

Stock Code : 4807

(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, 2022 and 2021**

**Address : Oleander Way, 802 West Bay Road, P. O. Box 32052, Grand
Cayman KY1-1208, Cayman Islands**

Telephone : 66-24-207440-1074

Table of Contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Interim Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of significant accounting policies	9~11
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	11
(6) Explanation of significant accounts	11~43
(7) Related-party transactions	44
(8) Pledged assets	44
(9) Significant commitments and contingencies	44
(10) Losses due to major disasters	45
(11) Subsequent events	45
(12) Other	45~46
(13) Other disclosures	
(a) Information on significant transactions	46~48
(b) Information on investees	48
(c) Information on investment in mainland China	48~49
(d) Information on major shareholders	49
(14) Segment information	50~51

Independent Auditors' 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, 2022 and 2021, and the consolidated statement of comprehensive income, changes in equity and cash flows for the three months ended June 30, 2022 and 2021, and six months ended June 30, 2022 and 2021, 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the three months ended June 30, 2022 and 2021, and for the six months ended June 30, 2022 and 2021, 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 generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Revenue recognition

Please refer to Note 6(r) of the consolidated financial statement for the related disclosures on revenue

recognition.

Description of key audit matter:

Revenue is one of the key performance indicators for evaluating the financial and operational performance of the Group and draws public attention. Therefore, the revenue recognition was considered one of the key audit matters in our audit.

How the matter was addressed in our audit:

Our audit procedures included:

Assessing and testing the design, as well as the effectiveness of the operation on internal controls over sales and collection cycle; conducting trend analysis on revenues generated from top ten customers to assess the existence of any significant exception; performing tests of detail on sales transactions to assess the existence of the transactions and the accuracy of the recognized sales as well as the timing of the recognition; performing sales cut-off test over a period prior and post to the balance sheet date by vouching related documents of sales transactions to determine whether revenue have been recognized in proper period.

2. Subsequent measurement of inventories

Please refer to Note 5 and Note 6(e) for the related disclosures on subsequent measurement of inventories.

Description of key audit matter:

The inventory of the Group comprises gems, jewelry and raw materials. Since fashion and trends keep changing rapidly and constantly, inventories might become out of date and difficult to meet market demand resulting in the risk that net realizable value of inventories is likely to be lower than costs.

The inventories are measured and recognized subsequently by the Group's management based on both internal and external evidence. Therefore, the subsequent measurement of inventories is considered one of the key audit matters in our audit.

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; obtaining details of subsequent measurement of inventories and understanding the reasonableness of selling prices adopted; 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.

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

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

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

related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

Taipei, Taiwan (Republic of China)

August 19, 2022

REGAL HOLDING CO., LTD. AND ITS SUBSIDIARIES**Consolidated Balance Sheets****June 30, 2022, December 31, 2021 and June 30, 2021****(Expressed in Thousands of New Taiwan Dollars)**

Assets		June 30, 2022		December 31, 2021		June 30, 2021		Liabilities and Equity		June 30, 2022		December 31, 2021		June 30, 2021	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
11xx	Current assets:							21xx	Current liabilities:						
1100	Cash and cash equivalents (note 6(a))	\$ 312,109	22	270,283	17	209,579	14	2100	Short-term loans (note 6(g) 、6(j) and note 8)	\$ -	-	44,264	3	46,851	3
1170	Trade receivables, net (note 6(c) and 6(r))	348,274	24	535,849	35	428,993	28	2120	Financial liabilities at fair value through profit or loss (note 6(k))	2,222	-	1,075	-	-	-
1200	Other receivables (note 6(d))	8,624	1	7,766	-	21,057	1	2150	Notes payables	1,456	-	144	-	304	-
1220	Current tax assets	20,085	1	14,982	1	27,589	2	2170	Trade payables	29,655	2	17,380	1	27,476	2
130x	Inventories (note 6(e))	376,377	26	371,176	24	451,259	30	2200	Other payables (note 6(o) and 6(s))	139,814	10	101,309	7	87,856	6
1470	Other current assets	16,282	1	12,001	1	11,792	1	2230	Current tax liabilities	10,106	1	36,979	2	23,656	1
	Total current assets	1,081,751	75	1,212,057	78	1,150,269	76	2280	Current lease liabilities (note 6(l))	892	-	900	-	892	-
15xx	Non-current assets:							2321	Bonds payable, current portion (note 6(k))	242,166	17	239,789	16	-	-
1517	Total non-current financial assets at fair value through other comprehensive income (note 6(b))	294	-	294	-	882	-	2399	Other current liabilities (note 6(r))	5,571	-	4,902	-	8,490	-
1600	Property, plant and equipment (note 6(g) 、(j) and note 8)	323,090	22	300,895	19	316,942	21		Total current liabilities	431,882	30	446,742	29	195,525	12
1755	Right-of-use assets (note 6(h) and 6(l))	1,640	-	1,186	-	1,631	-	25xx	Non-current liabilities:						
1780	Intangible assets (note 6(i))	9,052	1	9,114	1	10,519	1	2500	Non-current liabilities at fair value through profit or loss (note 6(k))	-	-	-	-	1,575	-
1840	Deferred tax assets	19,786	1	19,465	1	19,921	1	2530	Bonds payable (note 6(k))	-	-	-	-	237,298	16
1984	Other financial assets – non-current (note 8)	8,963	1	9,196	1	9,136	1	2570	Deferred tax liabilities	61,537	4	61,537	4	53,928	4
	Total non-current assets	362,825	25	340,150	22	359,031	24	2580	Non-current lease liabilities (note 6(l))	756	-	304	-	756	-
								2640	Net defined benefit liabilities – non-current	26,836	2	25,467	2	27,698	2
								2645	Guarantee deposits received	3,746	-	3,593	-	3,590	-
									Total non-current liabilities	92,875	6	90,901	6	324,845	22
								2xxx	Total liabilities	524,757	36	537,643	35	520,370	34
								31xx	Equity attributable to owners of the Company (note 6(f) 、6(k) 、6(o) and 6(p)) :						
								3100	Common stock	383,960	27	383,893	25	383,860	25
								3200	Capital surplus	375,499	26	439,099	28	439,036	29
								33xx	Retained earnings:						
								3310	Legal reserve	83,469	6	70,774	4	70,774	5
								3320	Special reserve	121,175	8	-	-	28,481	2
								3350	Accumulated deficits	(15,378)	(1)	133,870	9	36,121	2
									Total retained earnings	189,266	13	204,644	13	135,376	9
									Other equity:						
								3410	Exchange differences on translation of foreign financial statements	(101,496)	(7)	(116,635)	(7)	(69,356)	(4)
								3420	Losses from investments in equity instruments measured at fair value through other comprehensive income	(11,906)	(1)	(11,906)	(1)	(11,318)	(1)
								3491	Other equity – unearned compensation	-	-	-	-	(744)	-
									Total other equity	(113,402)	(8)	(128,541)	(8)	(81,418)	(5)
									Total equity attributable to owners of the Company	835,323	58	899,095	58	876,854	58
								36xx	Non-controlling interests (note 6(f) and 6(o))	84,496	6	115,469	7	112,076	8
								3xxx	Total equity	919,819	64	1,014,564	65	988,930	66
1xxx	Total assets	\$ 1,444,576	100	1,552,207	100	1,509,300	100	2-3xxx	Total liabilities and equity	\$ 1,444,576	100	1,552,207	100	1,509,300	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, 2022 and 2021

