

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

**REGAL HOLDING CO., LTD. AND ITS
SUBSIDIARIES**

Consolidated Interim Financial Statements

**With Independent Auditor's Report
June 30, 2023 and 2022**

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Independent Auditors' Review Report

To the Board of Directors of
Regal Holding Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Regal Holding Co., Ltd. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of balance sheets as of June 30, 2023 and 2022, and the consolidated statement of comprehensive income, changes in equity and cash flows for the three months ended June 30, 2023 and 2022, and six months ended June 30, 2023 and 2022, 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 June 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the three months ended June 30, 2023 and 2022, and for the six months ended June 30, 2023 and 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IAS 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

For details of the accounting policy for the subsequent measurement of inventories, please refer to Note 4(h),

Inventories, of the 2022 Consolidated Financial Reports. For details of the accounting estimates and assumptions used in the evaluation of inventories, please refer to Note 5 of the 2022 Consolidated Financial Reports; and for information on impairment of inventories, please refer to Note 6(e), Inventories, of the 2022 Consolidated Financial Reports.

Description of key audit matter:

The Group's inventory consists mainly of gems, jewelry products and their raw materials. Due to the rapid changes in fashion trends, the original inventory may become obsolete or no longer meet the market demand, which may result in the risk that the cost of inventory may exceed its net realizable value. Since the subsequent measurement of inventories is dependent on management's assessment through various internal and external evidence, it is a key audit matter.

How the matter was addressed in our audit:

Our audit procedures included:

Assessing the reasonableness of accounting policies for subsequent measurement of inventories; obtaining aging analysis of inventories and analyzing changes in inventory age categories to verify the appropriateness of the changes, and then verified the age of the inventories on a random basis; obtaining statements of net realizable value of inventories and to understand the reasonableness of the selling prices used by managements in evaluating the allowance for inventory losses at the end of the period; verifying net realizable value of inventories by vouching the source documents of samples and determining whether related subsequent measurement of inventories has been appropriately disclosed by managements.

Responsibilities of Management and Those Charged 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 IAS 34 "Interim Financial Reporting" 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by managements.
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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. 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 six months ended June 30, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chun-I Chang and Min-Ju Chao.

KPMG

Taipei, Taiwan (Republic of China)

August 26, 2023

REGAL HOLDING CO., LTD. AND ITS SUBSIDIARIES**Consolidated Balance Sheets****June 30, 2023, December 31, 2022 and June 30, 2022****(Expressed in Thousands of New Taiwan Dollars)**

		June 30, 2023		December 31, 2022		June 30, 2022				June 30, 2023		December 31, 2022		June 30, 2022			
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%		
11xx	Current assets:							21xx	Current liabilities:								
1100	Cash and cash equivalents (note 6(a))	\$	292,579	22	363,858	24	312,109	22	2100	Short-term loans (note 6(g) 、 6(j) and note 8)	\$	193,952	15	196,702	13	-	-
1170	Trade receivables, net (note 6(c) and 6(q))		197,073	15	378,604	25	348,274	24	2120	Financial liabilities at fair value through profit or loss (note 6(k))		-	-	-	-	2,222	-
1200	Other receivables (note 6(d))		7,442	1	8,993	1	8,624	1	2150	Notes payables		159	-	63	-	1,456	-
1220	Current tax assets		11,307	1	14,942	1	20,085	1	2170	Trade payables		9,661	1	18,798	1	29,655	2
130x	Inventories (note 6(e))		344,776	27	327,498	21	376,377	26	2200	Other payables (note 6(r))		52,150	5	82,770	6	76,087	5
1470	Other current assets		24,770	2	22,945	2	16,282	1		Dividends payable (note 6(o))		17,278	1	-	-	63,727	5
	Total current assets		877,947	68	1,116,840	74	1,081,751	75	2230	Current tax liabilities		-	-	7,962	1	10,106	1
15xx	Non-current assets:							2280	Current lease liabilities (note 6(l))		923	-	900	-	892	-	
1517	Total non-current financial assets at fair value through other comprehensive income (note 6(b))	-	-	-	-	294	-	2321	Bonds payable, current portion (note 6(k))		87,903	7	86,971	6	242,166	17	
1600	Property, plant and equipment (note 6(g) 、 (j) and note 7, note 8 and note 9)		360,290	28	361,699	23	323,090	22	2399	Other current liabilities (note 6(q))		3,738	-	4,581	-	5,571	-
1755	Right-of-use assets (note 6(h) and 6(l))		1,193	-	1,193	-	1,640	-		Total current liabilities		365,764	29	398,747	27	431,882	30
1780	Intangible assets (note 6(i))		15,666	1	9,660	1	9,052	1	25xx	Non-current liabilities:		34,574	3	49,342	3	61,537	4
1840	Deferred tax assets		19,591	2	19,869	1	19,786	1	2570	Deferred tax liabilities		304	-	304	-	756	-
1984	Other financial assets — non-current (note 8)		10,161	1	9,871	1	8,963	1	2580	Non-current lease liabilities (note 6(l))		26,529	2	25,665	2	26,836	2
	Total non-current assets		406,901	32	402,292	26	362,825	25	2640	Net defined benefit liabilities — non-current		26,529	2	25,665	2	26,836	2
								2645	Guarantee deposits received		4,555	-	4,606	-	3,746	-	
									Total non-current liabilities		65,962	5	79,917	5	92,875	6	
								2xxx	Total liabilities		431,726	34	478,664	32	524,757	36	
31xx	Equity attributable to owners of the Company (note 6(f) 、 6(k) 、 and 6(o)) :							3100	Common stock		383,960	30	383,960	25	383,960	27	
								3200	Capital surplus		375,499	29	375,499	25	375,499	26	
								33xx	Retained earnings:								
								3310	Legal reserve		86,840	7	83,469	5	83,469	6	
								3320	Special reserve		121,175	9	121,175	8	121,175	8	
								3350	Accumulated deficits		(125,512)	(10)	33,708	2	(15,378)	(1)	
									Total retained earnings		82,503	6	238,352	15	189,266	13	
									Other equity:								
								3410	Exchange differences on translation of foreign financial statements		(56,786)	(4)	(46,369)	(3)	(101,496)	(7)	
								3420	Losses from investments in equity instruments measured at fair value through other comprehensive income		(12,200)	(1)	(12,200)	(1)	(11,906)	(1)	
									Total other equity		(68,986)	(5)	(58,569)	(4)	(113,402)	(8)	
									Total equity attributable to owners of the Company		772,976	60	939,242	61	835,523	58	
36xx	Non-controlling interests (note 6(f) and 6(o))		80,146	6	101,226	7	84,496	6									
3xxx	Total equity		853,122	66	1,040,468	68	919,819	64									
2-3xxx	Total liabilities and equity	\$	1,284,848	100	1,519,132	100	1,444,576	100									
1xxx	Total assets	\$	1,284,848	100	1,519,132	100	1,444,576	100									

See accompanying notes to consolidated interim financial statements.

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

REGAL HOLDING CO., LTD. AND ITS SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and six months ended at June 30, 2023 and 2022

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

		For the three months ended at June 30				For the six months ended at June 30			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenues (note 6(q))	\$ 250,599	100	381,582	100	485,395	100	748,694	100
5000	Operating costs (note 6(e)、6(g)、6(h)、6(i)、6(l)、6(m) and note 12)	270,490	108	340,805	89	530,580	109	653,241	87
5900	Gross profit (loss)	(19,891)	(8)	40,777	11	(45,185)	(9)	95,453	13
6000	Operating expenses (note 6(c)、6(g)、6(h)、6(i)、6(l)、6(m)、6(r)、note 7 and note 12):								
6100	Selling expenses	13,737	5	14,413	4	27,913	5	27,840	4
6200	Administrative expenses	29,564	12	35,270	9	66,432	14	75,219	10
6300	Research and development expenses	16,055	7	14,304	4	32,173	7	28,337	4
6450	Impairment loss	(92)	-	945	-	(316)	-	956	-
	Total operating expenses	59,264	24	64,932	17	126,202	26	132,352	18
6900	Operating losses	(79,155)	(32)	(24,155)	(6)	(171,387)	(35)	(36,899)	(5)
7000	Non-operating income and expenses (note 6(k)、6(l) and 6(s)):								
7100	Interest income	1,879	1	275	-	3,058	1	297	-
7010	Other income	2,411	1	3,768	1	4,709	1	5,631	-
7020	Other gains and losses	10,362	4	14,398	3	8,903	2	21,795	3
7050	Finance costs	(1,823)	(1)	(1,337)	-	(3,464)	(1)	(2,723)	-
	Total non-operating income and expenses	12,829	5	17,104	4	13,206	3	25,000	3
7900	Losses before income tax	(66,326)	(27)	(7,051)	(2)	(158,181)	(32)	(11,899)	(2)
7950	Less: income tax expenses (note 6(n))	(6,945)	(3)	3,479	1	(14,973)	(3)	3,470	-
8200	Losses for the period	(59,381)	(24)	(10,530)	(3)	(143,208)	(29)	(15,369)	(2)
8300	Other comprehensive income (note 6(o)) :								
8360	Items that may be reclassified subsequently to profit or loss								
8361	Exchange differences on translation of foreign operations	(15,845)	(6)	(24,371)	(6)	(11,744)	(3)	16,957	2
8399	Less: income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-	-	-	-	-
8300	Other comprehensive income	(15,845)	(6)	(24,371)	(6)	(11,744)	(3)	16,957	2
8500	Total comprehensive income	<u>\$ (75,226)</u>	<u>(30)</u>	<u>(34,901)</u>	<u>(9)</u>	<u>(154,952)</u>	<u>(32)</u>	<u>1,588</u>	<u>-</u>
8600	Profit (losses) attributable to (note 6(f)):								
8610	Owners of the Company	\$ (58,375)	(23)	(10,700)	(3)	(138,571)	(28)	(15,378)	(2)
8620	Non-controlling interests	(1,006)	(1)	170	-	(4,637)	(1)	9	-
		<u>\$ (59,381)</u>	<u>(24)</u>	<u>(10,530)</u>	<u>(3)</u>	<u>(143,208)</u>	<u>(29)</u>	<u>(15,369)</u>	<u>(2)</u>
8700	Comprehensive income attributable to (note 6(f)):								
8710	Owners of the Company	\$ (72,516)	(29)	(33,256)	(9)	(148,988)	(31)	(239)	-
8720	Non-controlling interests	(2,710)	(1)	(1,645)	-	(5,964)	(1)	1,827	-
		<u>\$ (75,226)</u>	<u>(30)</u>	<u>(34,901)</u>	<u>(9)</u>	<u>(154,952)</u>	<u>(32)</u>	<u>1,588</u>	<u>-</u>
Earnings (losses) per share (New Taiwan Dollars) (note 6(p))									
9750	Basic earnings (losses) per share	<u>\$ (1.52)</u>		<u>(0.28)</u>		<u>(3.61)</u>		<u>(0.40)</u>	
9850	Diluted earnings (losses) per share	<u>\$ (1.52)</u>		<u>(0.28)</u>		<u>(3.61)</u>		<u>(0.40)</u>	

