

**HOLY STONE ENTERPRISE CO., LTD.**  
**and Subsidiaries**

**Consolidated Financial Statements**

**for the Three Months Ended March 31, 2022 and 2021**

**Address: 1F., No. 62, Sec. 2, Huanshan Rd., Neihu Dist., Taipei City**

**TEL: (02)26270383**

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

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## **Independent Auditors' Review Report**

To the Board of Directors, HOLY STONE ENTERPRISE CO., LTD. Ltd.

### **Foreword**

We have audited the balance sheet of HOLY STONE ENTERPRISE CO., LTD. and its subsidiaries (the "Group") as of March 31, 2022, and 2021 and the related consolidated statements of comprehensive income, change in equity and cash flow and the notes (including the summary of significant accounting policies) for the three months ended March 31, 2022 and 2021. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulation Governing the Presentation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope**

Except as explained in the following paragraph of Conclusion, we conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity." A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Basis for Qualified Conclusion**

As disclosed in Note 4(2) to these interim consolidated financial statements, the total assets included in certain non significant subsidiaries in the consolidated financial statements for the three months ended March 31, 2022 and 2021 were NT\$2,381,095 thousand and NT\$2,158,521 thousand, respectively, representing 13.98% and 13.91% of the total consolidated assets; total liabilities were NT\$397,101 thousand and NT\$295,770 thousand, respectively, representing 5.04% and 4.39% of the total consolidated liabilities; the consolidated income and loss were \$695 thousand and \$(50,343) thousand, representing 0.14% and (10.36)% of the consolidated income and loss, respectively.

In addition to the items stated in the above paragraph, the investment using the equity method in HOLY STONE ENTERPRISE CO., LTD. and its subsidiaries as stated in Note 6(7) to the interim consolidated financial statements were NT\$487,597 thousand and NT\$455,832 thousand for the three months ended March 31, 2022 and 2021, respectively, and the shares of profit or loss recognized using the equity method in affiliated companies were NT\$18,330 thousand and NT\$9,734 thousand for the three months ended March 31, 2022 and 2021, respectively, as disclosed in the unaudited financial statements of those investees for the same periods.

## **Qualified Conclusion**

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of those investees accounted for using the equity method as described in the Basis for Conclusions paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as of March 31, 2022 and 2021, its consolidated financial performance for the three months ended March 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the three months and three months ended March 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting”.

KPMG

CPA:

Securities and Futures Bureau      Jin-Guan-Zheng-Shen-Zi No. 1080303300  
Approval Document No.                :    Tai-Cai-Zheng-Liu-Zi No. 0920122026  
May 4, 2022

## **Notes to Readers**

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

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

**January 1 to March 31, 2022 and 2021 (reviewed only, but not audited in accordance with generally accepted auditing standards)**

**HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries**

**Consolidated Balance Sheet**

**March 31, 2022 and December 31 & March 31, 2021**

**Unit: thousands of New Taiwan Dollars**

Asset	March 31, 2022		December 31, 2021		March 31, 2021			Liabilities and shareholders' equity	March 31, 2022		December 31, 2021		March 31, 2021	
	Amount	%	Amount	%	Amount	%			Amount	%	Amount	%		
<b>Current assets</b>								<b>Current liabilities:</b>						
1100 Cash and cash equivalents (Note 6(1))	\$ 3,772,946	22	3,954,236	24	4,830,420	31	2100 Short-term borrowings (Note 6(12) and 8)	\$ 1,771,788	10	2,003,251	12	2,166,508	14	
1110 Current financial assets at fair value through profit or loss (Note 6(2))	469,972	3	453,735	3	361,179	2	2130 Current contract liabilities (Note 6(21))	133,232	1	120,417	1	65,708	-	
1150 Notes and accounts receivable, net (Notes 6(4)(21) and 7)	3,723,441	22	3,198,362	19	3,672,915	24	2170 Accounts payable	1,145,070	7	1,232,048	8	1,023,682	7	
1200 Other receivables, net (Note 6(5))	80,866	-	157,924	1	77,690	1	2180 Accounts payable to related parties (Note 7)	86,734	1	75,429	-	66,651	-	
1220 Current tax assets	799	-	101	-	3	-	2200 Other payables (Note 6(13))	1,171,051	7	1,143,644	7	1,030,680	7	
130X Inventories (Note 6(6))	3,285,247	19	3,087,397	19	2,040,322	13	2216 Dividends payables	1,421,917	8	-	-	1,263,926	8	
1410 Prepayments and other current assets	119,349	1	84,380	1	58,840	-	2230 Current tax liabilities	149,381	1	30,307	-	256,791	2	
<b>Total current assets</b>	<b>11,452,620</b>	<b>67</b>	<b>10,936,135</b>	<b>67</b>	<b>11,041,369</b>	<b>71</b>	2280 Current lease liabilities (Note 6(15))	18,445	-	19,957	-	15,775	-	
<b>Non-current assets:</b>							2322 Long-term borrowings, current portion (Note 6(14) and 8)	5,957	-	9,941	-	18,106	-	
1510 Non-current financial assets at fair value through profit or loss (Note 6(2))	104,285	1	101,093	1	29,090	-	<b>Total current liabilities</b>	<b>5,903,575</b>	<b>35</b>	<b>4,634,994</b>	<b>28</b>	<b>5,907,827</b>	<b>38</b>	
1517 Non-current financial assets at fair value through other comprehensive income (Note 6(3))	55,420	-	57,937	-	86,710	1	<b>Non-current liabilities:</b>							
1550 Investments accounted for using the equity method (Note 6(7))	487,597	3	470,390	3	455,832	3	2540 Long-term borrowings (Note 6(14) and 8)	1,796,158	11	1,373,338	10	659,537	4	
1600 Property, plant and equipment (Note 6(9) and 8)	4,512,568	27	4,290,690	27	3,734,652	25	2570 Deferred tax liabilities	80,981	-	80,981	-	68,211	-	
1755 Right-of-use assets (Note 6(10))	43,100	-	46,393	-	48,074	-	2580 Non-current lease liabilities (Notes 6(15))	25,477	-	27,196	-	32,848	-	
1780 Intangible assets (Note 6(11))	10,136	-	10,072	-	12,275	-	2640 Net defined benefit liabilities - non-current (Notes 6(16))	64,983	-	64,983	-	71,841	-	
1840 Deferred tax assets	41,250	-	41,244	-	50,933	-	2670 Other non-current liabilities - other	2,755	-	4,315	-	4,540	-	
1915 Prepayments for business facilities	276,181	2	264,760	2	25,480	-	<b>Total non-current liabilities</b>	<b>1,970,354</b>	<b>11</b>	<b>1,550,813</b>	<b>10</b>	<b>836,977</b>	<b>4</b>	
1990 Other non-current assets- others (Note 8)	53,065	-	51,815	-	29,921	-	<b>Total of liabilities</b>	<b>7,873,929</b>	<b>46</b>	<b>6,185,807</b>	<b>38</b>	<b>6,744,804</b>	<b>42</b>	
<b>Total non-current assets</b>	<b>5,583,602</b>	<b>33</b>	<b>5,334,394</b>	<b>33</b>	<b>4,472,967</b>	<b>29</b>	<b>Equity attributable to owners of the parent company (Note 6(18)):</b>							
							3110 Ordinary share	1,579,908	9	1,579,908	10	1,579,908	10	
							3200 Capital surplus	3,142,600	18	3,140,525	19	3,112,921	20	
							Retained earnings:							
							3310 Legal reserve	1,638,205	10	1,638,205	10	1,638,205	11	
							3320 Special reserve	122,384	1	122,384	1	128,821	1	
							3350 Unappropriated retained earnings	2,617,226	15	3,546,728	22	2,154,410	14	
							Total retained earnings	4,377,815	26	5,307,317	33	3,921,436	26	
							Other equities:							
							3410 Exchange differences on translation of foreign financial statements	(59,568)	-	(88,988)	(1)	(67,091)	-	
							3420 Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(77,619)	-	(74,866)	-	(69,553)	-	
							Total other equities	(137,187)	-	(163,854)	(1)	(136,644)	-	
							<b>Total equity attributable to owners of parent</b>	<b>8,963,136</b>	<b>53</b>	<b>9,863,896</b>	<b>61</b>	<b>8,477,621</b>	<b>56</b>	
							36XX <b>Non-controlling interests</b>	<b>199,157</b>	<b>1</b>	<b>220,826</b>	<b>1</b>	<b>291,911</b>	<b>2</b>	
							<b>Total equity</b>	<b>9,162,293</b>	<b>54</b>	<b>10,084,722</b>	<b>62</b>	<b>8,769,532</b>	<b>58</b>	
<b>Total assets</b>	<b>\$ 17,036,222</b>	<b>100</b>	<b>16,270,529</b>	<b>100</b>	<b>15,514,336</b>	<b>100</b>	<b>Total liabilities and shareholders' equity</b>	<b>\$ 17,036,222</b>	<b>100</b>	<b>16,270,529</b>	<b>100</b>	<b>15,514,336</b>	<b>100</b>	

(The accompanying notes are an integral part of the consolidated financial statements.)

Chairman: Jing-Rong Tang

Manager: Jing-Rong Tang

Accounting Supervisor: Shu-Ying Chang

**Reviewed after Restatement, Not Audited**  
**HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**From January 01 to March 31, 2022 and 2021**  
**Unit: thousands of New Taiwan Dollars**