(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				
	2022		2021		2022		2021		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenues (note 6(r))	\$ 381,582	100	510,363	100	748,694	100	906,488	100
5000	Operating costs (note 6(e)、6(g)、6(h)、6(i)、6(l)、6(m) and note 12)	340,805	89	396,475	78	653,241	87	706,520	78
5900	Gross profit	40,777	11	113,888	22	95,453	13	199,968	22
6000	Operating expenses (note 6(c)、6(g)、6(h)、6(i)、6(l)、6(m)、6(p)、6(s)、note 7 and note 12):								
6100	Selling expenses	14,413	4	16,232	3	27,840	4	34,521	4
6200	Administrative expenses	35,270	9	39,830	8	75,219	10	82,213	9
6300	Research and development expenses	14,304	4	15,629	3	28,337	4	31,120	3
6450	Impairment loss	945	-	577	-	956	-	518	-
	Total operating expenses	64,932	17	72,268	14	132,352	18	148,372	16
6900	Operating income (losses)	(24,155)	(6)	41,620	8	(36,899)	(5)	51,596	6
7000	Non-operating income and expenses (note 4、note 6(k)、6(l) and 6(t)):								
7100	Interest income	275	-	223	-	297	-	239	-
7010	Other income	3,768	1	1,565	-	5,631	-	3,654	-
7020	Other gains and losses	14,398	3	(2,538)	-	21,795	3	14,512	2
7050	Finance costs	(1,337)	-	(1,877)	-	(2,723)	-	(4,925)	(1)
	Total non-operating income and expenses	17,104	4	(2,627)	-	25,000	3	13,480	1
7900	Profit (losses) before income tax	(7,051)	(2)	38,993	8	(11,899)	(2)	65,076	7
7950	Less: income tax expenses (note 6(n))	3,479	1	14,727	3	3,470	-	25,592	3
8200	Profit (losses) for the period	(10,530)	(3)	24,266	5	(15,369)	(2)	39,484	4
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	(24,371)	(6)	(50,019)	(10)	16,957	2	(98,908)	(11)
8399	Less: income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-	-	-	-	-
8300	Other comprehensive income	(24,371)	(6)	(50,019)	(10)	16,957	2	(98,908)	(11)
8500	Total comprehensive income	\$ (34,901)	(9)	(25,753)	(5)	1,588	-	(59,424)	(7)
8600	Profit (losses) attributable to (note 6(f)):								
8610	Owners of the Company	\$ (10,700)	(3)	24,301	5	(15,378)	(2)	37,244	4
8620	Non-controlling interests	170	-	(35)	-	9	-	2,240	-
		\$ (10,530)	(3)	24,266	5	(15,369)	(2)	39,484	4
8700	Comprehensive income attributable to (note 6(f)):								
8710	Owners of the Company	\$ (33,256)	(9)	(20,579)	(4)	(239)	-	(50,798)	(6)
8720	Non-controlling interests	(1,645)	-	(5,174)	(1)	1,827	-	(8,626)	(1)
		\$ (34,901)	(9)	(25,753)	(5)	1,588	-	(59,424)	(7)
	Earnings (losses) per share (New Taiwan Dollars) (note 6(q))								
9750	Basic earnings (losses) per share	\$ (0.28)		0.63		(0.40)		0.97	
9850	Diluted earnings (losses) per share	\$ (0.28)		0.55		(0.40)		0.87	

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, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of the Company							Other equity		Total equity attributable to owners of the Company	Non-controlling interests	Total equity
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign operations	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	Others			
Balance at January 1, 2021	\$ 383,860	439,036	70,774	28,481	(1,123)	98,132	18,686	(11,318)	(1,750)	926,646	157,616	1,084,262
Profit for the period	-	-	-	-	37,244	37,244	-	-	-	37,244	2,240	39,484
Other comprehensive income	-	-	-	-	-	-	(88,042)	-	-	(88,042)	(10,866)	(98,908)
Total comprehensive income	-	-	-	-	37,244	37,244	(88,042)	-	-	(50,798)	(8,626)	(59,424)
Share-based payments	-	-	-	-	-	-	-	-	1,006	1,006	-	1,006
Cash dividends distributed by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(36,914)	(36,914)
Balance at June 30, 2021	\$ 383,860	439,036	70,774	28,481	36,121	135,376	(69,356)	(11,318)	(744)	876,854	112,076	988,930
Balance at January 1, 2022	\$ 383,893	439,099	70,774	-	133,870	204,644	(116,635)	(11,906)	-	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)	-	-	-	-	-	-	-
Cash dividends distribution through 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	1,818	16,957
Total comprehensive income	-	-	-	-	(15,378)	(15,378)	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)	-	835,323	84,496	919,819

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, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars)**

	For the six months ended June 30	
	2022	2021
Cash flows from (used in) operating activities:		
Profit (losses) before tax	\$ (11,899)	65,076
Adjustments:		
Adjustments to reconcile profit (losses):		
Depreciation expenses	27,841	25,724
Amortization expenses	1,437	2,095
Expected credit losses (gains)	(956)	518
Interest expenses	2,723	4,925
Interest income	(297)	(239)
Share-based payments	-	1,006
Gains on disposal of property, plant and equipment	(260)	(550)
Losses on disposal of intangible assets	28	-
Gains on disposal of investments	(150)	-
Gains on lease modification	(17)	-
Unrealized losses on financial liabilities at fair value through profit or loss	1,148	575
Unrealized foreign exchange losses (gains)	660	1,471
Total adjustments to reconcile profit (losses)	<u>32,157</u>	<u>35,525</u>
Changes in operating assets and liabilities:		
Trade receivables	187,650	3,518
Other receivables	(858)	(681)
Inventories	(5,201)	(142,610)
Other current assets	(4,281)	1,620
Total changes in operating assets	<u>177,310</u>	<u>(138,153)</u>
Notes payables	1,312	(104)
Trade payables	13,088	(230)
Other payables	(25,813)	(9,452)
Other current liabilities	669	4,057
Net defined benefit liabilities	1,369	2,021
Total changes in operating liabilities	<u>(9,375)</u>	<u>(3,708)</u>
Total changes in operating assets and liabilities	<u>167,935</u>	<u>(141,861)</u>
Total adjustments	<u>200,092</u>	<u>(106,336)</u>
Cash inflows generated from operations	188,193	(41,260)
Interest received	297	239
Interest paid	(153)	(2,152)
Income tax paid	(35,767)	(14,477)
Net cash flows from operating activities	<u>152,570</u>	<u>(57,650)</u>
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(45,689)	(44,632)
Proceeds from disposal of property, plant and equipment	535	813
Acquisition of intangible assets	(1,288)	(1,402)
Decrease (increase) in other financial assets — non-current	233	(257)
Net cash flows used in investing activities	<u>(46,209)</u>	<u>(45,478)</u>
Cash flows from (used in) financing activities:		
Decrease in short-term loans	(44,387)	(311,705)
Increase in guarantee deposits received	153	118
Payments of lease liabilities	(457)	(457)
Changes in non-controlling interests	547	-
Cash dividends paid to non-controlling interests	(33,347)	(36,914)
Net cash flows used in financing activities	<u>(77,491)</u>	<u>(348,958)</u>
Effect of exchange rate changes on cash and cash equivalents	12,956	(12,592)
Net increase (decrease) in cash and cash equivalents	41,826	(464,678)
Cash and cash equivalents at the beginning of period	270,283	674,257
Cash and cash equivalents at the end of period	<u>\$ 312,109</u>	<u>209,579</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

Notes to the Consolidated Interim Financial Statements

June 30, 2022 and 2021

(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. ("R.JM") 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(r).