See accompanying notes to consolidated interim financial statements.

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

REGAL HOLDING CO., LTD. AND ITS SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the six months ended at June 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of the Company											
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign operations	Other equity Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	Others	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance at January 1, 2022	\$ 383,893	439,099	70,774	-	133,870	204,644	(116,635)	(11,906)	(128,541)	899,095	115,469	1,014,564
Appropriation and distribution of retained earnings:												
Legal reserve appropriation	-	-	12,695	-	(12,695)	-	-	-	-	-	-	-
Special reserve appropriation	-	-	-	121,175	(121,175)	-	-	-	-	-	-	-
Distribution of cash dividends from capital surplus	-	(63,727)	-	-	-	-	-	-	-	(63,727)	-	(63,727)
Profit (losses) for the period	-	-	-	-	(15,378)	(15,378)	-	-	-	(15,378)	9	(15,369)
Other comprehensive income	-	-	-	-	-	-	15,139	-	15,139	15,139	1,818	16,957
Total comprehensive income	-	-	-	-	(15,378)	(15,378)	15,139	-	15,139	(239)	1,827	1,588
Conversion of convertible bonds	67	127	-	-	-	-	-	-	-	194	-	194
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	547	547
Cash dividends distributed by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(33,347)	(33,347)
Balance at June 30, 2022	\$ 383,960	375,499	83,469	121,175	(15,378)	189,266	(101,496)	(11,906)	(113,402)	835,323	84,496	919,819
Balance at January 1, 2023	\$ 383,960	375,499	83,469	121,175	33,708	238,352	(46,369)	(12,200)	(58,569)	939,242	101,226	1,040,468
Appropriation and distribution of retained earnings:												
Legal reserve appropriation	-	-	3,371	-	(3,371)	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(17,278)	(17,278)	-	-	-	(17,278)	-	(17,278)
Profit (losses) for the period	-	-	-	-	(138,571)	(138,571)	-	-	-	(138,571)	(4,637)	(143,208)
Other comprehensive income	-	-	-	-	-	-	(10,417)	-	(10,417)	(10,417)	(1,327)	(11,744)
Total comprehensive income	-	-	-	-	(138,571)	(138,571)	(10,417)	-	(10,417)	(148,988)	(5,964)	(154,952)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	3	3
Cash dividends distributed by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(15,119)	(15,119)
Balance at June 30, 2023	\$ 383,960	375,499	86,840	121,175	(125,512)	82,503	(56,786)	(12,200)	(68,986)	772,976	80,146	853,122

See accompanying notes to consolidated interim financial statements.

REGAL HOLDING CO., LTD. AND ITS SUBSIDIARIES**Consolidated Statements of Cash Flows****For the six months ended at June 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	For the six months ended June 30	
	2023	2022
Cash flows from (used in) operating activities:		
Profit (losses) before tax	\$ (158,181)	(11,899)
Adjustments:		
Adjustments to reconcile profit (losses):		
Depreciation expenses	31,242	27,841
Amortization expenses	1,760	1,437
Reversed benefits from expected credit impairment	(316)	(956)
Interest expenses	3,464	2,723
Interest income	(3,058)	(297)
Reversed benefits from disposal and retirement of property, plant and equipment	(543)	(260)
Restatement to expenses of property, plant and equipment	59	-
Losses on disposal of intangible assets	-	28
Gains on disposal of investments	-	(150)
Expense of financial liabilities at fair value through profit or loss	-	1,148
Unrealized foreign exchange losses (gains)	(3,829)	660
Intangible assets reclassification as expenses	362	-
Gains on lease modification	-	(17)
Total adjustments to reconcile profit (losses)	29,141	32,157
Changes in operating assets and liabilities:		
Trade receivables	185,864	187,650
Other receivables	278	(858)
Inventories	(17,278)	(5,201)
Other current assets	1,227	(4,281)
Total changes in operating assets	170,091	177,310
Notes payables	96	1,312
Trade payables	(9,338)	13,088
Other payables	(30,456)	(25,813)
Other current liabilities	(843)	669
Net defined benefit liabilities	1,246	1,369
Total changes in operating liabilities	(39,295)	(9,375)
Total changes in operating assets and liabilities	130,796	167,935
Total adjustments	159,937	200,092
Cash inflows generated from operations	1,756	188,193
Interest received	2,990	297
Interest paid	(2,681)	(153)
Income tax paid	(6,025)	(35,767)
Net cash flows from operating activities	(3,960)	152,570
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(34,777)	(45,689)
Proceeds from disposal of property, plant and equipment	830	535
Acquisition of intangible assets	(8,377)	(1,288)
Decrease (increase) in other financial assets — non-current	(290)	233
Net cash flows used in investing activities	(42,614)	(46,209)
Cash flows from (used in) financing activities:		
Decrease in short-term loans	-	(44,387)
Increase (decrease) in guarantee deposits received	(51)	153
Payments of lease liabilities	(503)	(457)
Changes in non-controlling interests	3	547
Cash dividends paid to non-controlling interests	(15,119)	(33,347)
Net cash flows used in financing activities	(15,670)	(77,491)
Effect of exchange rate changes on cash and cash equivalents	(9,035)	12,956
Net decrease (increase) in cash and cash equivalents	(71,279)	41,826
Cash and cash equivalents at the beginning of period	363,858	270,283
Cash and cash equivalents at the end of period	\$ 292,579	312,109

See accompanying notes to consolidated interim financial statements.

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

REGAL HOLDING CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements

June 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Regal Holding Co., Ltd. (the "Company") was established in the Cayman Islands in October 2014. The main purpose of the establishment was to restructure its group entities for application to list on Taiwan Stock Exchange ("TWSE") in the Republic of China. The Company became the holding company of Regal Jewelry Manufacture Co., Ltd. ("RJM") by using share swaps with previous shareholders of RJM to restructure the group. The Company's shares have been listed and traded on the TWSE since June 26, 2017. The main business of the Company and subsidiaries are designing, manufacturing, electroplating and selling jewelry gems. Please refer to note 6(q).

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

The consolidated financial statements were approved by the Board of Directors on August 26, 2023.

(3) New standards, amendments and interpretations adopted:

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

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

- Amendments to IAS 1, "Disclosure of Accounting Policies"
- Amendments to IAS 8, "Definition of Accounting Estimates"
- Amendments to IAS 12, "Deferred Income Taxes Related to Assets and Liabilities Arising from a Single Transaction"

The Group adopted the following newly revised IFRSs effective May 23, 2023, and there was no significant impact on the consolidated financial statements.

- Amendments to IAS 12, "Changes to International Taxation Pillar 2 Model Rules"

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

The Group assesses that the application of the following newly amended IFRS, which are effective as of January 1, 2024, will not have a material impact on the consolidated financial statements:

- Amendments to IAS 1, "Classification of Liabilities as Current or Non-Current"
- Amendments to IAS 1, "Non-current Liabilities with Contractual Terms"
- Amendments to IAS 7 and IFRS 7, "Vendor Financing Arrangements"
- Amendments to IFRS 16, "Lease Obligations in Sale and Leasebacks"

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

The Group does not expect the following new and amended standards, which have not yet been endorsed, to have a significant impact on the consolidated financial statements.

