

(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 Review Report
March 31, 2023 and 2022**

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Independent Auditors' Review Report

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

Preface

We have reviewed the accompanying consolidated balance sheets of Regal Holding Co., Ltd. and its subsidiaries as of March 31, 2023 and 2022, and the related consolidated statements of income for the years ended March 31, 2023 and 2022, and the consolidated statements of changes in equity and cash flows for the years ended March 31, 2023 and 2022, and notes to the consolidated financial statements, including the summary of significant accounting policies. It is the responsibility of management to prepare consolidated financial statements that present fairly the financial position of the Company in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting", as endorsed by the Financial Supervisory Commission and issued by the Financial Supervisory Commission. Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with Statement of Auditing Standards No. 2410, "Review of Financial Statements". The procedures applied in reviewing consolidated financial statements include making inquiries (primarily of persons responsible for financial and accounting matters), analytical procedures and other review procedures. A review is substantially less in scope than an audit and consequently we may not be able to identify all of the significant matters that might be identified by an audit and hence cannot express an opinion.

Conclusion

Based on our review, no material deviations in the above-mentioned consolidated financial report were found in accordance with the Guidelines Governing the Preparation of Financial Reports and the International Accounting Standard No. 34 "Interim Financial Reporting", which made it impossible to properly express the consolidated financial position of Regal Holding Co., Ltd. and its subsidiaries on March 31, 2023 and 2022, the consolidated financial performance from January 1, 2023 to March 31, 2023 and January 1, 2022 to March 31, 2022, and the consolidated cash flow from January 1, 2023 to March 31, 2023 and January 1, 2022 to March 31, 2022.

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

KPMG

Taipei, Taiwan (Republic of China)
May 12, 2023

(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 ended at March 31, 2023 and 2022

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

		For the three months ended at March 31			
		2023		2022	
		Amount	%	Amount	%
4000	Operating revenues (note 6(q))	234,796	100	367,112	100
5000	Operating costs (note 6(e) 、6(g) 、6(h) 、6(i) 、6(l) 、6(m) and note 12)	260,090	111	312,436	85
5900	Gross profit (loss)	(25,294)	(11)	54,676	15
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	14,176	6	13,427	3
6200	Administrative expenses	36,868	15	39,949	11
6300	Research and development expenses	16,118	7	14,033	4
6450	Expected credit losses (gain on reversal)	(224)	-	11	-
	Total operating expenses	66,938	28	67,420	18
6900	Operating income (losses)	(92,232)	(39)	(12,744)	(3)
7000	Non-operating income and expenses (note 6(k) 、6(l) and 6(s)):				
7100	Interest income	1,179	1	22	-
7010	Other income	2,298	1	1,863	-
7020	Other gains and losses	(1,459)	(1)	7,397	2
7050	Finance costs	(1,641)	(1)	(1,386)	-
	Total non-operating income and expenses	377	-	7,896	2
7900	Profit (losses) before income tax	(91,855)	(39)	(4,848)	(1)
7950	Less: income tax expenses (note 6(n))	(8,028)	(3)	(9)	-
8200	Profit (losses) for the period	(83,827)	(36)	(4,839)	(1)
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	4,101	2	41,328	11
8399	Less: income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
8300	Other comprehensive income	4,101	2	41,328	11
8500	Total comprehensive income	(79,726)	(34)	36,489	10
8600	Profit (losses) attributable to (note 6(f)):				
8610	Owners of the Company	(80,196)	(34)	(4,678)	(1)
8620	Non-controlling interests	(3,631)	(2)	(161)	-
		(83,827)	(36)	(4,839)	(1)
8700	Comprehensive income attributable to (note 6(f)):				
8710	Owners of the Company	(76,472)	(33)	33,017	9
8720	Non-controlling interests	(3,254)	(1)	3,472	1
		(79,726)	(34)	36,489	10
	Earnings (losses) per share (New Taiwan Dollars) (note 6(p))				
9750	Basic earnings (losses) per share	(2.09)		(0.12)	
9850	Diluted earnings (losses) per share	(2.09)		(0.12)	

See accompanying notes to consolidated interim financial statements.

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REGAL HOLDING CO., LTD. AND ITS SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three months ended at March 31, 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	Undistributed earnings (loss to be recovered)	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	Total	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
Profit (losses) for the period	-	-	-	-	(4,678)	(4,678)	-	-	-	(4,678)	(161)	(4,839)
Other comprehensive income	-	-	-	-	-	-	37,695	-	37,695	37,695	3,633	41,328
Total comprehensive income	-	-	-	-	(4,678)	(4,678)	37,695	-	37,695	33,017	3,472	36,489
Conversion of convertible bonds	67	127	-	-	-	-	-	-	-	194	-	194
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	541	541
Cash dividends distributed by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(33,347)	(33,347)
Balance at March 31, 2022	\$ 383,960	439,226	70,774	-	129,192	199,966	(78,940)	(11,906)	(90,846)	932,306	86,135	1,018,441
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
Profit (losses) for the period	-	-	-	-	(80,196)	(80,196)	-	-	-	(80,196)	(3,631)	(83,827)
Other comprehensive income	-	-	-	-	-	-	3,724	-	3,724	3,724	377	4,101
Total comprehensive income	-	-	-	-	(80,196)	(80,196)	3,724	-	3,724	(76,472)	(3,254)	(79,726)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	2	2
Cash dividends distributed by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(15,389)	(15,389)
Balance at March 31, 2023	\$ 383,960	375,499	83,469	121,175	(46,488)	158,156	(42,645)	(12,200)	(54,845)	862,770	82,585	945,355

See accompanying notes to consolidated interim financial statements.

