

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

Swancor Holding Company Limited

Parent Company Only Financial Statements

With Independent Auditors' Report For the Years Ended December 31, 2024 and 2023

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The independent auditors' 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' report and parent company only financial statements, the Chinese version shall prevail.

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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 sheet as of December 31, 2024 and 2023, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the 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(d) “Investments accounted for using the equity method” to the financial statements.

Description of key audit matter:

The investments in its subsidiaries accounted for using the equity method constitute 62% 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 financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 Tzu-Hsin, Chang.

KPMG

Taipei, Taiwan (Republic of China)
March 6, 2025

Notes to Readers

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

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

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

Balance Sheets

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2024		December 31, 2023				December 31, 2024		December 31, 2023	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 296,518	3	941,881	10	2100	Short-term borrowings (note 6(j))	\$ 50,000	1	-	-
1110	Current financial assets at fair value through profit or loss (note 6(b) and (m))	2,722	-	2,586	-	2120	Current financial liabilities at fair value through profit or loss (note 6(b) and (m))	-	-	436	-
1200	Other receivables	1,856	-	3,452	-	2200	Other payables (note 6(k) and (o))	70,252	1	132,146	2
1210	Other receivables from related parties (note 7)	223,590	2	65,624	1	2220	Other payables to related parties (note 7)	8,877	-	-	-
1410	Prepayments	62,794	1	53,016	-	2230	Current tax liabilities	23,467	-	129,920	1
1479	Other current assets (note 6(i))	1,586	-	1,945	-	2399	Other current liabilities, others (note 6(k))	320	-	320	-
1476	Other current financial assets (note 6(i) and 8)	<u>501,000</u>	<u>6</u>	<u>896,000</u>	<u>10</u>	2321	Bonds payable, current portion (note 6(m) and 8)	-	-	1,516,598	16
Total current assets		<u>1,090,066</u>	<u>12</u>	<u>1,964,504</u>	<u>21</u>	2280	Current lease liabilities (note 6(n))	<u>206</u>	<u>-</u>	<u>2,116</u>	<u>-</u>
Non-current assets:						Total current liabilities		<u>153,122</u>	<u>2</u>	<u>1,781,536</u>	<u>19</u>
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	50,480	1	-	-	Non-Current liabilities:					
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	273,853	3	252,363	3	2530	Bonds payable (note 6(m) and 8)	403,594	4	-	-
1550	Investments accounted for using equity method (note 6(d))	5,578,227	62	5,214,823	56	2540	Long-term borrowings (note 6(l) and 8)	179,000	2	191,220	2
1600	Property, plant and equipment (note 6(f) and 8)	2,031,912	22	1,882,221	20	2570	Deferred income tax liabilities (note 6(p))	7,235	-	34,996	-
1755	Right-of-use assets (note 6(g) and 8)	205	-	2,312	-	2670	Other non-current liabilities, others (note 6(k))	1,299	-	738	-
1780	Intangible assets (note 6(h))	505	-	1,174	-	2580	Non-current lease liabilities (note 6(n))	-	-	172	-
1840	Deferred tax assets (note 6(p))	10,821	-	15,561	-	Total non-current liabilities		<u>591,128</u>	<u>6</u>	<u>227,126</u>	<u>2</u>
1990	Other non-current assets, others (note 6(i))	<u>17,613</u>	<u>-</u>	<u>36,471</u>	<u>-</u>	Total liabilities		<u>744,250</u>	<u>8</u>	<u>2,008,662</u>	<u>21</u>
Total non-current assets		7,963,616	88	7,404,925	79	Equity (note 6(q)):					
						3100	Ordinary shares	1,103,445	12	985,601	11
						3200	Capital surplus (note 6(m))	4,529,989	50	3,570,421	38
						3300	Retained earnings	3,006,603	33	3,307,547	36
						3400	Other equity	(265,941)	(3)	(455,501)	(5)
						3500	Treasury shares	<u>(64,664)</u>	<u>-</u>	<u>(47,301)</u>	<u>(1)</u>
						Total equity		<u>8,309,432</u>	<u>92</u>	<u>7,360,767</u>	<u>79</u>
Total assets		<u>\$ 9,053,682</u>	<u>100</u>	<u>9,369,429</u>	<u>100</u>	Total liabilities and equity		<u>\$ 9,053,682</u>	<u>100</u>	<u>9,369,429</u>	<u>100</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
Swancor Holding Company Limited
Statements of Comprehensive Income
For the years ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue (note 6(b), (c) and (t))	\$ 294,577	100	171,646	100
5000	Operating costs	-	-	-	-
	Gross profit from operations	<u>294,577</u>	<u>100</u>	<u>171,646</u>	<u>100</u>
	Operating expenses (note 6(o), (u) and 7):				
6200	Administrative expenses	115,017	39	80,323	47
6300	Research and development expenses	<u>254</u>	<u>-</u>	<u>404</u>	<u>-</u>
		<u>115,271</u>	<u>39</u>	<u>80,727</u>	<u>47</u>
	Net operating income	<u>179,306</u>	<u>61</u>	<u>90,919</u>	<u>53</u>
	Non-operating income and expenses (note 6(v)):				
7100	Interest income (note 7)	33,913	11	36,898	21
7010	Other income and expenses (note 7)	42,293	14	23,491	14
7020	Other gains and losses (note 6(m))	40,633	14	1,188,087	692
7050	Finance costs (note 6(m) and (n))	<u>(10,264)</u>	<u>(3)</u>	<u>(7,256)</u>	<u>(4)</u>
		<u>106,575</u>	<u>36</u>	<u>1,241,220</u>	<u>723</u>
	Profit before income tax	285,881	97	1,332,139	776
7950	Income tax expenses (note 6(p))	<u>1,792</u>	<u>1</u>	<u>75,640</u>	<u>44</u>
	Profit	<u>284,089</u>	<u>96</u>	<u>1,256,499</u>	<u>732</u>
8300	Other comprehensive income (note 6(q)):				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	4,150	1	(2,100)	(1)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>4,150</u>	<u>1</u>	<u>(2,100)</u>	<u>(1)</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	186,591	63	(70,767)	(41)
8367	Unrealized (losses) gains from investments in debt instruments measured at fair value through other comprehensive income	<u>(1,181)</u>	<u>-</u>	<u>2,549</u>	<u>1</u>
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>185,410</u>	<u>63</u>	<u>(68,218)</u>	<u>(40)</u>
8300	Other comprehensive income, net	<u>189,560</u>	<u>64</u>	<u>(70,318)</u>	<u>(41)</u>
	Total comprehensive income	<u>\$ 473,649</u>	<u>160</u>	<u>1,186,181</u>	<u>691</u>
	Earnings per share (NT Dollars) (note 6(s))				
9750	Basic earnings per share	<u>\$ 2.71</u>		<u>12.88</u>	
9850	Diluted earnings per share	<u>\$ 2.53</u>		<u>11.04</u>	

See accompanying notes to parent company only financial statements.

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

Swancor Holding Company Limited

Statements of Changes in Equity

For the years ended December 31, 2024 and 2023

(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	Unearned compensation	Total	Treasury shares	Total equity
Balance at January 1, 2023	\$ 981,311	3,533,803	292,074	391,367	1,854,698	2,538,139	(333,092)	(14,645)	-	(347,737)	(47,301)	6,658,215
Profit for the year	-	-	-	-	1,256,499	1,256,499	-	-	-	-	-	1,256,499
Other comprehensive income for the year	-	-	-	-	-	-	(70,767)	449	-	(70,318)	-	(70,318)
Total comprehensive income for the year	-	-	-	-	1,256,499	1,256,499	(70,767)	449	-	(70,318)	-	1,186,181
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	90,315	-	(90,315)	-	-	-	-	-	-	-
Special reserve	-	-	-	(43,630)	43,630	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(487,091)	(487,091)	-	-	-	-	-	(487,091)
Conversion of convertible bonds	11	84	-	-	-	-	-	-	-	-	-	95
Issuance of restricted employee stock	4,279	33,167	-	-	-	-	-	-	(37,446)	(37,446)	-	-
Changes in ownership interests in subsidiaries	-	522	-	-	-	-	-	-	-	-	-	522
Share-based payments	-	2,845	-	-	-	-	-	-	-	-	-	2,845
Balance at December 31, 2023	\$ 985,601	3,570,421	382,389	347,737	2,577,421	3,307,547	(403,859)	(14,196)	(37,446)	(455,501)	(47,301)	7,360,767
Balance at January 1, 2024	\$ 985,601	3,570,421	382,389	347,737	2,577,421	3,307,547	(403,859)	(14,196)	(37,446)	(455,501)	(47,301)	7,360,767
Profit for the year	-	-	-	-	284,089	284,089	-	-	-	-	-	284,089
Other comprehensive income for the year	-	-	-	-	-	-	186,591	2,969	-	189,560	-	189,560
Total comprehensive income for the year	-	-	-	-	284,089	284,089	186,591	2,969	-	189,560	-	473,649
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	125,650	-	(125,650)	-	-	-	-	-	-	-
Special reserve	-	-	-	107,764	(107,764)	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(585,033)	(585,033)	-	-	-	-	-	(585,033)
Conversion of convertible bonds	128,254	993,786	-	-	-	-	-	-	-	-	-	1,122,040
Recall of restricted employee stock	(1,940)	1,940	-	-	-	-	-	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	34,750	-	-	-	-	-	-	-	-	-	34,750
Purchase of treasury share	-	-	-	-	-	-	-	-	-	-	(94,186)	(94,186)
Cancellation of treasury share	(8,470)	(68,353)	-	-	-	-	-	-	-	-	76,823	-
Share-based payments	-	(2,555)	-	-	-	-	-	-	-	-	-	(2,555)
Balance at December 31, 2024	\$ 1,103,445	4,529,989	508,039	455,501	2,043,063	3,006,603	(217,268)	(11,227)	(37,446)	(265,941)	(64,664)	8,309,432

See accompanying notes to parent company only financial statements.