- Amendments to IFRS 10 and IAS 28, "Disposal of or Contribution to Assets between an Investor and its Affiliates or Joint Ventures"
- IFRS 17, "Insurance Contracts" and amendments to IFRS 17
- Amendments to IFRS 17, "First-time Adoption of IFRS 17 and Comparative Information for IFRS 9"

(4) Summary of significant accounting policies:

Except as described below, the significant accounting policies used in this consolidated financial statements are the same as those used in the 2022 consolidated financial statements. For related information, please refer to Note 4 of it.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (Regulations) and International Accounting Standard 34, "Interim Financial Reporting", as endorsed by FSC and in effect. These consolidated financial reports do not include all information that is required to be disclosed in annual consolidated financial report prepared in accordance with International Financial Reporting Standards, International Accounting Standards, Interpretations and Explanatory Notes as endorsed and issued by FSC.

(b) Basis of consolidation

The principles of preparation of the consolidated financial statements are consistent with those of the consolidated financial statements for fiscal year 2022. For related information, please refer to Note 4(c) of the 2022 consolidated financial statements.

1. List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Main business	Percentage of ownership (%)		
			June 30, 2023	December 31, 2022	June 30, 2022
The Company	Regal Jewelry Manufacture Co., Ltd. (RJM)	Designing, manufacturing and selling jewelry and gems	99.99%	99.99%	99.99%
The Company	GIO VAN GOGH (International) Jewelry Ltd. (GVG Hon Kong)	Investment activities	- % (Note 4)	- % (Note 4)	100.00% (Note 4)
The	Regal Management Solution Co.,	Technical	99.90%	99.90%	99.90%

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Company	Ltd. (RMS)	services and resources consulting	(Note 1)	(Note 1)	(Note 1)
The Company	Chaporo Co., Ltd. (Chaporo)	Investment activities	- % (Note 4)	- % (Note 4)	70.00% (Note 4)
The Company	Reunite Inspiring Creation Co., Ltd. (RIC)	Selling jewelry and gems	100.00% (Note 5)	100.00%	100.00%
RJM	Regal Plating Co., Ltd. (RGP)	Plating jewelry and gems	51.00%	51.00%	51.00%
RJM	Regal Precious Metal Innovation Co., Ltd. (RPM) (Note 2)	Metal recycling	99.90%	99.90%	99.90%
RJM	Linden Integrated Co., Ltd. (Linden) (Note 3)	Selling jewelry and gems	49.00%	49.00%	49.00%
GVG Hong Kong	Gio Van Gogh Shen Zhen Ptd Ltd. (GVG Shen Zhen)	Selling jewelry and gems	- % (Note 4)	- % (Note 4)	- % (Note 4)

Note 1 : The Company increased its capital by 2,498 thousand Thai Baht on February 23, 2022, 2,498 thousand Thai Baht on June 23, 2022, and 3,996 thousand Thai Baht on November 28, 2022. And increased its capital by 1,998 thousand Thai Baht on March 29, 2023 and 1,998 thousand Thai Baht on June 20, 2023, respectively.

Note 2 : RPM had a capital injection of 59,940 thousand Thai Baht on March 15, 2022 and completed the establishment registration on April 11, 2022.

Note 3 : Linden's administration, key managements, business activities and locations, and products are all assigned or provided by the Company or RJM, and therefore have substantial control over it. In addition, RJM increased its capital by 536 thousand Thai Baht and 441 thousand Thai Baht on February 15, 2022 and August 15, 2022, respectively.

Note 4 : On March 11, 2022, the Group's Board of Directors resolved to terminate the operations of the subsidiaries. Among them, Chaporo and GVG Shen Zhen obtained certificates of cancellation on August 4, 2022 and November 24, 2022, respectively, and the liquidation procedures of the remaining subsidiaries are still in progress.

Note 5 : On February 23, 2023, the Board of Directors resolved that RIC should reduce its capital by NT\$25,000 thousand to cover its losses and increase its capital by NT\$2,500 thousand in cash. The capital reduction was registered in June 2023, and the paid-in capital after the capital reduction and increase amounted to NT\$22,500 thousand, at NT\$10 per share, comprising 2,250 thousand shares.

All subsidiaries of the Company are included in the consolidated financial statements.

(c) Employee benefits

Defined benefit pensions plan for the interim period are calculated using actuarially determined pension cost rates as of the end of the prior fiscal year, based on the beginning of the year through the end of the current period, adjusted for significant market fluctuations and significant curtailments, liquidations or other significant one-time events after that end date.

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(d) Income taxes

Income tax expense is measured by multiplying net income before income taxes for the period under review by management's best estimate of the estimated effective tax rate for the full year and is recognized as income tax expense in current period.

Income tax expense recognized directly in equity or other comprehensive income is measured at the tax rates that are expected to apply when the related assets and liabilities are realized or settled, based on temporary differences between their carrying amounts for financial reporting purposes and their tax bases.

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

The preparation of the consolidated financial statements in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting," as endorsed by the FSC, requires managements to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

The significant judgments made by managements in the adoption of the Group's accounting policies and the key sources of estimation uncertainty in the preparation of the consolidated financial statements are consistent with Note 5 in 2022 consolidated financial statements.

(6) Explanation of significant accounts

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2022. Please refer to Note 6 of the 2022 annual consolidated financial statements.

(a) Cash and cash equivalents

	June 30, 2023	December 31, 2022	June 30, 2022
Cash	\$ 609	850	908
Demand deposits	134,280	208,949	201,198
Checking deposits	53	71	57
Fixed deposits	157,637	153,988	109,946
Cash and cash equivalents in consolidated statement of cash flows	<u>\$ 292,579</u>	<u>363,858</u>	<u>312,109</u>

For the interest rate risk and sensitivity analysis of the Company's consolidated financial assets and liabilities, please refer to Note 6(t).

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(b) Financial assets at fair value through other comprehensive income — non-current

	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets at fair value through other comprehensive income:			
Unlisted stocks — foreign companies	<u>\$ -</u>	<u>-</u>	<u>294</u>

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purposes. For market risk information, please refer to Note 6(t).

(c) Trade receivables

	June 30, 2023	December 31, 2022	June 30, 2022
Trade receivables	\$ 197,437	379,288	349,425
Less: allowance for loss	(364)	(684)	(1,151)
	<u>\$ 197,073</u>	<u>378,604</u>	<u>348,274</u>

The Group applies the simplified approach to assess its expected credit losses, i.e. the use of lifetime expected loss provision for all 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 macroeconomic and relevant industry information.

The Group's analysis on the expected credit loss of its trade receivables in the region of Thailand were as follows:

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June 30, 2023			
	Book value of trade receivables	Lifetime expected credit loss rate (%)	Allowance for lifetime expected credit loss
Not yet due	\$ 109,155	-	-
Past due 1~30 days	19,925	-	-
Past due 31~60 days	8	-	-
Past due 91~180 days	12	-	-
	<u>\$ 129,100</u>		<u>-</u>
December 31, 2022			
	Book value of trade receivables	Lifetime expected credit loss rate (%)	Allowance for lifetime expected credit loss
Not yet due	\$ 215,090	-	-
Past due 1~30 days	97,907	-	-
Past due 31~60 days	450	-	-
Past due 61~90 days	2	-	-
Past due 91~180 days	1	2.27	-
Past due 181~35 days	3	6.94	-
	<u>\$ 313,453</u>		<u>-</u>
June 30, 2022			
	Book value of trade receivables	Lifetime expected credit loss rate (%)	Allowance for lifetime expected credit loss
Not yet due	\$ 243,574	-	-
Past due 1~30 days	39,984	0.01	2
Past due 31~60 days	185	0.85	2
Past due 61~90 days	21	4.01	1
	<u>\$ 283,764</u>		<u>5</u>

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The Group's analysis on the expected credit loss of its trade receivables in other regions were as follows:

	June 30, 2023		
	Book value of trade receivables	Lifetime expected credit loss rate (%)	Allowance for lifetime expected credit loss
Not yet due	\$ 60,613	0.10	58
Past due 1~30 days	6,294	1.02	64
Past due 31~60 days	1,091	11.59	127
Past due 61~90 days	339	34.00	115
	<u>\$ 68,337</u>		<u>364</u>

	December 31, 2022		
	Book value of trade receivables	Lifetime expected credit loss rate (%)	Allowance for lifetime expected credit loss
Not yet due	\$ 32,743	0.15	49
Past due 1~30 days	21,872	0.64	140
Past due 31~60 days	10,332	2.92	301
Past due 61~90 days	781	11.21	88
Past due 91~180 days	1	20.61	-
Over 1 year	106	100.00	106
	<u>\$ 65,835</u>		<u>684</u>

	June 30, 2022		
	Book value of trade receivables	Lifetime expected credit loss rate (%)	Allowance for lifetime expected credit loss
Not yet due	\$ 53,376	0.77	411
Past due 1~30 days	11,629	2.14	248
Past due 31~60 days	6	35.90	2
Past due 181~365 days	362	100.00	362
Over 1 year	288	100.00	288
	<u>\$ 65,661</u>		<u>1,311</u>

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The movements of the allowance for loss for trade receivables were as follows:

	<u>For the six months ended June 30</u>	
	2023	2022
Balance at the beginning	\$ 684	1,815
Impairment losses recognized (reversed gains)	(316)	956
Amounts written off	-	(1,648)
Exchange rate effects	(4)	28
Balance at the end	\$ 364	1,151

(d) Other receivables

	June 30, 2023	December 31, 2022	June 30, 2022
Other receivables	\$ 23,606	25,386	24,151
Less: allowance for loss	(16,164)	(16,393)	(15,527)
	\$ 7,442	8,993	8,624

The movements of the allowance for loss for other receivables were as follows:

	<u>For the six months ended June 30</u>	
	2023	2022
Balance at the beginning	\$ 16,393	15,304
Exchange rate effects	(229)	223
Balance at the end	\$ 16,164	15,527

Group did not have any past due other receivables as of June 30, 2023, December 31, 2022 and June 30, 2022.