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

The consolidated financial statements were approved by the Board of Directors on August 19, 2022.

(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, 2022:

- Amendments to IAS 16, "Property, Plant and Equipment - Price before reaching Expected Condition to Use"
- Amendments to IAS 37, "Onerous Contracts - Costs of Contracts Fulfillment"
- Annual Improvements to IFRS for the 2018-2020 Cycle
- Amendments to IFRS 3, "References to Conceptual Framework"

- (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, 2023, will not have a material impact on the consolidated financial statements:

- 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"

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

(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 related amendments
- Amendments to IAS 1, "Classification of Liabilities as Current or Noncurrent"

(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 2021 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 2021. For related information, please refer to Note 4(c) of the 2021 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, 2022	December 31, 2021	June 30, 2021
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	100.00% (Note 4)	100.00%	100.00%
The Company	Regal Management Solution Co., Ltd. (RMS)	Technical services and	99.90% (Note 1)	99.99% (Note 1)	99.99% (Note 1)

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

		resources consulting			
The Company	Chaporo Co., Ltd. (Chaporo)	Investment activities	70.00% (Note 4)	70.00%	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%
RJM	Regal Precious Metal Innovation Co., Ltd. (RPM) (Note 3)	Metal recycling	99.90%	- %	- %
RJM	Linden Integrated Co., Ltd. (Linden) (Note 2)	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)	100.00%	100.00%

Note 1 : The Company increased its capital by 4,000 thousand Thai Baht on March 19, 2021, and increased its capital by 2,500 thousand Thai Baht on February 23, 2022 and June 22, 2022, respectively, after the resolution of the Board of Directors.

Note 2 : 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, the Company increased its capital by 536 thousand Thai Baht.

Note 3 : 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 4 : On March 11, 2022, the Group's Board of Directors resolved to terminate the operations of the subsidiary, and the liquidation procedures are still in progress. A gain on disposal of \$105 thousand was recognized in the current period and was recorded under other gains or losses.

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.

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

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 2021 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, 2021. Please refer to Note 6 of the 2021 annual consolidated financial statements.

(a) Cash and cash equivalents

	June 30, 2022	December 31, 2021	June 30, 2021
Cash	\$ 908	888	897
Demand deposits	201,198	248,429	186,757
Checking deposits	57	40	44
Fixed deposits	109,946	20,926	21,881
Cash and cash equivalents in consolidated statement of cash flows	\$ 312,109	270,283	209,579

For the interest rate risk and sensitivity analysis of the Company's consolidated financial assets and liabilities, please refer to Note 6(u).

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

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Financial assets at fair value through other comprehensive income:			
Unlisted stocks – foreign companies	<u>\$ 294</u>	<u>294</u>	<u>882</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(u).

(c) Trade receivables

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Trade receivables	\$ 349,425	537,664	430,441
Less: allowance for loss	(1,151)	(1,815)	(1,448)
	<u>\$ 348,274</u>	<u>535,849</u>	<u>428,993</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

	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>
	December 31, 2021		
	Book value of trade receivables	Lifetime expected credit loss rate (%)	Allowance for lifetime expected credit loss
Not yet due	\$ 316,748	-	-
Past due 1~30 days	128,753	-	-
Past due 31~60 days	584	-	-
Past due 91~180 days	62	12.14	8
	<u>\$ 446,147</u>		<u>8</u>
	June 30, 2021		
	Book value of trade receivables	Lifetime expected credit loss rate (%)	Allowance for lifetime expected credit loss
Not yet due	\$ 319,783	-	-
Past due 1~30 days	44,063	-	-
Past due 31~60 days	83	-	-
Past due 91~180 days	300	11.43	34
	<u>\$ 364,229</u>		<u>34</u>

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

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

	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>
	December 31, 2021		
	Book value of trade receivables	Lifetime expected credit loss rate (%)	Allowance for lifetime expected credit loss
Not yet due	\$ 60,763	0.57	347
Past due 1~30 days	18,667	1.56	291
Past due 31~60 days	9,239	7.57	699
Past due 61~90 days	788	16.68	131
Past due 91~180 days	462	34.53	160
Past due 181~365 days	264	98.34	260
Over 1 year	1,334	100.00	1,334
	<u>\$ 91,517</u>		<u>3,222</u>
	June 30, 2021		
	Book value of trade receivables	Lifetime expected credit loss rate (%)	Allowance for lifetime expected credit loss
Not yet due	\$ 55,847	0.46	259
Past due 31~60 days	8,449	1.91	161
Past due 61~90 days	440	25.14	111
Past due 181~365 days	489	85.16	416
Over 1 year	987	100.00	987
	<u>\$ 66,212</u>		<u>1,934</u>

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

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

	<u>For the six months ended June 30</u>	
	<u>2022</u>	<u>2021</u>
Balance at the beginning	\$ 1,815	6,388
Impairment losses recognized (reversed)	956	518
Amounts written off	(1,648)	(5,160)
Foreign currency translation effects	28	(298)
Balance at the end	<u>\$ 1,151</u>	<u>1,448</u>

(d) Other receivables

	<u>June 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>June 30,</u> <u>2021</u>
Other receivables	\$ 24,151	23,070	21,057
Less: allowance for loss	(15,527)	(15,304)	-
	<u>\$ 8,624</u>	<u>7,766</u>	<u>21,057</u>

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

	<u>For the six months ended June 30</u>	
	<u>2022</u>	<u>2021</u>
Balance at the beginning	\$ 15,304	-
Foreign currency translation effects	223	-
Balance at the end	<u>\$ 15,527</u>	<u>-</u>

Group did not have any past due other receivables as of June 30, 2022, December 31, 2021 and June 30, 2021.

