Company	V	All members agree to pass it.	Approved by all members of the Board of Directors
First in 2021 3rd meeting April 16, 2021	1. Change of Financial Executive and Accounting Supervisor of the Company	V	Approved by all committee members	Approved by all board members
	2. Revise some provisions of the “Procedure for Acquisition or Disposal of Assets” of the Company	V	All members agree to pass it.	Approved by all members of the Board of Directors
First in 2021 4th meeting May 6, 2021	1. Coordinating with the internal adjustment of the accounting firm to change the visa accountant	V	Approved by all committee members	Approved by all board members
	2. Financial statement of the first quarter of 2021			
	3. Disposal of Land and Plant by the Company	V	All members agree to pass it.	Approved by all members of the Board of Directors
	4. Endorsement Guarantee of the company	V	All members agree to pass it.	Approved by all members of the Board of Directors
	5. Judging whether overdue accounts receivable of subsidiaries belong to the capital loan	V	All members agree to pass it.	Approved by all members of the Board of Directors
First in 2021 5th meeting May 28, 2021	1. Project of the Company's Construction of Group R&D and Operation Headquarters	V	All members agree to pass it.	Approved by all members of the Board of Directors
	2. Planning to handle the third secured convertible corporate bond and the fourth unsecured convertible corporate bond of the Company	V	All members agree to pass it.	Approved by all members of the Board of Directors
	3. Rental Plan of the Company			
	4. Resignation and Appointment of General Manager			
	5. Lifting the Restriction of General Manager’s Competitive Behavior			
	6. Capital Loan and Endorsement Guarantee of the Company	V	All members agree to pass it.	Approved by all members of the Board of Directors
First in 2021 6th meeting July 19, 2021	1.The Company's Loaning of Funds	V	All members agree to pass it.	Approved by all members of the Board of Directors
First in 2021 7th meeting August 5, 2021	1. Cash capital increase in connection with the acquisition of Swancor Renewable Energy Co., Ltd.	V	All members agree to pass it.	Approved by all members of the Board of Directors
	2. Judging whether overdue accounts receivable of subsidiaries belong to the capital loan	V	All members agree to pass it.	Approved by all members of the Board of Directors
First in 2021 8th meeting November 5, 2021	1. Evaluation of Independence and Competence of Certified Public Accountants			
	2. The Company's Loaning of Funds and Making of Endorsements/Guarantees	V	All members agree to pass it.	Approved by all members of the Board of Directors
	3. Revise the Company’s internal control system “Management Method for Financial Statement Preparation Process”	V	All members agree to pass it.	Approved by all members of the Board of Directors

	4. Revise the Company's internal control system "Property Management Procedure" and "Management Method for Organization Preparation"	V	All members agree to pass it.	Approved by all members of the Board of Directors
	5. Revise the "Management Method for Managers' Remuneration" of the Company	V	All members agree to pass it.	Approved by all members of the Board of Directors
	6. Judging whether overdue accounts receivable of subsidiaries belong to the capital loan	V	All members agree to pass it.	Approved by all members of the Board of Directors
First in 2021 9th meeting December 16, 2021	1. The Company's Loaning of Funds	V	All members agree to pass it.	Approved by all members of the Board of Directors
First in 2022 1st meeting January 27, 2022	1. The Company subscribing to the cash capital increase of Swancor Innovation & Incubation Co., Ltd.	V	All members agree to pass it.	Approved by all members of the Board of Directors
First in 2022 2nd meeting March 11, 2022	1. Distribution of 2021 employee compensation and remuneration to Director and Supervisors			
	2. 2021 Business Report and Financial Statements	V	All members agree to pass it.	Approved by all members of the Board of Directors
	3. 2021 Earning Distribution Plan			
	4. Revise some provisions of the "Procedure for the Acquisition or Disposal of Assets" of the Company	V	All members agree to pass it.	Approved by all members of the Board of Directors
	5. 2021 Annual Statement of Internal Control System	V	All members agree to pass it.	Approved by all members of the Board of Directors
	6. Abolishing some provisions of the "Organization Procedure of the Special Committee for Listing Application of Subsidiary Companies"	V	All members agree to pass it.	Approved by all members of the Board of Directors
	7. Revise some provisions of the "Investment Cycle" of the Company	V	All members agree to pass it.	Approved by all members of the Board of Directors
	8. Revise the section provisions of Company's "Procedures and Conduct Guidelines for Credit Operation", "Debt Commitment and Contingency Management Operation Procedure", "Group Enterprise, Specific Company and Related Person Transaction Procedure", "Accounting Professional Judgment Procedure, Accounting Policy and Estimation Change Process Management Method", "Management Method for Preventing Insider Transaction", "Code of Practice on Corporate Governance", "Salary Work Cycle", "Protection Management Procedure of Personal Data", "Implementation Measures of Duty Agent", "Seal Management Regulations" and "Electronic Information System Circulation". "Procurement and Payment Cycle" and "Reporting System"	V	All members agree to pass it.	Approved by all members of the Board of Directors
	9. Judging whether overdue accounts receivable of subsidiaries belong to the capital loan	V	All members agree to pass it.	Approved by all members of the Board of Directors
	10. Endorsement Guarantee of the Company	V	All members agree to pass it.	Approved by all members of the Board of Directors

(IV) Important resolutions of the Remuneration Committee:

Date	Proposals	Resolution	The Company's response to Remuneration Committees' opinions
Second in 2021 1st meeting February 5, 2021	1. 2020 year-end bonus for the Company's managers.	Approved by all committee members	Approved by all board members
	2. 2020 bonuses and subsidies for the Company's managers.	Approved by all committee members	Approved by all board members
Second in 2021 2nd meeting March 10, 2021	1. Distribution of 2020 employee compensation and remuneration to Director and Supervisors	Approved by all committee members	Approved by all board members
Second in 2021 3th meeting April 16, 2021	1. Change of Financial Executive and Accounting Supervisor of the Company	Approved by all committee members	Approved by all board members
Second in 2021 4th meeting May 28, 2021	1. Resignation and Appointment of General Manager	Approved by all committee members	Approved by all board members
	2. Manager's Appointment	Approved by all committee members	Approved by all board members
Second in 2021 5th meeting November 5, 2022	1. Revise the "Management Method for Managers' Remuneration" of the Company	Approved by all committee members	Approved by all board members
Second in 2021 6th meeting December 16, 2022	1.Subscription of the company's treasury shares by employees	Approved by all committee members	Approved by all board members
Second in 2022 1st meeting January 27, 2022	1. 2021 year-end bonus for the Company's managers.	Approved by all committee members	Approved by all board members
	2. 2021 bonuses and subsidies for the Company's managers.	Approved by all committee members	Approved by all board members
	3. Adjustment of manager position and salary of subsidiary Swancor Innovation & Incubation Co., Ltd.	Approved by all committee members	Approved by all board members
Second in 2022 2nd meeting March 11, 2022	1. Distribution of 2021 employee compensation and remuneration to Director and Supervisors	Approved by all committee members	Approved by all board members

IV. Information on CPA Professional Fees:

(I) If any non-audit fee paid to CPAs, CPA's accounting firm and its affiliates accounts for over one-fourth of audit service fee, the amount of non-audit fee and audit fee and the contents of non-audit service shall be disclosed:

Unit of Amount: NT$ thousands

CPA firm	Name of CPAs	Audit Period of Accountants	audit fee	non-audit fee	Total	Remarks
KPMG Taiwan	Chen, Cheng-Hsueh	2021	4,590	1,598	6,188	Non-audit public fees include industrial and commercial registration service fee of NT$217 thousand, financial consulting service fee of NT$700 thousand, tax consultation of NT$550 thousand and others of NT$131 thousand
	Kuo, Shin-Hua	2021				

(II) Where the CPA firm was replaced, and the audit fees in the fiscal year, when the replacement was made, were less than that in the previous fiscal year before replacement, the amount of audit fees paid before/after replacement and reasons for paying this amount shall be disclosed: None.

(III) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10% or more, please disclose the reduction in the amount of audit fees, reduction percentage, and reasons: None.

V. Replacement of CPA: Due to the internal adjustment of KPMG, the 2021 financial report visa accountants were replaced from Cheng-Hsueh Chen and Tzu-Hsin Chang to Cheng-Hsueh Chen and Shih-Hua Kao accountants.

VI. .If the Company's Chairman, General Manager, or Managers in charge of finance and accounting operations held positions in an accounting firm or its affiliates in the most recent year, their names, positions, and period of working should be disclosed: None.

VII. Equity transfer or changes to equity pledge of Directors, Supervisors, managerial officers, or shareholders holding more than 10% of company shares during the past year prior to the publication date of this Annual Report

(I) Share changes by directors, supervisors, managers, and major shareholders

Unit: Shares

Title	Name	2020		Current fiscal year as of March 30, 2021	
		Shareholding increase (decrease)	Pledged share increase (decrease	Shareholding increase (decrease)	Pledged share increase (decrease
Chairman	Tsai, Jau-Yang	(4,070,910)	0	0	0
Director	Chen, Kuei-Tuan	0	0	18,000	0
Director	Yang, Pan-Ching	0	0	0	0
General Manager	Tsai, Jau-Yang	(4,070,910)	0	0	0
General Manager	Chan, Ming-Jen (Date of Dismissal: May 28, 2021)	(13,000)	0	N/A	N/A
Deputy General Manager	Kan, Shu-Hsien (Date of Dismissal: April 16, 2021)	0	0	N/A	N/A
Associate Manager	Tsai, Tse-Ming (Date of Dismissal: June 30, 2021)	(19,000)	0	N/A	N/A
Associate Manager	Chen, Chi-Shen (Date of Dismissal: August 1, 2021)	(6,000)	0	N/A	N/A
Associate Manager	Hung, Chia-Min	7,000	0	0	0
Associate Manager	Hsu, Wei-Chin Date of Dismissal: January 1, 2022	5,000	0	N/A	N/A
Major Shareholder	Tsai, Jau-Yang	(4,070,910)	0	0	0
Independent director	Wang, Hsiu-Chun	0	0	0	0
Independent director	Liu, Chung-Ming	0	0	0	0
Independent director	Lin, Sheng-Chung	0	0	0	0
Independent director	Li, Jui-Hua	0	0	0	0
Financial Executive	Kan, Shu-Hsien (Date of Dismissal: April 16, 2021)	(27,000)	0	N/A	N/A
Accounting Officer	Kan, Shu-Hsien (Date of Dismissal: April 16, 2021)	(27,000)	0	N/A	N/A
Accounting Officer	Hung, Chia-Min	7,000	0	0	0

(II) 1. Information on the counterparty of the Company's directors, supervisors, managers, and major shareholders who is the affiliate: None.

Name	Reasons for Equity Transfer	Transaction Date	Trading Counterparty	The relationship between the counterparty of the transaction and the company, directors, supervisors and shareholders with a shareholding ratio of more than 10%	Number of Shares	Transaction Price
Tsai, Chao-Yang	Disposal	November 10, 2021	Tsai's Holding Co., Ltd. Co., Ltd.	Tsai, Chao-Yang holds in the name of others	4,133,910	115

2. Information on the counterpart of equity pledge being a related party of the Company's directors, supervisors, managers and major shareholders: None.

VIII. Top 10 Shareholders Who are Related Parties, Spouses, or within Second Degree of Kinship to Each Other

April 2, 2022

Name	Current shareholding		Spouse/minor shareholding		Shareholding by nominees		Name and Relationship between the Company's 10 Largest Shareholders, or Spouses or Relatives within Second Degrees of Kinship		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
Tsai's Holding Co., Ltd.	10,683,625	11.43%	0	0.00%	0	0.00%	Tsai, Jau-Yang	Holding in the name of others	
Tsai, Jau-Yang	8,957,033	9.58%	0	0.00%	10,933,625	11.69%	Tsai's Holding Co., Ltd.	Holding in the name of others	
Fubon Life Insurance Co., Ltd.	4,205,000	4.50%	0	0.00%	0	0.00%			
Ching-Ling Hsu	3,470,206	3.71%	0	0.00%	0	0.00%			
Citibank (Taiwan) Commercial Bank Entrusted to Custody UBS Special Account for SE Investment in Europe	2,548,000	2.72%	0	0.00%	0	0.00%			
HSBC Custody Merrill Lynch Investment Account	1,648,000	1.76%	0	0.00%	0	0.00%			
HSBC Hosted Mitsubishi UFJ Morgan-Tripartite SBL Transaction	1,219,000	1.30%	0	0.00%	0	0.00%			
Hsueh-Ying Yu	1,209,000	1.29%	0	0.00%	0	0.00%			
Special Account of HSBC Hosted Morgan Stanley International Limited	1,181,060	1.26%	0	0.00%	0	0.00%			
Sung-Yu Yu	1,138,000	1.22%	0	0.00%	0	0.00%			

IX. Number of shares held and percentage of stake of investment in other companies by the company, the company's director, supervisor, managerial officer, or an entity directly or indirectly controlled by the company, and calculations for the consolidated shareholding percentage of the above categories.

March 31, 2022 Unit: Shares: %

Reinvested Company (Note 1)	Investment by the company		Investment by directors/supervisors/managers and by companies directly or indirectly controlled by the Company		Total investment	
	Shares	%	Shares	%	Shares	%
Swancor Innovation & Incubation Co., Ltd.	21,000,000	100%	-	-	21,000,000	100%
Strategic Capital Holding Limited (SAMOA)	9,601,250	100%	-	-	9,601,250	100%
Swancor Ind. Co., Ltd.	7,100,000	100%	-	-	7,100,000	100%
Swancor New Materials Co.,Ltd.	319,517,122	79.24%	-	-	319,517,122	79.24%
Anhui Meijia New Materials Co.,Ltd..	50,000,000	18.87%	-	-	50,000,000	18.87%
Swancor (Tianjin) Wind Blade Materials Co., Ltd.	-(註 2)	79.24%	-	-	-(Note 2)	79.24%
Swancor(Jiangsu) New Materials Co., Ltd.	-(註 2)	79.24%	-	-	-(Note 2)	79.24%
Swancor (HK) Investment Co., Ltd.	-(註 2)	79.24%	-	-	-(Note 2)	79.24%
Swancor Highpolymer Co., Ltd.,	41,580,000	79.24%	-	-	41,580,000	79.24%
Swancor Ind.(M) SDN. BHD.	32,656,957	79.24%	-	-	32,656,957	79.24%
Sunwell Carbon Fiber Composite Corporation	45,800,000	86.42%	1,462,000	2.76%	47,262,000	89.18%
Sunwell (Jiangsu) Carbon Fiber Composite Co., LTD.	-(Note 2)	72.50%	-	-	-(Note 2)	72.50%

Note 1: Invested by the Company using the equity method

Note 2: The company is a limited company with no share issued.

Chapter 4. Capital Overview

I. Capital and Shares

(I) Sources of capital:

Unit: shares / NT$ thousands

Year and month	Issue price	Authorized capital		Paid-in capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Sources of capital	Capital increase by assets other than cash	Other
August 2016	10	200,000,000	2,000,000,000	90,833,670	908,336,700	Conversion of shares	Nil	Note 1
February 2017	10	200,000,000	2,000,000,000	90,847,147	908,471,470	Convertible bonds	Nil	Note 2
September 2018	10	200,000,000	2,000,000,000	93,504,604	935,046,040	Convertible bonds	Nil	Note 3

Note 1: August 31, 2016 Jing-Shou-Shang No. 10501191530
Note 2: February 3, 2017 Jing-Shou-Shang No. 10601012770
Note 3: September 18, 2018 Jing-Shou-Shang No. 10701118190

March 30, 2021 Unit: Shareholding Type	Authorized capital			Remarks
	Outstanding Shares (Note)	Unissued shares	Total	
Registered common shares	93,504,604	106,495,396	200,000,000	

Information on the Shelf Registration System

Types of securities	Amount of scheduled issuance		Amount issued		The purpose and expected benefits of the issued shares	Unissued shares Scheduled time of issuance	Note
	Total number of shares	Approved amount	Shares	Price			
N/A							

(II) Composition of shareholders:

April 2, 2022

Shareholding Structure / Quantity	Government Agencies	Financial Institutions	Other Institutional Shareholders	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of shareholders	0	12	221	24,056	76	24,365
Total Shares Held	0	4,797,673	13,754,696	62,945,413	12,006,822	93,504,604
Shareholding (%)	0.00%	5.13%	14.71%	67.32%	12.84%	100.00%

(III) Shareholding distribution status:

1. Distribution of Common Shares:

April 2, 2022

Shareholding range	Number of shareholders	Total Shares Held	Shareholding (%)
1 to 999	13,197	355,449	0.38%
1,000 to 5,000	9,608	17,727,406	18.96%
5,001 to 10,000	877	6,729,586	7.20%
10,001 to 15,000	248	3,172,271	3.39%
15,001 to 20,000	142	2,627,892	2.81%
20,001 to 30,000	109	2,788,645	2.98%
30,001 to 40,000	42	1,510,248	1.62%
40,001 to 50,000	27	1,255,356	1.34%
50,001 to 100,000	50	3,589,035	3.84%
100,001 to 200,000	23	2,867,394	3.07%
200,001 to 400,000	18	5,325,451	5.70%
400,001 to 600,000	7	3,361,749	3.60%
600,001 to 800,000	2	1,365,847	1.46%
800,001 to 1,000,000	4	3,534,351	3.78%
Above 1,000,001	11	37,293,924	39.88%
Total	24,365	93,504,604	100.00%

Note: Par value of NT$10 per share

2. Preferred Shares: None

(IV) List of major shareholders

April 2, 2022

Shares / Major Name of shareholder	Shares Held	Shareholding (%)
Tsai's Holding Co., Ltd.	10,683,625	11.43%
Jau-Yang Tsai	8,957,033	9.58%
Fubon Life Insurance Co., Ltd.	4,205,000	4.50%
Ching-Ling Hsu	3,470,206	3.71%
Citibank (Taiwan) Commercial Bank Entrusted to Custody UBS Special Account for SE Investment in Europe	2,548,000	2.72%
HSBC Custody Merrill Lynch Investment Account	1,648,000	1.76%
HSBC Hosted Mitsubishi UFJ Morgan-Tripartite SBL Transaction	1,219,000	1.30%
Hsueh-Ying Yu	1,209,000	1.29%
Special Account of HSBC Hosted Morgan Stanley International Limited	1,181,060	1.26%
Sung-Yu Yu	1,138,000	1.22%

(V) Market price, net worth, earnings, dividends and other information in the most recent two years:

<table>
<tr><td colspan="3">Item/ Year</td><td>2020</td><td>2021</td><td>March 31,2022</td></tr>
<tr><td rowspan="3">Market price per share</td><td colspan="2">Highest</td><td>181.5</td><td>163.00</td><td>116.00</td></tr>
<tr><td colspan="2">Lowest</td><td>50.9</td><td>83.10</td><td>86.8</td></tr>
<tr><td colspan="2">Average</td><td>109.06</td><td>115.12</td><td>94.11</td></tr>
<tr><td rowspan="2">Net worth per share</td><td colspan="2">Before distribution</td><td>57.32</td><td>58.54</td><td>60.56</td></tr>
<tr><td colspan="2">After distribution (Note 1)</td><td>53.82</td><td>57.04</td><td>-</td></tr>
<tr><td rowspan="3">Earnings per share</td><td colspan="2">Weighted average number of shares (thousand shares)</td><td>91,819</td><td>92,512</td><td>92,792</td></tr>
<tr><td rowspan="2">Earnings per share (Note 2)</td><td>Before adjustment</td><td>6.82</td><td>2.01</td><td>0.65</td></tr>
<tr><td>After adjustment</td><td>6.82</td><td>2.01</td><td>0.65</td></tr>
<tr><td rowspan="4">Dividends per share</td><td colspan="2">Cash dividend (Note 1)</td><td>3.5</td><td>1.5</td><td>-</td></tr>
<tr><td rowspan="2">Stock dividends</td><td>Stock dividends appropriated from retained earnings (Note 1)</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Stock dividends appropriated from capital reserve</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">Cumulative unpaid dividends</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td rowspan="3">Investment return analysis</td><td colspan="2">P/E ratio (Note 3)</td><td>15.99</td><td>57.27</td><td>-</td></tr>
<tr><td colspan="2">Price-dividend ratio (Note 4)</td><td>31.16</td><td>76.75</td><td>-</td></tr>
<tr><td colspan="2">Cash dividend yield (Note 5)</td><td>3.21%</td><td>1.30%</td><td>-</td></tr>
<tr><td></td><td colspan="5">Note 1: The available surplus in 2021was approved by the Board of Directors on March 11,2022, but was not discussed by the resolutions from the ordinary meeting of shareholders.
Note 2: Earnings per share are retroactively adjusted due to stock dividends.
Note 3: P/E ratio = Average closing price per share for the year/earnings per share.
Note 4: Price-dividend ratio = Average closing price per share for the year/dividends per share.
Note 5: Cash dividend yield = Cash dividend per share/average per share closing price for the year.
Note 6: The net worth per share and earnings per share are self-assessed as of March 31, 2022.</td></tr>
</table>

(VI). Company's dividend policy and implementation thereof

1.Dividend Policy:

The annual earnings of the Company shall be first appropriated to pay taxes and offset accumulated losses before allocating 10% of the remaining earning to the legal reserve (not applicable where accumulated legal reserve has reached the amount required by law and regulations) and a special reserve in accordance to the Company’s operating needs and pursuant to the applicable law and regulations. Any retained earnings available for distribution together with the accumulated undistributed retained earnings may be proposed by the BOD to appropriate and be resolve at the shareholders' meeting.

In terms of the Company's dividend policy, in order to comply with business development, the total amount of distributable earnings is 30-100% after considering the Company's capital expenditure and working capital. Shareholders’ bonus may be distributed in the form of cash or shares, of which cash dividend shall not be less than 10% of the shareholders’ bonus.

2. Resolution of the shareholders' meeting: (passed by the board of directors but has not yet been approved by the shareholders' meeting)

On March 11, 2022, the 2021 earnings distribution has been passed by the Board of Directors. After setting aside 10% legal reserve and special reserve for 2021, the remaining amount of distributable earnings shall be distributed as follows:

Unit: NT$

Allocation items	Amount
Distribution of Shareholders' bonus - cash dividends (NT$1.5 per share)	139,187,406

(VII) The effects of stock dividends proposed this year on company operating performance and earnings per share:

On March 11, 2022, the 2021 earnings distribution has been passed by the Board of Directors with no issuance of stock dividends.

(VIII) Employee Director and Supervisor Remuneration:

1. Quantity or scope of compensation for employees and Directors as prescribed under the Articles of Incorporation:

   If the Company is profitable for the current year, no less than 1% of the profit is distributable as employees' remuneration, and no higher than 3% is distributable as remuneration for directors. If there is any accumulated loss, the Company's earnings shall be retained to make up for the deficit. Those paid in shares or cash by employee remuneration in the preceding item, shall include the employees with some qualified conditions in the affiliated companies and its conditions and methods shall be decided by the board of directors and submitted to report in the shareholders' meeting.
2. The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: Any discrepancy is deemed as change in accounting estimate and will be recognized as profit/loss for the following fiscal year.
3. Information on any approval by the Board of Directors of distribution of remuneration:
   (1) Distribution of employee cash bonuses and remuneration for directors totaled NT$3,540 thousand. There is no difference with the estimated amount of the recognized expenses in the year.
   (2) The proposed employee stock remuneration allocation as a ratio of the net income after tax for the period and the total employee remuneration: Not applicable.
4. Actual distribution of remuneration for employees, directors, and supervisors in the previous year (including the number, sum, and price of shares distributed), and where there were discrepancies with the recognized remuneration for employees, directors, and supervisors, the sum, cause, and treatment of the discrepancy shall be described:

   Employee compensation of NT$7,022 thousand and remuneration for directors and supervisors of NT$14,010 thousand. There is no deviation between the estimated and actual distribution amount.

(IX) Share buyback:

April 8, 2022

Number of share buyback	4th issuance
Purpose of share buyback	Shares Transferred to Employees
Buyback Period	2020.3.25~2020.4.28
Price Range of Share Buybacks	NT$37-106
Type and Amount of Share Buybacks	1,000,000 shares of common stock
Amount of Share Buybacks	NT$66,341,284
Average buyback price per share	NT$66.34
Number of Retired and Transferred Shares	287,000 shares
Cumulative Number of Shares of the Company	713,000 shares
Proportion of Cumulative Number of Shares Held to Total Number of Shares Issued (%)	0.76%
Subsequent Treatment	On January 17, 2022, 287,000 shares were transferred to employees, leaving 713,000 shares untransferred.

II. Corporate Bonds (including Overseas Corporate Bonds): None.

1. Situations of Corporate Bonds

March 31, 2022

Corporate Bond Type		3rd Domestic Secured Convertible Bond	4th Domestic Unsecured Convertible Bond
Issue date		September 27, 2021	September 28, 2021
Denomination		NT$100,000 per par value	NT$100,000 per par value
Issuing and transaction location		Taipei Exchange	Taipei Exchange
Issue price		Issued at 108.38% of par value	Issued at 103.45% of par value
Total price		NT$ 1 billion	NT$ 1 billion
Coupon rate		0%	0%
Tenor		5-year maturity: September 27, 2026	5-year maturity: September 28, 2026
Guarantee agency		First Commercial Bank Co., Ltd.	None
Consignee		Yuanta Commercial Bank Co., Ltd.	Yuanta Commercial Bank Co., Ltd.
Underwriting institution		Yuanta Securities Co., Ltd.	Yuanta Securities Co., Ltd.
Certified lawyer		Lawyer Ya-Wen Chiu, Far East Law Office	Lawyer Ya-Wen Chiu, Far East Law Office
CPA		KPMG Taiwan Accountants: Cheng Hsueh, Chen and Tzu-Hsin, Chang	KPMG Taiwan Accountants: Cheng Hsueh, Chen and Tzu-Hsin, Chang
Repayment method		Except for the conversion of the convertible bonds into common shares of the Company pursuant to Article 10 of the Issuance Method or the exercise of the right of sale pursuant to Article 19 of the Issuance Method, and the early redemption of the bonds by the Company pursuant to Article 18 of the Issuance Method, the Company will repay the bonds held by the bondholders in cash within seven business days from the day following the maturity of the bonds at their denomination.	Except for the conversion of the convertible bonds into common shares of the Company pursuant to Article 10 of the Issuance Method or the exercise of the right of sale pursuant to Article 19 of the Issuance Method, and the early redemption of the bonds by the Company pursuant to Article 18 of the Issuance Method, the Company will repay the bonds held by the bondholders in cash within seven business days from the day following the maturity of the bonds at their denomination.
Outstanding principal		NT$ 1 billion	NT$ 1 billion
Terms of redemption or advance repayment		Please refer to the Company's Issuance and Conversion Method of Corporate Bonds	Please refer to the Company's Issuance and Conversion Method of Corporate Bonds
Restrictive clause		Please refer to the Company's Issuance and Conversion Method of Corporate Bonds	Please refer to the Company's Issuance and Conversion Method of Corporate Bonds
Name of credit rating agency, rating date, rating of corporate bonds		None	None
Other rights attached	As of the publication date of this annual report,	From the issue date to March 31, 2022, creditors filed applications for conversion of 0 shares of the Company's ordinary shares.	From the issue date to March 31, 2022, creditors filed applications for conversion of 0 shares of the Company's ordinary shares.

	converted amount of (exchanged or subscribed) ordinary shares, global depositary receipts or other securities		
	Issuance and conversion (exchange or subscription) method	Please refer to the Bond Issuance Information in the Bond & Credit Section of the Market Observation Post System.	Please refer to the Bond Issuance Information in the Bond & Credit Section of the Market Observation Post System.
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		Based on the current conversion price of NT$99, the maximum dilution effect to the original shareholders is 9.75%.	Based on the current conversion price of NT$95, the maximum dilution effect to the original shareholders is 10.12%.
Name of the fiduciary custodian institution for the exchange of the subject		None	None

2. The information of converitible bonds

March 31, 2022

Corporate Bond Type		3rd Domestic Secured Convertible Bond		4th Domestic Unsecured Convertible Bond	
Projects / Year		2021	Ended in March 31, 2022	2021	Ended in March 31, 2022
Department of Official Price for the Convertible Bonds	Max.	124.00	125.70	126.00	122.50
	Min.	108.60	115.00	102.70	109.15
	Average	114.13	118.60	110.99	113.98
Conversion Price		99.00	99.00	95.00	95.00
Issuance (Processing) Date and Conversion Price at Issuance		Issuance Date: September, 27, 2021 Conversion Price 99.00		Issuance Date: September, 28, 2021 Conversion Price 95.0	
Means of performing conversion obligations		Issuance of new shares		Issuance of new shares	

III. Preferred shares: None.

IV. Participation in Global Depository Receipts: None.

V. Subscription of Warrants for Employees:

(I) Status of issue and private placement of subscription of warrants for employees that are not yet mature: None.

(II) Names and conditions of managerial officers and top 10 employees who have received subscription of warrants for employees as of the date of publication of this Annual Report: None.

(III) Status of any private placement of subscription of warrants for employees in the most recent three years: None.

VI. New Restricted Employee Shares, and Any Merger and Acquisition Activities (including Mergers, Acquisitions, and Demergers): None.

VII. Implementation of Fund Usage Plan:

(I). Third Domestic Secured Convertible Bonds and Fourth Unsecured Convertible Bonds in 2021

1.Contents of the Plan

(1)Approval date and document No. of the industry competent authority : August 24,2021, (JGZ) Financial-Supervisory-Securities Issuing No. 1100348768 is declared and effective.

(2)Total Capital Investment required by this plan: NT$2,118,369 thousand.

(3)Capital Sources: The issuance of the 3rd Domestic Secured Convertible Bonds and 4th Unsecured Convertible Bonds shall be issued at a nominal value of NT$100,000, and the issuance price shall be at 108.38% and 103.45% , the nominal value to raise the amount of NT$1,083,834 thousand and NT $1,034,535 thousand respectively, the total raised amount is NT $2,118,369 thousand.

(4)Content of changing plan: None

(5)Projects and estimsted application progress

Projects	Reserved Date of Completion	Required capital	Predetermined fund utilization plan						
			2021		2022				2023
			Q3	Q4	Q1	Q2	Q3	Q4	Q1
Construction of Group’s R&D and Operation Headquarters	2023 Q1	1,200,000	160,000	105,000	105,000	175,000	205,000	200,000	250,000
Repayment of bank loans	2021 Q3	918,369	918,369	-	-	-	-	-	-
Total		2,118,369	1,078,369	105,000	105,000	175,000	205,000	200,000	250,000

2. Implementation

Unit: NT$ thousand

Projects	Status of implementation		2022 Single Quarter of Q1	Ended on March 31, 2022	Reasons for schedule exceeding or lagging and improvement plan
Construction of Group's R&D and Operation Headquarters	Payment Amount	Expected	105,000	370,000	In progress according to plan.
		Actual	188,550	373,833	
	Performing Progress (%)	Expected	8.75%	30.83%	
		Actual	15.71%	31.15%	
Repayment of bank loans	Payment Amount	Expected	0	918,369	Has been used up as planned.
		Actual	0	918,369	
	Performing Progress (%)	Expected	0	100.00%	
		Actual	0	100.00%	
Total	Payment Amount	Expected	105,000	1,288,369	—
		Actual	188,550	1,292,202	
	Performing Progress (%)	Expected	4.96%	60.82%	
		Actual	8.90%	61.00%	

3.Expected Benefits and Actual Achievements

Total Capital Investment required by this plan is NT $2,118,369 thousand, mainly used in construction of Group's R&D and Operation Headquarters and for repayment of bank loans. The expected benefits are as follows:

(1) Expected benefits from construction of Group's R&D and Operation Headquarters

Company intends to use NT$1,200,000 thousand of this financing plan to construction of Group's R&D and Operation Headquarters with the estimated total building area about 6,005 square meters. Based on the monthly rent of about NT $850/square meters in Taiwan Innovation Park leased by the Company and its subsidiaries for the Business Department, it is estimated to save the rental expense of about NT$ 61,251 thousand each year in the future, after deducting the estimated depreciation expense of NT$36,790 thousand, thus generating annual rental saving benefit of NT$24,461 thousand. In addition, the Company and its subsidiaries plan to expand the R&D team size of construction of Group's R&D and Operation Headquarters . Considering that the Company and its subsidiaries aim at taking the self-owned technologies to establish own brands since establishment, the Company and its subsidiaries have provided customized products, all-round technical services and comprehensive products, to meet the needs of customers in different occasions;therefore, the financing of the construction of Group's R&D and Operation Headquarters will prepare for the long-term development of R&D equipment and manpower, besides saving rental expense, so as to improve the overall management efficiency, and maintain the long-term competitiveness for the Company in the face of industrial technological upgrading and continuous expansion of various businesses,at the same time, improve the company's future business performance.

(2) Expected benefits from repayment of bank loans

Company intends to use NT$918,369 thousand of repayment of bank loans, which can not only effectively save interest expenditure and improve the financial structure, but also reduce the dependence on the bank, improve the flexibility of capital dispatching and reduce operation risks. Based on the estimated repayment of the bank loans rates, it is estimated to save interest expense by NT$ 3,687 thousand in 2021 and NT$14,748 thousand annually from 2022. At present, the interest rate is at a relatively low level. This issuance can reduce the risk of increasing the interest expense for the Company when the interest rate rises in the future, and alleviate the debt repayment pressure ,increase the flexibility of capital dispatching, which is helpful to the Company's capacities of management resilience and long-term competitiveness;as far as viewing the current investment progress of the Company , there is still no significant difference between the forecast benefits and the actual achievements.

(II) Execution plans: Plans that are not yet completed for prior public issuance or private offerings of marketable securities by the end of the quarter before the publication date of the annual report, or that have been completed in recent three years but not yet brought obvious benefits: None.

(III) mplementation status: Analyze the implementation and compare the effectiveness of the plan on the basis of previous plans by the end of the quarter before the publication date of the annual report. If the implementation does not meet the schedule or the effectiveness is not as good as expected, reasons, impact on shareholders' equity and improvement plan shall be specifically stated: Not applicable.

Chapter 5. Business Operational Overviews

I. Business Activities

(I) Business Activities

1. The Company's main businesses:

(A) Swancor Holdings: General Investment

(B) Advanced materials business: R&D, production and sales of eco-friendly and highly efficient anti-corrosion resin, wind blades resin, and new composite materials

(C) Carbon fiber compound: Carbon fiber reinforced composite materials and its products, glass fiber reinforced composite materials and its products, mold design, R&D, manufacturing and sales

2. The Company's current main products and sales proportion:

Unit: NT$ thousands; %

Major products	2020		2021	
	Amount	%	Amount	%
Anti-corrosion resin	2,134,551	21.63	3,239,275	30.24
Wind blade resin	5,467,462	55.41	4,881,708	45.58
Others (Note)	2,265,887	22.96	2,589,317	24.18
Total	9,867,900	100.00	10,710,300	100.00

Note: Eco-friendly green-energy materials include resins for lightweight composite materials, energy-saving LED packaging, and energy-saving wind turbine blades, and others such as carbon fiber compound,dividend income and commodity trading.

3. New products and services planned for development:

A. Halogen-free Flame Retardant Epoxy Resin System
B. Low-halogen Flame Retardant Epoxy Resin System
C. Environmental Epoxy Hand Paste Resin for Tap- water Tanks
D. Process Research of Rail-transit Components
E. Research on Application of HYVER Wind Power Injection Resin
F. Process Research on External Reinforcement Prepregs
G. Experimental Research on the Process of Pultrusion Glass Plate
H. Recycling and Application of the Thermosetting Composites
I. Process Research on 2535 Adhesive with High Toughness
J. Research on Processing Performances of Large Blade Injection Resin
K. Research on Processing Performances of Offshore Aerofoil Injection
L. Process Research on Leaf Vein Filling for Large Blades
M. Process Research on Field Blade Forming for HYVER Wind Power Injection Resin
N.Development of Low Smoke and Low Toxic Flame Retardant Resin
O. Development of Injection Resin for Offshore Wind Turbine Blades
P.Project of Offshore Wind Power Adhesive
Q. Application of Free Radical Curing Resin in High-frequency and Low-loss Electronic Materials
R. High-performance Low-shrinkage Agent
S. Low-exothermic Low -viscosity Vinyl Resin Processing Vacuum Bag
T. Thermoplastic Long-fber Injection Materials (LFT)
U. Construction of CAE and Analysis of Thermoplastic Fiber Sheet Molding
V. Recycling of Thermoplastic Carbon Fiber

(II) Industry Overviews

1. Current Status and Development of the Industry

A. Advanced materials business

The main products include the application series of vinyl ester resin, special unsaturated polyester resin, pouring resin for wind turbine blades, hand paste resin, mold resin, adhesive, pultrusion resin for wind turbine blade girder, wind turbine blade and ship injection HYVER resin, environment-friendly resin, safety materials for rail transit and etc. The Company's products are in the advanced materials business, with the two main downstream applications including energy-saving & environmental protection, and renewable energy. Energy-saving & environmental protection mainly include pollution prevention and control projects in the industries of safety materials for rail transit and electricity, petrochemical, electronic and electric works, metallurgy, semiconductor, and construction engineering. As for renewable energy, it mainly includes wind turbine blade materials and automotive lightweight materials. The Company is involved in the following industries:

(1) With the characteristics of excellent corrosion resistance, mechanical properties, low viscosity and easy for construction, and designability of molecular structure, vinyl ester resin has been applied widely in the fields of chemical industry, metallurgy, food and pharmacy, environmental protection, electric energy, petroleum, construction, transportation, electronics and electrical, aerospace, medical equipment, sports equipment and many other industries, which is a key material for composite material molding, has wide application fields and continuous expanding potential marks. In addition, on new fields of application, the stability of the technology levels will facilitate the scale application of the products in the relevant industries.

(2) Benefiting from the influence of the global new energy low-carbon transformation trend, the wind power blade material market has developed fastly in recent years, and the future demands will remain. Also facing the trend of large-scale and lightweight for wind power blades, wind power blade materials will develop to the direction of high-performance, high-strength and light-weight in the future. At present, the companies with certain market shares in the industry have mastered the core formula technology. Compared with the new entrants, the cost of continuous R&D investment is relatively high, and the certification period of being manufacturers for producing wind power blade and wind power blade complete machine is relatively long. Therefore together with the factors of capital investment and technology accumulation, the concentration degree of wind power blade material industry is expected to be further enhanced. At the same time, the fluctuation of the price on raw materials will affect the operating performance and risk tolerance to the companies in the industry, and the entry of future substitute products into the market may also change the market competition pattern.