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

Swancor Holding Company Limited**Statements of Cash Flows****For the years ended December 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	2024	2023
Cash flows from (used in) operating activities:		
Profit before tax	\$ 285,881	1,332,139
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	40,701	12,171
Amortization expenses	669	781
Interest expense	10,264	7,256
Interest income	(33,913)	(36,898)
Dividend income	(2,059)	(2,049)
Net gains on financial assets or liabilities at fair value through profit or loss	(522)	(1,207,475)
Share of profit of associates and joint ventures accounted for using equity method	(292,518)	(169,597)
Gain on disposal of property, plant and equipment	(905)	(912)
Gain on disposal of intangible assets	(7,459)	(7,296)
Gains on lease modification	(116)	-
Total adjustments to reconcile loss	(285,858)	(1,404,019)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in other receivables	(114)	(790)
(Increase) decrease in other receivables due from related parties	(157,966)	2,597
Increase in prepayments	(9,778)	(20,140)
Decrease (increase) in other financial assets	395,000	(895,000)
Increase in other operating assets	(2,096)	(1,736)
Total changes in operating assets	225,046	(915,069)
Changes in operating liabilities:		
(Decrease) increase in other payables	(52,914)	43,313
Increase in other payable to related parties	8,877	-
Decrease in other operating liabilities	-	(203)
Total changes in operating liabilities	(44,037)	43,110
Total adjustments	(104,849)	(2,275,978)
Cash inflow (outflow) generated from operations	181,032	(943,839)
Dividends received	78,250	31,313
Interest received	35,857	36,536
Interest paid	(10,208)	(7,892)
Income taxes paid	(131,266)	(18,324)
Net cash flows from (used in) operating activities	153,665	(902,206)
Cash flows (used in) from investing activities:		
Acquisition of non-current financial assets at fair value through profit or loss	(50,480)	-
Proceeds from disposal of financial assets at fair value through profit or loss	-	1,870,118
Acquisition of financial assets at fair value through other comprehensive income	(20,986)	(148,719)
Proceeds from disposal of financial assets at fair value through other comprehensive income	2,181	6,172
Acquisition of investments accounted for using the equity method	80,079	(307,150)
Acquisition of property, plant and equipment	(177,703)	(415,368)
Increase in refundable deposits	(5,456)	(1,123)
Decrease (increase) in prepayments for business facilities	15,049	(17,785)
Net cash flow (used in) from investing activities	(157,316)	986,145
Cash flows used in financing activities:		
Increase in short-term borrowings	50,000	-
Repayments of long-term borrowings	(12,220)	(12,295)
Increase in guarantee deposits received	561	147
Repayments of lease liabilities	(834)	(2,277)
Cash dividends paid	(585,033)	(487,091)
Payments to acquire treasury shares	(94,186)	-
Net cash flow used in financing activities	(641,712)	(501,516)
Net decrease in cash and cash equivalents	(645,363)	(417,577)
Cash and cash equivalents at beginning of period	941,881	1,359,458
Cash and cash equivalents at end of period	\$ 296,518	941,881

See accompanying notes to parent company only financial statements.

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

Swancor Holding Company Limited

Notes to the Financial Statements

For the years ended December 31, 2024 and 2023

(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 investing.

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

The accompanying parent company only financial statements were authorized for issuance by the Board of Directors on March 6, 2025.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2024:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

- (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, 2025, would not have a significant impact on its financial statements:

- Amendments to IAS21 “Lack of Exchangeability”

- (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:

(Continued)

Swancor Holding Company Limited
Notes to the Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

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

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Swancor Holding Company Limited

Notes to the Financial Statements

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its 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”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(4) Summary of material policies

The material accounting policies presented in the financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

These 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 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) Cash-settled share-based payment liabilities are measured at fair value.

(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.

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Swancor Holding Company Limited
Notes to the Financial Statements

(c) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetarily 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 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 planned 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.

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Swancor Holding Company Limited
Notes to the Financial Statements

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

The Company classifies the asset as current under one of the following criteria, and all other assets are classified as non-current.

- (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 (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled 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 the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(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.

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Swancor Holding Company Limited

Notes to the Financial Statements

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
- its 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.

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.

(Continued)

Swancor Holding Company Limited

Notes to the Financial Statements

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 (including cash and cash equivalents, other receivables, guarantee deposit paid and other financial assets) and debt investments at fair value through other comprehensive income.

The Company 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 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 361 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'.

(Continued)

Swancor Holding Company Limited

Notes to the Financial Statements

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 Company 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 :

- significant financial difficulty of the borrower or issuer ;
- a breach of contract such as a default or being more than 361 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.

(Continued)

Swancor Holding Company Limited
Notes to the Financial Statements

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.

(Continued)

Swancor Holding Company Limited
Notes to the Financial Statements

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 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.

(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.

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Swancor Holding Company Limited
Notes to the Financial Statements

(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:

<u>Components</u>	<u>Useful Lives</u>
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.

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Swancor Holding Company Limited
Notes to the Financial Statements

(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.

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Swancor Holding Company Limited

Notes to the Financial Statements

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 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.

(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

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 Company 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 Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(Continued)

Swancor Holding Company Limited
Notes to the Financial Statements

(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 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 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.

(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.

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Swancor Holding Company Limited

Notes to the Financial Statements

(ii) 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.

(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.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

Grant date of a share-based payment award is the date which the Company authorized the price and number of a new award.

(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 at the time of transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;

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Swancor Holding Company Limited
Notes to the Financial Statements

- (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 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.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, 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:
 - 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.
- (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.

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Swancor Holding Company Limited
Notes to the Financial Statements

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

The preparation of the parent company only financial statements 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 recognized 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 parent company only financial statements is 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, 2024	December 31, 2023
Petty cash and cash on hand	\$ 132	138
Demand deposits	276,386	116,968
Time deposits	20,000	824,775
Cash and cash equivalents in the statement of cash flow	<u><u>\$ 296,518</u></u>	<u><u>941,881</u></u>

Please refer to note 6(w) 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, 2024	December 31, 2023
Financial assets mandatorily measured at fair value through profit or loss :		
Convertible corporate bonds - call right	\$ 498	-
Stock listed on domestic markets	2,224	2,586
Stock unlisted on domestic markets	50,480	-
	<u><u>\$ 53,202</u></u>	<u><u>2,586</u></u>

(Continued)

Swancor Holding Company Limited
Notes to the Financial Statements

	December 31, 2024	December 31, 2023
Financial liabilities mandatorily measured at fair value through profit or loss :		
Convertible corporate bonds - put options rights	\$ <u>-</u>	<u>436</u>

During 2024 and 2023, the dividends of \$59 thousand and \$49 thousand, respectively, related to equity investments at fair value through profit or loss held on the years then ended, were recognized as operating revenue.

A resolution was decided during the Board of Directors meeting held on January 18, 2023, determine to disposal of 7.5% of its share in Formosa I International Investment Co., Ltd and completed the transaction in April 2023. The disposition price is USD40,000 thousand and deducted the agreed amounts. The Company had recognized gains (accounting other gains and losses) due to the disposal transactions of \$689,252 thousand, please refer to note 6(v).

A resolution was decided during the Board of Directors meeting held on August 8, 2023, determine to disposal of 5% of its share in Synera Renewable Energy Co., Ltd. and completed the transaction in October 2023. The disposition price is USD8,000 thousand and deducted the agreed amounts. The Company had recognized gains (accounting other gains and losses) due to the disposal transactions of \$43,900 thousand, please refer to note 6(v).

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

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

	December 31, 2024	December 31, 2023
Debt investments at fair value through other comprehensive income :		
Corporate bonds	\$ <u>119,022</u>	<u>101,682</u>
Equity investments at fair value through other comprehensive income :		
Stocks listed on domestic markets	49,800	45,650
Stocks unlisted on domestic markets	<u>105,031</u>	<u>105,031</u>
Subtotal	<u>154,831</u>	<u>150,681</u>
Total	\$ <u><u>273,853</u></u>	<u><u>252,363</u></u>

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Swancor Holding Company Limited
Notes to the Financial Statements

(i) 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.

(ii) 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, 2024 and 2023.

During 2024 and 2023, the dividends of \$ 2,000 thousand for each period, related to equity investments at fair value through other comprehensive income held on December 31, 2024 and 2023, were recognized as operating revenue.

For credit risk and market risk, please refer to note 6(w).

The financial assets at fair value through other comprehensive income of the Company had not been pledged as collateral as of December 31, 2024 and 2023.

(iii) The amounts of other comprehensive profit or loss which were recognized at fair value in 2024 and 2023 were \$2,969 thousand and \$449 thousand, respectively.

(d) Investments accounted for using the equity method

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

	December 31, 2024	December 31, 2023
Subsidiaries	\$ 5,578,227	5,214,823

(i) Subsidiaries

Please refer to the consolidated financial statements of the year 2024. In addition, please refer to note 6(t) for recognizing subsidiaries, share of loss of associates and joint ventures accounted for using the equity method of the year 2024 and 2023.

(ii) Other matters

Due to the legal judgements on December 31, 2024 ,the capital increase conducted by COTECH., a subsidiary of the Company, in February 2015 may be revoked or annulled by the competent authority. For detailed information, please refer to Note 6(r) of the consolidated financial report.

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Swancor Holding Company Limited
Notes to the Financial Statements

(iii) Collaterals

The investment accounted for using equity method of the Company had not been pledged as collaterals as of December 31, 2024 and 2023.

(e) Loss control of subsidiaries

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

The amount of \$1,835,374 thousand and \$1,599,707 thousand had been collected and recognized, respectively, due to the disposal transactions mentioned above as of December 31, 2024.