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

(e) Inventories

	<u>June 30, 2022</u>		
	<u>Cost</u>	<u>Allowance for devaluation and obsolescence</u>	<u>Net realizable value</u>
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
	<u>\$ 468,478</u>	<u>92,101</u>	<u>376,377</u>

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

	December 31, 2021		
	Cost	Allowance for devaluation and obsolescence	Net realizable value
Raw materials	\$ 269,967	50,482	219,485
Work in process	129,969	10,183	119,786
Finished goods	29,554	7,380	22,174
Supplies and spare parts	12,437	2,706	9,731
	\$ 441,927	70,751	371,176

	June 30, 2021		
	Cost	Allowance for devaluation and obsolescence	Net realizable value
Raw materials	\$ 333,815	48,712	285,103
Work in process	148,192	8,921	139,271
Finished goods	28,618	7,414	21,204
Supplies and spare parts	12,476	6,795	5,681
	\$ 523,101	71,842	451,259

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

	For the six months ended June 30	
	2022	2021
Balance at the beginning	\$ 70,751	75,491
Provision of the allowance for inventory devaluation and obsolescence	21,102	2,658
Scrap loss	(506)	-
Foreign currency translation effects	754	(6,307)
Balance at the end	\$ 92,101	71,842

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

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Loss on the allowance for inventory devaluation and obsolescence	\$ 20,587	58	21,102	2,658
Revenue from sales of scrap	(35,829)	(5,224)	(36,351)	(10,213)
	\$ (15,242)	(5,166)	(15,249)	(7,555)

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

As of June 30, 2022, December 31, 2021 and June 30, 2021, 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:

<u>Subsidiary</u>	<u>Main operation place / country of incorporation</u>	<u>Percentage of non-controlling interests</u>		
		<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
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:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Current assets	\$ 164,435	227,124	208,337
Non-current assets	22,513	26,819	32,790
Current liabilities	(14,586)	(17,999)	(12,079)
Non-current liabilities	(1,598)	(1,264)	(1,177)
Net assets	<u>\$ 170,764</u>	<u>234,680</u>	<u>227,871</u>
Non-controlling interests	<u>\$ 83,674</u>	<u>114,993</u>	<u>111,657</u>

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

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Sales revenue	<u>\$ 73,881</u>	<u>66,352</u>	<u>\$ 128,496</u>	<u>137,481</u>
Net income	640	336	\$ 412	5,641
Other comprehensive income	(3,663)	(10,431)	3,729	(22,051)
	<u>\$ (3,023)</u>	<u>(10,095)</u>	<u>\$ 4,141</u>	<u>(16,410)</u>
Profit for current period attributable to non-controlling interests	<u>\$ 314</u>	<u>165</u>	<u>\$ 202</u>	<u>2,764</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ (1,481)</u>	<u>(4,947)</u>	<u>\$ 2,029</u>	<u>(8,041)</u>
Net cash flows from operating activities			\$ 15,602	24,116
Net cash flows used in investing activities			(342)	(711)
Net cash flows used in financing activities			<u>(68,056)</u>	<u>(75,336)</u>
Net increase (decrease) in cash and cash equivalents			<u>\$ (52,796)</u>	<u>(51,931)</u>
Dividends paid to non-controlling interests			<u>\$ (33,347)</u>	<u>(36,914)</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, 2022 and 2021 were as follows:

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

	Land	Buildings	Machinery and equipment	Transporta tion equipment	Office equipment	Land improvement	Equipment to be inspected	Total
Cost or deemed as cost:								
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>
Balance at January 1, 2021	\$ 166,951	239,723	309,352	28,933	136,930	10,271	3,994	896,154
Additions	-	41	23,889	2	5,081	-	15,619	44,632
Disposals	-	-	(7,357)	(3,225)	(1,529)	-	-	(12,111)
Reclassification	-	-	6,591	-	770	-	(7,361)	-
Foreign currency translation effect	(14,186)	(20,372)	(27,421)	(2,299)	(11,886)	(758)	(743)	(77,665)
Balance at June 30, 2021	<u>\$ 152,765</u>	<u>219,392</u>	<u>305,054</u>	<u>23,411</u>	<u>129,366</u>	<u>9,513</u>	<u>11,509</u>	<u>851,010</u>
Accumulated depreciation and impairment losses:								
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>\$ -</u>	<u>173,853</u>	<u>236,181</u>	<u>11,773</u>	<u>109,615</u>	<u>9,067</u>	<u>-</u>	<u>540,489</u>
Balance at January 1, 2021	\$ -	176,580	250,168	20,552	112,547	9,796	-	569,643
Depreciation	-	6,044	11,534	1,471	6,164	67	-	25,280
Disposals	-	-	(7,276)	(3,047)	(1,525)	-	-	(11,848)
Foreign currency translation effect	-	(15,300)	(21,466)	(1,668)	(9,850)	(723)	-	(49,007)
Balance at June 30, 2021	<u>\$ -</u>	<u>167,324</u>	<u>232,960</u>	<u>17,308</u>	<u>107,336</u>	<u>9,140</u>	<u>-</u>	<u>534,068</u>
Carrying amount:								
Balance at January 1, 2022	<u>\$ 145,829</u>	<u>50,685</u>	<u>69,622</u>	<u>4,971</u>	<u>23,959</u>	<u>646</u>	<u>5,183</u>	<u>300,895</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>
Balance at June 30, 2021	<u>\$ 152,765</u>	<u>52,068</u>	<u>72,094</u>	<u>6,103</u>	<u>22,030</u>	<u>373</u>	<u>11,509</u>	<u>316,942</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, 2022	\$ 2,668
Additions	2,087
Disposal (early termination)	<u>(2,668)</u>
Balance at June 30, 2022	<u>\$ 2,087</u>
Accumulated depreciation:	
Balance at January 1, 2022	\$ 1,482
Depreciation	447
Disposal (early termination)	<u>(1,482)</u>
Balance at June 30, 2022	<u>\$ 447</u>

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

	Buildings
Balance at January 1, 2021	\$ 593
Depreciation	444
Balance at June 30, 2021	\$ 1,037
Carrying amount	
Balance at January 1, 2022	\$ 1,186
Balance at June 30, 2022	\$ 1,640
Balance at June 30, 2021	\$ 1,631

(i) Intangible assets

The cost, amortization and impairment losses of the intangible assets of the Group for the six months ended at June 30, 2022 and 2021 were as follows:

	Computer software	Trademark	Total
Costs:			
Balance at January 1, 2022	\$ 54,392	1,223	55,615
Additions	1,285	3	1,288
Disposal	(77)	-	(77)
Foreign currency translation effect	742	18	760
Balance at June 30, 2022	\$ 56,342	1,244	57,586
Balance at January 1, 2021	\$ 59,536	1,276	60,812
Additions	1,367	35	1,402
Reclassification	(124)	124	-
Foreign currency translation effect	(4,913)	(118)	(5,031)
Balance at June 30, 2021	\$ 55,866	1,317	57,183
Amortization and impairment loss:			
Balance at January 1, 2022	\$ 46,417	84	46,501
Amortization	1,421	16	1,437
Disposal	(49)	-	(49)
Foreign currency translation effect	634	11	645
Balance at June 30, 2022	\$ 48,423	111	48,534
Balance at January 1, 2021	\$ 48,690	12	48,702
Amortization	2,054	41	2,095
Foreign currency translation effect	(4,130)	(3)	(4,133)
Balance at June 30, 2021	\$ 46,614	50	46,664

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

Carrying amount:

Balance at January 1, 2022	<u>\$ 7,975</u>	<u>1,139</u>	<u>9,114</u>
Balance at June 30, 2022	<u>\$ 7,919</u>	<u>1,133</u>	<u>9,052</u>
Balance at June 30, 2021	<u>\$ 9,252</u>	<u>1,267</u>	<u>10,519</u>