REGAL HOLDING CO., LTD. AND ITS SUBSIDIARIES**Consolidated Statements of Cash Flows****For the three months ended at March 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	For the three months ended March 31	
	2023	2022
Cash flows from (used in) operating activities:		
Profit (losses) before tax	\$ (91,855)	(4,848)
Adjustments:		
Adjustments to reconcile profit (losses):		
Depreciation expenses	15,556	13,573
Amortization expenses	903	715
Expected credit losses (gains)	(224)	11
Interest expenses	1,641	1,386
Interest income	(1,179)	(22)
Losses on disposal of property, plant and equipment	8	60
Transfer of property, plant and equipment to expenses	60	-
Gains on financial liabilities measured at fair value through profit or loss	-	(125)
Unrealized foreign exchange losses (gains)	(2,791)	830
Transfer of intangible assets to expenses	286	-
Total adjustments to reconcile profit (losses)	14,260	16,428
Changes in operating assets and liabilities:		
Trade receivables	197,894	245,533
Other receivables	(299)	(127)
Inventories	(10,056)	46,360
Other current assets	(2,689)	(273)
Total changes in operating assets	184,850	291,493
Notes payables	40	713
Trade payables	(2,478)	6,284
Other payables	(26,662)	(29,118)
Other current liabilities	2,409	(1,115)
Net defined benefit liabilities	670	(689)
Total changes in operating liabilities	(26,021)	(23,925)
Total changes in operating assets and liabilities	158,829	267,568
Total adjustments	173,089	283,996
Cash inflows generated from operations	81,234	279,148
Interest received	1,148	22
Interest paid	(1,354)	(111)
Income tax paid (refunded)	3,374	(1,487)
Net cash flows from operating activities	84,402	277,572
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(25,004)	(23,392)
Proceeds from disposal of property, plant and equipment	-	14
Acquisition of intangible assets	(2,096)	(723)
Decrease (increase) in other financial assets — non-current	(217)	640
Net cash flows used in investing activities	(27,317)	(23,461)
Cash flows from (used in) financing activities:		
Decrease in short-term loans	-	(18,657)
Increase in guarantee deposits received	419	22
Payments of lease liabilities	(237)	(228)
Changes in non-controlling interests	2	541
Cash dividends paid to non-controlling interests	(15,389)	(33,347)
Net cash flows used in financing activities	(15,205)	(51,669)
Effect of exchange rate changes on cash and cash equivalents	3,509	5,061
Net increase (decrease) in cash and cash equivalents	45,389	207,503
Cash and cash equivalents at the beginning of period	363,858	270,283
Cash and cash equivalents at the end of period	\$ 409,247	477,786

See accompanying notes to consolidated interim financial statements.

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REGAL HOLDING CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements

March 31, 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 become 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 May 12, 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"

- (b) 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 related amendments
- Amendments to IAS 1, "Classification of Liabilities as Current or Noncurrent"
- Amendments to IAS 1, "Non-current Liabilities with Contractual Provisions"
- Amendments to IFRS 17, "Comparative information for initial application of IFRS 17 and IFRS 9"

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Notes to the Consolidated Interim Financial Statements

· Amendments to IFRS 16, "Provisions for Sale and Leaseback Transactions"

(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 (%)		
			March 31, 2023	December 31, 2022	March 31, 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%
The Company	Regal Management Solution Co., Ltd. (RMS)	Technical services and resources consulting	99.90% (Note 1)	99.90% (Note 1)	99.99% (Note 1)
The Company	Chaporo Co., Ltd. (Chaporo)	Investment activities	- % (Note 4)	- % (Note 4)	70.00%
The Company	Reunite Inspiring Creation Co., Ltd. (RIC)	Selling jewelry and gems	100.00%	100.00%	100.00%
RJM	Regal Plating Co., Ltd. (RGP)	Plating jewelry and gems	51.00%	51.00%	51.00%

REGAL HOLDING CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

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)	100.00%

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

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, on February 15, 2022 and August 15, 2022, the Company increased its capital by 536 thousand Thai Baht and 441 thousand Thai Baht respectively.

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

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.

(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.

REGAL HOLDING CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(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

	March 31, 2023	December 31, 2022	March 31, 2022
Cash	\$ 665	850	902
Demand deposits	245,341	208,949	455,125
Checking deposits	53	71	51
Fixed deposits	163,188	153,988	21,708
Cash and cash equivalents in consolidated statement of cash flows	<u>\$ 409,247</u>	<u>363,858</u>	<u>477,786</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

	March 31, 2023	December 31, 2022	March 31, 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

	March 31, 2023	December 31, 2022	March 31, 2022
Trade receivables	\$ 184,168	379,288	307,796
Less: allowance for loss	(463)	(684)	(1,892)
	<u>\$ 183,705</u>	<u>378,604</u>	<u>305,904</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:

REGAL HOLDING CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

March 31, 2023			
	Book value of trade receivables	Lifetime expected credit loss rate (%)	Allowance for lifetime expected credit loss
Not yet due	\$ 86,220	-	-
Past due 1~30 days	41,988	-	-
Past due 31~60 days	21	-	-
Past due 61~90 days	31	13.61	-
	<u>\$ 128,260</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 181~365 days	3	6.94	-
	<u>\$ 313,453</u>		<u>-</u>
March 31, 2022			
	Book value of trade receivables	Lifetime expected credit loss rate (%)	Allowance for lifetime expected credit loss
Not yet due	\$ 153,490	-	(2)
Past due 1~30 days	78,927	-	4
Past due 31~60 days	202	0.88	2
Past due 61~90 days	4	4.15	-
Past due 91~180 days	50	12.88	6
	<u>\$ 232,673</u>		<u>10</u>

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

	March 31, 2023		
	Book value of trade receivables	Lifetime expected credit loss rate (%)	Allowance for lifetime expected credit loss
Not yet due	\$ 51,110	0.46	233
Past due 1~30 days	4,393	1.94	85
Past due 31~60 days	289	12.40	36
Past due 61~90 days	11	35.17	4
Over 1 year	105	100.00	105
	<u>\$ 55,908</u>		<u>463</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>

	March 31, 2022		
	Book value of trade receivables	Lifetime expected credit loss rate (%)	Allowance for lifetime expected credit loss
Not yet due	\$ 59,064	0.58	344
Past due 1~30 days	12,173	1.48	180
Past due 31~60 days	45	6.95	3
Past due 91~180 days	1,801	31.80	573
Past due 181~365 days	316	100.00	316
Over 1 year	1,724	100.00	1,724
	<u>\$ 75,123</u>		<u>3,140</u>

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Notes to the Consolidated Interim Financial Statements

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

	<u>For the three months ended March 31</u>	
	2023	2022
Balance at the beginning	\$ 684	1,815
Impairment losses recognized (gain on reversal)	(224)	11
Amounts written off	-	(2)
Foreign currency translation effects	3	68
Balance at the end	\$ 463	1,892

(d) Other receivables

	March 31, 2023	December 31, 2022	March 31, 2022
Other receivables	\$ 24,434	25,386	24,323
Less: allowance for loss	(16,452)	(16,393)	(15,861)
	\$ 7,982	8,993	8,462

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

	<u>For the three months ended March 31</u>	
	2023	2022
Balance at the beginning	\$ 16,393	15,304
Foreign currency translation effects	59	557
Balance at the end	\$ 16,452	15,861

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

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

(e) Inventories

	March 31, 2023		
	Cost	Allowance for devaluation and obsolescence	Net realizable value
Raw materials	\$ 289,903	52,190	237,713
Work in process	89,083	7,240	81,843
Finished goods	11,938	3,147	8,791
Supplies and spare parts	12,177	2,970	9,207
	\$ 403,101	65,547	337,554

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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
	<u>\$ 394,569</u>	<u>67,071</u>	<u>327,498</u>

March 31, 2022			
	Cost	Allowance for devaluation and obsolescence	Net realizable value
Raw materials	\$ 263,488	49,202	214,286
Work in process	115,260	15,712	99,548
Finished goods	17,668	5,446	12,222
Supplies and spare parts	14,821	2,929	11,892
	<u>\$ 411,237</u>	<u>73,289</u>	<u>337,948</u>

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

	<u>For the three months ended March 31</u>	
	2023	2022
Balance at the beginning	\$ 67,071	70,751
Current provision (reversal)	(1,768)	515
Scrap loss	-	(504)
Foreign currency translation effects	244	2,527
Balance at the end	<u>\$ 65,547</u>	<u>73,289</u>

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 March 31</u>	
	2023	2022
Loss on the allowance for inventory devaluation and obsolescence	\$ (1,768)	515
Revenue from sales of scrap	(7,441)	(522)
	<u>\$ (9,209)</u>	<u>(7)</u>

As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group did not pledge the

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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		
		March 31, 2023	December 31, 2022	March 31, 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:

	March 31, 2023	December 31, 2022	March 31, 2022
Current assets	\$ 156,792	193,333	164,706
Non-current assets	17,072	19,153	25,193
Current liabilities	(5,975)	(6,626)	(14,732)
Non-current liabilities	(1,364)	(1,306)	(1,381)
Net assets	\$ 166,525	204,554	173,786
Non-controlling interests	\$ 81,597	100,231	85,155

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	<u>For the three months ended March 31</u>	
	2023	2022
Sales revenue	<u>\$ 45,937</u>	<u>54,615</u>
Net income	\$ (7,385)	(228)
Other comprehensive income	762	7,392
	<u>\$ (6,623)</u>	<u>7,164</u>
Loss for current period attributable to non-controlling interests	<u>\$ (3,619)</u>	<u>(112)</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ (3,245)</u>	<u>3,510</u>
Net cash flows from operating activities	\$ 16,226	27,159
Net cash flows used in investing activities	(66)	(1,506)
Net cash flows used in financing activities	<u>(31,406)</u>	<u>(68,056)</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ (15,246)</u>	<u>(42,403)</u>
Dividends paid to non-controlling interests	<u>\$ (15,389)</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 three months ended at March 31, 2023 and 2022 were as follows:

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	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Land improvement	Unfinished work 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	-	856	6,779	8	8,678	73	8,610	25,004
Disposals	-	-	(2,935)	-	(1,409)	-	-	(4,344)
Reclassification	-	15,862	14,313	-	89	89	(30,413)	(60)
Foreign currency translation effect	559	828	1,095	84	488	35	187	3,276
Balance at March 31, 2023	<u>\$ 156,766</u>	<u>267,745</u>	<u>345,448</u>	<u>23,398</u>	<u>153,045</u>	<u>10,482</u>	<u>6,180</u>	<u>963,064</u>
Balance at January 1, 2022	\$ 145,829	216,102	297,708	16,693	129,071	9,477	5,183	820,063
Additions	-	7,154	5,742	6,142	3,945	20	389	23,392
Disposals	-	-	(3,680)	-	(2,411)	-	-	(6,091)
Reclassification	-	295	37	-	1,179	-	(1,511)	-
Foreign currency translation effect	5,311	7,972	10,871	691	4,715	336	(174)	30,070
Balance at March 31, 2022	<u>\$ 151,140</u>	<u>231,523</u>	<u>310,678</u>	<u>23,526</u>	<u>136,499</u>	<u>9,833</u>	<u>4,235</u>	<u>867,434</u>
Accumulated depreciation and impairment losses:								
Balance at January 1, 2023	\$ -	189,947	247,892	14,328	115,649	9,673	-	577,489
Depreciation	-	3,321	7,342	956	3,612	66	-	15,297
Disposals	-	-	(2,932)	-	(1,404)	-	-	(4,336)
Foreign currency translation effect	-	666	870	47	404	34	-	2,021
Balance at March 31, 2023	<u>\$ -</u>	<u>193,934</u>	<u>253,172</u>	<u>15,331</u>	<u>118,261</u>	<u>9,773</u>	<u>-</u>	<u>590,471</u>
Balance at January 1, 2022	\$ -	165,417	228,086	11,722	105,112	8,831	-	519,168
Depreciation	-	3,056	6,203	914	3,124	54	-	13,351
Disposals	-	-	(3,673)	-	(2,344)	-	-	(6,017)
Foreign currency translation effect	-	6,066	8,342	439	3,824	317	-	18,988
Balance at March 31, 2022	<u>\$ -</u>	<u>174,539</u>	<u>238,958</u>	<u>13,075</u>	<u>109,716</u>	<u>9,202</u>	<u>-</u>	<u>545,490</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 March 31, 2023	<u>\$ 156,766</u>	<u>73,811</u>	<u>92,276</u>	<u>8,067</u>	<u>34,784</u>	<u>709</u>	<u>6,180</u>	<u>372,593</u>
Balance at March 31, 2022	<u>\$ 151,140</u>	<u>56,984</u>	<u>71,720</u>	<u>10,451</u>	<u>26,783</u>	<u>631</u>	<u>4,235</u>	<u>321,944</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	536
Foreign currency translation effect	(2)
Balance at March 31, 2023	<u>\$ 2,621</u>
Balance at March 31, 2022 (also the balance on January 1, 2022)	<u>\$ 2,668</u>
Accumulated depreciation:	
Balance at January 1, 2023	\$ 894
Depreciation	259
Foreign currency translation effect	1
Balance at March 31, 2023	<u>\$ 1,154</u>

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	Buildings
Balance at January 1, 2022	\$ 1,482
Depreciation	<u>222</u>
Balance at March 31, 2022	<u>\$ 1,704</u>
Carrying amount	
Balance at January 1, 2023	<u>\$ 1,193</u>
Balance at March 31, 2023	<u>\$ 1,467</u>
Balance at March 31, 2022	<u>\$ 964</u>

(i) Intangible assets

The cost, amortization and impairment losses of the intangible assets of the Group for the three months ended at March 31, 2023 and 2022 were as follows:

	Computer software	Trademark	Total
Costs:			
Balance at January 1, 2023	\$ 60,147	1,331	61,478
Additions	2,096	-	2,096
Reclassification	(5)	(281)	(286)
Foreign currency translation effect	<u>200</u>	<u>6</u>	<u>206</u>
Balance at March 31, 2023	<u>\$ 62,438</u>	<u>1,056</u>	<u>63,494</u>
Balance at January 1, 2022	\$ 54,392	1,223	55,615
Additions	723	-	723
Foreign currency translation effect	<u>1,897</u>	<u>45</u>	<u>1,942</u>
Balance at March 31, 2022	<u>\$ 57,012</u>	<u>1,268</u>	<u>58,280</u>
Amortization and impairment loss:			
Balance at January 1, 2023	\$ 51,673	145	51,818
Amortization	762	141	903
Foreign currency translation effect	<u>176</u>	<u>-</u>	<u>176</u>
Balance at March 31, 2023	<u>\$ 52,611</u>	<u>286</u>	<u>52,897</u>
Balance at January 1, 2022	\$ 46,417	84	46,501
Amortization	707	8	715
Foreign currency translation effect	<u>1,626</u>	<u>8</u>	<u>1,634</u>
Balance at March 31, 2022	<u>\$ 48,750</u>	<u>100</u>	<u>48,850</u>

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Carrying amount:

Balance at January 1, 2023	\$	8,474	1,186	9,660
Balance at March 31, 2023	\$	9,827	770	10,597
Balance at March 31, 2022	\$	8,262	1,168	9,430

(j) Short-term loans

	March 31, 2023	December 31, 2022	March 31, 2022
Credit loans	\$ 44,865	89,410	26,174
Guaranteed bank loans	152,541	107,292	-
Total	\$ 197,406	196,702	26,174
Unused credit lines	\$ 801,173	799,053	906,030
Interest rate (%)	2.65	2.40~2.50	0.96~2.10

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:

	March 31, 2023	December 31, 2022	March 31, 2022
Total convertible corporate bonds issued	\$ 250,000	250,000	250,000
Unamortized discount amount on corporate bonds payable	(1,267)	(1,729)	(8,829)
Cumulative sell back amount	(161,000)	(161,000)	-
Cumulative conversion amount	(300)	(300)	(300)
Balance of corporate bonds payable at year-end	\$ 87,433	86,971	240,871
Embedded derivatives — call and put options (recorded as financial liabilities at fair value through profit or loss)	\$ -	-	949
Equity component — conversion rights (recorded as capital surplus - stock options)	\$ 3,820	3,820	10,754

For the three months ended March 31

	2023	2022
Remeasurement losses of call and put options (recorded as other gains and losses)	\$ -	(125)
Interest expenses	\$ 462	1,275

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The Group did not issue, repurchase or repay the corporate bonds payables for the three months ended at March 31, 2023 and 2022. For more information, please refer to Note 6(k) of the consolidated financial report for the year 2022. From September 11, 2022, the price of the Company's convertible corporate bonds was adjusted from 29.9 dollar per share to 27.8 dollar per share.

Please refer to Note 6(o) for information on the conversion of corporate bonds payable to ordinary shares from January 1, 2022 to March 31, 2022. There was no conversion of corporate bonds payable into ordinary shares from January 1, 2023 to March 31, 2023.

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

	March 31, 2023	March 31, 2022
Embedded derivative financial instruments (put options and call options)		
Balance at the beginning	\$ -	1,075
Valuation loss in the period	-	(125)
Sell back in the period	-	-
Conversion in the period	-	(1)
	<u>\$ -</u>	<u>949</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 on December 31, 2021.

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

	March 31, 2023	March 31, 2022
Balance at the beginning	\$ 3,820	10,763
Less: conversion in the period	-	(9)
sell back in the period	-	-
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:

March 31, 2023			
	Future minimum lease payments	Interests	Present value of minimum lease payments
Less than one year	\$ 1,111	40	1,071
Between one to five year	453	24	429
	\$ 1,564	64	1,500
Current	\$ 1111	40	1,071
Non-current	\$ 453	24	429

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

March 31, 2022			
	Future minimum lease payments	Interests	Present value of minimum lease payments
Less than one year	\$ 914	10	904
Between one to five year	76	-	76
	\$ 990	10	980
Current	\$ 914	10	904
Non-current	\$ 76	-	76

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The amounts recognized in profit or losses were as follows:

	<u>For the three months ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Interests on lease liabilities	<u>\$ 8</u>	<u>5</u>
Expenses related to short-term leases	<u>\$ 111</u>	<u>624</u>
Expenses related to leases of low-value assets (excluding short-term leases of low-value assets)	<u>\$ 142</u>	<u>110</u>

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

	<u>For the three months ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Total cash outflow for leases	<u>\$ 498</u>	<u>967</u>

1. Leases about buildings

The Group leases buildings for its office space, which typically run for a period from two to three 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 March 31</u>	
	2023	2022
Operating costs	\$ 653	785
Operating expenses	309	321
	<u>\$ 962</u>	<u>1,106</u>

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 \$136 thousand and \$104 thousand for the three months ended March 31, 2023 and 2022, respectively.

(n) Income taxes

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

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

	<u>For the three months ended March 31</u>	
	2023	2022
Income tax benefits in current period	\$ (7,822)	(9)
Adjustment of current income tax for prior periods	(206)	-
Income tax benefits	<u>(8,028)</u>	<u>(9)</u>

3. Situation of levy and approval of income tax

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

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In Thailand, where RJM, RGP, RMS, and Linden 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 2021. Since RPM is a newly established company, it has not yet filed an income tax settlement and declaration. Corporate income tax declarations of GVG Hong Kong and GVG Shenzhen have been submitted to the tax authority department through 2020, as described in Note 4(b). GVG Hong Kong and GVG Shenzhen are in the liquidation process now, and GVG Shenzhen 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 three months ended March 31, 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 nine months ended March 31, 2023 and 2022 were as follows:

	(Unit: thousand shares)	
	Common Stock	
	For the three months ended March 31	
	2022	2021
Balance of outstanding shares on January 1	38,396	38,389
Conversion of convertible bonds	-	7
Balance of total shares issued on March 31	<u>38,396</u>	<u>38,396</u>

As of March 31, 2023, December 31, 2022 and March 31, 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 was all \$383,960 thousand.

1. Issuance of common stock

From January 1, 2022 to March 31, 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 March 31, 2023.

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2. Capital surplus

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

	March 31, 2023	December 31, 2022	March 31, 2022
Share premium on stock issuance	\$ 354,846	354,846	418,573
Restricted shares for employees	9,899	9,899	9,899
Issuance of convertible bonds-stock options	3,820	3,820	10,754
Convertible bond stock options - lapsed	6,934	6,934	-
	<u>\$ 375,499</u>	<u>375,499</u>	<u>439,226</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 Company's Board of Directors on February 23, 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 2022 is waiting for the resolution of the Company's shareholders' meeting on May 2023.

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 about earnings distribution approved by the Company's Board of Directors and resolved by the shareholders' meeting would be available on the website of Market Observation Post System.