	<b>January to March, 2022</b>		<b>January to March, 2021</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000 <b>Operating revenue (Note 6(21) and Note 7)</b>	\$ 4,316,188	100	4,407,905	100
5000 <b>Operating costs (Note 6(15)(16) and Note 7)</b>	3,380,596	78	3,407,565	77
<b>Gross profit</b>	<u>935,592</u>	<u>22</u>	<u>1,000,340</u>	<u>23</u>
<b>Operating expenses:</b>				
6100 Selling and administrative expenses (Notes 6(11)(15)(16)(19)(22))	291,549	7	316,740	7
6300 <b>Research and development expenses (Note 6(11)(15)(16)(22))</b>	79,830	2	110,293	3
6450 Expected credit loss (gain) (Note 6(4))	2,353	-	4,760	-
<b>Total operating expenses</b>	<u>373,732</u>	<u>9</u>	<u>431,793</u>	<u>10</u>
<b>Operating profit</b>	<u>561,860</u>	<u>13</u>	<u>568,547</u>	<u>13</u>
<b>Non-operating income and expenses:</b>				
7020 Other gains and losses, net (Note 6(23))	21,256	1	(2,158)	-
7050 Financial costs (Note 6(15))	(5,143)	-	(4,055)	-
7060 Share of profit (loss) of associates accounted for using the equity method	18,330	-	9,734	-
7100 Interest revenue	2,869	-	2,771	-
<b>Total non-operating income and expenses</b>	<u>37,312</u>	<u>1</u>	<u>6,292</u>	<u>-</u>
<b>Profit before tax</b>	599,172	14	574,839	13
7950 <b>Less: Income tax expense (Note 6(17))</b>	130,427	3	70,579	2
<b>Profit</b>	<u>468,745</u>	<u>11</u>	<u>504,260</u>	<u>11</u>
8300 <b>Other comprehensive income, net of tax:</b>				
8310 <b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>				
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(2,753)	-	1,757	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
<b>Total components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>	<u>(2,753)</u>	<u>-</u>	<u>1,757</u>	<u>-</u>
8360 <b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361 Exchange differences on translation of foreign financial statements	30,941	1	(20,244)	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
<b>Total components of other comprehensive income (loss) that will be reclassified to profit or loss</b>	<u>30,941</u>	<u>1</u>	<u>(20,244)</u>	<u>-</u>
8300 <b>Other comprehensive income, net of tax</b>	<u>28,188</u>	<u>1</u>	<u>(18,487)</u>	<u>-</u>
8500 <b>Total comprehensive income</b>	<u>\$ 496,933</u>	<u>12</u>	<u>485,773</u>	<u>11</u>
<b>Net income attributable to:</b>				
8610 Owners of parent	\$ 492,415	11	544,961	12
8620 Non-controlling interests	(23,670)	-	(40,701)	(1)
<b>Profit</b>	<u>\$ 468,745</u>	<u>11</u>	<u>504,260</u>	<u>11</u>
<b>Total comprehensive income attributable to:</b>				
8710 Owners of parent	\$ 519,082	12	530,701	12
8720 Non-controlling interests	(22,149)	-	(44,928)	(1)
<b>Total comprehensive income</b>	<u>\$ 496,933</u>	<u>12</u>	<u>485,773</u>	<u>11</u>
<b>Earnings per share (Unit: NTD) (Note 6(20))</b>				
9750 <b>Earnings per share</b>	<u>\$ 3.12</u>		<u>3.45</u>	
9850 <b>Diluted earnings per share</b>	<u>\$ 3.07</u>		<u>3.41</u>	

(The accompanying notes are an integral part of the consolidated financial statements.)

Chairman: Jing-Rong Tang

Manager: Jing-Rong Tang

Accounting Supervisor: Shu-Ying Chang

**Reviewed after Restatement, Not Audited**  
**HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries**  
**Consolidated Statement of Changes in Equity**  
**From January 01 to March 31, 2022 and 2021**  
**Unit: thousands of New Taiwan Dollars**

Equity attributable to owners of the parent company

	Retained earnings					Other equity		Total equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income			
<b>Balance at January 1, 2021</b>	\$ 1,579,908	3,109,960	1,638,205	128,821	2,873,375	(51,074)	(71,310)	9,207,885	335,921	9,543,806
Profit	-	-	-	-	544,961	-	-	544,961	(40,701)	504,260
Other comprehensive income, net of tax	-	-	-	-	-	(16,017)	1,757	(14,260)	(4,227)	(18,487)
Total comprehensive income	-	-	-	-	544,961	(16,017)	1,757	530,701	(44,928)	485,773
Appropriation and distribution of retained earnings:										
Cash dividends of ordinary shares	-	-	-	-	(1,263,926)	-	-	(1,263,926)	-	(1,263,926)
Change in ownership interests in subsidiaries	-	2,961	-	-	-	-	-	2,961	918	3,879
<b>Balance at March 31, 2021</b>	<b>\$ 1,579,908</b>	<b>3,112,921</b>	<b>1,638,205</b>	<b>128,821</b>	<b>2,154,410</b>	<b>(67,091)</b>	<b>(69,553)</b>	<b>8,477,621</b>	<b>291,911</b>	<b>8,769,532</b>
<b>Balance at January 1, 2022</b>	\$ 1,579,908	3,140,525	1,638,205	122,384	3,546,728	(88,988)	(74,866)	9,863,896	220,826	10,084,722
Profit	-	-	-	-	492,415	-	-	492,415	(23,670)	468,745
Other comprehensive income, net of tax	-	-	-	-	-	29,420	(2,753)	26,667	1,521	28,188
Total comprehensive income	-	-	-	-	492,415	29,420	(2,753)	519,082	(22,149)	496,933
Appropriation and distribution of retained earnings:										
Cash dividends of ordinary shares	-	-	-	-	(1,421,917)	-	-	(1,421,917)	-	(1,421,917)
Change in ownership interests in subsidiaries	-	2,075	-	-	-	-	-	2,075	166	2,241
Changes in non-controlling interests	-	-	-	-	-	-	-	-	314	314
<b>Balance at March 31, 2022</b>	<b>\$ 1,579,908</b>	<b>3,142,600</b>	<b>1,638,205</b>	<b>122,384</b>	<b>2,617,226</b>	<b>(59,568)</b>	<b>(77,619)</b>	<b>8,963,136</b>	<b>199,157</b>	<b>9,162,293</b>

(The accompanying notes are an integral part of the consolidated financial statements.)