(3)The Company is one of leading domestic resin suppliers for composite materials. On the field of environmental and high-performance corrosion-resistant materials, the market share of the company's vinyl ester resin products ranks among the best in Domestic, and the main competitors come from Europe, Japan and the United States. In terms of materials for wind power blades, customers cover major domestic and overseas wind power blade manufacturers. According to the forecast based on the installed capacity of wind power industry, industry data and wind power blade production, the materials for wind power blades of the Company occupy a certain market share.

B. Carbon fiber composite materials

The Company has professional prepreg, CFRP and thermoplastic sheet production lines. The main products include medium temperature heavy weight wind energy curing prepeg, Fast curing prepreg cloth, medium temperature heavyweight TFT-LCD CASETTE curing prepeg, high TG high-temperature resistance prepreg, non-flammable carbon/ glass fiber prepreg, carbon fiber wind energy CFRP, and Various types of pultruded sheet and pultruded which are illustrated as follows profiles:

(1) Medium temperature heavyweight wind energy curing prepreg

Corresponding to the special needs of wind power industry, Swancor will focus on the development of epoxy resin hot melt adhesives, with special chemical features for the surface treatment (sizing) of carbon fibers, in order to produce heavyweight prepeg which can easily be processed (fiber surface of 600g/m2). It is widely used by customers and can be used for curing at different temperatures to make various blade girders and products. As CFRP application technology has not yet been fully mastered by wind power customers, the heavy-weighted wind energy prepeg with excellent mechanical properties and has become the alternatives for wind power customers. At present, the mainstream production process of blade girders in mainland China is dominated by glass fiber pultrusion plates, while carbon fiber pultrusion plates are considered to use for longer offshore blade shapes, so the demand for wind power prepregs has been greatly reduced since the second half of 2021.

(2) fast curing prepreg cloth

Our company has independently developed the fast curing prepreg cloth, which is mainly used in molding process, and can be used for sports equipment products such as golf ball and ice hockey. With higher molding efficiency, the production cost of products is greatly reduced.

(3) medium temperature heavyweight TFT-LCD CASETTE curing prepeg

TFT-LCD CASETTE is used for panel loading, transportation and storage of LCD panels during the production process. Utilizing carbon fiber composite materials has the following advantages: 1. light and easy to move; 2. high rigidity to prevent glass crushing; 3. anti-corrosion.

With the maturing TFT-LCD technology, its application is broadly classified into small-size microLED TV display, 10-inch display, and large-size panel display, while the development of the size of glass substrates has driven up TFT-LCD development. This boosted up demand for carbon fiber LCD cassette.

TFT-LCD originated in the U.S., but the products have not been released to the market. From the 1980s to the early 1990s, Japan has commenced industrial production of LED panels by long-term learning of US research results. By the mid-to-late 1990s, South Korean companies start to emerge in accelerating development. Currently, with the ramp-up of advanced generations in China, the panel capacity, technology, and industrial competitiveness have steadily improved. Today, three players have a say in the panel industry: South Korea, China, and Taiwan.

Mainland China has been developing rapidly growth for nearly a decade, with many higher generations of panel fabs under construction, which led to upbeat market demand for carbon fiber LCD cassettes.

As LCDs are advancing to higher generations and the panel size produced are getting larger, carbon fiber LCD cassettes require higher rigidity and longer length. We focus on supplying heavy-weighted prepregs and highly adhesive

CFRP sheets for LCD cassette manufacturers, which shortens the customer's lamination process for light-weighted prepregs and reduces the cost of raw materials.

(4) High TG and highly heat resistant prepreg

Our 2559 high TG carbon fiber prepreg is a specially modified highly heat resistant epoxy resin with TG up to 230°C and can be applied to high heat resistant composite materials. Currently, it is mainly used by customers in the vehicle wheeling industry and Industrial machinery and equipment. In the future, we plan to expand its applications in the market based on the product's excellent performance.

(5) Fast Flame-retardant Prepreg Cloth

In order to meet the development demand of new-energy vehicles in recent years, our company has independently developed fast-curing flame retardant prepreg cloth, which can be used in the fields of battery cases of new- energy vehicles, automobile leaf spring and rail-transit.

(6) Thermoplastic sheet

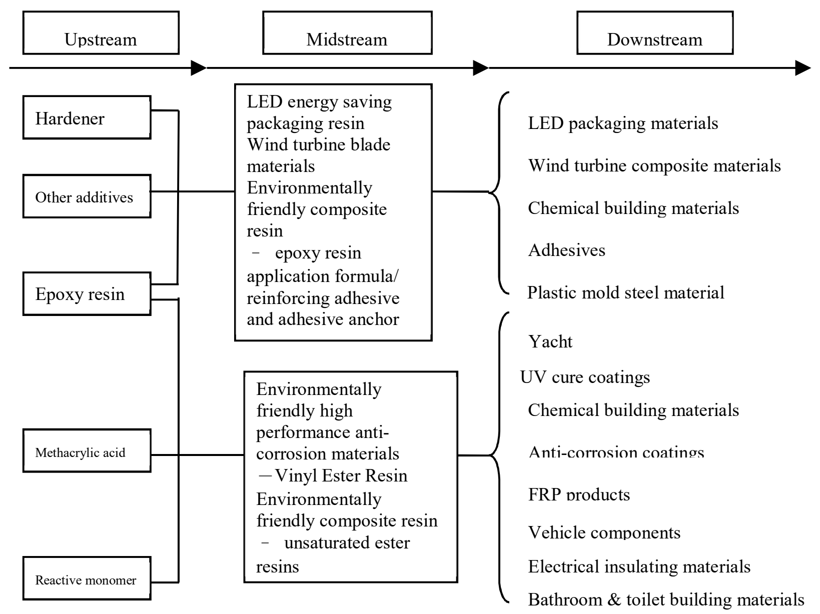
The Company’s continuous fiber reinforced sheets have the advantage of continuous production, highly reusable, rapid forming and simple production process. Currently, the Company is actively tapping into automotive, 3C electronics, sports equipment, footwear, protective gear and medical device. The material has been successfully applied to sneakers of renowned brands from China and it is mainly used in basketball shoes, running shoes and badminton shoes to enhance athletes’ comfortability and safety during exercise.

(7)Pultruded Sheet Materials for wind power

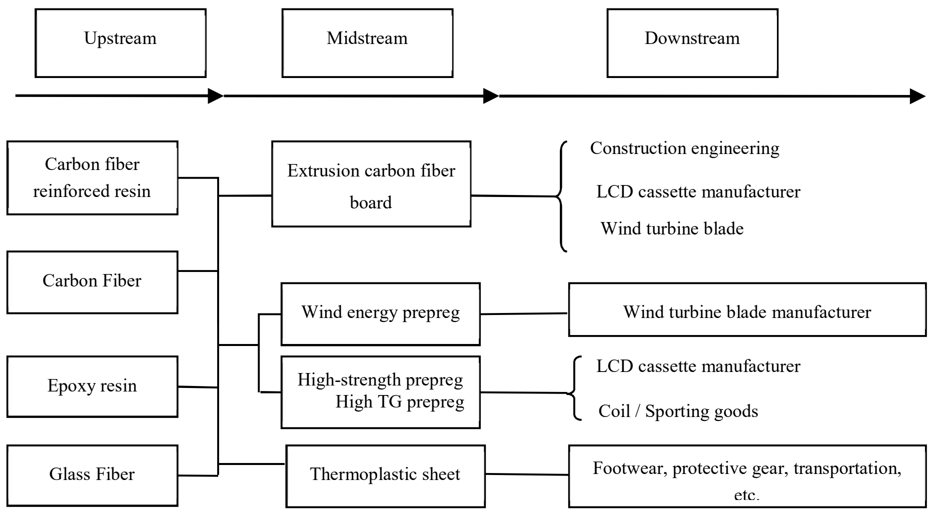
At present, the carbon fiber composite material is mainly used in the girder of wind turbine blades,while there are mainly three kinds of carbon fiber beam forming processes: prepreg, carbon fiber filler and extrusion carbon fiber board.For composite material processes, CFRP process is the most efficient and produces the lowest cost, and has high fiber content, stable quality, and continuous forming process that is automation-ready, which is suitable for mass production. The main girder can be constructed together with the blades by using CFRP sheets for easy lamination, which shortens the process to 50% that of the filling process, but with higher requirements for blade design, and it is necessary to purchase some machines and tools for laying. Vestas' core business is to make blade beams by use of the extrusion carbon fiber board process. After successful development, it is promoted on a large scale, with MW wind turbine blades made from carbon fiber composite materials, which greatly promotes the application of carbon fiber in the wind power market.In recent years, customers of various international complete machine manufactures such as SGRE, GE and Nordex have started to actively introduce carbon fiber pultrusion sheet materials into the latest long-bladed large wind turbines. The global carbon fiber consumption in 2020 is 106,860 tons, among which wind power accounts for nearly 30%, 31,000 tons. In 2021 and 2022, the growth will probably exceed 30% respectively. Only Vestas will use 28,000 tons in 2021 and 35,000 tons in 2022. At present, the market is in short supply.

2.Correlation among upstream, midstream, and downstream of the industry

A. Advanced materials business



B. Carbon fiber composite materials



3. Product development trends and competition status

A. Advanced materials business

(1) Environmentally friendly high performance anti-corrosion materials

As the main product of environmental protection and high-performance anti-corrosion materials, vinyl ester resin has irreplaceable advantages in the field of heavy anti-corrosion field, especially in strong acid and alkali, small molecule solvent, strong oxidizing medium, acid ultra-high temperature gas and other strong corrosion conditions, vinyl ester resin has become the only solution. With the development of the industry and the progress of technologies, vinyl ester resin has also developed to the direction of functionalization in recent years, breaking down the original technical performance barrier in vinyl ester resin, such as higher temperature-resistance, stronger oxidation-resistance, less or no volatilization of VOC , lower shrinkage, stronger toughness and with the property of thickening , which add new vitality to the industry of vinyl ester resin.

As a upgrading product of traditional unsaturated resin, vinyl ester resin combines excellent mechanical properties of epoxy resin and good construction property of unsaturated resin. It is not only widely used in anticorrosion industry, but also widely used in other industries such as automobiles, ships, aerospace, military industry, safety protection, sports equipment and etc. in recent years, and has shown new demand in wind power, electronic communication, petrochemical industry and etc, so the development potential of this resin product is huge.

As a rising star of environmental protection high-performance anti-corrosion materials, after nearly 20 years of development, the Company has become the No. 1 in domestic sales volume and a well-known supplier in Asia. The achievements depend not only on stable product quality and reliable product performance, but also on grasping new application opportunities, continuously break through and make reservation in the technologies, and make more innovations in product application.

a. With the tightening of the environmental protection policy in China, the requirement for anti-corrosion and temperature resistance for the equipment involving high-temperature acid gas emission are more than 220 ℃. At this time, with the maximum temperature-resistance of 180°C, traditional phenolic vinyl ester resin cannot meet the requirements of industrial materials. In combination with actual demands, the company has launched ultra-high temperature - resistant 977-S phenolic vinyl ester resin.The hot deformation temperature of pure resin reaches 210℃, and the composite products can be used at 250℃ for a long time. At present,which is widely used in environmental-protection equipment for high-temperature flue gas treatment.

b. Wet chlorine, hypochlorite and other highly corrosive media are used in chlor alkali, paper making and other industries in China. As chlorine is a toxic gas, it is difficult for domestic vinyl ester resin to meet the requirements for anti-corrosion materials in this industry. The Company develops 907-S type phenolic vinyl ester resin whose anti-corrosion ability can compete with the product performance of foreign leading enterprises, thus breaking the foreign monopoly.

c. In recent years, the semiconductor panel industry has been continuously upgraded and the technology has been improved. At present, it has moved towards the 4-nanometer process. In response to the needs of the new process, a large number of highly corrosive media, such as phosphoric acid, nitric acid and hydrofluoric acid, are used. The requirements for anti-corrosion materials are increasingly stringent, including wastewater tank, acid tank and alkali tank. The Company's environmental protection high-performance anti-corrosion materials can meet most of the environmental needs. With the rise of safety awareness, electronic factories require materials with fire protection characteristics. The Company has developed materials with high fire protection grade, high corrosion resistance and high mechanical features without losing the original vinyl ester resin property, and has passed the world-class fire protection grade certification. At present, the products are mostly used in the stringent environment where semiconductor factories must have fire protection and anti-corrosion at the same time. The products conform to the development needs of the semiconductor industry, and there is great potential for development in the future.

d. The emission of SO2 from international shipping industry and ocean-going vessels also attracted the attention of international maritime organizations. The 71st IMO (International Maritime Organization) Marine Environmental

Protection Committee proposed to achieve the global 0.5% fuel sulfur standard for ships on January 1, 2020. The standard puts forward higher requirements for desulfurization equipment manufacturers and suppliers for environmental protection anti-corrosion materials.

The Company's vinyl ester resin flake mortar was used on desulfurization equipment of thermal power plant in 2002. Relying on the existing technology, the Company grasps new application opportunities of products. The Company actively seeks equipment manufacturers that can cooperate with each other to provide products and supporting technical services. At present, standard bisphenol A 901 resin and special high temperature resistant 900 resin have been successfully applied on desulfurization and anti-corrosion equipment of large ocean-going ships.

e. VOC emission is becoming more and more severe, which is an environmental protection policy that production-oriented enterprises must pay attention to and abide by. The traditional vinyl ester resin contains styrene, which is a chemical product with high VOC volatilization, and the anti-corrosion equipment and engineering production are mostly open construction, so there is a huge demand for green vinyl ester resin products with low VOC volatilization or no VOC volatilization. Relying on its own years of profound technical reserves, the Company rapidly launched low styrene type 901-LSE vinyl ester resin products, as well as styrene free SF901 vinyl ester resin and flame retardant styrene free SF905 vinyl ester resin.

f. The Company is committed to providing customers with a full range of anti-corrosion solutions. For special resin materials under special construction environment, such as resin for repair of confined space, it requires simple construction, fast curing, high efficiency, strong safety, etc., and introduces resins with thickening light curing resin system.

(2) Wind turbine blade materials

As an important part of green new-energy, wind power has been highly valued by all countries all over the world. In 2021, the new installed capacity of global wind power maintained a strong level, which was only slightly lower than the historical maximum level in 2020; it is still two-thirds higher than the average level from 2015 to 2019, and a brand-new era has started. According to Bloomberg New Energy Finance&Economics‘s forecast ,the cumulative installed capacity of wind power will be doubled by 2030, with an annual growth of 9% from 2021. The installed capacity of wind power in China is expected to reach 470GW in the next 10 years, and will exceed 730GW by 2030.

When entering the 14th Five-Year Plan, the domestic wind power industry will step into the era of non-subsidization. According to the requirements of the Notice on Improving the Policy of On-grid Price of Wind Power Grid issued by National Development and Reform Commission in 2019, the newly approved onshore wind power projects have been fully connected to the grid at fair price since 2021. According to Several Opinions on Promoting the Healthy Development of Non-hydro Renewable Energy Power Generation jointly issued by National Development and Reform Commission, National Energy Administration and Ministry of Finance in 2020, for offshore wind power, the newly-increased projects in 2020 and the stock offshore wind power projects with all units grid-connected not completed by the end of 2021 will no longer be included in the subsidy scope covered by the central finance. In order to enjoy the subsidy from the central government, ta wave of rush installation of offshore wind power occurred in 2021. According to the data of National Energy Administration, the domestic newly installed capacity of wind power in 2021 was 47.57 GW,among which the offshore wind power performed well in 2021 due to the impact of "the tide of rush loading", with 16.90GW in the newly-increased installed capacity of the whole year,which is 1.8 times of the accumulated total built scale before. At present, the cumulative installed capacity has reached 26.38GW.

B. Carbon fiber composite materials

(1) Medium temperature heavyweight wind energy curing prepreg

Rising demand on reduced weight for longer blades, coupled with mature prepreg forming techniques and high cost advantage of the product has realized the application of Swancor's wind power prepreg on large-size blades. Products with high cost advantage, professional product performance testing, and professional technical service capabilities have guaranteed mature application for users. After it is approved by customers, the product has obtained GL certification for factory trial testing, and has obtained the DNV-GL certification. In addition, provide customers with cutting service and prepregs suitable for the complete set of blades directly, which also increases the convenience to use for customers.

(2) Fast-curing Prepreg

The regular molding process of carbon fiber products requires about 45min/molding,while our company has launched the fast-curing prepreg cloth, and increases the curing efficiency to 25min/moding while keeping the mechanical properties unchanged, which greatly reduces the period for mold turnover and improves the production efficiency. However, at present, the price of our fast-curing prepreg is higher than that of competitive products on the market, and the advantages are not shown fully. If the future cost is reduced to approaching that of conventional prepregs, great competitive advantage will be certainly brought.

(3) Medium temperature heavyweight TFT-LCD CASETTE curing prepreg

Over the past decade, the panel display industry in Taiwan has achieved a breakthrough, and its industry size was ranked 3rd in the world. China has been accelerating expansion in panel capacity, and has established various advanced generation product lines. China is poised to become the world's largest LCD panel manufacturing base. In the next 10 years, there will still be a rising demand for LCD heavyweight prepreg, but will gradually reach market saturation.

In terms of prepreg competition, there are currently over dozens of prepreg manufacturers in Taiwan, about 10 of which are competing in the heavyweight LCD cassette prepreg. Despite rising competition, the stable product quality and professional technical services will be indispensable in the future, as all manufacturers have similar raw materials and production costs. At the same time, when the supply of raw materials is short of demand, Swancore has the advantages of carbon fiber and resin raw materials group to ensure the stable supply of customers.

(4) Carbon fiber composite materials - extrusion carbon fiber board

The situation and development of the industry are as aboves, currently carbon fiber pultruded sheet materials are in short supply on the wind power field. Shangwei has the advantage of carbon fiber and resin raw material supplied by

Group so as to ensure the stable supply of customers. At the same time, Shangwei has been stably trading with Vestas for three years, and the product quality and technical service are recognized by international customers. Therefore, new customers such as SGRE, GE and Nordex and other large international complete machine manufactures come to contact constantly and. most of them have been certified, which is expected to bring new revenue for 2022. Next, the supply of stabilized carbon yarns will be an important and decisive factor for sales.

(III) Overview of technology and R&D:

1. R&D expenses invested in the most recent fiscal year

Unit: NT$ thousands

Item Year	2020	2021
R&D expenses	200,782	240,938
Net operating revenue	9,867,900	10,710,300
Proportion (%)	2.03%	2.25%

2. Research and Development Achievements in 2021

- Adhesive paste

Wind power has the advantages of resource recycling, large capacity and zero pollution, and its development and utilization are attracting more global attention. For resin materials used in wind turbine blade, the adhesives are the primary structural materials that directly relate to the rigidity and strength of the blade. With the increase in installed capacity for each wind turbine, the wind turbine blades are getting longer, which lead to more stringent technical mold bonding requirements for adhesives. However, the key production techniques of adhesives are almost dominated by a few foreign companies, resulting in high production costs for domestic blade manufacturers, which seriously hindered the strengthening of core competitiveness of the wind turbine blade manufacturing industry in Taiwan. Accordingly, Swancor invested in R&D, achieved breakthroughs in key technologies, and obtained certification from both domestic and overseas wind turbine manufacturers. This greatly reduce production costs of domestic wind turbine blade manufacturers, promoting healthy and quick development for the wind turbine industry in Taiwan.

- Wind blade perfusion resin for longer blade

In response to current market demand, the power generation efficiency of wind turbine blade has gradually increased, followed by the increase in the length of wind turbine blade. As for the corresponding demand on resin, the Company also developed towards lower exothermic reaction and longer gelation. With Swancor's formula development, trial testing production technology, and long-term experience in the wind blade industry, it has developed a new type of low exothermic infusion resin to meet the needs of the large-sized blade market.

- Carbon fiber pre-peg

The unique performance of carbon fibers has been recognized in the composite materials sector, while Swancor has integrated the epoxy resin formula, FPC’s high-performance carbon fibers and its forward-looking prepreg technology to develop high-performance and heat-resistant multi-function prepreg products for applications such as the leisure and sports, construction businesses, unmanned aerial vehicles (UAV), and the lightweight electric vehicles industry.

- High performance CFRP resin

Carbon fiber has been recognized in the composite materials sector for its lightweight and high performance, and its application in wind energy has also become a trend. One of the main applications in the future is to use carbon fiber sheet material instead of the original glass fibersheet material in wind blades, as the bearing girder structure. Swancor developed of high-performance CFRP resins by use of its epoxy formula technology. The resins have characteristics such as high casting speed and excellent mechanical properties, which can be used for producing carbon fiber sheets in the aim to reduce the weight of wind turbine blade in the future.

- Low shrinkage vinyl ester resin for vessels

Traditional vinyl ester resins have high shrinkage and heat dissipation, which can easily lead to surface shrinkage defects of the hull. Swancor has successfully developed low shrinkage and low exothermic reaction vinyl ester resins to avoid shrinkage of the hull surface. The resin is now at the stage of trial testing by ship manufacturers.

- Development of non-flammable materials

Swancor developed an ultra-low viscosity modifying acrylic resin synthesis technology on its existing technology platform of unsaturated resin, which successfully met non-flammable and viscosity requirements. In mid-2017, the Company obtained non-flammability certification from a third-party certification body, and successful trial tests on small production in the fourth quarter of 2017, which can be applied in rail transit, medical devices and construction markets. In 2018, prepreg resins that meet the EN45545-2 HL2/HL3 standards were developed for carbon fiber composites, and are currently used in small batches in the Taiwan High Speed Rail trains. In 2020, we developed epoxy flame retardant resin and obtained EN45545-2 HL2/Hl3 certification.

- Extrusion carbon fiber board

Swancor's strong resin development capability and resource integration capability has successfully developed extrusion carbon fiber board materials for the main beam of wind turbine blade girder, which has high production efficiency, stable product quality, and high price-performance ratio. Meanwhile, extrusion carbon fiber board can also be applied to sectors such as construction reinforcement.

- Carbon fiber prepreg

With our quick and efficient resin development, product development and product performance testing capabilities, the Company has successfully developed heavyweight carbon fiber prepreg for the main beam of wind turbine blade girder, industrial prepreg for industrial applications, and heat resistant prepreg for the bicycle industry, while the non-flammable prepreg for rail transit and electric vehicle industries is currently under certification. In 2020, the prepreg for the main girder of wind turbine blade girder successfully entered China wind turbine blade market, obtained certification from many customers and shipped a large number of products, which made a significant contribution to the Company's revenue.

- TP sheet

In comparison with traditional thermoplastic sheets, the Company has independent R&D of epoxy resins and sheets with complete intellectual property rights. The resin has the advantages of excellent mechanical properties, easy processing and high cost-effectiveness in combination with the fiber. The first generation of products has already been developed, and the Company is working towards product optimization and market applications. In 2020, we have successfully entered the shoe industry and delivered carbon fiber sheet to make basketball shoes and jogging shoes soles for many brands.

(IV) Long-term and short-term business development plans

(1) Short term operational development plan

① Production

In addition to continuous implementing of the ISO14001, ISO45001 and ISO-9001 Quality Assurance Systems, strengthen the quality control operation of various processes and further strengthen the quality stability and focus on the introduction of ISO14064 and ISO50001 management systems, implement the carbon medium and medium and long term planning by stages, and implement the carbon reduction and offset projects, through establishing the greenhouse gas query mechanism.

② Product development capability

1. Intellectual property

The soft power from intellectual property not only strengthens technology R&D, but also maintains our market competitiveness. Swancor will continue to conduct innovative R&D and quality optimization to improve its soft power from intellectual property and strengthen corporate competitiveness.

2. Industry-academia collaboration

Through the collaboration with colleges and universities for industry-academia research projects, Swancor has built long-term relationships to effectively utilized social resources and talents to play an active role, cultivate R&D talents in the enterprise technology center, and realize their respective comparative advantages in practical applications and technical scientific research, in order to support the Company's key R&D projects.

③ Marketing strategy

The Company will continue to deliver prompt and effective services based on customer satisfaction. Through the global distribution system, the Company aims to comply with customer requirements in different countries and markets to further enhance customer relationship, and has established a business model for long-term partnership.

We will deepen the development strategy of industry chain unification by integrating upstream resources, improving the synergy effect of midstream companies, and seize opportunities of downstream brands and channels, in the aim to promote the comprehensive corporate development in the industry chain, and improve its business achievements and overall competitiveness.

④ Business management

The Company will promote full quality control and education and training of talents at all levels, improve employee welfare, and commit to create a favorable environment for suitable talent cultivation in order to strengthen the Company's competitiveness.

(2) Long-term operational development plan

①Production

We will also ensure stable manufacturing processes, further improve product quality, and plan to expand the international base to serve foreign customers nearby. First of all, we consider setting up a plant in Europe to serve the European blade customers nearby.

②Product development capability

For the advanced materials business, we will continue to improve our R&D and innovation system, and deepen technical cooperation with downstream customers, focusing on the R&D of new composite products including new non-flammable composite materials, special materials for highly efficient large-scale green offshore wind turbine blades, environmentally friendly resins with low volatility, automotive lightweight advanced composite materials, new functional high molecular weight resins, new environmentally friendly light-curing composite materials, and environmentally friendly energy-saving thermoplastic resins, in order to achieve a safer and more environmentally friendly production process, manufacturing environment and product applications for continuous improvement and innovation.

For the carbon fiber business, the application of thermoplastic materials is undergoing unified services such as product design and development, marketing of materials, and after-sales services. We dedicate efforts to gradually develop recyclable thermoplastic sheets in the composite materials industry. In terms of wind power CFRP sheets, the Company has continued to optimize the resin formula and process, in order to develop products with better production efficiency and cost competitiveness. We continue to negotiate with major international wind turbine manufacturers such as MVOW, SGRE and LM to obtain product certifications, and provide products that meet customer needs with competitive prices. We will promote China's blade customers to import and use fiber reinforced pultrusion sheet, continue to carry out certification and cooperation with VESTAS, SGRE, LM and other major international machine manufacturers, and provide products that meet customer requirements and have competitive prices.

Swancor has a R&D team with innovative and execution abilities, and we are confident that we will be able to deliver products and technologies that meet customer needs, as well as to support corporate growth and profitability.

③Marketing strategy

In-depth understanding of the technological development direction of its customers, continue to provide immediate and effective services by adhering to customer satisfaction, and deepen primary customer relationships. By improving interactions between large-scale customers, design workshops, blade manufacturers, wind turbine manufacturers and wind farm development customers toward industrial development, Swancor’s products have always been able to meet the needs of downstream users and provide comprehensive solutions. To gain market share, the Company leads in the mainstream market along the technological frontier, expanding new applications in the market. Swancor adheres to the Belt and Road Initiative, developing towards Asia, Europe and Africa, meeting the needs of customers in different countries, further enhancing customer relationship, and establishing long-term and reliable partnerships. In addition, we actively participated in overseas professional exhibitions to raise our brand recognition, effectively conducted brand marketing, developed new customers and new markets, cultivated its presence in China and made its vision of the world.

④Business management

Based on the Company’s development strategy, we will integrate external recruitment with internal training, in order to continue to develop R&D talents, establishing a talent team that meet corporate development requirements to achieve a leading position in the fierce market competition, and cultivating high-end technology professionals for the future. The Company has hosted the Swancor Cup for university students to participate in the composite material design competition at China Composites Expo for five consecutive years. Outstanding universities and colleges in China have participated in the competition. The theme of the competition is combined with the most cutting edge material application and manufacturing development, which allows us to effectively integrate resources and accumulate technology R&D through the annual composite material competition.

In addition, the Company has currently obtained certification of DNV-GL and CNAS standard testing laboratories which can quickly provide test results for end-user products. In the future, the Company will continue to invest in laboratory equipment, R&D hardware and software facilities, comprehensive improvement on the Company's production, R&D and office environment, attract high-level talents, enhance R&D and management efficiency, the employees' sense of achievement, customer satisfaction, and market recognition, and strengthen product certification and development capabilities.

Carbon fiber composite material is also widely used in the fields of aerospace and automobile. This year, actively seek appropriate cooperation objects in the market, quickly obtain technical and certification barriers by means of merger and acquisition or making investment, accelerate the integration of upstream and downstream of industrial chain, so as to cope with the long-term development of carbon fiber composite industry in the future.

⑤Financial status

Domestic and overseas funds, and the Group’s resources are used to consolidate and enhance the financial status of each business sector, in order to meet the needs for future business development.

II. Market and Production and Sales Overview

(I) Market analysis

1. Sales region (s) of main products

Unit: NT$ thousands

Year / Geographical region	2020		2021	
	Amount	%	Amount	%
Taiwan	532,507	5.40	911,127	8.51
China	7,697,320	78.00	7,165,814	66.90
Other regions	1,638,073	16.60	2,633,359	24.59
Total	9,867,900	100.00	10,710,300	100.00

Note: The 2019 information includes the amounts of discontinued operations (disposed operations).

2. Market share

A. Advanced materials business

The Company has been focusing on the R&D, production and sales of high-performance resin since its establishment. With the accumulated technologies and experience ,brand construction over the years, the Company has formed the comprehensive advantages on R&D, management, service and etc., and obtained quite a certain market shares and brand popularities in the industry.

(1) In the global vinyl ester resin product market, the output market share of the company ranks by the front and has quite a certain market shares; in the domestic market of vinyl ester resin products in China, the Company has been in a leading position in terms of production volume for many years, with a big market share. In 2021, the Company's product, vinyl ester resin, remains in a strong position under the influence of the national policy to support new infrastructure and the Company's strategy to increase its market share.

(2) The market share of the production of epoxy resin for wind turbine blades in China is among the highest; globally, although there is a certain gap on the output from that of international chemical giants such as Hexion and Olin, but the market share has already caught and surpassed some international enterprises, the Company's production scale is among the highest in the world, and it has a certain reputation and market share in the international market.

B. Carbon fiber composite materials

(1) Sunwell is still a newcomer in the LCD cassette industry, and after many years of development, the Company has been gaining market share. The application of CFRP sheets will be continuously developed in the LCD industry, and the Company is expected to further expand its market share this year.

(2) After years of product development and marketing, Sunwell's products have received a certain level of recognition in China. Meanwhile, the major international customers actively demand for the Company's products thanks to its brand effect on offshore wind power. At present has entered the supply chain of VESTAS, with annual supply volume reaching 2.5 million meters. The LM and TPI of GE system have entered into its supply chain with annual supply volume of 1.5 million meters. SGRE is expected to complete the certification in 2023 and supply carbon fiber pultrusion sheet material. This may become the main source of revenue for Sunwell's carbon fiber in the next two years, with market share up to 20% in the next 3-5 years.

3. Future supply and demand of the market and its growth

A. Advanced materials business

(1) Anti-corrosion resin

The upgrading of vinyl ester resin products is relatively slow, due to needing time to verify the performance of the products. A kind of product must be used by customers for a long time after launching, to verify its performance. Although there is still a certain gap from bforeign chemical giants in global popularity, the company has excellent product performance, with price and service aproaching customer requirements, and with its own patented technologies in mainstream product formula, has advanced and technological advantages. In foreign market, the company has conducted full competition with domestic and foreign chemical giants, and such products have been widely used and recognized by customers, ranking by the front in global market share.

(2) Wind blade resin

Company has accumulated high-quality and stable customer resources. As one of the key raw materials in the wind power blade production processes, the resin shall go through a strict and long-term testing and certification processes before entering the qualified supplier systems of downstream high-quality customers. In order to ensure the stability and safety of their own supply chain, the customers will strictly evaluate the supplier’s product quality, supply capacities, technical service abilities and other factors, and once passing the certification, there will be a long-term and stable cooperation relationship between the two parties. The company pays much attention to the market demands for a long time, to develop more products meeting the requirements of customers, and to establish a long-term, stable and close cooperation relationship. After years of exploring the market and continuous accumulation, the company's R&D, technical service capabilities, product quality, product lines, supply capacities, brands and etc. have been recognized by downstream customers.

(3) New-type composite materials

Are the direction of subsequent development of the Company. Combined with the long-term accumulation in epoxy resin formula modification, our products have made great efforts in special pultrusion molding, high-performance flame-retardant materials, high-end prepregs and their customized R&D products,for helping customers to expand the market in the manufacturing of special equipment ,light-weight substitution, carbon medium and carbon peak and etc. At present, the company has considerable scales or first-moving advantages in many fields.

B. Carbon fiber composite materials

(1) LCD heavyweight prepreg

Over the past decade, the panel display industry in Taiwan has achieved a breakthrough, and its industry size was ranked 3rd in the world. China has been accelerating expansion in panel capacity, and has established various advanced generation product lines. China is poised to become the largest LCD panel production base in the world. In the next 10 years, there will still be a rising demand for LCD heavyweight prepreg, but will gradually reach its full capacity.

(2) Fast-curing Wind power Prepreg Cloth

Is mainly used for sports equipment products, new energy equipment parts and rail-transit components. With the improvement of people's living standard, the demand of sports equipment is in a steady growth trend, and the prepregs applied in new energy vehicles, rail- transit and other fields are in explosive growth, and can provide solutions for applications on different fields.

(3) Extrusion carbon fiber boards

As wind farm developers' demand for extrusion carbon fiber boards continue to rise, its demand is expected to exceed 40,000 tonnes in 2022. Each wind farm gradually increased orders for extrusion carbon fiber boards alongside longer blade length and coupled with Swancor’s advanced deployment in major international customers such as VESTAS, SGRE and GE. We expect to see Swancor's sales growth skyrocket in the future. Meanwhile, the demand for extrusion carbon fiber boards in China's wind turbine market will also increase year by year.

4. Competitive niches

   A. The Company's self-owned brand and know-how:

      Since its establishment, the Company has created its self-owned brand with its own technology, and satisfied different customer needs by providing customized products, comprehensive technical services, and full range of products. After years of hard work, it has become one of the world's leading suppliers.

      The Company's R&D team keeps track of new market trends in order to meet customer needs.

   B. Effective integration of corporate resources and global deployment:

      We introduced strategy mapping and balanced scorecard (BSC) to effectively integrate resources and work towards our corporate goals.

      The Company's Nantou, Shanghai, Tianjin, Malaysia and Jiangsu plants coordinates and supports each other to achieve resource sharing based on their own strategic positioning. We set our foundation in Taiwan while tapping into China and the global market.

   C. Creating demand and seizing opportunities:

      We pay attention to the global environment and changes in the industry for advanced tracking of market needs.

   D. Implementing various effective management mechanisms to support the Company's business operations:

      Strengthening organizational design, establishing systems, implementing ISO9000, ISO14001, ISO45001 and OHSAS18001 systems, and internal auditing.

   E. Continue to set up IT systems, implement innovative culture, and establish learning organizations to enhance the Company's competitive niche.

      The Company will continue to focus on the integration and establishment of the IT system, with better internal and external information collection, knowledge building and sharing, in the aim to quickly and accurately provide the best decision-making support, facing the changing internal and external environment with confidence. Meanwhile, in order to face the future challenges ahead, the Company provides opportunities for continuous learning to attract outstanding talents and to develop employee skills.

5. Favorable and unfavorable factors and responding strategies for prospects of development

   A. Favorable factors

      (1) R&D and technological advantages: The Company has profound technologies, suitable R&D capabilities, mature and stable processing techniques, and its own intellectual property rights.

      (2) Advantages on integration of industry ecosystems: The Company's management team has a better market insight in advanced composite materials, green energy, and environmental protection, and is able to seize business opportunities ahead of its peers. The Company could accurately grasp market trends, and lead the market in R&D of new products.

(3) Brand advantages: With similar standards as those of world-class companies, the products of the Company's self-owned brand (Swancor) are exported worldwide and have been recognized by customers home and abroad due to its perfect mastery for product technology and quality, relatively low cost, and high price-performance ratio, making it a well-known brand in the composite materials industry.

(4) Product line advantages: The Company focuses on the R&D and production of high performance industrial anti-corrosion and high-strength lightweight composite resins, and is one of the few resin suppliers in the wind power industry with a complete product line. For high performance anti-corrosion materials, the Company has expanded to lightweight, safe and environmentally friendly products based on past product and technological experiences, which have been successfully introduced to the market. Currently, the Company is one of the few manufacturers that can provide a full series of products including epoxy resin, vinyl ester resins, and unsaturated polyester resins, and is recognized in the industry as capable of providing standard trial production and verification, with wind turbine blade resins being used in large quantities. In addition, the Company cooperates with Formosa Plastics, the world's leading carbon fiber manufacturer, with timely and stable carbon yarn supply and technical support, and can provide high-value composite products with different carbon fibers according to customer demand.

(5) Advantages on global expansion and services: The Company has set up plants in Taiwan, Shanghai, Tianjin, Jiangsu and Malaysia, with products exported to more than 30 countries and regions. The Company's global service network enables effective integration and services for multinational groups in order to enhance global customer satisfaction. In addition, the Company's production plants in China can provide localized services to international manufacturers and improve the customers' global logistics.

(6) Product quality advantages: The Company's strong technological R&D skills, stringent product quality control system, stable performance and excellent quality of products such as vinyl ester resins and wind turbine blade resins, are well recognized by domestic and international customers. The Company has established a quality control and quality assurance system to comply with international standards and has obtained certifications for the ISO 9001: 2015/GB/T 19,001-2016 Quality Control System and ISO14,001: 2015 Environmental Management System. "Standards for Occupational Safety and Health Management System Certification ISO 45001:2018" The Company has set up a series of comprehensive internal control and management systems to ensure product quality, with comprehensive monitoring and quality control of its products throughout the whole process, including procurement of raw materials, production, finished goods receipt, delivery, and after-sales services. Product quality control is implemented thoroughly in the Company's operating system, in order to ensure and strengthen product quality to meet the needs of customers and the market. In addition, the Company will accelerate the automation transformation of intelligent production line, reduce labor costs, strengthen production process control, cost control and quality management, fully release investment capacity, focus on developing new products and accurately connect with the market.

B. Unfavorable factors and countermeasures

(1) Scale difference between the Company and its foreign competitors: There are differences between the Company and its foreign competitors in terms of capital, business scale, and experience in international market development. The Company's global brand awareness is limited, and there is still room to gain market share. In the high-end product market, its competitiveness remains relatively weak. Currently, international manufacturers account for 70% global market share for eco-friendly high-performance anti-corrosion materials. The Company is still a newcomer in the European and US market, despite a certain level of recognition, the Company's top development priority is to strengthen its market position. In the market of CFRP, major international companies have entered early and applied more. There are many prepreg manufacturers in China market in recent years. The Company is still a new comer of carbon fiber composite materials, but has a certain reputation. With that, it continues to formulate sales strategies in the hope to expand its market share.