(j) Short-term loans

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Credit loans	<u>\$ -</u>	<u>44,264</u>	<u>46,851</u>
Unused credit lines	<u>\$ 974,171</u>	<u>925,093</u>	<u>1,013,188</u>
Interest rate (%)	<u>0</u>	<u>0.96~2.10</u>	<u>0.96~0.98</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:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Total convertible corporate bonds issued	<u>\$ 250,000</u>	<u>250,000</u>	<u>250,000</u>
Unamortized discount amount on corporate bonds payable	<u>(7,534)</u>	<u>(10,111)</u>	<u>(12,702)</u>
Cumulative redemption amount	<u>-</u>	<u>-</u>	<u>-</u>
Cumulative conversion amount	<u>(300)</u>	<u>(100)</u>	<u>-</u>
Balance of corporate bonds payable at year-end	<u>\$ 242,166</u>	<u>239,789</u>	<u>237,298</u>
Embedded derivatives – call and put options (recorded as financial liabilities at fair value through profit or loss)	<u>\$ 2,222</u>	<u>1,075</u>	<u>1,575</u>
Equity component – conversion rights (recorded as capital surplus - stock options)	<u>\$ 10,754</u>	<u>10,763</u>	<u>-</u>
	<u>For the three months ended June 30</u>	<u>For the six months ended June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>
Remeasurement losses of call and put options (recorded as other gains and losses)	<u>\$ 1,273</u>	<u>100</u>	<u>1,148</u>
	<u>2021</u>	<u>2021</u>	<u>2021</u>
Interest expenses	<u>\$ 1,295</u>	<u>1,269</u>	<u>2,570</u>
	<u>2,517</u>	<u>2,517</u>	<u>2,517</u>

The Group did not issue, repurchase or repay the corporate bonds payables for the six months ended at June 30, 2022 and 2021. For more information, please refer to Note 6(k) of the

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

consolidated financial report for the year 2021.

Please refer to Note 6(o) for information on the conversion of corporate bonds payable to ordinary shares from January 1, 2022 to June 30, 2022. There was no conversion of corporate bonds payable into ordinary shares from January 1, 2021 to June 30, 2021.

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Embedded derivative financial instruments (put options and call options)		
Balance at the beginning	\$ 1,075	1,000
Valuation loss in the period	1,148	575
Conversion in the period	(1)	-
	<u>\$ 2,222</u>	<u>1,575</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 and June 30, 2022.

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Balance at the beginning	\$ 10,763	10,767
Addition in the period	-	-
Less: underwriting expenses	-	-
Conversion in the period	(9)	-
Balance at the end	<u>\$ 10,754</u>	<u>10,767</u>

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

(l) Lease liabilities

The lease liabilities of the Group were as follows:

	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

	December 31, 2021		
	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, 2021		
	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

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

The amounts recognized in profit or losses were as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	2022	2021	2022	2021
Interests on lease liabilities	<u>\$ 12</u>	<u>8</u>	<u>17</u>	<u>17</u>
Expenses related to short-term leases	<u>\$ 192</u>	<u>540</u>	<u>816</u>	<u>829</u>
Expenses related to leases of low-value assets (excluding short-term leases of low-value assets)	<u>\$ 100</u>	<u>119</u>	<u>210</u>	<u>247</u>

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

	<u>For the six months ended June 30</u>	
	2022	2021
Total cash outflow for leases	<u>\$ 1,500</u>	<u>1,550</u>

1. Leases about buildings

The Group leases buildings for its office space, which typically run for a period of 2 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, 2021 and 2020 to measure and disclose in interim periods.

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

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

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Operating costs	\$ 791	631	1,576	1,294
Operating expenses	323	355	644	727
	\$ 1,114	986	2,220	2,021

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 \$77 thousand and \$189 thousand for the three months ended June 30, 2022 and 2021; and amounted to \$181 thousand and \$252 thousand for the six months ended June 30, 2022 and 2021, respectively.

(n) Income taxes

1. The Company was incorporated in the Cayman Islands, 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 expenses of the Group were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Current period tax expense	\$ 3,479	14,727	3,470	25,592

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.

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

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 2020.

(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, 2022 and 2021. For the relevant information, please refer to Note 6(o) of the consolidated financial statements for 2021.

Reconciliation of shares outstanding and issued of the Group for the six months ended June 30, 2022 and 2021 were as follows:

		(Unit: thousand shares)	
		Common Stock	
		For the six months ended June 30	
		2022	2021
Balance of outstanding shares on January 1		38,389	38,273
Conversion of convertible bonds		7	-
Balance of outstanding shares on June 30		<u>38,396</u>	<u>38,273</u>
Total restricted shares granted to employees on June 30		-	113
Balance of total shares issued on June 30		<u>38,396</u>	<u>38,386</u>

As of June 30, 2022, December 31, 2021 and June 30, 2021, 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. There were \$383,960 thousand, \$383,893 thousand and \$383,860 thousand ordinary shares issued at December 31, 2022, December 31, 2021 and June 30, 2021, respectively.

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, 2021 to June 30, 2021.

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

2. Capital surplus

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Share premium on stock issuance	\$ 354,846	418,437	418,370
Restricted shares for employees	9,899	9,899	9,899
Issuance of convertible bonds-stock options	10,754	10,763	10,767
	<u>\$ 375,499</u>	<u>439,099</u>	<u>439,036</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 2020 was resolved by the shareholders' meeting on July 30, 2021, and the dividend distributed to the shareholders were as follows:

	<u>2020</u>	
	<u>Amount per share</u>	<u>Total Amount</u>
Dividends distributed to shareholders:		
Cash	\$ 0.500	<u>19,193</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

	<u>Exchange differences on translation of foreign financial statements</u>	<u>Unrealized gains (losses) from financial assets measured at fair value through profit or loss</u>	<u>Share-based payments- un earned compensatio n</u>	<u>Total</u>
Balance at January 1, 2022	\$ (116,635)	(11,906)	-	(128,541)

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

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>-</u>	<u>(113,402)</u>
Balance at January 1, 2021	\$ 18,686	(11,318)	(1,750)	5,618
Exchange differences on foreign operations	(88,042)	-	-	(88,042)
Share-based payments	-	-	1,006	1,006
Balance at June 30, 2021	<u>\$ (69,356)</u>	<u>(11,318)</u>	<u>(744)</u>	<u>(81,418)</u>

5. Non-controlling interests, net of tax

	<u>For the six months ended June 30</u>	
	<u>2022</u>	<u>2021</u>
Balance at the beginning	\$ 115,469	157,616
Share attributable to non-controlling interests:		
Net income	9	2,240
Exchange differences on foreign operations	1,818	(10,866)
Changes in non-controlling interests	547	-
Subsidiaries distributed cash dividends to non-controlling interests	<u>(33,347)</u>	<u>(36,914)</u>
	<u>\$ 84,496</u>	<u>112,076</u>

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

(p) Share-based payments

The information about restricted shares for employees was as follows:

	(Unit: thousand shares)	
	<u>For the six months ended June 30</u>	
	<u>2022</u>	<u>2021</u>
Number of shares on June 30	-	<u>113</u>

From January 1, 2021 to June 30, 2021, the Company recognized share-based payment costs of \$1,006 thousand. The unvested share-based payments were \$744 thousand as of June 30, 2021, which was recorded as a deduction from other equity. For the changes in equity resulting from the issuance and cancellation of new shares with restricted employee rights, please refer to Note 6(o) of the consolidated financial statements of year 2021.

