

(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' Review Report  
For the Years Ended December 31, 2023 and 2022**

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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, 2023 and 2022, 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, 2023 and 2022, 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(e) “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 56% of the total assets of the Company and the amount is material. As a result, the evaluation of investments accounted for using the equity method is our key audit matters.

How the matter was addressed in our audit:

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

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

Management is responsible for the preparation and fair presentation of the 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 Shyh-Huar, Kuo.

KPMG

Taipei, Taiwan (Republic of China)  
March 11, 2024

#### **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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022				December 31, 2023		December 31, 2022	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (note 6(a))	\$ 941,881	10	1,359,458	16	2120	Current financial liabilities at fair value through profit or loss (note 6(b) and (n))	\$ 436	-	3,208	-
1110	Current financial assets at fair value through profit or loss (note 6(b) )	2,586	-	2,051	-	2200	Other payables (note 6(l) and (p))	132,146	2	104,117	1
1200	Other receivables (note 6(d))	3,452	-	2,051	-	2230	Current tax liabilities	129,920	1	58,799	1
1210	Other receivables from related parties (note 6(d) and 7)	65,624	1	68,221	1	2399	Other current liabilities, others (note 6(l))	320	-	523	-
1410	Prepayments	53,016	-	32,876	-	2321	Bonds payable, current portion (note 6(n) and 8)	1,516,598	16	-	-
1479	Other current assets (note 6(k) and 8)	1,945	-	1,665	-	2280	Current lease liabilities (note 6(o))	2,116	-	351	-
1476	Other current financial assets (note 6(k) and 8)	896,000	10	1,000	-		<b>Total current liabilities</b>	1,781,536	19	166,998	2
	<b>Total current assets</b>	1,964,504	21	1,467,322	17		<b>Non-Current liabilities:</b>				
	<b>Non-current assets:</b>					2530	Bonds payable (note 6(n) and 8)	-	-	1,502,045	17
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	-	-	665,904	8	2540	Long-term borrowings (note 6(m) and 8)	191,220	2	203,515	2
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	252,363	3	109,662	2	2570	Deferred income tax liabilities (note 6(q))	34,996	-	54,903	1
1550	Investments accounted for using equity method (note 6(e))	5,214,823	56	4,826,532	56	2670	Other non-current liabilities, others (note 6(l))	738	-	591	-
1600	Property, plant and equipment (note 6(h) and 8)	1,882,221	20	1,476,779	17	2580	Non-current lease liabilities (note 6(o))	172	-	-	-
1755	Right-of-use assets (note 6(i) and 8)	2,312	-	343	-		<b>Total non-current liabilities</b>	227,126	2	1,761,054	20
1780	Intangible assets (note 6(j))	1,174	-	1,955	-		<b>Total liabilities</b>	2,008,662	21	1,928,052	22
1840	Deferred tax assets (note 6(q))	15,561	-	21,663	-		<b>Equity (note 6(r)):</b>				
1990	Other non-current assets, others (note 6(k))	36,471	-	16,107	-	3100	Ordinary shares	985,601	11	981,311	12
	<b>Total non-current assets</b>	7,404,925	79	7,118,945	83	3200	Capital surplus (note 6(n))	3,570,421	38	3,533,803	41
						3300	Retained earnings	3,307,547	36	2,538,139	30
						3400	Other equity	(455,501)	(5)	(347,737)	(4)
						3500	Treasury shares	(47,301)	(1)	(47,301)	(1)
							<b>Total equity</b>	7,360,767	79	6,658,215	78
<b>Total assets</b>		<b>\$ 9,369,429</b>	<b>100</b>	<b>8,586,267</b>	<b>100</b>		<b>Total liabilities and equity</b>	<b>\$ 9,369,429</b>	<b>100</b>	<b>8,586,267</b>	<b>100</b>

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, 2023 and 2022**  
**(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)**

		<b>2023</b>		<b>2022</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenues</b> (note 6(b), (c) and (u))	\$ 171,646	100	362,993	100
5000	<b>Operating costs</b>	-	-	-	-
	<b>Gross profit from operations</b>	<u>171,646</u>	<u>100</u>	<u>362,993</u>	<u>100</u>
	<b>Operating expenses</b> (note 6(j), (q), (v) and 7):				
6200	Administrative expenses	80,323	47	109,205	30
6300	Research and development expenses	<u>404</u>	<u>-</u>	<u>1,981</u>	<u>-</u>
		<u>80,727</u>	<u>47</u>	<u>111,186</u>	<u>30</u>
	<b>Net operating income</b>	<u>90,919</u>	<u>53</u>	<u>251,807</u>	<u>70</u>
	<b>Non-operating income and expenses</b> (note 6(w)):				
7100	Interest income (note 7)	36,898	21	19,380	5
7010	Other income and expenses (note 7)	23,491	14	38,694	11
7020	Other gains and losses (note 6(n))	1,188,087	692	705,675	194
7050	Finance Costs (note 6(n) and (o))	<u>(7,256)</u>	<u>(4)</u>	<u>(15,832)</u>	<u>(4)</u>
		<u>1,241,220</u>	<u>723</u>	<u>747,917</u>	<u>206</u>
	<b>Profit before income tax</b>	<u>1,332,139</u>	<u>776</u>	<u>999,724</u>	<u>276</u>
7950	Income tax expenses (note 6(q))	<u>75,640</u>	<u>44</u>	<u>96,571</u>	<u>27</u>
	<b>Profit</b>	<u>1,256,499</u>	<u>732</u>	<u>903,153</u>	<u>249</u>
8300	<b>Other comprehensive income</b> (note 6(r)):				
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	(70,767)	(41)	53,910	15
8367	Unrealized losses from investments in debt instruments measured at fair value through other comprehensive income	449	-	(10,280)	(3)
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>(70,318)</u>	<u>(41)</u>	<u>43,630</u>	<u>12</u>
8300	<b>Other comprehensive income for the year, net of tax</b>	<u>(70,318)</u>	<u>(41)</u>	<u>43,630</u>	<u>12</u>
	<b>Total comprehensive income for the year, net of tax</b>	<u>\$ 1,186,181</u>	<u>691</u>	<u>946,783</u>	<u>261</u>
	<b>Earnings per share (NT Dollars)</b> (note 6(u))				
9750	<b>Basic earnings per share</b>	<u>\$ 12.88</u>		<u>9.48</u>	
9850	<b>Diluted earnings per share</b>	<u>\$ 11.04</u>		<u>8.07</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, 2023 and 2022

(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, 2022	\$ 935,046	3,161,540	273,481	418,835	1,081,857	1,774,173	(387,002)	(4,365)	-	(391,367)	(47,301)	5,432,091
Profit for the year	-	-	-	-	903,153	903,153	-	-	-	-	-	903,153
Other comprehensive income for the year	-	-	-	-	-	-	53,910	(10,280)	-	43,630	-	43,630
Total comprehensive income for the year	-	-	-	-	903,153	903,153	53,910	(10,280)	-	43,630	-	946,783
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	18,593	-	(18,593)	-	-	-	-	-	-	-
Special reserve	-	-	-	(27,468)	27,468	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(139,187)	(139,187)	-	-	-	-	-	(139,187)
Conversion of convertible bonds	46,265	369,564	-	-	-	-	-	-	-	-	-	415,829
Share-based payments	-	2,699	-	-	-	-	-	-	-	-	-	2,699
Balance at December 31, 2022	\$ 981,311	3,533,803	292,074	391,367	1,854,698	2,538,139	(333,092)	(14,645)	-	(347,737)	(47,301)	6,658,215
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

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, 2023 and 2022**  
**(Expressed in Thousands of New Taiwan Dollars)**