(f) Property, plant and equipment

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

	<u>Land</u>	<u>Buildings and Structures</u>	<u>Other Equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Cost:					
Balance at January 1, 2024	\$ 780,227	204,028	37,414	1,003,832	2,025,501
Additions	-	104,160	62,427	11,116	177,703
Disposals	-	-	(808)	-	(808)
Reclassification	-	967,074	37,236	(992,590)	11,720
Balance at December 31, 2024	<u>\$ 780,227</u>	<u>1,275,262</u>	<u>136,269</u>	<u>22,358</u>	<u>2,214,116</u>
Balance at January 1, 2023	\$ 780,227	204,028	12,821	613,057	1,610,133
Additions	-	-	9,990	405,378	415,368
Reclassification	-	-	14,603	(14,603)	-
Balance at December 31, 2023	<u>\$ 780,227</u>	<u>204,028</u>	<u>37,414</u>	<u>1,003,832</u>	<u>2,025,501</u>
Depreciation:					
Balance at January 1, 2024	\$ -	131,838	11,442	-	143,280
Depreciation	-	30,579	9,147	-	39,726
Disposals	-	-	(802)	-	(802)
Balance at December 31, 2024	<u>\$ -</u>	<u>162,417</u>	<u>19,787</u>	<u>-</u>	<u>182,204</u>
Balance at January 1, 2023	\$ -	122,775	10,579	-	133,354
Depreciation	-	9,063	863	-	9,926
Balance at December 31, 2023	<u>\$ -</u>	<u>131,838</u>	<u>11,442</u>	<u>-</u>	<u>143,280</u>
Carrying amounts:					
Balance at December 31, 2024	<u>\$ 780,227</u>	<u>1,112,845</u>	<u>116,482</u>	<u>22,358</u>	<u>2,031,912</u>

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Swancor Holding Company Limited
Notes to the Financial Statements

	<u>Land</u>	<u>Buildings and Structures</u>	<u>Other Equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Balance at January 1, 2023	\$ 780,227	81,253	2,242	613,057	1,476,779
Balance at December 31, 2023	\$ 780,227	72,190	25,972	1,003,832	1,882,221

For the years ended December 31, 2024 and 2023, the amount of interest capitalization were \$3,538 thousand and \$11,026 thousand, respectively.

As of December 31, 2024 and 2023, property, plant and equipment pledged as collateral for bank loans are described in note 8.

(g) Right-of-use assets

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

	<u>Buildings</u>	<u>Transportation Equipment</u>	<u>Total</u>
Costs:			
Balance at January 1, 2024	\$ 8,853	3,284	12,137
Disposals	(8,853)	-	(8,853)
Balance at December 31, 2024	\$ -	3,284	3,284
Balance at January 1, 2023	\$ 5,457	2,466	7,923
Additions	3,396	818	4,214
Balance at December 31, 2023	\$ 8,853	3,284	12,137
Depreciation:			
Balance at January 1, 2024	\$ 7,155	2,670	9,825
Depreciation	566	409	975
Disposals	(7,721)	-	(7,721)
Balance at December 31, 2024	\$ -	3,079	3,079
Balance at January 1, 2023	\$ 5,457	2,123	7,580
Depreciation	1,698	547	2,245
Balance at December 31, 2023	\$ 7,155	2,670	9,825
Carrying amounts:			
Balance at December 31, 2024	\$ -	205	205
Balance at January 1, 2023	\$ -	343	343
Balance at December 31, 2023	\$ 1,698	614	2,312

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Swancor Holding Company Limited
Notes to the Financial Statements

(h) Intangible Assets

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

	<u>Technique</u>	<u>Computer software</u>	<u>Total</u>
Costs:			
Balance at December 31, 2024 (Balance at January 1, 2024)	\$ <u>43,767</u>	<u>15,563</u>	<u>59,330</u>
Balance at December 31, 2023 (Balance at January 1, 2023)	\$ <u>43,767</u>	<u>15,563</u>	<u>59,330</u>
Amortization:			
Balance at January 1, 2024	\$ 43,767	14,389	58,156
Amortization	<u>-</u>	<u>669</u>	<u>669</u>
Balance at December 31, 2024	\$ <u>43,767</u>	<u>15,058</u>	<u>58,825</u>
Balance at January 1, 2023	\$ 43,767	13,608	57,375
Amortization	<u>-</u>	<u>781</u>	<u>781</u>
Balance at December 31, 2023	\$ <u>43,767</u>	<u>14,389</u>	<u>58,156</u>
Carrying amounts:			
Balance at December 31, 2024	\$ <u>-</u>	<u>505</u>	<u>505</u>
Balance at January 1, 2023	\$ <u>-</u>	<u>1,955</u>	<u>1,955</u>
Balance at December 31, 2023	\$ <u>-</u>	<u>1,174</u>	<u>1,174</u>

As of December 31, 2024 and 2023, the intangible assets of the Company had not been pledged as collateral.

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

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Other current assets :		
Refundable deposits	\$ 1,448	1,448
Others-current	<u>138</u>	<u>497</u>
	\$ <u>1,586</u>	<u>1,945</u>
Other current financial assets :		
Time deposits with maturities of more than three months	500,000	895,000
Restricted bank deposits	<u>1,000</u>	<u>1,000</u>
	\$ <u>501,000</u>	<u>896,000</u>

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Swancor Holding Company Limited
Notes to the Financial Statements

	December 31, 2024	December 31, 2023
Other non-current assets :		
Refundable deposits	\$ 7,864	2,408
Prepayments for equipment	5,763	32,532
Others-non-current	3,986	1,531
	<u><u>\$ 17,613</u></u>	<u><u>36,471</u></u>

Restricted bank deposits are confined as restricted bank deposits pledged, please refer to note 8.

(j) Short-term borrowings

	December 31, 2024	December 31, 2023
Unsecured bank loans	\$ <u>50,000</u>	<u>-</u>
Unused short-term credit lines	\$ <u>750,000</u>	<u>-</u>
Range of interest rates	<u>1.945%~1.996%</u>	<u>-</u>

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

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

	December 31, 2024	December 31, 2023
Other payables :		
Other payables-salary	\$ 41,046	56,439
Other payables-employee compensation	7,403	1,242
Other payables-director's remuneration	7,520	25,824
Payables on equipment	7,217	43,231
Other	7,066	5,410
	<u><u>\$ 70,252</u></u>	<u><u>132,146</u></u>
Other current liabilities :		
Receipts under custody	\$ <u>320</u>	<u>320</u>
Other non-current liabilities :		
Receivable deposits	\$ 694	678
Liability for cash-settled arrangements	605	60
	<u><u>\$ 1,299</u></u>	<u><u>738</u></u>

(l) Long-term borrowings

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

	December 31, 2024			
	Currency	Rate	Maturity year	Amount
Secured bank loans	NTD	2.225%~2.48%	2026/3/25	\$ <u>179,000</u>
Unused long-term credit line				\$ <u>-</u>

(Continued)

Swancor Holding Company Limited
Notes to the Financial Statements

December 31, 2023			
	Currency	Rate	Maturity year
Secured bank loans	NTD	1.98%~2.225%	2026/3/25
Unused long-term credit line			
			\$ 191,220
			\$ 2,193,980

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

(m) Bonds payable

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

	December 31, 2024	December 31, 2023
Third secured convertible bonds – domestic	\$ 1,000,000	1,000,000
Forth unsecured convertible bonds – domestic	1,000,000	1,000,000
Unamortized discounted corporate bonds payable	(5,406)	(41,202)
Cumulative converted amount	(1,591,000)	(442,200)
Less : current portion	-	1,516,598
Corporate bonds issued balance at year-end	\$ 403,594	-
Embedded derivative – call options, including financial assets at fair value through profit or loss	\$ 498	-
Embedded derivative –put options, including financial liabilities at fair value through profit or loss	\$ -	436
Equity component – conversion options, included in capital surplus – stock options	\$ 44,830	167,600
	2024	2023
Embedded derivative instruments – call and put rights, including net gain of evaluation in financial asset and liabilities	\$ (934)	(2,772)
Interest expense	\$ 9,036	14,648

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

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

(Continued)

Swancor Holding Company Limited
Notes to the Financial Statements

- 5) Conversion price: As of the issuance date, the conversion price was NTD 99 per share. However, after Swancor Holding issued the corporate bonds, except for the exchange of various securities with common stock conversion rights or stock options issued by Swancor Holding for common stock, or the issuance of new shares due to employee dividends. When the shares increased, or when cash dividends were distributed, or when re-raising or private placement of various securities with common stock conversion rights or stock options at a conversion or subscription price lower than the current price per share, or when decreased in common shares caused by capital reduction not due to the cancellation of treasury shares, the conversion price will be adjusted according to the formula in the terms of conversion. In 2023, the cash dividend was declared, resulting in an adjustment of the conversion price to \$92.7 per share from July 4, 2023. In 2024, the cash dividend was declared, resulting in an adjustment of the conversion price to \$89.1 per share from July 7, 2024.
- 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 December 28, 2021 to August 18, 2026, 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)	\$ 1,081,297
Fair value of convertible bonds upon issuance	(970,976)
Embedded derivative debt upon issuance	900
Equity components upon issuance	<u>\$ 111,221</u>

- 9) According to the share exchange agreement, the performance obligation of equity warrants, which were approved by the authority, should be transferred to the Company, and the conversion price and quantity are adjusted by using the conversion ratio.
 - 10) For the collateral for bonds payable, please refer to note 8.
- (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)

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Swancor Holding Company Limited
Notes to the Financial Statements

- 5) Conversion price: As of the issuance date, the conversion price was NTD95 per share. However, after Swancor Holding issued the corporate bonds, except for the exchange of various securities with common stock conversion rights or stock options issued by Swancor Holding for common stock, or the issuance of new shares due to employee dividends. When the shares increased, or when cash dividends were distributed, or when re-raising or private placement of various securities with common stock conversion rights or stock options at a conversion or subscription price lower than the current price per share, or when decreased in common shares caused by capital reduction not due to the cancellation of treasury shares, the conversion price will be adjusted according to the formula in the terms of conversion. In 2023, the cash dividend was declared, resulting in an adjustment of the conversion price to \$89 per share from July 4, 2023. In 2024, the cash dividend was declared, resulting in an adjustment of the conversion price to \$85.6 per share from July 7, 2024.
- 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 December 29, 2021 to August 19, 2026, if the closing price of Swancor Holding shares on the TWSE is higher than 130% of the conversion price for 30 consecutive trading days or when the outstanding convertible bonds are less than 10% of the initial issued bonds, Swancor Holding may redeem the remaining bonds at their face value by cash in five trading days after the redemption date.
- 8) Terms of redemption: Swancor Holding needs to redeem the bonds by cash upon maturity, except for the bonds that had been converted into shares.

