

THAI KIN CO., LTD. AND SUBSIDIARIES**Consolidated Financial Statements****With Independent Auditors' Report
For the Years Ended December 31, 2021 and 2020**

Address: 4F., No. 287, Sec. 3, Nanjing E. Rd., Songshan Dist., Taipei
City 105, Taiwan (R.O.C.)
Telephone: +886 2 25149960

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

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安侯建業聯合會計師事務所

KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel + 886 2 8101 6666
傳真 Fax + 886 2 8101 6667
網址 Web home.kpmg/tw

Independent Auditors' Report

To the Board of Directors of Thai Kin Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Thai Kin Co., Ltd. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgments, the key audit matters that should be disclosed in this audit report is Revenue recognition.

Please refer to note 4(m) "Recognition of Revenue" for accounting policy related to revenue recognition, and note 6(r) for the information related to revenue of the consolidated financial statements.

Description of key audit matter

The Group entered into agreements or sales orders with its major customers, which contain different terms and conditions and increase the complexity of identifying the timing of revenue recognition and transferring control of the products. Therefore, the revenue recognition was considered one of the key audit matters in our audit.

How the matter was addressed in our audit:

Our audit procedures included:

- Assessing and testing the design, and the effectiveness of the internal controls over revenue recognition.
- Performing trend analysis on operating income generated from each top ten customer in current period versus that in latest quarter and last year to assess the occurrence of any significant variation and the rationale for the variation.
- Performing test-of-details on transactions to assess the existence of the transactions and the accuracy of the recognized sales as well as the timing of the recognition.
- Performing sales cut-off test over a period prior and post to the balance sheet date by vouching relevant documents of sales transactions to determine whether the revenue have been recognized in proper period.

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 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 Chun-Hsiu Kuang and Chung-I Chang.

KPMG

Taipei, Taiwan (Republic of China)
March 21, 2022

Notes to Readers

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

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

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

THAI KIN CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2021 and 2020

(expressed in thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020				December 31, 2021		December 31, 2020	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
11xx	Current assets:					21xx	Current liabilities:				
1100	Cash and cash equivalents (note 6(a))	\$ 463,270	30	602,166	35	2100	Short-term borrowings (notes 6(f), (h), (j), 7 and 8)	\$ 213,742	14	346,607	21
1110	Financial assets at fair value through profit or loss—current (note 6(b))	634	-	-	-	2120	Financial liabilities at fair value through profit or loss—current (notes 6(b) and (m))	4,709	-	-	-
1170	Trade receivables, net (notes 6(c) and (r))	216,646	14	222,293	13		Notes payable	2,504	-	1,902	-
1200	Other receivables (note 6(d))	6,669	-	9,039	1	2150	Trade payables	61,795	4	70,645	4
130x	Inventories (notes 6(e) and 10))	312,392	21	271,406	16	2170	Other payable (note 7)	30,131	2	36,772	2
1470	Other current assets (note 6(i))	5,778	-	7,665	-	2219	Payables for machinery and equipment	3,016	-	6,289	-
	Total current assets	<u>1,005,389</u>	<u>65</u>	<u>1,112,569</u>	<u>65</u>	2213	Dividends payable (note 6(p))	78,456	5	-	-
15xx	Non-current assets:					2230	Current tax liabilities	34,219	3	19,468	1
1600	Property, plant and equipment (notes 6(f), (j), (k), 8, 9 and 10)	496,758	32	551,125	32	2280	Current lease liabilities (notes 6(l) and 7)	841	-	865	-
1755	Right-of-use assets (notes 6(g) and 7)	1,682	-	1,071	-	2321	Current portion of bonds payable (note 6(m))	185,373	12	-	-
1760	Investment property, net (notes 6(h), (j), (k) and 8)	26,319	2	30,131	2	2322	Current portion of long-term borrowings (notes 6(f), (h), (k), 7 and 8)	57,519	4	20,379	1
1840	Deferred tax assets (note 6(o))	10,881	1	10,712	1	2399	Other current liabilities	986	-	745	-
1900	Other non-current assets (notes 6(f), (i), 8 and 9)	4,990	-	7,988	-		Total current liabilities	<u>673,291</u>	<u>44</u>	<u>503,672</u>	<u>29</u>
	Total non-current assets	<u>540,630</u>	<u>35</u>	<u>601,027</u>	<u>35</u>	25xx	Non-current liabilities:				
						2500	Financial liabilities at fair value through profit or loss—non-current (notes 6(b) and (m))	-	-	480	-
						2530	Bonds payable (notes 6(b) and (m))	-	-	204,454	12
						2540	Long-term borrowings (notes 6(f), (h), (k), 7 and 8)	13,407	1	80,011	5
						2570	Deferred tax liabilities (note 6(o))	4,052	-	4,615	-
						2580	Non-current lease liabilities (notes 6(l) and 7)	848	-	216	-
						2640	Defined benefit liabilities—non-current (note 6(n))	12,232	1	16,736	1
							Total non-current liabilities	<u>30,539</u>	<u>2</u>	<u>306,512</u>	<u>18</u>
						2xxx	Total liabilities	<u>703,830</u>	<u>46</u>	<u>810,184</u>	<u>47</u>
						31xx	Equity attributable to owners of the Company (notes 6(m), (n), (o) and (p)):				
						3100	Common stock	356,617	23	355,300	21
						3200	Capital surplus	255,738	17	234,071	14
						33xx	Retained earnings:				
						3310	Legal reserve	55,915	4	21,440	1
						3350	Unappropriated retained earnings	244,188	15	280,502	16
							Total retained earnings	300,103	19	301,942	17
						34xx	Other equity:				
						3410	Exchange differences on translation of foreign financial statements	(70,453)	(5)	11,876	1
							Total equity attributable to owners of the Company	<u>842,005</u>	<u>54</u>	<u>903,189</u>	<u>53</u>
						36xx	Non-controlling interests	184	-	223	-
						3xxx	Total equity	<u>842,189</u>	<u>54</u>	<u>903,412</u>	<u>53</u>
1xxx	Total assets	<u>\$ 1,546,019</u>	<u>100</u>	<u>1,713,596</u>	<u>100</u>	2-3xxx	Total liabilities and equity	<u>\$ 1,546,019</u>	<u>100</u>	<u>1,713,596</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

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

THAI KIN CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Comprehensive Income****For the years ended December 31, 2021 and 2020****(expressed in thousands of New Taiwan Dollars, except earnings per share)**

	2021		2020	
	Amount	%	Amount	%
4000 Operating revenues (note 6(r))	\$ 1,359,221	100	1,264,815	100
5000 Operating costs (notes 6(e), (f), (g), (n), 7 and 12)	<u>987,280</u>	<u>73</u>	<u>926,668</u>	<u>73</u>
5900 Gross profit from operations	<u>371,941</u>	<u>27</u>	<u>338,147</u>	<u>27</u>
6000 Operating expenses (notes 6(f), (g), (n), 7 and 12):				
6100 Selling expenses	32,431	2	35,965	3
6200 Administrative expenses	48,108	4	52,270	4
6300 Research and development expenses	<u>6,849</u>	<u>-</u>	<u>7,085</u>	<u>1</u>
Total operating expenses	<u>87,388</u>	<u>6</u>	<u>95,320</u>	<u>8</u>
6900 Net operating income	<u>284,553</u>	<u>21</u>	<u>242,827</u>	<u>19</u>
7000 Non-operating income and expenses (notes 6(b), (e), (f), (l), (m), (t), (u), (v), (w) and 10):				
7100 Interest income	545	-	788	-
7010 Other income	75	-	79,312	6
7020 Other gains and losses	(2,746)	-	(57,926)	(4)
7050 Finance costs	<u>(10,123)</u>	<u>(1)</u>	<u>(9,057)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(12,249)</u>	<u>(1)</u>	<u>13,117</u>	<u>1</u>
7900 Profit before income tax	272,304	20	255,944	20
7950 Less: income tax expenses (note 6(o))	<u>40,595</u>	<u>3</u>	<u>32,300</u>	<u>2</u>
8200 Net profit	<u>231,709</u>	<u>17</u>	<u>223,644</u>	<u>18</u>
8300 Other comprehensive income:				
8310 Items that will not be reclassified subsequently to profit or loss (notes 6(n) and (o))				
8311 Gains (losses) on remeasurements of defined benefit plans	5,976	-	(2,860)	-
8349 Less: income tax related to items that may not be reclassified subsequently to profit or loss	<u>1,195</u>	<u>-</u>	<u>(573)</u>	<u>-</u>
Total items that will not be reclassified subsequently to profit or loss	<u>4,781</u>	<u>-</u>	<u>(2,287)</u>	<u>-</u>
8360 Items that may be reclassified subsequently to profit or loss				
8361 Exchange differences on translation of foreign financial statements	(82,356)	(6)	(23,919)	(2)
8399 Less: income tax related to items that may be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total items that may be reclassified subsequently to profit or loss	<u>(82,356)</u>	<u>(6)</u>	<u>(23,919)</u>	<u>(2)</u>
8300 Other comprehensive income	<u>(77,575)</u>	<u>(6)</u>	<u>(26,206)</u>	<u>(2)</u>
8500 Total comprehensive income	<u>\$ 154,134</u>	<u>11</u>	<u>197,438</u>	<u>16</u>
8700 Profit (loss), attributable to:				
8610 Owners of the Company	\$ 231,721	17	223,682	18
8620 Non-controlling interests	<u>(12)</u>	<u>-</u>	<u>(38)</u>	<u>-</u>
	<u>\$ 231,709</u>	<u>17</u>	<u>223,644</u>	<u>18</u>
Total comprehensive income attributable to:				
8710 Owners of the Company	\$ 154,173	11	197,402	16
8720 Non-controlling interests	<u>(39)</u>	<u>-</u>	<u>36</u>	<u>-</u>
	<u>\$ 154,134</u>	<u>11</u>	<u>197,438</u>	<u>16</u>
Earnings per share (NT dollars) (note 6(q))				
9750 Basic earnings per share	<u>\$ 6.51</u>		<u>6.61</u>	
9850 Diluted earnings per share	<u>\$ 6.01</u>		<u>6.50</u>	

See accompanying notes to consolidated financial statements.