Chairman: Jing-Rong Tang

Manager: Jing-Rong Tang

Accounting Supervisor: Shu-Ying Chang

**Reviewed after Restatement, Not Audited**  
**HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**From January 01 to March 31, 2022 and 2021**  
**Unit: thousands of New Taiwan Dollars**

	<u>January to March, 2022</u>	<u>January to March, 2021</u>
<b>Cash flows from operating activities:</b>		
<b>Profit before tax</b>	\$ 599,172	574,839
<b>Adjustments:</b>		
Income, expense and loss		
Depreciation expense	135,226	127,188
Amortization expense	233	812
Expected credit loss	2,353	4,760
Net loss (gain) on financial assets at fair value through profit or loss	13,848	(12,022)
Interest expense	5,143	4,055
Interest revenue	(2,869)	(2,771)
Dividend revenue	(797)	(588)
Share-based payment remuneration cost	494	-
Share of profit of associates accounted for using the equity method	(18,330)	(9,734)
Others	-	(18)
Total adjustments to reconcile profit	<u>135,301</u>	<u>111,682</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Current financial assets at fair value through profit or loss	(26,618)	(40,522)
Notes and accounts receivable	(527,023)	(568,201)
Other receivables, net	77,300	45,416
Inventories	(197,850)	240,647
Prepayments and other current assets	(34,969)	39,051
Total changes in operating assets	<u>(709,160)</u>	<u>(283,609)</u>
Changes in operating liabilities		
Contract liability	12,815	(15,481)
Accounts payable	(86,978)	(29,502)
Accounts payable to related parties	11,305	18,557
Other payables	27,077	114,641
Total changes in operating liabilities	<u>(35,781)</u>	<u>88,215</u>
Net changes in operating assets and liabilities:	<u>(744,941)</u>	<u>(195,394)</u>
Total adjustments	<u>(609,640)</u>	<u>(83,712)</u>
Cash (outflow) inflow from operating activities	(10,468)	491,127
Interest received	2,627	2,375
Dividends received	797	588
Interest paid	(4,813)	(4,378)
Income taxes paid	(12,051)	(9,895)
<b>Net cash (outflow) inflow from operating activities</b>	<u>(23,908)</u>	<u>479,817</u>
<b>Cash flows used in investing activities:</b>		
Acquisition of financial assets at fair value through profit or loss	(5,000)	(675)
Acquisition of investments accounted for using equity method	-	(69,922)
Proceeds from disposal of investments accounted for using equity method	1,906	-
Acquisition of property, plant and equipment	(351,915)	(253,674)
Increase in other non-current assets	(1,198)	(435)
Increase in prepayments for business facilities	(11,421)	(12,752)
<b>Net cash flows used in investing activities</b>	<u>(367,628)</u>	<u>(337,458)</u>
<b>Cash flows used in financing activities:</b>		
(Decrease) increase in short-term borrowings	(231,463)	20,982
Proceeds from long-term borrowings	423,406	224,163
Repayments of long-term borrowings	(4,382)	(4,523)
Payment of lease liabilities	(5,616)	(4,448)
(Decrease) increase in other non-current liabilities	(1,560)	2,264
Changes in non-controlling interests	1,341	3,879
<b>Net cash inflow from financing activities</b>	<u>181,726</u>	<u>242,317</u>
Effect of exchange rate changes on cash and cash equivalents	28,520	(14,038)
Net decrease in cash and cash equivalents	(181,290)	370,638
Cash and cash equivalents at beginning of period	3,954,236	4,459,782
Cash and cash equivalents at end of period	<u>\$ 3,772,946</u>	<u>4,830,420</u>

(The accompanying notes are an integral part of the consolidated financial statements.)

Chairman: Jing-Rong Tang

Manager: Jing-Rong Tang

Accounting Supervisor: Shu-Ying Chang

**Reviewed after Restatement, Not Audited**  
**HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**for the Three Months Ended March 31, 2022 and 2021**  
**(Unless otherwise specified, all balances are expressed in thousands of New Taiwan Dollars)**

**I. Company History**

HOLY STONE ENTERPRISE CO., LTD. (hereinafter referred to as “the Company”) was established and approved by the Ministry of Economic Affairs on June 1, 1981, and its registered address is 1F., No. 62, Sec. 2, Huanshan Rd., Neihu Dist., Taipei City. The Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are mainly engaged in the production and sale of MLCC, import and export of ICs, modules and other electronic parts and components, and wholesale of drugs and medical goods.

**II. Approval Date and Procedures of the Consolidated Financial Statements**

The consolidated financial statements of the Company were authorized for issue in accordance with a resolution of the Board of Directors’ meeting on May 4, 2022.

**III. Application of New Standards, Amendments and Interpretations**

(I) Impacted from adopting new issued and revised standards and interpretation approved by Financial Supervisory Committee (FSC).

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

- Amendments to IAS 16 “Property, Plant and Equipment: Proceeds Before Intended Use”
- Amendments to IAS 37 “Onerous Contract - Costs Incurred in Fulfilling Contracts”
- The annual improvement of IFRS 2018-2020 cycle
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(II) Newly issued and amended standards and interpretations not yet endorsed by the Financial Supervisory Commission (hereinafter referred to as “FSC”)

The following are the standards and interpretations issued and amended by the International Accounting Standards Board (IASB) but not yet endorsed by the FSC that may be relevant to the Group.

<b>The newly pronounced or revised standards</b>	<b>Major amendments</b>	<b>The effective date pronounced by the IASB</b>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-Current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.  The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities Arising from a Single Transaction”	The amendments narrow the scope of the recognition exemption, so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

**HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries**  
**Notes to Consolidated Financial Statements (continued)**

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

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

· Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”

· Amendments to IFRS 17 “Insurance Contracts” and Amendments to IFRS 17

· Amendments to IAS 1 “Disclosure of Accounting Policies”

· Amendments to IAS 8 “Definition of Accounting Estimates”

**IV. Summary of Significant Accounting Policies**

(I) Statement of Compliance

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

Except as described below, the significant accounting policies used in these interim consolidated financial statements are the same as those used in the consolidated financial statements as of and for the year ended December 31, 2021; please refer to Note 4 to the consolidated financial statements as of and for the year ended December 31, 2021 for related information.