(2) Single financing channel: The capital scale and its turnover efficiency have a significant impact on the Company's ability on business operations, and the industry in which the Company operates is a capital and technology-intensive industry. With the expanding business scale, the Company needs a large amount of capital to ensure the R&D of product technology and large-scale production. In the course of corporate development, the Company mainly relies on cash capital increase and bank loans to support the capital needs that arise from business development. The single financing channel and high financing cost may become a bottleneck in the future, as it may limit the Company’s R&D investment, capacity expansion and product applications. In the future, the Company plans to accelerate its global expansion strategy, tap into the Asian market, conduct industry chain integration, and strengthen its comprehensive skills. With the steady growth in the Company’s market share, the Company's subsidiary has officially been listed in the TWSE, which opened up new financing channels for the subsidiary, optimizing its capital structure, in order to avoid corporate development restrictions due to shortage of funds in the future.

(3) For the supply of carbon fibers, the supplier may cause price fluctuations. Hence, having good cooperative relationship with various carbon fiber suppliers and suppliers in China is critical for ensuring a stable source of raw materials. It is estimated that carbon fiber will still be in short supply from 2022 to 2023. However, at present, many manufacturers in China have announced to invest in carbon fiber production lines, and it is expected that the supply of carbon fiber will be sufficient after 2023.

(II) Major uses and production process of the primary products

1. Key Applications of Main Products

A. Advanced materials business:

Product Name	Important use
Anti-corrosion resin	The environmentally friendly high performance anti-corrosion materials mainly include vinyl ester resins and special unsaturated polyester resins, which are widely used in industries such as electrical, electronics, automotive, vessels, pipelines, sports equipment, and environmental protection due to their characteristics including excellent mechanical properties, chemical resistance, easy processing, high rigidity and fatigue strength.
Wind blade resin	The series of materials for wind turbine blade mainly include casting resins, hand lay-up resins, molding resins, adhesives, prepreg resins for the main beam of wind turbine blade, and extrusion carbon fiber board for the main beam of wind turbine blade, which have the characteristics of excellent mechanical properties, suitable adhesiveness, excellent fiber wettability, and curing functions. The Company's wind turbine blade materials are mainly used in making the casing, beams, webs and blade molds of wind power turbine blade, which can meet the current requirements for the molding technique of MW wind turbine blade.
New-type Composite Materials	New composite materials mainly include the series of vinyl ester resin for SMC/BMC, low shrinkage agent, environment-friendly resin series, safety material series for rail transit, special adhesive for petroleum industry, epoxy resin series for prepreg, epoxy resin series for pultrusion process, epoxy resin series for winding process, thermoplastic recyclable epoxy resin series and etc. ,each of which is relatively small in single business volume and relatively dispersed.

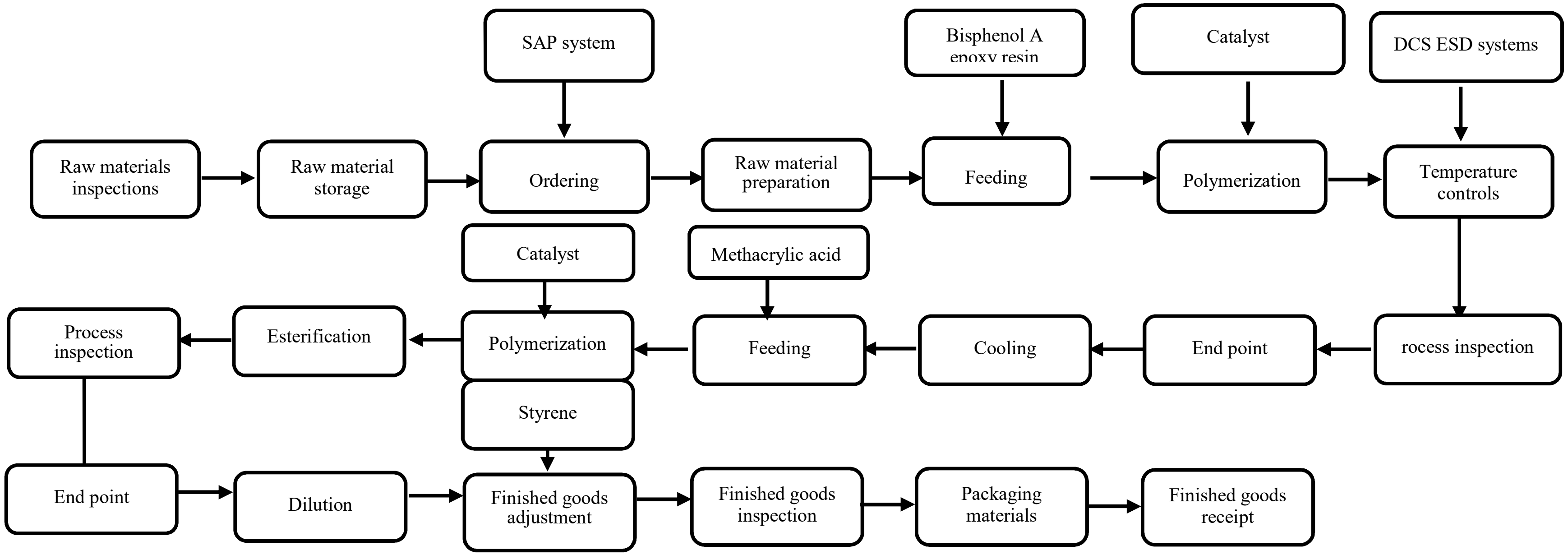
B. Carbon fiber composite materials:

Product Category	Important uses of main products
Wind power heavyweight prepreg	Wind power blade girder
LCD cassette prepreg	For loading, transportation, and storage functions of LCD panels during the production process
High TG prepreg	Wheeling, machinery and equipment accessories
Non-flammable prepreg	Rail traffic, car battery casing, notebook casing
Extrusion carbon fiber board	Wind power blade girder
Thermoplastic sheet	Automotive industry, footwear, 3C casing, various protective gears

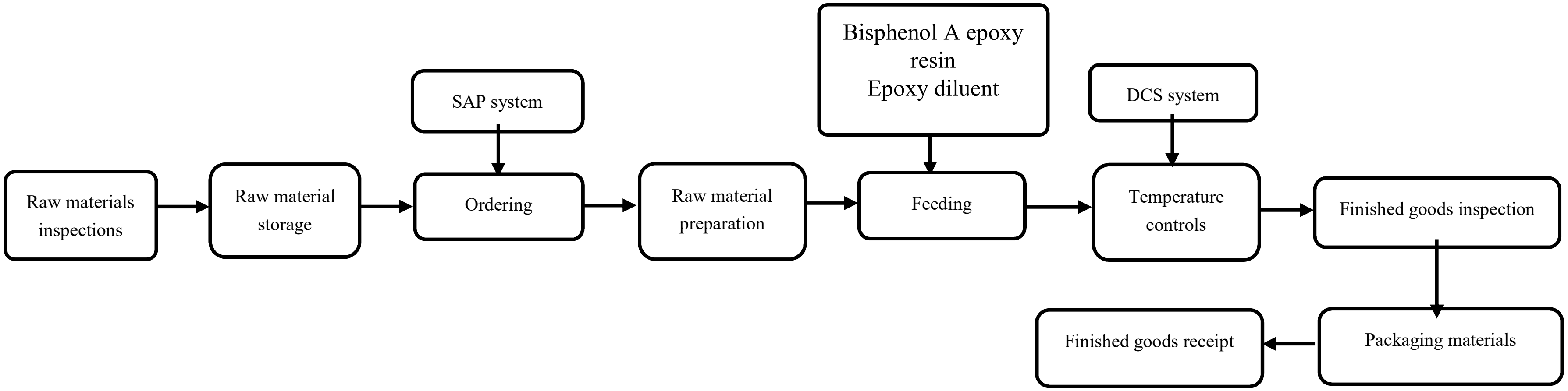
2. Production process of main products:

A. Advanced materials business

(1) Process of environmentally friendly high-performance anti-corrosion materials

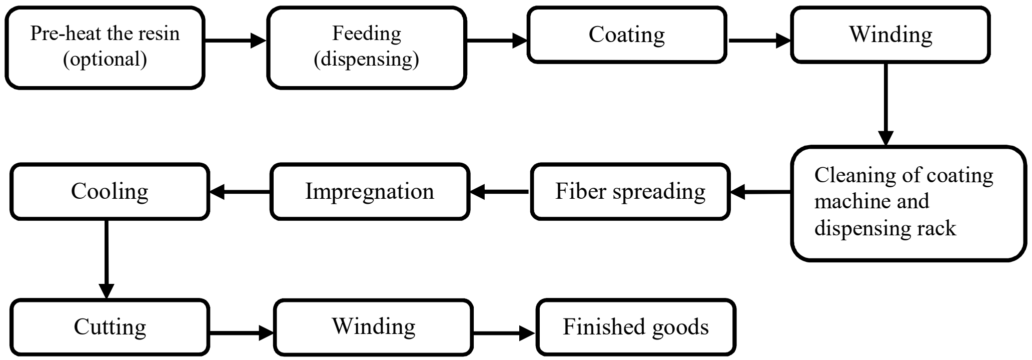


(2) The process of wind turbine blade materials

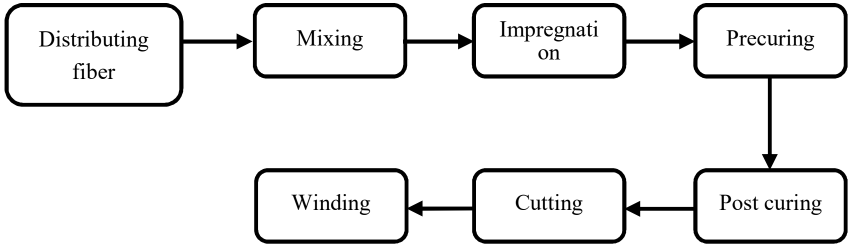


B. Carbon fiber composite materials

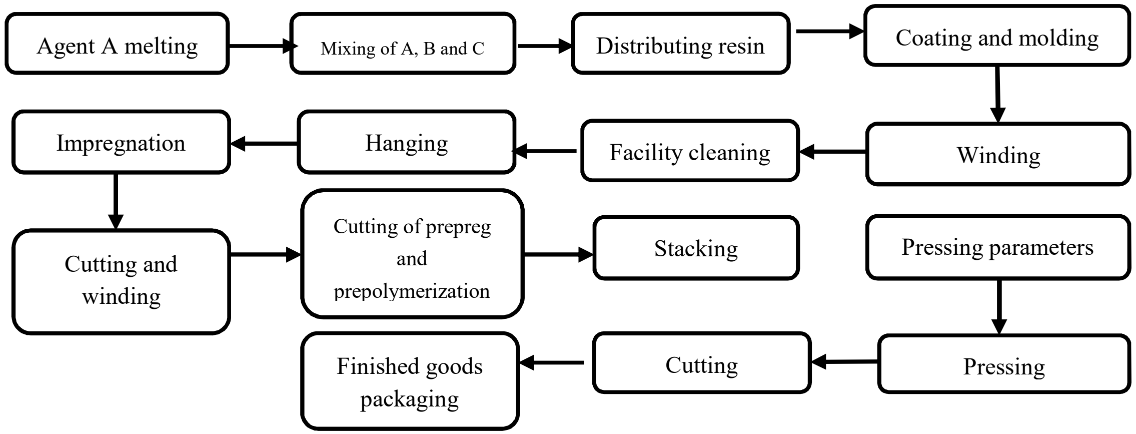
(1) Production process of prepreg



(2) Production process of extrusion carbon fiber board



(3) Production process of thermoplastic sheets



3. Supply Status of Main Materials

Name of raw materials	Main suppliers (Note)	Supply Status
Epoxy resin	Suppliers G and H	Excellent
Styrene	Suppliers A, B and C	Excellent
Hardener	Suppliers D, E and F	Excellent
Carbon Fiber	Supplier I, Supplier J, Supplier K	Excellent

Note: The company name is not disclosed in compliance with the Non-disclosure Agreement (NDA).

4. List of customers accounting for 10 percent or more of the Company's total sales in either of the two most recent years:

(1) Information of major suppliers in the 2 most recent years

Unit: NT$ thousands

	2020				2021			
Item	Name	Amount	Percentage accounting for net purchase (%)	Relationship with the issuer	Name	Amount	Percentage accounting for net purchase (%)	Relationship with the issuer
1	Supplier I	1,989,393	23.77	—	Suppliers 1	2,218,041	23.81	—
2	Supplier II	1,099,997	13.14	—	Suppliers 2	1,471,550	15.80	—
3	Others	5,280,055	63.09		Other	5,625,717	60.39	
	Net purchase	8,369,445	100.00		Net purchase	9,315,308	100.00	

(2) Information of major sales customers in the most recent two years:

Unit: NT$ thousands

	2020				2021			
Item	Name	Amount	Proportion to net sales for the entire year (%)	Relationship with the issuer	Name	Amount	Proportion to net sales for the entire year (%)	Relationship with the issuer
1	Customer I	1,491,277	15.11	—	Customers 1	1,785,477	16.67	—
2	Customer II	1,440,567	14.60	—	Customers 2	1,362,254	12.72	—
3	Customer III	1,177,435	11.93	—	Customers 3	305,838	2.86	—
4	Others	5,758,621	58.36		Other	7,256,731	67.75	
	Net sales	9,867,900	100.00		Net sales	10,710,300	100.00	

5. Production in the Most Recent Two Years

Unit: tonne/ unit/ square meter/ meter/ NT$ thousands

Year / Production volume / Primary Commodity (Or Sector)	2020			2021		
	Production capacity	Production	Production value	Production capacity	Production	Production value
Anti-corrosion resin	46,195	32,047	2,232,069	53,435	37,634	3,623,716
Wind blade resin	93,578	62,613	6,152,409	78,577	36,967	4,791,516
Other	-	-	-	-	-	-
Total			8,384,478			8,415,232

6. Sales Volume of the Most Recent Two Years:

Unit: tonne NT$ thousands

Year / Sales volume / Primary commodity(Or Sector)	2020				2021			
	Internal sales		External sales		Internal sales		External sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Anti-corrosion resin	2,473	191,603	28,279	1,942,948	2,604	262,483	31,029	2,976,792
Wind blade resin	357	33,617	55,949	5,433,845	309	31,631	37,483	4,850,077
Other	-	307,287	-	1,958,600	-	617,013	-	1,972,304
Total	2,830	532,507	84,228	9,335,393	2,913	911,127	68,512	9,799,173

III. Number of employees in the Most Recent Two Years

Unit: Persons; %

Year		2020	2021	Ended on April 8, 2022
No. of employees	Managerial officer	14	15	13
	Indirect employees	377	410	416
	Direct employees	293	292	214
	Total	684	717	643
Average age		35.4	35.59	36.42
Average year of services		3.59	3.93	4.44
Academic distribution ratio	PhD	0.6	0.6	0.6
	Master	9.5	8.1	9.3
	University	50.4	51	56.1
	High school	28.7	30	27.4
	Below high school	10.8	10.3	6.5

IV. Environmental Protection Expenditures

Any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

There was no material punishment or loss as a result of environmental pollution during the most recent year and up to the date of publication of the annual report. In addition, the environmental protection expenses totaled NT$27.59 million this year, for better repair, maintenance, update and treatment of pollution prevention equipment, in order to reduce the environmental impact.

V. Labor Relations

1. The Company's employee welfare measures, continuing education, training, retirement system and implementation thereof, along with agreements between employees and the employer, and the status of various employees' rights and interests:

The Company will commit to optimizing employee welfare in accordance with relevant provisions of the Labor Standards Act. Employee welfare policies, retirement systems implementation status, the agreement between employees and employer, and measures for maintenance of employees' rights and interests:

(1) Employee benefit plans, continuing education, training, retirement systems, and the status of their implementation:

The Company has established the Employee Welfare Committee to be responsible for planning and handling employee welfare matters. The Employee Welfare Committee organizes programs such as domestic and foreign traveling and recreational activities, staff gatherings, climbing ,hiking and etc.on an irregular basis, in order to enhance the physical and mental health of employees and the cohesiveness between employees. In addition, it also provides subsidies including birthday gifts, Labor Day bonuses, festival bonuses, parental bonuses, relocation bonuses, wedding gifts and funeral condolences.

(2)In order to improve the quality of talents, relevant education and training courses are arranged according to the work needs of each department every year:

Employees shall participate in on-the-job training outside the factory or internal education and training by professional lecturers of each department according to the plan.

In 2021, the education and training contents include management functions, professional training of various functions, R&D technology, financial audit, information security, environmental safety and health, new employee training, corporate culture advocacy, etc. the education and training expenditure is NT$2.09 million, with an average of 19 hours of training per person per year.

(3) For cultivatin industrial talents and successors in key positions, promote individual development programs:

In the form of professional mentors and interior coaches, aiming at the key talents with potentials assist the staff to draw up a development plan for at least three years . For 27 key talents selected in 2021 to participate in the program, besides providing training and further training subsidies., dual instructors will provide substantive assistance and guidance at any time.

(4)To formulate the "Rules of Work" and the code of ethical conduct for employees:
The content clearly stipulates employee rights and obligations. In addition, the Safety and Health Work Rules was prepared to disclose the protective measures for the working environment and safety of employees. The aforementioned Work Rules and Safety and Health Work Rules were sent to employees and published on the Company's official website.

(5) Employee pension system and implementation status:

Since July 1, 2005, the employee pension system is implemented in accordance with the Labor Pension Act. Employees choosing to be covered by the new pension system, or has been employed after the adoption of the new pension system with the defined contribution plan, the Company shall appropriate labor retirement reserve funds for each month at 6% of monthly salary, and deposited in the labor retirement reserve fund account of the Bureau of Labor Insurance.

(6)Negotiation between labor and management and employee equity maintenance implementation status:

The Company formulates various provisions in accordance with the Labor Standards Act to protect the rights and interests of employees, and attaches importance to communication and coordination with employees, and promotes friendly workplace corporate culture. Employees and supervisors, employees and the Company have immediate and diversified care and communication channels. Therefore, the labor and employer relationship is harmonious and there is no serious labor dispute.

2. Any Losses Suffered by the Company in the Most Recent Fiscal Year and up to the Annual Report Publication Date due to Labor Disputes (Including Any Violations of the Labor Standards Act Found In Labor Inspection, Specifying the Disposition Dates, Disposition Reference Numbers, the Articles of Law Violated, the Substance of the Legal Violations, and the Content of the Dispositions), and Disclosing an Estimate of Possible Expenses that could be Incurred Currently and in the Future and Measures Being or to be Taken. If a Reasonable Estimate Cannot be Made, an Explanation of the Facts of Why It Cannot be Made Shall be Provided: None.

3. Has the Company stipulated the code of conduct or ethical guidelines for employees: The Company has established the Code of Ethical Conduct to regulate the ethical behavior of all employees.

VI. Safety Management on Information and Communication

(I) State the safety risk management structure, safety policies on information and communication , specific management plans and resources invested in the safety management of information and communication:

Ensure the information security of the Company, maintain the confidentiality, integrity and availability of the Company's information, so as to meet the expectations of the Company's customers, manufacturers and investors, plan the information security risk management framework for management on circular processes, and formulate information security policies. The information personnel shall implement the corresponding objectives for controlling based on the measures of information security.

I. Information Security Risk Management Framework

1.The information security authority and responsibility function of the Company is the Information Department, which set one information director and several professional information personnel, who are responsible for formulating the internal information security policies, planning and implementing the information security operation and the promotion and implementation of the information security policies.

2.The Audit Office of the Company is the supervision function for supervising information security. The Audit Office set an audit supervisor and a full-time audit agent, to supervise the implementation of internal information security. If any defect is found, the audit office shall require the inspected functions to put forward relevant improvement plans and specific actions, and regularly and continuously track the improvement results to reduce the internal information security risks.

3. The Information Department of the Company adopts the management mode on circular processes to ensure the achievement and continuous improvement of the reliability targets.
4. All relevant functions in the circular processes of information security risk management shall coordinate with the implementation requirements to hold meetings, review the implementation effect of the processes. The Audit Office shall assist the supervising the performing function to actively cooperate , to ensure the implementation of information security management work.
5. The Information Department shall regularly evaluate the annual information performance , and shall issue a report to the Audit Office to state the correction and reach a consensus make amendment, on the items found to be improved during the implementation of the information security policy.

II. Information Security Policy

Our information security policy includes the following four aspects:

1.Specify the Rules: formulate the information security management rules of the Company and standardize the personnel operation behaviors.
2.Hardware Construction: establish and improve information security equipment, and implement information security management.
3.Personnel Education: inform and notify regularly or when major information security incidents occur, so as to promote the information security awareness of all colleagues.
4.Policy Reviewing: promote continuous improvement of information security, and ensure sustainable operation of the enterprises.

III. Measures for Information Security Management

The Company regularly examines the internal information security specifications, analyzes the internal risk levels according to the asset value, vulnerability, threats and impacts, and formulates security enhancement programs based on the results of risk assessment ,improves the overall information security environment, to ensure the continuous operation capability of the Company.

The information risk management procedures of the Company are as follows:

Before occurrence: conduct inspection independently and regularly, and proactively prevent information security accidents, from various aspects of the procedures and technologies

a) Anti-intrusion: Actively defend against attacks from internal and external networks and damages caused by intrusion into information system.

b) Prevention of Leakages: Actively prevent the company’s confidential information and business secrets from being leaked out and affect the company’s sustainable operation.

c) Prevention of Accidents : proactively prevent production losses caused by environmental factors (faults/power trips/viruses/equipment losses).

When Accidents Occur: Control damages, and Emergency Response

a) Improvement Mechanism: establish an effective disaster response mechanism, to quickly control the damages.

b) Implement the Drills: use the drilling experience, to recover to normal in the shortest time and maintain the continuous operation of the enterprises.

After occurrence: trace and include into prevention

a) Avoiding the occurrence of problems: refers to accessing the system records and tracking the causes of problems, and formulating countermeasures into new preventive measures.

b) Re-strengthening of verification methods: introduce externalconsultanting/

weakness detection teams, check blind spots regularly to improve the reliability of internal control mechanism.

IV. Implementation and advocacy of information security in 2021

For information security implementation matters of this year, conduct social drill tests for 2 times, perform training tests of strengthening security awareness for the unqualified personnel,and enhance the staff’s alertness and awareness of information security prevention.

Held two qualification security education and training examinations this year, announced unqualified personnel and promoted advocacy.

(II) During the latest year and as of the issuance date of the Annual Report, the losses, possible impacts and corresponding measures suffered from some major information and communication security incidents,if cannot be reasonably estimated, to which the following facts shall be stated: None

VII.Important Agreements : None

Chapter 6. Financial Summary

I. Condensed Financial Information in the Most Recent Five Years

(I) Condensed balance sheet and statement of comprehensive income of Swancor and its subsidiaries:

1. Condensed balance sheet of Swancor and its subsidiaries – From 2017 to December 31, 2021

Unit: NT$ thousands

Item \ Year		Financial data (Note 1) 2017	2018	2019	2020	2021
Current assets		5,509,238	5,918,320	7,226,554	9,159,213	9,131,102
Property, plant and equipment		1,387,413	1,563,534	1,497,378	1,867,196	2,809,810
Intangible assets		16,188	12,619	13,685	11,123	11,308
Other assets		615,508	1,203,141	946,316	1,181,700	2,624,088
Total asset value		7,528,347	8,697,614	9,683,933	12,219,232	14,576,308
Current liabilities	Before distribution	2,323,534	2,565,114	3,000,484	5,244,238	5,735,480
	After distribution	2,501,376	3,025,132	3,368,498	5,568,004	(Note 2)
Non-current liabilities		770,940	847,562	1,111,180	559,397	2,280,502
Total liabilities	Before distribution	3,094,474	3,412,676	4,111,664	5,803,635	8,015,982
	After distribution	3,272,316	3,872,694	4,479,678	6,127,401	(Note 2)
Equity attributable to shareholders of the parent		3,949,236	4,820,690	5,104,304	5,302,652	5,432,091
Share capital		908,471	935,046	935,046	935,046	935,046
Capital surplus		3,144,728	3,047,829	3,051,684	2,940,776	3,161,540
Retained earnings	Before distribution	269,318	1,289,160	1,653,996	1,912,006	1,774,173
	After distribution	269,318	829,142	1,285,982	1,588,240	(Note 2)
Other equity interest		(249,700)	(337,400)	(422,477)	(418,835)	(391,367)
Treasury stock		(123,581)	(113,945)	(113,945)	(66,341)	(47,301)
Non-controlling interest		484,637	464,248	467,965	1,112,945	1,128,235
Total equity	Before distribution	4,433,873	5,284,938	5,572,269	6,415,597	6,560,326
	After distribution	4,256,031	4,824,920	5,204,255	6,091,831	(Note 2)

Note 1: The financial statements above have been audited by CPAs.

Note 2: The distribution of earnings for the year 2021 was approved by the Board of Directors, but has not been resolved by the shareholders' meeting.

Note 3: As of the publication date of the annual report, there is no financial data for the 1st quarter of 2022 that has been reviewed by a CPA.

2. Condensed statement of comprehensive income of Swancor and its subsidiaries – From 2017 to 2021

Unit: NT$ thousands except earnings per share in NT$

Item \ Year	Financial information (Note 1)				
	2017	2018	2019	2020	2021
Operating revenue	4,904,510	6,195,194	6,343,468	9,867,900	10,710,300
Gross profit	1,039,623	1,186,922	1,285,603	1,743,329	1,339,529
Operating profit (loss)	217,231	270,554	384,164	784,117	149,374
Non-operating income and expenses	112,666	965,540	765,550	164,644	(26,911)
Net income before tax	329,897	1,236,094	1,149,714	948,761	122,463
Net Income for continuing operations Net profit for this period	236,160	1,017,714	404,612	728,305	218,852
Loss from discontinued operations	0	0	449,165	0	0
Net income (loss)	236,160	1,017,714	853,777	728,305	218,852
Other comprehensive income (loss) in this period (net value after tax)	(117,258)	(89,462)	(101,912)	6,495	37,687
Total comprehensive income	118,902	928,252	751,865	734,800	256,539
Net income attributable to Owners of the parent company	218,916	1,013,327	824,850	626,024	185,933
Net income attributable to non-controlling interests	17,244	4,387	28,927	102,281	32,919
Total comprehensive income attributable to owners of the parent	112,866	930,121	739,777	629,666	213,401
Total comprehensive income attributable to non-controlling interests	6,036	(1,869)	12,088	105,134	43,138
Earnings per share	2.46	11.22	8.97	6.82	2.01

Note 1: The financial statements above have been audited by CPAs.

Note 2: As of the publication date of the annual report, there is no financial data for the 1st quarter of 2022 that has been reviewed by a CPA.

Note 3: The 2018 and 2019 financial information above includes the amounts for discontinued operations (disposed operations).

(II) Swancor's condensed balance sheet and statement of comprehensive income

1. Swancor's condensed balance sheet – From 2017 to December 31,2021

Unit: NT$ thousands

Item		Financial data (Note 1) 2017	2018	2019	2020	2021
Current assets		31,680	92,973	2,018,458	813,960	1,817,959
Property, plant and equipment		0	0	1,616	680,548	1,067,285
Intangible assets		0	0	0	6,053	3,772
Other assets		4,092,983	5,247,720	3,907,878	4,766,564	5,323,726
Total asset value		4,124,663	5,340,693	5,927,952	6,267,125	8,212,742
Current liabilities	Before distribution	128,052	346,755	319,407	434,789	665,296
	After distribution	305,894	806,773	687,421	758,555	(Note 2)
Non-current liabilities		47,375	173,248	504,241	529,684	2,115,355
Total liabilities	Before distribution	175,427	520,003	823,648	964,473	2,780,651
	After distribution	353,269	980,021	1,191,662	1,288,239	(Note 2)
Share capital		908,471	935,046	935,046	935,046	935,046
Capital surplus		3,144,728	3,047,829	3,051,684	2,940,776	3,161,540
Retained earnings	Before distribution	269,318	1,289,160	1,653,996	1,912,006	1,774,173
	After distribution	269,318	829,142	1,285,982	1,588,240	(Note 2)
Other equity interest		(249,700)	(337,400)	(422,477)	(418,835)	(391,367)
Treasury stock		(123,581)	(113,945)	(113,945)	(66,341)	(47,301)
Total shareholder equity	Before distribution	3,949,236	4,820,690	5,104,304	5,302,652	5,432,091
	After distribution	3,771,394	4,360,672	4,736,290	4,978,886	(Note 2)

Note 1: The financial statements above have been audited by CPAs.
Note 2: The distribution of earnings for the year 2021 was approved by the Board of Directors, but has not been resolved by the shareholders' meeting.
Note 3: As of the publication date of the annual report, there is no financial data for the 1st quarter of 2022 that has been reviewed by a CPA.

2. Swancor's Condensed Statement of Comprehensive Income – From 2017 to 2021

Unit: NT$ thousands; earnings per share: NT$

Item \ Year	Financial information (Note 1)				
	2017	2018	2019	2020	2021
Operating revenue	283,244	1,052,747	559,692	559,978	134,898
Gross profit	283,244	1,052,747	559,692	559,978	134,898
Operating profit (loss)	214,075	931,526	394,742	473,003	58,988
Non-operating income and expenses	6,064	82,430	517,405	208,147	25,949
Net income before tax	220,139	1,013,956	912,147	681,150	84,937
Net Income for continuing operations Net profit for this period	218,916	1,013,327	375,685	626,024	185,933
Loss from discontinued operations	0	0	449,165	0	0
Net income (loss)	218,916	1,013,327	824,850	626,024	185,933
Other comprehensive income (loss) in this period (net value after tax)	(106,050)	(83,206)	(85,073)	3,642	27,468
Total comprehensive income	112,866	930,121	739,777	629,666	213,401
Earnings per share	2.46	11.22	8.97	6.82	2.01

Note 1: The financial statements above have been audited by CPAs.

Note 2: As of the publication date of the annual report, there is no financial data for the 1st quarter of 2022 that has been reviewed by a CPA.

(III) Names of independent auditors in the most recent year and audit opinions

Year	Independent auditor	Company name	Audit opinion
2017	Tsi-Hsin Chang, Shih-Hua Kuo	KPMG Taiwan	Unqualified opinion (emphasis of matters or other matters) using other CPA audit reports and differentiating responsibilities
2018	Cheng-Hsueh Chen, Tsi-Hsin Chang	KPMG Taiwan	Unqualified opinion
2019	Cheng-Hsueh Chen, Tsi-Hsin Chang	KPMG Taiwan	Unqualified opinion
2020	Cheng-Hsueh Chen, Tsi-Hsin Chang	KPMG Taiwan	Unqualified opinion
2021	Cheng-Hsueh Chen, Shih-Hua Kuo	KPMG Taiwan	Unqualified opinion

II. Financial Analysis in the Most Recent Five Years

(1) Financial analysis of Swancor and its subsidiaries – From 2017 to 2021

Item	Year	Financial analysis (Note 1) 2017	2018	2019	2020	2021
Financial structure %	Debt-to-Asset Ratio	41.10	39.24	42.46	47.50	54.99
	Ratio of long-term capital to property, plant and equipment	375.15	392.22	446.34	373.55	314.64
Debt service ratio %	Current ratio	237.11	230.72	240.85	174.65	159.20
	Quick ratio	212.04	210.87	217.91	152.03	136.98
	Times interest earned ratio	10.37	29.87	19.81	15.17	2.12
Operating ability	Accounts receivable turnover rate (times)	1.70	2.17	1.85	2.07	1.94
	Average days for cash receipts	215	168	197	176	188
	Inventory turnover rate (times)	8.90	10.23	9.45	9.99	8.32
	Payables turnover rate (times)	3.09	3.63	3.18	2.98	2.89
	Average days for sale of goods	41	36	39	37	44
	Turnover rate for property, plant and equipment (times)	1.71	4.2	4.14	5.87	4.58
	Total asset turnover rate (times)	0.57	0.76	0.69	0.90	0.80
Profitability	Return on Assets (%)	2.81	12.97	9.82	7.14	2.18
	Return on Equity (%)	5.28	20.94	15.73	12.15	3.37
	Ratio of income before tax to paid-in capital (%)	36.31	132.2	122.96	101.47	13.10
	Net profit rate (%)	4.82	16.43	13.46	7.38	2.04
	Earnings Per Share (NT$)	2.46	11.22	8.97	6.82	2.01
Cash flow	Cash flow ratio (%)	55.51	(17.72)	18.44	8.47	7.77
	Cash flow adequacy ratio (%)	143.62	93.58	90.28	75.96	46.34
	Cash reinvestment ratio (%)	23.28	(9.94)	1.42	1.01	1.28
Leverage	Operating leverage	不適用	不適用	不適用	1.19	2.45
	Financial leverage	1.19	1.19	1.19	1.09	2.56

Specify the reasons that caused the changes in the financial ratios in the most recent three years. (Not required if the difference does not exceed 20%)

(1) Interest coverage ratio, return on assets, return on equity, ratio of net profit before tax to paid-in capital, net profit ratio and earnings per share: declined compared with those of the previous year , were mainly due to the decline of gross profit in the current year and the decrease of NT$203,630 thousand in service income.

(2) The decline of property, plant and equipment and the increase in the cash reinvestment ratio compared with those of the previous year, were mainly due to the increase of NT$942,614 thousand in property, plant and equipment as a result of the purchase of land and the construction of headquarters buildings in the current year.

(3) The allowable cash flow ratio: declined compared with that of the previous year, were mainly due to the increase in capital expenditures for the purchase of land and the construction of the headquarters building in this year.

(4) Operating leverage and financial leverage:declined compared with those of the previous year, were mainly due to the decline of gross profit of the current year, resulting in the decrease of operating profit.

Note 1: The financial data in the most recent year has been audited and attested by CPAs.

Note 2: All ratios are annualized.

Note 3: As of the publication date of the annual report, there is no financial data for the 1st quarter of 2022 that has been reviewed by a CPA.

(2) Financial analysis of Swancor – From 2017 to 2021

Item	Year	Financial analysis				
		2017	2018	2019	2020	2021
Financial structure %	Debt-to-Asset Ratio	4.25	9.74	13.89	15.39	33.86
	Ratio of long-term capital to property, plant and equipment	0	0	347,063.43	857.01	707.16
Debt service ability (%)	Current ratio	24.74	26.81	631.94	187.21	273.26
	Quick ratio	24.60	26.75	631.87	186.09	271.23
	Times interest earned ratio	26.43	178.95	64.43	35.98	7.47
Operating ability	Accounts receivable turnover rate (times)	-	-	-	-	-
	Average days for cash receipts	-	-	-	-	-
	Inventory turnover rate (times)	-	-	-	-	-
	Payables turnover rate (times)	-	-	-	-	-
	Average days for sale of goods	-	-	-	-	-
	Turnover rate for property, plant and equipment (times)	-	-	692.69	1.64	0.15
	Total asset turnover rate (times)	0.06	0.22	0.10	0.09	0.02
Profitability	Return on Assets (%)	5.10	21.51	14.84	10.52	2.71
	Return on Equity (%)	5.54	23.11	16.62	12.03	3.46
	Ratio of income before tax to paid-in capital (%)	24.23	108.44	97.55	72.85	9.08
	Net profit margin (%)	77.29	96.26	147.38	111.79	137.83
	Basic Earnings Per Share (NT$)	2.46	11.22	8.97	6.82	2.01
Cash flow	Cash flow ratio (%)	425.48	(7.42)	314.05	115.70	(31.93)
	Cash flow adequacy ratio (%)	-	-	487.15	255.05	100.68
	Cash reinvestment ratio (%)	13.63	(0.52)	9.69	2.27	(7.01)
Leverage	Operating leverage	-	-	-	-	-
	Financial leverage	1.04	1.01	1.04	1.04	1.29

Explain changes in financial ratios in the most recent two years. (Not required if the difference does not exceed 20%)

(1) Debt-to-asset ratio, current ratio and quick ratio: risen compared with those of the previous year, were mainly due to the issuance of corporate bonds, the increase in cash and bank deposits and the increase in non-current liabilities in the current year.
(2) Interest coverage ratio, ratio of net profit before tax to paid-in capital and earnings per share: declined compared with those of the previous year, were mainly due to the reduction of investment income in equity methods and the reduction of NT$203,630 thousand in income from labor service of the current year and no such situation in the current period.
(3) Turnover of property, plant and equipment, turnover of total assets, rate of return on assets, rate of return on equity and ratio of cash flow: declined compared with those of the previous year, were mainly due to purchase of land and construction of headquarters building in the current year.
(4) The net profit rate increased compared with that of last year, was mainly due to the decrease of investment income in equity methods in the current year.
(5) Cash flow ratio and cash reinvestment ratio declined compared with the those of previous year,were mainly due to the issuance of convertible corporate bonds, payment guarantee letter of NT$400,029 thousand, resulting in the decrease of net cash flow in operating activities of current year compared with that of the previous year.
(6) Financial leverage:risen compared with that of the previous year,was mainly caused by the repayment of joint-borrowing loan in the current year and the decrease of interest expense compared with that of the previous year.

Note 1: As of the publication date of the annual report, there is no financial data for the 1st quarter of 2022 that has been reviewed by a CPA.

1. Financial structure

(1) Debt-to-Asset Ratio = Total liabilities/Total assets.

(2) Long-term capital to fixed assets ratio = (net shareholders' equity + long-term liabilities)/net fixed assets.

2. Debt-paying capability

(1) Current ratio = Current assets/Current liabilities

(2) Quick ratio = (Current assets - Inventory - Prepaid expenditures)/Current liabilities.

(3) Interest protection multiples = Income before income tax and interest expenditure/ Interest expenditures for this period.

3. Business capability

(1) Accounts receivable (including accounts receivable and notes receivable resulting from operation) turnover = Net sales/balance of average accounts receivable (including accounts receivable and notes receivable resulting from operation).

(2) Average collection days = 365/Receivables turnover rate.

(3) Inventory turnover = Sales expense/Average inventory value.

(4) Payables turnover rate (including bills payable resulting from accounts payable and business operations) = Cost of sales/Average accounts payable in various periods (including bills payable resulting from accounts payable and business operations).

(5) Average sales days = 365/Inventory turnover ratio.

(6) Property, plant and equipment turnover = Net sale / Net property, factory and equipment.

(7) Total inventory turnover rate = Net sales/Total asset value.

4. Profitability

(1) Return on assets (ROA) = (Net income after income tax + Interest expenses * (1 - tax rate))/Average total assets.

(2) Return on shareholders' Equity (ROE) = Gain (loss) after tax/Average total equity value.

(3) Net profit rate = Net gain (loss) after tax/Net sales.

(4) Earnings Per Share (EPS) = (Net income after taxes (NIAT) - Dividend of preferred shares)/Weighted average of outstanding shares.

5. Cash flow

(1) Cash flow ratio = Net cash from business activities/Current liabilities.