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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 arising from the translation of net assets of foreign operating entities	3,724	-	3,724
Balance at March 31, 2023	<u>\$ (42,645)</u>	<u>(12,200)</u>	<u>(54,845)</u>
Balance at January 1, 2022	\$ (116,635)	(11,906)	(128,541)
Exchange differences arising from the translation of net assets of foreign operating entities	37,695	-	37,695
Balance at March 31, 2022	<u>\$ (78,940)</u>	<u>(11,906)</u>	<u>(90,846)</u>

5. Non-controlling interests, net of tax

	For the three months ended March 31 2023	2022
Balance at the beginning	\$ 101,226	115,469
Share attributable to non-controlling interests:		
Net earnings (losses)	(3,631)	(161)
Exchange differences arising from the translation of net assets of foreign operating entities	377	3,633
Changes in non-controlling interests	2	541
Subsidiaries distributed cash dividends to non-controlling interests	<u>(15,389)</u>	<u>(33,347)</u>
	<u>\$ 82,585</u>	<u>86,135</u>

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(p) Earnings (losses) per share

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

	(Unit: thousand shares)	
	<u>For the three months ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Net earnings (losses) attributable to common stocks	<u>\$ (80,196)</u>	<u>(4,678)</u>
Weighted-average number of common stock outstanding	<u>38,396</u>	<u>38,391</u>
Basic earnings (losses) per share/ Diluted earnings (losses) per share (New Taiwan Dollar)	<u>\$ (2.09)</u>	<u>(0.12)</u>

There were net losses for three months ended March 31, 2023 and 2022. The potential common stocks outstanding were anti-dilutive and the impact was not disclosed.

(q) Revenue from contracts with customers

1. Disaggregation of revenue

	<u>For the three months ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Primary markets:		
Thailand	\$ 88,874	149,686
United States	31,162	33,953
France	41,146	70,955
United Kingdom	16,044	40,963
Canada	20,268	27,368
Others	37,302	44,187
	<u>\$ 234,796</u>	<u>367,112</u>
	<u>2023</u>	<u>2022</u>
Main products/service lines:		
Designing, manufacturing and selling jewelry and gems	\$ 219,149	351,721
Electroplating	15,647	15,391
	<u>\$ 234,796</u>	<u>367,112</u>

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2. Remaining balance of contracts

	March 31, 2023	December 31, 2022	March 31, 2022
Trade receivables	\$ 184,168	379,288	307,796
Less: allowance for loss	(463)	(684)	(1,892)
Total	<u>\$ 183,705</u>	<u>378,604</u>	<u>305,904</u>
Contract liabilities (recorded as other current liabilities)	<u>\$ 5,716</u>	<u>1,751</u>	<u>2,587</u>

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 January 1 to March 31, 2023, and January 1 to March 31, 2022, were \$176 thousand, and \$1,593 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.

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There were net losses before income tax for the years ended March 31, 2023 and 2022, so the Company did not estimate for employees' compensation and directors' compensation. If there is a change after the adoption of the financial statements in the following year, the change will be accounted for as a change in accounting estimates and the effect of such change is recognized as profit or loss in 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.

For the year ended December 31, 2022, the amounts of employees' compensation and directors' compensation were \$437 thousand and \$0 thousand, respectively, which did not differ from the distribution resolved by the Board of Directors. In addition, 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.

(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 March 31</u>	
	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	<u>\$ 1,179</u>	<u>22</u>

2. Other income

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

	<u>For the three months ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Others	<u>\$ 2,298</u>	<u>1,863</u>

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3. Other gains and losses

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

	<u>For the three months ended March 31</u>	
	2023	2022
Gains (losses) on disposal of property, plant and equipment	\$ (8)	(60)
Foreign exchange gains (losses)	(1,451)	7,332
Gains (losses) from financial liabilities at fair value through profit or loss	-	125
Total	\$ (1,459)	7,397

4. Financial costs

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

	<u>For the three months ended March 31</u>	
	2023	2022
Interest expenses from bank loans	\$ 1,171	106
Corporate bonds payable	462	1,275
Interest expenses from lease liabilities	8	5
	\$ 1,641	1,386

(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.

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(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. The Group's trade receivables were obviously concentrated on three main customers, which accounted for 73%, 89% and 71% of the total amount of trade receivables as of March 31, 2023, December 31, 2022 and March 31, 2022. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group's trade receivables concentrated on three main customers were \$133,937 thousand, \$337,521 thousand and \$217,717 thousand, 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:

	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	More than 2 years
March 31, 2023					
Non-derivative financial liabilities					
Short-term loans	\$ 197,406	198,714	198,714	-	-
Payables	72,338	72,338	72,338	-	-
Lease liabilities	1,500	1,500	1,071	429	-
Corporate bonds payable (including embedded derivative financial instruments)	87,433	87,433	87,433	-	-
Guarantee deposits received	5,025	5,025	-	-	5,025
	\$ 363,702	365,010	359,556	429	5,025

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December 31, 2022

Non-derivative financial liabilities

Short-term loans	\$	196,702	197,893	197,893	-	-
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	392,305	387,395	304	4,606

March 31, 2022

Non-derivative financial liabilities

Short-term loans	\$	26,174	26,174	26,174	-	-
Payables		100,858	100,858	100,858	-	-
Lease liabilities		980	980	904	76	-
Corporate bonds payable (including embedded derivative financial instruments)		241,820	241,820	241,820	-	-
Guarantee deposits received		3,746	3,746	-	-	3,746
	\$	373,578	373,578	369,756	76	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.

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:

	March 31, 2023			December 31, 2022			March 31, 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	\$ 10,888	30.45	331,531	8,122	30.71	249,431	11,275	28.63	322,738
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	128	30.45	3,888	106	30.71	3,260	272	28.63	7,773

(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.