(II) Basis of consolidation

1. Subsidiaries incorporated in the consolidated financial statements

Subsidiaries incorporated in the consolidated financial statements:

Name of Investors	Name of subsidiaries	Main Business	Shareholding ratio			Explanation
			March 31, 2022	December 31, 2021	March 31, 2021	
The Company	Holy Stone Enterprise (Hong Kong) Co., Ltd. (HSHK, Hong Kong)	Sale of MLCC and electronic products	100.00%	100.00%	100.00%	Note 2
The Company	Holy Stone Holdings Co., Ltd. (HSH, Samoa)	General investment	100.00%	100.00%	100.00%	-
The Company	UHOLY Investment Co., Ltd. (Uhol, Taiwan)	General investment	100.00%	100.00%	100.00%	Note 2
The Company	Martek Co., Ltd. (Martek, Taiwan)	Wholesale of Household Appliance, Wholesale of Precision Instruments, and Wholesale of Computing and Business Machinery Equipment	100.00%	100.00%	100.00%	Note 2
The Company	Holy Stone Industry India Private Limited (HSI, India)	Electronic parts and components business	100.00%	100.00%	100.00%	Note 2, 3
The Company	Jung Chan Investments Co., Ltd. (JCI, Taiwan)	General investment	100.00%	100.00%	100.00%	Note 2
HSH	Holy Stone Investments Co., Ltd. (HSIC, Hong Kong)	General investment	100.00%	100.00%	100.00%	-
HSH	HolyPAQ Corporation (HC, Cayman)	General investment	100.00%	100.00%	100.00%	-
HSH	Green Glory Holdings Ltd. (GGH, Samoa)	General investment	100.00%	100.00%	100.00%	-
HSH	Mayatek Co., Ltd. (Mayatek, Belize)	Wholesale of Household Appliance, Wholesale of Precision Instruments, and Wholesale of Computing and Business Machinery Equipment	100.00%	100.00%	100.00%	-

## HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

Name of Investors	Name of subsidiaries	Main Business	Shareholding ratio			Explanation
			March 31, 2022	December 31, 2021	March 31, 2021	
HSH	Everplus Material Co., Ltd. (EPM, Japan)	Manufacture and sale of electronic products, electronic machines and instruments, as well as sales of materials of electrical machines and instruments	100.00%	100.00%	100.00%	-
HSH	Holy Stone Holdings (Singapore) Pte. Ltd. (HSHS, Singapore)	Electronic retail business	100.00%	100.00%	100.00%	-
HSIC	Holy Stone International Trading (ShanHai) Co., Ltd (HSITC, China)	Sales of electronic parts and components	100.00%	100.00%	100.00%	-
HSIC	Infortech (CHINA) Co., Ltd. (He Chi, China)	Sales of electronic parts and components	100.00%	100.00%	100.00%	-
GGH	Milestone Global Technology Ltd. (MGT, USA)	Development and sales of electronic products	100.00%	100.00%	100.00%	-
GGH	Holy Stone (Europe) Ltd. (HSE, UK)	Electronic retail business	100.00%	100.00%	100.00%	-
UHOLY Investment Co., Ltd.	Holy Stone Healthcare Co., Ltd. (HSHC, Taiwan)	Wholesale of drugs and medical goods	34.57%	34.57%	34.57%	Note 1, 2
HSHC	Global Search Holdings Ltd. (GSH, Samoa)	General investment	100.00%	100.00%	100.00%	Note 2
HSHC	MDT INTL SA (MDT, Switzerland)	Medical equipment development and marketing and biotechnology services	100.00%	100.00%	100.00%	Note 2
GSH	AIHOL Corporation (AIHOL, USA)	Medicine research and development and patent filing	100.00%	100.00%	100.00%	Note 2
GSH	Holy Stone Biotech Co., Ltd. (Biotech, UK)	Medical equipment development and marketing and biotechnology services	100.00%	100.00%	100.00%	Note 2
JCI	OHGA Smartthings Co., Ltd (OHGA, Taiwan)	Manufacture of electrical and audio-visual products and sale of medical devices	71.06%	71.06%	70.00%	Note 2, 4
JCI	Holy Stone Healthcare Co., Ltd. (HSHC, Taiwan)	Wholesale of drugs and medical goods	2.06%	2.10%	3.30%	Note 1, 2
JCI	Herzteck Incorporation (Herzteck, Taiwan)	Wholesale of electronic materials, and Telecom Instruments	100.00%	100.00%	100.00%	Note 2

Note 1: The Group has the majority voting rights at the board of directors' meetings and therefore considers HSHC to be its subsidiary.

Note 2: It is a non-significant subsidiary and its financial statements have not been audited by a certified public accountant.

Note 3: HSI was established in January 2021 and has been included in the consolidated financial statements as a subsidiary since January 2021.

Note 4: In May 2021, the Group acquired 228 thousand shares from other shareholders of OHGA for NT\$2,166 thousand, increasing its shareholding from 70% to 71.06%.

2. Subsidiaries are not incorporated in the consolidated financial statements: None.

#### (III) Income tax

The Group measures and discloses its income tax expense in accordance with paragraph B12 of IAS 34, "Interim Financial Reporting" for the period.

Current period income tax expense is recognized in full using management's best estimate for the full-year effective tax rate multiplied by the profit before tax for the interim reporting period.

**HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries**  
**Notes to Consolidated Financial Statements (continued)**

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

(IV) Employee benefits

Pension in define benefit plan for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the reporting date of the prior fiscal year, adjusted for significant market fluctuations since that time and significant decreases, settlements, or other significant one-off events.