(q) Earnings per share

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

	(Unit: thousand shares)			
	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Basic earnings per share:				
Net income (losses) attributable to common stocks	<u>\$ (10,700)</u>	<u>24,301</u>	<u>(15,378)</u>	<u>37,244</u>
Weighted-average number of common stock outstanding	<u>38,396</u>	<u>38,273</u>	<u>38,394</u>	<u>38,273</u>
Basic earnings per share (New Taiwan Dollar)	<u>\$ (0.28)</u>	<u>0.63</u>	<u>(0.40)</u>	<u>0.97</u>

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

	(Unit: thousand shares)			
	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Diluted earnings per share:				
Net income (losses) attributable to common stocks	\$ (10,700)	24,301	(15,378)	37,244
Interest expenses of convertible bonds	-	1,269	-	2,517
Losses from remeasurement of financial liabilities at fair value through profit or loss	-	100	-	575
Net income (losses) attributable to common stocks - diluted	<u>\$ (10,700)</u>	<u>25,670</u>	<u>(15,378)</u>	<u>40,336</u>
Weighted-average number of common stock outstanding	38,396	38,273	38,394	38,273
Potential dilutive effect on common stocks				
Employees' compensation	-	17	-	17
Conversion of convertible bonds	-	8,197	-	8,197
Unvested restricted employee shares	-	83	-	83
Weighted-average number of common stock outstanding - diluted	<u>38,396</u>	<u>46,570</u>	<u>38,394</u>	<u>46,570</u>
Diluted earnings per share (New Taiwan Dollar)	<u>\$ (0.28)</u>	<u>0.55</u>	<u>(0.40)</u>	<u>0.87</u>

The periods from April 1, 2022 to June 30, 2022 and from January 1, 2022 to June 30, 2022 were net loss. The potential ordinary shares outstanding have anti-dilution effect, and the amount of their impact has not been disclosed.

(r) Revenue from contracts with customers

1. Disaggregation of revenue

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Primary markets:				
Thailand	\$ 244,573	307,222	394,259	492,907
United States	31,935	86,072	65,888	174,011
France	39,677	34,533	110,632	78,610
United Kingdom	24,494	33,525	65,457	63,070

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

(Unit: thousand shares)

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Canada	12,936	24,868	40,304	45,539
Others	27,967	24,143	72,154	52,351
	\$ 381,582	510,363	748,694	906,488

	2022	2021	2022	2021
Main products/service lines:				
Designing, manufacturing and selling jewelry and gems	\$ 356,886	493,068	708,607	875,176
Electroplating	24,696	17,295	40,087	31,312
	\$ 381,582	510,363	748,694	906,488

2. Remaining balance of contracts

	June 30, 2022	December 31, 2021	June 30, 2021
Trade receivables	\$ 349,425	537,664	430,441
Less: allowance for loss	(1,151)	(1,815)	(1,448)
Total	\$ 348,274	535,849	428,993
Contract liabilities (recorded as other current liabilities)	\$ 1,193	1,766	3,856

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

The opening balances of contract liabilities on January 1, 2022 and 2021 which were recognized as income from April 1 to June 30, 2022, April 1 to June 30, 2021, and January 1 to June 30, 2022, and January 1 to June 30, 2021 were \$116 thousand, \$25 thousand, \$1,709 thousand and \$3,605 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.

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

(s) 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.

The estimated amounts of employees' compensation for the periods of April 1, 2022 to June 30, 2022, April 1, 2021 to June 30, 2021, January 1, 2022 to June 30, 2022 and January 1, 2021 to June 30, 2021 are \$0 thousand, \$262 thousand, \$0 thousand and \$427 thousand, respectively, and the estimated amounts of directors' remuneration are \$0. These amounts were calculated using the Company's net income before tax without the compensation to employees and directors for each period, multiplied by the proposed percentage which is stated under the Company's Article of Incorporation. These compensations were expensed under operating expenses for each period.

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.

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

The Company's employee compensation and directors' remuneration approved by the Board of Directors for the year 2020 were \$360 thousand and \$0 thousand, respectively. The difference between the estimated amounts in the 2020 consolidated financial report and the approved amount was \$360 thousand. The Company recognized the difference as profit or loss in year 2021. 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.

(t) 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>	
	2022	2021	2022	2021
Interest income from bank deposits	<u>\$ 275</u>	<u>223</u>	<u>297</u>	<u>239</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>	
	2022	2021	2022	2021
Others	<u>\$ 3,768</u>	<u>1,565</u>	<u>5,631</u>	<u>3,654</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>	
	2022	2021	2022	2021
Gains on disposal of property, plant and equipment	\$ 320	99	260	550
Losses on disposal of intangible assets	-	-	(28)	-
Gains on disposal of investments	105	-	105	-
Gains on lease modification	17	-	17	-
Foreign exchange gains (losses)	16,021	(2,504)	23,353	14,570

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

Losses from financial liabilities at fair value through profit or loss	(1,273)	(100)	(1,148)	(575)
Others	(792)	(33)	(764)	(33)
Total	<u>\$ 14,398</u>	<u>(2,538)</u>	<u>21,795</u>	<u>14,512</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>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Interest expenses from bank loans	\$ 30	600	136	2,391
Corporate bonds payable	1,295	1,269	2,570	2,517
Interest expenses from lease liabilities	12	8	17	17
	<u>\$ 1,337</u>	<u>1,877</u>	<u>2,723</u>	<u>4,925</u>

(u) 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 2021 consolidated financial statements.

REGAL HOLDING CO., LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim 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. The Group's trade receivables were obviously concentrated on three main customers, which accounted for 79%, 84% and 84% of the total amount of trade receivables as of June 30, 2022, December 31, 2021 and June 30, 2020. As of June 30, 2022, December 31, 2021 and June 30, 2020, the Group's trade receivables concentrated on three main customers were \$275,077 thousand, \$444,817 thousand and \$361,052 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
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

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

December 31, 2021

Non-derivative financial liabilities						
Short-term loans	\$	44,264	44,264	44,264	-	-
Payables		118,833	118,833	118,833	-	-
Lease liabilities		1,204	1,204	900	304	-
Corporate bonds payable (including embedded derivative financial instruments)		240,864	240,864	240,864	-	-
Guarantee deposits received		3,593	3,593	-	-	3,593
	\$	408,758	408,758	404,861	304	3,593

June 30, 2021

Non-derivative financial liabilities						
Short-term loans	\$	46,851	46,851	46,851	-	-
Payables		115,636	115,636	115,636	-	-
Lease liabilities		1,648	1,648	892	756	-
Corporate bonds payable (including embedded derivative financial instruments)		238,873	238,873	-	238,873	-
Guarantee deposits received		3,590	3,590	-	-	3,590
	\$	406,598	406,598	163,379	239,629	3,590

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:

	June 30, 2022			December 31, 2021			June 30, 2021		
	Foreign currency (in thousan dth)	Exchan ge rate	Amoun t	Foreign curren cy (in thousa ndth)	Exchan ge rate	Amoun t	Foreign curren cy (in thousa ndth)	Exchan ge rate	Amoun t
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 5,802	29.72	172,430	7,418	27.68	205,326	5,893	27.86	164,173
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	276	29.72	8,190	2,393	27.68	66,237	2,319	27.86	64,614

(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 trade receivables and short-term loans, which are denominated in foreign currency.