Swancor Holding separated its equity and liability components as follows:

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

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

(n) Lease liabilities

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

	December 31, 2024	December 31, 2023
Current	\$ <u>206</u>	<u>2,116</u>
Non-current	\$ <u>-</u>	<u>172</u>

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Notes to the Financial Statements

The amounts recognized in profit or loss were as follows:

	2024	2023
Interest on lease liabilities	<u>\$ 12</u>	<u>33</u>
Expenses relating to short-term leases	<u>\$ 156</u>	<u>117</u>
Gains on lease modification	<u>\$ (116)</u>	<u>-</u>

The amounts recognized in the statements of cash flows for the Group were as follows:

	2024	2023
Total cash outflow for leases	<u>\$ 1,002</u>	<u>2,427</u>
(i) Real estate leases		

As of December 31, 2024, the Company 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 4 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

Furthermore, the Company leases trivial leases with lease terms of 1 to 3 years, 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.

(o) Employee benefits

(i) 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 Company 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 \$775 thousand and \$282 thousand for the years ended December 31, 2024 and 2023, respectively.

(ii) Short-term compensated absence

The short-term compensated absence for the years ended December 31, 2024 and 2023 were included in other payables with balance of \$2,105 thousand and \$1,394 thousand, respectively.

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Swancor Holding Company Limited
Notes to the Financial Statements

(p) Income taxes expenses

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

	<u>2024</u>	<u>2023</u>
Current tax expense		
Current period	\$ 5,341	71,813
Adjustment for prior periods	(2,431)	(837)
Undistributed earnings additional tax	<u>21,903</u>	<u>18,469</u>
	<u>24,813</u>	<u>89,445</u>
Deferred tax expense		
Origination and reversal of temporary differences	<u>(23,021)</u>	<u>(13,805)</u>
Income tax expense	<u>\$ 1,792</u>	<u>75,640</u>

For the years ended December 31, 2024 and 2023, there were no income taxes recognized directly in equity and other comprehensive income.

Reconciliation of income tax and income before tax for the years ended December 31, 2024 and 2023 were as follows.

	<u>2024</u>	<u>2023</u>
Profit excluding income tax	<u>\$ 285,881</u>	<u>1,332,139</u>
Income tax using the Company's domestic tax rate	\$ 57,176	266,428
Income tax impact of foreign operating entity surplus not expected to be repatriated	(41,242)	(14,123)
Share of profit of subsidiaries accounted for using the equity method—domestic	(7,764)	11,485
Adjustment in tax rate	2,726	(226,649)
Changes in provision in prior periods	(2,431)	(837)
Recognition of previously over-estimated deferred tax liabilities	(28,576)	(39,767)
Undistributed earnings additional tax	21,903	18,469
Income basic tax	-	60,634
Total	<u>\$ 1,792</u>	<u>75,640</u>

(ii) Deferred tax assets and liabilities

1) 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 December 31, 2024 and 2023. 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:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Aggregate amount of temporary differences related to investments in subsidiaries	<u>\$ 2,857,430</u>	<u>2,643,114</u>

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Swancor Holding Company Limited
Notes to the Financial Statements

	Unrecognized deferred tax liabilities	\$ <u>571,486</u>	<u>528,623</u>
2)	Recognized deferred tax assets and liabilities		

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

Deferred Tax Assets:

	Net loss of evaluation in financial asset and liabilities	Short-term compensated absence	Unearned- gross sales from subsidiaries	Unrealized foreign exchange loss	Other	Total
Balance at January 1 2024	\$ -	279	11,509	3,607	166	15,561
Recognized profit or loss	-	142	(1,674)	(3,208)	-	(4,740)
Balance at December 31 2024	<u>\$ -</u>	<u>421</u>	<u>9,835</u>	<u>399</u>	<u>166</u>	<u>10,821</u>
Balance at January 1 2023	\$ 265	258	13,151	7,823	166	21,663
Recognized profit or loss	(265)	21	(1,642)	(4,216)	-	(6,102)
Balance at December 31 2023	<u>\$ -</u>	<u>279</u>	<u>11,509</u>	<u>3,607</u>	<u>166</u>	<u>15,561</u>

Deferred Tax Liabilities:

	Net income of evaluation in financial asset and liabilities	Unrealized foreign exchange gain	Recognized foreign investment income in equity method	Total
Balance at January 1 2024	\$ 387	-	34,609	34,996
Recognized profit or loss	104	-	(27,865)	(27,761)
Balance at December 31 2024	<u>\$ 491</u>	<u>-</u>	<u>6,744</u>	<u>7,235</u>
Balance at January 1 2023	\$ -	8,683	46,220	54,903
Recognized profit or loss	387	(8,683)	(11,611)	(19,907)
Balance at December 31 2023	<u>\$ 387</u>	<u>-</u>	<u>34,609</u>	<u>34,996</u>

(iii) The Company's tax returns were assessed by R.O.C Tax Administration to 2022.

(q) Capital and other equity

As of December 31, 2024 and 2023, 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 110,345 thousand common shares and 98,560 thousand common shares as of December 31, 2024 and 2023, respectively.

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Notes to the Financial Statements

Reconciliation of shares outstanding for 2024 and 2023 was as follows:

(in thousands of shares)	Ordinary Shares	
	2024	2023
Balance on January 1	98,560	98,131
Conversion of convertible corporate bonds	12,826	1
(Recall) Issuance of restricted employee stock	(194)	428
Cancellation of treasury share	(847)	-
Balance on December 31	110,345	98,560

(i) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2024	December 31, 2023
Share premium	\$ 336,774	405,127
Premium on bonds conversion	2,073,462	956,906
Donation	253	253
Employee share options (overdue and not be executed)	8,151	8,151
Treasury share transactions	107,315	107,315
Expired stock option	41,059	41,059
Difference arising from subsidiary's share price and its carrying value	1,102,701	1,070,506
Stock transfer (from retained earnings of Swancor)	780,337	780,337
Restricted employee stock	35,107	33,167
Equity component of convertible bonds recognized in stock option	44,830	167,600
	\$ 4,529,989	3,570,421

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

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Swancor Holding Company Limited
Notes to the Financial Statements

(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.

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

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

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

3) Earnings distribution

The earnings distribution for the years ended December 31, 2023 and 2022 were decided during the Company's general meeting of the shareholders held on May 11, 2024 and May 29, 2023, respectively, as follows:

	<u>2023</u>	<u>2022</u>
Dividends distributed to ordinary shareholders		
Cash	\$ <u><u>585,033</u></u>	<u><u>487,091</u></u>

(Continued)

Swancor Holding Company Limited
Notes to the Financial Statements

Earnings distribution for 2024 were decided by Board of Director's on March 6, 2025 as follows:

	<u>2024</u>
Dividends distributed to ordinary shareholders	
Cash	<u><u>\$ 251,614</u></u>

(iii) Treasury shares

- 1) In accordance with the requirements under section 28(2) of the Securities and Exchange Act, as the March 23, 2020, the Board of Directors of the Company determined to repurchase 2,000 thousand shares during March 24 to May 23, 2020, at the price of \$37 to \$106 per share, as treasury shares, in order to encourage its employees.
- 2) In accordance with the requirements under section 28(2) of the Securities and Exchange Act, as the August 8, 2024, the Board of Directors of the Company determined to repurchase 1,500 thousand shares and apply for cancellation during August 9 to October 8, 2024, at the price of \$73 to \$193 per share, in order to maintain company credit and shareholders' rights and interests.

The movement of treasury stock for the year ended December 31, 2024 was as follows:

(in thousands of shares)

<u>Reason for repurchase</u>	<u>Beginning shares</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending shares</u>
Transfer to employees	713	-	-	713
Maintain Company credit and shareholders' rights and interests	-	847	(847)	-
	<u>713</u>	<u>847</u>	<u>(847)</u>	<u>713</u>

The movement of treasury stock for the year ended December 31, 2023 was as follows:

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

- 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.

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Swancor Holding Company Limited
Notes to the Financial Statements

(iv) Other equity (net after tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned compensation	Total
Balance at 1 January 2024	\$ (403,859)	(14,196)	(37,446)	(455,501)
Exchange differences on foreign operations	186,591	-	-	186,591
Net change in fair value of investments in financial assets at FVTOCI	-	2,969	-	2,969
Balance at 31 December 2024	<u>\$ (217,268)</u>	<u>(11,227)</u>	<u>(37,446)</u>	<u>(265,941)</u>

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned compensation	Total
Balance at 1 January 2023	\$ (333,092)	(14,645)	-	(347,737)
Exchange differences on foreign operations	(70,767)	-	-	(70,767)
Net change in fair value of investments in financial assets at FVTOCI	-	449	-	449
Issuance restricted of employee stock	-	-	(37,446)	(37,446)
Balance at 31 December 2023	<u>\$ (403,859)</u>	<u>(14,196)</u>	<u>(37,446)</u>	<u>(418,055)</u>

(r) Share-based Payments

(i) Equity-settled share-based payment-restricted stock plan for employees

- 1) Details of the equity-settled share-based payment agreement of the Company were as follows:

<u>Type of agreement</u>	<u>Grant date</u>	<u>Granted share (in thousand shares)</u>	<u>Contract Period</u>	<u>Conditions</u>
Restricted employee stock option plan	2023.08.08	428	3 year	Employee's performance has reached the Company's performance standard

- 2) A resolution was decided during the the general meeting of the shareholders of the Company held on May 29, 2023 to award 450 thousand new shares of restricted stock to employees who meet the Company's requirements. The restricted stock has been registered with, and approved by, the Securities and Futures Bureau of the Financial Supervisory Commission, R.O.C.. On August 8, 2023, the board of directors resolved to issue 428 thousand shares, with the fair value on the grant date of \$87.5 per share.