(2) Net cash flow adequacy ratio = Net cash flow for business activities in the most recent five years/(Capital expenses + Additional inventory sum + Cash dividend) in the most recent five years.

(3) Cash re-investment ratio = (Net cash flow for business activities - Cash dividends)/(Gross value of fixed assets + Long-term investments + Other assets + Business capital).

6. Degree of leverage:

(1) Operating Leverage＝(Net sales－variable operating cost and expense)／Operating income

(2) Degree of Financial Leverage (DFL) = Operating profit/(Operating profit - Interest expenditures).

III. Audit Committee's Review Report in the Most Recent Year

Swancor Holding Co., Ltd.

Audit Committee's Review Report

We have audited the Company's 2021 financial statements (including consolidated financial statements), business report and earnings distribution proposal submitted by the board of directors, of which the 2021 financial statements (including consolidated financial statements) have been audited by CPAs Cheng-Hsueh Chen and Shih-Hua Kuo of KPMG, and the audit report was presented. The 2021 Financial Statements (including Consolidated Financial Statements), Business Report, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of the Company. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Sincerely,
Swancor Holding Co., Ltd. 2022 General Shareholders' Meeting

Swancor Holding Co., Ltd.

Chairman of the Audit Committee: Lin, Sheng-Chung

March 11, 2022

IV. Most Recent Financial Statements

Independent Auditors' Report

To the Board of Directors of Swancor Holding Company Limited:

Opinion

We have audited the financial statements of Swancor Holding Company Limited (the "Company") which comprise the balance sheets of December 31, 2021 and 2020, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the parent Company only Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

Evaluation of investments accounted for using the equity method

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

Description of the key audit matter:

The investments in its subsidiaries accounted for using the equity method constitute 50% of the total assets of the Company and the amount is material. As a result, the evaluation of investments accounted for using the equity method is our key audit matters.

How the matter was addressed in our audit:

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

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

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

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

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

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

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercised professional judgment and maintained professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
March 11, 2022

Notes to Readers

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

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

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

Swancor Holding Company Limited

Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 1,566,792	19	455,723	7
1110	Current financial assets at fair value through profit or loss (note 6(b) and (p))	3,505	-	2,012	-
1200	Other receivables (note 6(d) and 7)	513	-	84,066	2
1210	Other receivables due from related parties (note 6(d) and 7)	231,178	3	263,475	4
1410	Prepayments	13,461	-	4,881	-
1470	Other current assets (note 6(l) and 8)	2,510	-	3,803	-
		1,817,959	22	813,960	13
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	664,094	8	536,642	9
1517	Non-current financial assets at fair value through other comprehensive income(note 6(c) and 8)	115,927	1	117,544	2
1550	Investments accounted for using the equity method (note 6 (e))	4,063,931	50	4,022,150	64
1600	Property, plant and equipment (note 6(i)、7 and 8)	1,067,285	13	680,548	11
1755	Right-of-use asset (note 6(j))	2,821	-	5,103	-
1780	Intangible assets(note 6(k))	3,772	-	6,053	-
1840	Deferred income tax assets (note 6(s))	17,997	-	21,590	-
1980	Other non-current financial assets (note 6(l) and 8)	400,029	5	5,423	-
1981	Cash surrender value of life insurance(note 6(h))	56,340	1	55,235	1
1990	Other non-current assets (note 6(l))	2,587	-	2,877	-
		6,394,783	78	5,453,165	87
	Total assets	$ 8,212,742	100	6,267,125	100

	Liabilities and Equity	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(m))	$ 500,000	6	-	-
2120	Current financial liablities at fair value through profit or loss (note 6(b) and (p))	4,700	-	-	-
2130	Current contract liabilities	-	-	250	-
2200	Other payables (note 6(n) and (r))	43,126	1	82,148	1
2230	Current tax liabilities	77,235	1	112,929	2
2300	Other current liabilities (note 6(n))	37,707	-	282	-
2322	Long-term borrowings, current portion (note 6(o) and 8)	-	-	236,800	4
2355	Current lease liabilities (note 6(q))	2,528	-	2,380	-
		665,296	8	434,789	7
	Non-Current liabilities:				
2530	Bonds payable (note 6(p) and 8)	1,900,906	23	-	-
2540	Long-term borrowings (note 6(o) and 8)	213,515	3	426,000	7
2570	Deferred income tax liabilities (note 6(s))	-	-	100,322	1
2613	Non-current lease liabilities (note 6(q))	351	-	2,779	-
2600	Other non-current liabilities (note 6(n))	583	-	583	-
		2,115,355	26	529,684	8
	Total liabilities	2,780,651	34	964,473	15
3100	Ordinary shares	935,046	12	935,046	15
3200	Capital surplus (note 6(p))	3,161,540	38	2,940,776	47
3300	Retained earnings	1,774,173	22	1,912,006	31
3400	Other equity	(391,367)	(5)	(418,835)	(7)
3500	Treasury shares	(47,301)	(1)	(66,341)	(1)
	Total equity	5,432,091	66	5,302,652	85
	Total liabilities and equity	$ 8,212,742	100	6,267,125	100

See accompanying notes to parent company only financial statements.

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

Swancor Holding Company Limited

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		2021		2020	
		Amount		Amount	
4000	**Operating revenues** (note 6(b)、(c) and (v))	$ 134,898	100	559,978	100
5000	**Operating costs** (note 6(v))	-	-	-	-
	Gross profit (loss) from operations	134,898	100	559,978	100
	Operating expenses (note 6(k)、(r)、(w) and 7):				
6200	Administrative expenses	68,938	51	80,684	15
6300	Research and development expenses	6,972	5	6,291	1
		75,910	56	86,975	16
	Net operating income	58,988	44	473,003	84
	Non-operating income and expenses (note 6(x)):				
7100	Interest income (note 7)	8,425	6	9,923	2
7010	Other income and expenses (note 7)	25,897	19	229,264	41
7020	Other gains and losses (note 6(p))	4,750	4	(11,566)	(2)
7050	Finance costs (note 6(p) and (q))	(13,123)	(10)	(19,474)	(3)
		25,949	19	208,147	38
7900	**Profit before income tax**	84,937	63	681,150	122
7950	Income tax (income) expenses (note 6(s))	(100,996)	(76)	55,126	10
	Profit	185,933	139	626,024	112
	Other comprehensive income (note 6(t)):				
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	28,071	20	2,913	-
8367	Unrealized gains from investments measured at fair value through other comprehensive income	(603)	-	729	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
		27,468	20	3,642	-
8300	**Other comprehensive income for the year, net of tax**	27,468	20	3,646	-
8500	**Total comprehensive income for the year**	**$ 213,401**	**159**	**629,670**	**112**
	Earnings per share (NT Dollars) (note 6(u))				
9750	**Basic earnings per share**	**$**	**2.01**		**6.82**
9850	**Diluted earnings per share**	**$**	**1.93**		**6.81**

See accompanying notes to parent company only financial statements.

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

Swancor Holding Company Limited

Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Other equity interest				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Treasury shares	Total equity
Balance at January 1, 2020	$ 935,046	3,051,684	128,393	329,957	1,195,646	1,653,996	(417,986)	(4,491)	(422,477)	(113,945)	5,104,304
Profit for the year	-	-	-	-	626,024	626,024	-	-	-	-	626,024
Other comprehensive income for the year	-	-	-	-	-	-	2,913	729	3,642	-	3,642
Total comprehensive income for the year	-	-	-	-	626,024	626,024	2,913	729	3,642	-	629,666
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	82,485	-	(82,485)	-	-	-	-	-	-
Special reserve	-	-	-	92,520	(92,520)	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(368,014)	(368,014)	-	-	-	-	(368,014)
Purchase of treasury share	-	-	-	-	-	-	-	-	-	(66,341)	(66,341)
Share-based payment transactions	-	42,548	-	-	-	-	-	-	-	113,945	156,493
Changes in ownership interests in subsidiaries	-	(153,456)	-	-	-	-	-	-	-	-	(153,456)
Balance at December 31, 2020	$ 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
Balance at 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
Profit for the year	-	-	-	-	185,933	185,933	-	-	-	-	185,933
Other comprehensive income for the year	-	-	-	-	-	-	28,071	(603)	27,468	-	27,468
Total comprehensive income for the year	-	-	-	-	185,933	185,933	28,071	(603)	27,468	-	213,401
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	62,603	-	(62,603)	-	-	-	-	-	-
Special reserve	-	-	-	(3,642)	3,642	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(323,766)	(323,766)	-	-	-	-	(323,766)
Treasury shares transfer to employees	-	6,843	-	-	-	-	-	-	-	19,040	25,883
Due to recognition of equity component of convertible bonds issued	-	213,351	-	-	-	-	-	-	-	-	213,351
Adjustment to capital surplus due to non-proportional investment	-	570	-	-	-	-	-	-	-	-	570
Balance at December 31, 2021	$ 935,046	3,161,540	273,481	418,835	1,081,857	1,774,173	(387,002)	(4,365)	(391,367)	(47,301)	5,432,091

See accompanying notes to parent company only financial statements.

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

Swancor Holding Company Limited

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	$ 84,937	681,150
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	13,238	15,899
Amortization expense	2,195	3,337
Interest expense	13,123	19,474
Interest income	(8,425)	(9,923)
Dividend income	(56,280)	(157)
Share-based payment transactions	2,544	12,157
Net gain on financial assets or liabilities at fair value through profit or loss	(893)	(198)
Share of gain (profit) of subsidiaries,associates and joint ventures accounted for using the equity method	(78,618)	(559,978)
Gain on disposal of property, plant and equipment	(1,053)	(78)
Gain on disposal of intangible assets	(7,151)	(5,979)
Decrease in cash surrender value of life insurance	(1,105)	2,016
Total adjustments to reconcile profit	(122,425)	(523,430)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in other receivable	83,553	7,371
Decrease in other receivable－related parties	32,297	414,799
Increase in prepayments	(8,580)	(2,258)
Decrease in non-current prepaid pension cost	-	141
(Increase) decrease in operating assets	(1,378)	16,652
Increase in other financial assets	(391,935)	(1,783)
Total changes in operating assets	(286,043)	434,922
Changes in operating liabilities:		
Decrease in other payables	(34,690)	(54,726)
Increase (decrease) in other operating liabilities	37,175	(43)
Total changes in operating liabilities	2,485	(54,769)
Total changes in operating assets and liabilities	(405,983)	(143,277)
Cash (outflow) inflow generated from operations	(321,046)	537,873
Interest received	9,439	9,923
Interest paid	(12,406)	(19,618)
Dividends received	143,040	157
Income taxes paid	(31,427)	(25,287)
Net cash flows from operating activities	(212,400)	503,048
Cash flows from (used in) investing activities:		
Acquisition of current financial assets at fair value through profit or loss	-	(3,176)
Acquisition of non-current financial assets at fair value through other comprehensive income	-	(91,784)
Acquisition of non-current financial assets at fair value through profit or loss	(127,452)	(106,153)
Proceeds from disposal of current financial assets at fair value through profit or loss	-	2,181
Acquisition of investments accounted for using the equity method	(10,000)	(408,000)
Proceeds from disposal of investments accounted for using the equity method	-	296,240
Acquisition of property, plant and equipment	(397,664)	(249,387)
Proceeds from disposal of property, plant and equipment	384	5,602
Acquisition of intangible assets	(522)	(675)
Proceeds from disposal of intangible assets	1,612	4,948
Decrease (increase) in refundable deposits	117	(980)
Net cash inflows from business combination	-	91,445
Decrease (increase) in prepayments for business facilities	174	(198)
Net cash from (used in) investing activities	(533,351)	(459,937)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	703,766	-
Decrease in short-term borrowings	(203,766)	-
Issuance to corporate bond	2,113,308	-
Proceeds from long-term borrowings	614,515	-
Repayments of long-term borrowings	(1,063,800)	(588,400)
Repayment of lease liabilities	(2,477)	(1,981)
Increase in guarantee deposits received	-	583
Cash dividends paid	(323,766)	(368,014)
Payments to acquire treasury shares	-	(66,341)
Proceeds from sale of treasury shares	19,040	113,945
Net cash (used in) from financing activities	1,856,820	(910,208)
Net increase (decrease) in cash and cash equivalents	1,111,069	(867,097)
Cash and cash equivalents at beginning of period	455,723	1,322,820
Cash and cash equivalents at end of period	$ 1,566,792	455,723

See accompanying notes to parent company only financial statements.

Swancor Holding Company Limited

Notes to the Financial Statements

For the years ended December 31, 2021 and 2020

(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 is primarily involved in the manufacturing.

In order to cooperate development strategy of the Company, the Board of Directors of the Company determined to proceed short-form merger Swancor Industrial into Swancor Holding on November 1, 2019, the tentative consolidation base date is December 31, 2019. The Group had obtained the approval letter of Rule No.10901055060 from Department of Commerce of the Ministry of Economic Affairs on April 14, 2020.

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

The accompanying parent company only financial statements were authorized for issue by the Board of Directors on March 11, 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 Company has initially adopted the new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform— Phase 2"
- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its financial statements:

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

(Continued)

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

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

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

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

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

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

(4) Summary of significant accounting policies

The significant accounting policies presented in the financial statements are summarized below. Except for note 3 and 4, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

(Continued)

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

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

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

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

3) The defined benefit asset is recognized as the fair value of the plan assets, less, the present value of the defined benefit obligation.

(ii) Functional and presentation currency

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

(c) Foreign currency

(i) Foreign currency transaction

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

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

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

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

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

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

(Continued)

(ii) Foreign operations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(Continued)

(e) Cash and cash equivalents

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

(f) Financial instruments

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- it is contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

(Continued)

Swancor Holding Company Limited

Notes to the Financial Statements

2) Fair value through other comprehensive income (FVOCI)

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

3) Fair value through profit or loss (FVTPL)

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

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

4) Impairment of financial assets

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

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

(Continued)

Swancor Holding Company Limited

Notes to the Financial Statements

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

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

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

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

The Company considers a financial asset to be in default when the financial asset is more than 360 days past due or the debtor is unlikely to fully pay its credit obligations to the Company.

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

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

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

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

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

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

(Continued)

- significant financial difficulty of the borrower or issuer；
- a breach of contract such as a default or being more than 360 days past due；
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider；
- it is probable that the borrower will enter bankruptcy or other financial reorganization；or
- the disappearance of an active market for a security because of financial difficulties.

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

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

5) Derecognition of financial assets

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

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

ii) Financial liabilities and equity instrument

1) Classification of debt or equity

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

2) Equity instrument

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

3) Treasury shares

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

4) Compound financial instruments

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

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

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

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

5) Financial liabilities

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

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

(Continued)

6) Derecognition of financial liabilities

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

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

7) Offsetting of financial assets and liabilities

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

8) Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortized cost changed as a result of interest rate benchmark reform, the Company will update the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

－the change is necessary as a direct consequence of the reform; and

－the new basis for determining the contractual cash flows is economically equivalent to theprevious basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Company will first update the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. Thereafter, the Company will apply applied the policies on accounting for modifications to the additional changes.

(iii) Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(Continued)

The Company designates certain hedging instruments (which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk) as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under ‘other equity —gains (losses) on hedging instruments’, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. Furthermore, if the Company expects that some or all of the loss accumulated in other equity will not be recovered in the future, that amount is immediately reclassified to profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. The discontinuation is accounted for prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item’s cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss.

(g) Investment in associates

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

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

(h) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent cost

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

(iii) Depreciation

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

Land is not depreciated.

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

1) Buildings and structures: 6~25 years

2) Other equipment: 4~14 years

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

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

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

(i) Lease

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

(i) As a lease

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

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

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

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

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

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

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

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

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

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

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

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

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

5) there are any lease modifications.

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

(Continued)

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

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

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

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

From January 1, 2021, when the basis for determining future lease payments changes as required by interest rate benchmark reform, the Company will remeasure the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

As a practical expedient, the Company selects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(ii) As a lessor

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

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

(j) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

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

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

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

1) Technique: 5 years

2) Computer software: 2~10 years

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

(k) Impairment of non-financial assets

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

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

(Continued)

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

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

(l) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

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

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(m) Share-based payment

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

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

(n) Income taxes

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

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

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

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

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

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

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

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

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

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

(Continued)

1) the same taxable entity; or

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

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

(o) Earnings per share

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

(p) Operating segments

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

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

The preparation of the parent company only financial statements in conformity with the Regulations and the IFRSs
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 management continues to monitor the accounting estimates and assumptions. It recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

The Company strives to use the market observable inputs when measuring its assets and liabilities. Different levels of fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

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

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

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

(6) Explanation of significant accounts:

(a) Cash and Cash Equivalents

		December 31, 2021	December 31, 2020
Petty cash and cash on hand	$	162	151
Demand deposits		614,042	452,672
Time deposits		952,588	2,900
Cash and cash equivalents in the statement of cash flow	$	1,566,792	455,723

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

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

		December 31, 2021	December 31, 2020
Financial assets mandatorily measured at fair value through profit or loss：			
Secured convertible corporate bonds — call and put provision	$	1,500	-
Non-derivative financial assets-			
Stocks listed on domestic markets		2,005	2,012
Stocks unlisted on domestic markets		664,094	536,642
Total	$	667,599	538,654
Financial liabilities mandatorily measured at fair value though profit or loss:			
Unsecured convertible corporate bonds — call and put provision	$	4,700	-

The Company increased current and non-current financial assets at fair value through profit or loss $819 thousand and $404,387 thousand because of short- form merging Swancor Industrial on April 14,2020. For further information, please refer to note 6(f).

On August 26, 2021, January 22 and March 20, 2020, Swancor Renewable Energy issued new stocks for capital increase by cash. The Company purchased its new shares amounting to $127,452 thousand, $102,978 thousand and $3,175 thousand, respectively.

For the year ended December 31,2021, the dividends of $55,854 thousand, related to equity investments at fair value through profit or loss held on the years then ended, were recognized as operating revenues.

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

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

		December 31, 2021	December 31, 2020
Debt investments at fair value through other comprehensive income			
Corporate bonds	$	41,946	43,963
Equity investments at fair value through other comprehensive income			
Domestic unlisted Company - Gigantex Composite Technologies Co., Ltd.		25,031	25,031
Domestic on listed Company - WT Microelectronics Co., Ltd		48,950	48,550
Domestic unlisted Company - Promix Composites, Inc.		-	-
Domestic unlisted Company - Ideal Star International Corp.		-	-
	$	73,981	73,581
Total	**$**	**115,927**	**117,544**

1.Debt investments at fair value through other comprehensive income

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

2.Equity investments at fair value through other comprehensive income

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

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of December 31, 2021 and 2020.

The Company increased non-current financial assets at fair value through other comprehensive income $25,031 thousand because of short- form merging Swancor Industrial on April 14,2020. For further information, please refer to note 6(f).

For the year ended December 31,2021, the dividends of $ thousand, related to equity investments at fair value through other comprehensive income held on the years then ended, were recognized as operating revenues.

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

The financial assets at fair value through other comprehensive income of the Company had been pledged as collateral as of December 31, 2021 and 2020. Please refer to note 8.

3.The amounts of other comprehensive profit or loss which were recognized at fair value in 2021 and 2020 were $(603) thousand and $729 thousand.

(d) Other receivables (including related parties)

		December 31, 2021	December 31, 2020
Other accounts receivable—equity sale price to Swancor Renewable Energy	$	-	83,653
Other accounts receivable		513	413
Other accounts receivable—Cash dividends from Swancor Renewable Energy		-	5,617
Other accounts receivable—Related Parties		231,178	257,858
	$	231,691	347,541

The Company increased other receivables and other receivables- related parties $7,638 thousand and $67,792 thousand because of short-form merging Swancor Industrial on April 14,2020. For further information, please refer to note 6(f).

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

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

(e) Investments accounted for using the equity method

		December 31, 2021	December 31, 2020
Subsidiaries	$	4,063,931	4,022,150

(i) Subsidiaries

Please refer to the consolidated financial statements of the year 2021. In addition, please refer to note 6(v) for recognizing subsidiaries、share of loss of associates and joint ventures accounted for using the equity method of the year 2021 and 2020.

(ii) Collaterals

The investment accounted for using the equity method of the Company had not been pledged as collaterals as of December 31, 2021 and 2020.

(f) Business combination

In order to cooperate development strategy of the Company, the Board of Directors of the Company determined to proceed short-form merger Swancor Industrial into Swancor Holding on November 1, 2019, the tentative consolidation base date is December 31, 2019. The Group had obtained the approval letter of Rule No.10901055060 from Department of Commerce of the Ministry of Economic Affairs on April 14, 2020.

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

Cash and cash equivalents	$	91,445
Current financial assets at fair value through profit or loss		819
Other receivables		7,637
Other receivables－related parties		67,792
Prepayments		2,411
Other current assets		16,234
Non-current financial assets at fair value through profit or loss		404,387
Non-current financial assets at fair value through other comprehensive income		25,031
Investments accounted for using the equity method		3,155,927
Non-current deferred income tax assets		19,851
Property, plant and equipment		447,900
Intangible assets		12,487
Non-current prepaid pension cost		141
Cash surrender value of life insurance		57,251
Other non-current assets		1,278
Other non-current financial assets		3,819
Current contract liabilities		(250)
Other payables		(13,351)
Current tax liabilities		(46,129)
Other current liabilities		(19)
Long-term borrowings, current portion		(112,000)
Long-term borrowings		(531,325)
Deferred income tax liabilities		(48,717)
Fair value of identifiable net assets	**$**	**3,562,619**

A resolution was approved during the Board meeting held on September 24, 2020 to transfer the 83.89% shares of the Company in Swancor Jiangsu to Sunwell Carbon. The above transaction did not have any impact on the Group’ s shareholding in Swancor Jiangsu. The related registration procedures had been completed.

(g) Loss control of subsidiaries

The Board of Directors of the Company determined to dispose of 100% of its shares in Swancor Renewable Energy, and extend time of disposal on June 20 and June 30, 2019. The Company 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 Company 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 receivable as of December 31, 2020 and received in 2021.

(Continued)

(h) 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 movement of cash surrender value of life insurance were as follows:

		2021	2020
Balance at January 1	$	55,235	-
Acquired in a business combinaiton		-	57,251
Increase (decrease) in cash value		1,105	(2,016)
Balance at December 31	$	56,340	55,235

The Company increased cash surrender value of life insurance $57,251 thousand because of short- form merging Swancor Industrial on April 14, 2020. For further information, please refer to note 6(f).

(i) Property, plant and equipment

		Land	Buildings and Structures	Other Equipment	Construction in progress and testing equipment	Total
Cost:						
Balance at January 1, 2021	$	484,076	204,028	21,200	91,931	801,235
Additions		203,515	-	125	194,024	397,664
Reclassification		88,996	-	-	(88,997)	(1)
Disposals		-	-	(8,504)	-	(8,504)
Balance at December 31, 2021	$	776,587	204,028	12,821	196,958	1,190,394
Balance at January 1, 2020	$	-	-	1,613	99	1,712
Acquired in a business combination		239,306	204,230	28,318	88,996	560,850
Additions		244,770	-	1,682	2,935	249,387
Reclassification		-	-	99	(99)	-
Disposals		-	(202)	(10,512)	-	(10,714)
Balance at December 31, 2020	$	484,076	204,028	21,200	91,931	801,235
Depreciation and impairment loss:						
Balance at January 1, 2021	$	-	104,174	16,513	-	120,687
Depreciation for the year		-	9,402	1,357	-	10,759
Disposals		-	-	(8,337)	-	(8,337)
Balance at December 31, 2021	$	-	113,576	9,533	-	123,109
Balance at January 1, 2020	$	-	-	96	-	96
Acquired in a business combination		-	93,625	19,325	-	112,950
Depreciation for the year		-	10,751	3,111	-	13,862
Disposals		-	(202)	(6,019)	-	(6,221)
Balance at December, 31 2020	$	-	104,174	16,513	-	120,687

(Continued)

		Land	Buildings and Structures	Other Equipment	Construction in progress and testing equipment	Total
Carrying amounts:						
Balance at December 31, 2021	$	776,587	90,452	3,288	196,958	1,067,285
Balance at January 1, 2020	$	-	-	1,517	99	1,616
Balance at December 31, 2020	$	484,076	99,854	4,687	91,931	680,548

The Company increased property, plant and equipment $447,900 thousand because of short- form merging Swancor Industrial on April 14, 2020. For further information, please refer to note 6(f).

The disclosure of property, plant and equipment purchased from related parties are described in note 7.

As of December 31, 2021 and 2020, property, plant and equipment pledged as collateral for bank loans are described in note 8.

(j) Right-of-use assets

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

		Land	Buildings	Total
Costs:				
Balance at January 1, 2021	$	5,260	2,466	7,726
Additions		197	-	197
Balance at December 31,2021	$	5,457	2,466	7,923
Balance at January 1, 2020	$	5,260	-	5,260
Additions		-	2,466	2,466
Balance at December 31, 2020	$	5,260	2,466	7,726
Accumulated depreciation and impairment losses:				
Balance at January 1, 2021	$	2,144	479	2,623
Depreciation for the year		1,657	822	2,479
Balance at December 31, 2021	$	3,801	1,301	5,102
Balance at January 1, 2020	$	586	-	586
Depreciation for the year		1,558	479	2,037
Balance at December 31, 2020	$	2,144	479	2,623
Carrying amount:				
Balance at December 31,2021	$	1,656	1,165	2,821
Balance at January 1, 2020	$	4,674	-	4,674
Balance at December 31, 2020	$	3,116	1,987	5,103

(Continued)

(k) Intangible Assets

The costs of intangible assets, amortization, and impairment loss of the Company in 2021 and 2020 were as follows:

	Technique	Computer software	Total
Costs:			
Balance at January 1, 2021	$ 43,767	35,377	79,144
Additions	-	522	522
Disposals	-	(20,757)	(20,757)
Balance at December 31, 2021	$ 43,767	15,142	58,909
Balance at January 1, 2020	$ -	-	-
Acquired in a business combination	43,767	44,141	87,908
Additions	-	675	675
Disposals	-	(9,439)	(9,439)
Balance at December 31, 2020	$ 43,767	35,377	79,144
Amortization and Impairment Loss:			
Balance at January 1, 2021	$ 40,767	32,324	73,091
Amortization for the year	1,500	695	2,195
Disposals	-	(20,149)	(20,149)
Balance at December 31, 2021	$ 42,267	12,870	55,137
Balance at January 1, 2020	$ -	-	-
Acquired in a business combination	39,267	36,154	75,421
Amortization for the year	1,500	1,837	3,337
Disposals	-	(5,667)	(5,667)
Balance at December 31, 2020	$ 40,767	32,324	73,091
Carrying value:			
Balance at December 31, 2021	$ 1,500	2,272	3,772
Balance at January 1, 2020	$ -	-	-
Balance at December 31, 2020	$ 3,000	3,053	6,053

(i) For the years ended December 31, 2021 and 2020, the amortizations of intangible assets was included in the statement of comprehensive income: ：

	2021	2020
Operating expenses	$ 2,195	$ 3,337

(Continued)

Swancor Holding Company Limited

Notes to the Financial Statements

(ii) Business combination

The Company increased intangible assets $12,487 thousand because of short- form merging Swancor Industrial on April 14, 2020. For further information, please refer to note 6(f).

(iii) Disclosures on pledges

As of December 31, 2021 and 2020, the intangible assets of the Company had not been pledged as collateral.

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

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

	December 31, 2021	December 31, 2020
Other current assets：		
Restricted bank deposits	$ 1,000	3,671
Others-current	1,510	132
	$ 2,510	**3,803**
Other non-current financial assets：		
Restricted bank deposits	**$ 400,029**	**5,423**
Other non-current assets：		
Refundable deposits	$ 1,285	1,402
Prepayments for equipment	1,302	1,475
	$ 2,587	**2,877**

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

(m) Short-term borrowings

The short-term borrowings were summarized as follows:

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

(Continued)

(n) Other payables

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

	December 31, 2021	December 31, 2020
Other payables-salary	$ 34,384	50,571
Other payables-employee bonus	885	7,022
Other payables-director compensation	2,655	14,010
Other	5,202	10,545
	$ 43,126	**82,148**
Temporary receipts	$ 37,571	-
Receipts under custody	136	282
	$ 37,707	**282**
Receivable deposits	**$ 583**	**583**

(o) Long-term borrowings

The details of long-term borrowings were as follows:

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

	December 31, 2020			
	Currency	Rate	Maturity year	Amount
First bank and other	NTD	1.8526%	2022/7/21	$ 643,600
Secured bank loans	NTD	1.5000%	2022/5/3	19,200
				662,800
Less: current portion				(236,800)
Total				**$ 426,000**
Unused long-term credit line				**$ 150,000**

(i) Syndicated loan

The Company and the subsidiary that the Company holds 100% ownership interest, Swancor Industrial, had co-signed a joint loan agreement with First Bank and other 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 Company can renew the extension of the loan for two years only for one time.

(Continued)

The Company 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 Company is required to redeem all the loan based on the time requested by the bank. As of December 31, 2020, the Company complied with all the financial covenants under each of the loan agreements.

The Company had repaid the syndicated loan on October 21, 2021.

(ii) Collateral for long-term borrowings

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

(p) Bonds payable

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

	December 31, 2021
Third secured convertible bonds- domestic	$ 1,000,000
Forth unsecured convertible bonds- domestic	1,000,000
Unamortized discounted corporate bonds payable	(99,094)
Cumulative converted amount	-
Cumulative redeemed amount	-
	1,900,906
Less: current portion	-
Corporate bonds issued balance at year-end	**$ 1,900,906**
Embedded derivative – call and put options, including financial assets at fair value through profit or loss	**$ 1,500**
Embedded derivative – call and put options, including financial liabilities at fair value through profit or loss	**$ 4,700**
Equity component – conversion options, included in capital surplus– stock options	**$ 213,351**
Embedded derivative instruments – call and put rights, including net gain of evaluation in financial asset and liabilities	**$ (900)**
Interest expense	**$ 5,049**

(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)

(Continued)

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.

   The Company set up collaterals of issuing corporate bonds with assets, please refer to note 8 for details.

(ii) Swancor Holding issued its forth domestic unsecured convertible bonds on September 28, 2021, and the terms of issuance were as follows:

1) Offering amount: $1,000,000 thousand

2) Duration: five years (September 28, 2021 to September 28, 2026)

3) Interest rate: 0%

4) Conversion period: From three months after issuance date to the maturity date. (December 29, 2021 to September 28, 2026)

5) Conversion price: As of the issuance date, the conversion price was NTD95 per share. However, after Swancor Holding issued the corporate bonds, except for the exchange of various securities with common stock conversion rights or stock options issued by Swancor Holding for common stock, or the issuance of new shares due to employee dividends. When the shares increased, or when cash dividends were distributed, or when re-raising or private placement of various securities with common stock conversion rights or stock options at a conversion or subscription price lower than the current price per share, or when decreased in common shares caused by capital reduction not due to the cancellation of treasury shares, the conversion price will be adjusted according to the formula in the terms of conversion.

6) On the repurchase dates, after the issuance date, the bondholders may request Swancor Holding to repurchase the bonds at their face value, with the interests of 0.75% of the face value for three years, plus yield to put of 0.25%, by cash, in five trading days.

7) From one month after the issuance date to 40 days before the maturity date, if the closing price of Swancor Holding shares on the TWSE is higher than 130% of the conversion price for 30 consecutive trading days or when the outstanding convertible bonds are less than 10% of the initial issued bonds, Swancor Holding may redeem the remaining bonds at their face value by cash in five trading days after the redemption date.

8) Terms of redemption: Swancor Holding needs to redeem the bonds by cash upon maturity, except for the bonds that had been converted into shares.

   Swancor Holding separated its equity and liability components as follows:

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

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

(q) Lease liabilities

	December 31, 2021	December 31, 2020
Current	$ 2,528	2,380
Non-current	$ 351	2,779

(Continued)

The amounts recognized in profit or loss was as follows:

	For the year ended December 31,	
	2021	2020
Interest on lease liabilities	$ 85	127
Expenses relating to short-term leases	$ 188	239

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

	For the year ended December 31,	
	2021	2020
Total cash outflow for leases	$ 2,750	2,347

(i) Real estate leases

As of December 31, 2021, the Company leases buildings for its office. The leases of office typically run for a period of three to four years. Some leases had not included an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

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

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

(r) Employee benefits

(i) Defined benefit plans

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

(Continued)

2) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets of the Company were as follows:

		2021
Fair value of plan assets at January 1	$	-
Acquired in a business combination		141
Interest income		6
Contributions paid by the employer		1
Closed account		(148)
Fair value of plan assets at December 31	**$**	**-**

3) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

		2021
Net interest of net assets for the defined benefit obligations	$	(5)
Administration expenses	**$**	**(5)**

The Company had closed its account on December 16, 2020.

4) Remeasurement of net defined benefit asset recognized in other comprehensive income

The Company' s remeasurement of the net defined benefit assets recognized in other comprehensive income for the years ended December 31, 2020, was as follows:

		2021
Accumulated amount at January 1	$	(3,691)
Carry-over close account during the period		3,691
Accumulated amount at December 31	**$**	**-**

The Company increased non-current prepaid pension $141 thousand because of short-form merging Swancor Industrial on April 14, 2020.

For further information, please refer to note 6(f).

(ii) Defined contribution plans

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

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $1,412 thousand and $1,688 thousand for the years ended December 31, 2021 and 2020, respectively.

(iii) Short-term compensated absence

The short-term compensated absence for the years ended December 31, 2021 and 2020 were included in other payable with balance of $1,948 thousand and $1,448 thousand, respectively.

(s) Income taxes

(i) Income tax expense

The components of income tax in the years of 2021 and 2020 were as follows:

		2021	2020
Current tax expense			
Current period	$	258	25,800
Adjustment for prior periods		(16,690)	(34,908)
Undistributed earnings additional tax		12,165	14,092
		(4,267)	4,984
Deferred tax expense			
Origination and reversal of temporary differences		(96,729)	50,142
	$	(100,996)	55,126

For the years ended December 31, 2021 and 2020, there were no income taxes recognized directly in equity and other comprehensive income.

Reconciliation of income tax and profit before tax 2021 and 2020 were as follows.

		2021	2020
Profit excluding income tax	$	84,937	681,150
Income tax using the Company’ s domestic tax rate	$	16,987	136,230
Share of profit of subsidiaries accounted for using the equity method–domestic		(2,309)	(6,111)
Income tax impact of foreign operating entity surplus not expected to be repatriated		(24,267)	(50,050)
Adjustment in tax rate		(5,846)	103
Recognition of previously over-estimated deferred tax assets		6	-
Recognition of previously over-estimated deferred tax liabilities		(81,042)	(4,230)
Changes in provision in prior periods		(16,690)	(34,908)
Undistributed earnings additional tax		12,165	14,092
Total	$	(100,996)	55,126

(Continued)

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2020
Share of loss of foreign subsidiaries accounted for using the equity method	-

2) Unrecognized deferred tax liabilities

The consolidated entity is able to control the timing of the reversal of the temporary differences associated with the investments in subsidiaries as at 31 December 2021 and 2020. Also, the management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2021	December 31, 2020
Aggregate amount of temporary differences related to investments in subsidiaries	$ 2,482,505	2,010,221
Unrecognized deferred tax liabilities	$ 496,501	402,044

3) Recognized deferred tax assets

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

Deferred Tax Assets:

	Net loss of evaluation in financial asset and liabilities	Current compensated abserves liabilities	Cash surrender value of life insurance	Unearned-g ross sales from subsidiaries	Unrealized foreign exchange loss	Other	Total
Balance at 1 January 2021	$ 864	290	1,040	16,192	3,038	166	21,590
Recognized profit or loss	(179)	100	(220)	(1,397)	(1,897)	-	(3,593)
Balance at 31 December 2021	$ 685	390	820	14,795	1,141	166	17,997
Balance at 1 January 2020	$ -	299	-	-	-	-	299
Acquired in a business combination	909	33	637	16,946	1,160	166	19,851
Recognized profit or loss	(45)	(42)	403	(754)	1,878	-	1,440
Balance at 31 December 2020	$ 864	290	1,040	16,192	3,038	166	21,590

(Continued)

Deferred Tax Liabilities:

		Net loss of evaluation in financial asset and liabilities	Unrealized foreign exchange gain	Recognized foreign investment income in equity method	Total
Balance at 1 January 2021	$	-	-	100,322	100,322
Recognized profit or loss		-	-	(100,322)	(100,322)
Balance at 31 December 2021	$	-	-		
Balance at 1 January 2020	$	6	17	-	23
Acquired in a business combination		-	-	48,717	48,717
Recognized profit or loss		(6)	(17)	51,605	51,582
Balance at 31 December 2020	$	-	-	100,322	100,322

The Company increased non-current deferred tax assets and liabilities $19,851 thousand and $48,717 thousand because of short- form merging Swancor Industrial on April 14, 2020. For further information, please refer to note 6(f).

(iii) Assessment of tax

The Company’ s tax returns were assessed by the Taipei National Tax Administration to 2019.

(t) Capital and other equity

Swancor Holding Company Limited (the “Company”) was incorporated on August 31, 2016 as a Company limited by transferred preference shares from Swancor Industrial Company Limited.

As of December 31, 2020 and 2019, the Company's authorized ordinary shares of 200,000 thousand amounted to $2,000,000 thousand for both years, with a par value of $10 per share.

Its outstanding capital consisted of 93,505 thousand common shares for both years ended December 31, 2020 and 2019.

Reconciliation of shares outstanding for 2021 and 2020 was as follows:

	Ordinary Shares	
(in thousands of shares)	2021	2020
Balance on December 31 (as the same Balance at 31 December)	$ 93,505	93,505

(Continued)

(i) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2021	December 31, 2020
Share capital	$ 405,127	405,127
Premium on bonds conversion	541,507	541,507
Donation	253	253
Employee share options (overdue and not be executed)	8,151	8,151
Treasury share transactions	107,315	100,472
Expired stock option	41,059	41,059
Difference arising from subsidiary' s share price and its carrying value	1,064,440	1,063,870
Stock transfer (from retained earnings of Swancor)	780,337	780,337
Equity component of covertible bonds recognized in stock option	213,351	-
	$ 3,161,540	2,940,776

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

2) On September 28, 2020, the Company' s subsidiary, Swancor Advanced Materials, had initial public offering on the Shanghai Stock Exchange's Star Market, wherein it issued 43,200 thousand new stocks for capital increase at the amount of $307,846 thousand. However, the Company failed to subscribe proportionately, resulting in its percentage of ownership in its subsidiary to decrease from 88.75% to 79.24%, amounting to $149,457 thousand, which had been adjusted to capital surplus.