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

THAI KIN CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the years ended December 31, 2021 and 2020****(expressed in thousands of New Taiwan Dollars)****Equity attributable to owners of the Company**

	Common stock	Capital surplus	Retained earnings			Exchange differences on translation of foreign financial statements	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
			Legal reserve	Unappropriated retained earnings	Total				
Balance at January 1, 2020	\$ 335,300	143,602	7,396	177,183	184,579	35,869	699,350	187	699,537
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	14,044	(14,044)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	(103,943)	(103,943)	-	(103,943)	-	(103,943)
Equity component of convertible bonds issued	-	8,469	-	-	-	-	8,469	-	8,469
Changes in ownership interest in subsidiaries	-	-	-	(89)	(89)	-	(89)	-	(89)
Profit (loss) for the year ended December 31, 2020	-	-	-	223,682	223,682	-	223,682	(38)	223,644
Other comprehensive income	-	-	-	(2,287)	(2,287)	(23,993)	(26,280)	74	(26,206)
Total comprehensive income	-	-	-	221,395	221,395	(23,993)	197,402	36	197,438
Issuance of shares	20,000	82,000	-	-	-	-	102,000	-	102,000
Balance at December 31, 2020	355,300	234,071	21,440	280,502	301,942	11,876	903,189	223	903,412
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	34,475	(34,475)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	(238,341)	(238,341)	-	(238,341)	-	(238,341)
Profit (loss) for the year ended December 31, 2021	-	-	-	231,721	231,721	-	231,721	(12)	231,709
Other comprehensive income	-	-	-	4,781	4,781	(82,329)	(77,548)	(27)	(77,575)
Total comprehensive income	-	-	-	236,502	236,502	(82,329)	154,173	(39)	154,134
Conversion of convertible bonds	1,317	21,667	-	-	-	-	22,984	-	22,984
Balance at December 31, 2021	\$ 356,617	255,738	55,915	244,188	300,103	(70,453)	842,005	184	842,189

See accompanying notes to consolidated financial statements.

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

THAI KIN CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the years ended December 31, 2021 and 2020****(expressed in thousands of New Taiwan Dollars)**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Profit before income tax	\$ 272,304	255,944
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expenses	55,828	51,684
Net losses (gains) on financial assets and liabilities at fair value through profit or loss	3,827	(80)
Interest expenses	10,123	9,057
Interest revenues	(545)	(788)
Losses on disposal of property, plant and equipment	-	7,536
Losses from disaster	-	31,427
Total adjustments to reconcile profit	<u>69,233</u>	<u>98,836</u>
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Trade receivables	5,647	(9,054)
Other receivables	2,317	10,782
Inventories	(40,986)	(17,145)
Other current assets	1,887	3,661
Total net changes in operating assets	<u>(31,135)</u>	<u>(11,756)</u>
Net changes in operating liabilities:		
Notes payable	602	538
Trade payables	(8,850)	29,897
Other payables	(5,767)	8,747
Other current liabilities	241	426
Net defined benefit liabilities	1,472	2,352
Total net changes in operating liabilities	<u>(12,302)</u>	<u>41,960</u>
Net changes in operating assets and liabilities	<u>(43,437)</u>	<u>30,204</u>
Total adjustments	<u>25,796</u>	<u>129,040</u>
Cash inflow generated from operations	298,100	384,984
Interests received	598	763
Interests paid	(7,101)	(8,973)
Income taxes paid	(27,023)	(20,190)
Net cash flows from operating activities	<u>264,574</u>	<u>356,584</u>
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(74,731)	(168,164)
Proceeds from disposal of property, plant and equipment	2,963	44
Increase in prepayments for equipment	(277)	(2,655)
Decrease (increase) in restricted deposits	(16)	1,007
Net cash flows used in investing activities	<u>(72,061)</u>	<u>(169,768)</u>
Cash flows from financing activities:		
Proceeds from short-term borrowings	376,453	618,345
Repayments of short-term borrowings	(470,660)	(608,589)
Proceeds from bonds issuance	-	212,715
Proceeds from long-term borrowings	-	74,449
Repayments of long-term borrowings	(17,718)	(11,991)
Payment of lease liabilities	(851)	(854)
Cash dividends paid	(159,885)	(103,943)
Proceeds from issuance of shares	-	102,000
Change in non-controlling interests	-	(89)
Net cash flows from (used in) financing activities	<u>(272,661)</u>	<u>282,043</u>
Effect of exchange rate changes on cash and cash equivalents	(58,748)	(17,654)
Net increase (decrease) in cash and cash equivalents	<u>(138,896)</u>	<u>451,205</u>
Cash and cash equivalents at beginning of period	<u>602,166</u>	<u>150,961</u>
Cash and cash equivalents at end of period	<u>\$ 463,270</u>	<u>602,166</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
THAI KIN CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021 and 2020
(expressed in thousands of New Taiwan Dollars, unless otherwise specified)

(1) Company history

Thai Kin Co., Ltd. (the "Company") was established in the Cayman Islands in February 2016. The main purpose of the establishment was to restructure its group entities for application to list on the Taipei Exchange ("TPEX") in the Republic of China. The Company became the holding company of Royal Finishing Co., Ltd. ("Royal Finishing") and Hardware Group Limited ("Hardware") in January 2017 by using share swaps with previous shareholders of those companies to restructure the group. The Company's shares have been listed and traded on the TPEX since June 6, 2019. The main business activities of Royal Finishing and Hardware are manufacturing and selling of furniture casting, with the main products of home decoration and hardware parts.

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

The consolidated financial statements were approved and authorized for issue by the Board of Directors on March 21, 2022.

(3) New standards, amendments and interpretations adopted:

- (a) The impact on adopting the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from April 1, 2021:

- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

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

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

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

(Continued)

THAI KIN CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- Amendments to IFRS 3 “Reference to the Conceptual Framework”

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

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

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	The key amendments to IAS 1 include: <ul style="list-style-type: none"> ● requiring companies to disclose their material accounting policies rather than their significant accounting policies; ● clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and ● clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company’s financial statements. 	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.	January 1, 2023

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(4) Summary of significant accounting policies

The significant accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (hereinafter referred to as "the IFRSs endorsed by the FSC").

(b) Basis of preparation

(i) Basis of measurement

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

- 1) Financial asset and liability at fair value through profit or loss are measured at fair value;
- 2) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 4(n).

(ii) Functional and presentation currency

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

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THAI KIN CO., LTD. AND SUBSIDIARIES
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(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the Company.

(ii) List of subsidiaries in the consolidated financial statements

List of subsidiaries in the consolidated financial statements is as follows:

Name of investor	Name of subsidiary	Principal activity	Shareholding (%)		Remark
			December 31, 2021	December 31, 2020	
The Company	Royal Finishing	Manufacturing and selling of home decoration and functional parts	99.99 %	99.99 %	
The Company	Paokin Co., Ltd. ("Paokin")	Manufacturing and selling of home decoration and functional parts	99.19 %	99.19 %	
The Company	Thai Kin Company Limited	Selling of home decoration and functional parts	100.00 %	100.00 %	
The Company	Angel Win Limited	Offshore holding company	100.00 %	100.00 %	(Note)
Royal Finishing	Mira Home, Inc.	Selling of home decoration and functional parts	100.00 %	100.00 %	

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THAI KIN CO., LTD. AND SUBSIDIARIES
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Note : Angel Win Limited, a fully-owned subsidiary of the Company, was established in Samoa Islands on March 11, 2020, having 10,000 registered shares, with a par value of USD\$1 per share, wherein its capital has yet to be injected as of December 31, 2021. In addition, the Board of Directors approved on June 17, 2020 for the Company to invest in Paokin with Globe Union Industrial Corp. via Angel Win Limited for the amount of USD\$13,764 thousands. However, the Company and Global Union Industrial Corp. agreed to terminate the aforementioned investment project in April 2021.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currency

(i) Foreign currency transactions

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

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of transaction.

Exchange differences are generally recognized in profit or loss.

(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 in the reporting period. Exchange differences are recognized in other comprehensive income.

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

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

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

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

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

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THAI KIN CO., LTD. AND SUBSIDIARIES
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- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

An entity shall classify a liability as current when:

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

(f) Cash and cash equivalents

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

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (except for a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issuance of the financial asset or financial liability. A trade 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 using settlement date accounting on a consistent basis.

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THAI KIN CO., LTD. AND SUBSIDIARIES
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On initial recognition, a financial asset is classified as measured at amortized cost or fair value through profit or loss. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold 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 impairment. 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) Financial assets at fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost, 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.

3) Impairment of financial assets

The Group recognizes impairment for expected credit losses ("ECL") on financial assets measured at amortized cost (including cash and cash equivalents, trade receivables, other receivable, refundable deposits and restricted time deposits).

Impairment for bank deposits, other receivables, refundable deposits, and restricted time deposits are measured by 12-month ECL for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Impairment for trade receivables is always measured at an amount equal to lifetime ECL. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

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

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

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days from the posting date.

The Group considers a financial asset to be in default when the financial asset is more than 365 days from the posting date, or the debtor is unlikely to pay its credit obligations to the Group in full.

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

At each reporting date, the Group assesses whether financial assets carried at amortized cost is 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 assets is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 365 days from the posting date;
- the Group, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the Group would not otherwise consider;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

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

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

4) Derecognition of financial assets

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

When the Group transfers a financial asset while retains either all or substantially all of the risks and rewards of the transferred asset, the Group shall continue to recognize the financial asset in its balance sheet.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and 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) Compound financial instruments

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

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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THAI KIN CO., LTD. AND SUBSIDIARIES
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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. Convertible option is measured at fair value using Binomial Trees Model. Changes in fair value therein are recognized in profit or loss.

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

4) 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.

5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation is discharged or cancelled, or expire. A substantial modification of the terms and cash flows of an existing financial liability shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability at the modified terms.

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.

6) Offsetting of financial assets and liabilities

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

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

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THAI KIN CO., LTD. AND SUBSIDIARIES
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(h) Inventories

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing the inventories to their present location and condition. Variable production overheads are allocated to each unit of production, including work in progress and finished goods, on the basis of the actual use of the production facilities. The allocation of fixed production overheads is based on the normal capacity of the production facilities. Unallocated fixed overheads resulting from the consequence of low production or idle plant are recognized as costs of goods sold in the period in which they are incurred. In the period of abnormally high production, the differences are recorded as deductions to costs of goods sold.

The subsequent measurement of inventories is based on the lower of cost or net realizable value for each item. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Inventories are written down to net realizable value when their costs are higher than net realizable value and the amounts are recorded in costs of goods sold. Subsequent increase in the net realizable value would lead to a reversal of write-down with a limit not exceeding that previous write-down, which is recorded as a deduction to costs of goods sold.

(i) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost 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 expenditure

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

(iii) Depreciation

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

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THAI KIN CO., LTD. AND SUBSIDIARIES
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Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings	5~20 years
2) Machinery	10 years
3) Office equipment	3~5 years
4) Leasehold improvement	4 years
5) Transportation equipment	5 years
6) Other equipment	2~10 years

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

(k) Leases — as a lessee

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

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

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

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

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

- fixed payments; including in-substance fixed payments
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

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

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- 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
- there is a change of its assessment on whether it will exercise an extension or termination option which will change the non-cancellable period of a lease; or
- there is any lease modifications

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

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

The Group presents right-of-use assets that do not meet the definition of investment property and lease liabilities as a separate line item respectively in the balance sheet.