For further credit risk information, please refer to Note 6(t).

(e) Inventories

	June 30, 2023		
	Cost	Allowance for devaluation and obsolescence	Net realizable value
Raw materials	\$ 310,546	55,154	255,392
Work in process	76,651	8,645	68,006
Finished goods	19,008	4,521	14,487
Supplies and spare parts	10,643	3,752	6,891
	\$ 416,848	72,072	344,776

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December 31, 2022			
	Cost	Allowance for devaluation and obsolescence	Net realizable value
Raw materials	\$ 274,168	51,245	222,923
Work in process	92,272	8,747	83,525
Finished goods	14,929	4,380	10,549
Supplies and spare parts	13,200	2,699	10,501
	\$ 394,569	67,071	327,498

June 30, 2022			
	Cost	Allowance for devaluation and obsolescence	Net realizable value
Raw materials	\$ 300,867	61,107	239,760
Work in process	140,659	22,996	117,663
Finished goods	13,028	5,069	7,959
Supplies and spare parts	13,924	2,929	10,995
	\$ 468,478	92,101	376,377

The movements of the allowance for devaluation and obsolescence in inventories were as follows:

	<u>For the six months ended June 30</u>	
	2023	2022
Balance at the beginning	\$ 67,071	70,751
Provision of the allowance for inventory devaluation and obsolescence	6,035	21,102
Scrap loss	-	(506)
Foreign currency translation effects	(1,034)	754
Balance at the end	\$ 72,072	92,101

In addition to the regular costs of goods sold, the following profit and loss were the components included in the Group's operating costs:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	2023	2022	2023	2022
Loss on the allowance for inventory devaluation and obsolescence	\$ 7,803	20,587	6,035	21,102
Revenue from sales of scrap	(13,894)	(35,829)	(21,335)	(36,351)
	\$ (6,091)	(15,242)	(15,300)	(15,249)

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As of June 30, 2023, December 31, 2022 and June 30, 2022, the Group did not pledge the inventories as collateral.

(f) Subsidiaries with material non-controlling interests

The non-controlling interests of subsidiaries that are material to the Group were as follows:

Subsidiary	Main operation place / country of incorporation	Percentage of non-controlling interests		
		June 30, 2023	December 31, 2022	June 30, 2022
Regal Plating Co., Ltd.	Thailand	49.00%	49.00%	49.00%

The following information of the aforementioned subsidiary has been prepared in accordance with the IFRS endorsed by the FSC, and the intra-group transactions were not eliminated in this information.

The collective financial information of the Regal Plating Co., Ltd. was as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Current assets	\$ 152,170	193,333	164,435
Non-current assets	14,807	19,153	22,513
Current liabilities	(3,980)	(6,626)	(14,586)
Non-current liabilities	(1,376)	(1,306)	(1,598)
Net assets	\$ 161,621	204,554	170,764
Non-controlling interests	\$ 79,194	100,231	83,674

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	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Sales revenue	<u>\$ 31,132</u>	<u>73,881</u>	<u>77,069</u>	<u>128,496</u>
Net income (losses)	(2,010)	640	(9,395)	412
Other comprehensive income	(3,444)	(3,663)	(2,682)	3,729
	<u>\$ (5,454)</u>	<u>(3,023)</u>	<u>(12,077)</u>	<u>4,141</u>
Losses for current period attributable to non-controlling interests	<u>\$ (985)</u>	<u>314</u>	<u>(4,604)</u>	<u>202</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ (2,673)</u>	<u>(1,481)</u>	<u>(5,918)</u>	<u>2,029</u>
Net cash flows from operating activities			\$ 28,849	15,602
Net cash flows used in investing activities			(131)	(342)
Net cash flows used in financing activities			<u>(30,856)</u>	<u>(68,056)</u>
Net increase (decrease) in cash and cash equivalents			<u>\$ (2,138)</u>	<u>(52,796)</u>
Dividends paid to non-controlling interests			<u>\$ (15,119)</u>	<u>(33,347)</u>

(g) Property, plant and equipment

The cost, depreciation, and impairment losses of the property, plant and equipment of the Group of the six months ended at June 30, 2023 and 2022 were as follows:

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		Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Land improvement	Uncompleted works and equipment to be inspected	Total
Cost or deemed as cost:									
Balance at January 1, 2023	\$	156,207	250,199	326,196	23,306	145,199	10,285	27,796	939,188
Additions	-	-	1,763	11,528	10	11,626	438	9,412	34,777
Disposals	-	-	-	(12,537)	-	(5,461)	(180)	-	(18,178)
Reclassification	-	-	19,528	14,821	-	1,354	168	(35,930)	(59)
Foreign currency translation effect	-	(2,184)	(3,901)	(4,821)	(326)	(2,165)	(148)	113	(13,432)
Balance at June 30, 2023	\$	<u>154,023</u>	<u>267,589</u>	<u>335,187</u>	<u>22,990</u>	<u>150,553</u>	<u>10,563</u>	<u>1,391</u>	<u>942,296</u>
Balance at January 1, 2022	\$	145,829	216,102	297,708	16,693	129,071	9,477	5,183	820,063
Additions	-	-	8,261	17,402	6,816	6,202	138	6,870	45,689
Disposals	-	-	(268)	(7,789)	(2,046)	(3,656)	-	-	(13,759)
Reclassification	-	-	4,739	476	-	1,334	-	(6,549)	-
Foreign currency translation effect	-	2,131	3,004	4,229	186	1,830	134	72	11,586
Balance at June 30, 2022	\$	<u>147,960</u>	<u>231,838</u>	<u>312,026</u>	<u>21,649</u>	<u>134,781</u>	<u>9,749</u>	<u>5,576</u>	<u>863,579</u>
Accumulated depreciation and impairment losses:									
Balance at January 1, 2023	\$	-	189,947	247,892	14,328	115,649	9,673	-	577,489
Depreciation	-	-	6,393	14,920	1,692	7,572	139	-	30,716
Disposals	-	-	-	(12,322)	-	(5,443)	(126)	-	(17,891)
Foreign currency translation effect	-	-	(2,777)	(3,516)	(232)	(1,651)	(132)	-	(8,308)
Balance at June 30, 2023	\$	-	<u>193,563</u>	<u>246,974</u>	<u>15,788</u>	<u>116,127</u>	<u>9,554</u>	-	<u>582,006</u>
Balance at January 1, 2022	\$	-	165,417	228,086	11,722	105,112	8,831	-	519,168
Depreciation	-	-	6,337	12,598	1,924	6,425	110	-	27,394
Disposals	-	-	(244)	(7,779)	(2,046)	(3,415)	-	-	(13,484)
Foreign currency translation effect	-	-	2,343	3,276	173	1,493	126	-	7,411
Balance at June 30, 2022	\$	-	<u>173,853</u>	<u>236,181</u>	<u>11,773</u>	<u>109,615</u>	<u>9,067</u>	-	<u>540,489</u>
Carrying amount:									
Balance at January 1, 2023	\$	<u>156,207</u>	<u>60,252</u>	<u>78,304</u>	<u>8,978</u>	<u>29,550</u>	<u>612</u>	<u>27,796</u>	<u>361,699</u>
Balance at June 30, 2023	\$	<u>154,023</u>	<u>74,026</u>	<u>88,213</u>	<u>7,202</u>	<u>34,426</u>	<u>1,009</u>	<u>1,391</u>	<u>360,290</u>
Balance at June 30, 2022	\$	<u>147,960</u>	<u>57,985</u>	<u>75,845</u>	<u>9,876</u>	<u>25,166</u>	<u>682</u>	<u>5,576</u>	<u>323,090</u>

Please refer to Note 8 for the disclosure of assets pledged as collateral for loans.