3) A resolution was approved during the Board meeting held on September 24, 2020 to it capital increase, wherein 48,000 thousand shares were issued, amounting to $480,000 thousand. However, the Company failed to invest proportionately in the above capital increase, resulting in its percentage of ownership in Sunwell Carbon Fiber Composite to decrease from 100% to 86.42%, and causing the net value of the originally held shares decreased by $3,999 thousand. The related registration procedures had been completed.

4) A resolution was decided during the Board of Directors' meeting held on December 31, 2020 to determine whether to repurchase the 600 thousand shares within the period from January 1 to June 30, 2021 at the price of $10 to $10.20 per share, as treasury shares, to transfer to employees in the six months ended June 30, 2021. For the six months ended June 30, 2021, the Group had repurchased 133 thousand of the above shares, resulting in its shareholding ratio to increase from 86.42% to 86.63% and recognized the amount of$346 thousand as capital surplus.

(Continued)

5) A resolution was decided during the Board of Directors meeting held on August 4, 2021, to determine whether to repurchase the 600 thousand shares within the period from August 4, 2021 to February 4, 2022 at the price of $10 to $10.20 per share, as treasury shares, to transfer to employees in 2021. For the year 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.

6) A resolution was decided during the Board of Directors meeting held on November 5, 2021 to authorize the chairman of the Board to transfer 183 thousand shares of treasury stock to employees for subscription. The treasury stock was transferred in November, 2021, $435 of thousand share premium - subsidiary changes in equity was recognized. 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.

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

8) According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the capital increase, by transferring capital surplus in excess of the par value, should not exceed 10% of the total common stock outstanding.

(ii) Retained earnings

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

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

(Continued)

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 Rule issued by 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

Earnings distribution for 2020 and 2019 were decided by the general meeting of the shareholders held on July 19, 2021 and May 28, 2020 as follows:

	2020		2019	
	Amount per share	**Total amount**	**Amount per share**	**Total amount**
Dividends distributed to ordinary shareholders				
Cash	$ 3.5	323,766	4	368,014

Earnings distribution for 2021 were decided by the general meeting of the shareholders held on March 11, 2021 as follows:

	2021	
	Amount per share	**Total amount**
Dividends distributed to ordinary shareholders		
Cash	$ 1.5	139,187

(iv) Treasury shares

1) In accordance with the requirements under section 28(2) of the Securities and Exchange Act, the Company repurchased 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.

The movement of treasury stock for 2021 was as follows:

Reason for repurchase	Beginning shares	Increase	Decrease	Ending shares
Transfer to employees	1,000	-	287	713

The movement of treasury stock for 2020 was as follows:

Reason for repurchase	Beginning shares	Increase	Decrease	Ending shares
Transfer to employees	1,501	1,000	1,501	1,000

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 June 18, 2020, the Company announced that it will transfer 957 thousand treasury shares to its employees, with the value of $69,153 thousand, wherein the Company will recognize the salary expense and the capital surplus of $11,441 thousand, in June 2020. The transfer procedures had been completed during the period mentioned above.

5) On December 30, 2020, the Company announced that it will transfer 544 thousand treasury shares to its employees, with the value of $44,792 thousand, wherein the Company will recognize the salary expense of $31,107 thousand, in December 2020. The transfer procedures had been completed in January 2021.

6) 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 of $6,843 thousand in December 2021. The transfer procedures had been completed in January 2022.

(Continued)

7) Measurement of fair value on grant date

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

	June 18, 2020 Transfer for employees
Fair value of grant day	$ 84.9
Stock price of grant day	84.9
Strike price	72.60
Expected volatility	34.85%
Expected Life	2
Risk-free interest rate	0.248%

	December 31, 2020 Transfer for employees
Fair value of grant day	$ 150.5
Stock price of grant day	150.5
Strike price	82.34
Expected volatility	185.00%
Expected Life	1
Risk-free interest rate	0.1258%

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

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

(v) Other equity

		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Loss on hedging instruments	Total
Balance at 1 January 2021	$	(415,073)	(3,762)	-	(418,835)
Exchange differences on foreign operations		28,071	-	-	28,071
Net change in fair value of investment in debt-instrument at FVIOCI		-	(603)	-	(603)
Balance at 31 December 2021	$	(387,002)	(4,365)	-	(391,367)
Balance at 1 January 2020	$	(417,986)	(4,491)	-	(422,477)
Exchange differences on foreign operations		2,913	-	-	2,913
Net change in fair value of investments in debt-instrument at FVIOCI		-	729	-	729
Balance at 31 December 2020	$	(415,073)	(3,762)	-	(418,835)

(u) Earnings per Share

1 Basic earnings per share

(i) Profit attributable to ordinary shareholders of the Company

		2021	2020
Profit (loss) attributable to ordinary shareholders of the Company	$	185,933	626,024

(ii) Weighted average number of ordinary shares

		2021	2020
Issued ordinary shares at 1 January	$	92,505	92,004
Effect of treasury shares hedl		7	(185)
Weighted average number of ordinary shares at 31 December	$	92,512	91,819

2 Diluted earnings per share

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

		2021	2020
Profit attributable to ordinary shareholders of the Company(basic)	$	185,933	626,024
Effect of dilutive potential ordinary shares			
Interest expense on convertible bonds, net of tax	$	3,320	-
Profit attributable to ordinary shareholders of the Company (diluted)	$	189,253	626,024

(Continued)

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

		2021	2020
Weighted average number of ordinary shares (basic)	$	92,512	91,819
Effect of dilutive potential ordinary shares			
Effect of restricted employee shares unvested (Notes)		18	166
Effect of conversion of convertible bonds		5,397	-
Weighted average number of ordinary shares (diluted)	$	97,927	91,985

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

(v) Revenue

The details of revenue for the years ended December 31, 2021 and 2020 were as follows:

		2021	2020
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	$	78,618	559,978
Dividend revenue		56,280	-
	$	134,898	559,978

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

According to the Company's articles of incorporation, the Company should distribute its remuneration of not less than 1% and not more than 3% of annual profits to its employees and directors respectively, after offsetting accumulated deficits, if any. Employees, including employees of affiliate companies that meet certain conditions, are subject to the abovementioned remuneration, which is to be distributed in stock or cash. The said conditions and distribution method are decided by the Board of Directors or the personnel authorized by the Board of Directors.

For the year ended December 31, 2021 and 2020, the Company estimated its employee remuneration amounting to $885 thousand and $7,022 thousand, and directors' and supervisors' remuneration amounting to $2,655 thousand and $14,010 thousand. 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 during 2021 and 2020. 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. Related information would be available at the Market Observation Post System website. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2021 and 2020.

Swancor Holding Company Limited

Notes to the Financial Statements

(x) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

		2021	2020
Interest incomefrom bank deposites	$	1,517	3,973
Interest income from bonds		1,474	-
Other interest income		5,434	5,950
	$	8,425	9,923

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

(ii) Other income

The details of other income were as follows:

		2021	2020
Rent income	$	17,792	16,856
Dividend income		-	157
Fee income		4,943	3,644
Service revenue		-	203,630
Other		3,162	4,977
	$	25,897	229,264

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

(iii) Other gains and losses

The details of other gains and losses were as follows:

		2021	2020
Gains on disposal of property, plant and equipment	$	1,053	78
Gains on disposal of intangible assets		7,151	5,979
Foreign exchange losses		(3,184)	(16,880)
Gains on disposal of financial liabilities measured at fair value though profit or lost		893	198
Fee expense		(1,161)	(830)
Others		(2)	(111)
	$	4,750	(11,566)

(Continued)

(iv) Finance costs

The details of finance costs was as follows:

		2021	2020
Interest expense-bank loans	$	7,989	19,347
Interest expense-lease liabilities		85	127
Interest expense-bonds		5,049	-
	$	13,123	19,474

(y) Financial instrument

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

During 2021 and 2020, the Company’ s revenue was share of profit of subsidiaries, associates and joint ventures accounted for using the equity method.

There was no concentration of credit risk.

3) Receivables and debt securities

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

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

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. The Company has no loss allowance provision as of December 31, 2021 and 2020.

(ii) Liquidity risk

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

		Carrying amount	Contractual cash flows	1-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2021							
Non-derivative financial liabilities							
Secured loans	$	203,515	215,350	2,906	2,747	209,697	-
Unsecured loans		510,000	512,565	502,394	3,405	6,766	-
Other payables (including related parties)		43,126	43,126	43,126	-	-	-
Bond payable		1,900,906	2,000,000	-	-	2,000,000	-
Lease liability		2,879	2,914	2,562	352	-	-
	$	2,660,426	2,773,955	550,988	6,504	2,216,463	-
December 31, 2020							
Non-derivative financial liabilities							
Secured loans	$	662,800	678,387	247,042	431,345	-	-
Other payables (including related parties)		82,148	82,148	82,148	-	-	-
Lease liability		5,159	5,274	2,461	2,461	352	-
	$	750,107	765,809	331,651	433,806	352	-

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

		December 31, 2021			December 31, 2020		
		Foreign currency	Exchange rates	TWD	Foreign currency	Exchange rates	TWD
Financial assets							
Monetary items							
USD	$	13,696	27.68	379,105	9,133	28.095	256,592
EUR		22	31.32	689	8	34.54	276

(Continued)

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts and other receivables, loans and borrowings and accounts and other payables that are denominated in foreign currency. A strengthening (weakening) of 0.5% of the TWD against the USD, EUR and JPY as at December 31, 2021 and 2020 would have increased (decreased) the net profit after tax by $1,519 thousand and $1,027 thousand, respectively.

3) Foreign exchange gain and loss on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years 2021 and 2020, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to $(3,184) and $(16,880) thousand, respectively.

(iv) Interest rate risk

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

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

If the interest rate had increased/decreased by 0.5%, with all other variable factor remaining constant, the Company's net income would have increased/decreased by $2,854 thousand and $2,651 thousand for the year ended December 31, 2021 and 2020, respectively. This is mainly due to the Company's borrowing in variable rates.

(v) Other market price risk

For the years ended December 31, 2021 and 2020, 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 as illustrated below:

		For the years ended December 31			
		2021		2020	
Prices of securities at the reporting date		**Other comprehensive income after tax**	**Net income**	**Other comprehensive income after tax**	**Net income**
Increasing 0.5%	$	245	10	253	10
Decreasing 0.5%		(245)	(10)	(253)	(10)

(Continued)

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

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

(Continued)

	December 31, 2020				
	Carrying amount	Fair Value			
		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	$ 538,654	2,012	-	536,642	538,654
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	48,550	48,550	-	-	48,550
Bonds payable	43,963	43,963	-	-	43,963
	$ 117,544	92,513	-	25,031	117,544
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 455,723	-	-	-	-
Other receivables (including related parties)	347,541	-	-	-	-
Other financial assets-non-current	5,423	-	-	-	-
Refundable deposit	1,402	-	-	-	-
Subtotal	810,089	-	-	-	-
Total	**$ 1,466,287**	**94,525**	**-**	**561,673**	**656,198**
Financial liabilities					
Financial liabilities measured at amortized cost					
Other payables (including related parites)	$ 82,148	-	-	-	-
Long-term borrowings, current portion	236,800	-	-	-	-
Long-term borrowings	426,000	-	-	-	-
Subtotal	744,948	-	-	-	-
Total	**$ 744,948**	**-**	**-**	**-**	**-**

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

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

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

3) Valuation techniques for financial instruments measured at fair value

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

(Continued)

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

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

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

4) Transfers between Level 1 and Level 2

There were no transfers from one level to another level in 2021 and 2020.

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, 2021	$	536,642	25,031
Purchased		127,452	-
Ending Balance on December 31, 2021	$	664,094	25,031
Opening balance on January 1, 2020	$	26,102	25,031
Acquired in a business combination		404,387	-
Purchased		106,153	-
Ending Balance on December 31, 2020	$	536,642	25,031

The Company increased non-current financial assets at fair value through profit or loss $404,387 thousand because of short- form merging Swancor Industrial on April 14, 2020. For further information, please refer to note 6(f).

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

The Company’s financial instruments that use Level 3 inputs to measure fair value include “At fair value through profit or loss–unquoted equity instruments”.

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

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at fair value through profit or loss- equity investments without an active market-Swancor Renewable Energy	Discounted Cash Flow Method	• Cost of equity Ratio (As of December 31, 2021 and 2020were 6.96% and 7.22%) • Lack of marketability discount (As of December 31, 2021 and 2019 were both 26.2%)	• the lower the Cost of equity Ratio, the higher the fair value • the higher the lack of marketability discount, the lower the fair value
Financial assets measured at fair value through profit or loss- equity investments without an active market-F I International	Discounted Cash Flow Method	• Cost of equity Ratio (As of December 31, 2021 and 2020were 6.96% and 7.22%) • Lack of marketability discount (As of December 31, 2021 and 2020 were both 26.2%)	• the lower the Cost of equity Ratio, the higher the fair value • the higher the lack of marketability discount, the lower the fair value
Financial assets at fair value through other comprehensive income equity investments without an active market-Gigantex Composite Technologies	Public company comparable	• Price-Book Ratio(As of December 31, 2021 and 2020 were 2.12~3.97 and 1.27~2.54, respectively) • Price-to-Sales Ratio(As of December 31, 2021 and 2020 were 0.65~1.88 and 0.47~1.90, respectively) • Lack of marketability discount (As of December 31, 2021 and 2020 were both 35%)	• the higher the Price-Book Ratio, the higher the fair value • the higher the Price-to-Sales Ratio, the higher the fair value • the higher the lack of marketability discount, the lower the fair value

(Continued)

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

The Company’ 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:

	Input value	Change up or down	Profit or loss		Other comprehensive income	
			Favorable	Unfavorable	Favorable	Unfavorable
December 31, 2021						
Financial assets at fair value through profit or lost						
Equity investments without an active market	$ 664,094	0.5%	3,320	(3,320)	-	-
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-
Equity investments without an active market	$ 25,031	0.5%	-	-	125	(125)
December 31, 2020						
Financial assets at fair value through profit or lost						
Equity investments without an active market	$ 536,642	0.5%	2,683	(2,683)	-	-
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-
Equity investments without an active market	$ 25,031	0.5%	-	-	125	(125)

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

(z) Financial risk management

(i) Overview

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

1) Credit risk

2) Liquidity risk

3) Market risk

(Continued)

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

(ii) Structure of risk management

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

(iii) Credit risk

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

1) Other receivables

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

2) Investment

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

(iv) Liquidity risk

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

(v) Market risk

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

1) Currency risk

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

2) Interest rate risk

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

(aa) Capital management

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

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

The Company and other entities in the similar industry use the debt-to-equity ratio to manage their capital. This ratio is calculated using the total net debt, divided by the total capital. The net debts from the balance sheet is derived from the total liabilities, less, cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity, plus, net debt.

As of December 31, 2021, the Company’ s capital management strategy is consistent with that of the prior year, and the gearing ratio is maintained within 2% to 50% so as to ensure financing at reasonable cost. The Company’ s debt-to-equity ratio at the end of the reporting period as at December 31, 2021and 2020 were as follows:

	December 31, 2021	December 31, 2020
Total liabilities	$ 2,780,651	964,473
Less: cash and cash equivalents	1,566,792	455,723
Net debt	1,213,859	508,750
Total equity	5,432,091	5,302,652
Adjusted equity	**$ 6,645,950**	**5,811,402**
Debt-to-equity ratio	**18%**	**9%**

(Continued)

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

The Company's investing and financing activities, which did not affect its current cash flow in the years ended December 31, 2021 and 2020, were as follows:

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

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

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

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

Reconciliation of liabilities arising from financing activities was as follows:

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

				Non-cash changes			
		January 1, 2020	**Cash flows**	**Conversion**	**Foreign exchange movement**	**Amortization**	**December 31, 2020**
Long-term borrowings (including current portion)	$	606,675	(588,400)	643,325	-	1,200	662,800
Lease liabilities (including current portion)		4,674	(1,981)	2,466	-	-	5,159
Total liabilities from financing activities	**$**	**611,349**	**(590,381)**	**645,791**	**-**	**1,200**	**667,959**

(Continued)

(7) Related-party transactions:

(a) Names and relationship with related parties

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

(b) Significant transactions with related parties

(i) Other transactions

1) The labor services provided to associates by the Company in 2021 and 2020 were as follows:

	2020
Associates-Swancor Advanced Materials	$ 3,184
Other related parties- Swancor Renewable Energy	156,010
	$ 159,194

(Continued)

2) As of December 31, 2021 and 2020, the Company provided guarantees and endorsements for related parties, and the fee income generated from related parties was as follows:

	2021	2020
Subsidiary-Swancor (Jiangsu) Carbon Composites	$ 4,943	3,644

As of December 31, 2021 and 2020, the amount that had yet to be collected (which were classified under other receivable due from related parties) were as follows:

	December 31, 2021	December 31, 2020
Subsidiary-Swancor (Jiangsu) Carbon Composites	$ 4,969	4,733

3) Rent income

As of December 31, 2021 and 2020, the Company leases office to related parties were as follows:

	2021	2020
Subsidiary- Swancor Highpolymer	$ 12,171	12,192
Subsidiary- Sunwell Carbon Fiber Composite	2,287	1,710
Other related parties- Swancor Renewable Energy	-	2,100
	$ 14,458	16,002

(ii) Property transaction

1) Acquisition of property, plant and equipment

The Company purchased a parcel of land from its chairman, Mr. JauYang, Tsai, with the total area measuring 70,075.642 square feet, at the price of $244,770 thousand, which had been fully paid on December 31, 2020. The land price was based on the appraisal report of the property appraisal company. Please refer to note 6 (9) for details of land changes in the current period.

2) Disposals property, plant and equipment

The Company sold the other equipment to Swancor Highpolymer for $5,369 thousand in July and November 2020 and had been paid on December 31, 2020. Please refer to note 6 (9) for other equipment changes.

The Company sold computer software to Swancor Advanced Materials in November 2020 for $8,133 thousand and been recognized as other account receivable related parties on December 31, 2020. Please refer to Note 6 (11) for details of computer software changes.

The Company sold the other equipment to Sunwell Carbon Fiber Composite for $369 thousand in April 2021, and the above-mentioned amount had been received as of December 31, 2021. Please refer to note 6 (9) for other equipment changes.

(Continued)

The Company sold computer software to Sunwell Carbon Fiber Composite for $1,612 thousand in April 2021, and the above-mentioned amount had been received as of December 31, 2021. Please refer to Note 6 (11) for details of computer software changes.

3) Disposals subsidiary

The Board of Directors of the Company determined to transfer Swancor (Jiangsu) Carbon Composites 83.89% of holding of shares from Swancor Holding to Sunwell Carbon Fiber Composite and the price was $296,240 thousand. As of December 31, 2020 the amount had been paid on September 24, 2020. It didn't have any effect on shareholding to the Group. Related equity transter procedures had been completed.

(iii) Loans to Related Parties

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

		December 31, 2021	December 31, 2020
Subsidiary- Swancor (Jiangsu) Carbon Composites	$	78,147	189,884
Subsidiary- Swancor		49,824	50,571
Subsidiary- Swancor Innovation & Incubation		30,000	-
Subsidiary- Sunwell Carbon Fiber Composites		65,000	-
	$	222,971	240,455

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

		2021	2020
Subsidiary- Swancor (Jiangsu) Carbon Composites	$	3,895	3,855
Subsidiary- Swancor		1,511	1,901
Subsidiary- Sunwell Carbon Fiber Composites		28	194
	$	5,434	5,950

As of December 31, 2021 and 2020, interest of related parties receivable (recognized as other receivable- related parties) were $3,238 thousand and $4,537 thousand, respectively.

(iv) Guarantee

As December 31, of 2021 and 2020, the Company had provided guarantee for the loans of subsidiary-Swancor (Jiangsu) Carbon Composites with credit limit of $886,398 thousand and $689,667 thousand, respectively.

(v) Receivables from Related Parties

The receivables from associates were as follows:

Account	Relationship	December 31, 2021	December 31, 2020
Other receivables	Other related parties - Swancor Renewable Energy	$ -	5,617

(c) Key management personnel compensation

Key management personnel compensation comprised the following:

	2021	2021
Short-term employee benefits	$ 10,607	12,368
Post-employment benefits	367	535
Other long-term employee benefits	-	-
Termination benefits	-	-
Share-based payments	1,855	-
	$ 12,829	12,903

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2021	December 31, 2020
Land	Bank Loans	$ 537,281	239,306
Buildings	Bank Loans	-	99,855
Restricted bank deposit (other financial assets-current)	Bank's acceptance bill, long-term borrowings, forward exchange contract and stand by L/C and bank guarantee	1,000	3,671
Restricted bank deposit (other non-current financial assets)	Guarantee letter of convertible bond and bank loans	400,029	5,423
Domestic on listed Company (non-current financial assets at fair value through other comprehensive income)	Long-term borrowings	-	48,550
		$ 938,310	396,805

(Continued)

(9) Commitments and contingencies:

(a) Unrecognized contractual commitments

	December 31, 2021	December 31, 2020
Acquisition of property, plant and equipment	$ 730,566	224,733

(b) Outstanding standby letter of credit: None.

(d) Contingencies: None.

(e) Other

The subsidiary, Swancor Advanced Materials, applied for initial public offering on Shanghai Stock Exchange Star Market in January 2020. Swancor Holding, Swancor Industrial, Strategic and Swancor are the shareholders of Swancor Advanced Materials, Swancor Advanced Materials and aforementioned shareholders should provide the related commitments according to the requirements of China Securities Regulatory Commission, Shanghai Stock Exchange and other regulatory commission. Related information of commitments would be available at the Market Observation Post System website.

(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 / By item	2021			2020		
	Cost of sales from continuing operations	Operating expenses from continuing operations	Total	Cost of sales from continuing operations	Operating expenses from continuing operations	Total
Employee benefits						
Salary	-	27,267	27,267	-	40,859	40,859
Labor and health insurance	-	2,616	2,616	-	3,093	3,093
Pension	-	1,412	1,412	-	1,683	1,683
Remuneration directors	-	2,754	2,754	-	14,175	14,175
Others	-	370	370	-	427	427
Depreciation	-	13,238	13,238	-	15,899	15,899
Amortization	-	2,195	2,195	-	3,337	3,337

(Continued)

Additional information of the number of employees and employee benefits of the Company in 2021 and 2020:

	December 31, 2021	December 31, 2020
The number of employees	30	36
The number of directors excluding the employees	6	7
The average of employees' benefits	$ 1,319	1,588
The average of salary	$ 1,136	1,409
The average of salary adjustment	(19.38)%	(72.73)%
Supervisor's remuneration	$ -	-

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

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

(Continued)

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions, required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", of the Company:

(i) Loans 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 Item	Collateral Value	Individual funding loan limits	Maximum limit of fund financing
0	Swancor Holding	Swancor Innovation & Incubation	Other receivables	Yes	30,000	30,000	30,000	-%	2	-	Operating purpose	-		-	2,172,836 (Note 1)	2,172,836 (Note 2)
0	Swancor Holding	Swancor	Other receivables	Yes	CNY 3,600 99,504	USD 1,800 49,824	USD 1,800 49,824	3%	2	-	Operating purpose	-		-	2,172,836 (Note 1)	2,172,836 (Note 2)
0	Swancor Holding	Sunwell Carbon Fiber Composite	Other receivables	Yes	130,000	130,000	65,000	1.6%	2	-	Operating purpose	-		-	814,814 (note 1)	2,172,836 (note 2)
0	Swancor Holding	Swancor (Jiangsu) Carbon Composites	Other receivables	Yes	USD 4,000 CNY 18,000 304,902	CNY 18,000 78,147	CNY 18,000 78,147	4%	2	-	Operating purpose	-		-	814,814 (note 1)	2,172,836 (note 2)
1	Swancor Highploymer	Swncor Ind (M)	Other receivables	Yes	5,707	-	-	-%	2	-	Operating purpose	-		-	111,224 (note 3)	296,596 (note 3)
2	Sunwell Carbon Fiber Composite	Swancor (Jiangsu) Carbon Composites	Other receivables	Yes	CNY 20,000 87,156	CNY 20,000 86,830	CNY 5,000 21,708	4.5%	2	-	Operating purpose	-		-	98,107 (note 3)	261,619 (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 Swancor Highploymer and Sunwell Carbon Fiber Composite, the amount of endorsements and/or guarantees to subsidiaries of the Group shall not exceed 15% of Swancor Highploymers' and Sunwell Carbon Fiber Composites' net worth. The total amount of endorsements and/or guarantees to subsidiaries of the Group shall not exceed 40% of Swancor Highploymers' and 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)

(ii) Guarantees and endorsements for other parties:

In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	Swancor Holding	Swancor (Jiangsu) Carbon Composites	2	2,716,046	920,016	886,398	538,611	-	16.32%	5,432,091	Y	N	Y
1	Swancor Highpolymer	Swancor Ind (M)	1	370,745	27,810	27,680	-	-	3.73%	741,490	N	N	N
2	Swancor Advanced Materials	Swancor Ind (M)	2	1,372,301	943,665	940,275	30,704	-	41.11%	2,287,168	N	N	N
2	Swancor Advanced Materials	Swancor (Jiangsu)	2	1,372,301	65,367	65,123	30,998	-	2.85%	2,287,168	N	N	Y
2	Swancor Advanced Materials	Swancor (Tianjin)	2	1,372,301	653,670	651,225	317,605	-	28.47%	2,287,168	N	N	Y

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

Note2：According to the “Procedure for Loaning of Funds and Endorsements and Guarantees” issued by Swancor Advanced Materials, the amount of endorsements and/or guarantees to subsidiaries of the Company shall not exceed 30% of Swancor Advanced Materials' net worth. The total amount of endorsements and/or guarantees to subsidiaries of the Company 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 Company shall not exceed 50% of Swancor Advanced Materials' net worth. The total amount of endorsements and/or guarantees to subsidiaries of the Company shall not exceed 100% of Swancor Advanced Materials’ 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
Notes to the Financial Statements

(iii) Securities held as of December 31, 2021 (excluding those investments in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Swancor Holding	Stock – 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	9,868	191	0.07%	191	
Swancor Holding	Stock- Tsang Yow Industrial Co., Ltd.		Financial assets at fair value through profit or loss-current	26,000	623	0.03%	623	
Swancor Holding	Stock – Aero Win Technology Corporation		Financial assets at fair value through profit or loss-current	12,000	178	0.02%	178	
Swancor Holding	Stock – KoanHau Technology Co., Ltd.		Financial assets at fair value through profit or loss-current	68,000	1,013	0.09%	1,013	
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	19,845	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	1,000,000	48,950	0.1%	48,950	
Swancor Holding	Stock – Promix Composites, Inc.		Financial assets at fair value through other comprehensive income-non-current	1,500	-	10%	-	
Swancor Holding	Bonds- Dell International L. L. C		Financial assets at fair value through other comprehensive income-non-current	500,000	-	10%	-	
Swancor Holding	Bonds-The Royal Bank of Scotland Group plc		Financial assets at fair value through other comprehensive income-non-current	-	5,990	- %	5,990	
Swancor Holding	Bonds- Dell International L. L. C		Financial assets at fair value through other comprehensive income-non-current	-	6,452	- %	6,452	
Swancor Holding	Bonds-Citigroup Inc.		Financial assets at fair value through other comprehensive income-non-current	-	10,536	- %	10,536	
Swancor Holding	Bonds-AT & T Corporation		Financial assets at fair value through other comprehensive income-non-current	-	7,509	- %	7,509	
Swancor Holding	Bonds-British Petroleum		Financial assets at fair value through other comprehensive income-non-current	-	5,560	- %	5,560	
Swancor Holding	Bonds-Hewlette Packard Company		Financial assets at fair value through other comprehensive income-non-current	-	5,899	- %	5,899	

(iv) Individual securities acquired, or disposed, with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

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

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
Swancor Holding	Land	2021.10.12	292,511	As of November 31, 2021, $292,511 thousand had been paid	Nantou County Goverment	None	Not appicable	Not appicable	Not appicable	-	Public Bidding	For operating	None
Swancor Holding	Construction in progress	2021.12.31	196,958	According to contract	Truedreams Construction Co., LTD etc.	None	Not appicable	Not appicable	Not appicable	-	Public Bidding	For operating	None

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

(Continued)

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

(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 Highpolymer	Swancor Advanced Materials	Direct or indirect subsidiaries of the Company	(sales)	(123,370)	(0.92)%	90 Days	Note 1	No difference	15,195	0.40%	
Swancor Advanced Materials	Swancor Highpolymer	Direct or indirect subsidiaries of the Company	Purchase	123,370	0.83%	90 Days	Note 1	No difference	(15,293)	(0.39)%	
Swancor Advanced Materials	Swancor (Tianjin)	Direct or indirect subsidiaries of the Company	(sales)	(1,206,735)	(9.01)%	90 Days	Note 1	No difference	1,764	0.05%	
Swancor (Tianjin)	Swancor Advanced Materials	Direct or indirect subsidiaries of the Company	Purchase	1,206,735	8.08%	90 Days	Note 1	No difference	(1,764)	(0.04)%	
Swancor (Jiangsu)	Swancor Advanced Materials	Direct or indirect subsidiaries of the Company	(sales)	(1,331,247)	(9.94)%	90 Days	Note 1	No difference	155,578	4.06%	
Swancor Advanced Materials	Swancor (Jiangsu)	Direct or indirect subsidiaries of the Company	Purchase	1,331,247	8.92%	90 Days	Note 1	No difference	(155,578)	(3.95)%	
Swancor Advanced Materials	Swancor (Jiangsu)	Direct or indirect subsidiaries of the Company	(sales)	(132,697)	(0.99)%	90 Days	Note 1	No difference	14,381	0.38%	
Swancor (Jiangsu) Carbon Composities	Swancor (Tianjin)	Direct or indirect subsidiaries of the Company	Purchase	132,697	0.89%	90 Days	Note 1	No difference	(14,381)	(0.37)%	
Swancor (Jiangsu)	Swancor (Tianjin)	Direct or indirect subsidiaries of the Company	(sales)	(771,880)	(5.76)%	90 Days	Note 1	No difference	221,803	5.79%	
Swancor (Tianjin)	Swancor (Jiangsu)	Direct or indirect subsidiaries of the Company	Purchase	771,880	5.17%	90 Days	Note 1	No difference	(221,803)	(5.64)%	
Swancor (Tianjin)	Swancor (Jiangsu)	Direct or indirect subsidiaries of the Company	(sales)	(259,055)	(1.93)%	90 Days	Note 1	No difference	-	-%	
Swancor (Jiangsu)	Swancor (Tianjin)	Direct or indirect subsidiaries of the Company	Purchase	259,055	1.74%	90 Days	Note 1	No difference	-	-%	

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

Note2：The transactions have been eliminated upon consolidation

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

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note 1)	Loss allowance
					Amount	Action taken		
Swancor(Jiangsu)	Swancor Advanced Materials	Direct or indirect subsidiaries of the Company	155,578	9.41%	-		86,830	-
Swancor (Jiangsu)	Swancor (Tianjin)	Direct or indirect subsidiaries of the Company	221,803	3.91%	-		-	-

(ix) Trading in derivative instruments:None

(Continued)

(b) Information on investees:

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

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

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses)of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	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%	564,395	33,409	28,724	Investment Using the Equity Method
Swancor Holding	Strategic	Samoa	Investing and holding	USD 9,601 317,780	USD 9,601 317,780	9,601	100%	3,505,575	USD 1,828 51,164	67,073	Investment Using the Equity Method
Swancor Holding	Swancor Innovation & Incubation	R.O.C	Management consulting	10,000	-	1,000	100%	(6,039)	(17,179)	(17,179)	Investment Using the Equity Method
Strategic	Swancor	Samoa	Investing and holding	USD 7,100 67,073	USD 7,100 233,692	7,100	100%	USD 104,076 2,880,827	USD 1,464 40,986	USD 1,464 40,986	Investment Using the Equity Method
Swancor Advanced Materials	Swancor (HK)	Hong Kong	Investing and holding	USD 21,880 662,997	USD 21,880 662,997	35,650	100%	CNY 212,201 921,266	CNY 7,911 34,332	CNY 7,911 34,332	Investment Using the Equity Method
Swancor (HK)	Swancor Ind. (M)	Malaysia	Chemical products manufacturing and processing	USD 7,820 241,521	USD 7,820 241,521	32,657	100%	HKD 50,516 179,311	HKD 1,726 6,216	HKD 1,726 6,216	Investment Using the Equity Method
Swancor (HK)	Swancor Highpolymer	ROC	Chemical products manufacturing and processing	USD 14,000 415,800	USD 14,000 415,800	41,580	100%	HKD 208,894 741,490	HKD 7,806 28,117	HKD 7,806 28,117	Investment Using the Equity Method

Note：The transactions have been eliminated upon consolidation.

(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/CNY/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, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	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 CNY 348,576 1,834,912	Indirectly owned by the company	USD 2,500 84,071	-	-	USD 2,500 84,071	USD 2,746 76,892	79.24%	USD2,176 60,929	USD 130,950 3,624,704	CNY 131,009 585,878
Wuxi Rongmai Engineering Plastic Co., Ltd.	Producing Engineering plastic used in electronic, electrical engineering and automotive industry	USD 2,100 64,806	Indirectly owned by the company (Note1)	USD 250 8,098	-	-	USD 250 8,098	-	10%	-	-	-
Swancor (Tianjin)	Energy conservation wind power laminar resins ' manufacturing and selling	USD 7,000 CNY 5,500 254,376	Indirectly owned by the company	USD 7,000 230,401	-	-	USD 7,000 230,401	CNY (12,246) (53,144)	79.24%	CNY(9,704) (42,111)	CNY 183,245 795,559	-
Swancor (Jiangsu).	Energy conservation wind power laminar resins ' manufacturing and selling	CNY 122,500 613,850	Indirectly owned by the company	CNY 76,875 380,892	-	-	CNY 76,875 380,892	CNY 15,361 66,659	79.24%	CNY12,172 52,820	CNY 135,379 587,747	USD -
Meijia New Materials	Producing and selling of powder coating and epoxy resin	CNY 210,000 913,290	Indirectly owned by the company	CNY - -	-	-	CNY - -	CNY 5,692 24,700	18.87%	CNY 2,507 10,878	CNY 168,911 733,323	-
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	CNY 17,557 76,191	72.50%	CNY 14,729 63,920	415,378	-

(Continued)

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
USD 2,282	USD 93,545 2,815,863 (Note 3)	3,936,196 (Note 5)

Note1：Invested by Ideal Star

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

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

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

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

(iii) Significant transactions:

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

(d) Major shareholders:

Shareholding Shareholder’s Name	Shares	Percentage
TSAI'S HOLDING CO.,LTD.	10,600,625	11.33%
Jau-Yang, Tsai	8,894,033	9.51%
Fubon Life Insurance Co., Ltd	5,005,000	5.35%

(14) Segment information:

Please refer to the 2021 consolidated financial statement.

(Continued)

Swancor Holding Company Limited

Statement of Cash and Cash Equivalents

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Cash	Petty cash and cash on hand	$ 162
Cash in banks	Demand deposit	614,042
	Time deposits	952,588
		$ 1,566,792

Statement of Prepayments

Item	Description	Amount
Prepayment for insurance	Prepaid insurance of employer's liability insurance	$ 318
Other prepayments	Software maintenance expense and annual administrative expense for syndicated loan	4,091
Overpaid sales tax		8,548
Others (Note)		504
		$ 13,461

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

(Continued)

Swancor Holding Company Limited

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

	Beginning Balance			Addition			Decrease			Ending Balance				Amount of exchange on translation of foreign financial statement	Market value of Net Assets value		
Name of investee	Shares	Percentage of ownership	Amount	Shares	Amount		Shares	Amount		Shares	Percentage of ownership	Amount	Profit or loss of investment		Unit price	Total price	Pledge Collateral
Sunwell Carbon Fiber Composites Corporation	45,800,000	86.42	$ 532,356	-	1,999	(note 1)	-	-		45,800,000	86.42	564,395	28,724	2,980	12.32	564,395	None
Strategic Capital Holding Ltd.	9,610,000	100.00	3,489,794	-	2,562	(note 2)	-	(94,575)	(note 4)	9,601,000	100.00	3,505,575	67,073	25,091	365.13	3,505,575	None
Swancor Innovation & Incubation	-	-		1,000,000	11,140	(note 3)	-	-		1,000,000	100.00	(6,039)	(17,179)	-	(6.04)	(6,039)	None
			$ 4,022,150		15,701			(94,575)				4,063,931	78,618	28,071		4,063,931	

Note1: Including the investment amount of $832 thousand of changing in downstream transactions, credit $597 thousand of capital surplus because of recognizing the company' s employee share options, credit $435 thousand of capital surplus because of recognizing Sunwell Carbon Fiber Composites Corporation' s employee share options and amount of $135 thousand of the difference in equity due to the changes of proportioanal investment in Sunwell Carbon Fiber Composites Corporation.

Note2: Including credit $2,562 thousand of capital surplus because of recognizing the company' s employee share options.

Note3: Including $10,000 thousand of inncrease capital to set up Sunwell Innovation & Incubation and credit $1,140 thousand of capital surplus because of recognizing the company' s employee share options.

Note4: Including $86,760 thousand of Strategic' s cash dividends and the investment amount of $7,815 thousand of changing in downstream transactions.

(Continued)

Swancor Holding Company Limited

Statement of Other Payables and Other Payables

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Other payables	Salary and Wages Payable	$ 34,384
	Employee Bonus and director compensation	3,540
	Advertising expense payable	-
	Labor expense payable	2,526
	Interest payable	1,137
	Others (Note)	1,539
		$ 43,126

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

Statement of Other Current liabilities

Item	Description	Amount
Other Current liabilities	Temporary receipts	$ 37,571
	Receipts under custody	136
		$ 37,707

(Continued)

Swancor Holding Company Limited

Statement of Operating Revenue

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Share of profit of Subsidiaries, associates and joint ventures	$ 78,618
Dividend income	56,280
	$ 134,898

Statement of Administrative Expenses

Item	Administrative expenses	Research expenses
Salary	$ 29,991	30
Professional service fees	16,988	4,771
Depreciation	12,733	505
Amortization	695	1,500
Others (Note)	8,531	166
Total	$ 68,938	6,972

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

(Continued)

Swancor Holding Company Limited

Statement of Non-Operating income and expenses

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Non-Operating Income		
Interest income	Interest income of bank deposits and others	$ 8,425
Fee income	Guarantees and endorsements fee income	4,943
Rent income	Rent income	17,792
Gain on disposal of intangible assets	Gain on disposal of intangible assets	7,151
Other (Note)		5,128
		43,439
Non-Operating Expenses		
Interest expense	Interest expenses of bonds payables, loan and lease liabilities	13,123
Fee expense	Collateral loans fee expenses	1,161
Foreign exchange losses	Net foreign exchange losses	3,184
Others (Note)		22
		17,490
		$ 25,949

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

(Continued)

V. Consolidated Financial Statements Audited and Certified by CPAs in the Most Recent Year

Representation Letter

The entities that are required to be included in the combined financial statements of Swancor Holding Company Limited as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated and Separate Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Swancor Holding Company Limited and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Swancor Holding Company Limited
Chairman: Jau-Yang, Tsai
Date: March 11, 2022

(Continued)

Independent Auditors' Report

To the Board of Directors of Swancor Holding Company Limited:

Opinion

We have audited the consolidated financial statements of Swancor Holding Company Limited (the "Company") and its subsidiaries ("the Group"), which comprise the consolidated balance sheets of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

1. Revenue Recognition

   Please refer to Note 4(n) "Revenue" and Note 6(z) "Revenue from contracts with customers" to the consolidated financial statements.