(l) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and 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 cash generating units ("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.

(m) Recognition of Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good to a customer.

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The Group recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

The Group does not expect to have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(n) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

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

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

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

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

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(iii) Short-term employee benefits

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

(o) 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 are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

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

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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 reversed, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes.

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

- (i) The Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or

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- 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.

(p) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. The basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. The diluted earnings per share is 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.

(q) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of discrete financial information.

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

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

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

There are no critical judgments made in applying accounting policies that have significant effects on the amounts recognized in the consolidated financial statements.

For the assumptions and estimation uncertainties, there were no significant risk resulting in a material adjustment within the next financial year.

(Continued)

THAI KIN CO., LTD. AND SUBSIDIARIES
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(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash	\$ 273	103
Checking and demand deposits	360,295	473,251
Time deposits	<u>102,702</u>	<u>128,812</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 463,270</u>	<u>602,166</u>

Please refer to note 6(x) for the disclosure of interest rate risks of the financial assets and liabilities of the Group.

(b) Financial assets and liabilities at fair value through profit or loss

(i) Financial assets at fair value through profit or loss – current

	December 31, 2021	December 31, 2020
Derivative instruments not for hedging – forward exchange contracts	<u>\$ 634</u>	<u>-</u>

(ii) Financial liabilities at fair value through profit or loss – current

	December 31, 2021	December 31, 2020
Derivative instruments not for hedging – forward exchange contracts	\$ 4,593	-
Call and put options of corporate bonds payable	<u>116</u>	<u>-</u>
Total	<u>\$ 4,709</u>	<u>-</u>

(iii) Financial liabilities at fair value through profit or loss – non-current

	December 31, 2021	December 31, 2020
Call and put options of corporate bonds payable	<u>\$ -</u>	<u>480</u>

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THAI KIN CO., LTD. AND SUBSIDIARIES
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The Group uses derivative financial instruments to hedge certain foreign exchange risk the Group is exposed to arising from its operating. As these transactions did not qualify for hedge accounting, the Group recorded the following derivative financial instruments as financial assets (liabilities) at fair value through profit or loss as of December 31, 2021.

Forward exchange contracts:

	December 31, 2021			Fair value of assets (liabilities)
	Amount (in thousands)	Currency	Maturity dates	
Forward exchange sold	\$ 2,500	THB(Buy)/USD(Sell)	2022.1.5~2022.3.16	\$ 634
Forward exchange sold	\$ 7,600	THB(Buy)/USD(Sell)	2022.3.22~2022.5.25	\$ (4,593)

Please refer to note 6(v) for the amounts recognized in the income statements that resulted from remeasurement of the above contracts at fair value.

Please refer to note 6(m) for the liability components of the unsecured convertible bonds issued by the Group and reported as financial liabilities at fair value through profit or loss.

(c) Trade receivables

	December 31, 2021	December 31, 2020
Trade receivables	\$ 216,646	222,293
Less: Impairment provision	-	-
	\$ 216,646	222,293

The Group applies the simplified approach to assess its expected credit losses, i.e. the use of lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomics and relevant industry information.

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THAI KIN CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group's analyses on the expected credit loss of its trade receivables were as follows:

	December 31, 2021		
	Gross carrying amount	Weighted average loss rate (%)	Impairment provision
Current	\$ 183,749	-	-
1~30 days past due	22,109	-	-
61~90 days past due	7,338	-	-
91~120 days past due	55	-	-
121~180 days past due	153	-	-
181~270 days past due	2,418	-	-
271~365 days past due	720	-	-
Past due over 366 days	104	-	-
	\$ 216,646		-

	December 31, 2020		
	Gross carrying amount	Weighted average loss rate (%)	Impairment provision
Current	\$ 175,820	-	-
1~30 days past due	31,544	-	-
31~60 days past due	6,098	-	-
61~90 days past due	192	-	-
91~120 days past due	6,099	-	-
181~270 days past due	2,540	-	-
	\$ 222,293		-

The Group did not pledged the above financial assets as collateral for short-term borrowings and credit facilities.

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THAI KIN CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Other receivables

	December 31, 2021	December 31, 2020
Other receivables	\$ 6,669	9,039
Less: impairment provision	-	-
	<u>\$ 6,669</u>	<u>9,039</u>

The Group did not have any past due other receivables as of December 31, 2021 and 2020.

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

(e) Inventories

	December 31, 2021		
	Cost	Provision for obsolescence and decline in market value	Net realizable value
Raw materials	\$ 164,708	8,755	155,953
Work in process	88,892	5,775	83,117
Finished goods	89,269	15,947	73,322
Total	<u>\$ 342,869</u>	<u>30,477</u>	<u>312,392</u>

	December 31, 2020		
	Cost	Provision for obsolescence and decline in market value	Net realizable value
Raw materials	\$ 145,480	7,708	137,772
Work in process	76,687	7,243	69,444
Finished goods	79,791	15,601	64,190
Total	<u>\$ 301,958</u>	<u>30,552</u>	<u>271,406</u>

The changes in the inventory provision for the years ended December 31, 2021 and 2020, were as follows:

	2021	2020
Balance at January 1	\$ 30,552	38,253
Impairment losses (reversal gain)	4,005	(5,612)
Effect of movements in exchange rates	(4,080)	(2,089)
Balance at December 31	<u>\$ 30,477</u>	<u>30,552</u>

(Continued)

THAI KIN CO., LTD. AND SUBSIDIARIES
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For the years ended December 31, 2021 and 2020, the Group's operating costs consist of the following components:

	<u>2021</u>	<u>2020</u>
Costs of goods sold	\$ 1,002,441	949,303
Loss on inventory obsolescence and decline in market value (reversal gain)	4,005	(5,612)
Revenue from sale of scrap	(22,213)	(21,489)
Physical count variance	<u>3,047</u>	<u>4,466</u>
	<u><u>\$ 987,280</u></u>	<u><u>926,668</u></u>

A fire incident broke out in the electroplating factory of Royal Finishing, the subsidiary of the Company, on March 23, 2020, wherein the Group recognized the impairment losses on inventory of \$23,164 thousand as other gains and losses. Please refer to note 10 for further information.

The Group did not pledge its inventories as collateral for short-term borrowings and other credit facilities.

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2021 and 2020, were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Office equipment</u>	<u>Leasehold improvement</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Cost or deemed cost:									
Balance on January 1, 2021	\$ 48,085	328,633	283,896	14,815	1,016	13,703	125,708	28,414	844,270
Additions	-	-	23,765	703	-	888	3,467	44,428	73,251
Disposal (note 1)	-	-	-	(77)	-	-	(804)	(3,952)	(4,833)
Reclassification (note 2)	2,823	669	28,397	-	-	-	14,080	(43,314)	2,655
Effect of movements in exchange rates	(6,236)	(41,614)	(38,732)	(1,870)	-	(1,782)	(16,790)	(3,442)	(110,466)
Balance on December 31, 2021	<u>\$ 44,672</u>	<u>287,688</u>	<u>297,326</u>	<u>13,571</u>	<u>1,016</u>	<u>12,809</u>	<u>125,661</u>	<u>22,134</u>	<u>804,877</u>
Balance on January 1, 2020	\$ 24,557	294,242	237,493	14,382	1,016	10,818	116,677	48,039	747,224
Additions	-	271	21,274	1,181	-	3,873	14,174	131,577	172,350
Disposal	-	-	(30,476)	-	-	(430)	(5,718)	-	(36,624)
Reclassification (note 2)	24,690	49,599	67,984	-	-	-	6,736	(148,505)	504
Effect of movements in exchange rates	(1,162)	(15,479)	(12,379)	(748)	-	(558)	(6,161)	(2,697)	(39,184)
Balance on December 31, 2020	<u>\$ 48,085</u>	<u>328,633</u>	<u>283,896</u>	<u>14,815</u>	<u>1,016</u>	<u>13,703</u>	<u>125,708</u>	<u>28,414</u>	<u>844,270</u>
Depreciation and impairment loss									
Balance on January 1, 2021	\$ -	97,293	85,338	10,752	559	8,380	90,823	-	293,145
Depreciation	-	17,573	26,012	1,790	203	1,175	8,227	-	54,980
Disposals	-	-	-	(77)	-	-	-	-	(77)
Effect of movements in exchange rates	-	(13,257)	(12,201)	(1,429)	-	(1,124)	(11,918)	-	(39,929)
Balance on December 31, 2021	<u>\$ -</u>	<u>101,609</u>	<u>99,149</u>	<u>11,036</u>	<u>762</u>	<u>8,431</u>	<u>87,132</u>	<u>-</u>	<u>308,119</u>

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THAI KIN CO., LTD. AND SUBSIDIARIES
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	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Office equipment</u>	<u>Leasehold improvement</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Balance on January 1, 2020	\$ -	87,282	83,023	9,239	355	8,383	89,512	-	277,794
Depreciation	-	14,604	22,815	1,991	204	831	10,384	-	50,829
Disposal	-	-	(16,082)	-	-	(387)	(4,312)	-	(20,781)
Effect of movements in exchange rates	-	(4,593)	(4,418)	(478)	-	(447)	(4,761)	-	(14,697)
Balance on December 31, 2020	<u>\$ -</u>	<u>97,293</u>	<u>85,338</u>	<u>10,752</u>	<u>559</u>	<u>8,380</u>	<u>90,823</u>	<u>-</u>	<u>293,145</u>
Carrying amounts:									
Balance on December 31, 2021	<u>\$ 44,672</u>	<u>186,079</u>	<u>198,177</u>	<u>2,535</u>	<u>254</u>	<u>4,378</u>	<u>38,529</u>	<u>22,134</u>	<u>496,758</u>
Balance on December 31, 2020	<u>\$ 48,085</u>	<u>231,340</u>	<u>198,558</u>	<u>4,063</u>	<u>457</u>	<u>5,323</u>	<u>34,885</u>	<u>28,414</u>	<u>551,125</u>

Note 1: Including the additional refund for other equipment and construction in progress amounting to \$4,756 thousands in the previous year; as well as the final payments of payables for machinery and equipment amounting to \$1,793 thousands which was offset against the refund mentioned above.

Note 2: The amount was reclassified from other current assets to this account.

A fire incident broke out in the electroplating factory of Royal Finishing, the subsidiary of the Company, on March 23, 2020, wherein the Group recognized the disposal losses on property, plant and equipment of \$8,263 thousand as other gains and losses. Please refer to note 10 for further information.