(h) Right-of-use assets

The information for the cost and depreciation about the leases for which the Group as lessee was as follows:

	<u>Buildings</u>
Cost:	
Balance at January 1, 2023	\$ 2,087
Additions	535
Exchange rate effects	(10)
Balance at June 30, 2023	<u>\$ 2,612</u>
Balance at January 1, 2022	\$ 2,668
Additions	2,087
Reduction (early termination)	(2,668)
Balance at June 30, 2022	<u>\$ 2,087</u>
Accumulated depreciation:	
Balance at January 1, 2023	\$ 894

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	Buildings
Depreciation	526
Exchange rate effects	(1)
Balance at June 30, 2023	<u>\$ 1,419</u>
Balance at January 1, 2022	\$ 1,482
Depreciation	447
Reduction (early termination)	(1,482)
Balance at June 30, 2022	<u>\$ 447</u>
Carrying amount	
Balance at January 1, 2023	<u>\$ 1,193</u>
Balance at June 30, 2023	<u>\$ 1,193</u>
Balance at June 30, 2022	<u>\$ 1,640</u>

(i) Intangible assets

The cost, amortization and impairment losses of the intangible assets of the Group for the six months ended at June 30, 2023 and 2022 were as follows:

	Computer software	Trademark	Total
Costs:			
Balance at January 1, 2023	\$ 60,147	1,331	61,478
Additions	8,362	15	8,377
Reclassification	(95)	(267)	(362)
Exchange rate effects	(969)	(14)	(983)
Balance at June 30, 2023	<u>\$ 67,445</u>	<u>1,065</u>	<u>68,510</u>
Balance at January 1, 2022	\$ 54,392	1,223	55,615
Additions	1,285	3	1,288
Disposal	(77)	-	(77)
Exchange rate effects	742	18	760
Balance at June 30, 2022	<u>\$ 56,342</u>	<u>1,244</u>	<u>57,586</u>
Amortization and impairment loss:			
Balance at January 1, 2023	\$ 51,673	145	51,818
Amortization	1,562	198	1,760
Exchange rate effects	(728)	(6)	(734)
Balance at June 30, 2023	<u>\$ 52,507</u>	<u>337</u>	<u>52,844</u>
Balance at January 1, 2022	\$ 46,417	84	46,501
Amortization	1,421	16	1,437
Disposal	(49)	-	(49)

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Exchange rate effects	634	11	645
Balance at June 30, 2022	<u><u>\$ 48,423</u></u>	<u><u>111</u></u>	<u><u>48,534</u></u>
Carrying amount:			
Balance at January 1, 2023	<u><u>\$ 8,474</u></u>	<u><u>1,186</u></u>	<u><u>9,660</u></u>
Balance at June 30, 2023	<u><u>\$ 14,938</u></u>	<u><u>728</u></u>	<u><u>15,666</u></u>
Balance at June 30, 2022	<u><u>\$ 7,919</u></u>	<u><u>1,133</u></u>	<u><u>9,052</u></u>

(j) Short-term loans

	June 30, 2023	December 31, 2022	June 30, 2022
Credit loans	\$ 44,080	89,410	-
Guaranteed bank loans	149,872	107,292	-
Total	<u><u>\$ 193,952</u></u>	<u><u>196,702</u></u>	<u><u>-</u></u>
Unused credit lines	<u><u>\$ 774,030</u></u>	<u><u>799,053</u></u>	<u><u>974,171</u></u>
Interest rate (%)	<u><u>2.80</u></u>	<u><u>2.40~2.50</u></u>	<u><u>0</u></u>

Please refer to Note 8 for the information of the collateral for loans.

(k) Corporate bonds payable

1. The information on the issuance of corporate bonds was as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Total convertible corporate bonds issued	\$ 250,000	250,000	250,000
Unamortized discount amount on corporate bonds payable	(797)	(1,729)	(7,534)
Cumulative sold back amount	(161,000)	(161,000)	-
Cumulative conversion amount	(300)	(300)	(300)
Balance of corporate bonds payable at year-end	<u><u>\$ 87,903</u></u>	<u><u>86,971</u></u>	<u><u>242,166</u></u>
Embedded derivatives — call and put options (recorded as financial liabilities at fair value through profit or loss)	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>2,222</u></u>
Equity component — conversion rights (recorded as capital surplus - stock options)	<u><u>\$ 3,820</u></u>	<u><u>3,820</u></u>	<u><u>10,754</u></u>
	For the three months ended June 30	For the six months ended June 30	
	2023	2022	2023
Remeasurement losses of call and put options (recorded as	<u><u>\$ -</u></u>	<u><u>1,273</u></u>	<u><u>-</u></u>
			<u><u>1,148</u></u>

REGAL HOLDING CO., LTD. AND ITS SUBSIDIARIES
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other gains and losses)

Interest expenses	\$	<u>470</u>	<u>1,295</u>	<u>932</u>	<u>2,570</u>
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The Group did not issue, repurchase or repay the corporate bonds payables for the six months ended at June 30, 2023 and 2022. For more information, please refer to Note 6(k) of the consolidated financial report for the year 2022. On June 22, 2023, the Company announced that from July 16, 2023, the price of the Company's convertible bonds was adjusted from NT\$27.8 to NT\$27.2 per share.

There were no conversions of bonds payable to ordinary shares from January 1, 2023 to June 30, 2023. For information on the conversion of bonds payable to ordinary shares from January 1, 2022 to June 30, 2022, please refer to Note 6(o)

2. The information about financial liabilities measured at fair value through profit or loss were as follows:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Embedded derivative financial instruments (put options and call options)		
Balance at the beginning	\$ -	1,075
Valuation loss in the period	-	1,148
Conversion in the period	-	(1)
	<u>\$ -</u>	<u>2,222</u>

The bondholders are entitled to exercise the put option on December 2, 2022 to sell back the bonds to the Company. As such, the Company reported the bonds payable and the embedded derivative financial instruments under the current liabilities account from December 31, 2021.

3. The equity components were recorded as Capital surplus—stock options, and the information were as follows:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Balance at the beginning	\$ 3,820	10,763
Less: conversion in the period	-	(9)
Balance at the end	<u>\$ 3,820</u>	<u>10,754</u>

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(l) Lease liabilities

The lease liabilities of the Group were as follows:

	June 30, 2023		
	Future minimum lease payments	Interests	Present value of minimum lease payments
Less than one year	\$ 956	33	923
Between one to five year	322	18	304
	\$ 1,278	51	1,227
Current	\$ 956	33	923
Non-current	\$ 322	18	304

	December 31, 2022		
	Future minimum lease payments	Interests	Present value of minimum lease payments
Less than one year	\$ 914	14	900
Between one to five year	305	1	304
	\$ 1,219	15	1,204
Current	\$ 914	14	900
Non-current	\$ 305	1	304

	June 30, 2022		
	Future minimum lease payments	Interests	Present value of minimum lease payments
Less than one year	\$ 914	22	892
Between one to five year	762	6	756
	\$ 1,676	28	1,648
Current	\$ 914	22	892
Non-current	\$ 762	6	756

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The amounts recognized in profit or losses were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Interests on lease liabilities	<u>\$ 13</u>	<u>12</u>	<u>21</u>	<u>17</u>
Expenses related to short-term leases	<u>\$ 205</u>	<u>192</u>	<u>316</u>	<u>816</u>
Expenses related to leases of low-value assets (excluding short-term leases of low-value assets)	<u>\$ 144</u>	<u>100</u>	<u>286</u>	<u>210</u>

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

	For the six months ended June 30	
	2023	2022
Total cash outflow for leases	<u>\$ 1,126</u>	<u>1,500</u>

1. Leases about buildings

The Group leases buildings for its office space, which typically run for a period from 2 to 3 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract.

2. Other leases

The Group leases printers and other office equipment with contract terms of one to five years. These leases are short-term leases or leases of low-value items. The Group has chosen not to recognize as right-of-use assets and lease liabilities for these leases.

(m) Employee benefits

1. Defined benefit plans

Since there were no material market fluctuations, material reductions, liquidations or other material one-off events after the end of the previous fiscal year, the Group adopted the pension plan calculated on December 31, 2022 and 2021 to measure and disclose in interim periods.

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The details of the Group's costs and expenses were as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	2023	2022	2023	2022
Operating costs	\$ 649	791	1,302	1,576
Operating expenses	523	323	832	644
	\$ 1,172	1,114	2,134	2,220

2. Defined contribution plans

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

The pension costs incurred from the contributions to the Bureau of Labor Insurance amounted to \$149 thousand and \$77 thousand for the three months ended June 30, 2023 and 2022; and amounted to \$285 thousand and \$181 thousand for the six months ended June 30, 2023 and 2022, respectively.

(n) Income taxes

1. The Company and Chaporo were incorporated in the Cayman Islands and the Republic of Seychelles, respectively, where corporate income tax is not required to be paid. In the Group, RJM, RGP, RMS, Linden, RPM and RIC's statutory income tax rate are 20%. GVG Hong Kong's statutory income tax rate is 16.5%. GVG Shen Zhen's statutory income tax rate is 25%.

2. The information for the income tax expenses (benefits) of the Group were as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	2023	2022	2023	2022
Current period income tax expense (benefits)				
Current period income tax expense (benefits)	\$ (6,945)	3,479	(14,767)	3,470
Current income tax for the period prior to the adjustment	-	-	(206)	-
Income tax benefits	\$ (6,945)	3,479	(14,973)	3,470

3. Situation of levy and approval of income tax

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The Company is not required to pay income tax in the country where it is incorporated.

In Thailand, where RJM, RGP, RMS, Linden and RPM are operating, the corporate income tax declarations are examined by the tax authority without issuing official approval certificates. Income taxes paid in prior years have received income tax receipts up to 2022. Corporate income tax declarations of GVG Hong Kong and GVG Shen Zhen have been submitted to the tax authority department through 2022 and 2020 respectively, as described in Note 4(b). GVG Hong Kong and GVG Shen Zhen are in the liquidation process now, and GVG Shen Zhen has obtained the local tax clearance certificate on July, 19, 2022. Corporate income tax declarations submitted by the Company's Taiwan branch and RIC had been approved by the tax authority department through 2021.

(o) Capital and other equity

Except for the following, there were no significant changes in the Group's capital and other equity during the six months ended June 30, 2023 and 2022. For the relevant information, please refer to Note 6(o) of the consolidated financial statements for 2022.