Description of the key audit matter:

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

How the matter was addressed in our audit:

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

2. Evaluation of Accounts receivable

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

Description of the key audit matter:

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

How the matter was addressed in our audit:

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

3. Assessment of Inventory

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

Other Matter

The Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unmodified opinion.

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

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

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

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

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

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercised professional judgment and maintained professional skepticism throughout the audit. We also:

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

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

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

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

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

6. Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
March 11, 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 audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

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

Swancor Holding Company Limited and subsidiaries

Consolidated Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents(note 6(a))	$ 2,530,959	17	1,598,800	13
1110	Current financial assets at fair value through profit or loss(note 6(b) and (r))	3,505	-	2,012	-
1150	Notes receivables, net(note 6(d))	2,134,787	15	2,620,824	21
1170	Accounts receivable, net(note 6(d))	2,901,468	20	3,395,525	28
1200	Other receivables(note 6 (e) and (h))	1,012	-	85,291	1
1210	Other receivables from related parties(note 6(e) and 7)	-	-	5,617	-
1220	Current tax assets	7,309	-	2,845	-
130x	Inventories(note 6(f))	1,236,469	8	1,015,584	8
1410	Prepayments	38,315	-	170,711	2
1470	Other current assets(note 6(n))	109,363	1	91,983	1
1476	Other current financial assets(note 6(n) and 8)	167,915	1	170,021	1
		9,131,102	62	9,159,213	75
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss(note 6(b))	664,094	5	536,642	4
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c) and 8)	115,927	1	117,544	1
1550	Investments accounted for using equity method(note 6(g))	925,446	6	-	-
1600	Property, plant and equipment(note 6(k), 7 and 8)	2,809,810	19	1,867,196	15
1755	Right-of-use assets(note 6(l) and 8)	230,228	2	230,620	2
1780	Intangible assets(note 6(m))	11,308	-	11,123	-
1840	Deferred income tax assets(note 6(v))	87,974	1	67,070	1
1981	Cash surrender value of life insurance(note 6(j))	56,340	-	55,235	1
1990	Other non-current assets(note 6(n) and 8)	544,079	4	174,589	1
		5,445,206	38	3,060,019	25
	Total assets	$ 14,576,308	100	12,219,232	100

		December 31, 2021		December 31, 2020	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings(note 6(o) and 8)	$ 2,292,267	16	781,129	6
2120	Current financial liabilities at fair value through profit or loss (note 6(b) and (r))	4,700	-	-	-
2130	Current contract liabilities(note 6(z))	14,144	-	8,586	-
2150	Notes payable	553,265	4	444,273	4
2170	Accounts payable	2,239,595	15	3,220,031	26
2180	Accounts payable to related parties(note 7)	29,523	-	-	-
2200	Other payables(note 6(p) and (u))	412,763	3	406,970	4
2230	Current tax liabilities	98,582	1	133,908	1
2300	Other current liabilities(note 6(p) and (t))	62,445	-	10,183	-
2322	Long-term borrowings, current portion(note 6(q) and 8)	20,187	-	236,800	2
2355	Current lease liabilities(note 6(s))	8,009	-	2,358	-
		5,735,480	39	5,244,238	43
	Non-Current liabilities:				
2530	Bonds payable(note 6(r) and 8)	1,900,906	13	-	-
2540	Long-term borrowings(note 6(q) and 8)	343,727	3	447,655	3
2570	Deferred income tax liabilities(note 6(v))	839	-	101,713	1
2600	Other non-current liabilities(note 6(p) and (t))	31,466	-	4,722	-
2613	Non-current lease liabilities(note 6(s))	3,564	-	5,307	-
		2,280,502	16	559,397	4
	Total liabilities	8,015,982	55	5,803,635	47
	Equity attributable to owners of parent(note 6(w)):				
3100	Ordinary shares	935,046	6	935,046	8
3200	Capital surplus(note 6(r))	3,161,540	22	2,940,776	24
3300	Retained earnings	1,774,173	12	1,912,006	16
3400	Other equity	(391,367)	(3)	(418,835)	(3)
3500	Treasury shares	(47,301)	-	(66,341)	(1)
	Total equity attributable to owners of parent:	5,432,091	37	5,302,652	44
36xx	Non-controlling interests(note 6(i))	1,128,235	8	1,112,945	9
	Total equity	6,560,326	45	6,415,597	53
	Total liabilities and equity	$ 14,576,308	100	12,219,232	100

See accompanying notes to consolidated financial statements.

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

Swancor Holding Company Limited and subsidiaries
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2021		2020	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenues**(note 6(z))	$ 10,710,300	100	9,867,900	100
5000	**Operating costs**(note 6(f), (m), (aa) and 7)	9,370,771	87	8,124,571	82
	Gross profit from operations	1,339,529	13	1,743,329	18
	Operating expenses(note 6(m), (u) and (aa)):				
6100	Selling expenses	531,723	5	377,149	4
6200	Administrative expenses	400,341	4	381,868	4
6300	Research and development expenses	240,938	2	200,782	2
6450	Impairment (gain) loss determined in accordance with IFRS 9 (note 6(d))	17,153	-	(587)	-
		1,190,155	11	959,212	10
	Net operating income	149,374	2	784,117	8
	Non-operating income and expenses(note 6(ab)):				
7100	Interest income	10,439	-	8,043	-
7010	Other income and expenses(note 7)	66,571	(2)	207,480	2
7020	Other gains and losses(note 6(j))	(26,543)	-	16,076	-
7050	Finance costs(note 6(r))	(91,106)	1	(66,955)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method(note 6(g))	13,728	-	-	-
		(26,911)	(1)	164,644	2
7900	**Profit before income tax**	122,463	1	948,761	10
7950	Income tax expenses(note 6(v))	(96,389)	(1)	220,456	3
	Profit	218,852	2	728,305	7
8300	**Other comprehensive income (note 6(w)):**				
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	38,290	-	5,766	-
8367	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	(603)	-	729	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
8300	**Other comprehensive income for the year, net of tax**	37,687	-	6,495	-
8500	**Total comprehensive income for the year**	**$ 256,539**	**2**	**734,800**	**7**
	Profit attributable to:				
8610	Owners of parent	$ 185,933	2	626,024	6
8620	Non-controlling interests(note 6(i))	32,919	-	102,281	1
		$ 218,852	**2**	**728,305**	**7**
	Comprehensive income (loss) attributable to:				
8710	Owners of parent	$ 213,401	2	629,666	6
8720	Non-controlling interests(note 6(i))	43,138	-	105,134	1
		$ 256,539	**2**	**734,800**	**7**
	Earnings per share(NT dollars)(note 6(y))				
9750	**Basic earnings per share**	**$ 2.01**		**6.82**	
9850	**Diluted earnings per share**	**$ 1.93**		**6.81**	

See accompanying notes to consolidated financial statements.

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

Swancor Holding Company Limited and subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
			Retained earnings				Other equity interest						
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2020	935,046	3,051,684	128,393	329,957	1,195,646	1,653,996	(417,986)	(4,491)	(422,477)	(113,945)	5,104,304	467,965	5,572,269
Profit for the year	-	-	-	-	626,024	626,024	-	-	-	-	626,024	102,281	728,305
Other comprehensive income for the year	-	-	-	-	-	-	2,913	729	3,642	-	3,642	2,853	6,495
Total comprehensive income for the year	-	-	-	-	626,024	626,024	2,913	729	3,642	-	629,666	105,134	734,800
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	82,485	-	(82,485)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	92,520	(92,520)	-	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(368,014)	(368,014)	-	-	-	-	(368,014)	-	(368,014)
Purchase of treasury share	-	-	-	-	-	-	-	-	-	(66,341)	(66,341)	-	(66,341)
Share-based payment transactions	-	42,548	-	-	-	-	-	-	-	113,945	156,493	6,544	163,037
Generated the difference of the equity due to non-proportional investment in subscribing new shares	-	(153,456)	-	-	-	-	-	-	-	-	(153,456)	153,456	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	379,846	379,846
Balance at December 31, 2020	$ 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
Balance at January 1, 2021	$ 935,046	2,940,776	210,878	422,477	1,278,651	1,912,006	(415,073)	(3,762)	(418,835)	(66,341)	5,302,652	1,112,945	6,415,597
Profit for the year	-	-	-	-	185,933	185,933	-	-	-	-	185,933	32,919	218,852
Other comprehensive income for the year	-	-	-	-	-	-	28,071	(603)	27,468	-	27,468	10,219	37,687
Total comprehensive income for the year	-	-	-	-	185,933	185,933	28,071	(603)	27,468	-	213,401	43,138	256,539
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	62,603	-	(62,603)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	(3,642)	3,642	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(323,766)	(323,766)	-	-	-	-	(323,766)	-	(323,766)
Treasury share transfer to employees	-	7,278	-	-	-	-	-	-	-	19,040	26,318	830	27,148
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(28,543)	(28,543)
Due to recognition of equity component of convertible bonds issued	-	213,351	-	-	-	-	-	-	-	-	213,351	-	213,351
Adjustment to capital surplus due to non-proportional investment	-	135	-	-	-	-	-	-	-	-	135	(135)	-
Balance at December 31, 2021	$ 935,046	3,161,540	273,481	418,835	1,081,857	1,774,173	(387,002)	(4,365)	(391,367)	(47,301)	5,432,091	1,128,235	6,560,326

See accompanying notes to consolidated financial statements.

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

Swancor Holding Company Limited and subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

		2021	2020
Cash flows from (used in) operating activities:			
Profit before tax	$	122,463	948,761
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		197,336	157,790
Amortization expense		4,269	3,888
Expected credit loss (gain)		17,153	(587)
Net gains on financial assets or liabilities at fair value through profit or loss		(893)	(198)
Interest expense		91,106	66,955
Interest income		(10,439)	(8,043)
Dividend income		(56,280)	(157)
Share-based payment transactions		8,108	49,092
Share of profit of associates and joint ventures accounted for using equity method		(13,728)	-
(Gain) loss on disposal of property, plant and equipment		(972)	473
Gain on disposal of investments		(4,394)	(4,408)
(Increase) decrease in cash surrender value of life insurance		(1,105)	2,016
Amortization of deferred income		(2,034)	-
Total adjustments to reconcile profit		228,127	266,821
Changes in operating assets and liabilities:			
Changes in operating assets:			
Decrease (increase) in notes receivable		484,454	(978,091)
Decrease (increase) in accounts receivable		478,487	(1,533,304)
Decrease (increase) in other receivables		84,279	(200)
Decrease in other receivable due from related parties		5,617	603,808
Increase in inventories		(220,885)	(404,892)
Decrease (increase) in prepayments		132,396	(93,270)
Decrease in prepaid pension cost-non current		-	141
(Increase) decrease in operating assets		(16,662)	18,433
Total changes in operating assets		947,686	(2,387,375)
Changes in operating liabilities:			
Increase in notes payable		108,992	265,556
(Decrease) increase in accounts payable		(980,436)	1,616,482
Increase in accounts payable to related parties		29,523	-
Increase (decrease) in other payables		14,084	(53,179)
Increase in other operating liabilities		57,006	510
Total changes in operating liabilities		(770,831)	1,829,369
Total changes in operating assets and liabilities		404,982	(291,185)
Cash inflow generated from operations		527,445	657,576
Interest received		10,840	8,043
Dividends received		56,280	157
Interest paid		(83,843)	(65,160)
Income taxes paid		(65,179)	(156,153)
Net cash flows (used in) from operating activities		445,543	444,463
Cash flows from (used in) investing activities:			
Acquisition of current financial assets at fair value through profit or loss		-	(3,176)
Acquisition of non-current financial assets at fair value through other comprehensive income		-	(91,784)
Acquisition of non-current financial assets at fair value through profit or loss		(127,452)	(106,153)
Proceeds from disposal of current financial assets at fair value through profit or loss		4,394	6,589
Acquisition of investments accounted for using equity method		(911,718)	-
Acquisition of property, plant and equipment		(1,093,221)	(458,341)
Proceeds from disposal of property, plant and equipment		6,900	2,036
Decrease (increase) in refundable deposits		1,025	(73)
Acquisition of intangible assets		(3,699)	(1,168)
Increase in prepayments for investments		(65,000)	-
Decrease (increase) in prepayments for business facilities		41,509	(118,941)
Increase in other financial assets		(392,500)	(79,626)
Net cash from investing activities		(2,539,762)	(850,637)
Cash flows from (used in) financing activities:			
Issuance to corporate bond		2,113,308	-
Increase in short-term borrowings		4,173,872	920,943
Decrease in short-term borrowings		(2,662,734)	(537,956)
Proceeds from long-term borrowings		756,715	44,370
Repayments of long-term borrowings		(1,073,919)	(607,600)
Repayments of lease liabilities		(6,769)	(4,944)
Increase in guarantee deposits received		-	583
Increase in deferred income		23,965	-
Cash dividends paid		(323,766)	(368,014)
Payments to acquire treasury shares		-	(66,341)
Proceeds from sale of treasury shares		19,040	113,945
Change in non-controlling interests		(28,543)	379,846
Net cash flows (used in) financing activities		2,991,169	(125,168)
Effect of exchange rate changes on cash and cash equivalents		35,209	9,000
Net increase (decrease) in cash and cash equivalents		932,159	(522,342)
Cash and cash equivalents at beginning of period		1,598,800	2,121,142
Cash and cash equivalents at end of period	$	2,530,959	1,598,800

See accompanying notes to consolidated financial statements.

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

Swancor Holding Company Limited and subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(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 March 11, 2022.

(3) New standards, amendments and interpretations adopted:

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

The Group has initially adopted the new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"
- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

(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, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(Continued)

(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
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

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

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

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

(Continued)

(4) Summary of significant accounting policies

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 consolidated financial statements, the Chinese version shall prevail.

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

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the Financial Supervisory Commission, R.O.C..

(b) Basis of preparation

(i) Basis of measurement

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

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

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

3) The defined benefit asset is recognized as the fair value of the plan assets, less, the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprised of the Company and its subsidiaries. The Group accounted an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that the control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from intra- group transactions, are eliminated in preparing the consolidated financial statements. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Accounting policies of subsidiaries have been adjusted to ensure consistency with the policies adopted by the Group.

Changes in the Group' s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the Group' s share of net assets before and after the change, and any considerations received or paid, are adjusted to or against the Group reserves.

Upon its loss of control, the Company derecognizes the carrying amounts of the assets and liabilities of the subsidiary and non-controlling interests. Any interest retained in the former subsidiary is measured at fair value when control is lost. The gain or loss is measured as the difference between: (i) the aggregate of the fair value of the consideration received and the fair value of any retained non-controlling investment in the former subsidiary at the date when the Company losses control; and (ii) the aggregate of the carrying amount of the former subsidiary' s assets (including goodwill), liabilities and non-controlling interests at the date when the Company losses control. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

(ii) List of subsidiaries in the consolidated financial statements

			Shareholding	
Name of Investor	**Name of Subsidiary**	**Principal activity**	**December 31, 2021**	**December 31, 2020**
Sunwell Holding	Swancor Innovation & Incubation Co., Ltd. (Swancor Innovation & Incubation)	Management consulting	100%	-
Swancor Holding	Sunwell Carbon Fiber Composite Corporation (Sunwell Carbon Fiber Composite)	Producing and selling of carbon	86.42% (Note2~4)	86.42% (Note6)
Swancor Holding	Strategic Capital Holding Ltd. (Strategic)	Investing and holding of subsidiaries	100%	100%
Sunwell Carbon Fiber Composite	Swancor (Jiangsu) Carbon Composites	Producing and selling of carbon	83.89%	83.89%
Strategic	Swancor Ind. Co., Ltd .(Samoa) (Swancor)	Investing and holding of subsidiaries	100%	100%
Strategic	Swancor Advanced Materials Co., Ltd. (Swancor Advanced Materials)	Producing and selling Viny1 Ester Resins and light composite material resins	15.20%	15.20% (Note5)

(Continued)

			Shareholding	
Name of Investor	**Name of Subsidiary**	**Principal activity**	**December 31, 2021**	**December 31, 2020**
Swancor	Swancor Advanced Materials	Producing and selling Vinyl Ester Resins and light composite material resins	64.04%	64.04% (Note5)
Swancor Advanced Materials	Swancor (Tianjin) Wind Blade Materials Co., Ltd. (Swancor (Tianjin))	Producing and selling of energy conservation wind power laminar resins	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%
Swancor Advanced Materials	Swancor (HK) Investment Co., Ltd.(Swancor (HK))	Investing and holding of subsidiaries	100%	100%
Swancor (HK)	Swancor Ind(M) SDN.BHD. (Swancor Ind(M))	Producing and selling Vinyl Ester Resins and light composite material resins	100%	100%
Swancor (HK)	Swancor Highpolymer Co., Ltd. (Swancor Highpolymer)	Producing and selling Vinyl Ester Resins and light composite material resin	100%	100%

Note 1: The original name is Swancor (Shanghai) Fine Chemical Co., Ltd.

Note 2: A resolution was decided during the Board of Directors meeting held on December 31, 2020, to determine whether to repurchase the 600 thousand shares within the period from January 1 to June 30, 2021 at the price of $10 to $10.20 per share, as treasury shares, to transfer to employees in the six months ended June 30, 2021. For the six months ended June 30, 2021, the Group had repurchased 133 thousand of the above shares, resulting in its shareholding ratio to increase from 86.42% to 86.63% and recognized the amount of $346 thousand as capital surplus.

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

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

(Continued)

Note5: On September 28, 2020, Swancor Advanced Materials, had its initial public offering in Shanghai Stock Exchange' s Star Market, wherein 43,200 thousand shares were issued, amounting to $307,846 thousand, for its capital increase. However, the Group failed to invest proportionately in the above capital increase, resulting in its percentage of ownership in Swancor Advanced Material to decrease from 88.75% to 79.24%.

Note6: A resolution was decided during the board meeting held on September 24, 2020 to issue 48,000 thousand new shares for capital increase, at a total value of $480,000 thousand, with the base date set on October 16, 2020. However, the Group failed to subscribe proportionately, resulting in its shareholding ratio to decrease from 100% to 86.42%. The related registration procedures for the above transaction had been approved by the Department of Commerce of the Ministry of Economic Affairs on November 23, 2020.

Subsidiaries excluded from consolidation: None.

(iii) Changes in ownership of subsidiaries from January 1, 2020 to December 31, 2021 were as follow：

The Group invested the amount of $408,000 thousand in its subsidiary, Sunwell Carbon Fiber Composite, on October 16, 2020; and the registration procedures had been completed.

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

(d) Foreign currency

(i) Foreign currency transaction

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

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

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

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

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

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

(ii) Foreign operations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(Continued)

(f) Cash and cash equivalents

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

(g) Financial instruments

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

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI); or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- it is contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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2) Fair value through other comprehensive income (FVOCI)

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

3) Fair value through profit or loss (FVTPL)

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

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

4) Impairment of financial assets

The Group recognizes its loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, guarantee deposit paid and other financial assets).

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

- debt securities that are determined to have low credit risk at the reporting date；and

- other debt securities and bank balances for which the credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

The Group considers a financial asset to be in default when the financial asset is more than 360 days past due or the debtor is unlikely to fully pay its credit obligations to the Group.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade which is considered to be twA or higher per Taiwan Ratings' .

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

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

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

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

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

- significant financial difficulty of the borrower or issuer；
- a breach of contract such as a default or being more than 360 days past due；；

(Continued)

- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider；

- it is probable that the borrower will enter bankruptcy or other financial reorganization；or

- the disappearance of an active market for a security because of financial difficulties.

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

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

5) Derecognition of financial assets

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

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

ii) Financial liabilities and equity instrument

1) Classification of debt or equity

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

2) Equity instrument

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

(Continued)

3) Treasury shares

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

4) Compound financial instruments

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

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

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

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

5) Financial liabilities

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

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

6) Derecognition of financial liabilities

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

(Continued)

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

7) Offsetting of financial assets and liabilities

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

8) Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortized cost changed as a result of interest rate benchmark reform, the Group will update the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

– the change is necessary as a direct consequence of the reform; and

– the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group will first update the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. Thereafter, the Group will apply applied the policies on accounting for modifications to the additional changes.

(iii) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

The Group designates certain hedging instruments (which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk) as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

(Continued)

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under ‘other equity —gains (losses) on hedging instruments’, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. Furthermore, if the Group expects that some or all of the loss accumulated in other equity will not be recovered in the future, that amount is immediately reclassified to profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. The discontinuation is accounted for prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item’s cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted-average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(Continued)

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less, any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any change of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share. Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(j) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent cost

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

(iii) Depreciation

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

Land is not depreciated.

(Continued)

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

1) Buildings and structures: 5~25 years

2) Machinery and equipment: 4~15 years

3) Transportation equipment: 5~9 years

4) Other equipment: 2~13 years

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

Components	Useful Lives	Components	Useful Lives
Buildings and structures	25years	Machinery and equipment	15years
Electrical power equipment	20years	Power distribution project	15years
Improvement construction	20years	Piping construction	5~10 years
Fire protection engineering	20years		

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

(k) Lease

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

(i) As a lease

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

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

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

(Continued)

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

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

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

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

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

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

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

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

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

4) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an extension or termination option; or

5) there are any lease modifications.

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

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

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

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

From January 1, 2021, when the basis for determining future lease payments changes as required by interest rate benchmark reform, the Group will remeasure the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

(Continued)

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

(ii) As a lessor

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

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘other income’.

(l) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

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

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

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

(Continued)

1) Technique: 5 years

2) Computer software: 2~10 years

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

(m) Impairment of non-financial assets

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

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

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

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

(n) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods

The Group manufactures and sells precision chemical materials, Vinyl Easter Resins and light composite material resins to composite material manufacturers. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(Continued)

2) Labor services

The Group provides enterprise management services. Revenue from providing services is recognized in the accounting period in which the services are rendered. In addition, the contract includes a variable consideration for the reward payment, wherein the Company will use the most likely amount to estimate the reward payment and will only recognize the revenue within the scope of the high probability that no significant reversal will occur. Therefore, the amount of revenue recognized at the beginning of the contract may be lower than the current recognized amount.

In case of fixed-price contracts, the customer pays the fixed amount based on the payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

3) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(ii) Contract costs

1) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

i) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

(Continued)

ii) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

iii) the costs are expected to be recovered.

For general and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations(or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(o) Government grants and government assistance

The Group recognizes an unconditional government grant related to a biological asset in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

Government assistance in the form of a guarantee from the government for loans from financial institutions was considered to calculate in market interest rate. The difference of the amount was recognized as deferred income and the deferred income was shared to other income based on complete planning in the loan period.

(p) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

The Group’ s net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

(Continued)

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

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

(q) Share-based payment

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

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

(r) Income taxes

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

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

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

(Continued)

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

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

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

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

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

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

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

1) the same taxable entity; or

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

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

(s) Earnings per share

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

(Continued)

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may incur revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

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

(a) The loss allowance of accounts receivable

The Group has estimated the loss allowance of accounts receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. For relevant assumptions and input values, please refer to note 6(d).

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6(f) for further description of the valuation of inventories.

The Group strives to use the market observable inputs when measuring its assets and liabilities. Different levels of fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

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

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

(Continued)

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

(6) Explanation of significant accounts:

(a) Cash and Cash Equivalents

		December 31, 2021	December 31, 2020
Petty cash and cash on hand	$	631	541
Demand deposits		1,567,320	1,592,459
Time deposits		963,008	5,800
Cash and cash equivalents in the consolidated statement of cash flow	$	2,530,959	1,598,800

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

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

		December 31, 2021	December 31, 2020
Mandatorily measured at fair value through profit or loss：			
Secured convertible corporate bonds-call and put provision	$	1,500	-
Non-derivative financial assets-			
Stocks listed on domestic markets		2,005	2,012
Stocks unlisted on domestic markets		664,094	536,642
Total	$	667,599	538,654
Financial liabilities mandatorily measured at fair value through profit or loss：			
Unsecured convertible corporate bonds-call and put provision	$	4,700	-

On August 26, 2021, January 22 and March 20, 2020, Swancor Renewable Energy issued new stocks for capital increase by cash. The Group purchased its new shares amounting to $127,452 thousand, $102,978 thousand and $3,175 thousand, respectively.

During 2021, the dividends of $55,854 thousand, related to equity investments at fair value through profit or loss held in 2021, were recognized as operating revenues.

The amount of profit or loss which are recognized at fair value please refer to note 6 (r) and (ab).

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

		December 31, 2021	December 31, 2020
Debt investments at fair value through other comprehensive income			
Corporate bonds	$	41,946	43,963
Equity investments at fair value through other comprehensive income			
Domestic unlisted Company - Gigantex Composite Technologies Co., Ltd.		25,031	25,031
Domestic on listed Company - WT Microelectronics Co., Ltd		48,950	48,550
Domestic unlisted Company - Promix Composites, Inc.		-	-
Domestic unlisted Company - Ideal Star International Corp.		-	-
	$	73,981	73,581
Total	**$**	**115,927**	**117,544**

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 December 31, 2021 and 2020.

For the year ended December 31,2021, the dividends of $426 thousand, related to equity investments at fair value through other comprehensive income held on the years then ended, were recognized as operating revenues.

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

The financial assets at fair value through other comprehensive income of the Group had been pledged as collateral as of December 31, 2021 and 2020. Please refer to note 8.

3.The amounts of other comprehensive profit or loss which were recognized at fair value in 2021 and 2020 were $(603) thousand and $729 thousand.

(Continued)

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

		December 31, 2021	December 31, 2020
Notes receivable from operating activities	$	1,275,034	1,323,390
Note receivable - fair value through other comprehensive income		861,615	1,297,710
Less: Loss allowance		(1,862)	(276)
	$	2,134,787	2,620,824
Accounts receivable - measured as amortized cost	$	2,954,619	3,433,672
Less: Loss allowance		(53,151)	(38,147)
	$	2,901,468	3,395,525

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 applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables on December 31, 2021 and 2020. 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 December 31, 2021 and 2020 were determined as follows:

		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

(Continued)

	December 31, 2020		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 5,960,579	0.11%	3,560
Overdue 1 to 90 days	53,660	0.26%	137
Overdue 91 to 180 days	6,308	8.58%	541
Overdue 181 to 270 days	47	14.89%	7
Overdue 271 to 360 days	-	- %	-
Overdue more than 361 days	1,412	100%	1,412
Total	**$ 6,022,006**		**5,657**

The loss allowance provision from the other group as of December 31, 2021 and 2020 were determined as follows:

	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**

	December 31, 2020		
	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	32,766	100%	32,766
Total	**$ 32,766**		**32,766**

(Continued)

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

	December 31, 2021	December 31, 2019
Balance on January 1 per IFRS 9	$ 38,423	161,398
Impairment losses recognized	17,153	-
Impairment losses reversed	-	(587)
Amounts written off	-	(121,997)
Foreign exchange losses	(563)	(391)
Balance on December 31	**$ 55,013**	**38,423**

The notes and accounts receivable of the Group had not been pledged as collateral as of December 31, 2021 and 2020.

As of December 31, 2021 and 2020, the Group sold its notes receivable without recourse as follows:

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%	〃
China CITIC Bank	86,830	-	86,830	2.41%	〃
China CITIC Bank	150,382	-	150,382	2.44%	〃
China CITIC Bank	120,550	-	120,550	2.41%~2.44%	〃
China CITIC Bank	13,025	-	13,025	2.40%	〃
	$ 672,426	-	672,426		

December 31, 2020

Purchaser	Assignment Facility	Factoring Line	Advanced Amount	Range of Interest Rate	Significant Transferring Terms
China CITIC Bank	$ 188,877	-	188,877	2.95%	Bill by delivery
China CITIC Bank	107,646	-	107,646	2.50%	〃
China CITIC Bank	215,291	-	215,291	2.35%~2.57%	〃
China CITIC Bank	220,024	-	220,024	3.00%~3.10%	〃
China CITIC Bank	34,447	-	34,447	3.00%	〃
China CITIC Bank	17,223	-	17,223	3.17%	〃
	$ 783,508	-	783,508		

The Group transferred $802,041 thousand $717,229 thousand of trade receivables to an unrelated third party as of December 31, 2021 and 2020. 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 December 31, 2021 and 2020, the notes receivable for the transfer of endorsements that have not yet expired were $861,615 thousand and $1,297,710 thousand respectively, which did not meet the conditions for financial assets had not derecognized.

(e) Other receivables (Including Related Parties)

		December 31, 2021	December 31, 2020
Other accounts receivable— Cash dividends from Swancor Renewable Energy	$	-	5,617
Other accounts receivable— equity sale price to Swancor Renewable Energy		-	83,653
Other accounts receivable		1,012	1,638
	$	1,012	90,908

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

(f) Inventories

		December 31, 2021	December 31, 2020
Raw materials	$	767,313	533,628
Finished goods		450,526	461,939
Goods		18,630	13,717
Inventory in transit		-	6,300
	$	1,236,469	1,015,584

The cost of goods sold were as follows：

		For the year ended December 31,	
		2021	2020
Inventory that has been sold	$	9,341,385	8,096,197
Write-down and slow moving of inventories		(19,452)	23,534
Loss on physical inventory		2,364	2,361
Loss on inventory retired		46,474	2,479
	$	9,370,771	8,124,571

As of December 31, 2021 and 2020, the Group did not provide any inventories as collateral for its loans.

(Continued)

(g) Investments accounted for using 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:

	December 31, 2021
Associates	$ 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 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%

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

	December 31, 2021
Carrying amount of individually insignificant associate's equity	$ 925,446

	2021
Attributable to the Group:	
Net income	$ 13,728

(ii) Collaterals

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

(Continued)

(h) Loss control of subsidiaries

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

Since the share price had fluctuated from $717,721 thousand to $2,959,604 thousand (USD23,019 thousand to USD94,920 thousand), the Group recognized a gain of $482,054 thousand based on the most likely price of $717,721 thousand.

The amount of $83,653 thousand that has yet to be collected had been recognized as other receivable as of December 31, 2020 and received in 2021.

(i) Material non-controlling interests of subsidiaries

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

		Percentage of non- controlling interests	
Subsidiaries	**Main operation place**	**2021.12.31**	**2020.12.31**
Swancor Advanced Materials	China	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:

	December 31, 2021	**December 31, 2020**
Current assets	$ 2,603,108	2,729,256
Non-current assets	3,835,515	3,057,837
Current liabilities	(1,864,287)	(1,199,239)
Non- current liabilities	-	-
Net assets	$ 4,574,336	4,587,854
Non-controlling interests	$ 949,632	952,439

(Continued)

		2021	2020
Sales revenue	$	3,725,480	2,510,416
Net income	$	76,892	534,674
Other comprehensive income		(16,575)	(11,598)
Comprehensive income	$	60,317	523,076
Profit, attributable to non-controlling interests	$	15,963	69,128
Comprehensive income, attributable to non-controlling interests	$	12,522	67,244
Net cash flows from operating activities	$	496,552	(156,454)
Net cash flows from investing activities		(976,059)	(81,214)
Net cash flows from financing activities		306,625	307,846
Net loss in cash and cash equivalents	$	(172,882)	70,178
Dividend paid to non-controlling interest	$	(28,543)	-

(j) 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 movement of cash surrender value of life insurance were as follows:

		2021	2020
Balance at January 1	$	55,235	57,251
Increase (decrease) in cash value		1,105	(2,016)
Balance at December 31	$	56,340	55,235

(k) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group in 2021 and 2020 were as follows：

		Land	Buildings and Structures	Machinery and Equipment	Other Equipment	Construction in progress and testing equipment	Total
Cost:							
Balance at January 1, 2021	$	484,076	1,064,582	612,741	490,895	120,756	2,773,050
Additions		203,515	208,798	320,200	117,578	234,439	1,084,530
Disposals		-	-	(7,778)	(19,102)	-	(26,880)
Reclassification		88,996	66	59,190	9,649	(110,967)	46,934
Effect of movements in exchange rates		-	2,170	2,059	2,392	(13)	6,608
Balance at December 31, 2021	$	776,587	1,275,616	986,412	601,412	244,215	3,884,242

(Continued)

	Land	Buildings and Structures	Machinery and Equipment	Other Equipment	Construction in progress and testing equipment	Total
Balance at January 1, 2020	$ 239,306	1,003,386	556,540	363,787	99,588	2,262,607
Additions	244,770	62,399	60,761	119,939	30,990	518,859
Disposals	-	(202)	(3,579)	(6,799)	(404)	(10,984)
Reclassification	-	1,255	(270)	13,233	(9,494)	4,724
Effect of movements in exchange rates	-	(2,256)	(711)	735	76	(2,156)
Balance at December 31, 2020	**$ 484,076**	**1,064,582**	**612,741**	**490,895**	**120,756**	**2,773,050**
Depreciation and impairment loss:						
Balance at January 1, 2021	$ -	342,403	277,886	285,565	-	905,854
Depreciation for the year	-	56,849	57,522	70,846	-	185,217
Disposals	-	-	(4,467)	(16,485)	-	(20,952)
Reclassification	-	48	21	1	-	70
Effect of movements in exchange rates	-	1,555	1,167	1,521	-	4,243
Balance at December 31, 2021	**$ -**	**400,855**	**332,129**	**341,448**	**-**	**1,074,432**
Balance at January 1, 2020	$ -	289,093	236,915	239,221	-	765,229
Depreciation for the year	-	53,067	43,104	51,630	-	147,801
Disposals	-	(202)	(2,455)	(5,818)	-	(8,475)
Reclassification	-	-	(11)	49	-	38
Effect of movements in exchange rates	-	445	333	483	-	1,261
Balance at December, 31 2020	**$ -**	**342,403**	**277,886**	**285,565**	**-**	**905,854**
Carrying amounts:						
Balance at December 31, 2021	**$ 776,587**	**874,761**	**654,283**	**259,964**	**244,215**	**2,809,810**
Balance at January 1, 2020	**$ 239,306**	**714,293**	**319,625**	**124,566**	**99,588**	**1,497,378**
Balance at December 31, 2020	**$ 484,076**	**722,179**	**334,855**	**205,330**	**120,756**	**1,867,196**

In effect of the chemical plant explosion accident in Yancheng, Jiangsu province, the subsidiary, Swancor (Jiangsu), has been requested by the Yancheng's Funing government to initiate the security check to mitigate the risk. After communicating with the Funing government, the risk of permanent shut down or close is not existed. The plant has been remodeled and examined by the Yancheng's Funing government county in January 2020, and has already been approved to resume to work in November 14, 2020.

The capitalisation of interest was $9,545 in 2021.

The disclosure of property, plant and equipment purchased from related parties are described in note 7.

As of December 31, 2021 and 2020, property, plant and equipment pledged as collateral for bank loans are described in note 8.

(Continued)

(l) 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:

	Land	Buildings	Transportations	Total
Costs:				
Balance at January 1, 2021	$ 233,043	9,492	2,466	245,001
Additions	-	10,676	-	10,676
Effects of movements in exchange rates	1,102	1	-	1,103
Balance at December 31, 2021	$ 234,145	20,169	2,466	256,780
Balance at January 1, 2020	$ 233,297	43,085	-	276,382
Additions	-	-	2,466	2,466
Reduce	-	(33,593)	-	(33,593)
Effects of movements in exchange rates	(254)	-	-	(254)
Balance at December 31, 2020	$ 233,043	9,492	2,466	245,001
Accumulated depreciation and impairment losses:				
Balance at January 1, 2021	$ 10,032	3,869	480	14,381
Depreciation for the year	5,045	6,252	822	12,119
Effects of movements in exchange rates	51	1	-	52
Balance at December 31, 2021	$ 15,128	10,122	1,302	26,552
Balance at January 1, 2020	$ 5,019	3,905	-	8,924
Depreciation for the year	4,990	4,519	480	9,989
Reduce	-	(4,555)	-	(4,555)
Effects of movements in exchange rates	23	-	-	23
Balance at December 31, 2020	$ 10,032	3,869	480	14,381
Carrying amount:				
Balance at December 31, 2021	$ 219,017	10,047	1,164	230,228
Balance at January 1, 2020	$ 228,278	39,180	-	267,458
Balance at December 31, 2020	$ 223,011	5,623	1,986	230,620

As of December 31, 2021 and 2020, right-of-use assets pledged as collateral for short-term and long-term bank loan and loan limits are described in note 8.

(Continued)

(m) Intangible Assets

The costs of intangible assets, amortization, and impairment loss of the Group in 2021 and 2020 were as follows:

	Technique	Computer software	Total
Costs:			
Balance at January 1, 2021	$ 44,557	46,196	90,753
Additions	154	3,545	3,699
Effect of movement in exchange rates	(1,366)	13	(1,353)
Balance at December 31, 2021	$ 43,345	49,754	93,099
Balance at January 1, 2020	$ 43,904	46,846	90,750
Additions	493	675	1,168
Disposals	-	(1,328)	(1,328)
Effect of movement in exchange rates	160	3	163
Balance at December 31, 2020	$ 44,557	46,196	90,753
Amortization and Impairment Loss:			
Balance at January 1, 2021	$ 40,839	38,791	79,630
Amortization for the year	1,596	2,673	4,269
Effect of movement in exchange rates	(2,120)	12	(2,108)
Balance at December 31, 2021	$ 40,315	41,476	81,791
Balance at January 1, 2020	$ 39,305	37,760	77,065
Amortization for the year	1,533	2,355	3,888
Disposals	-	(1,328)	(1,328)
Effect of loss of control of subsidiary	-	-	-
Effect of movement in exchange rates	1	4	5
Balance at December 31, 2020	$ 40,839	38,791	79,630
Carrying value:			
Balance at December 31, 2021	$ 3,030	8,278	11,308
Balance at January 1, 2020	$ 4,599	9,086	13,685
Balance at December 31, 2020	$ 3,718	7,405	11,123

(Continued)

(i) Amortization

For the years ended December 31, 2021 and 2020, the amortizations of intangible assets were included in the statement of comprehensive income: ：

		2021	2020
Operating costs	$	28	3
Operating expenses		4,241	3,885
	$	4,269	3,888

(ii) Disclosures on pledges

As of December 31, 2021 and 2020, the intangible assets of the Group had not been pledged as collateral.