	2023	2022
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 1,332,139	999,724
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	12,171	12,723
Amortization expenses	781	2,238
Interest expense	7,256	15,832
Interest income	(36,898)	(19,380)
Dividend income	(2,049)	(65,224)
Net gains on financial assets or liabilities at fair value through profit or loss	(1,207,475)	(648,691)
Share of profit of associates and joint ventures accounted for using equity method	(169,597)	(297,769)
Gain on disposal of property, plant and equipment	(7,296)	(7,311)
Gain on disposal of intangible assets	(912)	(912)
Decrease in cash surrender value of life insurance	-	(11,683)
Other adjustments to reconcile profit	-	(4,449)
<b>Total adjustments to reconcile loss</b>	<b>(1,404,019)</b>	<b>(1,024,626)</b>
<b>Changes in operating assets and liabilities:</b>		
Changes in operating assets:		
Increase in other receivables	(790)	(84)
Decrease in other receivables due from related parties	2,597	162,957
Increase in prepayments	(20,140)	(19,415)
(Increase) decrease in other financial assets	(895,000)	400,029
Increase in other operating assets	(1,736)	(230)
<b>Total changes in operating assets</b>	<b>(915,069)</b>	<b>543,257</b>
Changes in operating liabilities:		
Increase in other payables	43,313	78,534
Decrease (increase) in other operating liabilities	(203)	387
<b>Total changes in operating liabilities</b>	<b>43,110</b>	<b>78,921</b>
<b>Total adjustments</b>	<b>(2,275,978)</b>	<b>(402,448)</b>
Cash (outflow) inflow generated from operations	(943,839)	597,276
Dividends received	31,313	65,224
Interest received	36,536	18,360
Interest paid	(7,892)	(16,155)
Income taxes paid	(18,324)	(63,770)
<b>Net cash flows (used in) from operating activities</b>	<b>(902,206)</b>	<b>600,935</b>
<b>Cash flows from (used in) investing activities:</b>		
Proceeds from disposal of financial assets at fair value through profit or loss	1,870,118	609,020
Acquisition of financial assets at fair value through other comprehensive income	(148,719)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	6,172	-
Acquisition of investments accounted for using the equity method	(307,150)	(400,000)
Acquisition of property, plant and equipment	(415,368)	(419,739)
Increase in refundable deposits	(1,123)	-
Acquisition of intangible assets	-	(397)
Increase in prepayments for business facilities	(17,785)	(13,469)
Proceeds from disposal of cash surrender value of life insurance	-	68,023
<b>Net cash flow from (used in) investing activities</b>	<b>986,145</b>	<b>(156,562)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	-	330,000
Decrease in short-term borrowings	-	(830,000)
Repayments of long-term borrowings	(12,295)	(10,000)
Increase in guarantee deposits received	147	8
Repayments of lease liabilities	(2,277)	(2,528)
Cash dividends paid	(487,091)	(139,187)
<b>Net cash flow used in financing activities</b>	<b>(501,516)</b>	<b>(651,707)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(417,577)</b>	<b>(207,334)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,359,458</b>	<b>1,566,792</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 941,881</b>	<b>1,359,458</b>

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, 2023 and 2022**

**(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 11, 2024

**(3) New standards, amendments and interpretations adopted:**

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

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2023:

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

The Company has initially adopted the following new amendment, which do not have a significant impact on its financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

- (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, 2024, would not have a significant impact on its financial statements:

- 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”

(Continued)

**Swancor Holding Company Limited**  
**Notes to the Financial Statements**

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

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”
- Amendments to IAS21 “Lack of Exchangeability”

**(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.

- (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.

(Continued)

**Swancor Holding Company Limited**  
**Notes to the Financial Statements**

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.

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

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

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or

(Continued)

**Swancor Holding Company Limited**  
**Notes to the Financial Statements**

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

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

- (i) It is expected to settle in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

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

(f) Financial instruments

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

(i) Financial assets

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

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

(Continued)

**Swancor Holding Company Limited**  
**Notes to the Financial Statements**

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.

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

(Continued)

**Swancor Holding Company Limited**  
**Notes to the Financial Statements**

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'.

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## **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.

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**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.

(Continued)

**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.

(Continued)

**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.

(Continued)

**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;

(Continued)

**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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Pretty cash and cash on hand	\$ 138	148
Demand deposits	116,968	222,502
Time deposits	824,775	1,136,808
Cash and cash equivalents in the statement of cash flow	<u><u>\$ 941,881</u></u>	<u><u>1,359,458</u></u>

Please refer to note 6(x) 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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
<b>Financial assets mandatorily measured at fair value through profit or loss :</b>		
Non-derivative financial assets -		
Stocks listed on domestic markets	\$ 2,586	2,051
Stocks unlisted on domestic markets	-	665,904
Total	<u><u>\$ 2,586</u></u>	<u><u>667,955</u></u>

(Continued)

**Swancor Holding Company Limited**  
**Notes to the Financial Statements**

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<b>Financial liabilities mandatorily measured at fair value through profit or loss :</b>		
Convertible corporate bonds - put options	\$ <u>436</u>	<u>3,208</u>

During 2023 and 2022, the dividends of \$49 thousand and \$63,225 thousand, respectively, related to equity investments at fair value through profit or loss held on the years then ended, were recognized as operating revenues.

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(w).

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(w).

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<b>Debt investments at fair value through other comprehensive income :</b>		
Corporate bonds	\$ <u>101,682</u>	<u>36,881</u>
<b>Equity investments at fair value through other comprehensive income :</b>		
Domestic on listed Company - WT Microelectronics Co., Ltd,	45,650	47,750
Domestic unlisted Company -Gigantex Composite Technologies Co., Ltd.	25,031	25,031
Domestic unlisted Company-Yang Bao Enterprise Co., Ltd.	80,000	-
Domestic unlisted Company - Promix Composites, Inc.	-	-
Domestic unlisted Company - Ideal Star International Corp.	-	-
Subtotal	<u>150,681</u>	<u>72,781</u>
Total	<u>\$ 252,363</u>	<u>109,662</u>

(Continued)

**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, 2023 and 2022.

During 2023 and 2022, the dividends of \$ 2,000 thousand for each period, related to equity investments at fair value through other comprehensive income held on December 31, 2023 and 2022, were recognized as operating revenues.

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

The financial assets at fair value through other comprehensive income of the Company had not been pledged as collateral as of December 31, 2023 and 2022.

(iii) The amounts of other comprehensive profit or loss which were recognized at fair value in 2023 and 2022 were \$449 thousand and \$(10,280) thousand, respectively.

(d) Other receivables (Including Related Parties)

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Other accounts receivable	\$ 3,452	2,051
Other accounts receivable—Related Parties	65,624	68,221
	<b>\$ 69,076</b>	<b>70,272</b>

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

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

(e) 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:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Subsidiaries	<b>\$ 5,214,823</b>	<b>4,826,532</b>

(Continued)

**Swancor Holding Company Limited**  
**Notes to the Financial Statements**

(i) Subsidiaries

Please refer to the consolidated financial statements of the year 2023. In addition, please refer to note 6(u) for recognizing subsidiaries, share of loss of associates and joint ventures accounted for using the equity method of the year 2023 and 2022.

(ii) Collaterals

The investment accounted for using equity method of the Company had not been pledged as collaterals as of December 31, 2023 and 2022.

(f) 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 Company had recognized financial assets profit of \$471,062 thousand and \$646,591 thousand with the condition matched and had received all in 2023 and 2022, respectively.

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, 2023.

(g) Cash surrender value of life insurance

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

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

	<b>2022</b>
Balance at January 1	\$ 56,340
Increase in cash value	11,683
Decrease in surrender value of life insurance	(68,023)
Balance at December 31	\$ -

(Continued)

**Swancor Holding Company Limited**  
**Notes to the Financial Statements**

(h) 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 and prepayments for land</u>	<u>Total</u>
<b>Cost:</b>					
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>
Balance at January 1, 2022	\$ 776,587	204,028	12,821	196,958	1,190,394
Additions	3,640	-	-	416,099	419,739
Balance at December 31, 2022	<u>\$ 780,227</u>	<u>204,028</u>	<u>12,821</u>	<u>613,057</u>	<u>1,610,133</u>
<b>Depreciation:</b>					
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>
Balance at January 1, 2022	\$ -	113,576	9,533	-	123,109
Depreciation	-	9,199	1,046	-	10,245
Balance at December 31, 2022	<u>\$ -</u>	<u>122,775</u>	<u>10,579</u>	<u>-</u>	<u>133,354</u>
<b>Carrying amounts:</b>					
Balance at December 31, 2023	<u>\$ 780,227</u>	<u>72,190</u>	<u>25,972</u>	<u>1,003,832</u>	<u>1,882,221</u>
Balance at January 1, 2022	<u>\$ 776,587</u>	<u>90,452</u>	<u>3,288</u>	<u>196,958</u>	<u>1,067,285</u>
Balance at December 31, 2022	<u>\$ 780,227</u>	<u>81,253</u>	<u>2,242</u>	<u>613,057</u>	<u>1,476,779</u>

For the years ended December 31, 2023 and 2022, the amount of interest capitalization were \$11,026 thousand and \$7,458 thousand, respectively.

As of December 31, 2023 and 2022, property, plant and equipment pledged as collateral for bank loans are described in note 8.