**V. Significant Accounting Assumptions and Judgment, And Major Sources of Estimation Uncertainty**

When the management prepares this interim consolidated financial statement pursuant to the preparation standards and IAS 34, “Interim Financial Reporting” as endorsed by the FSC, it must make judgments, estimates and assumptions. They will create an impact on the adoption of accounting policies and the amounts reported for assets, liabilities, revenue and expenses. The actual result may deviate from estimates.

When preparing these interim consolidated financial statements, the management has made significant judgments in the adoption of the Group's accounting policies and the key sources of estimation uncertainty are consistent with Note 5 to the Consolidated Financial Statements for the year ended December 31, 2021.

**VI. Details of Significant Accounts**

Except as described below, there are no material differences between the details of significant accounting in these interim consolidated financial statements and the consolidated financial statements for the year ended December 31, 2021, please refer to Note 6 to the consolidated financial statements as of December 31, 2021 for related information.

(I) Cash and cash equivalent

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
Cash on hand	\$ 2,922	2,808	2,262
Demand deposits	2,116,535	2,133,826	3,035,818
Term deposits	1,653,489	1,817,602	1,792,340
	<u>\$ 3,772,946</u>	<u>3,954,236</u>	<u>4,830,420</u>

(II) Current financial assets at fair value through profit or loss

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
Current:			
Domestic stock	\$ 202,091	203,115	180,141
Beneficiary certificate	267,881	250,620	181,038
Total	<u>\$ 469,972</u>	<u>453,735</u>	<u>361,179</u>
Non-current:			
Foreign investments in listed shares	\$ 5,153	6,023	8,972
Domestic investments in listed shares	99,132	95,070	20,118
Total	<u>\$ 104,285</u>	<u>101,093</u>	<u>29,090</u>

**HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries**  
**Notes to Consolidated Financial Statements (continued)**

(III) Financial assets at fair value through profit or loss

	March 31, 2022	December 31, 2021	March 31, 2021
Domestic and foreign stock	\$ 55,420	57,937	86,710

1. Investments in equity instruments measured at fair value through other comprehensive income

The Group holds these investments in equity instruments as long-term strategic investments and are not held for trading purposes and therefore they have been measured at fair value through other comprehensive income or loss.

2. Please refer to Note 6(24) for more information on credit risk and market risk.

3. The aforesaid financial assets are not pledged as collateral.

(IV) Notes and accounts receivable

	March 31, 2022	December 31, 2021	March 31, 2021
Receivable notes	\$ 161,728	153,821	106,293
Accounts receivable	3,592,129	3,072,262	3,596,411
Less: loss provision	(30,416)	(27,721)	(29,789)
	\$ 3,723,441	3,198,362	3,672,915

The Group adopts the lifetime expected credit losses approach (ECL), or a simplified method assessing expected credit losses from all note and account receivables. The approach grouped receivables according to the repayment attributes of the owing customer based on the contract terms with reference to forward-looking information. An analysis of the expected credit losses on the Group's notes and accounts receivable is as follows:

	March 31, 2022		
	Carrying amount of notes and accounts receivable	Weighted- average rate of expected credit loss	Allowance for lifetime expected credit loss
Not overdue	\$ 3,693,874	0%~10%	2,487
≤ 30 days	22,546	1%~40%	2,969
31 to 60 days	13,921	1%~100%	1,648
Overdue for over 61 days	23,516	50%~100%	23,312
	\$ 3,753,857		30,416

	December 31, 2021		
	Book value of accounts receivable	Weighted- average rate of expected credit loss	Allowance for lifetime expected credit loss
Not overdue	\$ 3,180,753	0%~10%	3,190
≤ 30 days	22,833	1%~40%	5,979
31 to 60 days	4,612	1%~100%	903
Overdue for over 61 days	17,885	50%~100%	17,649
	\$ 3,226,083		27,721

**HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries**  
**Notes to Consolidated Financial Statements (continued)**

	<b>March 31, 2021</b>		
	<b>Carrying amount of notes and accounts receivable</b>	<b>Weighted- average rate of expected credit loss</b>	<b>Allowance for lifetime expected credit loss</b>
Not overdue	\$ 3,656,102	0%~10%	2,524
≤ 30 days	24,076	1%~40%	6,990
31 to 60 days	4,620	1%~100%	2,369
Overdue for over 61 days	17,906	50%~100%	17,906
	<b>\$ 3,702,704</b>		<b>29,789</b>

The changes in the allowance for losses on notes and accounts receivable of the Group were as follows:

	<b>January to March, 2022</b>	<b>January to March, 2021</b>
Balance, beginning	\$ 27,721	25,307
Impairment loss, recognized	2,353	4,760
Amounts written off as uncollectible for the current year	(67)	-
Foreign currency translation gains and losses	409	(278)
Ending balance	<b>\$ 30,416</b>	<b>29,789</b>

The aforesaid financial assets are not pledged as collateral.

(V) Other receivables, net

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Tax Refund Receivable	\$ 75,306	87,500	67,735
Discount on purchases	-	66,093	5,246
Interest receivable	1,176	934	1,904
Other	4,384	3,397	2,805
	<b>\$ 80,866</b>	<b>157,924</b>	<b>77,690</b>

As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group had no other accounts receivable that were overdue but not impaired.

Please refer to Note 6(24) for more information on credit risk.