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

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

		December 31, 2021	December 31, 2020
Other current assets：			
Advanced payments	$	24,032	7,364
Other－current		85,331	84,619
	$	109,363	91,983
Other current financial assets：			
Restricted bank deposits	$	167,915	170,021
Other non-current assets：			
Refundable deposits	$	4,634	5,659
Prepayments for equipment		67,035	155,408
Restricted bank deposits		400,029	5,423
Prepayments for investments		65,000	-
Others-non-current		7,381	8,099
	$	544,079	174,589

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.

For the prepayments for investments, please refer to note 11.

(Continued)

(o) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2021	December 31, 2020
Other loans (note)	$ -	43,058
Unsecured bank loans	2,144,132	651,753
Secured bank loans	148,135	86,318
	$ 2,292,267	**781,129**
Unused short-term credit lines	**$ 1,572,194**	**228,520**
Range of interest rates	**1.00%~5.02%**	**1.30%~5.00%**

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

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

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

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

	December 31, 2021	December 31, 2020
Other payable-salary	$ 122,286	129,303
Other payable-employee bonus	885	7,022
Other payable-director compensation	2,655	14,010
Payables on equipment	75,990	84,681
Other	210,947	171,954
	$ 412,763	**406,970**

	December 31, 2021	December 31, 2020
Temporary receipts	$ 37,998	1,313
Receipts under custody	3,893	3,542
Current deffered revenue	1,040	226
Other	19,514	5,102
	$ 62,445	**10,183**

(Continued)

	December 31, 2021	December 31, 2020
Non-current deferred revenue	$ 30,883	4,139
Receivable deposits	583	583
	$ 31,466	**4,722**

(q) Long-term borrowings

The details of long-term borrowings were as follows:

	December 31, 2021			
	Currency	**Rate**	**Maturity date**	**Amount**
Unsecured bank loans	NTD	1.33%~4.65%	2024/8/23~2028/6/15	$ 120,326
Secured bank loans	NTD	1.35%	2026/3/25	203,515
Other loans (note)	NTD	2.43%~.3.92%	2025/1/22	40,073
				363,914
Less: current portion				(20,187)
Total				**$ 343,727**
Unused long-term credit line				**$ 414,722**

	December 31, 2020			
	Currency	**Rate**	**Maturity date**	**Amount**
First bank and other	NTD	1.8526%	2022/7/21	$ 643,600
Unsecured bank loans	NTD	1.5%	2026/5/3	19,200
Other loans (note)	NTD	3.92%	2025/1/22	21,655
				684,455
Less: current portion				(236,800)
Total				**$ 447,655**
Unused long-term credit line				**$ 187,030**

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

(i) Syndicated loan

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

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

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

(ii) Collateral for long-term borrowings

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

(r) Bonds payable

The details of bonds payable were as follows:

		December 31, 2021
Third secured convertible bonds- domestic	$	1,000,000
Fourth unsecured convertible bonds- domestic		1,000,000
Unamortized discounted corporate bonds payable		(99,094)
Cumulative converted amount		-
Cumulative redeemed amount		-
		1,900,906
Less: current portion		-
Corporate bonds issued balance at year-end	$	1,900,906
Embedded derivative- call and put options, including financial assets at fair value through profit or loss	$	1,500
Embedded derivative- call and put options, including financial liabilities at fair value through profit or loss	$	4,700
Equity component – conversion options, including in capital surplus – stock options	$	213,351
Embedded derivative instruments – call and put rights, including net gain of evaluation in financial asset and liabilities	$	(900)
Interest expense	$	5,049

(Continued)

(i) Swancor Industrial 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 month after the issuance date to ten days before maturity date. (December 28, 2021 to September 27, 2026)

5) Conversion price: As of the issuance date, the conversion price was NT$ 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 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 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 Industrial 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.

10) The Group set up collaterals of issuing corporate bonds with assets, please refer to note 8 for details.

(Continued)

(ii) Swancor Industrial issued its second domestic unsecured convertible bonds on September 28, 2021 and the term of issuance were as follows:

1) Offering amount: $1,000,000 thousand

2) Duration: five years (September 28, 2021 to September 28, 2026)

3) Interest rate: 0%

4) Conversion period: From three month after issuance date to ten days before maturity date. (December 29, 2021 to September 28, 2026)

5) Conversion price: As of the issuance date, the conversion price was NT$ 95 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 Industrial 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 Industrial needs to redeem the bonds by cash upon maturity, except for the bonds that had been converted into shares.

Swancor Industrial separated its equity and liability components as follows:

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

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

(s) Lease liabilities

		December 31, 2021	December 31, 2020
Current	$	8,009	2,358
Non-current	$	3,564	5,307

The amounts recognized in profit or loss was as follows:

		For the year ended December31, 2021	2020
Interest on lease liabilities	$	273	266
Expenses relating to short-term leases	$	15,026	13,060

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

		For the year ended December31, 2021	2020
Total cash outflow for leases	$	22,068	18,270

(i) Real estate leases

As of December 31, 2021 and 2020, 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 one to three year, 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.

(t) Deferred income

		December 31, 2021	December 31, 2020
Government grants	$	31,923	4,365
Current	$	1,040	226
Non-current		30,883	4,139
	$	31,923	4,365

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.

(Continued)

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

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

The building had been used since December- 2021.

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.

(u) Employee benefits

(i) Defined benefit plans

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

2) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets of the Group were as follows:

	2020
Fair value of plan assets at January 1	$ 141
Interest income	6
Contributions paid by the employer	1
Close account	(148)
Fair value of plan assets at December 31	$ -

3) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	2020
Net interest of net assets for the defined benefit obligations	$ (5)
Administration expenses	$ (5)

4) Remeasurement of net defined benefit asset recognized in other comprehensive income

The Group' s remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income for the years ended December 31, 2020, was as follows:

	2020
Accumulated amount at January 1	(3,691)
Carry-over close account during the period	3,691
Accumulated amount at December 31	-

The Company had colsed its account on December 16, 2020.

(ii) Defined contribution plans

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

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $36,906 thousand and $13,309 thousand for the years ended December 31, 2021 and 2020, respectively.

(iii) Short-term compensated absence

The short-term compensated absence for the years ended December 31, 2021 and 2020 were included in other payable with balance of $8,357 thousand and $7,114 thousand, respectively.

(v) Income taxes

(i) Income tax expense

The components of income tax in the years of 2021 and 2020 were as follows:

	2021	2020
Current tax expense		
Current period	$ 28,586	139,944
Adjustment for prior periods	(15,362)	(34,789)
Undistributed earnings additional tax	12,165	17,174
	25,389	122,329

(Continued)

		2021	2020
Deferred tax expense			
Origination and reversal of temporary differences		(121,778)	98,127
Income tax expense excluding tax on sale of discontinued operation	$	(96,389)	220,456

For the years ended December 31, 2021 and 2020, there were no income taxes recognized directly in equity and other comprehensive income.

Reconciliation of income tax and profit before tax 2021 and 2020 were as follows.

		2021	2020
Profit excluding income tax	$	122,463	948,761
Income tax using each Company's domestic tax rate	$	59,330	373,498
Income tax impact of foreign operating entity surplus not expected to be repatriated		(51,243)	(118,393)
Share of profit of subsidiaries accounted for using equity method–domestic		(2,309)	(6,111)
Adjustment in tax rate		(11,251)	(8,221)
Recognition of previously unrecognized tax losses		(5,305)	-
Current-year losses for which no deferred tax asset was recognized		7,035	3,902
Changes in provision in prior periods		(15,362)	(34,789)
Recognition of previously under-estimated deferred tax assets		(8,407)	(6,604)
Recognition of previously over-estimated deferred tax liabilities		(81,042)	-
Undistributed earnings additional tax		12,165	17,174
Total	$	(96,389)	220,456

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

		December 31, 2021	December 31, 2020
Tax effect of deductible Temporary Differences	$	1,920	1,920
The carry foward unused tax losses		8,472	6,742
	$	10,392	8,662

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2021, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

Sunwell Carbon Fiber Composite:

Year of loss	Unused tax loss	Expiry date
2020	$7,185	2030
2021	$18,312	2031

Swancor Innovation & Incubation:

Year of loss	Unused tax loss	Expiry date
2021	$16,862	2031

2) Unrecognized deferred tax liabilities

The consolidated entity is able to control the timing of the reversal of the temporary differences associated with the investments in subsidiaries as at 31 December 2021 and 2020. Also, the management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2021	December 31, 2020
Aggregate amount of temporary differences related to investments in subsidiaries	$ 2,482,505	2,010,221
Unrecognized deferred tax liabilities	$ 496,501	402,044

3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2021 and 2020 were as follows:

Deferred Tax Assets:

	Impairment and obsolescence of inventory	Unrealized profit from subsidiaries	Unrealized foreign exchange loss	Impairment loss of bad debts	The carry forward of unused tax losses	Refund liability	Other	Total
Balance at 1 January 2021	$ 4,638	16,192	3,486	7,409	30,301	-	5,044	67,070
Recognized profit or loss	2,447	(1,397)	(708)	3,790	9,036	1,871	5,865	20,904
Balance at 31 December 2021	$ 7,085	14,795	2,778	11,199	39,337	1,871	10,909	87,974
Balance at 1 January 2020	$ 1,428	16,946	1,942	38,048	50,339	-	3,754	112,457
Recognized profit or loss	3,210	(754)	1,544	(30,639)	(20,038)	-	1,290	(45,387)
Balance at 31 December 2020	$ 4,638	16,192	3,486	7,409	30,301	-	5,044	67,070

(Continued)

Deferred Tax Liabilities:

	Unrealized foreign exchange gain	Recognized foreign investment income in equity method	Other	Total
Balance at 1 January 2021	$ 1,391	100,322	-	101,713
Recognized profit or loss	(1,119)	(100,322)	567	(100,874)
Balance at 31 December 2021	**$ 272**		**567**	**839**
Balance at 1 January 2020	$ 250	48,717	6	48,973
Recognized profit or loss	1,141	51,605	(6)	52,740
Balance at 31 December 2020	**$ 1,391**	**100,322**	**-**	**101,713**

(iii) Assessment of tax

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

	Assessed Year
The Company	2019
Sunwell Crbon Fiber Composite	2019
Swancor Highpolymer	2019
	(2018 has yet to be approved)

(w) Capital and other equity

Swancor Holding Company Limited (the "Company") was incorporated on August 31, 2016 as a Company limited by transferred preference shares from Swancor Industrial Company Limited.

As of December 31, 2021 and 2020, the Company's authorized ordinary shares of 200,000 thousand amounted to $2,000,000 thousand for both years, with a par value of $10 per share.

Its outstanding capital consisted of 93,505 thousand common shares for both years ended December 31, 2021 and 2020.

Reconciliation of shares outstanding for 2021 and 2020 were as follows:

	Ordinary Shares	
(in thousands of shares)	2021	2020
Balance on January 1 (as the same Balance at 31 December)	**$ 93,505**	**93,505**

(Continued)

(i) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2021	December 31, 2020
Share capital	$ 405,127	405,127
Premium on bonds conversion	541,507	541,507
Donation	253	253
Employee share options(overdue and not be executed)	8,151	8,151
Treasury share transactions	107,315	100,472
Expired stock option	41,059	41,059
Difference arising from subsidiary' s share price and its carrying value	1,064,440	1,063,870
Stock transfer(from retained earnings of Swancor)	780,337	780,337
Equity component of convertible bonds recognized in stock option	213,351	-
	$ 3,161,540	2,940,776

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

2) On September 28, 2020, Swancor Advanced Materials, had initial public offering in Shanghai Stock Exchange's Star Market, wherein 43,200 thousand shares were issued, amounting to $307,846 thousand, for its capital increase. However, the Group failed to invest proportionately in the above capital increase, resulting in its percentage of ownership in Swancor Advanced Material to decrease from 88.75% to 79.24%, and causing its equity to also decrease by $149,457 thousand. The related registration procedures had been completed.

3) A resolution was approved during the Board meeting held on September 24, 2020 to it capital increase, wherein 48,000 thousand shares were issued, amounting to $480,000 thousand, the capital increase base date is October 16,2020. However, the Group failed to invest proportionately in the above capital increase, resulting in its percentage of ownership in Sunwell Carbon Fiber Composite to decrease from 100% to 86.42%, and causing the net value of the originally held shares decreased by $3,999 thousand. The related registration procedures had been completed.

4) A resolution was decided during the Board of Directors' meeting held on December 31, 2020 to determine whether to repurchase the 600 thousand shares within the period from January 1 to June 30, 2021 at the price of $10 to $10.20 per share, as treasury shares, to transfer to employees in the six months ended June 30, 2021. For the six months ended June 30, 2021, the Group had repurchased 133 thousand of the above shares, resulting in its shareholding ratio to increase from 86.42% to 86.63% and recognized the amount of $346 thousand as capital surplus.

5) A resolution was decided during the Board of Directors meeting held on August 4, 2021, to determine whether to repurchase the 600 thousand shares within the period from August 4, 2021 to February 4, 2022 at the price of $10 to $10.20 per share, as treasury shares, to transfer to employees in 2021. In 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.

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

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

8) 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.

(iii) Retained earnings

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

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

1) Legal reserve

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

Earnings distribution for 2020 and 2019 were decided by the general meeting of the shareholders held on May 30, 2020 and May 30, 2019 as follows:

	2020		2019	
	Amount per share	**Total amount**	**Amount per share**	**Total amount**
Dividends distributed to ordinary shareholders				
Cash	$ 3.5	323,766	4	368,014

Earnings distribution for 2021 were decided by the general meeting of the shareholders held on March 11, 2021 as follows:

	2021	
	Amount per share	**Total amount**
Dividends distributed to ordinary shareholders		
Cash	$ 1.5	139,187

(iv) Treasury shares

1) In accordance with the requirements under section 28(2) of the Securities and Exchange Act, the Company repurchased 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)

The movement of treasury stock for 2021 was as follows:

Reason for repurchase	Beginning shares	Increase	Decrease	Ending shares
Transfer to employees	1,000	-	287	713

The movement of treasury stock for 2020 was as follows:

Reason for repurchase	Beginning shares	Increase	Decrease	Ending shares
Transfer to employees	1,501	1,000	1,501	1,000

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 June 18, 2020, the Company announced that it will transfer 957 thousand treasury shares to its employees, with the value of $69,153 thousand, wherein the Company will recognize the salary expense, capital surplus and minority interest of $12,046 thousand, $11,441 thousand and $605 thousand, respectively. The transfer of treasury shares had been completed in June 2020.

5) On December 30, 2020, the Company announced that it will transfer 544 thousand treasury shares to its employees, with the value of $44,792 thousand, wherein the Company will recognize the salary expense, capital surplus and minority interest of $37,046 thousand, $31,107 thousand and $5,939 thousand, respectively. The transfer of treasury shares had been completed in January 2021.

6) 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.

(Continued)

7) 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:

	June 18, 2020
	Transfer for employees
Fair value of grant day	$ 84.90
Stock price of grant day	84.90
Strike price	72.26
Expected volatility	34.85%
Expected Life	2
Risk-free interest rate	0.248%

	December 30, 2020
	Transfer for employees
Fair value of grant day	$ 150.5
Stock price of grant day	150.5
Strike price	82.34
Expected volatility	185.00%
Expected Life	1
Risk-free interest rate	0.1258

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

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

(Continued)

(v) 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 2021	$	(415,073)	(3,762)	(418,835)
Exchange differences on foreign operations		28,071	-	28,071
Net change in fair value of investment in debt-instrument at FVIOCI		-	(603)	(603)
Balance at 31 December 2021	$	(387,002)	(4,365)	(391,367)
Balance at 1 January 2020	$	(417,986)	(4,491)	(422,477)
Exchange differences on foreign operations		2,913	-	2,913
Net change in fair value of investments in debt-instrument at FVIOCI		-	729	729
Balance at 31 December 2020	$	(415,073)	(3,762)	(418,835)

(x) Share-based Payments

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

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

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

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

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

		2021	2020
		Number of shares(thousand)	Number of shares(thousand)
Outstanding at 1 January	$	3,047	3,047
Vested		(3,047)	-
Outstanding at 31 December	$	- (Note)	3,047 (Note)

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

(Continued)

(iii) Expense incurred from share-based arrangements:

	2021	2020
Expenses resulting from granted employee share options	$ -	-

(y) Earnings per Share

1 Basic earnings per share

(i) Profit attributable to ordinary shareholders of the Company

	2021	2020
Profit (loss) attributable to ordinary shareholders of the Company	$ 185,933	626,024

(ii) Weighted average number of ordinary shares

	2021	2020
Issued ordinary shares at 1 January	$ 92,505	92,004
Effect of treasury shares hedl	7	(185)
Weighted average number of ordinary shares at 31 December	$ 92,512	91,819

(iii) Basic earning per share

	2021	2020
Basic earning per share	$ 2.01	6.82

2 Diluted earnings per share

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

	2021	2020
Profit attributable to ordinary shareholders of the Company(basic)	$ 185,933	626,024
Effect of dilutive potential ordinary shares		
Interest expense on convertible bonds, net of tax	$ 3,320	-
Profit attributable to ordinary shareholders of the Company (diluted)	$ 189,253	626,024

(Continued)

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

	2021	2020
Weighted average number of ordinary shares (basic)	$ 92,512	91,819
Effect of dilutive potential ordinary shares		
Effect of restricted employee shares unvested (Notes)	18	166
Effect of conversion of convertible bonds	5,397	-
Weighted average number of ordinary shares (diluted)	$ 97,927	91,985

(iii) Diluted earning per share

	2021	2020
Diluted earning per share	$ 1.93	6.81

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.

(z) Revenue from contracts with customers

(i) Disaggregation of revenue

	2021	2020
Primary geographical markets		
Taiwan	$ 911,127	532,507
China	7,165,814	7,697,320
Other	2,633,359	1,638,073
	$ 10,710,300	9,867,900
Major products/services lines		
Anti-corrosion material	$ 3,239,275	2,134,551
Wind blade material	4,881,708	5,467,462
Other	2,589,317	2,265,887
	$ 10,710,300	9,867,900

(Continued)

(ii) Contract balances

		December 31, 2021	December 31, 2020	January 1, 2020
Contract liability-advance payment	$	14,144	8,586	16,535

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

The amount of revenue recognized for the year ended December 31, 2021 and 2020 that was included in the contract liability balance at the beginning of the period were $8,017 thousand and $14,795 thousand, respectively.

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

According to the Company's articles of incorporation, the Company should distribute its remuneration of not less than 1% and not more than 3% of annual profits to its employees and directors respectively, after offsetting accumulated deficits, if any. Employees, including employees of affiliate companies that meet certain conditions, are subject to the abovementioned remuneration, which is to be distributed in stock or cash. The said conditions and distribution method are decided by the Board of Directors or the personnel authorized by the Board of Directors.

For the year ended December 31, 2021 and 2020, the Company estimated its employee remuneration amounting to $885 thousand and $7,022 thousand, and directors' and supervisors' remuneration amounting to $2,655 thousand and $14,010 thousand. 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 during 2021 and 2020. Related information would be available at the Market Observation Post System website. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2021 and 2020.

(ab) Non-operating income and expenses

(i) Interest income

The details of interest income for the years 2021 and 2020 were as follows:

		2021	2020
Interest income from bank deposits	$	8,965	8,043
Interest income from bonds		1,474	-
	$	10,439	8,043

(Continued)

(ii) Other income

The details of other income were as follows:

		2021	2020
Government subsidy	$	54,958	22,314
Dividend income		-	157
Service revenue		-	203,630
Other		11,613	(18,621)
		66,571	**207,480**

The Group acquired service revenue through providing services to associates, please refer to note 7(b).

(iii) Other gains and losses

The details of other gains and losses for the years 2021 and 2020 were as follows:

		2021	2020
Gains on disposal of investments	$	4,394	4,408
Foreign exchange gains (losses)		(32,802)	11,943
Gains (losses) on disposal of property, plant and equipment		972	(473)
Gains on disposal of financial assets (liabilities) measured at fair value though profit or lost		893	198
	$	**(26,543)**	**16,076**

(iv) Finance costs

The details of finance costs for the year 2021 and 2020 were as follows:

		2021	2020
Interest expense-bank loans	$	82,967	65,928
Interest expense-lease liabilities		273	266
Interest expense-bonds		5,049	-
Interest expense-government loans		2,817	761
	$	**91,106**	**66,955**

(Continued)

(ac) Financial instrument

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

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 December 31, 2021 and 2020, the percentage of 16% and 11%, respectively, of accounts receivable were derived from major customers. Thus, the credit risk is significantly centralized.

3) Receivables and debt securities

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

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

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. The Group has no loss allowance provision as of December 31, 2021 and 2020.

(ii) Liquidity risk

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

		Carrying amount	Contractual cash flows	1-12 months	1-2 years	2-5 years	Over 5 years
December 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	-
	$	7,803,806	7,945,103	5,577,738	33,232	2,323,863	10,270

		Carrying amount	Contractual cash flows	1-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2020							
Non-derivative financial liabilities							
Secured loans	$	749,118	765,006	333,661	431,345	-	-
Unsecured loans		651,753	663,950	663,950	-	-	-
Other loans		64,713	70,615	45,211	-	25,404	-
Account payable		4,071,274	4,071,274	4,071,274	-	-	-
Lease liability		7,080	7,874	3,761	3,761	352	-
	$	5,543,938	5,578,719	5,117,857	435,106	25,756	-

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

		December 31, 2021			December 31, 2020		
		Foreign currency	**Exchange rates**	**TWD**	**Foreign currency**	**Exchange rates**	**TWD**
Financial assets							
Monetary items							
USD	$	28,599	27.68	791,620	15,088	28.095	423,897
EUR		13,297	31.32	416,462	14,513	34.54	501,279
Financial liabilities							
Monetary items							
USD		22,807	27.68	631,298	18,628	28.095	523,354
EUR		7,891	31.32	247,146	6,675	34.54	230,555

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts and other receivables, loans and borrowings and accounts and other payables that are denominated in foreign currency. A strengthening (weakening) of 0.5% of the TWD against the USD and EUR as at December 31, 2021 and 2020 would have increased (decreased) the net profit or loss after tax by $1,319 thousand and $686 thousand, respectively.

3) Foreign exchange gain and loss on monetary items

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 years 2021 and 2020, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to $(32,802) thousand and $11,943 thousand, respectively.

(iv) 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 $10,624 thousand and $5,862 thousand for the year ended December 31, 2021 and 2020, respectively. This is mainly due to the Group' s borrowing in variable rates.

(v) Other market price risk

For the years ended December 31, 2021 and 2020, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss with all other variable factors remaining constant as illustrated below:

	For the years ended December 31			
	2021		2020	
Prices of securities at the reporting date	**Other comprehensive income after tax**	**Net income**	**Other comprehensive income after tax**	**Net income**
Increasing 0.5%	$ 245	10	253	10
Decreasing 0.5%	(245)	(10)	(253)	(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:

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

	December 31, 2021				
	Carrying	Fair Value			
	amount	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	$ 667,599	2,005	1,500	664,094	667,599
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	$ 25,031	-	-	25,031	25,031
Stocks unlisted on domestic markets	48,950	48,950	-	-	48,950
Original bonds	41,946	41,946	-	-	41,946
	$ 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 receivable	5,037,267	-	-	-	-
Other financial asset-current	167,915	-	-	-	-
Other financial asset-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 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 (including related parties) and other payable	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

(Continued)

	December 31, 2020				
	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	$ 538,654	2,012	-	536,642	538,654
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	48,550	48,550	-	-	48,550
Original bonds	43,963	43,963	-	-	43,963
Subtotal	$ 117,544	92,513	-	25,031	117,544
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 1,598,800	-	-	-	-
Notes, accounts and other receivables (including related parties)	6,107,257	-	-	-	-
Other financial assets-current	170,021	-	-	-	-
Other financial assets-non-current	5,423	-	-	-	-
Cash surrender value of life insurance	55,235	-	-	-	-
Refundable deposit	5,659	-	-	-	-
Subtotal	7,942,395	-	-	-	-
Total	**$ 8,598,593**	**94,525**	**-**	**561,673**	**656,198**
Financial liabilities measured at amortized cost					
Short-term borrowings (including other loans)	$ 781,129	-	-	-	-
Notes, accounts and other payables	4,071,274	-	-	-	-
Long-term borrowings, current portion	236,800	-	-	-	-
Long-term borrowings (including other loans)	447,655	-	-	-	-
Subtotal	5,536,858	-	-	-	-
Total	**$ 5,536,858**	**-**	**-**	**-**	**-**

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

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

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

3) Valuation techniques for financial instruments measured at fair value

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

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

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

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

4) Transfers between Level 1 and Level 2

There were no transfers from one level to another level in 2021 and 2020.

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, 2021	$ 536,642	25,031
Purchased	127,452	-
Ending Balance on December 31, 2021	**$ 664,094**	**25,031**
Opening balance on January 1, 2020	$ 430,489	25,031
Purchased	106,153	-
Ending Balance on December 31, 2020	**$ 536,642**	**25,031**

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

(Continued)

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

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

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at fair value through profit or loss- equity investments without an active market-Swancor Renewable Energy	Discounted Cash Flow Method	• Cost of equity Ratio (As of December 31, 2021 and 2020 were both 7.22%) • Lack of marketability discount (As of December 31, 2021 and 2020 were both 26.2%)	• the higher the Cost of equity Ratio, the higher the fair value • the higher the lack of marketability discount, the lower the fair value
Financial assets measured at fair value through profit or loss- equity investments without an active market-F I International	Discounted Cash Flow Method	• Cost of equity Ratio (As of December 31, 2021 and 2020 were 6.96% and 7.22%) • Lack of marketability discount (As of December 31, 2021 and 2020 were both 26.2%)	• the higher the Cost of equity Ratio, the higher the fair value • the higher the lack of marketability discount, the lower the fair value
Financial assets at fair value through other comprehensive income (Available-for-sale financial assets) equity investments without an active market-Gigantex Composite Technologies	Public company comparable	• Price-Book Ratio (As of December 31, 2021 and 2020 were 2.12~3.97 and 1.27~2.54, respectively) • Price-to-Sales Ratio(As of December 31,2021 and 2020 were 0.65~1.88 and 0.47~1.90, respectively) • Lack of marketability discount (As of December 31, 2021 and 2020 were both 35.0%)	• the higher the Price-Book Ratio, the higher the fair value • the higher the Price-to-Sales Ratio, the higher the fair value • the higher the lack of marketability discount, the lower the fair value

(Continued)

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:

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

			Profit or loss		**Other comprehensive income**	
	Input value	**Change up or down**	**Favorable**	**Unfavorable**	**Favorable**	**Unfavorable**
December 31, 2020						
Financial assets at fair value through profit or lost						
Equity investments without an active market	$ 536,642	0.5%	2,683	(2,683)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	$ 25,031	0.5%	-	-	125	(125)

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.

(Continued)

(ad) Financial risk management

(i) Overview

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

1) Credit risk

2) Liquidity risk

3) Market risk

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

(ii) Structure of risk management

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

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligations, that arise principally from the Group's accounts receivable from customers and investments securities.

1) Trade and other receivables

The Group established a credit policy to obtain the necessary collateral to mitigate risks arising from financial loss due to default risk. The Group will transact with corporations having credit ratings equivalent to investment grade, and such ratings are provided by independent rating agencies. When it is not possible to obtain such information, the Group will assess the ratings based on other publicly available financial information and records of transactions with its major customers. The Group continuously monitors its exposure to credit risk and counterparty credit ratings, and sets sales limits based on credit rating for each of its approved customer. The credit limits for each counterparty are approved and reviewed annually by the Risk Management Committee.

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

(Continued)

2) Investment

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

(iv) Liquidity risk

The Group manages sufficient cash and cash equivalents to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises its banking facilities to ensure they are in compliance with the terms on loan agreements.

Loans and borrowings from the bank form an important source of liquidity for the Group. As of December 31, 2021 and 2020, the Group's unused short term and long term bank facilities amounted to $2,186,916 thousand and $445,550 thousand, respectively.

(v) Market risk

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

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan (NTD), US Dollars (USD) and Chinese Yuan (CNY). The currencies used in these transactions are the NTD, USD, and CNY.

2) Interest rate risk

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

(ae) Capital management

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

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

(Continued)

The Group and other entities in the similar industry use the debt-to-equity ratio to manage their capital. This ratio is calculated using the total net debt, divided by the total capital. The net debts from the balance sheet is derived from the total liabilities, less, cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity, plus, net debt.

As of December 31, 2021, the Group's capital management strategy is consistent with that of the prior year, and the gearing ratio is maintained within 25% to 55% so as to ensure financing at reasonable cost. The Group's debt-to-equity ratio at the end of the reporting period as at December 31, 2021 and 2020 were as follows:

	December 31, 2021	December 31, 2020
Total liabilities	$ 8,015,982	5,803,635
Less: cash and cash equivalents	2,530,959	1,598,800
Net debt	5,485,023	4,204,835
Total equity	6,560,326	6,415,597
Adjusted equity	$ 12,045,349	10,620,432
Debt-to-equity ratio	46%	40%

(af) 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 years ended December 31, 2021 and 2020, were as follows:

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

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

(iii) For shared-based payments, please refer to notes 6(x).

Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes			
	January 1, 2021	Cash flows	Acquisition	Foreign exchange movement	Amortization	December 31, 2021
Short-term borrowings	$ 738,071	1,554,196	-	-	-	2,292,267
Long-term borrowings (including current portion)	662,800	(335,989)	(3,613)	-	643	323,841
Other loans (including deferred income)	69,078	(308)	3,613	476	(863)	71,996
Lease liabilities (including current portion)	7,665	(6,769)	10,676	1	-	11,573
Bonds payable	-	2,113,308	(217,451)	-	5,049	1,900,906
Total liabilities from financing activities	$ 1,477,614	3,324,438	(206,775)	477	4,829	4,600,583

(Continued)

	January 1,2020	Cash flows	Non-cash changes: Acquisition	Non-cash changes: Foreign exchange movement	Non-cash changes: Amortization	December 31, 2020
Short-term borrowings	$ 398,142	339,929	-	-	-	738,071
Long-term borrowings (including current portion)	1,250,000	(588,400)	-	-	1,200	662,800
Other loans (including current portion)	-	68,228	-	89	761	69,078
Lease liabilities (including current portion)	39,181	(4,944)	(26,572)	-	-	7,665
Total liabilities from financing activities	$ 1,687,323	(185,187)	(26,572)	89	1,961	1,477,614

(7) Related-party transactions:

(a) Names and relationship with related parties

Name of related party	Relationship with the Group
Swancor Renewable Energy Co., Ltd. (Swancor Renewable Energy)	Key management personnel of the Group is Swancor Renewable Energy's director
Anhui Meijia New Materials Co., Ltd. (Meijia New Materials)	Associate of the Group
Jau-Yang, Tsai	Chairman of the Group

(b) Significant transactions with related parties

(i) Purchase

The Group purchase from Related Parties was as follows:

	2021
Associates-Meijia New Materials	$ 29,523

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) Labor income

The Group provide labor service to associates in 2021 and 2020 were as follows:

	2021	2020
Other related parties-Swancor Renewable Energy	$ -	156,010

(iii) Rent income

The Group's rent income due to rent offices to associates in 2021 and 2020 were as follows:

	2021	2020
Other related parties-Swancor Renewable Energy	$ -	2,100

(Continued)

(iv) Property transaction

The Company purchased a parcel of land from its chairman, Mr. JauYang, Tsai, with the total area measuring 70,075.642 square feet, at the price of $244,770 thousand, which had been fully paid on December 31, 2020. The land price was based on the appraisal report of the property appraisal company. Please refer to note 6(k) for details of land changes in the current period.

(v) Receivables from Related Parties

The receivables from associates were as follows:

Account	Relationship	December 31, 2021	December 31, 2020
Other receivables	Other related parties - Swancor Renewable Energy	$ -	5,617

(vi) Payables from Related Parties

The payables from associates were as follows:

Account	Relationship	December 31, 2021
Account payables	Associate - Meijia New Materials	$ 29,523

(c) Key management personnel compensation

Key management personnel compensation comprised the following:

	2021	2020
Short-term employee benefits	$ 29,762	23,513
Post-employment benefits	1,194	850
Other long-term employee benefits	-	-
Termination benefits	-	-
Share-based payments	5,035	-
	$ 35,991	24,363

(Continued)

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2021	December 31, 2020
Land	Bank Loans	$ 537,281	239,306
Buildings	Bank Loans	146,647	195,396
Right-of-use asset	Bank Loans	161,260	150,501
Restricted bank deposit (other financial assets-current)	Bank' s acceptance bill, long-term borrowings, stand by L/C and bank guarantee	167,915	170,021
Restricted bank deposit (other non-current assets)	Guarantee letter of convertible bond and bank loans	400,029	5,423
Domestic on listed Company (non-current financial assets at fair value through other comprehensive income)	Long-term borrowings	-	48,550
		$ 1,413,132	809,197

(9) Commitments and contingencies:

(a) Unrecognized contractual commitments

	December 31, 2021	December 31, 2020
Acquisition of property, plant and equipment	$ 863,705	278,668

(b) Outstanding standby letter of credit

	December 31, 2021	December 31, 2020
Outstanding standby letter of credit	$ 128,242	125,538

(c) Contingencies: None.

(d) Other

The subsidiary, Swancor Advanced Materials, applied for initial public offering on Shanghai Stock Exchange Star Market in January 2020. Swancor Holding, Swancor Industrial, Strategic and Swancor are the shareholders of Swancor Advanced Materials, Swancor Advanced Materials and aforementioned shareholders should provide the related commitments according to the requirements of China Securities Regulatory Commission, Shanghai Stock Exchange and other regulatory commission. Related information of commitments would be available at the Market Observation Post System website.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events:

On December 23, 2021 and February 8, 2022, the Group's subsidiary - Sunwell Carbon Fiber Composites paid $65,000 thousand and 130,000 thousand in advance, respectively. The payments were used for investing COTECH INC. and issuing 130,000 thousand shares of preferred stock with voting rights, resulting in ownership of 80.82% after all the subscription shares were issued, and the Group, therefore, has controls over COTECH INC. The issuance and the registration of the preferred shares had been completed on February 8, 2022.

(12) Other:

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

By function / By item	2021			2020		
	Cost of sales from continuing operations	Operating expenses from continuing operations	Total	Cost of sales from continuing operations	Operating expenses from continuing operations	Total
Employee benefits						
Salary	157,431	289,794	447,225	109,369	305,842	415,211
Labor and health insurance	13,774	22,124	35,898	8,779	16,921	25,700
Pension	16,029	20,877	36,906	3,504	9,800	13,304
Others	10,117	5,962	16,079	6,708	4,816	11,524
Depreciation	109,942	87,394	197,336	55,702	102,088	157,790
Amortization	28	4,241	4,269	3	3,885	3,888

(Continued)

(13) Other disclosures:

(a) Information on significant transactions:

The following is 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	30,000	30,000	-%	2	-	Operating purpose	-		-	2,172,836 (Note 1)	2,172,836 (Note 2)
0	Swancor Holding	Swancor	Other receivables	Yes	CNY 3,600 99,504	USD 1,800 49,824	USD 1,800 49,824	3%	2	-	Operating purpose	-		-	2,172,836 (Note 1)	2,172,836 (Note 2)
0	Swancor Holding	Sunwell Carbon Fiber Composite	Other receivables	Yes	130,000	130,000	65,000	1.6%	2	-	Operating purpose	-		-	814,814 (Note 1)	2,172,836 (note 2)
0	Swancor Holding	Swancor (Jiangsu) Carbon Composites	Other receivables	Yes	USD 4,000 CNY 18,000 304,902	CNY 18,000 78,147	CNY 18,000 78,147	4%	2	-	Operating purpose	-		-	814,814 (note 1)	2,172,836 (note 2)
1	Swancor Highploymer	Swncor Ind (M)	Other receivables	Yes	5,707	-	-	-%	2	-	Operating purpose	-		-	111,224 (note 3)	296,596 (note 3)
2	Sunwell Carbon Fiber Composite	Swancor (Jiangsu) Carbon Composites	Other receivables	Yes	CNY 20,000 87,156	CNY 20,000 86,830	CNY 5,000 21,708	4.5%	2	-	Operating purpose	-		-	98,107 (note 3)	261,619 (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 Swancor Highploymer and Sunwell Carbon Fiber Composite, the amount of endorsements and/or guarantees to subsidiaries of the Group shall not exceed 15% of Swancor Highploymers' and Sunwell Carbon Fiber Composites' net worth. The total amount of endorsements and/or guarantees to subsidiaries of the Group shall not exceed 40% of Swancor Highploymers' and 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)

(ii) Guarantees and endorsements for other parties:

In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company	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
0	Swancor Holding	Swancor (Jiangsu) Carbon Composites	2	2,716,046	920,016	886,398	538,611	-	16.32%	5,432,091	Y	N	Y
1	Swancor Highpolymer	Swancor Ind (M)	1	370,745	27,810	27,680	-	-	3.73%	741,490			
2	Swancor Advanced Materials	Swancor Ind (M)	2	1,372,301	943,665	940,275	30,704	-	41.11%	2,287,168	N	N	N
2	Swancor Advanced Materials	Swancor (Jiangsu)	2	1,372,301	65,367	65,123	30,998	-	2.85%	2,287,168	N	N	Y
2	Swancor Advanced Materials	Swancor (Tianjin)	2	1,372,301	653,670	651,225	317,605	-	28.47%	2,287,168	N	N	Y

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

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

Note3：According to the “Procedure for Loaning of Funds and Endorsements and Guarantees” issued by Swancor Highploymer, the amount of endorsements and/or guarantees to subsidiaries of the Group shall not exceed 50% of Swancor Highploymers' net worth. The total amount of endorsements and/or guarantees to subsidiaries of the Group shall not exceed 100% of Swancor Highploymers’ and Sunwell Carbon Fiber Composites' 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)

(iii) Securities held as of December 31, 2021 (excluding those investments in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Swancor Holding	Stock – 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	9,868	191	0.07%	191	
Swancor Holding	Stock- Tsang Yow Industrial Co., Ltd.		Financial assets at fair value through profit or loss-current	26,000	623	0.03%	623	
Swancor Holding	Stock – Aero Win Technology Corporation		Financial assets at fair value through profit or loss-current	12,000	178	0.02%	178	
Swancor Holding	Stock – KoanHau Technology Co., Ltd.		Financial assets at fair value through profit or loss-current	68,000	1,013	0.09%	1,013	
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	19,845	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	1,000,000	48,950	0.1%	48,950	
Swancor Holding	Stock – Promix Composites, Inc.		Financial assets at fair value through other comprehensive income-non-current	1,500	-	10%	-	
Swancor Holding	Bonds- Dell International L. L. C		Financial assets at fair value through other comprehensive income-non-current	500,000	-	10%	-	
Swancor Holding	Bonds-The Royal Bank of Scotland Group plc		Financial assets at fair value through other comprehensive income-non-current	-	5,990	- %	5,990	
Swancor Holding	Bonds- Dell International L. L. C		Financial assets at fair value through other comprehensive income-non-current	-	6,452	- %	6,452	
Swancor Holding	Bonds-Citigroup Inc.		Financial assets at fair value through other comprehensive income-non-current	-	10,536	- %	10,536	
Swancor Holding	Bonds-AT & T Corporation		Financial assets at fair value through other comprehensive income-non-current	-	7,509	- %	7,509	
Swancor Holding	Bonds-British Petroleum		Financial assets at fair value through other comprehensive income-non-current	-	5,560	- %	5,560	
Swancor Holding	Bonds-Hewlette Packard Company		Financial assets at fair value through other comprehensive income-non-current	-	5,899	- %	5,899	

(iv) Individual securities acquired, or disposed, with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Information on acquisition of real estate with purchase amount exceeding 300 million or 20% of the Company's paid-in capital:.