(Continued)

**Swancor Holding Company Limited**  
**Notes to the Financial Statements**

(i) 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>
<b>Costs:</b>			
Balance at January 1, 2023	\$ 5,457	2,466	7,923
Additions	<u>3,396</u>	<u>818</u>	<u>4,214</u>
Balance at December 31, 2023	<u><b>\$ 8,853</b></u>	<u><b>3,284</b></u>	<u><b>12,137</b></u>
Balance at December 31, 2022 (Balance at January 1, 2022)	<u><b>\$ 5,457</b></u>	<u><b>2,466</b></u>	<u><b>7,923</b></u>
<b>Depreciation:</b>			
Balance at January 1, 2023	\$ 5,457	2,123	7,580
Depreciation	<u>1,698</u>	<u>547</u>	<u>2,245</u>
Balance at December 31, 2023	<u><b>\$ 7,155</b></u>	<u><b>2,670</b></u>	<u><b>9,825</b></u>
Balance at January 1, 2022	\$ 3,801	1,301	5,102
Depreciation	<u>1,656</u>	<u>822</u>	<u>2,478</u>
Balance at December 31, 2022	<u><b>\$ 5,457</b></u>	<u><b>2,123</b></u>	<u><b>7,580</b></u>
<b>Carrying amounts:</b>			
Balance at December 31, 2023	<u><b>\$ 1,698</b></u>	<u><b>614</b></u>	<u><b>2,312</b></u>
Balance at January 1, 2022	<u><b>\$ 1,656</b></u>	<u><b>1,165</b></u>	<u><b>2,821</b></u>
Balance at December 31, 2022	<u><b>\$ -</b></u>	<u><b>343</b></u>	<u><b>343</b></u>

(j) 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>
<b>Costs:</b>			
Balance at December 31, 2023 (Balance at January 1, 2023)	<u><b>\$ 43,767</b></u>	<u><b>15,563</b></u>	<u><b>59,330</b></u>
Balance at January 1, 2022	\$ 43,767	15,142	58,909
Additions	-	397	397
Reclassification	<u>-</u>	<u>24</u>	<u>24</u>
Balance at December 31, 2022	<u><b>\$ 43,767</b></u>	<u><b>15,563</b></u>	<u><b>59,330</b></u>

(Continued)

**Swancor Holding Company Limited**  
**Notes to the Financial Statements**

	<u>Technique</u>	<u>Computer software</u>	<u>Total</u>
<b>Amortization:</b>			
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><b>\$ 43,767</b></u>	<u><b>14,389</b></u>	<u><b>58,156</b></u>
Balance at January 1, 2022	\$ 42,267	12,870	55,137
Amortization	<u>1,500</u>	<u>738</u>	<u>2,238</u>
Balance at , 2022	<u><b>\$ 43,767</b></u>	<u><b>13,608</b></u>	<u><b>57,375</b></u>
<b>Carrying amounts:</b>			
Balance at December 31, 2023	<u><b>\$ -</b></u>	<u><b>1,174</b></u>	<u><b>1,174</b></u>
Balance at January 1, 2022	<u><b>\$ 1,500</b></u>	<u><b>2,272</b></u>	<u><b>3,772</b></u>
Balance at December 31, 2022	<u><b>\$ -</b></u>	<u><b>1,955</b></u>	<u><b>1,955</b></u>

- (i) For the years ended December 31, 2023 and 2022, the amortizations of intangible assets were included in the statement of comprehensive income:

	<u>2023</u>	<u>2022</u>
Operating expenses	<u><b>\$ 781</b></u>	<u><b>2,238</b></u>

- (ii) Disclosures on pledges

As of December 31, 2023 and 2022, the intangible assets of the Company had not been pledged as collateral.

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other current assets :		
Refundable deposits	\$ 1,448	1,448
Others-current	<u>497</u>	<u>217</u>
	<u><b>\$ 1,945</b></u>	<u><b>1,665</b></u>
Other non-current financial assets :		
Time deposits with maturities of more than three months	895,000	-
Restricted bank deposits	<u>1,000</u>	<u>1,000</u>
	<u><b>\$ 896,000</b></u>	<u><b>1,000</b></u>

(Continued)

**Swancor Holding Company Limited**  
**Notes to the Financial Statements**

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Other non-current assets :		
Refundable deposits	\$ 2,408	1,285
Prepayments for equipment	32,532	14,747
Others-non-current	<u>1,531</u>	<u>75</u>
	<b><u>\$ 36,471</u></b>	<b><u>16,107</u></b>

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

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

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Other payables :		
Other payables-salary	\$ 56,439	65,720
Other payables-employee compensation	1,242	2,769
Other payables-director's remuneration	25,824	14,523
Payables on equipment	43,231	16,166
Other	<u>5,410</u>	<u>4,939</u>
	<b><u>\$ 132,146</u></b>	<b><u>104,117</u></b>
Other current liabilities :		
Receipts under custody	<b><u>\$ 320</u></b>	<b><u>523</u></b>
Other non-current liabilities :		
Receivable deposits	\$ 678	591
Liability for cash-settled arrangements	<u>60</u>	<u>-</u>
	<b><u>\$ 738</u></b>	<b><u>591</u></b>

(m) Long-term borrowings

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

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

<b>December 31, 2022</b>			
	<b>Currency</b>	<b>Rate</b>	<b>Maturity year</b>
Secured bank loans	NTD	1.85%	2026/3/25
Unused long-term credit line			
			<b><u>\$ 203,515</u></b>
			<b><u>\$ 291,000</u></b>

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

(Continued)

**Swancor Holding Company Limited**  
**Notes to the Financial Statements**

(n) Bonds payable

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Third secured convertible bonds – domestic	\$ 1,000,000	1,000,000
Fourth unsecured convertible bonds – domestic	1,000,000	1,000,000
Unamortized discounted corporate bonds payable	(41,202)	(55,855)
Cumulative converted amount	(442,200)	(442,100)
Less : current portion	(1,516,598)	-
Corporate bonds issued balance at year-end	<u><u>\$ -</u></u>	<u><u>1,502,045</u></u>
Embedded derivative –put options, including financial liabilities at fair value through profit or loss	<u><u>\$ 436</u></u>	<u><u>3,208</u></u>
Equity component – conversion options, included in capital surplus – stock options	<u><u>\$ 167,600</u></u>	<u><u>167,610</u></u>
	<u><u>2023</u></u>	<u><u>2022</u></u>
Embedded derivative instruments – call and put rights, including net gain of evaluation in financial asset and liabilities	<u><u>\$ (2,772)</u></u>	<u><u>(244)</u></u>
Interest expense	<u><u>\$ 14,648</u></u>	<u><u>17,220</u></u>

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

- 1) Offering amount: \$1,000,000 thousand
- 2) Duration: five years (September 27, 2021 to September 27, 2026)
- 3) Interest rate: 0%
- 4) Conversion period: From three months after the issuance date to the maturity date. (December 28, 2021 to September 27, 2026)
- 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 2022, the cash dividend was declared, resulting in an adjustment of the conversion price to \$97.8 per share from July 16, 2022. In 2023, the cash dividend was declared, resulting in an adjustment of the conversion price to \$92.7 per share from July 4, 2023.

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**Swancor Holding Company Limited**  
**Notes to the Financial Statements**

- 6) On the repurchase dates, after the issuance date, the bondholders may request Swancor Holding to repurchase the bonds at their face value, by cash, in five trading days.
- 7) From three months after the issuance date to 40 days before the maturity date, if the closing price of Swancor Holding shares on the TWSE is higher than 130% of the conversion price for 30 consecutive trading days or when the outstanding convertible bonds are less than 10% of the initial issued bonds, Swancor Industrial may redeem the remaining bonds at their face value by cash in five trading days after the redemption date.
- 8) Terms of redemption: Swancor Holding needs to redeem the bonds by cash upon maturity, except for the bonds that had been converted into shares.

Swancor Holding separated its equity and liability components as follows:

Items	Amount
Total price of issuance (deducted transaction cost)	\$ 1,081,297
Fair value of convertible bonds upon issuance	(970,976)
Embedded derivative debt upon issuance	900
Equity components upon issuance	<u><u>\$ 111,221</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.
  - 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)
  - 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 2022, the cash dividend was declared, resulting in an adjustment of the conversion price to \$93.8 per share from July 16, 2022. In 2023, the cash dividend was declared, resulting in an adjustment of the conversion price to \$89.0 per share from July 4, 2023.

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**Swancor Holding Company Limited**  
**Notes to the Financial Statements**

- 6) On the repurchase dates, after the issuance date, the bondholders may request Swancor Holding to repurchase the bonds at their face value, with the interests of 0.75% of the face value for three years, plus yield to put of 0.25%, by cash, in five trading days.
- 7) From one month after the issuance date to 40 days before the maturity date, if the closing price of Swancor Holding shares on the TWSE is higher than 130% of the conversion price for 30 consecutive trading days or when the outstanding convertible bonds are less than 10% of the initial issued bonds, Swancor Holding may redeem the remaining bonds at their face value by cash in five trading days after the redemption date.
- 8) Terms of redemption: Swancor Holding needs to redeem the bonds by cash upon maturity, except for the bonds that had been converted into shares.