(Continued)

Swancor Holding Company Limited
Notes to the Financial Statements

Details of the restricted employee stock option were as follows:

	<u>2024</u>	<u>2023</u>
	<u>Number of Shares (thousands)</u>	<u>Number of Share(thousands)</u>
Outstanding at January 1	428	-
Vested	-	428
Losed	(194)	-
Outstanding at December 31	<u>234</u>	<u>428</u>

(ii) Cash-settled share-based payment plan-stock appreciation right plan

In November 2023, the Company executed a compensation plan to grant 17 thousand units of cash-settled stock appreciation right to qualified employees of the Company without consideration. One unit of stock appreciation right to employees represents a right to the intrinsic value of 0.5 common share of Company. Those employees who fulfill both service period and performance conditions set by the Company are gradually eligible to the vested stock appreciation right at certain percentage and time frame. For those employees who fail to fulfill the vesting conditions, the Company will withdraw their rights without consideration. During the vesting period, the holders of the stock appreciation right are not entitled the same rights as those of common stock holders of Company

- 1) Details of the cash-settled share-based payment agreement of the Company were as follows:

<u>Type of agreement</u>	<u>Grant date</u>	<u>Granted share (in thousand shares)</u>	<u>Contract Period</u>	<u>Conditions</u>
Stock appreciation right plan	2023.11.01 ~2024.12. 31	17	4 year	Employees' performance has reached the Company's performance standard

- 2) The compensation cost for the cash-settled share-based payment was measured at fair value initially by using Binomial Option Pricing Model and will be remeasured at the end of each reporting period until settlement. As of December 31, 2024 and 2023, the assumptions used are as follows:

	<u>2024</u>	<u>2023</u>
	<u>Stock apprection rights plan</u>	<u>Stock apprection rights plan</u>
Strike price (NT\$)	\$ -	-
Share price of measurement date (NT\$)	\$ 117.0	98.30
Expected life (years)	1.58~5.08	2.32~5.82
Expected share price rate(%)	38.07~45.28	39.86~47.6
Risk-free interest rate(%)	1.35~1.43	1.11~1.16
Expected dividend rate(%)	0.74	5.09
Partition	200	200

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Swancor Holding Company Limited
Notes to the Financial Statements

Expected volatility is based on the expected volatility of historical volatility. The expected life with the Company's issuance regulations. The Company determined the risk-free rate during the life of the option.

(iii) Employee expense and liability

The Company incurred expenses and liabilities of Share-based arrangement in 2024 and 2023 as follows:

	<u>2024</u>	<u>2023</u>
Cash-settled share-based payment	\$ <u>545</u>	<u>60</u>
Total carrying amount of liability for cash-settled arrangements (other non-current liability on account)	\$ <u>605</u>	<u>60</u>

(s) Earnings per Share

(i) Basic earnings per share

1) Profit attributable to ordinary shareholders of the Company

	<u>2024</u>	<u>2023</u>
Profit attributable to ordinary shareholders of the Company	\$ <u>284,089</u>	<u>1,256,499</u>

2) Weighted average number of ordinary shares

	<u>2024</u>	<u>2023</u>
Weighted average number of ordinary shares	<u>104,770</u>	<u>97,590</u>

3) Basic earnings per share

	<u>2024</u>	<u>2023</u>
Basic earnings per share	\$ <u>2.71</u>	<u>12.88</u>

(ii) Diluted earnings per share

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

	<u>2024</u>	<u>2023</u>
Profit attributable to ordinary shareholders of the Company(basic)	\$ 284,089	1,256,499
Effect of dilutive potential ordinary shares		
Interest expense on convertible bonds, net of tax	<u>6,483</u>	<u>9,501</u>
Profit attributable to ordinary shareholders of the Company (diluted)	\$ <u>290,572</u>	<u>1,266,000</u>

(Continued)

Swancor Holding Company Limited
Notes to the Financial Statements

2) Weighted average number of ordinary shares (diluted)

	2024	2023
Weighted average number of ordinary shares (basic)	104,770	97,590
Effect of dilutive potential ordinary shares		
Effect of conversion of convertible bonds	10,183	17,084
Effect of restricted employee shares unvested (Note)	86	18
Weighted average number of ordinary shares (diluted)	<u>115,039</u>	<u>114,692</u>

3) Diluted earnings per share

	2024	2023
Diluted earnings per share	\$ <u>2.53</u>	<u>11.04</u>

Note: 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.

(t) Revenue

The details of revenue for the years ended December 31, 2024 and 2023 were as follows :

	2024	2023
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	\$ 292,518	169,597
Dividend revenue	<u>2,059</u>	<u>2,049</u>
	<u>\$ 294,577</u>	<u>171,646</u>

(u) Employee compensation and directors' remuneration

According to the Company's articles of incorporation, the Company should distribute its remuneration of not less than 0.01% 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.

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Swancor Holding Company Limited
Notes to the Financial Statements

For the years ended December 31, 2024 and 2023, the Company estimated and reversed its employee remuneration amounting to \$7,403 thousand, \$1,242 thousand, and directors' remuneration amounting to \$7,520 thousand and \$25,824 thousand. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employee and directors of each period, multiplied by the percentage of remuneration to employee and directors as specified in the Company's articles. These remunerations were expensed under operating expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholder' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. Shares distributed to employees as remuneration are calculated based on the closing price of the Company's shares on the day before the approval by the Board of Directors. Related information would be available at the Market Observation Post System website. The remunerations to employees approved by the Board of Directors were the same as the financial report for the year ended December 31, 2024 and 2023.

(v) Non-operating income and expenses

(i) Interest income

	2024	2023
Interest income from bank deposits	\$ 24,855	30,750
Interest income from bonds investment	5,666	3,621
Other interest income	3,392	2,527
	\$ 33,913	36,898

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

(ii) Other income and expenses

	2024	2023
Rent income	\$ 36,035	17,814
Fee income	2,544	3,227
Other	3,714	2,450
	\$ 42,293	23,491

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

(iii) Other gains and losses

	2024	2023
Gains on disposal of property, plant and equipment	\$ 905	912
Gains on disposal of intangible assets	7,459	7,296
Gains on lease modification	116	-
Foreign exchange gains (losses)	31,631	(27,596)
Gains on financial assets (liabilities) measured at fair value through profit or loss	522	1,207,475
	\$ 40,633	1,188,087

(Continued)

Swancor Holding Company Limited
Notes to the Financial Statements

For financial assets measured at fair value through profit or loss, please refer to note 6(b) and (e).

(iv) Finance costs

	2024	2023
Interest expense-bank loans	\$ 4,742	3,592
Interest expense-lease liabilities	12	33
Interest expense-bonds	9,036	14,648
Others	12	9
Less: capitalization of interest	(3,538)	(11,026)
	<u>\$ 10,264</u>	<u>7,256</u>

(w) 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 2024 and 2023, 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 for the years ended December 31, 2024 and 2023.

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Swancor Holding Company Limited
Notes to the Financial Statements

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	1-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2024						
Non-derivative financial liabilities						
Secured loans	\$ 179,000	184,805	4,695	180,110	-	-
Unsecured loans	50,000	50,141	50,141	-	-	-
Accounts payable	79,129	79,129	79,129	-	-	-
Bonds payable	403,594	409,000	-	409,000	-	-
Lease liability	206	207	207	-	-	-
	<u>\$ 711,929</u>	<u>723,282</u>	<u>134,172</u>	<u>589,110</u>	<u>-</u>	<u>-</u>
December 31, 2023						
Non-derivative financial liabilities						
Secured loans	\$ 191,220	203,191	4,509	4,264	194,418	-
Accounts payable	132,146	132,146	132,146	-	-	-
Bonds payable	1,516,598	1,557,800	1,557,800	-	-	-
Lease liability	2,288	2,302	2,130	172	-	-
	<u>\$ 1,842,252</u>	<u>1,895,439</u>	<u>1,696,585</u>	<u>4,436</u>	<u>194,418</u>	<u>-</u>

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

(iii) Exchange rate risk

1) Currency risk

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

	December 31, 2024			December 31, 2023		
	Foreign currency	Exchange rates	NTD	Foreign currency	Exchange rates	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 2,166	32.785	71,012	19,385	30.705	595,216

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, other receivables, and other payables that are denominated in foreign currency. A strengthening (weakening) of 0.5% of the NTD against the USD as at December 31, 2024 and 2023 would have increased (decreased) the net profit after tax by \$284 thousand and \$2,381 thousand, respectively.

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Swancor Holding Company Limited
Notes to the Financial Statements

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 ended December 31, 2024 and 2023, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$31,631 thousand and \$(27,596) 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 \$916 thousand and \$765 thousand for the years ended December 31, 2024 and 2023, respectively. This is mainly due to the Company's borrowing in variable rates.

(v) Other market price risk

For the years ended December 31, 2024 and 2023, 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:

	2024		2023	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increasing 0.5%	\$ 249	11	228	13
Decreasing 0.5%	(249)	(11)	(228)	(13)

(Continued)

Swancor Holding Company Limited
Notes to the Financial Statements

(vi) Fair value of financial instruments

1) Categories and fair value of financial instruments

The fair value of financial assets and liabilities 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:

	December 31, 2024				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Financial assets at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	\$ 53,202	2,224	498	50,480	53,202
Financial assets at fair value through other comprehensive income					
Stocks unlisted on domestic markets	105,031	-	-	105,031	105,031
Stocks listed on domestic markets	49,800	49,800	-	-	49,800
Original bonds	119,022	119,022	-	-	119,022
Subtotal	273,853	168,822	-	105,031	273,853
Financial assets measured at amortized cost					
Cash and cash equivalents	296,518	-	-	-	-
Other receivables (including related parties)	225,446	-	-	-	-
Other financial assets-current	501,000	-	-	-	-
Refundable deposit	9,312	-	-	-	-
Subtotal	1,032,276	-	-	-	-
Total	\$ 1,359,331	171,046	498	155,511	327,055
Financial liabilities					
Financial liabilities measured at amortized cost					
Short-term borrowings	50,000	-	-	-	-
Other payables	79,129	-	-	-	-
Long-term borrowings	179,000	-	-	-	-
Bonds payable	403,594	-	455,789	-	455,789
Current and non-current lease liabilities	206	-	-	-	-
Subtotal	711,929	-	455,789	-	455,789
Total	\$ 711,929	-	455,789	-	455,789

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Notes to the Financial Statements

		December 31, 2023			
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	\$ 2,586	2,586	-	-	2,586
Financial assets at fair value through other comprehensive income					
Stocks unlisted on domestic markets	105,031	-	-	105,031	105,031
Stocks listed on domestic markets	45,650	45,650	-	-	45,650
Original bonds	101,682	101,682	-	-	101,682
Subtotal	252,363	147,332	-	105,031	252,363
Financial assets measured at amortized cost					
Cash and cash equivalents	941,881	-	-	-	-
Other receivables (including related parties)	69,076	-	-	-	-
Other financial assets-current	896,000	-	-	-	-
Refundable deposit	3,856	-	-	-	-
Subtotal	1,910,813	-	-	-	-
Total	\$ 2,165,762	149,918	-	105,031	254,949
Financial liabilities					
Financial liabilities at fair value through profit or loss					
Non derivative financial liabilities mandatorily measured at fair value through profit or loss	\$ 436	-	436	-	436
Financial liabilities measured at amortized cost					
Other payables	132,146	-	-	-	-
Long-term borrowings	191,220	-	-	-	-
Bonds payable	1,516,598	-	1,800,809	-	1,800,809
Current and non-current lease liabilities	2,288	-	-	-	-
Subtotal	1,842,252	-	1,800,809	-	1,800,809
Total	\$ 1,842,688	-	1,801,245	-	1,801,245

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.