Please refer to note 8 for the disclosure of property, plant and equipment pledged as collateral for bank loans and credit facilities as of December 31, 2021 and 2020.

(g) Right-of-use assets

The Group leases office buildings. Information about leases for which the Group as a lessee was presented below:

	<u>Buildings</u>
Cost:	
Balance at January 1, 2021	\$ 2,783
Additions	1,487
Effect of movements in exchange rates	<u>(63)</u>
Balance at December 31, 2021	<u>\$ 4,207</u>
Balance at January 1, 2020	\$ 2,810
Effect of movements in exchange rates	<u>(27)</u>
Balance at December 31, 2020	<u>\$ 2,783</u>
Accumulated depreciation:	
Balance at January 1, 2021	\$ 1,712
Depreciation for the year	848
Effect of movements in exchange rates	<u>(35)</u>
Balance at December 31, 2021	<u>\$ 2,525</u>
Balance at January 1, 2020	\$ 862
Depreciation for the year	855
Effect of movements in exchange rates	<u>(5)</u>
Balance at December 31, 2020	<u>\$ 1,712</u>

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THAI KIN CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Buildings
Carrying amount:	
Balance at December 31, 2021	\$ <u><u>1,682</u></u>
Balance at December 31, 2020	\$ <u><u>1,071</u></u>

(h) Investment property

The changes in the investment property were as follows:

	Land
Cost:	
Balance at January 1, 2021	\$ 30,131
Effect of movements in exchange rates	<u>(3,812)</u>
Balance at December 31, 2021	\$ <u><u>26,319</u></u>
Balance at January 1, 2020	\$ 31,840
Effect of movements in exchange rates	<u>(1,709)</u>
Balance at December 31, 2020	\$ <u><u>30,131</u></u>
Carrying amount:	
Balance at December 31, 2021	\$ <u><u>26,319</u></u>
Balance at December 31, 2020	\$ <u><u>30,131</u></u>
Fair value:	
Balance at December 31, 2021	\$ <u><u>255,601</u></u>
Balance at December 31, 2020	\$ <u><u>280,538</u></u>

The management adopted the land development analysis approach to measure the fair value of the property for the years ended December 31, 2021 and 2020, wherein the inputs utilized to determine the fair value had been classified as level 3 of the fair value hierarchy. The relevant information is summarized as follows:

Items	December 31, 2021	December 31, 2020
Estimated revenue	\$ 316,673 (THB379,386 thousand)	345,277 (THB361,320 thousand)
Gross margin	10%	10%
Overall capital interest rate	2.3%	2.5%
Appraised by external independent appraiser or self-appraisal	Self-appraisal	Self-appraisal
Appraisal date	December 31, 2021	December 31, 2019
Fair value by self-appraisal	\$ 255,601 (THB306,219 thousand)	280,538 (THB293,573 thousand)

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THAI KIN CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group pledged the investment property as collateral for long and short-term borrowings as of December 31, 2021 and 2020. The detail of the collateral please refer to note 8.

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

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

	December 31, 2021	December 31, 2020
Other current assets:		
Temporary payments	\$ 98	56
Prepayments	<u>5,680</u>	<u>7,609</u>
	<u>5,778</u>	<u>7,665</u>
Other non-current assets:		
Restricted time deposits	4,369	4,984
Refundable deposits	344	349
Prepayments for equipment	<u>277</u>	<u>2,655</u>
	<u>4,990</u>	<u>7,988</u>
	<u>\$ 10,768</u>	<u>15,653</u>

The restricted time deposits were pledged for electricity guarantee. Please refer to note 8.

(j) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2021	December 31, 2020
Secured bank loans	<u>\$ 213,742</u>	<u>346,607</u>
Unused short-term credit lines	<u>\$ 917,127</u>	<u>945,808</u>
Range of interest rates (%)	<u>1.00~2.25</u>	<u>1.23~2.25</u>

Please refer to note 8 for the disclosure of assets pledged as collateral for short-term borrowing.

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THAI KIN CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Long-term borrowings

The Group's long-term borrowings were as follows:

	December 31, 2021		
	Interest rate (%)	Year of expiration	Carrying amount
Unsecured bank loans			
Bangkok Bank	2.00	2022	\$ 6,677
Secured bank loans			
Kasikorn Bank	2.00~2.50	2022~2023	41,712
Mega Bank	2.00	2022	<u>22,537</u>
			70,926
Less: current portion			<u>57,519</u>
Total			\$ <u>13,407</u>
Unused long-term credit lines			\$ <u>-</u>
	December 31, 2020		
	Interest rate (%)	Year of expiration	Carrying amount
Unsecured bank loans			
Bankok Bank	2.00	2022	\$ 11,467
Secured bank loans			
Kasikorn Bank	2.00~2.50	2022~2023	63,122
Mega Bank	2.00	2022	<u>25,801</u>
			100,390
Less: current portion			<u>20,379</u>
Total			\$ <u>80,011</u>
Unused long-term credit lines			\$ <u>-</u>

(i) Collateral for bank loans

Please refer to note 8 for the disclosure of assets pledged as collateral for long-term borrowings.

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THAI KIN CO., LTD. AND SUBSIDIARIES
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(ii) Debt covenant

The Group entered into an agreement with Kasikorn Bank (hereinafter referred to as Kasikorn) on August 29, 2018, with the total credit line of THB58,520 thousand (NTD48,847 thousand).

According to the agreement with Kasikorn, the borrower needs to meet the following debt covenants within the duration of the loan:

- 1) Debt service coverage ratio (DSCR) shall not be less than 2 times. DSCR is calculated as the sum of operating income, depreciation and amortization, and interest expenses, divided by the sum of current portion of long-term borrowings and interest expenses.
- 2) Debt to equity ratio shall not exceed 1.5 times. Debt to equity ratio is calculated as total liability divided by equity.
- 3) The borrowings are only used for the construction of solar roof.

As of December 31, 2021 and 2020, the Group has met the above debt covenants clauses.

(l) Lease liabilities

	December 31, 2021	December 31, 2020
Current	\$ 841	865
Non-current	848	216
Total	<u>\$ 1,689</u>	<u>1,081</u>

Please refer to note 6(x) for the maturity analysis.

The amounts recognized in profit or loss were as follows:

	2021	2020
Interests on lease liabilities	<u>\$ 12</u>	<u>17</u>

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

	2021	2020
Total cash outflow from operating activities	\$ 12	17
Total cash outflow from investing activities	851	854
Total cash outflow for leases	<u>\$ 863</u>	<u>871</u>

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(m) Corporate bonds payables

The details of unsecured convertible bonds were as follows:

	December 31, 2021	December 31, 2020
Total amount of convertible bonds	\$ 215,756	215,756
Less: discount on convertible bonds issuance	(9,160)	(9,160)
underwriting expenses	<u>(2,910)</u>	<u>(2,910)</u>
Discounted present value of bonds payable upon issuance	203,686	203,686
Amortization of discount on bonds payable	4,664	768
Reclassification of unamortized discount upon bond conversion	380	-
Less: accumulated converted amount and reclassification	<u>(23,357)</u>	<u>-</u>
Ending balance of bonds payable	<u><u>\$ 185,373</u></u>	<u><u>204,454</u></u>

A resolution had been made during the board meeting held on August 11, 2020 for the Company to issue its unsecured convertible bonds in the principal amount of \$200,000 thousand for loan repayment and working capital enrichment, with a coupon rate of 0% for 3 years and issued at 107.88% of the par value.

On September 15, 2020, the Financial Supervisory Commission approved the Company's application to issue its first unsecured convertible bonds. The issuance of the convertible bonds with the principal amount of \$200,000 thousand was recorded on October 22, 2020. The Company separately recognized the liability and equity components of convertible bonds in accordance with IFRS 9 as follows:

Discounted present value under effective interest rate method	\$ 206,596
Embedded derivative financial instruments (put option and call option)	560
Equity component (conversion option)	<u>8,600</u>
	<u><u>\$ 215,756</u></u>

(i) Terms of issuing unsecured convertible bonds are as follows:

The first unsecured convertible bonds.

- 1) Coupon rate: 0%
- 2) Duration period: 3 years (October 22, 2020 to October 22, 2023)
- 3) Repayment term:

The bonds are repayable in cash upon maturity, except for those which are repurchased by the Company, sold back to the Company, or converted to common stock before maturity.

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THAI KIN CO., LTD. AND SUBSIDIARIES
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4) Conversion period:

Beginning from the first day of the fourth month after the issuance date (January 23, 2021) until the maturity date (October 22, 2023), the bondholders may convert the bonds into common stocks according to the conversion arrangement.

5) The Company's call option (right of redemption):

Beginning from the first day of the fourth months after the issuance date (January 23, 2021) until 40 days before maturity (September 12, 2023), if the stock closing price exceeds 30% of the conversion price for 30 consecutive working days, or if the remaining amount of bonds principal, which have not been converted into shares, is lower than 10% of the total issued amount, the Company will be entitled to send a "bond redemption notification" to its bondholders and publish an announcement through the TPEX to exercise its call option at par value.

6) Bondholders' put option:

Bondholders are entitled to exercise the put option on October 22, 2022, with an exercise price at 101.0025% of par value, and an annual yield rate of 0.5%. Upon receiving request for the coupon to be sold back, the Company shall pay the amount to bondholders in cash within 5 working days.

7) Conversion price and adjustment:

The conversion price at the issue date was \$59.80 per share. If there is any increase in the Company's common stock (including, but not limited to, cash injection by public offering or private offering, capital increase from retained earnings or capital surplus, issuance of new shares for consolidation purposes or as the consideration payable by the Company for its acquisition of another company's shares, stock split, cash injection by participating in the issuance of overseas depository receipts and increase in outstanding shares due to changes in par value) except for the increases in shares from the conversion of securities, wherein a stock conversion option or stock warrant was embedded, or from issuance of new shares as employees' bonus, the Company shall calculate and adjust the conversion price based on the formula stated in the conversion arrangement before publishing an announcement through the TPEX. The adjustment shall be made at the ex-rights date when issuing new shares. However, the adjustment will be made at the date when the new share subscriptions are fully collected if the issuance of new shares involves share subscription collection. If the issued price of new shares changes after the ex-rights date for issuing new shares, the conversion price should be adjusted based on the revised issued price by using the formula stated in the conversion arrangement. If such recalculated conversion price is lower than that announced to the public through the TPEX before the ex-rights date for issuing new shares, the Company should re-announce the adjustment of the conversion price through the TPEX. On April 23, 2021, which is the ex-dividend date, the conversion price was adjusted to \$55.30 per share.