Reconciliation of shares outstanding and issued of the Group for the six months ended June 30, 2023 and 2022 were as follows:

	(Unit: thousand shares)	
	Common Stock	
	For the six months ended June 30	
	2023	2022
Balance of outstanding shares on January 1	38,396	38,389
Conversion of convertible bonds	-	7
Balance of total shares issued on June 30	38,396	38,396

As of June 30, 2023, December 31, 2022 and June 30, 2022, the total value of authorized ordinary shares of the Group were all amount to \$600,000 thousand, with a par value of \$10 per share. The paid-in capital of the Group was all \$383,960 thousand as of June 30, 2023, December 31, 2022 and June 30, 2022.

1. Issuance of common stock

From January 1, 2022 to June 30, 2022, the Company issued 7,000 new shares at par value for a total amount of \$67 thousand due to the exercise of conversion rights by holders of convertible bonds. There was no such issue from January 1, 2023 to June 30, 2023.

2. Capital surplus

The balance of capital surplus of the Group was as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Share premium on stock issuance	\$ 354,846	354,846	354,846
Restricted shares for employees	9,899	9,899	9,899
Issuance of convertible bonds-stock options	3,820	3,820	10,754
Convertible bond options - lapsed	6,934	6,934	-
	<u>\$ 375,499</u>	<u>375,499</u>	<u>375,499</u>

On June 10, 2022, the shareholders' meeting resolved to distribute cash dividends to shareholders out of capital surplus of \$63,727 thousand.

The dividend information resolved by the shareholders' meeting of the Company would be available on the website of Market Observation Post System.

3. Earnings distribution

The earnings distribution proposal for the year 2022 was resolved by the shareholders' meeting on May 26, 2023, and the dividend distributed to the shareholders were as follows:

	2022	
	Amount per share	Total Amount
Dividends distributed to shareholders:		
Cash	\$ 0.450	<u>\$ 17,278</u>

The earnings distribution proposal for the year 2021 was resolved by the shareholders' meeting on June 10, 2022 that the cash dividend distributed to the shareholders were \$0 thousand.

The information resolved about earnings distribution by the shareholders' meeting of the Company would be available on the website of Market Observation Post System.

4. Other equity, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through profit or loss	Total
Balance at January 1, 2023	\$ (46,369)	(12,200)	(58,569)
Exchange differences on foreign operations	(10,417)	-	(10,417)

Balance at June 30, 2023	<u>\$ (56,786)</u>	<u>(12,200)</u>	<u>(68,986)</u>
Balance at January 1, 2022	\$ (116,635)	(11,906)	(128,541)
Exchange differences on foreign operations	15,244	-	15,244
Disposal of subsidiaries	(105)	-	(105)
Balance at June 30, 2022	<u>\$ (101,496)</u>	<u>(11,906)</u>	<u>(113,402)</u>

5. Non-controlling interests, net of tax

	For the six months ended June 30	
	2023	2022
Balance at the beginning	\$ 101,226	115,469
Share attributable to non-controlling interests:		
Net income (losses)	(4,637)	9
Exchange differences on foreign operations	(1,327)	1,818
Changes in non-controlling interests	3	547
Subsidiaries distributed cash dividends to non-controlling interests	(15,119)	(33,347)
	<u>\$ 80,146</u>	<u>84,496</u>

(p) Earnings per share

The information about basic and diluted losses per share was as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Net losses attributable to common stocks	<u>\$ (58,375)</u>	<u>(10,700)</u>	<u>(138,571)</u>	<u>(15,378)</u>
Weighted-average number of common stock outstanding	<u>38,396</u>	<u>38,396</u>	<u>38,396</u>	<u>38,394</u>
Basic / Diluted losses per share (New Taiwan Dollar)	<u>\$ (1.52)</u>	<u>(0.28)</u>	<u>(3.61)</u>	<u>(0.40)</u>

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The periods from April 1, 2023 to June 30, 2023 and from January 1, 2023 to June 30, 2023 were all net losses. The potential ordinary shares outstanding have anti-dilution effect, and the amount of their impact has not been disclosed.

(q) Revenue from contracts with customers

1. Disaggregation of revenue

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	2023	2022	2023	2022
Primary markets:				
Thailand	\$ 106,894	244,573	195,768	394,259
United States	39,533	31,935	70,715	65,888
France	29,228	39,677	70,374	110,632
United Kingdom	19,341	24,494	35,385	65,457
Canada	21,116	12,936	41,384	40,304
Australia	7,878	12,933	24,203	25,135
Others	26,589	15,034	47,566	47,019
	\$ 250,599	381,582	485,395	748,694

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	2023	2022	2023	2022
Main products/service lines:				
Designing, manufacturing and selling jewelry and gems	\$ 236,942	356,886	456,091	708,607
Electroplating	13,657	24,696	29,304	40,087
	\$ 250,599	381,582	485,395	748,694

2. Remaining balance of contracts

	June 30, 2023	December 31, 2022	June 30, 2023
Trade receivables	\$ 197,437	379,288	349,425
Less: allowance for loss	(364)	(684)	(1,151)
Total	\$ 197,073	378,604	348,274
Contract liabilities (recorded as other current liabilities)	\$ 2,283	1,751	1,193

For details on trade receivables and impairments, please refer to Note 6(c).

The opening balances of contract liabilities on January 1, 2023 and 2022 which were recognized as income from April 1 to June 30, 2023, April 1 to June 30, 2022, and January 1 to June 30, 2023,

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and January 1 to June 30, 2022 were \$1,568 thousand, \$116 thousand, \$1,744 thousand and \$1,709 thousand, respectively.

The change in contract liabilities was mainly due to the difference between the point at which the Company transfers goods or services to customers to satisfy its obligations and the point at which customers pay.

(r) Employees' and directors' compensation

According to the amendment of the Company's Articles of Incorporation which was approved during the shareholders' meeting at May 20, 2016, no less than 1% of the current-year profit before tax, shall be distributed as employee compensation, and no more than 3% of the current-year profit before tax as remuneration to directors. However, if the Company has an accumulated deficit, the profit should first be used to offset the deficit. The compensation and remuneration shall be made by way of cash or stock, or a combination of both, wherein the recipients may include the employees of the Company's affiliated companies who meet certain conditions decided by the Board of Directors of the Company.

There were all net losses for the periods of April 1, 2023 to June 30, 2023, April 1, 2022 to June 30, 2022, January 1, 2023 to June 30, 2023 and January 1, 2022 to June 30, 2022; therefore, employees' and directors' compensation did not be estimated. If there is a difference between the actual distribution amount in the next year and the estimated amount, it will be treated according to the change in accounting estimates, and the difference will be recognized as the profit or loss of the following year. If the Board of Directors decides to pay employees in stock, the basis for calculating the number of shares for stock compensation is based on the closing price on the day before the decision of the Board of Directors.

The Company's employee compensation and directors' remuneration approved by the Board of Directors for the year 2022 were \$437 thousand and \$0 thousand, respectively. The amount of compensation distributed did not differ from the resolution by the Board of Directors. The Company's employees' compensation and directors' remuneration approved by the Board of Directors for the year 2021 were \$2,819 thousand and \$1,410 thousand, respectively. The difference between the estimated amount in the 2021 consolidated financial report and the approved amount was \$2,819 thousand and \$1,410 thousand, respectively. The Company recognized the difference as profit or loss in year 2022. The employees' compensation and directors' remuneration information would be available on the website of Market Observation Post System.

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(s) Non-operating income and expenses

1. Interest income

The details of interest income of the Group were as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	2023	2022	2023	2022
Interest income from bank deposits	<u>\$ 1,879</u>	<u>275</u>	<u>3,058</u>	<u>297</u>

2. Other income

The details of other income of the Group were as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	2023	2022	2023	2022
Others	<u>\$ 2,411</u>	<u>3,768</u>	<u>4,709</u>	<u>5,631</u>

3. Other gains and losses

The details of other gains or losses of the Group were as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	2023	2022	2023	2022
Gains on disposal of property, plant and equipment	\$ 551	320	543	260
Losses on disposal of intangible assets	-	-	-	(28)
Gains on disposal of investments	-	105	-	105
Gains on lease modification	-	17	-	17
Foreign exchange gains (losses)	9,811	16,021	8,360	23,353
Losses from financial liabilities at fair value through profit or loss	-	(1,273)	-	(1,148)
Others	-	(792)	-	(764)
Total	<u>\$ 10,362</u>	<u>14,398</u>	<u>8,903</u>	<u>21,795</u>

4. Financial costs

The details of financial costs of the Group were as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	2023	2022	2023	2022
Interest expenses from bank loans	\$ 1,340	30	2,511	136

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Corporate bonds payable	470	1,295	932	2,570
Interest expenses from lease liabilities	13	12	21	17
	<u>\$ 1,823</u>	<u>1,337</u>	<u>3,464</u>	<u>2,723</u>

(t) Financial instruments

Except for the following, there were no significant changes in the fair value of the Group's financial instruments and exposure to credit risk, liquidity risk and market risk due to financial instruments. For relevant information, please refer to Note 6(u) of the 2022 consolidated financial statements.

1. 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 managements also consider the statistical information on the Group's customer base, including the default risk of the industry and country in which customers operate. These factors may have an influence on credit risk. As of June 30, 2023, December 31, 2022 and June 30, 2022, the Group's credit risk were significantly concentrated on the trade receivables of three main customers amounted to \$140,986 thousand, \$337,521 thousand and \$275,077 thousand, respectively, and as a percentage of net trade receivables at the end of the period was approximately 72%, 89%, and 79%, respectively.