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Notes to the Financial Statements

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 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 2024 and 2023.

5) Reconciliation of Level 3 fair values

	Financial assets at fair value through profit or loss (Unquoted equity instruments)	Financial assets at fair value through other comprehensive income (Unquoted equity instruments)
Opening balance at January 1, 2024	\$ -	105,031
Purchased	50,480	-
Ending Balance on December 31, 2024	<u>\$ 50,480</u>	<u>105,031</u>
Opening balance on January 1, 2023	\$ 665,904	25,031
Recognized in profit or loss	733,152	-
Purchased	-	80,000
Disposal	(1,399,056)	-
Balance at December 31, 2023	<u>\$ -</u>	<u>105,031</u>

The amount of gains on disposal of financial assets measured at fair value through profit or loss for the year ended December 31, 2023, please refer to note 6(b).

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

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Notes to the Financial Statements

The Company's financial instruments that use Level 3 inputs to measure fair value include "Financial assets at fair value through profit or loss—unquoted equity instruments" and "Financial assets at fair value through other comprehensive income—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 at fair value through other comprehensive income (Available-for-sale financial assets) equity investments without an active market-Gigantex Composite Technologies	Public company comparable	<ul style="list-style-type: none"> • Price-Book Ratio (As of December 31, 2024 and 2023 were 1.59~2.22 and 1.59~2.06, respectively) • Price-to-Sales Ratio (As of December 31, 2024 and 2023 were 0.85~2.23 and 0.59~1.48, respectively) • Lack of marketability discount (As of December 31, 2024 and 2023 were both 35%) 	<ul style="list-style-type: none"> • the higher the Price-Book Ratio, the higher the fair value • the higher the Price-to-Sales Ratio, the higher the fair value • the higher the lack of marketability discount, the lower the fair value
Financial assets at fair value through other comprehensive income (Available-for-sale financial assets) equity investments without an active market-Yang Bao Enterprise Co., Ltd.	Public company comparable	<ul style="list-style-type: none"> • Price-Book Ratio (As of December 31, 2024 and 2023 were 3.31 and 3.19) • Price-to-Sales Ratio (As of December 31, 2024 and 2023 were 3.91 and 4.14, respectively) • Lack of marketability discount (As of December 31, 2024 and 2023 were both 35%) 	<ul style="list-style-type: none"> • the higher the Price-Book Ratio, the higher the fair value • the higher the Price-to-Sales Ratio, the higher the fair value • the higher the lack of marketability discount, the lower the fair value

(Continued)

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Notes to the Financial Statements

- 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:

	<u>Input value</u>	<u>Change up or down</u>	<u>Profit or loss</u>		<u>Other comprehensive income</u>	
			<u>Favorable</u>	<u>Unfavorable</u>	<u>Favorable</u>	<u>Unfavorable</u>
December 31, 2024						
Financial assets at fair value through profit or loss						
Equity investments without an active market	50,480	0.5 %	252	(252)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	105,031	0.5 %	-	-	525	(525)
December 31, 2023						
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	105,031	0.5 %	-	-	525	(525)

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.

(x) 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

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.

(Continued)

Swancor Holding Company Limited
Notes to the Financial Statements

(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.

The Company did not have any collateral or other credit enhancements in order to avoid credit risk of the financial assets.

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.

(Continued)

Swancor Holding Company Limited
Notes to the Financial Statements

(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 revenue 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.

(y) 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, 2024, 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 of December 31, 2024 and 2023 was as follows:

	December 31, 2024	December 31, 2023
Total liabilities	\$ 744,250	2,008,662
Less: cash and cash equivalents	<u>296,518</u>	<u>941,881</u>
Net debt	447,732	1,066,781
Total equity	<u>8,309,432</u>	<u>7,360,767</u>
Adjusted equity	<u>\$ 8,757,164</u>	<u>8,427,548</u>
Debt-to-equity ratio	<u>5 %</u>	<u>13 %</u>

(Continued)

Swancor Holding Company Limited
Notes to the Financial Statements

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

The Company's investing and financing activities, which did not affect its current cash flow for the years ended December 31, 2024 and 2023, were as follows:

- (i) For loss control of subsidiaries, please refer to notes 6(e).
- (ii) For acquisition of right-of-use assets through lease, please refer to note 6(g).
- (iii) For conversion of convertible bonds to ordinary shares, please refer to notes 6(q).

Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2024	Cash flows	Non-cash changes			December 31, 2024
			Increase (Decrease)	Amortization	Transferred shares and Capital surplus	
Short-term borrowings	\$ -	50,000	-	-	-	50,000
Long-term borrowings (including current portion)	191,220	(12,220)	-	-	-	179,000
Lease liabilities (including current portion)	2,288	(834)	(1,248)	-	-	206
Bonds payable	1,516,598	-	-	9,036	(1,122,040)	403,594
Total liabilities from financing activities	<u>\$ 1,710,106</u>	<u>36,946</u>	<u>(1,248)</u>	<u>9,036</u>	<u>(1,122,040)</u>	<u>632,800</u>

	January 1, 2023	Cash flows	Non-cash changes			December 31, 2023
			Increase (Decrease)	Amortization	Transferred shares and Capital surplus	
Long-term borrowings (including current portion)	\$ 203,515	(12,295)	-	-	-	191,220
Lease liabilities (including current portion)	351	(2,277)	4,214	-	-	2,288
Bonds payable	1,502,045	-	-	14,648	(95)	1,516,598
Total liabilities from financing activities	<u>\$ 1,705,911</u>	<u>(14,572)</u>	<u>4,214</u>	<u>14,648</u>	<u>(95)</u>	<u>1,710,106</u>

(Continued)

Swancor Holding Company Limited
Notes to the Financial Statements

(7) Related-party transactions:

(a) Names and relationship with related parties

<u>Name of related party</u>	<u>Relationship with the Company</u>
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
Sunwell (Jiangsu) Carbon Fiber Composites Co., Ltd. (Sunwell (Jiangsu) Carbon Fiber 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
S-Wanlai co., Ltd. (S-Wanlai)	Subsidiary of the Company
Shandong Longneng Renewable Resources Utilization Co., Ltd (Shandong Longneng)	Subsidiary of the Company
Swancor Recycling Technology (Jiangsu) Ltd. (Swancor Recycling)	Subsidiary of the Company
Swancor Netherland B.V.(Swancor Netherlands)	Subsidiary of the Company

(Continued)

Swancor Holding Company Limited
Notes to the Financial Statements

(b) Significant transactions with related parties

(i) Other transaction

1) Fee income

For the years ended December 31, 2024 and 2023, the Company provided guarantees and endorsements for related parties, and the fee income generated from related parties (recognized as non-operating income) was as follows:

	<u>2024</u>	<u>2023</u>
Subsidiary- Sunwell (Jiangsu) Carbon Fiber Composites	\$ 2,194	3,143
Subsidiary- S-Wanlai	<u>350</u>	<u>84</u>
	<u>\$ 2,544</u>	<u>3,227</u>

As of December 31, 2024 and 2023, the amounts that had yet to be collected (which were classified under other receivables from related parties) were as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Subsidiary- Swancor (Jiangsu) Carbon Fiber Composites	\$ 2,311	-
Subsidiary- S-Wanlai	<u>154</u>	<u>84</u>
	<u>\$ 2,465</u>	<u>84</u>

2) Rent income

For the years ended December 31, 2024 and 2023, the Company leases office to related parties were as follows:

	<u>2024</u>	<u>2023</u>
Subsidiary- Swancor Highpolymer	\$ 24,942	12,156
Subsidiary- Sunwell Carbon Fiber Composite	<u>6,826</u>	<u>2,292</u>
	<u>\$ 31,768</u>	<u>14,448</u>

3) Other income

For the years ended December 31, 2024 and 2023, the energy service provided to associates by the Company (recognized as non-operating income) was as follows:

	<u>2024</u>	<u>2023</u>
Subsidiary- Swancor Highpolymer	\$ 1,648	1,498
Subsidiary- Sunwell Carbon Fiber Composite	988	415
Subsidiary- S-Wanlai	<u>725</u>	<u>-</u>
	<u>\$ 3,361</u>	<u>1,913</u>

(Continued)

Swancor Holding Company Limited
Notes to the Financial Statements

As of December 31, 2024 and 2023, the amounts had yet to be collected (which were classified under other receivables from related parties) were as follows:

	December 31, 2024	December 31, 2023
Subsidiary- Swancor Highpolymer	982	1,471
Subsidiary- Sunwell Carbon Fiber Composite	1,018	33
Subsidiary- S-Wanlai	1,027	-
	\$ 3,027	1,504

The other fees provided to S-Wanlai by the Company in 2024 and 2023. The amount of \$161 thousand and \$160 thousand that had yet to be collected had been recognized as other receivables from related parties as of December 31, 2024 and 2023.

4) Service Fees

In the year 2024, due to manpower support provided by the subsidiary, Swancor Innovation & Incubation to the Company, service fees amounting to \$8,887 thousand (recorded as operating expenses) were paid. As of December 31, 2024, \$8,877 thousand remains unpaid and is recorded under other payables related parties.

(ii) Loans to Related Parties

The loans to related parties (recognized as other receivables from related parties) were as follows:

	December 31, 2024	December 31, 2023
Subsidiary- S-Wanlai	\$ 150,000	-
Subsidiary- Swancor	65,570	62,427
	\$ 215,570	62,427

The loans to related parties are unsecured. The interest income from the loans was as follows:

	2024	2023
Subsidiary- S-Wanlai	\$ 463	-
Subsidiary- Swancor	2,929	2,523
	\$ 3,392	2,523

As of December 31, 2024 and 2023, interest of related parties receivable (recognized as other receivable- related parties) were \$2,367 thousand and \$1,449 thousand, respectively.