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With all other factors held constant, a strengthening (weakening) of the TWD against the USD for 1% as of March 31, 2023 and 2022 would have increased (decreased) loss before tax for the three months ended March 31, 2023 and 2022, by \$3,276 thousand and \$3,150 thousand, respectively. The analysis is 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 January 1 to March 31, 2023, and January 1 to March 31, 2022 were \$(1,451) thousand and \$7,332 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 loss before tax will increase / decrease by \$494 thousand and \$66 thousand for the three months ended March 31, 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 carrying amounts and fair values of the Group's financial assets and financial liabilities (including fair value hierarchy information, except that if the carrying amounts of financial instruments not carried at fair value are a reasonable approximation of fair value, disclosure of fair value information is not required by regulation) were as follows:

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		March 31, 2023			
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 409,247	-	-	-	-
Trade receivables	183,705	-	-	-	-
Other receivables	7,982	-	-	-	-
Other financial assets—non-current	10,088	-	-	-	-
Total	<u>\$ 611,022</u>	-	-	-	-
Financial liabilities measured at amortized cost					
Bank loans	\$ 197,406	-	-	-	-
Notes and accounts payables	16,430	-	-	-	-
Other payables	55,908	-	-	-	-
Lease liabilities	1,500	-	-	-	-
Bonds payables	87,433	-	-	-	-
Guarantee deposits received	5,025	-	-	-	-
Total	<u>\$ 363,702</u>	-	-	-	-

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December 31, 2022					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 363,858	-	-	-	-
Trade receivables	378,604	-	-	-	-
Other payables	8,993	-	-	-	-
Other financial assets — non-current	9,871	-	-	-	-
Total	<u>\$ 761,326</u>	-	-	-	-
Financial liabilities measured at amortized cost					
Bank loans	\$ 196,702	-	-	-	-
Notes and accounts payables	18,861	-	-	-	-
Other payables	82,770	-	-	-	-
Lease liabilities	1,204	-	-	-	-
Bonds payables	86,971	-	-	-	-
Guarantee deposits received	4,606	-	-	-	-
Total	<u>\$ 391,114</u>	-	-	-	-
March 31, 2022					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Unlisted equity instruments measured at fair value	\$ 294	-	-	294	294
Financial assets measured at amortized cost					
Cash and cash equivalents	477,786	-	-	-	-
Trade receivables	305,904	-	-	-	-
Other payables	8,462	-	-	-	-
Other financial assets — non-current	8,871	-	-	-	-
Subtotal	801,023	-	-	-	-
Total	<u>\$ 801,317</u>	-	-	<u>294</u>	<u>294</u>
Financial liabilities measured at fair value through profit or loss					
Put and call options of corporate bonds	\$ 949	-	-	949	949
Financial liabilities measured at amortized					

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cost					
Bank loans	26,174	-	-	-	-
Notes and accounts payables	24,851	-	-	-	-
Other payables	76,007	-	-	-	-
Lease liabilities	980	-	-	-	-
Bonds payables	240,871	-	-	-	-
Guarantee deposits received	3,746	-	-	-	-
Subtotal	372,629	-	-	-	-
Total	<u>\$ 373,578</u>	<u>-</u>	<u>-</u>	<u>949</u>	<u>949</u>

(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).

(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.

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(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 March 31, 2023 (i.e. January 1, 2023)	\$ -	-	-
Balance at January 1, 2022	\$ 1,075	294	1,369
Recognized in profit or loss	(125)	-	(125)
Conversion of convertible bonds	(1)	-	(1)
Balance at March 31, 2022	<u>\$ 949</u>	<u>294</u>	<u>1,243</u>

The above total gains or losses were reported in “Other gains or losses” and "Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income". Among them, the figures that were related to the assets still held until March 31, 2023 and 2022 were as follows:

	<u>For the three months ended March 31</u>	
	2023	2022
Total gains or losses		
Gains or losses (reported in “Other gains or losses”)	-	125

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

Quantified information of significant unobservable inputs was as follows:

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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 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 three months ended March 31, 2023 and 2022 was as follows:

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	January 1, 2023	Cash flows	Non-cash changes			March 31, 2023
			New / Cancel lease	Discount amortizati on	Foreign exchange movement	
Short-term loans	\$ 196,702	-	-	-	704	197,406
Lease liabilities	1,204	(237)	536	-	(3)	1,500
Corporate bonds payable	86,971	-	-	462	-	87,433
Total liabilities from financing activities	<u>\$ 284,877</u>	<u>(237)</u>	<u>536</u>	<u>462</u>	<u>701</u>	<u>286,339</u>

	January 1, 2022	Cash flows	Non-cash changes			March 31, 2022
			Net conversion of corporate bonds	Discount amortizati on	Foreign exchange movement	
Short-term loans	\$ 44,264	(18,657)	-	-	567	26,174
Lease liabilities	1,204	(228)	-	-	4	980
Corporate bonds payable	239,789	-	(193)	1,275	-	240,871
Total liabilities from financing activities	<u>\$ 285,257</u>	<u>(18,885)</u>	<u>(193)</u>	<u>1,275</u>	<u>571</u>	<u>268,025</u>

(7) Related-party transactions:

The compensation of main management personnel included:

	For the three months ended March 31	
	2023	2022
Short-term employee benefits	\$ 5,130	4,996
Post-employment benefits	52	36
	<u>\$ 5,182</u>	<u>5,032</u>

