Stock Code:6629

THAI KIN CO., LTD. AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

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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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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, 2022 and 2021, 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, 2022 and 2021, 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 Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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(s) 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.

KPMG, a Taiwan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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, 2022 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 Min-Ju Chao and Chun-Hsiu Kuang.

KPMG

Taipei, Taiwan (Republic of China)
March 22, 2023

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, 2022 and 2021

(expressed in thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
	Assets	**Amount**	**%**	**Amount**	**%**
11xx	**Current assets:**				
1100	Cash and cash equivalents (note 6(a))	$ 348,441	23	463,270	30
1110	Financial assets at fair value through profit or loss－current (note 6(b))	1,600	-	634	-
1136	Current financial assets at amortized cost, net (note 6(c))	62,057	4	-	-
1170	Trade receivables, net (notes 6(d) and (s))	228,693	15	216,646	14
1200	Other receivables (note 6(e))	4,872	-	6,669	-
1220	Current tax assets	7,542	1	-	-
130x	Inventories (note 6(f))	301,637	20	312,392	21
1470	Other current assets (note 6(j))	5,662	1	5,778	-
	Total current assets	960,504	64	1,005,389	65
15xx	**Non-current assets:**				
1600	Property, plant and equipment (notes 6(g), (k), (l) and 8)	500,404	33	496,758	32
1755	Right-of-use assets (notes 6(h), (m) and 7)	951	-	1,682	-
1760	Investment property, net (notes 6(i), (k), (l) and 8)	28,192	2	26,319	2
1840	Deferred tax assets (note 6(p))	16,482	1	10,881	1
1900	Other non-current assets (notes 6(g), (j) and 8)	5,057	-	4,990	-
	Total non-current assets	551,086	36	540,630	35
1xxx	**Total assets**	**$ 1,511,590**	**100**	**1,546,019**	**100**

		December 31, 2022		December 31, 2021	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
21xx	**Current liabilities:**				
2100	Short-term borrowings (notes 6(g), (i), (k), 7 and 8)	$ 216,966	14	213,742	14
2120	Financial liabilities at fair value through profit or loss－current (notes 6(b) and (n))	-	-	4,709	-
2150	Notes payable	904	-	2,504	-
2170	Trade payables	36,045	3	61,795	4
2213	Payables for machinery and equipment	1,188	-	3,016	-
2216	Dividends payable (note 6(q))	35,714	2	78,456	5
2219	Other payable (note 7)	25,937	2	30,131	2
2230	Current tax liabilities	28,225	2	34,219	3
2280	Current lease liabilities (notes 6(m) and 7)	828	-	841	-
2321	Current portion of bonds payable (notes 6(b), (n) and (q))	140,500	9	185,373	12
2322	Current portion of long-term borrowings (notes 6(g), (i), (l), 7 and 8)	14,361	1	57,519	4
2399	Other current liabilities	711	-	986	-
	Total current liabilities	501,379	33	673,291	44
25xx	**Non-current liabilities:**				
2540	Long-term borrowings (notes 6(g), (i), (l), 7 and 8)	-	-	13,407	1
2570	Deferred tax liabilities (note 6(p))	4,290	-	4,052	-
2580	Non-current lease liabilities (notes 6(m) and 7)	133	-	848	-
2640	Defined benefit liabilities－non-current (note 6(o))	14,792	1	12,232	1
	Total non-current liabilities	19,215	1	30,539	2
2xxx	**Total liabilities**	520,594	34	703,830	46
31xx	**Equity attributable to owners of the Company (notes 6(n), (o), (p) and (q)):**				
3100	Common stock	357,142	24	356,617	23
3200	Capital surplus	257,915	17	255,738	17
33xx	**Retained earnings:**				
3310	Legal reserve	67,220	4	55,915	4
3320	Special reserve	70,453	5	-	-
3350	Unappropriated retained earnings	253,296	17	244,188	15
	Total retained earnings	390,969	26	300,103	19
34xx	**Other equity:**				
3410	Exchange differences on translation of foreign financial statements	(15,201)	(1)	(70,453)	(5)
	Total equity attributable to owners of the Company	990,825	66	842,005	54
36xx	**Non-controlling interests**	171	-	184	-
3xxx	**Total equity**	990,996	66	842,189	54
2-3xxx	**Total liabilities and equity**	**$ 1,511,590**	**100**	**1,546,019**	**100**

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, 2022 and 2021

(expressed in thousands of New Taiwan Dollars, except earnings per share)

		2022		2021	
		Amount	%	Amount	%
4000	**Operating revenues (note 6(s))**	$ 1,352,201	100	1,359,221	100
5000	**Operating costs (notes (f), (g), (h), (o), 7 and 12)**	1,070,542	79	987,280	73
5900	**Gross profit from operations**	281,659	21	371,941	27
6000	**Operating expenses (notes 6(d), (g), (h), (o), 7 and 12):**				
6100	Selling expenses	37,632	3	32,431	2
6200	Administrative expenses	39,539	3	48,108	4
6300	Research and development expenses	6,876	-	6,849	-
6450	Expected credit loss	9	-	-	-
	Total operating expenses	84,056	6	87,388	6
6900	**Net operating income**	197,603	15	284,553	21
7000	**Non-operating income and expenses (notes 6(b), (m), (n), (u), (v), (w) and (x)):**				
7100	Interest income	1,443	-	545	-
7010	Other income	-	-	75	-
7020	Other gains and losses	5,878	-	(2,746)	-
7050	Finance costs	(8,967)	(1)	(10,123)	(1)
	Total non-operating income and expenses	(1,646)	(1)	(12,249)	(1)
7900	**Profit before income tax**	195,957	14	272,304	20
7950	**Less: income tax expenses (note 6(p))**	34,304	2	40,595	3
8200	**Net profit**	161,653	12	231,709	17
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified subsequently to profit or loss (notes 6(o) and (p))**				
8311	Gains on remeasurements of defined benefit plans	769	-	5,976	-
8349	Less: income tax related to items that may not be reclassified subsequently to profit or loss	154	-	1,195	-
	Total items that will not be reclassified subsequently to profit or loss	615	-	4,781	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	55,265	4	(82,356)	(6)
8399	Less: income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	55,265	4	(82,356)	(6)
8300	**Other comprehensive income**	55,880	4	(77,575)	(6)
8500	**Total comprehensive income**	**$ 217,533**	**16**	**154,134**	**11**
8700	**Profit (loss), attributable to:**				
8610	Owners of the Company	$ 161,679	12	231,721	17
8620	Non-controlling interests	(26)	-	(12)	-
		$ 161,653	**12**	**231,709**	**17**
	Total comprehensive income attributable to:				
8710	Owners of the Company	$ 217,546	16	154,173	11
8720	Non-controlling interests	(13)	-	(39)	-
		$ 217,533	**16**	**154,134**	**11**
	Earnings per share (NT dollars) (note 6(r))				
9750	Basic earnings per share	**$**	**4.53**		**6.51**
9850	Diluted earnings per share	**$**	**4.22**		**6.01**