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information: Owner	Relationship with the Company	Date of transfer	Amount	References for determining price	Purpose of acquisition and current condition	Others
Swancor Holding	Land	2021.10.12	292,511	As of November 31, 2021, $292,511 thousand had been paid	Nantou County Goverment	None	Not appicable	Not appicable	Not appicable	-	Public Bidding	For operating	None
Swancor Holding	Construction in progress	2021.12.31	196,958	According to contract	Truedreams Construction Co., LTD etc.	None	Not appicable	Not appicable	Not appicable	-	Public Bidding	For operating	None

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

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details: Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Transactions with terms different from others: Unit price	Payment terms	Notes/Accounts receivable (payable): Ending balance	Percentage of total notes/accounts receivable (payable)	Note
Swancor Highpolymer	Swancor Advanced Materials	Direct or indirect subsidiaries of the Company	(sales)	(123,370)	(0.92)%	90 Days	Note 1	No difference	15,195	0.40%	
Swancor Advanced Materials	Swancor Highpolymer	Direct or indirect subsidiaries of the Company	Purchase	123,370	0.83%	90 Days	Note 1	No difference	(15,293)	(0.39)%	
Swancor Advanced Materials	Swancor (Tianjin)	Direct or indirect subsidiaries of the Company	(sales)	(1,206,735)	(9.01)%	90 Days	Note 1	No difference	1,764	0.05%	
Swancor (Tianjin)	Swancor Advanced Materials	Direct or indirect subsidiaries of the Company	Purchase	1,206,735	8.08%	90 Days	Note 1	No difference	(1,764)	(0.04)%	
Swancor (Jiangsu)	Swancor Advanced Materials	Direct or indirect subsidiaries of the Company	(sales)	(1,331,247)	(5.76)%	90 Days	Note 1	No difference	155,578	4.06%	
Swancor Advanced Materials	Swancor (Jiangsu)	Direct or indirect subsidiaries of the Company	Purchase	1,331,247	8.92%	90 Days	Note 1	No difference	(155,578)	(3.95)%	
Swancor Advanced Materials	Swancor (Jiangsu)	Direct or indirect subsidiaries of the Company	(sales)	(132,697)	(0.99)%	90 Days	Note 1	No difference	14,381	0.38%	
Swancor (Jiangsu) Carbon Composities	Swancor (Tianjin)	Direct or indirect subsidiaries of the Company	Purchase	132,697	0.98%	90 Days	Note 1	No difference	(14,381)	(0.37)%	
Swancor (Jiangsu)	Swancor (Tianjin)	Direct or indirect subsidiaries of the Company	(sales)	(771,880)	(5.76)%	90 Days	Note 1	No difference	221,803	5.79%	
Swancor (Tianjin)	Swancor (Jiangsu)	Direct or indirect subsidiaries of the Company	Purchase	771,880	5.17%	90 Days	Note 1	No difference	(221,803)	(5.64)%	
Swancor (Tianjin)	Swancor (Jiangsu)	Direct or indirect subsidiaries of the Company	(sales)	(259,055)	(1.93)%	90 Days	Note 1	No difference	-	-%	
Swancor (Jiangsu)	Swancor (Tianjin)	Direct or indirect subsidiaries of the Company	Purchase	259,055	1.74%	90 Days	Note 1	No difference	-	-%	

(Continued)

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

Note2：The transactions have been eliminated upon consolidation

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

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss allowance
					Amount	Action taken		
Swancor(Jiangsu)	Swancor Advanced Materials	Direct or indirect subsidiaries of the Company	155,578	9.41%	-	-	-	-
Swancor (Jiangsu)	Swancor (Tianjin)	Direct or indirect subsidiaries of the Company	221,803	3.91%	-	-	-	-

(ix) Trading in derivative instruments: None.

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counterparty	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	Swancor Advanced Materials	Swancor Highpolyemer	3	Purchase	123,370	The sales prices and payment terms were same as those of sales to third parties.	1.15%
1	Swancor Advanced Materials	Swancor (Jiangsu)	3	Sales	1,206,735	The sales prices and payment terms were same as those of sales to third parties.	11.26%
1	Swancor Advanced Materials	Swancor (Jiangsu)	3	Purchase	1,331,247	The sales prices and payment terms were same as those of sales to third parties.	12.42%
1	Swancor Advanced Materials	Swancor (Jiangsu) Carbon Composities	3	Sales	132,697	The sales prices and payment terms were same as those of sales to third parties.	1.24%
2	Swancor (Tianjin)	Swancor (Jiangsu)	3	Sales	259,055	The sales prices and payment terms were same as those of sales to third parties.	2.42%
2	Swancor (Tianjin)	Swancor (Jiangsu)	3	Purchase	771,880	The sales prices and payment terms were same as those of sales to third parties.	7.20%
3	Swancor (Jiangsu)	Swancor Advanced Materials	3	Purchase	1,206,735	The sales prices and payment terms were same as those of sales to third parties.	11.26%
3	Swancor (Jiangsu)	Swancor Advanced Materials	3	Sales	1,331,247	The sales prices and payment terms were same as those of sales to third parties.	12.42%
3	Swancor (Jiangsu)	Swancor(Tianjin)	3	Sales	771,880	The sales prices and payment terms were same as those of sales to third parties.	7.20%
3	Swancor (Jiangsu)	Swancor(Tianjin)	3	Purchase	259,055	The sales prices and payment terms were same as those of sales to third parties.	2.42%
4	Swancor Highpolymer	Swancor Advanced Materials	3	Sales	123,370	The sales prices and payment terms were same as those of sales to third parties.	1.15%
5	Swancor (Jiangsu) Carbon Composities	Swancor Advanced Materials	3	Purchase	132,697	The sales prices and payment terms were same as those of sales to third parties.	1.24%

Note1：The number filled in as follows:

1) 0 represents the company.

2) Subsidiaries are sorted in a numerical order starting from 1.

Note2：Transactions labeled as follows:

1) 1 represents the transactions form parent company to subsidiaries.

2) 2 represents the transactions from subsidiaries to parent company.

3) 3 represents the transactions between subsidiaries.

(Continued)

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

(b) Information on investees:

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

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

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount: December 31, 2021	Original investment amount: December 31, 2020	Balance as of December 31, 2021: Shares (thousands)	Balance as of December 31, 2021: Percentage of ownership	Balance as of December 31, 2021: Carrying value	Net income (losses)of investee	Share of profits/losses of investee	Note
Swancor Holding	Sunwell Carbon Fiber Composite	R.O.C.	Producing and selling carbon composites	458,000	458,000	45,800	86.42%	564,395	33,409	28,724	Investment Using the Equity Method
Swancor Holding	Strategic	Samoa	Investing and holding	USD 9,601 317,780	USD 9,601 317,780	9,601	100%	3,505,575	USD 1,828 51,164	67,073	Investment Using the Equity Method
Swancor Holding	Swancor Innovation & Incubation	R.O.C	Management consulting	10,000	-	1,000	100%	(6,039)	(17,179)	(17,179)	Investment Using the Equity Method
Strategic	Swancor	Samoa	Investing and holding	USD 7,100 67,073	USD 7,100 233,692	7,100	100%	USD 104,076 2,880,827	USD 1,464 40,986	USD 1,464 40,986	Investment Using the Equity Method
Swancor Advanced Materials	Swancor (HK)	Hong Kong	Investing and holding	USD 21,880 662,997	USD 21,880 662,997	35,650	100%	CNY 212,201 921,266	CNY 7,911 34,332	CNY 7,911 34,332	Investment Using the Equity Method
Swancor (HK)	Swancor Ind. (M)	Malaysia	Chemical products manufacturing and processing	USD 7,820 241,521	USD 7,820 241,521	32,657	100%	HKD 50,516 179,311	HKD 1,726 6,216	HKD 1,726 6,216	Investment Using the Equity Method
Swancor (HK)	Swancor Highpolymer	ROC	Chemical products manufacturing and processing	USD 14,000 415,800	USD 14,000 415,800	41,580	100%	HKD 208,894 741,490	HKD 7,806 28,117	HKD 7,806 28,117	Investment Using the Equity Method

(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/CNY/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, 2021	Investment flows: Outflow	Investment flows: Inflow	Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
Swancor Advanced Materials	Production and selling of Vinyl Ester Resins and light composite material resins	USD 20,677 CNY 348,576 1,834,912	Indirectly owned by the company	USD 2,500 84,071	-	-	USD 2,500 84,071	USD 2,746 76,892	79.24%	USD2,176 60,929	USD 130,950 3,624,704	CNY 131,009 585,878
Wuxi Rongmai Engineering Plastic Co., Ltd.	Producing Engineering plastic used in electronic, electrical engineering and automotive industry	USD 2,100 64,806	Indirectly owned by the company (Note1)	USD 250 8,098	-	-	USD 250 8,098	-	10%	-	-	-
Swancor (Tianjin)	Energy conservation wind power laminar resins' manufacturing and selling	USD 7,000 CNY 5,500 254,376	Indirectly owned by the company	USD 7,000 230,401	-	-	USD 7,000 230,401	CNY (12,246) (53,144)	79.24%	CNY(9,704) (42,111)	CNY 183,245 795,559	-
Swancor (Jiangsu).	Energy conservation wind power laminar resins' manufacturing and selling	CNY 122,500 613,850	Indirectly owned by the company	CNY 76,875 380,892	-	-	CNY 76,875 380,892	CNY 15,361 66,659	79.24%	CNY12,172 52,820	CNY 135,379 587,747	USD -
Meijia New Materials	Producing and selling of powder coating and epoxy resin	CNY 210,000 913,290	Indirectly owned by the company	CNY - -	-	-	CNY - -	CNY 5,692 24,700	18.87%	CNY 2,507 10,878	CNY 168,911 733,323	-
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	CNY 17,557 76,191	72.50%	CNY 14,729 63,920	415,378	-

(Continued)

(ii) Limitation on investment in Mainland China:

Company Name	Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Swancor Holding	USD 2,282	USD 93,545 2,815,863 (Note 3)	3,936,196

Note1：Invested by Ideal Star

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

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

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

(iii) Significant transactions:

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

(d) Major shareholders:

Shareholding Shareholder’s Name	Shares	Percentage
TSAI'S HOLDING CO.,LTD.	10,600,625	11.33%
Jau-Yang, Tsai	8,894,033	9.51%
Fubon Life Insurance Co., Ltd	5,005,000	5.35%

(14) Segment information:

(a) General information

The Group's reportable segment is the Composite Material segment. The Composite Material segment's main operating activities are the manufacturing and selling of Precision chemical materials, energy conservation LED resins and energy conservation wind power laminar resins.

(b) Information about reportable segments and their measurement and reconciliations:

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, but not including any extraordinary activity and foreign exchange gain or losses because taxation, extraordinary activity, and foreign exchange gain or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

The profits and losses, assets, and assets’ information of the Group’s reportable segment are in consistent with the Group’s consolidated financial statements. Please refer to the consolidated balance sheets and the consolidated statements of comprehensive income.

The operating segment accounting policies are similar to those described in note 4.

(c) Product and Service information

Revenue from the external customers of the Group was as follows:

Product and services	2021	2020
Anti-corrosion material	$ 3,239,275	2,134,551
Wind blade material	4,881,708	5,467,462
Others	2,589,317	2,265,887
Total	$ 10,710,300	9,867,900

(Continued)

(d) Geographic information

In presenting the information on the basis of geography, segment revenue is based on the geographical location of customers and segment non-current assets are based on the geographical location of the assets.

Geographical information		2021	2020
Revenue from external customers :			
Taiwan	$	911,127	532,507
China		7,165,814	7,697,320
Other countries		2,633,359	1,638,073
	$	**10,710,300**	**9,867,900**
		December 31, 2021	**December 31, 2020**
Non-current assets：			
Taiwan	$	1,372,263	871,684
China		1,613,068	1,271,888
Other countries		140,431	128,874
	$	**3,125,762**	**2,272,446**

Non-current assets include property, plant and equipment, right-of-use asset, intangible assets, and other assets, excluding financial instruments, refundable deposits, other financial assets, prepaid pension cost, and deferred tax assets.

(e) Major Customers

		2021	2020
customer (A) of composite material division	**$**	**1,359,671**	**1,337,512**

VI. Impact on the Company's financial status due to financial difficulties experienced by the Company and its affiliates during the last fiscal year up to the publication date of this Annual Report: None.

Chapter 7. Financial Position and the Review and Analysis of Financial Performance and Risk

I. Financial Status

Unit: NT$ thousands

Item \ Year	2020	2021	Difference	
			Amount	%
Current assets	9,159,213	9,131,102	(28,111)	-
Property, plant and equipment	1,867,196	2,809,810	942,614	50%
Intangible assets	11,123	11,308	185	2%
Other assets	1,181,700	2,624,088	1,442,388	122%
Total asset value	12,219,232	14,576,308	2,357,076	19%
Current liabilities	5,244,238	5,735,480	491,242	9%
Non-current liabilities	559,397	2,280,502	1,721,105	308%
Total liabilities	5,803,635	8,015,982	2,212,347	38%
Equity attributable to shareholders of the parental	5,302,652	5,432,091	129,439	2%
Share capital	935,046	935,046	-	-
Capital surplus	2,940,776	3,161,540	220,764	8%
Retained earnings	1,912,006	1,774,173	(137,833)	(7%)
Other equity interest	(418,835)	(391,367)	27,468	(7%)
Treasury stock	(66,341)	(47,301)	19,040	(29%)
Non-controlling interest	1,112,945	1,128,235	15,290	1%
Total equity	6,415,597	6,560,326	144,729	2%

Reasons for changes in the two periods:

1. The increase of property, plant and equipment compared with that of the previous year , was mainly due to the purchase of land and the construction of the Headquarters Building in the current year.
2. The increase of other assets compared with that of the previous year: was mainly due to the increased investment of NT$925,446 thousand for the affiliated enterprise Meijia New Materials Co., Ltd. and NT$400,029 thousand of guarantee letters for the issuance of conversion corporate bonds.
3. The increase of non-current liabilities and total liabilities compared with that of the previous year: was mainly caused by the issuance of corporate bonds in the current year.
4. The decrease of treasury stocks compared with that of the previous year: 287 pieces were transferred to employees current year

Note: The financial information above has been audited by CPAs.

II. Financial Performance

(I) Analysis of financial performance for the most recent two fiscal years (consolidated financial statements)

Unit: NT$ thousands

Year / Item	2020	2021	Difference	
			Amount	%
Operating revenue	9,867,900	10,710,300	842,400	9%
Gross profit	1,743,329	1,339,529	(403,800)	(23%)
Operating profit (loss)	784,117	149,374	(634,743)	(81%)
Non-operating income and expenses	164,644	(26,911)	(191,555)	(116%)
Net income before tax	948,761	122,463	(826,298)	(87%)
Net income from continuing operations	728,305	218,852	(509,453)	(70%)
Net profit for this period	728,305	218,852	(509,453)	(70%)
Other comprehensive income (net, after tax)	6,495	37,687	31,192	480%
Total comprehensive income	734,800	256,539	(478,261)	(65%)
Net income attributable to shareholders of the parent	626,024	185,933	(440,091)	(70%)
Net income attributable to non-controlling interests	102,281	32,919	(69,362)	(68%)
Total comprehensive income attributable to owners of the parent	629,666	213,401	(416,265)	(66%)
Total comprehensive income attributable to non-controlling interests	105,134	43,138	(61,996)	(59%)
Earnings per share	6.82	2.01	(4.81)	(71%)

Reasons for changes in the two periods:

1. The decrease of operating gross profit and operating profit and loss compared with that of the previous year: was due to the increase of raw material cost in the current year.
2. The decrease of non-operating income and expenditure compared with those of the previous year: were mainly due to the reduction of NT$203,630 thousand on Labor Income.
3. The decrease of net profit before tax, net profit of current period of continuing business units, net profit of the current period, net profit attributable to parent company, total net profit/comprehensive profit and loss attributable to non-controlling interests and earnings per share compared with that of previous year: was mainly due to the above reasons.
4. The increase of other comprehensive profit and loss of the current period compared with that of the previous year:the exchange balance of the financial statements of foreign-operating institutions in current year increased by NT$32,524thousand compared with that of the previous year.

Note: The the amounts in the two years' reports have been audited and certified by the CPA.

(II) Projected sales volume in the following year and its basis:

The Company sales volume was determined based on the market demand, development trend, the customers' operating status and the Company’s current order status, as well as taking into consideration the Company's production capacity. The Company reviews its business plan on a quarterly basis in face of uncertainties in the global economy.

III. Cash Flow

Analysis of changes in cash flow, improvement plans for liquidity shortage, and the liquidity analysis for the coming year:

(I) Analysis of the changes in annual cash flow for the latest fiscal year

Unit: NT$ thousands

Initial cash balance	Net cash flow resulting from operating activities for the entire year Net Cash	Net cash flow from other activities	Sum of cash surplus (Inadequacy)	Remedial measures for cash inadequacy	
				Investment plan	Financing Plans
1,598,800	445,543	486,616	2,530,959	N/A	
(1) Operating activities: Cash flow from operating activities is equivalent to previous year. (2) Investment activities: Mainly from equity investment of building plants , purchasing land to build headquarters, increased purchase of equipment and replacement of equipment. (3) Financing activities:Mainly from issuing corporate bonds, allotting dividends and borrowing bank loans.					

(II) Plan for improving insufficient liquidity: None

(III) Cash liquidity analysis for the coming fiscal year.

Unit: NT$ thousands

Initial cash balance	Net cash flow resulting from operating activities for the entire year Net Cash	Net cash flow from other activities	Sum of cash surplus (Inadequacy)	Remedial measures for cash inadequacy	
				Investment plan	Financing Plans
2,530,959	1,217,086	-1,017,078	2,730,967	N/A	
(1) Operating activities: Mainly due to expected growth of operation scale in 2022. (2) Investment activities: Mainly from construction of headquarters, the increased purchase of equipment and the replacement of equipment. (3) Financing activities: Mainly from the capital increase and issuance of cash dividends.					

IV. Major Capital Expenditures in the Most Recent Year and their Impacts on the Company's Financial and Operations: N/A.

V. Investment policy in the most recent year, main reasons for its profit or loss, improvement plans and investment plan for the coming year: None.

VI. Risk Management:

1. The effect upon the Company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:

Interest rate: The ratio of net interest expense over consolidated pretax profit of the Company and its subsidiaries in 2021 was 65.87%, indicating that fluctuations in interest rates had a certain impact on the consolidated profit of the Company and its subsidiaries. In response to fluctuations in interest rates, the Company and its subsidiaries appointed designated personnel for assessing the interest rates of bank borrowings with reference to fluctuations in market interest rates, with close contacts with the banks, in order to timely evaluate the market interest rates of capital and money markets, and obtain more favorable borrowing rates and reduce the risk of interest rate fluctuations by use of various financial instruments (such as issuance of convertible bonds or capital increase by cash). To sum up, although the rise in interest rates may affect corporate earnings, the Company and its subsidiaries can reduce the risk of rising interest rates by the use of various financial instruments.

Exchange rate: The consolidated net foreign exchange loss of the Company and its subsidiaries in 2021 was NT$32,802 thousand, accounting for 26.79% of the consolidated pretax profit in 2021. Hence, fluctuations in foreign exchange rates have a certain degree of impact on the consolidated profit of the Company and its subsidiaries. For the exports of the Company and its subsidiaries, pricing and receivables are mostly denominated in USD or RMB, while some are in EUR and JPY. As the major suppliers' payables are paid in USD, some of the foreign-currency accounts receivables can be used to offset foreign-currency accounts payable, achieving the effect of a natural hedge. However, U.S. dollar assets are still higher than U.S. dollar liabilities, and the Company adopted specific measures in response to fluctuations of foreign exchange rates:

(1) For the fund transfer in foreign currency, the payment of foreign exchange expenses shall be from the Company's own foreign exchange income in order to effectively reduce foreign exchange risk.
(2) The Company and its subsidiaries maintain close contact with banks to keep track of changes in the foreign exchange market, and thereby allow relevant managers to make timely adjustments on fluctuations of foreign exchange rates. The payment remittance depends on the actual funding needs and fluctuations of foreign exchange rates. Excess funds will be exchanged into NTD in a timely manner to reduce foreign currency risk exposure.
(3) During the process of pricing, the price will be adjusted with consideration of the impact of fluctuations in foreign exchange rates.
(4) In order to mitigate foreign exchange risk, the Company may adopt investment strategies of financial derivatives for hedging in accordance with its “Procedures for Acquisition or Disposal of Assets” and "Procedures for Processing Derivatives Transactions”, such as forward exchange contracts, which can hedge relevant foreign exchange rate risk, and mitigate the impact of fluctuations in foreign exchange rate on the Company’s profitability.

Inflation: The Company and its subsidiaries constantly track the market price fluctuations, maintaining good interaction with customers and suppliers. Therefore, inflation currently has no direct impact on the Company and its subsidiaries.

2. The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:
   (1) By adhering to the conservatism principles and the concept of pragmatic approach to business operations. The Company and its subsidiaries are focused on the core businesses and have never engaged in high-risk, high-leverage investments.
   (2) In accordance with the “Operational Procedures for Loaning Funds to Others” and “Operational Procedures for Endorsements/Guarantees” approved by the Board of

Directors, the loaning funds to others and endorsements/ guarantees by the Company and its subsidiaries was conducted between the parent and the subsidiaries and between each subsidiary, and no losses have incurred from loaning funds others or endorsements/guarantees thanks to sound and stable operation of the affiliates.

(3) With the financial hedging strategy of hedging the exchange rate risk, the Company and its subsidiaries fully disclose information on relevant transactions in the financial statements in accordance with the Company's "Procedures for Acquisition and Disposal of Assets" and "Procedures for Processing Derivatives Transactions".

3. Research and development work to be carried out in the future, and further expenditures expected for research and development work:

Unit: NT$ thousands

Future Research and Development Plan	Projected investment in R&D in 2022	Future Research and Development Plan	Projected investment in R&D in 2022
Development and Application of High-speed Pultrusion Resin for the Reinforced Core of Fiber Optic Cable	16,800	Prepreg Resin for Battery Cases in New-energy Vehicles	16,800
Development and Application of Winding Resin for Gas Cylinders	21,000	Rail-transit Adhesive (Hive)	12,600
Development and Application of Composite Mould Resin	8,400	Development and Application of Graphite Bipolar-plate Resin	12,600
Prepregs	1,323	Pultruded Carbon Plates	4,638
Series of TP	2,302		

4. Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:

The daily operations of Swancor and its subsidiaries are conducted in accordance with related laws and regulations at home and abroad. The Company also pays attention to the trends and changes of domestic and international policies and regulations to control market changes. In the most recent year, changes in domestic and international policies and regulations have not had a material effect on the Company's financial operations.

5. Effect on the Company's financial operations of developments in science(including the safety risk of information and communication) and technology as well as industrial change, and measures to be taken in response:

The Company and its subsidiaries have kept in track of industrial technologies(including the impact of changes in the safety risk of information and communication), technological developments and changes, and industry trends, with improvements in their R&D capabilities, as well as active expansion of the application areas in the energy saving and environmental protection markets in the future. Therefore, changes in technologies and industries may not have a significant impact on the Company's financial operations.

6. Effect on the Company's crisis management of changes in the Company's corporate image, and measures to be taken in response:

Since its establishment, the Company and its subsidiaries have adhered to the management concept of "Customer service is of utmost importance; Swancor strives for continuous growth; Employees share the enthusiasm and prides in the Company; Environmental protection is our priority", and was committed to maintaining corporate image and core business operations. At present, no corporate crisis has occurred from changes in corporate image.

7. Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken:

In order to improve corporate competitiveness and enterprise value chain, the Company and its subsidiaries will integrate upstream raw materials and expand product applications through strategic investment and mergers and acquisitions, and coupled with long-term talent development strategy to realize the vision of maximizing corporate long-term value and sustainable growth.

8. Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken: None.

9. Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:

   (1) Purchase: In consideration of factors such as price and risk diversification, the Company and its subsidiaries have been negotiating with more than two suppliers for the same raw materials. Furthermore, the Company has signed long-term purchase contracts with major raw material suppliers, with the aim to effectively avoid unstable supply of raw materials. Therefore, there should be no risks on concentrated sources of purchases. Although the raw materials used by the Company and its subsidiaries are mostly petrochemical products, and the production costs are susceptible to fluctuations in international crude oil prices, the Company and its subsidiaries maintained close and cooperative relationship with domestic and overseas raw material suppliers to ensure a stable source of raw materials at a reasonable price. In addition, the Company and its subsidiaries also keep track of the latest information through suppliers, and pays attention to the business cycle and the balance between supply and demand, in order to determine the appropriate time for purchase and inventory adjustment, in the hope to mitigate the impact of international oil price fluctuations.

   (2) Sales: As the Company and its subsidiaries were committed to developing new products and new customers in recent years, the risks on concentrated sources of sales have been gradually reduced, and there should be no more risks on concentrated sources of sales.

10. Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: None. There is no impact of equity transfer or replacement on the Company.

11. Effect upon and risk to Company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: The Company did not experience any change in management up to the date of publication of the annual report.

12. If the Company or its affiliated enterprise has encountered financial difficulties, the impact on the Company's financial condition shall be set forth: None.

13. Litigation or non-litigation events: None.

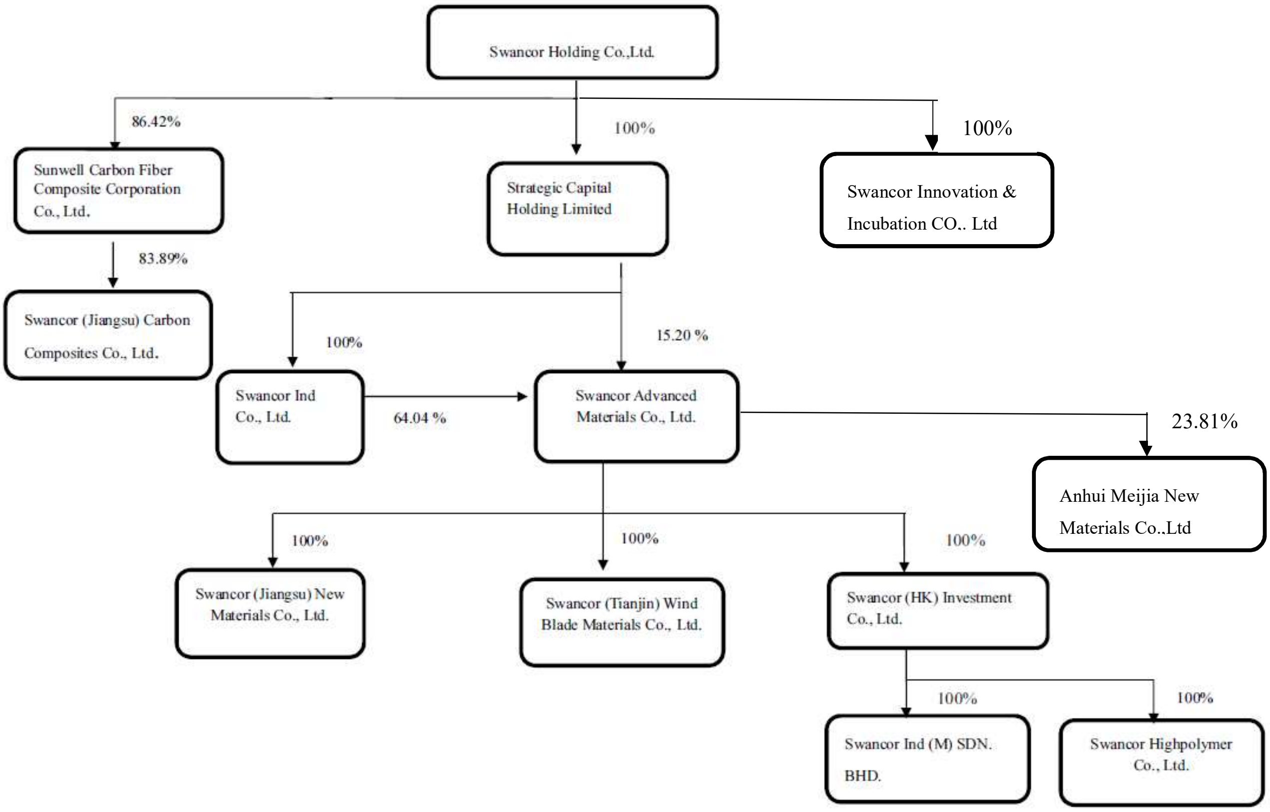
14. Other important risks and corresponding measures: None

VII. Other Important Matters: None.

Chapter 8. Special Disclosures

I. Information on the Company's Associates

(I) Organizational Structure of Affiliates



Note 1: On April 19, 2021, the investment of NT$10,000 thousand was increased to subsidiary company- Swancor Innovation &Incubation Co., Ltd., and relevant registration has been completed.
Note 2: On April 29, 2021 , the investment of NT$ 925,446 thousand was increased to the affiliated enterprise- Anhui Meijia New Materials Co., Ltd., and relevant registration has been completed.
Note 3: This is the information as of December 31, 2021.

2. Basic information of associates

December 31, 2021
Unit: thousands

Name	Date of incorporation	Location	Actual paid-in capital	Primary business
Swancor Innovation & Incubation Co., Ltd.	April 16, 2021	Taiwan	NTD 10,000	Management Consultants
Strategic Capital Holding Limited	December 1, 2003	Samoa	USD 9,600	Investment holding
Swancor Ind Co., Ltd	August 11, 2006	Samoa	USD 7,100	Investment holding
Swancor Advanced Materials Co., Ltd.	October 25, 2000	China	RMB 403,200	Production and sale of eco-friendly anti-corrosion resin and lightweight composite resin
Swancor (Tianjin) Wind Blade Materials Co., Ltd.	January 8, 2007	China	RMB 56,547	Production and sale of energy-saving wind turbine blade resin
Swancor (Jiangsu) New Materials Co., Ltd.	October 21, 2014	China	RMB 122,500	Production and sale of energy-saving wind turbine blade resin and eco-friendly anti-corrosion resin
Anhui Meijia New Materials Co.,Ltd..	November 14, 2000	China	RMB 210,000	Production and sales of coating and epoxy resin in powder
Swancor (HK) Investment Co., Ltd.	November 23, 2015	Hong Kong	HKD 170,522	Investment holding
Swancor Highpolymer Co., Ltd.	October 6, 2016	Republic of China	NTD 415,800	Production and sale of eco-friendly anti-corrosion resin and lightweight composite resin
Swancor Ind (M) SDN BHD	October 11, 2013	Malaysia	MYR 32,634	Production and sale of eco-friendly anti-corrosion resin and lightweight composite resin
Sunwell Carbon Fiber Composite Corporation	September 3, 2019	Republic of China	NTD 530,000	Production and sale of carbon fiber composite materials
Swancor (Jiangsu) Carbon Composites Co., Ltd.	October 15, 2015	China	USD 19,000	Production and sale of carbon fiber composite materials

Note: The above mentioned associates do not hold any of the Company's shares.

3. Information on the same shareholders of companies that are considered to have a controlling and subordinate relation: None.

4. Information on directors, supervisors and general managers of affiliates

December 31, 2021

Name	Title	Name or representative	Shareholding	
			Shares	%
Swancor Innovation & Incubation Co., Ltd.	Director	Swancor Holding Co., Ltd. Representative: Jau-Yang Tsai	1,000,000	100%
	Supervisor	Swancor Holding Co., Ltd. Representative:Shu-Hsien Kan		
Strategic Capital Holding Limited	Director	Swancor Holding Co., Ltd. Representative: Jau-Yang Tsai	9,601,250	100%
Swancor Ind Co., Ltd	Director	Strategic Capital Holding Limited (Samoa) Representative: Jau-Yang Tsai	7,100,000	100%
Swancor Advanced Materials Co., Ltd.	Chairman	Swancor Ind Co., Ltd (SAMOA) Strategic Capital Holding Limited Representative: Chao-Yang Tsai	319,517,122	79.24%
	Director	Swancor Ind Co., Ltd (SAMOA) Strategic Capital Holding Limited Representative:Chen,Chi-Shen/ Wang, Ta-Wei		
		Xinjiang Goldwind Sci & Tech Co., Ltd. Representative: LIU,WAN-PING	36,000,000	8.93%
	Independent Director	Hsiang Tsai Chiang / Hsiao-Hsu Yan / Han-Sung Cheng	0	0
Swancor (Tianjin) Wind Blade Materials Co., Ltd.	Chairman	Swancor Advanced Materials Co., Ltd. Representative: Jau-Yang Tsai	(Note 1)	100%
Swancor (Jiangsu) New Materials Co., Ltd.	Chairman	Swancor Advanced Materials Co., Ltd. Representative: Jau-Yang Tsai	(Note 1)	100%
Swancor (HK) Investment Co., Ltd.	Chairman	Swancor Advanced Materials Co., Ltd. Representative: Jau-Yang Tsai	(Note 1)	100%
Swancor Highpolymer Co., Ltd.	Chairman	Swancor (HK) Investment Co., Ltd. Representative: Chung-Chou Tsai	41,580,000	100%
Swancor Ind (M) SDN BHD	Director	Swancor (HK) Investment Co., Ltd. Representative: Chung-Chou Tsai / Tsung-Ting Hsieh	32,656,957	100%
Sunwell Carbon Fiber Composite Corporation	Chairman	Swancor Holding Co., Ltd. Representative: Jau-Yang Tsai	45,800,000	86.24%
	Director	Swancor Holding Co., Ltd. Representative: Shu-Hsien Kan		
	Director	Shi-Wen Yu / Chin-Hsu Hung Hsiao-Yi Tsai	591,000	1.12%
Swancor (Jiangsu) Carbon Composites Co., Ltd.	Chairman	Sunwell Carbon Fiber Composite Corporation Representative: Jau-Yang Tsai	(Note 1)	83.89%
	Director	Sunwell Carbon Fiber Composite Corporation Representative: Chin-Hsu Hung		
	Director	Formosa Plastics (Cayman) Ltd. Representative: Tung-Chin Chi	(Note 1)	16.11%

Note 1: The company is a limited company with no share issued.

5. Overview of business operations of associates

December 31, 2021
Unit: NT$ thousands

Name of Company	Actual paid-in capital	Total asset value	Total liabilities	Net Value	Operating revenue	Operating profit	Net Profit (Loss)
Swancor Innovation & Incubation Co., Ltd.	10,000	31,224	37,263	(6,039)	-	(17,259)	(17,179)
Strategic Capital Holding Limited	317,780	3,578,719	-	3,578,719	-	(48)	51,164
Swancor Ind Co.,Ltd.	233,692	2,932,813	51,986	2,880,827	-	(48)	40,986
Swancor Advanced Materials Co., Ltd.	1,834,912	6,438,623	1,864,287	4,574,336	3,725,480	(35,034)	76,892
Swancor (Tianjin) Wind Blade Materials Co., Ltd.	254,376	3,872,603	2,868,620	1,003,983	3,975,689	(31,049)	(53,144)
Swancor (Jiangsu) New Materials Co., Ltd.	613,850	1,371,288	629,561	741,727	2,182,665	88,706	66,659
Anhui Meijia New Materials Co.,Ltd..	911,712	5,691,810	2,058,317	3,633,493	6,918,697	427,467	273,789
Swancor (HK) Investment Co., Ltd.	662,997	921,266	-	921,266	-	(4,643)	34,332
Swancor Highpolymer Co., Ltd.,	415,800	1,458,903	717,424	741,485	2,907,594	69,731	28,117
Swancor Ind (M) SDN BHD	241,521	269,343	90,032	179,311	253,155	8,702	6,216
Sunwell Carbon Fiber Composite Corporation	530,000	997,002	342,954	654,048	212,313	(50,266)	33,409
Swancor (Jiangsu) Carbon Composites Co., Ltd.	611,313	1,873,889	1,303,456	570,433	1,664,288	39,728	76,191

Note 1: If any related company is a foreign company, its relevant figures shall be presented in NT$ as converted at the exchange rate on the reporting date.

	Closing rate	Average rate
US$1:	NT$ 27.68	NT$ 27.9968

(II) Consolidated Financial Statements of Affiliates:

In 2021 (from January 1, 2021 to December 31, 2021), pursuant to the Regulations Governing Preparation of Consolidated Business Reports Covering Affiliated Enterprises, Consolidated Financial Statements Covering Affiliated Enterprises, and Reports on Affiliations, the entities that must be included in preparing the consolidated financial statements covering affiliated enterprises are entirely the same as those that the International Financial Reporting Standards (IFRS) 10, endorsed by the Financial Supervisory Commission (FSC), requires to be included in preparing the consolidated financial report comprising the parent and its subsidiaries, and if the required disclosures to be made in the consolidated financial statements covering affiliated enterprises are already made in the consolidated financial report comprising the parent and its subsidiaries, then the consolidated financial statements covering affiliated enterprises need not be prepared.

(III) Affiliation report: Not applicable.

II. Private Placement Securities in the Most Recent Year up to the Publication Date of this Annual Report: None.

III. Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Year up to the Date of Publication of this Annual Report: None.

IV. Other Matters that Require Additional Description: None.

Chapter 9. Events with major impacts on shareholder equity or stock price described in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the most recent year up to the date of publication of this Annual Report: None.

Swancor Holding Co., Ltd.

Chairman: Jau-Yang Tsai