(3) Credit risk of receivables

For information about credit risk of trade receivables, and details about other receivables, please refer to Note 6(c) and Note 6(d) respectively.

2. Liquidity risk

The following table shows the contractual maturities of financial liabilities, excluding the effect of estimated interests:

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	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	More than 2 years
June 30, 2023					
Non-derivative financial liabilities					
Short-term loans	\$ 193,952	193,952	193,952	-	-
Payables	79,248	79,248	79,248	-	-
Lease liabilities	1,227	1,227	923	304	-
Corporate bonds payable (including embedded derivative financial instruments)	87,903	87,903	87,903	-	-
Guarantee deposits received	4,555	4,555	-	-	4,555
	\$ 366,885	366,885	362,026	304	4,555
December 31, 2022					
Non-derivative financial liabilities					
Short-term loans	\$ 196,702	196,702	196,702	-	-
Payables	101,631	101,631	101,631	-	-
Lease liabilities	1,204	1,204	900	304	-
Corporate bonds payable (including embedded derivative financial instruments)	86,971	86,971	86,971	-	-
Guarantee deposits received	4,606	4,606	-	-	4,606
	\$ 391,114	391,114	386,204	304	4,606
June 30, 2022					
Non-derivative financial liabilities					
Payables	\$ 170,925	170,925	170,925	-	-
Lease liabilities	1,648	1,648	892	756	-
Corporate bonds payable (including embedded derivative financial instruments)	244,388	244,388	244,388	-	-
Guarantee deposits received	3,746	3,746	-	-	3,746
	\$ 420,707	420,707	416,205	756	3,746

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

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3. Currency risk

(1) Currency risk exposure

The Group's financial assets and liabilities which exposed to significant foreign currency exchange rate risk were as follows:

	June 30, 2023			December 31, 2022			June 30, 2022		
	Foreign currency (in thousan dth)	Exchan ge rate	Amoun t	Foreign currenc y (in thousa ndth)	Exchan ge rate	Amoun t	Foreign currenc y (in thousa ndth)	Exchan ge rate	Amoun t
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 7,487	31.14	233,142	8,122	30.71	249,431	5,802	29.72	172,430
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	130	31.14	4,063	106	30.71	3,260	276	29.72	8,190

(2) Sensitivity analysis

The Group's exposure to foreign currency risk mainly arises from the translation of the foreign currency exchange gains or losses on bank deposits, trade receivables and short-term loans, which are denominated in foreign currency.

With all other factors held constant, a weakening (strengthening) of the TWD against the USD for 1% as of June 30, 2023 and 2022 would have decreased (increased) losses before tax for the six months ended June 30, 2023 and 2022, by \$2,291 thousand and \$1,642 thousand, respectively. The analysis was performed on the same basis.

(3) Exchange gains or losses of monetary items

Due to the different types of functional currency of the Group, the Group disclosed its exchange gains or losses of monetary items aggregately. Foreign currency exchange gains or losses for the Group (including both realized and unrealized) from April 1 to June 30, 2023, April 1 to June 30, 2022, January 1 to June 30, 2023 and January 1 to June 30, 2022 were \$9,811 thousand, \$16,021 thousand, \$8,360 thousand and \$23,353 thousand, respectively.

4. Interest rate analysis

The interest rate risk exposure of the Group's financial assets and financial liabilities would be described in "Liquidity risk management" in this Note.

If the interest rate increases / decreases by 1%, the Group's losses before tax will decrease by

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\$1,940 thousand and \$0 thousand for the six months ended June 30, 2023 and 2022 with all other variable factors remaining constant. This was mainly due to the Group's borrowing at variable rate.

5. Information about fair value

(1) Categories and fair value of financial instrument

The Group's financial liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. The carrying amounts and fair values (including fair value hierarchy information, except that the carrying amounts of financial instruments not measured at fair value but were reasonable approximations of fair value, and investments in equity instruments that were not quoted in an active market and whose fair value cannot be reliably measured did not require disclosure of fair value information in accordance with the regulations) of the financial assets and liabilities of each category were as follows:

	June 30, 2022				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Unlisted equity instruments measured at fair value	\$ 294	-	-	294	294
Financial liabilities measured at fair value through profit or loss					
Put and call options of corporate bonds	\$ 2,222	-	-	2,222	2,222

(2) The Group seeks to use market observable inputs when measuring the fair values of assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments, and the classifications are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: other than quoted prices included within Level 1, inputs are observable for assets or liabilities, either directly (i.e. such as prices) or indirectly (i.e. derived from calculation of prices).
- Level 3: inputs for assets or liabilities are not based on observable market data (unobservable inputs).

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(3) Valuation techniques for financial instruments measured at fair value — non-derivative financial instruments

The fair value of unlisted equity instruments that the Group possesses are estimated and calculated by using the comparable company approach with the Liquidity Discount Model to adjust prices.

(4) Evaluation of derivative financial instruments

The put options and call options of the corporate bonds payables are based on Binomial Pricing Model to estimate the fair value.

(5) Details of changes in Level 3

	Current/Non-current financial liabilities at fair value through profit or loss	Non-current financial assets at fair value through other comprehensive income	Total
Balance at June 30, 2023 (i.e., January 1, 2023)	\$ -	-	-
Balance at January 1, 2022	\$ 1,075	294	1,369
Recognized in profit or loss	1,148	-	1,148
Conversion of convertible bonds	(1)	-	(1)
Balance at June 30, 2022	<u>\$ 2,222</u>	<u>294</u>	<u>2,516</u>

The above total gains or losses were reported in "other gains or losses" and "unrealized valuation gain or loss on financial assets at fair value through other comprehensive income or loss". Among them, the figures that were related to the assets still held until June 30, 2023 and 2022 were as follows:

	<u>For the three months ended June 30</u>	<u>For the six months ended June 30</u>
	<u>2023</u>	<u>2022</u>
Total gains or losses		
Gains or losses (reported in "other gains or losses")	\$ -	(1,273)

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

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income—equity investments without active markets	Comparable company method	· Discount for lack of market liquidity	· The estimated fair value would decrease if liquidity discount were higher
Financial liabilities at fair value through profit or loss—non-current	Binomial pricing model	· Volatility	· The higher the volatility, the higher the fair value

(7) Fair value measurement in Level 3—sensitivity analysis of reasonably possible alternative assumptions

The Group's fair value measurement of financial instruments is reasonable, but the use of different valuation models or valuation parameters may result in different valuation results. For financial instruments classified as Level 3, the significant unobservable inputs to the fair value were mainly the lack of market liquidity discount. However, since the potential changes in the lack of market liquidity discount would not result in a significant potential financial impact, the Group is not intended to disclose its sensitivity analysis.

(u) Financial risk management

There were no significant changes in the Group's financial risk management objectives and the policies from those disclosed in Note 6(v) of the 2022 consolidated financial statements.

(v) Capital management

The Group's capital management objectives, policies and procedures are consistent with those disclosed in the 2022 consolidated financial statements, and there were no significant changes in the aggregated quantitative information for capital management. For related information, please refer to

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Note 6(w) of the 2022 consolidated financial statements.

(w) Investing and financing activities not affecting cash flows

The reconciliation of the Group's liabilities from financing activities for the six months ended June 30, 2023 and 2022 was as follows:

	January 1, 2023	Cash flows	Non-cash changes			June 30, 2023
			New / Cancel lease	Discount amortizati on	Foreign exchange movement	
Short-term loans	\$ 196,702	-	-	-	(2,750)	193,952
Lease liabilities	1,204	(503)	535	-	(9)	1,227
Corporate bonds payable	86,971	-	-	932	-	87,903
Total liabilities from financing activities	<u>\$ 284,877</u>	<u>(503)</u>	<u>535</u>	<u>932</u>	<u>(2,759)</u>	<u>283,082</u>

	January 1, 2022	Cash flows	Non-cash changes				June 30, 2022
			New / Cancel lease	Net conversion of corporate bonds	Discount amortizati on	Foreign exchange movement	
Short-term loans	\$ 44,264	(44,387)	-	-	-	123	-
Lease liabilities	1,204	(457)	884	-	-	17	1,648
Corporate bonds payable	239,789	-	-	(193)	2,570	-	242,166
Total liabilities from financing activities	<u>\$ 285,257</u>	<u>(44,844)</u>	<u>884</u>	<u>(193)</u>	<u>2,570</u>	<u>140</u>	<u>243,814</u>

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(7) Related-party transactions:

The compensation of main management personnel included:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 3,890	4,314	9,020	9,310
Post-employment benefits	51	36	103	72
	<u>\$ 3,941</u>	<u>4,350</u>	<u>9,123</u>	<u>9,382</u>

(8) Pledged assets:

Pledged assets	Object	June 30, 2023	December 31, 2022	June 30, 2022
Property, plant and equipment:				
Land	Short-term loans	\$ 125,915	127,701	147,960
Buildings	Short-term loans	10,274	12,457	15,471
Other financial assets — non-current:				
Refundable deposits	Guarantee for electricity supply and fuel cards	4,212	4,269	4,031
		<u>\$ 140,401</u>	<u>144,427</u>	<u>167,462</u>

(9) Commitments and contingencies:

(a) The guarantee amount provided by the bank for the Company was as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Electricity guarantee	<u>\$ 3,972</u>	<u>4,025</u>	<u>3,802</u>

(b) The Group entered into contracts for the purchase of property, plant and equipment for the purpose of upgrading equipment with vendors, and the total contract prices as of June 30, 2023, December 31, 2022, and June 30, 2022, were \$22,665 thousand, \$28,212 thousand, and \$14,307 thousand, respectively. And the prices paid for each of these years were \$0 thousand, \$24,725 thousand, and \$5,348 thousand, respectively, which were recorded as property, plant and equipment.