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, 2022 and 2021

(expressed in thousands of New Taiwan Dollars)

	Equity attributable to owners of the Company									
			Retained earnings							
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance at January 1, 2021	$ 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
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	11,305	-	(11,305)	-	-	-	-	-
Special reserve appropriated	-	-	-	70,453	(70,453)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(71,428)	(71,428)	-	(71,428)	-	(71,428)
Profit (loss) for the year ended December 31,2022	-	-	-	-	161,679	161,679	-	161,679	(26)	161,653
Other comprehensive income	-	-	-	-	615	615	55,252	55,867	13	55,880
Total comprehensive income	-	-	-	-	162,294	162,294	55,252	217,546	(13)	217,533
Conversion of convertible bonds	525	2,177	-	-	-	-	-	2,702	-	2,702
Balance at December 31, 2022	**$ 357,142**	**257,915**	**67,220**	**70,453**	**253,296**	**390,969**	**(15,201)**	**990,825**	**171**	**990,996**

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, 2022 and 2021

(expressed in thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities:		
Profit before income tax	$ 195,957	272,304
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expenses	57,770	55,828
Expected credit loss	9	-
Net losses on financial assets and liabilities at fair value through profit or loss	39,497	3,827
Interest expenses	8,967	10,123
Interest revenues	(1,443)	(545)
Loss on bond redemption	1,408	-
Total adjustments to reconcile profit	106,208	69,233
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Financial assets measured at fair value through profit or loss	1,349	-
Trade receivables	(12,056)	5,647
Other receivables	1,797	2,317
Inventories	10,755	(40,986)
Other current assets	116	1,887
Total net changes in operating assets	1,961	(31,135)
Net changes in operating liabilities:		
Financial liabilities measured at fair value through profit or loss	(46,519)	-
Notes payable	(1,600)	602
Trade payables	(25,750)	(8,850)
Other payables	(5,010)	(5,767)
Other current liabilities	(275)	241
Net defined benefit liabilities	2,386	1,472
Total net changes in operating liabilities	(76,768)	(12,302)
Net changes in operating assets and liabilities	(74,807)	(43,437)
Total adjustments	31,401	25,796
Cash inflow generated from operations	227,358	298,100
Interests received	1,443	598
Interests paid	(4,464)	(7,101)
Income taxes paid	(52,862)	(27,023)
Net cash flows from operating activities	171,475	264,574
Cash flows from investing activities:		
Acquisition of financial assets at amortised cost	(62,057)	-
Acquisition of property, plant and equipment	(28,118)	(74,731)
Proceeds from disposal of property, plant and equipment	-	2,963
Increase in prepayments for equipment	-	(277)
Increase in refundable deposits	(13)	-
Increase in restricted deposits	(17)	(16)
Net cash flows used in investing activities	(90,205)	(72,061)
Cash flows from financing activities:		
Proceeds from short-term borrowings	250,024	376,453
Repayments of short-term borrowings	(246,800)	(470,660)
Repayments of bonds	(47,268)	-
Repayments of long-term borrowings	(58,953)	(17,718)
Payment of lease liabilities	(880)	(851)
Cash dividends paid	(114,170)	(159,885)
Net cash flows used in financing activities	(218,047)	(272,661)
Effect of exchange rate changes on cash and cash equivalents	21,948	(58,748)
Net decrease in cash and cash equivalents	(114,829)	(138,896)
Cash and cash equivalents at beginning of period	463,270	602,166
Cash and cash equivalents at end of period	**$ 348,441**	**463,270**

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, 2022 and 2021

(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 22, 2023.

(3) New standards, amendments and interpretations adopted:

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

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

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

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

The Group’s adoption of the new amendments, effective for annual period beginning on January 1, 2023, are expected to have the following impacts:

(i) Amendments to IAS 1 “Disclosure of Accounting Policies”

The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;

(Continued)

- 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.

The Group is continuing on evaluating and reviewing the accounting policies that should be disclosed in the consolidated financial statements to comply with the amendment.

(ii) Other amendments

The following amendments are not expected to have a significant impact on the Group' s consolidated financial statements.

- Amendments to IAS 12 " Deferred Tax related to Assets and Liabilities arising from a Single Transaction"
- Amendments to IAS 8 "Definition of Accounting Estimates"

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Non-current Liabilities with Covenants"	After reconsidering certain aspects of the 2020 amendments1, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability' s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information "
- IFRS16 "Requirements for Sale and Leaseback Transactions"

(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").

(Continued)

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

(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.