Swancor Holding separated its equity and liability components as follows:

<b>Items</b>	<b>Amount</b>
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.

(o) Lease liabilities

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Current	<u><u>\$ 2,116</u></u>	<u><u>351</u></u>
Non-current	<u><u>\$ 172</u></u>	<u><u>-</u></u>

The amounts recognized in profit or loss were as follows:

	<b>2023</b>	<b>2022</b>
Interest on lease liabilities	<u><u>\$ 33</u></u>	<u><u>34</u></u>
Expenses relating to short-term leases	<u><u>\$ 117</u></u>	<u><u>83</u></u>

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

	<b>2023</b>	<b>2022</b>
Total cash outflow for leases	<u><u>\$ 2,427</u></u>	<u><u>2,645</u></u>

(i) Real estate leases

As of December 31, 2023 and 2022, 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

(Continued)

**Swancor Holding Company Limited**  
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duration after the end of the contract term.

(ii) Other leases

As of December 31, 2023 and 2022, the Company leases transportations for 3 years.

Furthermore, the Company leases trivial leases with lease terms of 1 to 3 year, these leases are short-term and leases of low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(p) 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 \$282 thousand and \$274 thousand for the years ended December 31, 2023 and 2022, respectively.

(ii) Short-term compensated absence

The short-term compensated absence for the years ended December 31, 2023 and 2022 were included in other payable with balance of \$1,394 thousand and \$1,289 thousand, respectively.

(q) Income taxes

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

	<u>2023</u>	<u>2022</u>
Current tax expense		
Current period	\$ 71,813	42,466
Adjustment for prior periods	(837)	87
Undistributed earnings additional tax	<u>18,469</u>	<u>2,781</u>
	<u>89,445</u>	<u>45,334</u>
Deferred tax expense		
Origination and reversal of temporary differences	<u>(13,805)</u>	<u>51,237</u>
Income tax expense	<u>\$ 75,640</u>	<u>96,571</u>

For the years ended December 31, 2023 and 2022, there were no income taxes recognized directly in equity and other comprehensive income.

(Continued)

**Swancor Holding Company Limited**  
**Notes to the Financial Statements**

Reconciliation of income tax and income before tax 2023 and 2022 were as follows.

	<b>2023</b>	<b>2022</b>
Profit excluding income tax	<b>\$ 1,332,139</b>	<b>999,724</b>
Income tax using the Company's domestic tax rate	\$ 266,428	199,945
Income tax impact of foreign operating entity surplus not expected to be repatriated	(14,123)	(17,889)
Share of profit of subsidiaries accounted for using the equity method-domestic	11,485	4,555
Adjustment in tax rate	(226,649)	(121,374)
Changes in provision in prior periods	(837)	87
Recognition of previously over-estimated deferred tax liabilities	(39,767)	-
Undistributed earnings additional tax	18,469	2,781
Income basic tax	60,634	28,466
Total	<b>\$ 75,640</b>	<b>96,571</b>

(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, 2023 and 2022. 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:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Aggregate amount of temporary differences related to investments in subsidiaries	<b>\$ 2,643,114</b>	<b>2,571,952</b>
Unrecognized deferred tax liabilities	<b>\$ 528,623</b>	<b>514,390</b>

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	Cash surrender value of life insurance	Unearned- gross sales from subsidiaries	Unrealized foreign exchange loss	Other	Total
Balance at 1 January 2023	\$ 265	258	-	13,151	7,823	166	21,663
Recognized profit or loss	(265)	21	-	(1,642)	(4,216)	-	(6,102)
Balance at 31 December 2023	<b>\$ -</b>	<b>279</b>	<b>-</b>	<b>11,509</b>	<b>3,607</b>	<b>166</b>	<b>15,561</b>

(Continued)

**Swancor Holding Company Limited**  
**Notes to the Financial Statements**

	Net loss of evaluation in financial asset and liabilities	Short-term compensated absence	Cash surrender value of life insurance	Unearned- gross sales from subsidiaries	Unrealized foreign exchange loss	Other	Total
Balance at 1 January 2022	\$ 685	390	820	14,795	1,141	166	17,997
Recognized profit or loss	(420)	(132)	(820)	(1,644)	6,682	-	3,666
Balance at 31 December 2022	<u>\$ 265</u>	<u>258</u>	<u>-</u>	<u>13,151</u>	<u>7,823</u>	<u>166</u>	<u>21,663</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 1 January 2023	\$ -	8,683	46,220	54,903
Recognized profit or loss	387	(8,683)	(11,611)	(19,907)
Balance at 31 December 2023	<u>\$ 387</u>	<u>-</u>	<u>34,609</u>	<u>34,996</u>
Balance at 1 January 2022	\$ -	-	-	-
Recognized profit or loss	-	8,683	46,220	54,903
Balance at 31 December 2022	<u>\$ -</u>	<u>8,683</u>	<u>46,220</u>	<u>54,903</u>

(iii) Assessment of tax

The Company's tax returns were assessed by the Taipei National Tax Administration to 2021.

(r) Capital and other equity

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

As of December 31, 2023 and 2022, 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 98,560 thousand common shares and 98,131 thousand common shares for the years ended December 31, 2023 and 2022, respectively.

Reconciliation of shares outstanding for 2023 and 2022 was as follows:

	<b>Ordinary Shares</b>	
(in thousands of shares)	<b>2023</b>	<b>2022</b>
Balance on January 1	98,131	93,505
Conversion to convertible corporate bonds	1	4,626
Issuance of restricted employee stock	428	-
Balance on December 31	<u><b>98,560</b></u>	<u><b>98,131</b></u>

(Continued)

**Swancor Holding Company Limited**  
**Notes to the Financial Statements**

(i) Capital surplus

The balances of capital surplus were as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Share capital	\$ 405,127	405,127
Premium on bonds conversion	956,906	956,812
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	1,070,506	1,067,139
Stock transfer (from retained earnings of Swancor)	780,337	780,337
Restricted of employee stock	33,167	-
Equity component of convertible bonds recognized in stock option	167,600	167,610
	<b><u>\$ 3,570,421</u></b>	<b><u>3,533,803</u></b>

- 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.

(ii) Retained earnings

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

(Continued)

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

1) Legal reserve

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

2) Special reserve

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

3) Earnings distribution

The earnings distribution for 2022 and 2021 were decided during the Company's board meeting and the general meeting of the shareholders held on May 9, 2023 and May 31, 2022, respectively, as follows:

	<u>2022</u>	<u>2021</u>
Dividends distributed to ordinary shareholders		
Cash	\$ <u><u>487,091</u></u>	<u><u>139,187</u></u>

Earnings distribution for 2023 were decided by the general meeting of the shareholders held on March 11, 2024 as follows:

	<u>2023</u>
Dividends distributed to ordinary shareholders	
Cash	\$ <u><u>487,527</u></u>

(Continued)

**Swancor Holding Company Limited**  
**Notes to the Financial Statements**

(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.

The movement of treasury stock for 2023 was as follows:

(in thousands of shares)

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

The movement of treasury stock for 2022 was as follows:

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

- 2) In accordance with Securities and Exchange Act requirements as stated above, the number of shares repurchased should not exceed 10 percent of all shares outstanding. Also, the value of the repurchased shares should not exceed the sum of the Company's retained earnings, share premium, and realized capital reserves. As of December 31, 2019, the Company could repurchase no more than 7,849 thousand shares, with a total value of no more than \$2,790,383 thousand.
- 3) In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

(iv) Other equity (net after tax)

	<b>Exchange differences on translation of foreign financial statements</b>	<b>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</b>	<b>Unearned compensation</b>	<b>Total</b>
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>(455,501)</u>

(Continued)

**Swancor Holding Company Limited**  
**Notes to the Financial Statements**

	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 2022	\$ (387,002)	(4,365)	-	(391,367)
Exchange differences on foreign operations	53,910	-	-	53,910
Net change in fair value of investments in financial assets at FVTOCI	-	(10,280)	-	(10,280)
Balance at 31 December 2022	<u>\$ (333,092)</u>	<u>(14,645)</u>	<u>-</u>	<u>(347,737)</u>

(s) Share-based Payments

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

- 1) Details of the equity-settled share-based payment agreement of the Company was 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 board meeting 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.

Details of the restricted employee stock option was as follows:

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

(Continued)

**Swancor Holding Company Limited**  
**Notes to the Financial Statements**

(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 was 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	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, 2023, the assumptions used are as follows:

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

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. This rate is determined based on rate of time deposits, and it is in accordance with the regulations. Service and non-market performance conditions attached to the transactions are not taken into account in determining the fair value.