(Continued)

THAI KIN CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Financial liability at fair value through profit or loss were as follows:

	December 31, 2021	December 31, 2020
Beginning balance	\$ 480	-
Issuance	-	560
Valuation gains	(357)	(80)
Conversion	(7)	-
	\$ 116	480

(iii) The balances of the equity component recorded as capital surplus-stock options were as follows:

	2021	2020
Beginning balance	\$ 8,469	-
Add: issuance or reclassification of convertible bonds	15,339	8,600
Less: underwriting expense	-	131
Less: conversion	503	-
Ending balance	\$ 23,305	8,469

The unsecured convertible bondholders are entitled to exercise the put option and request the Group to pay the pay the full amount at the agreed price on the second anniversary of the issuance date (October 22, 2022). The Group reported the convertible bonds and financial liabilities at fair value through profit and loss in current liabilities on December 31, 2021, but it is not required to fully repay within one year.

(n) Employee benefits

(i) Defined benefit plan

Reconciliations of defined benefit obligation at present value and plan asset at fair value were as follows:

	December 31, 2021	December 31, 2020
Present value of the defined benefit obligations	\$ 12,232	16,736
Fair value of plan assets	-	-
Net defined benefit liabilities	\$ 12,232	16,736

(Continued)

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Notes to the Consolidated Financial Statements

1) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations for the Group were as follows:

	<u>2021</u>	<u>2020</u>
Defined benefit obligations at January 1	\$ 16,736	11,524
Current service costs and interest costs	3,454	2,934
Remeasurements		
– Actuarial gains and losses arising from changes in experience adjustments	(2,055)	2,497
– Actuarial gains and losses arising from changes in financial assumptions	(3,921)	363
Effect of movements in exchange rates	<u>(1,982)</u>	<u>(582)</u>
Defined benefit obligations at December 31	<u>\$ 12,232</u>	<u>16,736</u>

2) Expenses recognized in profit or loss

The operating cost recognized in profit or loss for the Group were as follows:

	<u>2021</u>	<u>2020</u>
Current service costs	\$ 3,212	2,747
Net interest of the net liabilities for defined benefit obligations	242	187
	<u>\$ 3,454</u>	<u>2,934</u>

3) Remeasurement of defined benefit liabilities recognized in other comprehensive income

The Group's remeasurements of the defined benefit liabilities recognized in other comprehensive income for the years ended December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Accumulated amounts at 1 January	\$ (6,714)	(3,854)
Recognized during the period	<u>5,976</u>	<u>(2,860)</u>
Accumulated amounts at 31 December	<u>\$ (738)</u>	<u>(6,714)</u>

4) Actuarial assumptions

The major actuarial assumptions at the reporting dates were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discount rate	2.540 %	1.570 %
Future salary growth rate	2.00 %	3.00 %

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The expected payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$0.

The weighted average lifetime of the defined benefit plans is 15.59 years.

5) Sensitivity analysis

When calculating the present value of the defined benefit obligations, the Group uses judgments and estimations to determine the actuarial assumptions, including discount rates and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Impact on defined benefit obligations	
	Increased 0.25%	Decreased 0.25%
December 31, 2021		
Discount rate (changes 0.25%)	(413)	431
Future salary growth rate (changes 0.25%)	432	(416)
December 31, 2020		
Discount rate (changes 0.25%)	(580)	606
Future salary growth rate (changes 0.25%)	596	(573)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

(ii) Defined contribution plan

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

The pension costs incurred from the contributions to the Bureau of Labor Insurance amounted to \$145 thousand and \$110 thousand for the years ended December 31, 2021 and 2020, respectively.

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(o) Income taxes

The Company and Angel Win Limited were incorporated in the Cayman Islands and the Samoa Islands, respectively, where there is no corporate income taxation. Royal Finishing has received promotional privileges from the Board of Investment of Thailand to enjoy certain corporate income tax exemption. Other subsidiaries in Thailand would subject to a statutory corporate income tax rate of 20% under the tax regulations of Thailand in the years 2021 and 2020. Thai Kin Company Limited, located in Hong Kong, is subject to corporate income tax at 16.5%. Mira Home, Inc. is subject to the federal corporate tax rate of 21% and the Illinois state corporate tax rate of 9.5% in the United States in the years 2021 and 2020. The Company's Taiwan branch is subject to a statutory corporate income tax rate of 20% under the tax regulations of Taiwan in the years 2021 and 2020.

(i) The components of income tax expenses (benefits) in the years 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Current tax expense		
Current period	\$ 43,358	29,325
Adjustment for the prior periods	<u>8</u>	<u>(260)</u>
	<u>43,366</u>	<u>29,065</u>
Deferred tax expense (benefit)		
Temporary differences	<u>(2,771)</u>	<u>3,235</u>
Income tax expense	<u>\$ 40,595</u>	<u>32,300</u>

The amount of income tax expenses (benefits) recognized in other comprehensive income for 2021 and 2020 was as follows:

	<u>2021</u>	<u>2020</u>
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit plans	<u>\$ 1,195</u>	<u>(573)</u>

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Reconciliations of income tax expenses and profit before tax for 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Profit before income tax	\$ <u>272,304</u>	<u>255,944</u>
Income tax expenses using the statutory tax rate at each jurisdictions	\$ 57,570	49,908
Non-deductible expenses	72	680
Tax-exempt income	(5,587)	(3,404)
Tax credits of investment in machinery	(11,755)	(16,222)
Underestimate (overestimate) of income tax for previous years	8	(260)
Underestimate of deferred tax assets for previous years	(545)	-
Unrecognized deferred tax assets for losses	630	1,633
Others	<u>202</u>	<u>(35)</u>
Total	\$ <u><u>40,595</u></u>	<u><u>32,300</u></u>

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
The carryforward of unused tax losses	\$ <u><u>15,883</u></u>	<u><u>16,164</u></u>

Under the tax regulations in the jurisdictions where the subsidiary Paokin located, tax losses incurred from the tax-exempt business during the tax exemption period can be carried forward and deducted for income tax reporting purposes within five years after the expiry of the tax exemption period. Tax losses derived from non-tax-exempt business can be carried forward and deducted for tax reporting purposes within five years after the year when the tax losses are incurred. As for Mira Home, Inc., the U.S. federal corporate income tax regulations allow net losses, as assessed by the tax authorities, to offset taxable income over a period of twenty years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the temporary differences therefrom.

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As of December 31, 2021, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

<u>Year of loss</u>	<u>Unused tax losses</u>	<u>Expiry year</u>
Paokin:		
2017	\$ 1,966	2022
2018	2,614	2023
2019	3,546	2024
2020	4,592	2025
2021 estimate	<u>3,152</u>	2025
Subtotal	<u>15,870</u>	
Mira Home, Inc.:		
2019	<u>13</u>	2039
Total	<u>\$ 15,883</u>	

2) Recognized deferred tax assets and liabilities

Changes in the amounts of deferred tax assets and liabilities for 2021 and 2020 were as follows:

Deferred tax assets:

	<u>Inventory provision</u>	<u>Defined benefit liabilities</u>	<u>Others</u>	<u>Total</u>
Balance at January 1, 2021	\$ 6,111	2,756	1,845	10,712
Recognized in profit or loss	801	1,236	756	2,793
Recognized in other comprehensive income	-	(1,195)	-	(1,195)
Effect of movements in exchange rates	(816)	(351)	(262)	(1,429)
Balance at December 31, 2021	<u>\$ 6,096</u>	<u>2,446</u>	<u>2,339</u>	<u>10,881</u>
Balance at January 1, 2020	\$ 7,651	2,304	7,471	17,426
Recognized in profit or loss	(1,123)	-	(5,244)	(6,367)
Recognized in other comprehensive income	-	573	-	573
Effect of movements in exchange rates	(417)	(121)	(382)	(920)
Balance at December 31, 2020	<u>\$ 6,111</u>	<u>2,756</u>	<u>1,845</u>	<u>10,712</u>

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THAI KIN CO., LTD. AND SUBSIDIARIES
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Deferred tax liabilities:

	Others
Balance at January 1, 2021	\$ 4,615
Recognized in profit or loss	22
Effect of movements in exchange rates	(585)
Balance at December 31, 2021	\$ 4,052
Balance at January 1, 2020	\$ 8,207
Recognized in profit or loss	(3,132)
Effect of movements in exchange rates	(460)
Balance at December 31, 2020	\$ 4,615

(iii) Examination and approval

The Company is not required to pay income tax in the country where it is incorporated; therefore, there is no requirement to file an income tax return. In Thailand, where the Group's subsidiaries Royal Finishing and Paokin operate, the corporate tax returns are examined by the tax authority without issuing official approval certificates. Royal Finishing and Paokin have filed the corporate tax returns up to 2020. Mira Home, Inc. has applied for the declaration of the income tax at the local tax agency up to 2020. Thai Kin Company Limited had no taxable income in Hong Kong and was not required to file its corporate tax return based on local regulations. Angel Win Limited was incorporated in 2020 without commencing operation and was not required to file its corporate tax return based on local regulations. The income tax return of the Company's Taiwan branch has been approved by the tax authority up to 2019.

(p) Capital and other equity

(i) Common stock

As of December 31, 2021 and 2020, the number of authorized common stock was \$1,000,000 thousand, with a par value of \$10 per share. There were 35,662 thousand shares and 35,530 thousand shares issued as of December 31, 2021 and 2020, respectively. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding during the period was as follows:

	2021	Unit: shares 2020
Balance on January 1	35,530,000	33,530,000
Issuance of new shares	-	2,000,000
Conversion of convertible bonds	131,733	-
Balance on December 31	<u>35,661,733</u>	<u>35,530,000</u>

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THAI KIN CO., LTD. AND SUBSIDIARIES
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The Board of Directors reslouted on August 11, 2020 to issue 2,000 thousand shares for cash, with \$10 per share totaling \$20,000 thousand at premium of \$52 per share. The capital injection was approved by an official document No.1090357366 from FSC on September 15, 2020, with November 1, 2020 as recorded date of capital increase. The cash proceeds from the issuance of new shares were \$104,000 thousand. After deducting the issuance cost of \$2,000 thousand and the share capital \$20,000 thousand, the premium of \$82,000 thousand was record under capital surplus.

In the year ended December 31, 2021, convertible bondholders converted bonds into common stocks, and of which 132 thousand shares were converted at par value, amounting to \$1,317 thousand. Conversion of convertible bonds did not take place in year 2020.