(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.

(Continued)

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

(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 (%) December 31, 2022	Shareholding (%) December 31, 2021	Remark
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 %	

Note : Angel Win Limited, a fully-owned subsidiary of the Company, was established in Samoa Islands on March 11, 2020, having 10,000 thousand registered shares, with a par value of USD$1 per share, wherein its capital has yet to be injected as of December 31, 2022. 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 thousand. 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.

(Continued)

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

(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;

(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.

(Continued)

(f) Cash and cash equivalents

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

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.

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.

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 entirely 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 instruments 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.

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.

(Continued)

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.

(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.

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)	Buildings improvement	10 years
3)	Machinery	10 years
4)	Office equipment	3～5 years
5)	Leasehold improvement	4 years
6)	Transportation equipment	5 years
7)	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.

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.

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.

(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 reserved, 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

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.

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is the valuation of inventories. As inventories are stated at the lower of cost and net realizable value, the Group estimates the net realizable value of inventories for normal wear and tear, obsolescence, and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid changing in the industry, there may be significant changes in the net realizable value of inventories. Please refer to note 6(f) for further description of the subsequent measurements of inventories.

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Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash	$ 98	273
Checking and demand deposits	214,140	360,295
Time deposits	134,203	102,702
Cash and cash equivalents in the consolidated statement of cash flows	**$ 348,441**	**463,270**

Please refer to note 6(y) 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, 2022	December 31, 2021
Derivative instruments not for hedging－forward exchange contracts	**$ 1,600**	**634**

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

	December 31, 2022	December 31, 2021
Derivative instruments not for hedging－forward exchange contracts	$ -	4,593
Call and put options of corporate bonds payable	-	116
Total	**$ -**	**4,709**

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.

Forward exchange contracts:

	December 31, 2022			
	Amount (in thousands)	Currency	Maturity dates	Fair value of assets
Forward exchange sold	**$ 900**	THB(Buy)/USD(Sell)	2023.3.17~2023.3.20	**$ 1,600**

(Continued)

	December 31, 2021			
	Amount (in thousands)	Currency	Maturity dates	Fair value of assets (liabilities)
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(w) for the amounts recognized in the income statements that resulted from remeasurement of the above contracts at fair value.

Please refer to note 6(n) 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) Financial assets measured at amortized cost

	December 31, 2022	December 31, 2021
Time deposit with original maturity over three months	$ 62,057	-
Range of interest rate (%)	0.60	-
Maturity date	2023.11.22	-

The Group has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on the outstanding principal amount. Therefore, these investments were classified as financial assets measured at amortized cost.

Please refer to note 6(y) for credit risk。

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

(d) Trade receivables

	December 31, 2022	December 31, 2021
Trade receivables	$ 228,702	216,646
Less: Impairment provision	(9)	-
	$ 228,693	216,646

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. Based on the Group's historical credit losses experience, there is no significant difference in the loss patterns for different customer groups, and thus, the provision matrix does not further differentiate the customer groups.

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

	December 31, 2022		
	Gross carrying amount	Weighted average loss rate (%)	Impairment provision
Current	$ 176,650	-	-
1~30 days past due	45,540	-	-
31~60 days past due	3,506	0~0.06	-
61~90 days past due	1,628	0~0.42	2
121~180 days past due	1,332	0~0.49	6
181~270 days past due	26	0~0.89	-
271~365 days past due	20	0~3.89	1
	$ 228,702		**9**

	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		**-**

The movement in the allowance for accounts receivable were as follows:

	2022	2021
Balance at January 1	$ -	-
Impairment losses recognized	9	-
Balance at December 31	**$ 9**	**-**

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

(Continued)

(e) Other receivables

	December 31, 2022	December 31, 2021
Other receivables	$ 4,872	6,669
Less: impairment provision	-	-
	$ 4,872	**6,669**

The Group did not have any past due other receivables as of December 31, 2022 and 2021.

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

(f) Inventories

	December 31, 2022		
	Cost	Provision for obsolescence and decline in market value	Net realizable value
Raw materials	$ 154,742	16,731	138,011
Work in process	87,460	5,950	81,510
Finished goods	92,520	10,404	82,116
Total	**$ 334,722**	**33,085**	**301,637**

	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	**$ 342,869**	**30,477**	**312,392**

The changes in the inventory provision for the years ended December 31, 2022 and 2021, were as follows:

	2022	2021
Balance at January 1	$ 30,477	30,552
Impairment losses	6,156	4,005
Scrapped inventories write-off	(5,735)	-
Effect of movements in exchange rates	2,187	(4,080)
Balance at December 31	**$ 33,085**	**30,477**

(Continued)

For the years ended December 31, 2022 and 2021, the Group's operating costs consist of the following components:

	2022	2021
Costs of goods sold	$ 1,091,092	1,002,441
Loss on inventory obsolescence and decline in market value	6,156	4,005
Revenue from sale of scrap	(27,895)	(22,213)
Physical count variance	1,189	3,047
	$ 1,070,542	**987,280**

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

(g) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2022 and 2021, were as follows:

	Land	Buildings	Buildings improvement	Machinery	Office equipment	Leasehold improvement	Transportation equipment	Other equipment	Construction in progress	Total
Cost or deemed cost:										
Balance on January 1, 2022	$ 44,672	287,688	-	297,326	13,571	1,016	12,809	125,661	22,134	804,877
Additions	-	-	-	10,044	420	-	128	3,540	12,158	26,290
Disposals	-	-	-	-	(29)	-	-	-	-	(29)
Reclassification (note 2)	-	(342)	68,494	(65,778)	-	-	-	10,065	(12,162)	277
Effect of movements in exchange rates	3,180	20,457	3,090	18,643	961	-	918	9,545	1,575	58,369
Balance on December 31, 2022	**$ 47,852**	**307,803**	**71,584**	**260,235**	**14,923**	**1,016**	**13,855**	**148,811**	**23,705**	**889,784**
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
Disposals (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	**$ 44,672**	**287,688**	**-**	**297,326**	**13,571**	**1,016**	**12,809**	**125,661**	**22,134**	**804,877**
Depreciation and impairment loss										
Balance on January 1, 2022	$ -	101,609	-	99,149	11,036	762	8,431	87,132	-	308,119
Depreciation	-	16,911	6,148	18,820	1,381	203	1,032	12,391	-	56,886
Reclassification	-	(32)	8,116	(8,084)	-	-	-	-	-	-
Disposals	-	-	-	-	(29)	-	-	-	-	(29)
Effect of movements in exchange rates	-	7,992	643	7,541	832	-	647	6,749	-	24,404
Balance on December 31, 2022	**$ -**	**126,480**	**14,907**	**117,426**	**13,220**	**965**	**10,110**	**106,272**	**-**	**389,380**
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	**$ -**	**101,609**	**-**	**99,149**	**11,036**	**762**	**8,431**	**87,132**	**-**	**308,119**
Carrying amounts:										
Balance on December 31, 2022	**$ 47,852**	**181,323**	**56,677**	**142,809**	**1,703**	**51**	**3,745**	**42,539**	**23,705**	**500,404**
Balance on December 31, 2021	**$ 44,672**	**186,079**	**-**	**198,177**	**2,535**	**254**	**4,378**	**38,529**	**22,134**	**496,758**

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 prepayments for equipment to this account.

(Continued)

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, 2022 and 2021.

(h) Right-of-use assets

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

		Buildings
Cost:		
Balance at January 1, 2022	$	4,207
Additions		148
Effect of movements in exchange rates		31
Balance at December 31, 2022	**$**	**4,386**
Balance at January 1, 2021	$	2,783
Additions		1,487
Effect of movements in exchange rates		(63)
Balance at December 31, 2021	**$**	**4,207**
Accumulated depreciation:		
Balance at January 1, 2022	$	2,525
Depreciation for the year		884
Effect of movements in exchange rates		26
Balance at December 31, 2022	**$**	**3,435**
Balance at January 1, 2021	$	1,712
Depreciation for the year		848
Effect of movements in exchange rates		(35)
Balance at December 31, 2021	**$**	**2,525**
Carrying amount:		
Balance at December 31, 2022	**$**	**951**
Balance at December 31, 2021	**$**	**1,682**

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(i) Investment property

The changes in the investment property were as follows:

	Land
Cost:	
Balance at January 1, 2022	$ 26,319
Effect of movements in exchange rates	1,873
Balance at December 31, 2022	**$ 28,192**
Balance at January 1, 2021	$ 30,131
Effect of movements in exchange rates	(3,812)
Balance at December 31, 2021	**$ 26,319**
Carrying amount:	
Balance at December 31, 2022	**$ 28,192**
Balance at December 31, 2021	**$ 26,319**
Fair value:	
Balance at December 31, 2022	**$ 295,352**
Balance at December 31, 2021	**$ 255,601**

The management adopted the land development analysis approach to measure the fair value of the property for the years ended December 31, 2022 and 2021, 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, 2022	December 31, 2021
Estimated revenue	$ 363,438 (THB406,485 thousand)	316,673 (THB379,386 thousand)
Gross margin rate	10%	10%
Overall capital interest rate	2.3%	2.3%
Appraised by external independent appraiser or self-appraisal	Self-appraisal	Self-appraisal
Appraisal date	December 31, 2022	December 31, 2021
Fair value by self-appraisal	$ 295,352 (THB330,334 thousand)	255,601 (THB306,219 thousand)

The Group pledged the investment property as collateral for its long and short-term borrowings as of December 31, 2022 and 2021. Please refer to note 8 for the detail of the collateral.

(Continued)

(j) 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, 2022	December 31, 2021
Other current assets:		
Temporary payments	$ 100	98
Prepayments	5,562	5,680
	5,662	5,778
Other non-current assets:		
Restricted time deposits	4,698	4,369
Refundable deposits	359	344
Prepayments for equipment	-	277
	5,057	4,990
	$ 10,719	**10,768**

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

(k) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2022	December 31, 2021
Secured bank loans	**$ 216,966**	**213,742**
Unused credit lines	**$ 979,373**	**917,127**
Range of interest rates (%)	**1.00~2.77**	**1.00~2.25**

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

(l) Long-term borrowings

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

	December 31, 2022		
	Interest rate (%)	Year of expiration	Carrying amount
Secured bank loans			
Kasikorn Bank	2.50	2023	$ 14,361
Less: current portion			14,361
Total			**$ -**
Unused credit lines			**$ -**

(Continued)

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	December 31, 2021		
	Interest rate (%)	Year of expiration	Carrying amount
Unsecured bank loans			
Bankok Bank	2.00	2022	$ 6,677
Secured bank loans			
Kasikorn Bank	2.00~2.50	2022~2023	41,712
Mega Bank	2.00	2022	22,537
			70,926
Less: current portion			57,519
Total			**$ 13,407**
Unused credit lines			**$ -**

(i) Loans proceeds and repayments

The Group borrowed $0 thousand, and repaid $58,953 thousand and $17,718 thousand, respectively, for the years ended December 31, 2022 and 2021.

(ii) Collateral for bank loans

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

(iii) 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, 2022 and 2021, the Group has met the above debt covenants clauses.