(Continued)

**Swancor Holding Company Limited**  
**Notes to the Financial Statements**

(iii) Employee expense and liability

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

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

(t) Earnings per Share

(i) Basic earnings per share

1) Profit attributable to ordinary shareholders of the Company

	<u>2023</u>	<u>2022</u>
Profit attributable to ordinary shareholders of the Company	<u>\$ 1,256,499</u>	<u>903,153</u>

2) Weighted average number of ordinary shares

	<u>2023</u>	<u>2022</u>
Weighted average number of ordinary shares at 31 December	<u>97,590</u>	<u>95,270</u>

3) Basic earnings per share

	<u>2023</u>	<u>2022</u>
Basic earnings per share	<u>\$ 12.88</u>	<u>9.48</u>

(ii) Diluted earnings per share

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

	<u>2023</u>	<u>2022</u>
Profit attributable to ordinary shareholders of the Company(basic)	\$ 1,256,499	903,153
Effect of dilutive potential ordinary shares		
Interest expense on convertible bonds, net of tax	<u>9,501</u>	<u>13,580</u>
Profit attributable to ordinary shareholders of the Company (diluted)	<u>\$ 1,266,000</u>	<u>916,733</u>

(Continued)

**Swancor Holding Company Limited**  
**Notes to the Financial Statements**

2) Weighted average number of ordinary shares (diluted)

	<u>2023</u>	<u>2022</u>
Weighted average number of ordinary shares (basic)	97,590	95,270
Effect of dilutive potential ordinary shares		
Effect of conversion of convertible bonds	17,084	18,361
Effect of restricted employee shares unvested (Notes)	<u>18</u>	<u>31</u>
Weighted average number of ordinary shares (diluted)	<u><u>114,692</u></u>	<u><u>113,662</u></u>

3) Diluted earnings per share

	<u>2023</u>	<u>2022</u>
Diluted earnings per share	\$ <u><u>11.04</u></u>	<u><u>8.07</u></u>

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

(u) Revenue

The details of revenue for the years ended December 31, 2023 and 2022 were as follows :

	<u>2023</u>	<u>2022</u>
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	\$ 169,597	297,769
Dividend revenue	<u>2,049</u>	<u>65,224</u>
	<u><u>\$ 171,646</u></u>	<u><u>362,993</u></u>

(v) Employee compensation and directors' remuneration

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

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**Swancor Holding Company Limited**  
**Notes to the Financial Statements**

For the year ended December 31, 2023 and 2022, the Company estimated and reversed its employee remuneration amounting to \$1,242 thousand, \$2,769 thousand, and directors' remuneration amounting to \$25,824 thousand and \$14,523 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.

(w) Non-operating income and expenses

(i) Interest income

	<b>2023</b>	<b>2022</b>
Interest income from bank deposits	\$ 30,750	11,791
Interest income from bonds investment	3,621	1,552
Other interest income	2,527	6,037
	<b>\$ 36,898</b>	<b>19,380</b>

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

(ii) Other income and expenses

	<b>2023</b>	<b>2022</b>
Rent income	\$ 17,814	17,782
Fee income	3,227	5,084
Service revenue	-	701
Other	2,450	15,127
	<b>\$ 23,491</b>	<b>38,694</b>

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

(Continued)

**Swancor Holding Company Limited**  
**Notes to the Financial Statements**

(iii) Other gains and losses

	<u>2023</u>	<u>2022</u>
Gains on disposal of property, plant and equipment	\$ 912	912
Gains on disposal of intangible assets	7,296	7,311
Foreign exchange gains (losses)	(27,596)	49,342
Gains on financial assets (liabilities) measured at fair value through profit or loss	1,207,475	648,691
Fee expense	-	(581)
	<u><u>\$ 1,188,087</u></u>	<u><u>705,675</u></u>

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

(iv) Finance costs

	<u>2023</u>	<u>2022</u>
Interest expense-bank loans	\$ 3,592	6,032
Interest expense-lease liabilities	33	34
Interest expense-bonds	14,648	17,220
Others	9	4
Less: capitalization of interest	(11,026)	(7,458)
	<u><u>\$ 7,256</u></u>	<u><u>15,832</u></u>

(x) 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 2023 and 2022, 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.

(Continued)

**Swancor Holding Company Limited**  
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All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. The Company has no loss allowance provision as of December 31, 2023 and 2022.

(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
<b>December 31, 2023</b>						
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>
<b>December 31, 2022</b>						
Non-derivative financial liabilities						
Secured loans	\$ 203,515	215,968	3,982	3,765	208,221	-
Accounts payable	104,117	104,117	104,117	-	-	-
Bonds payable	1,502,045	1,557,900	-	-	1,557,900	-
Lease liability	351	352	352	-	-	-
	<u>\$ 1,810,028</u>	<u>1,878,337</u>	<u>108,451</u>	<u>3,765</u>	<u>1,766,121</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, 2023			December 31, 2022		
	Foreign currency	Exchange rates	NTD	Foreign currency	Exchange rates	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 19,385	30.705	595,216	14,793	30.71	454,293

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts and other receivables, loans and borrowings and accounts and other payables that are denominated in foreign currency. A strengthening (weakening) of 0.5% of the NTD against the USD as at December 31, 2023 and 2022 would have increased (decreased) the net profit after tax by \$2,381 thousand and \$1,817 thousand, respectively.

(Continued)

**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, 2023 and 2022, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$(27,596) thousand and \$49,342 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 \$765 thousand and \$814 thousand for the years ended December 31, 2023 and 2022, respectively. This is mainly due to the Company's borrowing in variable rates.

(v) Other market price risk

For the years ended December 31, 2023 and 2022, 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:

	2023		2022	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increasing 0.5%	\$ 228	13	239	10
Decreasing 0.5%	(228)	(13)	(239)	(10)

(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 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, 2023			
	Carrying	Fair Value			
	amount	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
<b>Financial assets at fair value through profit or loss</b>					
Non derivative financial assets mandatorily measured at fair value through profit or loss	\$ 2,586	2,586	-	-	2,586
<b>Financial assets at fair value through other comprehensive income</b>					
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
<b>Subtotal</b>	<b>252,363</b>	<b>147,332</b>	<b>-</b>	<b>105,031</b>	<b>252,363</b>
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	941,881	-	-	-	-
Other receivables (including related parties)	69,076	-	-	-	-
Other financial assets-current	896,000	-	-	-	-
Refundable deposit	3,856	-	-	-	-
<b>Subtotal</b>	<b>1,910,813</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>\$ 2,165,762</b>	<b>149,918</b>	<b>-</b>	<b>105,031</b>	<b>254,949</b>
<b>Financial liabilities</b>					
<b>Financial liabilities at fair value through profit or loss</b>					
Non derivative financial liabilities mandatorily measured at fair value through profit or loss	\$ 436	-	436	-	436
<b>Financial liabilities measured at amortized cost</b>					
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	-	-	-	-
<b>Subtotal</b>	<b>1,842,252</b>	<b>-</b>	<b>1,800,809</b>	<b>-</b>	<b>1,800,809</b>
<b>Total</b>	<b>\$ 1,842,688</b>	<b>-</b>	<b>1,801,245</b>	<b>-</b>	<b>1,801,245</b>

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**Swancor Holding Company Limited**  
**Notes to the Financial Statements**

		December 31, 2022			
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
<b>Financial assets at fair value through profit or loss</b>					
Non derivative financial assets mandatorily measured at fair value through profit or loss	\$ 667,955	2,051	-	665,904	667,955
<b>Financial assets at fair value through other comprehensive income</b>					
Stocks unlisted on domestic markets	25,031	-	-	25,031	25,031
Stocks listed on domestic markets	47,750	47,750	-	-	47,750
Original bonds	36,881	36,881	-	-	36,881
<b>Subtotal</b>	109,662	84,631	-	25,031	109,662
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	1,359,458	-	-	-	-
Other receivables (including related parties)	70,272	-	-	-	-
Other financial assets-current	1,000	-	-	-	-
Refundable deposit	1,448	-	-	-	-
<b>Subtotal</b>	1,432,178	-	-	-	-
<b>Total</b>	<b>\$ 2,209,795</b>	<b>86,682</b>	<b>-</b>	<b>690,935</b>	<b>777,617</b>
<b>Financial liabilities</b>					
<b>Financial liabilities at fair value through profit or loss</b>					
Non derivative financial liabilities mandatorily measured at fair value through profit or loss	\$ 3,208	-	3,208	-	3,208
<b>Financial liabilities measured at amortized cost</b>					
Other payables	104,117	-	-	-	-
Long-term borrowings	203,515	-	-	-	-
Bonds payable	1,502,045	-	1,737,686	-	1,737,686
Current and non-current lease liabilities	351	-	-	-	-
<b>Subtotal</b>	1,810,028	-	1,737,686	-	1,737,686
<b>Total</b>	<b>\$ 1,813,236</b>	<b>-</b>	<b>1,740,894</b>	<b>-</b>	<b>1,740,894</b>

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.