(iii) Guarantee

As of December 31, 2024 and 2023, the Company had provided guarantee for the loans of subsidiaries-Swancor (Jiangsu) Carbon Fiber Composites and S-Wanlai with credit limit of \$511,042 thousand and \$555,278 thousand, respectively.

(Continued)

Swancor Holding Company Limited
Notes to the Financial Statements

(c) Key management personnel compensation

Key management personnel compensation comprised the following:

	2024	2023
Short-term employee benefits	\$ 11,339	8,015
Post-employment benefits	267	145
Other long-term employee benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	<u><u>\$ 11,606</u></u>	<u><u>8,160</u></u>

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2024	December 31, 2023
Land	Bank Loans	\$ 540,921	540,921
Restricted bank deposit (other financial assets- current)	Bank's acceptance bill, long-term borrowings, stand by L/C and bank guarantee	1,000	1,000
		<u><u>\$ 541,921</u></u>	<u><u>541,921</u></u>

(9) Significant commitments and contingencies:

(a) Unrecognized contractual commitments

	December 31, 2024	December 31, 2023
Acquisition of property, plant and equipment	<u><u>\$ 8,144</u></u>	<u><u>99,386</u></u>

(b) Contingencies: None.

(c) Other: None.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(Continued)

Swancor Holding Company Limited
Notes to the Financial Statements

(12) Other:

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

By item	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	-	22,713	22,713	-	12,216	12,216
Labor and health insurance	-	1,619	1,619	-	833	833
Pension	-	775	775	-	282	282
Remuneration directors	-	7,520	7,520	-	25,824	25,824
Others	-	-	-	-	-	-
Depreciation	-	40,701	40,701	-	12,171	12,171
Amortization	-	669	669	-	781	781

Additional information of the number of employees and employee benefits of the Company for the years ended December 31, 2024 and 2023:

	2024	2023
The number of employees	<u>20</u>	<u>11</u>
The number of directors excluding the employees	<u>6</u>	<u>6</u>
The average of employees' benefits	<u>\$ 1,793</u>	<u>2,666</u>
The average of salary	<u>\$ 1,625</u>	<u>2,443</u>
The average of salary adjustment	<u>(33.50)%</u>	<u>(11.00)%</u>
Supervisor's remuneration	<u>\$ -</u>	<u>-</u>

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.

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SWANCOR HOLDING COMPANY LIMITED

Notes to the Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

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

(i) Lending to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period (Note 5)	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Loss Allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	Swancor Holding	Swancor	Other receivables	Yes	USD2,000 137,723	65,570	65,570	5%	2	-	Operating purpose	-	-	-	3,323,773 (Note 1)	3,323,773 (Note 1)
0	Swancor Holding	Sunwell Carbon Fiber Composite	Other receivables	Yes	150,000	150,000	150,000	2.05%	2	-	Operating purpose	-	-	-	3,323,773 (Note 1)	3,323,773 (Note 1)
1	Sunwell Carbon Fiber Composite	Sunwell (Jiangsu) Carbon Fiber Composites	Other receivables	Yes	82,094	82,094	-	0%	2	-	Operating purpose	-	-	-	114,938 (Note 2)	306,502 (Note 2)
2	Swancor Highpolymer	Swancor Ind(M)	Other receivables	Yes	USD2,500 82,088	USD2,500 81,963	USD2,500 81,963	3.95%~4.83%%	2	-	Operating purpose	-	-	-	221,952 (Note 3)	591,873 (Note 3)
3	Swancor Tianjin	Swancor Longneng	Other receivables	Yes	RMB5,000 23,011	-	-	0%	2	-	Operating purpose	-	-	-	157,367 (note 4)	419,646 (note 4)

Note1 : The total amount available for lending purpose shall not exceed 40% of the Company's net worth. The limited amount of loan to other party 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 in Sunwell Carbon Fiber Composite shall not exceed 40% of its net worth. The total amount for lending to other party shall not exceed 15% of its net worth.

Note3 : The total amount available for lending purpose in Swancor Highpolymer shall not exceed 40% of its net worth. The total amount for lending to other party shall not exceed 15% of its net worth.

Note4 : The total amount available for lending purpose in Swancor(Tianjin) shall not exceed 40% of its net worth. The total amount for lending to other party shall not exceed 15% of its net worth.

Note5 : For the purpose of lending, the numbering is classified as follows:

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

(Continued)

SWANCOR HOLDING COMPANY LIMITED

Notes to the Financial Statements

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	Swancor Holding	S-Wanlai	2	4,154,716	260,000	170,000	84,000	-	2.05 %	8,309,432	Y	N	N
0	Swancor Holding	Sunwell (Jiangsu) Carbon Fiber Composites	2	4,154,716	341,042	341,042	216,182	-	4.10 %	8,309,432	Y	N	Y
0	Swancor Holding	Yang-Bao	1	830,943	80,000	-	-	-	-	8,309,432	N	N	N
1	Swancor Highpolymer	Swancor Ind(M)	1	739,841	197,010	131,140	-	-	8.86 %	1,479,682	N	N	N
1	Swancor Highpolymer	Advanced Materials	1	739,841	149,184	-	-	-	-	1,479,682	N	Y	Y
2	Swancor Advanced Materials	Swancor (Jiangsu)	2	1,730,881	938,839	638,512	-	-	11.07 %	2,884,802	N	N	Y
2	Swancor Advanced Materials	Swancor (Tianjin)	2	1,730,881	1,353,144	886,552	127,781	-	15.02 %	2,884,802	N	N	Y
2	Swancor Advanced Materials	Swancor Ind(M)	2	1,730,881	80,947	-	-	-	-	2,884,802	N	N	N

Note1 : The total amount of endorsements and/or guarantees to other party shall not exceed 100% of the Company's net worth.

Note2 : The amount of endorsements and/or guarantees to other party shall not exceed 10% of the Company's net worth. The amount of endorsements and/or guarantees to the subsidiaries shall not exceed 50% of the Company's net worth.

Note3 : The total amount of endorsements and/or guarantees to other party in Swancor Highpolymer shall not exceed 100% of its net worth. The amount of endorsements and/or guarantees to other party shall not exceed 50% of its net worth.

Note4 : The total amount of endorsements and/or guarantees to other party in Swancor Advanced Materials shall not exceed 50% of its net worth. The amount of endorsements and/or guarantees to other party shall not exceed 30% of its net worth.

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

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

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SWANCOR HOLDING COMPANY LIMITED

Notes to the Financial Statements

(iii) Securities held as of December 31, 2024 (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 – China Communications Media Group Co., Ltd.		Financial assets at fair value through profit or loss-current	10	-	0.04 %	-	
Swancor Holding	Stock- Tsang Yow Industrial Co., Ltd.		Financial assets at fair value through profit or loss-current	26	722	0.03 %	722	
Swancor Holding	Stock – Aero Win Technology Corporation		Financial assets at fair value through profit or loss-current	12	479	0.02 %	479	
Swancor Holding	Stock – Koan Hau Technology Co., Ltd.		Financial assets at fair value through profit or loss-current	68	1,023	0.09 %	1,023	
Swancor Holding	Stock - Yang Bao		Financial assets at fair value through profit or loss - non-current	631	50,480	0.86 %	50,480	
Swancor Holding	Stock – Yang Bao		Financial assets at fair value through other comprehensive income-non-current	2,000	80,000	2.63 %	80,000	
Swancor Holding	Stock – Gigantex Composite Technologies Co., Ltd.		Financial assets at fair value through other comprehensive income-non-current	20	25,031	14.92 %	25,031	
Swancor Holding	Special Stock – WT Microelectronics Co., Ltd.		Financial assets at fair value through other comprehensive income-non-current	1,000	49,800	0.08 %	49,800	
Swancor Holding	Stock – Promix Composites, Inc.		Financial assets at fair value through other comprehensive income-non-current	1,500	-	10.00 %	-	
Swancor Holding	Stock- Ideal Star International Corp.		Financial assets at fair value through other comprehensive income-non-current	500,000	-	10.00 %	-	
Swancor Holding	Bonds-Dell International LLC		Financial assets at fair value through other comprehensive income-non-current	-	4,421	- %	4,421	
Swancor Holding	Bonds-Citigroup Inc.		Financial assets at fair value through other comprehensive income-non-current	-	8,972	- %	8,972	
Swancor Holding	Bonds-AT & T Corporation		Financial assets at fair value through other comprehensive income-non-current	-	6,912	- %	6,912	
Swancor Holding	Stock- British Petroleum		Financial assets at fair value through other comprehensive income-non-current	-	5,864	- %	5,864	
Swancor Holding	Bonds-Hewlett Packard Company		Financial assets at fair value through other comprehensive income-non-current	-	5,434	- %	5,434	
Swancor Holding	Bonds-Saudi Aramco		Financial assets at fair value through other comprehensive income-non-current	-	16,417	- %	16,417	
Swancor Holding	Bonds-Standard & Poor's		Financial assets at fair value through other comprehensive income-non-current	-	9,612	- %	9,612	
Swancor Holding	Bonds-POSCO		Financial assets at fair value through other comprehensive income-non-current	-	15,011	- %	15,011	
Swancor Holding	Bonds-Macquarie Group Limited		Financial assets at fair value through other comprehensive income-non-current	-	6,410	- %	6,410	
Swancor Holding	Bonds-GLE		Financial assets at fair value through other comprehensive income-non-current	-	13,052	- %	13,052	
Swancor Holding	Bonds-Goldmon		Financial assets at fair value through other comprehensive income-non-current	-	6,668	- %	6,668	
Swancor Holding	Bonds-Volkswagen		Financial assets at fair value through other comprehensive income-non-current	-	6,693	- %	6,693	
Swancor Holding	Bonds Capital One Financial Corp.		Financial assets at fair value through other comprehensive income-non-current	-	6,780	- %	6,780	
Swancor Holding	Bonds- Hyundai Group		Financial assets at fair value through other comprehensive income-non-current	-	6,776	- %	6,776	

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

(v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: 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)

SWANCOR HOLDING COMPANY LIMITED

Notes to the Financial Statements

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

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Swancor (Jiangsu)	Swancor Advanced Materials	Direct of indirect subsidiaries of the Company	(Sales)	(1,310,092)	(16.64) %	90 day	Note 1	No difference	558,354	14.69 %	
Swancor Advanced Materials	Swancor (Jiangsu)	Direct of indirect subsidiaries of the Company	Purchases	1,310,092	0.52 %	90 day	Note 1	No difference	(558,354)	(21.28) %	
Swancor (Jiangsu)	Swancor (Tianjin)	Direct of indirect subsidiaries of the Company	(Sales)	(263,097)	(3.34) %	90 day	Note 1	No difference	80,754	2.12 %	
Swancor (Tianjin)	Swancor (Jiangsu)	Direct of indirect subsidiaries of the Company	Purchases	263,097	0.10 %	90 day	Note 1	No difference	(80,754)	(3.08) %	
Meijia New Materials	Swancor (Jiangsu)	Associate of the subsidiary	(Sales)	(190,091)	(2.43) %	30~120 day	Note 1	No difference	100,697	2.65 %	
Swancor (Jiangsu)	Meijia New Materials	Direct of indirect subsidiaries of the Company	Purchases	190,091	0.08 %	30~120 day	Note 1	No difference	(100,697)	(3.84) %	

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.