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(m) Lease liabilities

	December 31, 2022	December 31, 2021
Current	$ 828	841
Non-current	133	848
Total	**$ 961**	**1,689**

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

The amounts recognized in profit or loss were as follows:

	2022	2021
Interests on lease liabilities	**$ 18**	**12**

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

	2022	2021
Total cash outflow from operating activities	$ 18	12
Total cash outflow from financing activities	880	851
Total cash outflow for leases	**$ 898**	**863**

The Group leases buildings for its office space, with lease terms usually ranging from 2 to 5 years.

(n) Corporate bonds payables

The details of unsecured convertible bonds were as follows:

	December 31, 2022	December 31, 2021
Total amount of convertible bonds	$ 215,756	215,756
Less: discount on convertible bonds issuance	(9,160)	(9,160)
underwriting expenses	(2,910)	(2,910)
Discounted present value of bonds payable upon issuance	203,686	203,686
Add: Amortization of discount on bonds payable	8,351	4,664
Reclassification of unamortized discount upon bond conversion and redemption	1,420	380
Less: Cumulative converted amount and reclassification	(26,157)	(23,357)
Cumulative redeemed amount	(46,800)	-
Ending balance of bonds payable	**$ 140,500**	**185,373**

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.

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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)		8,600
	$	**215,756**

(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.

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 forth 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.

(Continued)

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 July 22, 2022, which is the ex-dividend date, the conversion price was adjusted to $52.50 per share.

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

	December 31, 2022	December 31, 2021
Beginning balance	$ 116	480
Valuation gains	(114)	(357)
Conversion	(2)	(7)
	$ -	**116**

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

	December 31, 2022	December 31, 2021
Beginning balance	$ 23,305	8,469
Add: issuance or reclassification of convertible bonds	-	15,339
Less: conversion	339	503
redemption	5,669	-
Ending balance	**$ 17,297**	**23,305**

The unsecured convertible bondholders are entitled to exercise the put option and request the Group to 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 as current liabilities on December 31, 2021, but it is not required to fully repay within one year.

(o) 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, 2022	December 31, 2021
Present value of the defined benefit obligations	$	14,792	12,232
Fair value of plan assets		-	-
Net defined benefit liabilities	**$**	**14,792**	**12,232**

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:

		2022	2021
Defined benefit obligations at January 1	$	12,232	16,736
Current service costs and interest costs		2,386	3,454
Remeasurements			
－Actuarial gains and losses arising from changes in experience adjustments		427	(2,055)
－Actuarial gains arising from changes in financial assumptions		(1,196)	(3,921)
Effect of movements in exchange rates		943	(1,982)
Defined benefit obligations at December 31	**$**	**14,792**	**12,232**

2) Expenses recognized in profit or loss

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

		2022	2021
Current service costs	$	2,073	3,212
Net interest of the net liabilities for defined benefit obligations		313	242
	$	**2,386**	**3,454**

(Continued)

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, 2022 and 2021 were as follows:

	2022	2021
Accumulated amounts at 1 January	$ (738)	(6,714)
Recognized during the period	769	5,976
Accumulated amounts at 31 December	**$ 31**	**(738)**

4) Actuarial assumptions

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

	December 31, 2022	December 31, 2021
Discount rate	3.170 %	2.540 %
Future salary growth rate	2.00 %	2.00 %

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 15.33 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:

	The effect of defined benefit obligation	
	Increase 0.25%	Decrease 0.25%
December 31, 2022		
Discount rate (changes 0.25%)	(441)	460
Future salary growth rate (changes 0.25%)	464	(447)
December 31, 2021		
Discount rate (changes 0.25%)	(413)	431
Future salary growth rate (changes 0.25%)	432	(416)

(Continued)

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 2022 and 2021.

(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 $151 thousand and $145 thousand for the years ended December 31, 2022 and 2021, respectively.

(p) 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 2022 and 2021. 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 2022 and 2021. 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 2022 and 2021.

(i) The components of income tax expenses (benefits) in the years 2022 and 2021 were as follows:

		2022	2021
Current tax expense			
Current period	$	39,023	43,358
Adjustment for the prior periods		137	8
		39,160	43,366
Deferred tax expense (benefit)			
Temporary differences		(4,856)	(2,771)
Income tax expense	**$**	**34,304**	**40,595**

The amount of income tax expenses recognized in other comprehensive income for 2022 and 2021 was as follows:

	2022	2021
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit plans	**$ 154**	**1,195**

Reconciliations of income tax expenses and profit before income tax for 2022 and 2021 were as follows:

	2022	2021
Profit before income tax	**$ 195,957**	**272,304**
Income tax expenses using the statutory tax rate at each jurisdictions	$ 38,284	57,570
Non-deductible expenses	(242)	72
Tax-exempt income	(4,695)	(5,587)
Tax credits of investment in machinery	-	(11,755)
Underestimate of income tax for previous years	137	8
Underestimate of deferred tax assets for previous years	-	(545)
Unrecognized deferred tax assets for current loss	603	630
Others	217	202
Total	**$ 34,304**	**40,595**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

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

	December 31, 2022	December 31, 2021
The carryforward of unused tax losses	**$ 16,933**	**15,883**

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, 2022, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Unused tax losses	Expiry year
Paokin:		
2018	$ 2,614	2023
2019	3,546	2024
2020	4,592	2025
2021	3,152	2026
2022 estimate	3,016	2027
Subtotal	16,920	
Mira Home, Inc.:		
2019	13	2039
Total	**$ 16,933**	

2) Recognized deferred tax assets and liabilities

Changes in the amounts of deferred tax assets and liabilities for 2022 and 2021 were as follows:

Deferred tax assets:

	Inventory provision	Defined benefit liabilities	Unused tax loss carryforwards	Others	Total
Balance at January 1, 2022	$ 6,096	2,446	-	2,339	10,881
Recognized in profit or loss	84	477	4,680	(433)	4,808
Recognized in other comprehensive income	-	(154)	-	-	(154)
Effect of movements in exchange rates	438	189	211	109	947
Balance at December 31, 2022	**$ 6,618**	**2,958**	**4,891**	**2,015**	**16,482**
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	**$ 6,096**	**2,446**	**-**	**2,339**	**10,881**

(Continued)

Deferred tax liabilities:

	Others
Balance at January 1, 2022	$ 4,052
Recognized in profit or loss	(48)
Effect of movements in exchange rates	286
Balance at December 31, 2022	**$ 4,290**
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**

(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 examed by the tax authority without issuing official approval certificates. Royal Finishing and Paokin have filed the corporate tax returns up to 2021. Mira Home, Inc. has applied for the declaration of the income tax at the local tax agency up to 2021. 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 March, 2020 without commencing operation and was not required to file its corporate tax return. The income tax return of the Company's Taiwan branch has been approved by the tax authority up to 2020.