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(10) Losses due to major disasters: None

(11) Subsequent events: None

(12) Other:

(a) The summary of personnel costs, depreciation, depletion, and amortization by function was as follows:

Function Account	For the three months ended June 30					
	2023			2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Personnel costs						
Salaries	89,256	34,507	123,763	93,442	34,393	127,835
Health insurance	-	208	208	-	213	213
Pension	649	672	1,321	791	400	1,191
Other personnel expense	6,840	3,328	10,168	2,438	3,821	6,259
Depreciation	11,789	3,897	15,686	9,180	5,088	14,268
Amortization	249	608	857	236	486	722

Function Account	For the six months ended June 30					
	2023			2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Personnel costs						
Salaries	188,464	72,156	260,620	183,727	74,047	257,774
Health insurance	-	416	416	-	449	449
Pension	1,302	1,117	2,419	1,576	825	2,401
Other personnel expense	15,530	7,406	22,936	7,754	8,801	16,555
Depreciation	22,956	8,286	31,242	17,960	9,881	27,841
Amortization	497	1,263	1,760	470	967	1,437

(b) Seasonality of operation

The Group's operations are not affected by seasonal or cyclical factors.

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(13) Other disclosures:

(a) Information on significant transactions

Information regarding significant transactions that the Group should disclosed in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the period from January 1, 2023 to June 30, 2023 was as follows:

1. Lending to other parties: None.
2. Guarantees and endorsements for other parties: None
3. Information about securities held at the reporting date (excluding subsidiaries, associates and joint ventures)

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account	Ending balance			Fair value	Note
				Shares (unit: thousands)	Carrying amount	Percentage of ownership (%)		
RIC	SELF PICK INC.	-	Financial assets at fair value through other comprehensive income - non current	2,400	-	14.58	-	
RIC	SELF TOKEN INC.	-	Financial assets at fair value through other comprehensive income - non current	500	-	6.25	-	

4. Information regarding purchase or sale of same securities for the period exceeding \$300 million or 20% of the Company's paid-in capital: None
5. Information on acquisition of real estate with purchase amount exceeding \$300 million or 20% of the Company's paid-in capital: None
6. Information regarding receivables from disposal of real estate exceeding \$300 million or 20% of the Company's paid-in capital: None
7. Information regarding related-parties purchases and/or sales exceeding \$100 million or 20% of the Company's paid-in capital: None.
8. Information regarding receivables from related-parties exceeding \$100 million or 20% of the Company's paid-in capital: None
9. Information regarding trading in derivative financial instruments: Please refer to Note 6(k).

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10. Significant transactions and business relationship between the parent company and its subsidiaries:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counterparty	Relationship (Note 2)	Transactions			
				Account	Amount	Trading terms	Percentage of the consolidated revenue or total assets
1	RGP	RJM	1	Operating revenues	47,765	The price is based on mutually agreed prices. 45~60 days	9.84%
1	RGP	RJM	1	Trade receivables	17,694		1.38%

Note 1: The number is filled out as follows:

No.1 represents RGP.

Note 2: The type of relationship with the counterparty is indicated as follows:

No.1 represents a subsidiary to the parent company.

Note 3: Disclosure is made for accounts that are balance sheet accounts and account for more than 1% of total consolidated assets and profit or loss accounts that account for more than 1% of total consolidated revenue.

(b) Related information on investee companies:

Information on investees for the period from January 1, 2023 to June 30, 2023 was as follows:

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main business and products	Original investment amount		Balance as of June 30, 2023			Net income (losses) of investee (Note 1)	Investment income or loss recognized in the period (Note 1 and Note 2)	Note
				June 30, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying amount (Note 1)			
The Company	RJM	Thailand	Designing, manufacturing, and selling jewelry and gems	300,000	300,000	4,549,998	99.99%	786,985	(143,606)	(143,606)	Eliminated in the consolidated financial statements
The Company	GVG Hong Kong	Hong Kong	Investment activities	38,971	38,971	9,400,000	100.00%	1	(1)	(1)	"
The Company	RMS	Thailand	Investment activities	30,206	26,652	6,993,000	99.90%	1,282	(4,477)	(4,473)	"
The Company	RIC	Taiwan	Selling jewelry and gems	22,500	45,000	2,250,000	100.00%	7,992	(2,048)	(2,048)	"
RJM	RGP	Thailand	Plating jewelry and gems	11,240	11,400	127,500	51.00%	82,448	(9,395)	(4,462)	"
RJM	Linden	Thailand	Selling jewelry and gems	(THB 12,750)	(THB 12,750)	392,000	49.00%	(THB 93,521)	(THB 10,455)	(THB 4,965)	"
RJM	RPM	Thailand	Metal recycling	(THB 52,843)	(THB 53,592)	999,000	99.90%	(THB 671)	(THB 59)	(THB 225)	"
				(THB 59,940)	(THB 59,940)			(THB 56,383)	(THB 3,024)	(THB 3,021)	

Note 1: Investment gains (losses) were based on the investee's financial statements audited by the Company's certified public accountants.

Note 2: The above amounts of paid-in capital of subsidiaries invested by the Company were calculated based on historical exchange rates; the amount of paid-in capital of subsidiaries invested by RJM were calculated based on the exchange rate as of June 30, 2023 (the closing rate of THB: NTD=1:0.8816), and the remaining amounts were calculated based on the average rate (THB: NTD=1:0.8986).

(c) Information on investments in China: None.

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(d) Information about major shareholders:

Shareholder's name	Shareholding	Shares	Percentage
Solar Jewelers Group Corp.		13,760,000	35.83%
Bank SinoPac as Custodian for Arianna Investment Co., Ltd. Investment Account		2,549,559	6.64%

Note: (1) The major shareholders information in the table above contains a listing of shareholders with 5% or more ownership of the Company. The ownership information was calculated by Taiwan Depository & Clearing Corporation at the last trading date in each quarter using the number of common stocks (including treasury stocks) and preferred stocks issued in paperless form. There might be a difference between share capital on the financial report and the actual share that have completed non-physical delivered due to different basis of calculation.

(2) Shareholders who transferred their shares to trustees are disclosed by each settler of the trustee accounts. The ownership information disclosed by shareholders with ownership above 10% include their own shares and those shares that they transfer to trustees while retains the power to decide the allocation of trust property. Information on insider ownership declaration is available on the website of Market Observation Post System.

(14) Segment information:

April 1, 2023 to June 30, 2023				
	Manufacturing and selling jewelry and gems department	Electroplating department	Adjustments and eliminations	Total
Revenues:				
Revenues from external customers	\$ 236,942	13,657	-	250,599
Inter-segment revenues	-	17,475	(17,475)	-
Total revenues	<u>\$ 236,942</u>	<u>31,132</u>	<u>(17,475)</u>	<u>250,599</u>
Profit or loss of reportable segment	<u>\$ (64,317)</u>	<u>(2,009)</u>	<u>-</u>	<u>(66,326)</u>

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April 1, 2022 to June 30, 2022				
	Manufacturing and selling jewelry and gems department	Electroplating department	Adjustments and eliminations	Total
Revenues:				
Revenues from external customers	\$ 356,886	24,696	-	381,582
Inter-segment revenues	-	88,376	(88,376)	-
Total revenues	<u>\$ 356,886</u>	<u>113,072</u>	<u>(88,376)</u>	<u>381,582</u>
Profit or loss of reportable segment	<u>\$ (7,849)</u>	<u>798</u>	<u>-</u>	<u>(7,051)</u>

January 1, 2023 to June 30, 2023				
	Manufacturing and selling jewelry and gems department	Electroplating department	Adjustments and eliminations	Total
Revenues:				
Revenues from external customers	\$ 456,091	29,304	-	485,395
Inter-segment revenues	-	47,765	(47,765)	-
Total revenues	<u>\$ 456,091</u>	<u>77,069</u>	<u>(47,765)</u>	<u>485,395</u>
Profit or loss of reportable segment	<u>\$ (148,581)</u>	<u>(9,600)</u>	<u>-</u>	<u>(158,181)</u>

January 1, 2022 to June 30, 2022				
	Manufacturing and selling jewelry and gems department	Electroplating department	Adjustments and eliminations	Total
Revenues:				
Revenue from external customers	\$ 708,607	40,087	-	748,694
Inter-segment revenues	-	88,409	(88,409)	-
Total revenues	<u>\$ 708,607</u>	<u>128,496</u>	<u>(88,409)</u>	<u>748,694</u>
Profit or loss of reportable segment	<u>\$ (12,021)</u>	<u>122</u>	<u>-</u>	<u>(11,899)</u>

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The eliminating inter-segment revenues from total reportable segment revenues for the periods of April 1 to June 30, 2023, April 1 to June 30, 2022, January 1 to June 30, 2023 and January 1 to June 30, 2022 were \$17,475 thousand, \$88,376 thousand, \$47,765 thousand and \$88,409 thousand, respectively.