(ii) Capital surplus

The balance of capital surplus was as follows:

	December 31, 2021	December 31, 2020
Difference between the acquired net asset value and costs of restructuring	\$ 48,483	48,483
Addition paid-in capital	183,950	177,119
Issuance of convertible bonds — stock warrant	<u>23,305</u>	<u>8,469</u>
	<u>\$ 255,738</u>	<u>234,071</u>

According to the Company's Articles of Association, when the Company reports no accumulated loss, the Company may, in accordance with the proposal recommended by the Board of Directors, and approved by the meeting of shareholders, distribute new shares or cash arising out of the capital surplus, in whole or in part, to its shareholders.

According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital increase by transferring capital surplus in excess of par value into shares should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company is in the growth stage. In determining the amount, if any, of the dividend or other distribution it recommends to shareholders for approval in any financial year, the Board may take into consideration the earnings of the Company, overall development, financial planning, capital needs, industry outlook and future prospects of the Company in the relevant financial year, so as to ensure the protection of shareholders rights and interests.

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THAI KIN CO., LTD. AND SUBSIDIARIES
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According to the Company's Articles of Association, as long as the shares are traded on the TPEx Emerging Stock Board or listed on the TPEx or Taiwan Stock Exchange, unless there is any specific regulation from the Cayman Islands Company Law, the applicable public company rules, and the Company's Articles of Association, the Company shall set aside the followings out of the net profit of the year: (i) a reserve for the payment of tax for the relevant fiscal year; (ii) an amount to offset deficits; (iii) 10% of the remaining balance is to be appropriated as legal reserve; and (iv) a special surplus reserve as required by the applicable securities authority under the applicable public company rules, or other reserves as determined by the Board of Directors for specific purposes.

1) Special reserve

In accordance with the regulation issued by the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special 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 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.

2) Earnings distribution

According to the Company's Articles of Association, the Company may distribute its profits as dividend to be paid in cash in accordance with a proposal for profits distribution approved by a majority of the Directors at a meeting attended by two thirds or more of the total number of the Directors. In addition, the amendment of Company's Articles of Association for the distribution of interim dividends had been approved during the shareholder's meeting held on August 18, 2021. The proposal to distribute interim dividends for the first half of the financial year shall be submitted to the Audit Committee for approval, and then, be submitted to the Board for approval.

The amounts of cash dividends on the appropriations of earnings for 2020 and 2019 had been approved during the board meeting held on March 16, 2021 and March 20, 2020, respectively, as follows:

	2020	2019
Cash dividends	\$ 159,885	103,943

The amounts of cash dividends on the appropriations of earnings for January to June, 2021 and July to December, 2021 had been approved during the board meeting held on November 10, 2021 and March 21, 2022, respectively, as follows:

	January 1 to June 30, 2021	July 1 to December 31, 2021
Cash dividends	\$ 78,456	35,714

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THAI KIN CO., LTD. AND SUBSIDIARIES
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The above appropriations of earnings recognized as dividends payable for January to June 2021 were yet to be distributed as of December 31, 2021.

The related information about the earnings is available at the Market Observation Post System website.

(q) Earnings per share

The calculation of basic earnings per share is as follows:

	2021	2020
Basic earnings per share:		
Profit attributable to ordinary shareholders of the Company	\$ <u>231,721</u>	<u>223,682</u>
Weighted average number of ordinary shares (thousand shares)	<u>35,618</u>	<u>33,863</u>
Basic earnings per share (unit: New Taiwan dollars)	\$ <u>6.51</u>	<u>6.61</u>
Diluted EPS:		
Net income	\$ 231,721	223,682
Effect of dilutive potential ordinary shares		
Decrease in gains on remeasurements of embedded derivative instruments	(357)	(80)
Decrease in interest expense on convertible bonds	<u>3,896</u>	<u>768</u>
Net income for calculating diluted EPS	\$ <u>235,260</u>	<u>224,370</u>
Weighted average number of ordinary shares (thousand shares)	35,618	33,863
Effect of dilutive potential ordinary shares		
Conversion of convertible bonds	<u>3,523</u>	<u>658</u>
Weighted average number of ordinary shares – diluted	<u>39,141</u>	<u>34,521</u>
Diluted EPS (New Taiwan dollars)	\$ <u>6.01</u>	<u>6.50</u>

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	2021	2020
Primary geographical markets:		
Europe	\$ 255,604	263,065
America	1,096,892	994,239
Asia	<u>6,725</u>	<u>7,511</u>
	\$ <u>1,359,221</u>	<u>1,264,815</u>
Main product/services lines		
Home decoration hardware	\$ <u>1,359,221</u>	<u>1,264,815</u>

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(ii) Contract balances

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>January 1,</u> <u>2020</u>
Trade receivables	\$ 216,646	222,293	213,239
Less: Impairment provision	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 216,646</u>	<u>222,293</u>	<u>213,239</u>

Please refer to note 6(c) for details on trade receivables and loss provision.

(s) Employee compensation and directors' remuneration

In accordance with the Company's Articles of Association, no more than 5% of current-year profit before tax excluding employee's compensation and directors' remuneration shall be distributed as employee compensation, and no more than 3% of it as directors' remuneration. The mentioned employee compensation shall be paid in shares or cash. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

There were no estimation and payment for employee compensation and directors' remuneration for the years ended December 31, 2021 and 2020. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions. Related information would be available at the Market Observation Post System website.

(t) Interest income

The details of interest income were as follows:

	<u>2021</u>	<u>2020</u>
Bank deposits	\$ <u>545</u>	<u>788</u>

(u) Other income

The details of other income were as follows:

	<u>2021</u>	<u>2020</u>
Income from indemnities	\$ <u>75</u>	<u>79,312</u>

(v) Other gains and losses

The details of other gains and losses were as follows:

	<u>2021</u>	<u>2020</u>
Loss from disposal of property, plant and equipment	-	(7,536)
Foreign exchange gains (losses), net	7,105	(17,604)
Financial assets and liabilities at fair value through profit or loss	(10,925)	80
Loss from fire incident, net	-	(33,873)
Others	<u>1,074</u>	<u>1,007</u>
	<u>\$ (2,746)</u>	<u>(57,926)</u>

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THAI KIN CO., LTD. AND SUBSIDIARIES
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(w) Finance costs

The details of finance costs were as follows:

	<u>2021</u>	<u>2020</u>
Interest expense		
Bank borrowings	\$ (6,215)	(8,272)
Bonds payable	(3,896)	(768)
Lease liabilities	(12)	(17)
Total	<u>\$ (10,123)</u>	<u>(9,057)</u>

(x) Financial instruments

(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

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management also considers the statistical information on the Group's customer base, including past transaction experiences with the customers, to adjust the credit limit for each customer. The Group's trade receivables are obviously concentrated on main customers, which accounted for 71% and 91% of the total amount of trade receivables as of December 31, 2021 and 2020, respectively.

3) Credit risk of receivables

For credit risk exposure of trade receivables, please refer to note 6(c); details of other receivables please refer to note 6(d). All the trade receivables and other receivables are considered as financial assets with low risk; therefore, the impairment provisions are measured using the life time and the 12-month ECL, respectively.

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(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of net settlement agreements.

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	Over 5 years
December 31, 2021						
Non-derivative financial liabilities						
Bank borrowings	\$ 284,668	286,773	273,136	10,682	2,955	-
Notes payable	2,504	2,504	2,504	-	-	-
Trade payables	61,795	61,795	61,795	-	-	-
Other payables and payables for machinery and equipment	33,147	33,147	33,147	-	-	-
Dividend payable	78,456	78,456	78,456	-	-	-
Bonds payable (including derivative financial liabilities)	185,489	194,329	194,329	-	-	-
Lease liabilities	1,689	1,711	857	854	-	-
Derivative financial liabilities						
Other forward contract –						
Inflow	-	206,888	206,888	-	-	-
Outflow	4,593	(211,481)	(211,481)	-	-	-
	<u>\$ 652,341</u>	<u>654,122</u>	<u>639,631</u>	<u>11,536</u>	<u>2,955</u>	<u>-</u>
December 31, 2020						
Non-derivative financial liabilities						
Bank borrowings	\$ 446,997	451,892	369,649	66,630	15,613	-
Notes payable	1,902	1,902	1,902	-	-	-
Trade payables	70,645	70,645	70,645	-	-	-
Other payables and payables for machinery and equipment	43,061	43,061	43,061	-	-	-
Bonds payable (including derivative financial liabilities)	204,934	202,005	-	202,005	-	-
Lease liabilities	1,081	1,088	872	178	38	-
	<u>\$ 768,620</u>	<u>770,593</u>	<u>486,129</u>	<u>268,813</u>	<u>15,651</u>	<u>-</u>

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

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(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk as of December 31, 2021 and 2020 were as follows:

	December 31, 2021			December 31, 2020		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	\$ 18,684	27.2251	508,684	25,321	28.5602	723,185
Financial liabilities						
Monetary items						
USD	7,257	27.8517	202,110	1,083	28.7780	31,157

The Group's exposure to foreign currency risk arises from the translation of the foreign exchange gains and losses on cash and cash equivalents, receivables, payables, and loans and borrowings that are denominated in foreign currency.

A strengthening (weakening) of 1% of the NTD or THB against the USD as of December 31, 2021 and 2020, would have decreased (increase) the net profit before tax for the years ended December 31, 2021 and 2020 by \$3,066 thousand and \$6,920 thousand, respectively.

2) Foreign exchange gain and loss on monetary items

The exchange rate information on the foreign exchange gain and loss (including realized and unrealized) for the years ended December 31, 2021 and 2020, arising from the translation of the Group's monetary items into the subsidiary's functional currency of Thai Baht, and the parent company's functional currency, the New Taiwan dollar, which is also the Group's presentation currency, were as follows:

	2021		2020	
	Foreign exchange gain (loss)	Average exchange rate	Foreign exchange gain (loss)	Average exchange rate
NTD	\$ (15,790)	1.00	(14,352)	1.00
THB	THB 25,950	0.8823	(3,425)	0.9496

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(iv) Interest rate analysis

The Group has floating interest rates on its time deposits, short-term borrowings, and long-term borrowings from the banks. Since the market interest rates did not fluctuate significantly, changes of the interest rates did not cause a significant risk of cash flow.