(q) Capital and other equity

(i) Common stock

As of December 31, 2022 and 2021, the number of authorized common stock was $1,000,000 thousand, with a par value of $10 per share. There were 35,714 thousand shares and 35,662 thousand shares issued as of December 31, 2022 and 2021, respectively. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding during the period was as follows:

Unit: shares

	2022	2021
Balance on January 1	35,662	35,530
Conversion of convertible bonds	52	132
Balance on December 31	**35,714**	**35,662**

For the year ended December 31, 2022 and 2021, convertible bondholders converted bonds into common stocks, and of which 52 thousand shares and 132 thousand shares were converted at par value of $525 thousand and $1,317 thousand, respectively.

(ii) Capital surplus

The balance of capital surplus was as follows:

	December 31, 2022	December 31, 2021
Difference between the acquired net asset value and costs of restructuring	$ 48,483	48,483
Addition paid-in capital	186,466	183,950
Issuance of convertible bonds－stock warrant	17,297	23,305
Expired stock warrants	5,669	-
	$ 257,915	**255,738**

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.

According to the Company's Articles of Association approved during the general meeting of shareholders held on June 17, 2022, for amendment, 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; and (iii) 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.

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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 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

The abovementioned appropriations of earnings recognized as dividends payable for January to June 2021 were yet to be distributed as of December 31, 2021.

The amounts of cash dividends on the appropriations of earnings for January to June 2022 and July to December 2022 had been approved during the board meeting held on November 9, 2022 and March 22, 2023, respectively, as follows:

	January 1 to June 30, 2022	July 1 to December 31, 2022
Cash dividends	$ 35,714	45,357

The abovementioned appropriations of earnings recognized as dividends payable for January to June 2022 were yet to be distributed as of December 31, 2022.

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

(Continued)

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(r) Earnings per share

The calculation of basic earnings per share is as follows:

Unit: thousand shares

		2022	2021
Basic earnings per share:			
Profit attributable to ordinary shareholders of the Company	**$**	**161,679**	**231,721**
Weighted average number of ordinary shares (thousand shares)		**35,713**	**35,618**
Basic earnings per share (unit: New Taiwan dollars)	**$**	**4.53**	**6.51**
Diluted EPS:			
Net income	$	161,679	231,721
Effect of dilutive potential ordinary shares			
Decrease in gains on remeasurements of embedded derivative instruments		(114)	(357)
Decrease in interest expense on convertible bonds		3,687	3,896
Net income for calculating diluted EPS	**$**	**165,252**	**235,260**
Weighted average number of ordinary shares (thousand shares)		35,713	35,618
Effect of dilutive potential ordinary shares			
Conversion of convertible bonds		3,439	3,523
Weighted average number of ordinary shares －diluted		**39,152**	**39,141**
Diluted EPS (New Taiwan dollars)	**$**	**4.22**	**6.01**

(s) Revenue from contracts with customers

(i) Disaggregation of revenue

		2022	2021
Primary geographical markets:			
Europe	$	253,075	255,604
America		1,093,811	1,096,892
Asia		5,315	6,725
	$	**1,352,201**	**1,359,221**
Main product/services lines			
Home decoration hardware	**$**	**1,352,201**	**1,359,221**

(Continued)

(ii) Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Trade receivables	$ 228,702	216,646	222,293
Less: Impairment provision	(9)	-	-
Total	**$ 228,693**	**216,646**	**222,293**

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

(t) 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, 2022 and 2021. 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.

(u) Interest income

The details of interest income were as follows:

	2022	2021
Bank deposits	**$ 1,443**	**545**

(v) Other income

The details of other income were as follows:

	2022	2021
Income from indemnification	**$ -**	**75**

(w) Other gains and losses

The details of other gains and losses were as follows:

	2022	2021
Foreign exchange gains, net	$ 45,802	7,105
Loss from financial assets and liabilities at fair value through profit or loss	(39,497)	(10,925)
Loss on bond redemption	(1,408)	-
Others	981	1,074
	$ 5,878	**(2,746)**

(Continued)

(x) Finance costs

The details of finance costs were as follows:

	2022	2021
Interest expense		
Bank borrowings	$ (5,262)	(6,215)
Bonds payable	(3,687)	(3,896)
Lease liabilities	(18)	(12)
Total	**$ (8,967)**	**(10,123)**

(y) 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 79% and 71% of the total amount of trade receivables as of December 31, 2022 and 2021, respectively.

3) Credit risk of receivables

For credit risk exposure of trade receivables, please refer to note 6(d); details of other receivables please refer to note 6(e). 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.