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

With all other factors held constant, a strengthening (weakening) of the TWD against the USD for 1% as of June 30, 2022 and 2021 would have decreased (increased) profit before tax for the six months ended June 30, 2022 and 2021, by \$1,642 thousand and \$996 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 April 1 to June 30, 2022, April 1 to June 30, 2021, January 1 to June 30, 2022 and January 1 to June 30, 2021 were \$16,021 thousand, \$(2,504) thousand, \$23,353 thousand and \$14,570 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 profit before tax will decrease / increase by \$0 thousand and \$469 thousand for the six months ended June 30, 2022 and 2021 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:

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

	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 assets measured at amortized cost					
Cash and cash equivalents	312,109	-	-	-	-
Trade receivables	348,274	-	-	-	-
Other receivables	8,624	-	-	-	-
Other financial assets—non-current	8,963	-	-	-	-
Subtotal	677,970	-	-	-	-
Total	\$ 678,264	-	-	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
Financial liabilities measured at amortized cost					
Notes and accounts payables	31,111	-	-	-	-
Other payables	139,814	-	-	-	-
Lease liabilities	1,648	-	-	-	-
Bonds payables	242,166	-	-	-	-
Guarantee deposits received	3,746	-	-	-	-
Subtotal	418,485	-	-	-	-
Total	\$ 420,707	-	-	2,222	2,222

REGAL HOLDING CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements

	December 31, 2021				
	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 assets measured at amortized cost					
Cash and cash equivalents	270,283	-	-	-	-
Trade receivables	535,849	-	-	-	-
Other payables	7,766	-	-	-	-
Other financial assets— non-current	9,196	-	-	-	-
Subtotal	823,094	-	-	-	-
Total	\$ 823,388	-	-	294	294
Financial liabilities measured at fair value through profit or loss					
Put and call options of corporate bonds	\$ 1,075	-	-	1,075	1,075
Financial liabilities measured at amortized cost					
Bank loans	44,264	-	-	-	-
Notes and accounts payables	17,524	-	-	-	-
Other payables	101,309	-	-	-	-
Lease liabilities	1,204	-	-	-	-
Bonds payables	239,789	-	-	-	-
Guarantee deposits received	3,593	-	-	-	-
Subtotal	407,683	-	-	-	-
Total	\$ 408,758	-	-	1,075	1,075

	June 30, 2021				
	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	\$ 882	-	-	882	882
Financial assets measured at amortized cost					
Cash and cash equivalents	209,579	-	-	-	-
Trade receivables	428,993	-	-	-	-

REGAL HOLDING CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements

Other payables	21,057	-	-	-	-
Other financial assets— non-current	9,136	-	-	-	-
Subtotal	668,765	-	-	-	-
Total	\$ 669,647	-	-	882	882
Financial liabilities measured at fair value through profit or loss					
Put and call options of corporate bonds	\$ 1,575	-	-	1,575	1,575
Financial liabilities measured at amortized cost					
Bank loans	46,851	-	-	-	-
Notes and accounts payables	27,780	-	-	-	-
Other payables	87,856	-	-	-	-
Lease liabilities	1,648	-	-	-	-
Bonds payables	237,298	-	-	-	-
Guarantee deposits received	3,590	-	-	-	-
Subtotal	405,023	-	-	-	-
Total	\$ 406,598	-	-	1,575	1,575

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

(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.

(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 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	\$ 2,222	294	2,516
Balance at January 1, 2021	\$ 1,000	882	1,882
Recognized in profit or loss	575	-	575
Balance at June 30, 2021	\$ 1,575	882	2,457

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

The above total gains or losses were reported in “other gains or losses”. Among them, the figures that were related to the assets still held until June 30, 2022 and 2021 were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Total gains or losses				
Gains or losses (reported in “other gains or losses”)	\$ (1,273)	(100)	(1,148)	(575)

(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.

(v) Financial risk management

There were no significant changes in the Group's financial risk management objectives and the

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

policies from those disclosed in Note 6(v) of the 2021 consolidated financial statements.

(w) Capital management

The Group's capital management objectives, policies and procedures are consistent with those disclosed in the 2021 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 2021 consolidated financial statements.

(x) 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, 2022 and 2021 was as follows:

	January 1, 2022	Cash flows	Non-cash changes				June 30, 2022
			New / Cancel lease	Conversio n of 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	\$ 285,257	(44,844)	884	(193)	2,570	140	243,814

	January 1, 2021	Cash flows	Non-cash changes		June 30, 2022
			Discount amortization	Foreign exchange movement	
Short-term loans	\$ 370,140	(311,705)	-	(11,584)	46,851
Lease liabilities	2,088	(457)	-	17	1,648
Corporate bonds payable	234,781	-	2,517	-	237,298
Total liabilities from financing activities	\$ 607,009	(312,162)	2,517	(11,567)	285,797

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

(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	
	2022	2021	2022	2021
Short-term employee benefits	\$ 4,314	5,307	9,310	11,781
Post-employment benefits	36	35	72	71
	<u>\$ 4,350</u>	<u>5,342</u>	<u>9,382</u>	<u>11,852</u>

(8) Pledged assets:

Pledged assets	Object	June 30, 2022	December 31, 2021	June 30, 2021
Property, plant and equipment:				
Land	Short-term loans	\$ 147,960	145,829	152,765
Buildings	Short-term loans	15,471	18,630	23,059
Other financial assets — non-current:				
Refundable deposits	Guarantee for electricity supply and fuel cards	4,031	3,971	4,147
		<u>\$ 167,462</u>	<u>168,430</u>	<u>179,971</u>

(9) Commitments and contingencies:

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

	June 30, 2022	December 31, 2021	June 30, 2021
Electricity guarantee	<u>\$ 3,802</u>	<u>3,743</u>	<u>3,910</u>

(b) As of June 30, 2022, the Group entered into contracts and paid \$14,307 thousand and \$5,348 thousand respectively for the acquisition of equipment (recorded under property, plant and equipment). There were no significant unrecognized contractual commitments as of December 31, 2021 and June 30, 2021.

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

(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	For the three months ended June 30					
	2022			2021		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Account						
Personnel costs						
Salaries	93,442	34,393	127,835	106,133	41,170	147,303
Health insurance	-	213	213	-	400	400
Pension	791	400	1,191	631	544	1,175
Other personnel expense	2,438	3,821	6,259	3,353	5,420	8,773
Depreciation	9,180	5,088	14,268	8,363	4,482	12,845
Depletion	-	-	-	-	-	-
Amortization	236	486	722	247	790	1,037

Function	For the six months ended June 30					
	2022			2021		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Account						
Personnel costs						
Salaries	183,727	74,047	257,774	202,425	85,479	287,904
Health insurance	-	449	449	-	523	523
Pension	1,576	825	2,401	1,294	979	2,273
Other personnel expense	7,754	8,801	16,555	6,594	10,390	16,984
Depreciation	17,960	9,881	27,841	16,363	9,361	25,724
Depletion	-	-	-	-	-	-
Amortization	470	967	1,437	505	1,590	2,095

(b) Seasonality of operation

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

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

(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, 2022 to June 30, 2022 was as follows:

1. Lending to other parties:

(In Thousands of New Taiwan Dollars)