(Continued)

**Swancor Holding Company Limited**  
**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 2023 and 2022.

5) Reconciliation of Level 3 fair values

	<b>Fair value through profit or loss (Unquoted equity instruments)</b>	<b>Fair value through other comprehensive income (Unquoted equity instruments)</b>
Opening balance on January 1, 2023	\$ 665,904	25,031
Recognized in profit or loss	733,152	-
Purchased	-	80,000
Disposal	(1,399,056)	-
Ending Balance on December 31, 2023	<u>\$ -</u>	<u>105,031</u>
Opening balance on January 1, 2022	\$ 664,094	25,031
Gain of loss	1,810	-
Balance at December 31, 2022	<u>\$ 665,904</u>	<u>25,031</u>

The amount of gains on disposal of financial assets measured at fair value through profit or loss please refer to note 6(b).

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

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

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**Swancor Holding Company Limited**  
**Notes to the Financial Statements**

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:

<b>Item</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between significant unobservable inputs and fair value measurement</b>
Financial assets measured at fair value through profit or loss - equity investments without an active market- Synera Renewable Energy	Discounted Cash Flow Method	<ul style="list-style-type: none"> <li>• Cost of equity Ratio (As of December 31, 2022 were 9.12% )</li> <li>• Lack of marketability (As of December 31, 2022 were 19% )</li> </ul>	<ul style="list-style-type: none"> <li>• the higher the Cost of equity Ratio, the higher the fair value</li> <li>• the higher the lack of marketability discount, the lower the fair value</li> </ul>
Financial assets measured at fair value through profit or loss- equity investments without an active market- F I International	Discounted Cash Flow Method	<ul style="list-style-type: none"> <li>• Cost of equity Ratio (As of December 31, 2022 were 9.12% )</li> <li>• Lack of marketability (As of December 31, 2022 were 19%)</li> </ul>	<ul style="list-style-type: none"> <li>• the higher the Cost of equity Ratio, the higher the fair value</li> <li>• the higher the lack of marketability discount, the lower the fair value</li> </ul>
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"> <li>• Price-Book Ratio (As of December 31, 2023 and 2022 were 1.59~2.06 and 2.02~2.42, respectively)</li> <li>• Price-to-Sales Ratio (As of December 31, 2023 and 2022 were 0.59~1.48 and 0.63~1.58, respectively)</li> <li>• Lack of marketability discount (As of December 31, 2023 and 2022 were all 35%, respectively)</li> </ul>	<ul style="list-style-type: none"> <li>• the higher the Price-Book Ratio, the higher the fair value</li> <li>• the higher the Price-to-Sales Ratio, the higher the fair value</li> <li>• the higher the lack of marketability discount, the lower the fair value</li> </ul>
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"> <li>• Price-Book Ratio (As of December 31, 2023 was 3.19)</li> <li>• Price-to-Sales Ratio (As of December 31, 2023 was 4.14)</li> <li>• Lack of marketability discount (As of December 31, 2023 was 35%)</li> </ul>	<ul style="list-style-type: none"> <li>• the higher the Price-Book Ratio, the higher the fair value</li> <li>• the higher the Price-to-Sales Ratio, the higher the fair value</li> <li>• the higher the lack of marketability discount, the lower the fair value</li> </ul>

(Continued)

**Swancor Holding Company Limited**  
**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>
<b>December 31, 2023</b>						
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	105,031	0.5 %	-	-	525	(525)
<b>December 31, 2022</b>						
Financial assets at fair value through profit or lost						
Equity investments without an active market	665,904	0.5 %	3,330	(3,330)	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	25,031	0.5 %	-	-	125	(125)

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

(y) 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 revenues and general administrative expenses are mainly denominated in NTD. Thus, there is no currency risk.

2) Interest rate risk

The Company adopts a policy of ensuring that changes in interest rates on borrowings is on a variable rate basis.

(z) 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, 2023, the Company's capital management strategy is consistent with that of the prior year, and the gearing ratio is maintained within 2% to 50% so as to ensure financing at reasonable cost. The Company's debt-to-equity ratio at the end of the reporting period as at December 31, 2023 and 2022 were as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Total liabilities	\$ 2,008,662	1,928,052
Less: cash and cash equivalents	<u>941,881</u>	<u>1,359,458</u>
Net debt	1,066,781	568,594
Total equity	<u>7,360,767</u>	<u>6,658,215</u>
Adjusted equity	<u><b>\$ 8,427,548</b></u>	<u><b>7,226,809</b></u>
Debt-to-equity ratio	<u><b>13 %</b></u>	<u><b>8 %</b></u>

(Continued)

**Swancor Holding Company Limited**  
**Notes to the Financial Statements**

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

The Company's investing and financing activities, which did not affect its current cash flow in the years ended December 31, 2023 and 2022, were as follows:

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

Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes			
	January 1, 2023	Cash flows	Increase (Decrease)	Amortization	Transferred shares and Capital surplus	December 31, 2023
Short-term borrowings	\$ -	-	-	-	-	-
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>

			Non-cash changes		
	January 1, 2022	Cash flows	Increase (Decrease)	Amortization	December 31, 2022
Short-term borrowings	\$ 500,000	(500,000)	-	-	-
Long-term borrowings (including current portion)	213,515	(10,000)	-	-	203,515
Lease liabilities (including current portion)	2,879	(2,528)	-	-	351
Bonds payable	1,900,906	-	(416,081)	17,220	1,502,045
Total liabilities from financing activities	<u>\$ 2,617,300</u>	<u>(512,528)</u>	<u>(416,081)</u>	<u>17,220</u>	<u>1,705,911</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>
Synera Renewable Energy Co., Ltd. (Synera Renewable Energy) (note)	Key management personnel of the Company are Synera Renewable Energy's director
Swancor(HK) Investment Co., Ltd (Swancor(HK))	Subsidiary of the Company
Swancor Highpolymer Co., Ltd. (Swancor Highpolymer)	Subsidiary of the Company
Strategic Capital Holding Ltd. (Strategic)	Subsidiary of the Company
Swancor(Jiangsu) New Materials Co., Ltd. (Swancor(Jiangsu))	Subsidiary of the Company
Sunwell (Jiangsu) Carbon Fiber Composites Co., Ltd. (Swancor (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

note: The original name is Swancor Renewable Energy Co., Ltd. which changed the name to Synera Renewable Energy Co., Ltd. in November 2022.

(Continued)

**Swancor Holding Company Limited**  
**Notes to the Financial Statements**

(b) Significant transactions with related parties

(i) Other transaction

- 1) The labor services provided to associates by the Company in 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Other related parties- Synera Renewable Energy	\$ <u>-</u>	<u>701</u>

- 2) For the years ended December 31, 2023 and 2022, the Company provided guarantees and endorsements for related parties, and the fee income generated from related parties was as follows:

	<u>2023</u>	<u>2022</u>
Subsidiary- Swancor (Jiangsu) Carbon Fiber Composites	\$ 3,143	5,084
Subsidiary- S-Wanlai	<u>84</u>	<u>-</u>
	<u>\$ 3,227</u>	<u>5,084</u>

As of December 31, 2023 and 2022, the amount that had yet to be collected (which were classified under other receivable due from related parties) were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiary- Swancor (Jiangsu) Carbon Fiber Composites	\$ -	5,421
Subsidiary- S-Wanlai	<u>84</u>	<u>-</u>
	<u>\$ 84</u>	<u>5,421</u>

- 3) Rent income

For the years ended December 31, 2023 and 2022, the Company leases office to related parties were as follows:

	<u>2023</u>	<u>2022</u>
Subsidiary- Swancor Highpolymer	\$ 12,156	12,156
Subsidiary- Sunwell Carbon Fiber Composite	<u>2,292</u>	<u>2,292</u>
	<u>\$ 14,448</u>	<u>14,448</u>

- 4) The energy service provided to associates by the Company in 2023 was as follows:

	<u>2023</u>
Subsidiary- Swancor Highpolymer	\$ 1,498
Subsidiary- Sunwell Carbon Fiber Composite	<u>415</u>
	<u>\$ 1,913</u>

(Continued)

**Swancor Holding Company Limited**  
**Notes to the Financial Statements**

As of December 31, 2023, the amount had yet to be collected (which were classified under other receivable due from related parties) were as follows:

	<b>December 31, 2023</b>
Subsidiary- Swancor Highpolymer	1,471
Subsidiary- Sunwell Carbon Fiber Composite	33
	<b>\$ <u>1,504</u></b>

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

(ii) Loans to Related Parties

The loans to related parties (recognized as other receivable-related parties) were as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Subsidiary- Swancor	<b>\$ <u>62,427</u></b>	<b><u>61,420</u></b>

The loans to related parties are unsecured. The interest income form the loans were as follows:

	<b>2023</b>	<b>2022</b>
Subsidiary- Swancor (Jiangsu) Fiber Carbon Composites	\$ -	1,995
Subsidiary- Swancor	2,523	2,050
Subsidiary- Sunwell Carbon Fiber Composites	-	1,909
Subsidiary- Swancor Innovation & Incubation	-	72
	<b>\$ <u>2,523</u></b>	<b><u>6,026</u></b>

As of December 31, 2023 and 2022, interest of related parties receivable (recognized as other receivable- related parties) were \$1,449 thousand and \$1,380 thousand, respectively.