(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, 2022						
Non-derivative financial liabilities						
Bank borrowings	$ 231,327	232,855	232,855	-	-	-
Notes payable	904	904	904	-	-	-
Trade payables	36,045	36,045	36,045	-	-	-
Other payables and payables for machinery and equipment	27,125	27,125	27,125	-	-	-
Dividend payable	35,714	35,714	35,714	-	-	-
Bonds payable (including derivative financial liabilities)	140,500	144,232	144,232	-	-	-
Lease liabilities	961	968	835	133	-	-
	$ 472,576	**477,843**	**477,710**	**133**	**-**	**-**
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	-	-	-
	$ 652,341	**663,308**	**648,817**	**11,536**	**2,955**	**-**

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

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk as of December 31, 2022 and 2021 were as follows:

	December 31, 2022			December 31, 2021		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 15,490	30.7355	476,090	18,684	27.2251	508,684
Financial liabilities						
Monetary items						
USD	2,433	30.2556	73,605	7,257	27.8517	202,110

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, 2022 and 2021, would have decreased (increase) the net profit before tax for the years ended December 31, 2022 and 2021 by $4,025 thousand and $3,066 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, 2022 and 2021, 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:

	2022		2021	
	Foreign exchange gain (loss)	Average exchange rate	Foreign exchange gain (loss)	Average exchange rate
NTD	$ 38,389	1.00	(15,790)	1.00
THB	THB 8,666	0.8555	25,950	0.8823

(iv) Interest rate analysis

Some of short-term borrowings of the Group with variable rates. Since the market interest rates did not fluctuate significantly, changes of the interest rates did not cause a significant cash flow risk.

(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, 2022				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets－current	$ 1,600	-	1,600	-	1,600
Financial assets measured at amortized costs					
Cash and cash equivalents	348,441	-	-	-	-
Current financial assets at amortized cost, net	62,057	-	-	-	-
Trade receivables	228,693	-	-	-	-
Other receivables	4,872	-	-	-	-
Restricted bank deposits	4,698	-	-	-	-
Refundable deposits	359	-	-	-	-
Subtotal	649,120	-	-	-	-
Total	**$ 650,720**	**-**	**1,600**	**-**	**1,600**
Financial liabilities measured at amortized costs					
Bank borrowings	$ 231,327	-	-	-	-
Notes payable and trade payables	36,949	-	-	-	-
Other payables and payables for machinery and equipment	27,125	-	-	-	-
Dividend payable	35,714	-	-	-	-
Bonds payable	140,500	-	-	-	-
Lease liabilities	961	-	-	-	-
Total	**$ 472,576**	**-**	**-**	**-**	**-**

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	December 31, 2021				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured of 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	**$ 691,932**	**-**	**634**	**-**	**634**
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities－current	$ 4,709	-	4,709	-	4,709
Financial liabilities measured at amortized costs					
Bank borrowings	284,668	-	-	-	-
Notes payable and trade payables	64,299	-	-	-	-
Other payables and payables for machinery and equipment	33,147	-	-	-	-
Dividend payable	78,456	-	-	-	-
Bonds payable	185,373	-	-	-	-
Lease liabilities	1,689	-	-	-	-
Subtotal	647,632	-	-	-	-
Total	**$ 652,341**	**-**	**4,709**	**-**	**4,709**

(Continued)

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.

(z) 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.

(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, 2022 and 2021, the Group's unused credit lines were $979,373 thousand and $917,127 thousand, 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.

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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.

(aa) 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.

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:

	December 31, 2022	December 31, 2021
Total liabilities	$ 520,594	703,830
Less: cash and cash equivalents	348,441	463,270
Net debt	**$ 172,153**	**240,560**
Total equity	**$ 990,996**	**842,189**
Debt-to-equity ratio	**17.37 %**	**28.56 %**

As of December 31, 2022 and 2021, there were no changes in the Group's approach of capital management.

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

For the years ended December 31, 2022 and 2021, 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(m), (n) and (q) for related information.

Reconciliation of liabilities from financing activities for the years ended December 31, 2022 and 2021 was as follows:

			Non-cash changes					
	January 1, 2022	Cash flows	Amorization of discount	Foreign exchange movement	Acquisition	Conversion and reclassification	Loss on bond redemption	December 31, 2022
Short-term borrowings	$ 213,742	3,224	-	-	-	-	-	216,966
Long-term borrowings (including current portion)	70,926	(58,953)	-	2,388	-	-	-	14,361
Lease liabilities	1,689	(880)	-	4	148	-	-	961
Bnds payable	185,373	(47,268)	3,687	-	-	(2,700)	1,408	140,500
Total liabilities from financing activities	**$ 471,730**	**(103,877)**	**3,687**	**2,392**	**148**	**(2,700)**	**1,408**	**372,788**

			Non-cash changes				
	January 1, 2021	Cash flows	Amorization of discount	Foreign exchange movement	Acquisition	Conversion and reclassification	December 31, 2021
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	204,454	-	3,896	-	-	(22,977)	185,373
Total liabilities from financing activities	**$ 652,532**	**(112,776)**	**3,896**	**(50,432)**	**1,487**	**(22,977)**	**471,730**

(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) Purchases

The amounts of significant purchases by the Group from related parties were as follows:

	2022	2021
Window Coverings Co., Ltd.	**$ 13,291**	**-**

The pricing of purchase transactions with Window Coverings Co., Ltd. is negotiated by both parties with no significant difference in payment terms offered by other vendors.

(Continued)

(ii) 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, 2022 and 2021, were as follows and were recognized under direct labor costs:

	2022	2021
Grand Lake Living Co., Ltd.	$ 6,881	9,344

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

	December 31, 2022	December 31, 2021
Grand Lake Living Co., Ltd.	$ 651	574

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

(iii) 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, 2022 and 2021, the balance of lease liabilities amounted to $36 thousand and $134 thousand, respectively. There were no interest expenses for the years then ended.