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(8) Pledged assets:

Pledged assets	Object	March 31, 2023	December 31, 2022	March 31, 2022
Property, plant and equipment:				
Land	Short-term loans	\$ 128,158	127,701	151,140
Buildings	Short-term loans	11,431	12,457	17,556
Other financial assets — non-current:				
Refundable deposits	Guarantee for electricity supply and fuel cards	4,286	4,269	4,117
		<u>\$ 143,875</u>	<u>144,427</u>	<u>172,813</u>

(9) Commitments and contingencies:

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

	March 31, 2023	December 31, 2022	March 31, 2022
Electricity guarantee	<u>\$ 4,041</u>	<u>4,025</u>	<u>3,881</u>

(10) Losses due to major disasters: None

(11) Subsequent events: None

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(12) Other:

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

Function Account	For the three months ended March 31					
	2023			2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Personnel costs						
Salaries	99,208	37,649	136,857	90,285	39,654	129,939
Health insurance	-	208	208	-	236	236
Pension	653	445	1,098	785	425	1,210
Other personnel expense	8,690	4,078	12,768	5,316	4,980	10,296
Depreciation	11,167	4,389	15,556	8,780	4,793	13,573
Amortization	248	655	903	234	481	715

(b) Seasonality of operation

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

(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 March 31, 2023 was as follows:

1. Lending to other parties: None
2. Guarantees and endorsements for other parties: None

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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				Note
				Shares (unit: thousands)	Carrying amount	Percentage of ownership (%)	Fair value	
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).
10. Significant transactions and business relationship between the parent company and its subsidiaries:

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(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counterparty	Relatio nship (Note 2)	Transactions			
				Account	Amount	Trading terms	Percentage of the consolidated revenue or total assets
1	RGP	RJM	1	Operating revenues	30,290	The price is based on mutually agreed prices. 45~60 days	12.90%
1	RGP	RJM	1	Trade receivables	25,527		1.83%

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 March 31, 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 March 31, 2023			Net income (losses) of investee (Note 1)	Investment income or loss recognized in the period (Note 1 and Note 2)	Note
				March 31, 2023 (Note 2)	December 31, 2022	Shares (thousand)	Percenta ge of ownershi p	Carrying amount (Note 1)			
The Company	RJM	Thailand	Designing, manufacturin g, and selling jewelry and gems	300,000	300,000	4,549,998	99.99%	864,303	(80,417)	(80,417)	Eliminated in the consolidate 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	28,427	26,652	6,993,000	99.90%	1,763	(2,226)	(2,224)	"
The Company	RIC	Taiwan	Selling jewelry and gems	45,000	45,000	4,500,000	100.00%	6,581	(959)	(959)	"
RJM	RGP	Thailand	Plating jewelry and gems	11,441 (THB 12,750)	11,440 (THB 12,750)	127,500	51.00%	85,097 (THB 94,837)	(7,385) (THB (8,197))	(3,288) (THB (3,650))	"
RJM	Linden	Thailand	Selling jewelry and gems	3,517 (THB 3,920)	3,505 (THB 3,920)	392,000	49.00%	618 (THB 689)	(19) (THB (21))	(219) (THB (243))	"
RJM	RPM	Thailand	Metal recycling	53,784 (THB 59,940)	53,592 (THB 59,940)	999,000	99.90%	52,537 (THB 58,550)	(770) (THB (855))	(769) (THB (854))	"

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 paid-in capital of the subsidiaries invested by the Company was calculated using historical exchange rates; the paid-in capital of the subsidiaries invested by RJM was calculated using the exchange rate as of March 31, 2023 (closing rate THB:NTD=1:0.8973), and the rest was calculated using the average exchange rate (THB:NTD=1:0.9009).

(c) Information on investments in China:

1. The names of investees in China, the main business, and other related information: None.
2. Limitation on investments in China: Not applicable.
3. Significant inter-company transactions with China investee: None

(d) Information about major shareholders:

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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.

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(14) Segment information:

January 1, 2023 to March 31, 2023				
	Manufacturing and selling jewelry and gems department	Electroplating department	Adjustments and eliminations	Total
Revenues:				
Revenues from external customers	\$ 219,149	15,647	-	234,796
Inter-segment revenues	-	30,290	(30,290)	-
Total revenues	<u><u>\$ 219,149</u></u>	<u><u>45,937</u></u>	<u><u>(30,290)</u></u>	<u><u>234,796</u></u>
Profit or loss of reportable segment	<u><u>\$ (84,264)</u></u>	<u><u>(7,591)</u></u>	<u><u>-</u></u>	<u><u>(91,855)</u></u>
January 1, 2022 to March 31, 2022				
	Manufacturing and selling jewelry and gems department	Electroplating department	Adjustments and eliminations	Total
Revenues:				
Revenues from external customers	\$ 351,721	15,391	-	367,112
Inter-segment revenues	-	33	(33)	-
Total revenues	<u><u>\$ 351,721</u></u>	<u><u>15,424</u></u>	<u><u>(33)</u></u>	<u><u>367,112</u></u>
Profit or loss of reportable segment	<u><u>\$ (4,172)</u></u>	<u><u>(676)</u></u>	<u><u>-</u></u>	<u><u>(4,848)</u></u>

The eliminating inter-segment revenues from total reportable segment revenues for the periods of January 1 to March 31, 2023 and January 1 to March 31, 2022 were \$30,290 thousand and \$33 thousand, respectively.