(iii) Guarantee

As of December 31, 2023 and 2022, the Company had provided guarantee for the loans of subsidiaries-Swancor (Jiangsu) Carbon Fiber Composites and S-Wanlai with credit limit of \$555,278 thousand and \$854,931 thousand, respectively.

(Continued)

**Swancor Holding Company Limited**  
**Notes to the Financial Statements**

(c) Key management personnel compensation

Key management personnel compensation comprised the following:

	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 8,015	10,885
Post-employment benefits	145	153
Other long-term employee benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	<u><u>\$ 8,160</u></u>	<u><u>11,038</u></u>

**(8) Pledged assets:**

The carrying values of pledged assets were as follows:

<b>Pledged assets</b>	<b>Object</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Acquisition of property, plant and equipment	<u><u>\$ 99,386</u></u>	<u><u>401,845</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	2023			2022		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	-	12,216	12,216	-	46,637	46,637
Labor and health insurance	-	833	833	-	627	627
Pension	-	282	282	-	274	274
Remuneration directors	-	25,824	25,824	-	14,628	14,628
Others	-	-	-	-	-	-
Depreciation	-	12,171	12,171	-	12,723	12,723
Amortization	-	781	781	-	2,238	2,238

Additional information of the number of employees and employee benefits of the Company in 2023 and 2022:

	2023	2022
The number of employees	<u>11</u>	<u>23</u>
The number of directors excluding the employees	<u>6</u>	<u>6</u>
The average of employees' benefits	<u>\$ 2,666</u>	<u>2,796</u>
The average of salary	<u>\$ 2,443</u>	<u>2,743</u>
The average of salary adjustment	<u>(11.00)%</u>	<u>105.00 %</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 Group:

##### (i) Lending to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period (Note 5)	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Loss Allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	Swancor Holding	Swancor	Other receivables	Yes	RMB16,000 USD2,000 130,970	RMB16,000 69,363	RMB14,400 62,427	4%	2	-	Operating purpose	-	-	-	2,944,307 (Note 1)	2,944,307 (Note 2)
0	Swancor Holding	Sunwell Carbon Fiber Composite	Other receivables	Yes	120,000	-	-	-%	2	-	Operating purpose	-	-	-	1,104,115 (Note 1)	2,944,307 (Note 2)
1	Sunwell Carbon Fiber Composite	Sunwell (Jiangsu) Carbon Fiber Composites	Other receivables	Yes	RMB15,630 67,760	RMB15,000 65,028	RMB15,000 65,028	3.9%	2	-	Operating purpose	-	-	-	99,608 (Note 3)	265,622 (Note 3)
2	Swancor Highpolymer	Swancor Ind(M)	Other receivables	Yes	USD4,072 125,020	USD2,500 76,763	USD2,000 61,410	5.30%	2	-	Operating purpose	-	-	-	173,756 (Note 4)	463,349 (Note 4)

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

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

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

Note4 : According to the “ Procedure for Loaning of Funds and Endorsements and Guarantees” issued by Swancor Highpolymer, the amount of endorsements and/or guarantees shall not exceed 15% of Swancor Highpolymer's net worth. The total amount of endorsements and/or guarantees shall not exceed 40% of Swancor Highpolymer's net worth.

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

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

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## 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	3,680,384	180,000	180,000	28,000	-	2.45 %	7,360,767	Y	N	N
0	Swancor Holding	Sunwell (Jiangsu) Carbon Fiber Composites	2	3,680,384	854,931	375,278	214,159	-	5.10 %	7,360,767	Y	N	Y
0	Swancor Holding	Yang-Bao	1	736,077	80,000	80,000	80,000	80,000	1.09 %	7,360,767	N	N	N
1	Swancor Highpolymer Ind(M)	Swancor Ind(M)	1	579,187	258,160	122,820	-	-	10.60 %	1,158,373	N	N	N
2	Swancor Advanced Materials	Swancor (Jiangsu)	2	1,576,543	888,716	888,716	-	-	16.91 %	2,627,572	N	N	Y
2	Swancor Advanced Materials	Swancor (Tianjin)	2	1,576,543	1,110,700	992,978	51,844	-	18.90 %	2,627,572	N	N	Y
2	Swancor Advanced Materials	Swancor Ind(M)	2	1,576,543	81,866	78,134	325	-	1.49 %	2,627,572	N	N	N

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

Note2 : The amount of endorsements and/or guarantees to other parties shall not exceed 10% of the Company's net worth. The total amount of endorsements and/or guarantees to other parties shall not exceed 100% of the Company's net worth.

Note3 : According to the "Procedure for Loaning of Funds and Endorsements and Guarantees" issued by Swancor Advanced Materials, the amount of endorsements and/or guarantees shall not exceed 30% of Swancor Advanced Materials' net worth. The total amount of endorsements and/or guarantees shall not exceed 50% of Swancor Advanced Materials' net worth.

Note4 : According to the "Procedure for Loaning of Funds and Endorsements and Guarantees" issued by Swancor Highpolymer, the amount of endorsements and/or guarantees shall not exceed 50% of Swancor Highpolymer's net worth. The total amount of endorsements and/or guarantees shall not exceed 100% of Swancor Highpolymer's 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.

(Continued)

## SWANCOR HOLDING COMPANY LIMITED

### Notes to the Financial Statements

(iii) Securities held as of December 31, 2023 (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	46	0.04 %	46	
Swancor Holding	Stock- Tsang Yow Industrial Co., Ltd.		Financial assets at fair value through profit or loss-current	26	855	0.03 %	855	
Swancor Holding	Stock – Aero Win Technology Corporation		Financial assets at fair value through profit or loss-current	12	566	0.02 %	566	
Swancor Holding	Stock – Koan Hau Technology Co., Ltd.		Financial assets at fair value through profit or loss-current	68	1,119	0.09 %	1,119	
Swancor Holding	Stock - Yang Bao		Financial assets at fair value through other comprehensive income - non-current	2,000	80,000	2.92 %	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	45,650	0.10 %	45,650	
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	Stock- Dell International LLC		Financial assets at fair value through other comprehensive income-non-current	-	6,311	- %	6,311	
Swancor Holding	Bonds-Citigroup Inc.		Financial assets at fair value through other comprehensive income-non-current	-	8,569	- %	8,569	
Swancor Holding	Bonds-AT & T Corporation		Financial assets at fair value through other comprehensive income-non-current	-	6,643	- %	6,643	
Swancor Holding	Stock- British Petroleum		Financial assets at fair value through other comprehensive income-non-current	-	5,338	- %	5,338	
Swancor Holding	Bonds-Hewlett Packard Company		Financial assets at fair value through other comprehensive income-non-current	-	5,243	- %	5,243	
Swancor Holding	Bonds-Saudi Aramco		Financial assets at fair value through other comprehensive income-non-current	-	15,432	- %	15,432	
Swancor Holding	Bonds-Standard & Poor's		Financial assets at fair value through other comprehensive income-non-current	-	9,174	- %	9,174	
Swancor Holding	Bonds-POSCO		Financial assets at fair value through other comprehensive income-non-current	-	14,168	- %	14,168	
Swancor Holding	Bonds-Macquarie Group Limited		Financial assets at fair value through other comprehensive income-non-current	-	5,894	- %	5,894	
Swancor Holding	Bonds-GLE		Financial assets at fair value through other comprehensive income-non-current	-	12,213	- %	12,213	
Swancor Holding	Bonds-Goldmon		Financial assets at fair value through other comprehensive income-non-current	-	6,250	- %	6,250	
Swancor Holding	Bonds-Ford		Financial assets at fair value through other comprehensive income-non-current	-	6,447	- %	6,447	

(iv) Information regarding purchase or sale of securities for the period exceeding 300 million or 20% of the Company's paid-in capital:.