(iv) Guarantee

As of December 31, 2022 and 2021, 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

	2022	2021
Short-term employee benefits	$ 8,998	9,006

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(8) Pledged assets:

Pledged assets	Object	December 31, 2022	December 31, 2021
Restricted bank deposits(recorded under other non-current assets)	Electricity guarantee	$ 4,698	4,369
Land	Long-term and short-term credit facilities	21,744	20,299
Buildings	Long-term and short-term credit facilities	146,012	148,409
Buildings improvement (recorded under machinery as of December 31, 2021)	Long-term borrowings	31,908	33,897
Investment property	Long-term and short-term credit facilities	28,192	26,319
Total		**$ 232,554**	**233,293**

(9) Commitments and contingencies:None

(10) Losses due to major disasters:None

(11) Subsequent Events:None

(12) Other:

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

By function	2022			2021		
By item	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries (note)	202,756	34,171	236,927	212,296	34,522	246,818
Labor and health insurance	4,762	837	5,599	4,351	777	5,128
Pension	2,386	151	2,537	3,454	145	3,599
Other employee benefits	2,860	289	3,149	2,870	229	3,099
Depreciation	51,765	6,005	57,770	49,033	6,795	55,828
Amortization	-	-	-	-	-	-

Note: The salaries under operating costs include the charges for manufacturing services of $6,881 thousand and $9,344 thousand for the years ended December 31, 2022 and 2021, 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, 2022:

(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	184,260 (USD 6,000)	107,485 (USD 3,500)	76,775 (USD 2,500)	2.00	2	-	Operating capital	-	-	-	396,330	396,330
0	The Company	Paokin	Other receivables—related parties	Yes	30,710 (USD 1,000)	30,710 (USD 1,000)	30,710 (USD 1,000)	2.00	2	-	Operating capital	-	-	-	396,330	396,330
1	Royal Finishing	Paokin	Other receivables—related parties	Yes	16,094 (THB18,000)	-	-	2.00	2	-	Operating capital	-		-	260,988	260,988

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: None.

(iii) Securities held as of December 31, 2022 (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.

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THAI KIN CO., LTD.
Notes to Consolidated Interim Financial Statements

(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	(438,869)	39.62 %	60 days	(Note 1)		112,414	42.98 %	(Note 2)
The Company	Royal Finishing	Subsidiary	Purchase	507,066	55.63 %	60 days	(Note 1)	-	(128,712)	89.12 %	(Note 2)
Royal Finishing	Thai Kin Company Limited	Subsidiary to subsidiary	Sales	(119,373)	10.19 %	90 days	(Note 1)		45,377	20.79 %	(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	Overdue		Amounts received in subsequent period (note 1)	Impairment provision	Note
					Amount	Action taken			
The Company	Royal Finishing	Subsidiary	112,414	441	-		65,229	-	Note 3
The Company	Royal Finishing	Subsidiary	76,775	(note 2)	-		-	-	Note 3
Royal Finishing	The Company	Subsidiary	128,712	434	-		62,076	-	Note 3

Note 1: As of March 15, 2023.

Note 2: Lending funds to other parties.

Note 3: 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 (n).

(x) Business relationships and significant intercompany transactions

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Royal Finishing	1	Sales	438,869	The price was determined by mutual agreements.	32.46%
0	The Company	Royal Finishing	1	Trade receivables	112,414	No significant difference than other customers	7.44%
0	The Company	Royal Finishing	1	Purchases	507,066	The price was determined by mutual agreements.	37.50%
0	The Company	Royal Finishing	1	Trade payables	128,712	No significant difference than other suppliers	8.52%
0	The Company	Royal Finishing	1	Other receivables	76,775	Lending funds to other parties	5.08%
0	The Company	Paokin	1	Other receivables	30,710	Lending funds to other parties	2.03%
1	Royal Finishing	Thai Kin Company Limited	3	Sales	119,373	The price was determined by mutual agreements.	8.83%

(Continued)

THAI KIN CO., LTD.
Notes to Consolidated Interim Financial Statements

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	Royal Finishing	Thai Kin Company Limited	3	Trade receivables	45,377	No significant difference than other customers	3.00%
1	Royal Finishing	Mira Home	1	Trade receivables	15,248	No significant difference than other customers	1.01%

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, 2022 (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, 2022			Net income (losses) of investee (Note 1)	Share of profits/losses of investee (Notes 1 and 2)	Note
				December 31, 2022	December 31, 2021	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 %	650,116	(15,230)	(15,228)	
The Company	Paokin	Thailand	Manufacture home decorations and hardware parts	34,489	34,489	307,500	99.19 %	12,921	(3,016)	(2,992)	
The Company	Thai Kin Company Limited	Hong Kong	Sales of home decorations and hardware parts	4	4	1,000	100.00 %	40,540	28,453	28,453	
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 %	-	142	142	

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

(d) Major shareholders:

Shareholding Shareholder's Name	Shares	Percentage
Triple Nine Co., Ltd	10,752,197	30.10 %
The Heritage Group Co., Ltd	10,002,735	28.00 %
Cloud 15 Co., Ltd	2,090,124	5.85 %
Schnitzer Zinc Co., Ltd	1,791,535	5.01 %
Dazzle Co., Ltd	1,791,535	5.01 %

(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.

(Continued)

(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	2022	2021
Europe	$ 253,075	255,604
America	1,093,811	1,096,892
Asia	5,315	6,725
Total	**$ 1,352,201**	**1,359,221**

Non-current assets:

Geographical information	December 31, 2022	December 31, 2021
Thailand	$ 528,482	522,828
Taiwan	1,065	2,208
Total	**$ 529,547**	**525,036**

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

	2022		2021	
	Amount	%	Amount	%
A customer	$ 278,906	20.63	212,269	15.27
D customer	197,250	14.59	343,835	24.74
B customer	176,242	13.03	162,169	11.67
C customer	143,516	10.61	180,402	12.98
	$ 795,914	**58.86**	**898,675**	**64.66**