(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	Loss allowance
					Amount	Action taken		
Swancor(Jiangsu)	Swancor Advanced Materials	Direct of indirect subsidiaries of the Company	558,354	2.32	-	-	229,854	-
Meijia New Materials	Swancor (Jiangsu)	Associate of the subsidiary	100,697	0.07	-	-	-	-

(ix) Trading in derivative instruments: None

(b) Information on investees:

The following is the information on investees (excluding information on investees in Mainland China):

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

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2024	December 31, 2023	Shares (thousands)	Percentage of ownership	Carrying value			
Swancor Holding	Sunwell Carbon Fiber Composite	R.O.C.	Producing and selling carbon composites	535,184	458,000	53,000	100.00 %	766,226	81,049	70,042	
Swancor Holding	Swancor Innovation & Incubation	R.O.C.	Management consulting	210,000	210,000	21,000	100.00 %	67,768	(34,740)	(34,740)	
Strategic	Swancor	Samoa	Investing and holding	USD 7,100,233,692	USD 7,100,233,692	7,100	100.00 %	USD110,422,3,620,197	USD7,672,246,454	USD7,672,246,454	
Swancor Holding	S-Wanlai	R.O.C.	Chemical products manufacturing and processing	350,000	350,000	35,000	100.00 %	296,101	(40,842)	(40,842)	
Swancor Holding	Strategic	Samoa	Investing and holding	USD 9,601,317,780	USD 9,601,317,780	9,601	100.00 %	4,446,268	USD11,920,382,933	USD11,920,382,933	
Swancor Advanced Materials	Swancor (HK)	Hong Kong	Investing and holding	USD 21,880,662,997	USD 21,880,662,997	35,650	100.00 %	RMB 384,755,1,754,799	RMB 75,573,340,903	RMB 75,573,340,903	
Swancor (HK)	Swancor Ind. (M)	Malaysia	Chemical products manufacturing and processing	USD 7,820,241,521	USD 7,820,241,521	32,657	100.00 %	HKD65,035,274,666	HKD 4,826,19,869	HKD 4,826,19,869	
Swancor (HK)	Swancor Highpolymer	R.O.C.	Chemical products manufacturing and processing	USD 14,000,415,800	USD 14,000,415,800	41,580	100.00 %	HKD 350,345,1,479,637	HKD 78,039,321,306	HKD 78,039,321,306	
Sunwell Carbon Fiber Composite	COTECH	R.O.C.	Producing and selling carbon composites	130,000	130,000	130,000	80.82 %	130,000	(4,302)	-	
S-Wanlai	Swancor Netherlands	Netherlands	Technical services	EUR1,000,35,620	-	1,000	100.00 %	31,130	(3,064)	(3,064)	

(Continued)

SWANCOR HOLDING COMPANY LIMITED

Notes to the Financial Statements

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

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

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of,	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2024	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	USD20,677 RMB348,576 1,834,912	Indirectly owned by the company	USD2,500 84,071	-	-	USD2,500 84,071	USD13,609 401,869	79.21 %	USD10,779 318,320	USD 140,734 4,584,048	RMB 137,866 615,142
Wuxi Rongmai Engineering Plastic Co., Ltd.	Producing Engineering plastic used in electronic, electrical engineering and automotive industry	USD2,100 64,806	Indirectly owned by the company (Note1)	USD250 8,098	-	-	USD250 8,098	-	10.00 %	-	-	-
Swancor (Tianjin)	Energy conservation wind power laminar resins' manufacturing and selling	USD7,000 RMB5,500 254,376	Indirectly owned by the company	USD7,000 230,401	-	-	USD7,000 230,401	RMB(102) (460)	79.21 %	RMB(81) (364)	RMB182,206 831,008	-
Swancor (Jiangsu)	Energy conservation wind power laminar resins' manufacturing and selling	RMB122,500 613,850	Indirectly owned by the company	RMB76,875 380,892	-	-	RMB76,875 380,892	RMB10,001 45,115	79.21 %	RMB7,922 35,736	RMB155,034 707,083	-
Meijia New Materials	Producing and selling of powder coating and epoxy resin	RMB210,000 913,290	Indirectly owned by the company	-	-	-	-	RMB(52,158) (235,279)	18.86 %	RMB(9,837) (44,374)	RMB149,792 683,175	-
Sunwell (Jiangsu) Carbon Fiber Composites	Producing and selling carbon composites	USD19,000 611,313	Indirectly owned by the company	USD15,940 512,237	-	-	USD15,940 512,237	RMB13,726 61,917	83.89 %	RMB9,952 44,891	482,596	-
Shandong Longneng	Recycling of renewable resources	RMB11,890 52,747	Indirectly owned by the company	-	-	-	-	RMB(3,321) (14,981)	43.57 %	RMB(1,447) (6,528)	RMB4,750 21,662	-
Swancor Recycling	Producing and selling recycled carbon fiber and glass fiber	USD5,000 157,150	Directly owned by the company	USD5,000 157,150	-	-	USD5,000 157,150	RMB(2,084) (9,401)	100.00%	RMB(2,084) (9,401)	152,125	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
USD7,282	USD 94,531 2,858,077	5,685,399

Note1 : Invested by Ideal Star

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

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

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

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.	19,380,658	17.56 %

Swancor Holding Company Limited
Notes to the Financial Statements

(14) Segment information: None

Please refer to the 2024 consolidated financial statement.

(Continued)

Swancor Holding Company Limited
Statement of Cash and Cash Equivalents
December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash	Petty cash and cash on hand	\$ 132
Cash in banks	Demand deposit	276,386
	Time deposits	<u>20,000</u>
		<u>\$ 296,518</u>

Statement of Prepayments

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Overpaid sales tax		\$ 56,667
Others (Note)		<u>6,127</u>
		<u>\$ 62,794</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

Swancor Holding Company Limited

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Name of investee	Beginning Balance			Addition		Decrease		Profit or loss of investment	Amount of exchange on translation of foreign financial statement	Other adjustment Item	Ending Balance			Market value of Net Assets value		Pledge Collateral
	Shares	Percentage of ownership	Amount	Shares	Amount	Shares	Amount				Shares	Percentage of ownership	Amount	Unit price	Total price	
Sunwell Carbon Fiber Composites Corporation	45,800,000	86.42 %	\$ 573,538	7,200,000	104,057	-	-	70,042	18,279	248(note 3)	53,000,000	100.00 %	766,164	14.46	766,164	None
Strategic Capital Holding Ltd.	9,601,000	100.00 %	4,048,248	-	-	-	(76,191)(note1)	306,168	161,847	8,122(note 4)	9,601,000	100.00 %	4,448,194	463.3	4,448,194	None
S-Wanlai Co., Ltd.	35,000,000	100.00 %	336,894	-	-	-	-	(40,842)	49	-	35,000,000	100.00 %	296,101	8.45	296,101	None
Swancor Innovation & Incubation	21,000,000	100.00 %	102,508	-	-	-	-	(34,740)	-	-	21,000,000	100.00 %	67,768	3.23	67,768	None
Swancor Recycling Technology(Jiangsu) Ltd.	-	100.00 %	153,635	-	-	-	(151,941)(note2)	(8,110)	6,416	-	-	100.00 %	-	-	-	None
			\$ 5,214,823		104,057		(228,132)	292,518	186,591	8,370			5,578,227		5,578,227	

Note1: Including \$76,191 thousand of Strategic's cash dividends.

Note2: Including \$151,941 thousand of increase capital to set up Swancor Recycling Technology(Jiangsu) Ltd..

Note3: Including the investment amount of \$248 thousand of changing in downstream transactions.

Note4: Including the investment amount of \$8,122 thousand of changing in downstream transactions.

Swancor Holding Company Limited
Statement of Other Payables
December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Other payables	Salary Payable	\$ 41,046
	Employee compensation and director's remuneration	14,923
	Payables on equipment	7,217
	Others (Note)	<u>7,066</u>
		<u>\$ 70,252</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

Swancor Holding Company Limited
Statement of Operating Revenue
For the year ended December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>
Share of profit of Subsidiaries, associates and joint ventures accounted for using the equity method	\$ 292,518
Dividend income	<u>2,059</u>
	<u>\$ 294,577</u>

Statement of Operating Expenses

<u>Item</u>	<u>Administrative expenses</u>	<u>Research and development expenses</u>
Salary	\$ 30,234	-
Depreciation	40,469	232
Professional service fees	21,870	-
Others (Note)	<u>22,444</u>	<u>22</u>
Total	<u>\$ 115,017</u>	<u>254</u>

Note : The amount of each item in others does not exceed 5% of the account balance.

Swancor Holding Company Limited
Statement of Non-Operating income and expenses
For the year ended December 31, 2024
(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Non-Operating Income		
Interest income	Interest income from bank deposits and others	\$ 33,913
Rent revenue	Rent revenue	36,035
Foreign exchange gains	Foreign exchange gains	31,631
Other (Note)		<u>15,260</u>
		<u>116,839</u>
Non-Operating Expenses		
Finance costs		<u>10,264</u>
		<u>\$ 106,575</u>

Note: The amount of each item in others does not exceed 5% of the account balance.