(v) Fair value information

1) Hierarchies and fair value of financial instruments

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, 2021				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets—current	\$ 634	-	634	-	634
Financial assets measured at amortized costs					
Cash and cash equivalents	463,270	-	-	-	-
Trade receivables	216,646	-	-	-	-
Other receivables	6,669	-	-	-	-
Restricted bank deposits	4,369	-	-	-	-
Refundable deposits	344	-	-	-	-
Subtotal	691,298	-	-	-	-
Total	<u>\$ 691,932</u>	<u>-</u>	<u>634</u>	<u>-</u>	<u>634</u>

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	December 31, 2020				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities – non-current	\$ 480	-	480	-	480
Financial liabilities measured at amortized costs					
Bank borrowings	446,997	-	-	-	-
Notes payable and trade payables	72,547	-	-	-	-
Other payables and payables for machinery and equipment	43,061	-	-	-	-
Bonds payable	204,454	-	-	-	-
Lease liabilities	1,081	-	-	-	-
Subtotal	768,140	-	-	-	-
Total	<u>\$ 768,620</u>	<u>-</u>	<u>480</u>	<u>-</u>	<u>480</u>

2) Valuation techniques and assumptions used in fair value determination

a) Non-derivative financial instruments

The Group management team assesses that the carrying amount of the Group's financial assets and financial liabilities measured at amortized cost is approximately close to fair value.

b) Derivative financial instruments

Fair value of convertible bonds' conversion option, put and call options, was based on the independent appraisal report, which adopted the binomial conversion model and used inputs based on observable market data (including the fluctuation of share prices, risk free interest rates, discount rates and liquidity risk), to calculate the fair value of options.

Forward exchange contracts were usually estimated based on the current forward exchange rates.

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(y) Financial risk management

(i) Overview

The Group has exposures to the following risks from its financial instruments:

1. Credit risk.
2. Liquidity risk.
3. Market risk.

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Group has exposures to the risks arising from the normal operation such as credit risk, interest risk, liquidity risk, and currency risk. In order to timely and correctly monitor and control the hedging transactions, the Group established management procedures on overall business strategy, risk tolerance, philosophy of risk management, and risk management policies. The management reviews the above policies regularly to ensue in accordance with the Group's policy.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's bank deposits, receivables and other financial instruments.

The Group continuously monitors the exposure to credit risk and counterparty credit ratings, and establish sales limits based on credit rating for each of its approved customer. The credit limits for each counterparty are approved and reviewed annually by the management.

In order to determine the concentration of credit risk, the Group continuously monitors its trade receivables by country.

The Board of Directors and the management have established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard terms and conditions are offered. The Group's review includes external ratings, when available, and, in some cases, bank references. Credit limits are established for each customer. Customers that fail to meet the Group's credit policy may enter into transactions with the Group only on a prepayment basis or within basic credit limits.

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(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

As of December 31, 2021 and 2020, the Group's unused credit lines were \$917,127 and \$945,808, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the NTD and THB. The currencies used in these transactions are the NTD, USD and THB.

To manage market risks in respect of monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept at an acceptable level by buying or selling foreign currencies at spot rates when necessary to mitigate any short-term gap. All such transactions are carried out within the scope of the Group's internal control policy.

2) Interest rate risk

The Group's interest rate risk arises both from financial assets which are bank deposit and financial liabilities which are short and long term bank borrowings. However, the impacts on those financial assets and liabilities resulting from changes in interest rates are insignificant.

(z) Capital management

The Group's objectives for managing capital are to maintain the ability to continue the operation, to continue to provide a return to shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

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THAI KIN CO., LTD. AND SUBSIDIARIES
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In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital to return to shareholders, issue new shares, or sell assets to settle any liabilities.

The Group uses the debt-to-equity ratio to manage capital. This ratio is the total debt divided by the total equity. The total debt is derived from the total liabilities on the balance sheet. The total equity includes the amount of common stock, capital surplus, retained earnings, other equity, and non-controlling interests.

The Group's collective quantitative data is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Total liabilities	\$ 703,830	810,184
Less: cash and cash equivalents	<u>463,270</u>	<u>602,166</u>
Net debt	<u>\$ 240,560</u>	<u>208,018</u>
Total equity	<u>\$ 842,189</u>	<u>903,412</u>
Debt-to-equity ratio	<u>28.56 %</u>	<u>23.03 %</u>

As of December 31, 2021 and 2020, there were no changes in the Group's approach of capital management.

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

For the years ended December 31, 2021 and 2020, the non-cash investing and financial activities of the Group were derived from the acquisition of right-of-use asset through leasing and conversion of bonds into common stocks. Please refer to notes 6(l), (m) and (p) for related information.

Reconciliation of liabilities from financing activities for the years ended December 31, 2021 and 2020 were as follows:

	<u>January 1, 2021</u>	<u>Cash flows</u>	<u>Non-cash changes</u>				<u>December 31, 2021</u>
			<u>Amorization of discount</u>	<u>Foreign exchange movement</u>	<u>Acquisition</u>	<u>Conversion and reclassification</u>	
Short-term borrowings	\$ 346,607	(94,207)	-	(38,658)	-	-	213,742
Long-term borrowings (including current portion)	100,390	(17,718)	-	(11,746)	-	-	70,926
Lease liabilities	1,081	(851)	-	(28)	1,487	-	1,689
Bnds payable	<u>204,454</u>	<u>-</u>	<u>3,896</u>	<u>-</u>	<u>-</u>	<u>(22,977)</u>	<u>185,373</u>
Total liabilities from financing activities	<u>\$ 652,532</u>	<u>(112,776)</u>	<u>3,896</u>	<u>(50,432)</u>	<u>1,487</u>	<u>(22,977)</u>	<u>471,730</u>

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THAI KIN CO., LTD. AND SUBSIDIARIES
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	January 1, 2020	Cash flows	Non-cash changes			Fair value changes	December 31, 2020
			Issuance of corporate bonds	Acquisition	Foreign exchange movement		
Short-term borrowings	\$ 355,945	9,756	-	-	(19,094)	-	346,607
Long-term borrowings (including current portion)	39,667	62,458	-	-	(1,735)	-	100,390
Lease liabilities	1,957	(854)	-	-	(22)	-	1,081
Bonds payable	-	212,715	(9,029)	768	-	-	204,454
Total liabilities from financing activities	<u>\$ 397,569</u>	<u>284,075</u>	<u>(9,029)</u>	<u>768</u>	<u>(20,851)</u>	<u>-</u>	<u>652,532</u>

(7) Related-party transactions

(a) Names and relationship with related parties

Name of related party	Relationship with the Group
Grand Lake Living Co., Ltd.	Its major investor is the Chairman of the Group
Window Coverings Co., Ltd.	Its major investor is the Chairman of the Group
Mr. Ta Chin Hsu	The Chairman of the Group
Ms. Chen Jung Hsu	The President of the Group
Mr. Wen Chih Hsu	The Vice President of the Group

(b) Significant transactions with related parties

(i) Operating costs

The details of the Group's operating costs for the manufacturing services provided by the related party, for the years ended December 31, 2021 and 2020, were as follows and were recognized under direct labor costs:

	2021	2020
Grand Lake Living Co., Ltd.	\$ <u>9,344</u>	<u>12,476</u>

The amounts of other payables of the Group due to above transactions were as follows:

	December 31, 2021	December 31, 2020
Grand Lake Living Co., Ltd.	\$ <u>574</u>	<u>888</u>

The service charges for the above services were determined based on the actual produced quantities in each month with a pre-determined limitation.

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THAI KIN CO., LTD. AND SUBSIDIARIES
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(ii) Leases

In May 2018, the Group rented an office building in Bangkok from Window Coverings Co., Ltd. A five year lease contract was signed, in which the rental fee is determined based on the office rental rates in the neighborhood. The total value of the contract was THB600 thousand. As of December 31, 2021 and 2020, the balance of lease liabilities amounted to \$134 thousand and \$268 thousand, respectively. There were no interest expenses for the years then ended.

(iii) Guarantee

As of December 31, 2021 and 2020, Mr. Ta Chin Hsu, Ms. Chen Jung Hsu, and Mr. Wen Chih Hsu had provided guarantees to the Group for bank loans and credit facilities based on their personal credit or bank savings. The related parties did not charge any rewards from the Group for the guarantees provided.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	2021	2020
Short-term employee benefits	\$ 9,006	9,003

(8) Pledged assets

Pledged assets	Object	December 31, 2021	December 31, 2020
Restricted bank deposits(recorded under other non-current assets)	Electricity guarantee	\$ 4,369	4,984
Land	Long-term and short-term credit facilities	20,299	23,239
Buildings	Long-term and short-term credit facilities	148,409	183,912
Machinery	Long-term borrowings	33,897	43,511
Investment property	Long-term and short-term credit facilities	26,319	30,131
Total		\$ 233,293	285,777

(9) Commitments and contingencies

As of December 31, 2021 and 2020, the Group has signed agreements for constructions and machinery equipment amounting to \$23,222 thousand and \$71,503 thousand, respectively. The Group has already paid \$22,575 thousand and \$54,597 thousand, respectively, which were recorded under the accounts of property, plant and equipment, construction in progress and prepayments for machinery equipment.

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THAI KIN CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(10) Losses due to major disasters

A fire incident broke out in the electroplating factory of Royal Finishing, the subsidiary of the Company, on March 23, 2020 that caused damage on its equipment and inventories, resulting in the estimates losses and the losses incurred from the disaster clearance of \$31,427 thousand and \$2,446 thousand, respectively, which were recognized as other gains and losses in 2020. The Group had already arranged the related property insurance for the above losses and settled a claim toward the insurance company, wherein the Group was fully compensated for the damage amounting to \$79,312 thousand (THB83,522 thousand), which was recorded in other income in 2020.

(11) Subsequent Events: None.

(12) Other

A summary of employee benefits, depreciation, depletion and amortization, by function, is as follows:

By function By item	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries (note)	212,296	34,522	246,818	218,610	34,720	253,330
Labor and health insurance	4,351	777	5,128	4,921	752	5,673
Pension	3,454	145	3,599	2,934	110	3,044
Other employee benefits	2,870	229	3,099	2,107	224	2,331
Depreciation	49,033	6,795	55,828	44,454	7,230	51,684
Amortization	-	-	-	-	-	-

Note: The salaries under operating costs include the charges for manufacturing services of \$9,344 thousand and \$12,476 thousand for the years ended December 31, 2021 and 2020, respectively.

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THAI KIN CO., LTD.

Notes to Consolidated Interim Financial Statements

(13) Other disclosures

(a) Information on significant transactions

The followings are the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the year ended December 31, 2021:

(i) Loans to other parties

Number (note 1)	Name of lender	Name of borrower	Account name	Related party	Maximum balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (note 2)	Transaction amount for business between two parties	Reasons for short-term financing (note 3)	Loss allowance	Collateral		Individual funding loan limits (note 4)	Maximum limit of fund financing (note 4)
													Item	Value		
0	The Company	Royal Finishing	Other receivables—related parties	Yes	110,720 (USD 4,000)	69,200 (USD 2,500)	69,200 (USD 2,500)	2.00	2	-	Operating capital	-	-	-	336,802	336,802
1	Royal Finishing	Paokin	Other receivables—related parties	Yes	15,025 (THB18,000)	15,025 (THB18,000)	4,174 (THB 5,000)	2.00	2	-	Operating capital	-	-	-	249,789	249,789

Note 1: The information of the Company and the subsidiary companies should be listed separately. The number representations are as follows:

1. 0 represents the Company.
2. 1 and thereafter represent the subsidiary companies.