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
Swancor Holding	Formosa International Investment Co., Ltd.	Financial assets at fair value	STONEPEAK VETTEL HOLDINGS COMPANY LIMITED	none	45,246	453,000	-	-	45,246	1,142,252	453,000	689,252	-	-
Swancor Holding	Synera Renewable Energy Co., Ltd.	Financial assets at fair value	Stonepeak Oceanview Taiwan Co., Ltd.	none	25,127	212,904	-	-	25,127	256,804	212,904	43,900	-	-

(Continued)

## SWANCOR HOLDING COMPANY LIMITED

### Notes to the Financial Statements

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

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
Swancor Holding	Construction in progress	2020.11.20~2023.12.31	1,003,831	According to contract	Truedreams Construction CO.,LTD etc.	None	Not applicable	Not applicable	Not applicable	-	Public Bidding	For operating	None

- (vi) Disposal of individual real estate with an amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

- (vii) 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)	(1,684,958)	(23.10) %	90 day	Note 1	No difference	569,078	18.47 %	
Swancor Advanced Materials	Swancor (Jiangsu)	Direct of indirect subsidiaries of the Company	Purchases	1,684,958	32.52 %	90 day	Note 1	No difference	(569,078)	(25.32) %	
Swancor (Jiangsu)	Swancor (Tianjin)	Direct of indirect subsidiaries of the Company	(Sales)	(229,837)	(3.15) %	90 day	Note 1	No difference	92,385	3.00 %	
Swancor (Tianjin)	Swancor (Jiangsu)	Direct of indirect subsidiaries of the Company	Purchases	229,837	4.44 %	90 day	Note 1	No difference	(92,385)	(4.11) %	
Swancor (Jiangsu)	Meisia New Materials	Direct of indirect subsidiaries of the Company	Purchases	262,429	5.06 %	30~120 day	-	No difference	(86,394)	(3.84) %	
Meijia New Materials	Swancor (Jiangsu)	Associate of the subsidiary	(Sales)	(262,429)	(3.60) %	30~120 day	-	No difference	86,394	2.80 %	

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	569,078	4.53	-	-	-	-

- (ix) Trading in derivative instruments: None

(Continued)

## SWANCOR HOLDING COMPANY LIMITED

### Notes to the Financial Statements

(b) Information on investees:

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

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

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
Swancor Holding	Sunwell Carbon Fiber Composite	R.O.C.	Producing and selling carbon composites	458,000	458,000	45,800	86.42 %	573,538	(26,389)	(22,805)	
Swancor Holding	Strategic	Samoa	Investing and holding	USD 9,601 317,780	USD 9,601 317,780	9,601	100.00 %	4,048,248	USD7,833 244,204	244,204	
Swancor Holding	Swancor Innovation & Incubation	R.O.C.	Management consulting	210,000	210,000	21,000	100.00 %	102,508	(33,969)	(33,969)	
Swancor Holding	S-Wanlai	R.O.C.	Chemical products manufacturing and processing	200,000	200,000	20,000	100.00 %	336,894	(17,284)	(17,284)	
Strategic	Swancor	Samoa	Investing and holding	USD 7,100 233,692	USD 7,100 233,692	7,100	100.00 %	USD 107,673 3,306,003	USD 6,319 196,996	USD 6,319 196,996	
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 320,866 1,391,022	RMB 53,992 238,883	RMB 53,992 238,883	
Swancor (HK)	Swancor Ind. (M)	Malaysia	Chemical products manufacturing and processing	USD 7,820 241,521	USD 7,820 241,521	32,657	100.00 %	HKD 59,036 231,928	HKD 7,383 29,406	HKD 7,383 29,406	
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 294,856 1,158,373	HKD 59,405 236,593	HKD 59,405 236,593	
Sunwell Carbon Fiber Composite	COTECH	R.O.C.	Producing and selling carbon composites	130,000	130,000	130,000	80.82 %	130,000	(18,576)	-	

(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, 2023	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	USD10,105 315,044	79.23 %	USD8,006 249,609	USD 136,002 4,175,930	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 (Note 1)	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(13,852) (61,286)	79.23 %	RMB(10,975) (48,557)	RMB182,333 790,450	-
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	RMB15,604 69,039	79.23 %	RMB12,363 54,700	RMB147,149 637,923	-
Meijia New Materials	Producing and selling of powder coating and epoxy resin	RMB210,000 913,290	Indirectly owned by the company	-	-	-	-	RMB(22,175) (98,112)	18.86 %	RMB(4,182) (18,504)	RMB161,137 698,562	-
Swancor (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	RMB(16,965) (75,059)	72.50 %	RMB(12,300) (54,419)	343,186	-
Shandong Longneng	Recycling of renewable resources	RMB10,239 45,301	Indirectly owned by the company	-	-	-	-	RMB(62) (273)	43.58 %	RMB(34) (150)	RMB3,631 15,743	-
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(124) (549)	100.00%	RMB(124) (549)	153,635	-

(Continued)

**SWANCOR HOLDING COMPANY LIMITED**  
**Notes to the Financial Statements**

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
USD7,282	USD 94,531 2,858,077	5,199,241

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:

Shareholder's name	Shareholding	Shares	Percentage
Tsai's Holding Co., Ltd.		19,313,658	19.59 %

**(14) Segment information: None**

Please refer to the 2023 consolidated financial statement.

**Swancor Holding Company Limited**  
**Statement of Cash and Cash Equivalents**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash	Petty cash and cash on hand	\$ 138
Cash in banks	Demand deposit	116,968
	Time deposits	<u>824,775</u>
		<u><b>\$ 941,881</b></u>

**Statement of Prepayments**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Overpaid sales tax		\$ 49,715
Others (Note)		<u>3,301</u>
		<u><b>\$ 53,016</b></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, 2023

(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 %	\$ 601,761	-	-	-	-	(22,805)	(5,665)	247(note 4)	45,800,000	86.42 %	573,538	12.52	573,538	None
Strategic Capital Holding Ltd.	9,601,000	100.00 %	3,884,116	-	-	-	(29,264)(note 3)	244,204	(62,136)	11,328(note 5)	9,601,000	100.00 %	4,048,248	422.35	4,048,248	None
S-Wanlai Co., Ltd.	20,000,000	100.00 %	204,178	15,000,000	150,000(note1)	-	-	(17,284)	-	-	35,000,000	100.00 %	336,894	9.63	336,894	None
Swancor Innovation & Incubation	21,000,000	100.00 %	136,477	-	-	-	-	(33,969)	-	-	21,000,000	100.00 %	102,508	4.88	102,058	None
Swancor Recycling Technology(Jiangsu) Ltd.	-	- %	-	-	157,150(note2)	-	-	(549)	(2,966)	-	-	100.00 %	153,635	-	153,635	None
			\$ 4,826,532		150,157		(29,264)	169,597	(70,767)	11,575			5,214,823		5,214,373	

Note1: Including \$150,000 thousand of increase capital to S-Wanlai Co., Ltd..

Note2: Including \$157,150 thousand of increase capital to set up Swancor Recycling Technology(Jiangsu) Ltd..

Note3: Including \$29,264 thousand of Strategic's cash dividends.

Note4: Including the investment amount of \$247 thousand of changing in downstream transactions.

Note4: Credit \$3,367 thousand of capital surplus because of recognizing the Company's employee share options and the investment amount of \$7,961 thousand of changing in downstream transactions.

**Swancor Holding Company Limited**  
**Statement of Other Payables and Other Payables**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Other payables	Salary Payable	\$ 56,439
	Employee compensation and director's remuneration	27,066
	Payables on equipment	43,231
	Others (Note)	5,410
		<u><u>\$ 132,146</u></u>

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

**Statement of Other Current liabilities**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Other Current liabilities	Receipts under custody	<u><u>\$ 320</u></u>

**Swancor Holding Company Limited**  
**Statement of Operating Revenue**  
**For the year ended December 31, 2023**  
**(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	\$ 169,597
Dividend income	<u>2,049</u>
	<u><b>\$ 171,646</b></u>

**Statement of Operating Expenses**

<u>Item</u>	<u>Administrative expenses</u>	<u>Research and development expenses</u>
Salary	\$ 37,998	42
Professional service fees	8,292	83
Depreciation	11,921	250
Tax Donation	7,599	-
Others (Note)	<u>14,513</u>	<u>29</u>
Total	<u><b>\$ 80,323</b></u>	<u><b>404</b></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, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

<b>Item</b>	<b>Description</b>	<b>Amount</b>
<b>Non-Operating Income</b>		
Gain on financial assets (liabilities) at fair value through profit or loss	Financial assets (liabilities) evaluation profit and loss	\$ 1,207,475
Other (Note)		<u>68,397</u>
		<u>1,275,872</u>
<b>Non-Operating Expenses</b>		
Interest expense		7,256
Foreign exchange losses		<u>27,596</u>
		<u>34,852</u>
		<b><u>\$ 1,241,020</u></b>

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