Number (Note 1)	Name of lender	Name of borrower	Account Name	Related party	Maximum balance of financing during the period (Note 4)	Ending balance	Actual usage amount during the period	Range of interest rate during the period (%)	Purpose of fund financing for the borrower (Note 2)	Transaction amount for business Between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 3)	Maximum limit of fund financing (Note 3)
													Item	Value		
0	The Company	RJM	Receivable from related party	Yes	44,949	-	-	1.68	2	-	Repay bank loan	-	-	-	334,129	334,129
0	The Company	RJM	Receivable from related party	Yes	118,880	118,880	59,440	1.68	2	-	Operation	-	-	-	334,129	334,129
0	The Company	RGP	Receivable from related party	Yes	40,082	-	-	-	2	-	Operation and distribution of dividends	-	-	-	334,129	334,129

Note 1: The representation of numbers are as follows:

1. No.0 represents the Company.
2. No.1 and thereafter represent the subsidiary companies.

Note 2: The characteristic of financing is classified as follows:

1. No.1 represents the business relation.
2. No.2 represents the necessity of short-term financing.

Note 3: The total amount of funds lend to a company or firm with which the Company has business relations shall not exceed 40% of the Company's net worth. The amount of individual loans shall be limited to the higher of the amount of purchases or sales between the parties. For loans to companies or firms with necessities of short-term financing, the total amount of such loans shall not exceed 40% of the Company's net worth, and the amount of individual loans shall not exceed 40% of the Company's net worth. The net value is based on the most recent financial statements.

Note 4: The maximum balance of financing to other parties beginning from the reporting period to the month that the Company issued its financial statements.

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			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	192	14.58	192
RIC	SELF TOKEN INC.	-	Financial assets at fair value through other comprehensive income - non current	500	102	6.25	102

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

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:

(In Thousands of New Taiwan Dollars)

Name of company	Counterparty	Relationship	Transaction details				Transactions in terms other than the regular terms		Notes and accounts receivable (payable)		Note
			Purchase/sale	Amount	Percentage of total purchase/s/sales (%)	Credit terms (days)	Unit price	Payment terms	Ending balance of notes and accounts receivable (payable)	Percentage of total notes and accounts receivable (payable)	
RGP	RJM	RJM's subsidiary	Sales	88,409	29.38	45~60days	Note 1	-	37,080	66.57	Note 2

Note 1: The price was determined by mutual agreements.

Note 2: Related-party transactions have been eliminated in the preparation of the consolidated financial statements.

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:

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

(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	88,409	The price is based on mutually agreed prices. 45~60 days	11.81%
1	RGP	RJM	1	Trade receivables	37,080		2.57%
2	The Company	RJM	2	Other receivables	60,008	The duration is one year, and the annual interest rate is 1.68%.	4.15%

Note 1: The number is filled out as follows:

No.1 represents RGP.

No.2 represents the Company.

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

No.1 represents a subsidiary to the parent company.

No.2 represents the parent company to a subsidiary.

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, 2022 to June 30, 2022 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, 2022			Net income (losses) of investee (Note 1)	Investment income or loss recognized in the period (Note 1)	Note
				June 30, 2022	December 31, 2021	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%	1,039,560	(8,787)	(8,787)	Eliminated in the consolidate financial statements
The Company	GVG Hong Kong	Hong Kong	Investment activities	38,971	38,971	9,400,000	100.00%	3	(1,250)	(1,250)	"
The Company	RMS	Thailand	Investment activities	23,182	18,920	4,495,500	99.90%	2,106	(2,871)	(2,868)	"
The Company	Chaporo	Seychelle s	Investment activities	154	154	3,500,000	70.00%	-	(23)	(23)	"
The Company	RIC	Taiwan	Selling jewelry and gems	45,000	45,000	4,500,000	100.00%	9,923	(4,440)	(4,440)	"
RJM	RGP	Thailand	Plating jewelry and gems	11,647	11,647	127,500	51.00%	86,954	412	580	"
RJM	Linden	Thailand	Selling jewelry and gems	3,239	2,774	347,900	49.00%	713	(372)	(209)	"
RJM	RPM	Thailand	Metal recycling	56,620	-	999,000	99.90%	50,410	(358)	(357)	"

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

(c) Information on investments in China:

1. The names of investees in China, the main business, and other related information:

(In Thousands of Dollars)

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

Name of investee	Main business	Paid-in capital	Investment method (Note 1)	Accumulated investment amount remitted from Taiwan at the beginning of current period (Note 4)	Investment amount remitted or recovered		Cumulative investment amount remitted from Taiwan at the end of current period (Note 4)	Profit of investee for the current period (Note 3)	Shareholding ratio by direct or indirect investments by the Company	Investment gains or losses recognized at current period (Note 2 and 3)	Book value of the investments at the end of current period (Note 2 and 3)	Accumulated investment income remitted until current period
					Remittance	Recovery						
GVG Shen Zhen	Selling jewelry and gems	RMB 8,100	(2)	(Note 4)	(Note 4)	(Note 4)	(Note 4)	(1,425)	100.00%	(1,425)	-	-

Note 1: Investment methods are classified into the following three kinds:

- (1) Invest in China directly.
- (2) Invest in China through GVG Hong Kong.
- (3) Other methods.

Note 2: The long-term investments at the end of period and the profit or loss of investment in current period have been eliminated in the preparation of the consolidated financial statements.

Note 3: The investment profit or loss and book amount disclosed by the Company are the amount of each of the projects directly or indirectly invested, and the investment income recognized by the Company was calculated according to the financial statements of the investee company that have been audited by the Company's certified public accountants.

Note 4: The Company is not a Taiwan registered company, so no investment amount is shown.

2. Limitation on investments in China: Not applicable.
3. Significant inter-company transactions with China investee: None

(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.

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

(14) Segment information:

	<u>April 1, 2022 to June 30, 2022</u>			
	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>
	<u>April 1, 2021 to June 30, 2021</u>			
	Manufacturing and selling jewelry and gems department	Electroplating department	Adjustments and eliminations	Total
Revenues:				
Revenues from external customers	\$ 493,068	17,295	-	510,363
Inter-segment revenues	-	49,024	(49,024)	-
Total revenues	<u>\$ 493,068</u>	<u>66,319</u>	<u>(49,024)</u>	<u>510,363</u>
Profit or loss of reportable segment	<u>\$ 38,584</u>	<u>409</u>	<u>-</u>	<u>38,993</u>

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

January 1, 2022 to June 30, 2022				
	Manufacturing and selling jewelry and gems department	Electroplating department	Adjustments and eliminations	Total
Revenues:				
Revenues 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>

January 1, 2021 to June 30, 2021				
	Manufacturing and selling jewelry and gems department	Electroplating department	Adjustments and eliminations	Total
Revenues:				
Revenue from external customers	\$ 875,176	31,312	-	906,488
Inter-segment revenues	-	106,169	(106,169)	-
Total revenues	<u>\$ 875,176</u>	<u>137,481</u>	<u>(106,169)</u>	<u>906,488</u>
Profit or loss of reportable segment	<u>\$ 58,025</u>	<u>7,051</u>	<u>-</u>	<u>65,076</u>

The eliminating inter-segment revenues from total reportable segment revenues for the periods of April 1 to June 30, 2022, April 1 to June 30, 2021, January 1 to June 30, 2022 and January 1 to June 30, 2021 were \$88,376 thousand, \$49,024 thousand, \$88,409 thousand and \$106,169 thousand, respectively.