Note 2: The purpose of fund financing for the borrower is classified as follows:

1. 1 represents business related.
2. 2 represents short-term financing.

Note 3: When the purpose of fund financing for the borrower is classified as 2, specify the necessary reasons for the loans and the purposes of the borrower, such as repayments of borrowings, purchase of equipment, and operating capital.

Note 4: The policies of the Company and Royal Finishing (which is the subsidiary company of the Company) regarding the loans to other parties are as follows:

1. In accordance with the Company's policy on loans to other parties, the maximum amount for lending shall not exceed 40% of the net worth on the Company's latest financial statements, while the total amount available for lending purposes shall not exceed 40% of the net worth on the Company's latest financial statements.
2. In accordance with the Royal Finishing's policy on loans to other parties, the maximum amount for lending shall not exceed 40% of the net worth on the Royal Finishing's latest financial statements, while the total amount available for lending purposes shall not exceed 40% of the net worth on the Royal Finishing's latest financial statements.

Note 5: The above transactions within the Group have been eliminated in the consolidated financial statements.

(ii) Guarantees and endorsements for other parties

No. (note 1)	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (note 3)	Maximum 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 limit for guarantees and endorsements (note 3)	Endorsements/ guarantees / provided by parent company for subsidiary	Endorsements/ guarantees / provided by subsidiary for parent company	Endorsements/ guarantees / provided for companies in China
		Name	Relationship with the Company (note 2)										
0	The Company	Royal Finishing	2	842,005	221,440 (USD 8,000)	-	-	-	%	842,005	Y	N	N
1	Royal Finishing	The Company	3	249,789	45,000	-	-	-	%	312,236	N	Y	N

Note 1: The information of the Company and the subsidiary companies should be listed separately. The number representations are as follows:

1. 0 represents the Company.
2. 1 and thereafter represent the subsidiary companies.

Note 2: The relationship between guarantor and guarantee is as follows:

1. Regular business relationship.
2. A subsidiary whose common stock is more than 50% owned by the guarantors.
3. A company that directly and indirectly holds more than 50% of the voting shares in the Company.
4. Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
5. A company that fulfills its contractual obligations by providing mutual endorsements/ guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
6. A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The policies of the Company and the subsidiary companies regarding the guarantees and endorsements for other parties are as follows:

1. Maximum amount for guarantees and endorsements from the Company.
 - a. The aggregate amount of external endorsements/ guarantees of the Company shall not exceed 100% of the net worth on the Company's latest audited financial statements.
 - b. The amount of endorsements/ guarantees for each individual party shall not exceed 100% of the net worth on the Company's latest audited financial statements.
 - c. Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares can provide endorsements/ guarantees for each other with the limit of not exceeding 10% of the Company's net worth on the latest audited financial statements. The aforementioned limit is not applicable to endorsements/ guarantees between companies in which the Company holds, directly or indirectly, 100% of the voting shares.
 - d. The overall endorsement/ guarantee amounts of the Group provided to external parties shall not exceed 150% of the net worth on the Company's latest audited financial statements.
 - e. The accumulated endorsement/ guarantee amounts of the Group provided to an individual party shall not exceed 150% of the net worth on the Company's latest audited financial statements.

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THAI KIN CO., LTD.

Notes to Consolidated Interim Financial Statements

2. Maximum amount for guarantees and endorsements from Royal Finishing

- a. The aggregate amount of external endorsements/ guarantees of Royal Finishing shall not exceed 50% of the net worth on Royal Finishing's latest audited (reviewed) financial statements or the net worth included in the latest Group's consolidated financial statements audited (reviewed) by auditors.
- b. The aggregate amount of endorsements/ guarantees for each individual party shall not exceed 40% of the net worth on Royal Finishing's latest audited (reviewed) financial statements or the net worth included in the latest Group's consolidated financial statements audited (reviewed) by auditors.
- c. Companies in which Royal Finishing holds, directly or indirectly, 90% or more of the voting shares can provide endorsements/ guarantees for each other with the limit of not exceeding 10% of Royal Finishing's net worth on the latest audited financial statements. The aforementioned limit is not applicable to endorsements/ guarantees between companies in which Royal Finishing holds, directly or indirectly, 100% of the voting shares.

- (iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures): None.
- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NTD100 million or 20% of the capital stock

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ trade receivables (payables)		Note
			Purchase /Sale	Amount	Percentage of total purchases/ sales (%)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/ trade receivables (payables) (%)	
The Company	Royal Finishing	Subsidiary	Sales	(441,716)	47.67 %	60 days	(Note 1)	-	86,507	47.60 %	(Note 2)
The Company	Royal Finishing	Subsidiary	Purchase	378,349	48.27 %	60 days	(Note 1)	-	(105,210)	83.75 %	(Note 2)
Royal Finishing	Thai Kin Company Limited	Subsidiary to subsidiary	Sales	(153,315)	12.61 %	90 days	(Note 1)	-	21,751	10.09 %	(Note 2)

Note 1: The price was determined by mutual agreements.

Note 2: The above transactions within the Group have been eliminated in the consolidated financial statements.

- (viii) Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of the capital stock

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Amounts received in subsequent			Impairment provision	Note
					Overdue Amount	Action taken	period (note 1)		
The Company	Royal Finishing	Subsidiary	86,507	603	-	-	61,513	-	Note 2
Royal Finishing	The Company	Subsidiary	105,210	395	-	-	70,013	-	Note 2

Note 1: As of March 10, 2022.

Note 2: The above transactions within the Group have been eliminated in the consolidated financial statements.

- (ix) Trading in derivative instruments: please refer to notes 6(b) and (m).
- (x) Business relationships and significant intercompany transactions

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms	
0	The Company	Royal Finishing	1	Sales	441,716	The price was determined by mutual agreements.	32.50%
0	The Company	Royal Finishing	1	Trade receivables	86,507	No significant different than other customers	5.60%
0	The Company	Royal Finishing	1	Purchases	378,349	The price was determined by mutual agreements.	27.84%
0	The Company	Royal Finishing	1	Trade payables	105,210	No significant different than other suppliers	6.81%
0	The Company	Royal Finishing	1	Other receivables	69,200	Loans	4.48%
1	Royal Finishing	Thai Kin Company Limited	3	Sales	153,315	The price was determined by mutual agreements.	11.28%
1	Royal Finishing	Thai Kin Company Limited	3	Trade receivables	21,751	No significant different than other customers	1.41%

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Notes to Consolidated Interim Financial Statements

Note 1: The numbering is as follows:

1. 0 represents parent company.
2. 1 represents the subsidiary company, Royal Finishing.

Note 2: The nature of relationship is as follows:

1. Parent company to subsidiary company.
2. Subsidiary company to parent company.
3. Subsidiary company to subsidiary company.

Note 3: The account should be disclosed if the amount is over 1% of the total assets from the balance sheet and total operating revenue from the statement of comprehensive income.

(b) Information on investees

The following is the information on investees for the year ended December 31, 2021 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses) of investee (Note 1)	Share of profits/losses of investee (Notes 1 and 2)	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of ownership	Carrying value (Notes 1 and 2)			
The Company	Royal Finishing	Thailand	Manufacture home decorations and hardware parts	328,122	328,122	299,997	99.99 %	621,218	138,529	138,515	
The Company	Paokin	Thailand	Manufacture home decorations and hardware parts	34,489	34,489	307,500	99.19 %	14,982	(3,152)	(3,127)	
The Company	Thai Kin Company Limited	Hong Kong	Sales of home decorations and hardware parts	4	4	1,000	100.00 %	65,475	33,863	33,863	
The Company	Angel Win Limited	Samoa	Offshore holding company	-	-	-	100.00 %	-	-	-	
Royal Finishing	Mira Home, Inc.	U.S.A	Sales of home decorations and hardware parts	154	154	500	100.00 %	-	1,068	1,068	

Note 1: Long-term investment and investment gains and losses have been recognized by using the equity method based on the financial statements of the investee companies audited by the Group's auditors.

Note 2: The long-term investment and investment gains or losses have been eliminated in the preparation of the consolidated financial statements.

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

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(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Triple Nine Co., Ltd		10,752,197	30.15 %
The Heritage Group Co., Ltd		10,002,735	28.04 %
Cloud 15 Co., Ltd		2,090,124	5.86 %
Schnitzer Zinc Co., Ltd		1,791,535	5.02 %
Dazzle Co., Ltd		1,791,535	5.02 %

- (i) The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.
- (ii) If the aforementioned data contains shares which were kept in trust by the shareholders, the data disclosed will be deemed as the settlor's separate account for the fund set by the trustee. As for the shareholder who reports its share equity as an insider and whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act and include its self-owned shares and trusted shares of the individuals who have power to decide how to allocate the trust assets. For the information on reported share equity of the insider, please refer to the Market Observation Post System.
- (iii) The percentage of holding shares is rounded down to the second decimal place.

(14) Segment information

(a) General information

The chief operating decision maker regularly reviews the operating result, so as to determine the resource allocation and make a performance evaluation. The Group has a single reportable segment, which manufactures and sells home decorations and hardware parts.

(b) Product information

The Group operates in a single industry to manufacture and sell home decorations and hardware parts. Revenue from the external customers of the Group was disclosed in the consolidated statements of comprehensive income.

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THAI KIN CO., LTD. AND SUBSIDIARIES
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(c) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of assets.

Revenue from external customers:

Geographical information	2021	2020
Europe	\$ 255,604	263,065
America	1,096,892	994,239
Asia	6,725	7,511
Total	<u>\$ 1,359,221</u>	<u>1,264,815</u>

Non-current assets:

Geographical information	December 31, 2021	December 31, 2020
Thailand	\$ 522,828	580,956
Taiwan	2,208	4,026
Total	<u>\$ 525,036</u>	<u>584,982</u>

Non-current assets include property, plant and equipment, right-of-use assets, investment property, and prepayments for equipment, and exclude financial instruments, deferred tax assets, and rights arising from an insurance contract (non-current).

(d) Major customers

	2021		2020	
	Amount	%	Amount	%
D customer	\$ 343,835	24.74	372,333	29.44
A customer	212,269	15.27	253,293	20.03
B customer	180,402	12.98	148,128	11.71
C customer	162,169	11.67	173,886	13.75
	<u>\$ 898,675</u>	<u>64.66</u>	<u>947,640</u>	<u>74.93</u>