(VI) Inventories

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Raw materials	\$ 247,143	295,623	172,993
Materials	34,455	29,553	28,867
Work in progress	187,944	201,293	206,480
Semi-Finished products	55,779	49,614	66,695
Finished good	840,730	832,817	627,423
Goods	1,919,196	1,678,497	937,864
	<b>\$ 3,285,247</b>	<b>3,087,397</b>	<b>2,040,322</b>

**HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries**  
**Notes to Consolidated Financial Statements (continued)**

From January 1, 2022 to March 31, 2022, the factors that caused the net realizable value of inventories was lower than cost, resulting in an increase in net realizable value and a decrease in operating costs of \$2,022 thousand.

From January to March 31, 2021, the Group recognized a loss of \$9,637 thousand on inventory write-downs to net realizable value and recognized cost of goods sold.

The Group's inventories are not pledged as collateral.

(VII) Investments accounted for using the equity method

The investments accounted for with the equity method on the reporting day by the Group are as follows:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Associate	<b>\$ 487,597</b>	<b>470,390</b>	<b>455,832</b>

1. The Group's Investment using the equity method are not pledged as collateral.

2. Unaudited investments accounted for using the equity method

The investment accounted for using the equity method and the Group's share of profit or loss therefrom and other comprehensive income or loss are determined on the basis of unaudited financial statements.

(VIII) Change in ownership interests in subsidiaries

1. Changes in parent's ownership interest that do not result in a change in control of the subsidiary

The Group disposed of 0.04% of its ownership interest in HSHC in February 2022, the proceeds of which amounted to NT\$1,341 thousand.

The Group disposed of 0.15% of its ownership interest in HSHC in January 2021, the proceeds of which amounted to NT\$3,879 thousand.

The effect of changes in the Group's ownership interest in the subsidiaries listed above on the equity attributable to the owners of the parent company is as follows:

	<b>January to March, 2022</b>	<b>January to March, 2021</b>
Carrying amount of disposal of ownership interest in subsidiaries	\$ (185)	(923)
Consideration received from non-controlling interests	1,341	3,879
Other equity - Exchange differences on translation of foreign financial statements	19	5
Capital surplus - difference between the market value and the book value of the ownership interest in the subsidiary	<b>\$ 1,175</b>	<b>2,961</b>

**HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries**  
**Notes to Consolidated Financial Statements (continued)**

(IX) Property, plant and equipment

The following is a schedule of the changes in property, plant and equipment of the Group:

	Land	Buildings	Machinery and equipment	Other equipment	Unfinished project and equipment to be inspected	Total
Cost:						
Balance at January 1, 2022	\$ 924,854	1,690,023	3,593,058	554,102	1,696,202	8,458,239
Addition	-	714	-	937	350,264	351,915
Re-classifications	-	40,194	91,105	22,282	(153,581)	-
Disposal	-	-	(59)	(1,977)	-	(2,036)
The Effects of Changes in Foreign Exchange Rates	(1,315)	3,877	(2,451)	1,314	-	1,425
Balance at March 31, 2022	<u>\$ 923,539</u>	<u>1,734,808</u>	<u>3,681,653</u>	<u>576,658</u>	<u>1,892,885</u>	<u>8,809,543</u>
Balance at January 1, 2021	\$ 872,870	1,686,862	3,530,490	513,092	710,419	7,313,733
Addition	54,959	-	3,120	4,875	190,720	253,674
Re-classifications	-	4,131	11,016	10,198	(25,345)	-
Disposal	-	(130)	(21,278)	(4,157)	-	(25,565)
The Effects of Changes in Foreign Exchange Rates	-	(7,036)	(7,563)	(450)	-	(15,049)
Balance at March 31, 2022	<u>\$ 927,829</u>	<u>1,683,827</u>	<u>3,515,785</u>	<u>523,558</u>	<u>875,794</u>	<u>7,526,793</u>
Accumulated depreciation:						
Balance at January 1, 2022	\$ -	719,684	2,983,340	464,525	-	4,167,549
Depreciation in the current period	-	22,628	91,257	15,745	-	129,630
Disposal	-	-	(59)	(1,977)	-	(2,036)
The Effects of Changes in Foreign Exchange Rates	-	2,424	(1,503)	911	-	1,832
Balance at March 31, 2022	<u>\$ -</u>	<u>744,736</u>	<u>3,073,035</u>	<u>479,204</u>	<u>-</u>	<u>4,296,975</u>
Balance at January 1, 2021	\$ -	641,200	2,641,784	419,636	-	3,702,620
Depreciation in the current period	-	21,602	88,738	12,336	-	122,676
Disposal	-	(130)	(21,278)	(4,157)	-	(25,565)
The Effects of Changes in Foreign Exchange Rates	-	(2,566)	(4,684)	(340)	-	(7,590)
Balance at March 31, 2022	<u>\$ -</u>	<u>660,106</u>	<u>2,704,560</u>	<u>427,475</u>	<u>-</u>	<u>3,792,141</u>
Book value:						
Balance at January 1, 2022	<u>\$ 924,854</u>	<u>970,339</u>	<u>609,718</u>	<u>89,577</u>	<u>1,696,202</u>	<u>4,290,690</u>
Balance at March 31, 2022	<u>\$ 923,539</u>	<u>990,072</u>	<u>608,618</u>	<u>97,454</u>	<u>1,892,885</u>	<u>4,512,568</u>
Balance at January 1, 2021	<u>\$ 872,870</u>	<u>1,045,662</u>	<u>888,706</u>	<u>93,456</u>	<u>710,419</u>	<u>3,611,113</u>
Balance at March 31, 2022	<u>\$ 927,829</u>	<u>1,023,721</u>	<u>811,225</u>	<u>96,083</u>	<u>875,794</u>	<u>3,734,652</u>

As of March 31, 2022, December 31, 2021 and March 31, 2021, the property, plant and equipment of the Group pledged as collaterals for bank borrowings and financing facilities are shown in Note 8.

**HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries**  
**Notes to Consolidated Financial Statements (continued)**

(X) Right-of-use assets

The changes in the cost and depreciation of the Group's leased premises and building and other equipment are as follows:

	<b>Buildings</b>	<b>Other equipment</b>	<b>Total</b>
Cost of right-to-use assets:			
Balance at January 1, 2022	\$ 93,713	9,079	102,792
Addition	1,752	-	1,752
The Effects of Changes in Foreign Exchange Rates	1,595	30	1,625
Balance at March 31, 2022	<b>\$ 97,060</b>	<b>9,109</b>	<b>106,169</b>
Balance at January 1, 2021	\$ 73,566	5,688	79,254
Addition	11,984	-	11,984
reduction	-	(1,163)	(1,163)
The Effects of Changes in Foreign Exchange Rates	(399)	(88)	(487)
Balance at March 31, 2022	<b>\$ 85,151</b>	<b>4,437</b>	<b>89,588</b>
Depreciation of right-of-use assets:			
Balance at January 1, 2022	\$ 51,703	4,696	56,399
Depreciation in the current period	5,013	583	5,596
The Effects of Changes in Foreign Exchange Rates	1,069	5	1,074
Balance at March 31, 2022	<b>\$ 57,785</b>	<b>5,284</b>	<b>63,069</b>
Balance at January 1, 2021	\$ 33,937	3,708	37,645
Depreciation in the current period	3,995	517	4,512
Other decreases	-	(258)	(258)
The Effects of Changes in Foreign Exchange Rates	(365)	(20)	(385)
Balance at March 31, 2022	<b>\$ 37,567</b>	<b>3,947</b>	<b>41,514</b>
Book value:			
Balance at January 1, 2022	<b>\$ 42,010</b>	<b>4,383</b>	<b>46,393</b>
Balance at March 31, 2022	<b>\$ 39,275</b>	<b>3,825</b>	<b>43,100</b>
Balance at January 1, 2021	<b>\$ 39,629</b>	<b>1,980</b>	<b>41,609</b>
Balance at March 31, 2022	<b>\$ 47,584</b>	<b>490</b>	<b>48,074</b>

**HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries**  
**Notes to Consolidated Financial Statements (continued)**

(XI) Intangible assets

The changes in intangible assets of the Group were as follows:

	<u>Goodwill</u>	<u>Other</u>	<u>Total</u>
Cost:			
Balance at January 1, 2022	\$ 541,940	52,557	594,497
Effects of changes in foreign exchange rates	-	1,283	1,283
Balance at March 31, 2022	<u>\$ 541,940</u>	<u>53,840</u>	<u>595,780</u>
Balance at January 1, 2021	\$ 541,940	55,658	597,598
Effects of changes in foreign exchange rates	-	(2,934)	(2,934)
Balance at March 31, 2022	<u>\$ 541,940</u>	<u>52,724</u>	<u>594,664</u>
Accumulated amortization and impairment loss:			
Balance at January 1, 2022	\$ 541,940	42,485	584,425
Amortization for current period	-	203	203
Effects of changes in foreign exchange rates	-	1,016	1,016
Balance at March 31, 2022	<u>\$ 541,940</u>	<u>43,704</u>	<u>585,644</u>
Balance at January 1, 2021	\$ 541,940	41,914	583,854
Amortization for current period	-	800	800
Effects of changes in foreign exchange rates	-	(2,265)	(2,265)
Balance at March 31, 2022	<u>\$ 541,940</u>	<u>40,449</u>	<u>582,389</u>
Book value:			
Balance at January 1, 2022	<u>\$ -</u>	<u>10,072</u>	<u>10,072</u>
Balance at March 31, 2022	<u>\$ -</u>	<u>10,136</u>	<u>10,136</u>
Balance at January 1, 2021	<u>\$ -</u>	<u>13,744</u>	<u>13,744</u>
Balance at March 31, 2022	<u>\$ -</u>	<u>12,275</u>	<u>12,275</u>

(XII) Short-term borrowings

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Unsecured bank loan	\$ 1,711,788	1,953,251	2,116,508
Secured bank loan	60,000	50,000	50,000
Total	<u>\$ 1,771,788</u>	<u>2,003,251</u>	<u>2,166,508</u>
Quota not used	<u>\$ 3,197,207</u>	<u>2,944,472</u>	<u>2,442,637</u>
Interest rate range	<u>0.59%~1.6385%</u>	<u>0.48%~1.50%</u>	<u>0.4%~2.79%</u>

Please refer to Note 8 for details of the Groups' assets pledged as collaterals for bank loans.

**HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries**  
**Notes to Consolidated Financial Statements (continued)**

(XIII) Other payables

	March 31, 2022	December 31, 2021	March 31, 2021
Employee bonuses payable	\$ 420,390	346,528	345,310
Remuneration payable to directors and supervisors	63,202	49,133	51,392
Accounts payable, equipment	137,803	155,580	86,775
Accrued wages and bonus	88,944	183,050	98,934
Service payable and litigation expenses	89,360	106,616	102,728
Commission fee payable	843	1,539	4,535
Labor and health insurance expenses	19,174	19,863	19,213
Other	351,335	281,335	321,793
	<u>\$ 1,171,051</u>	<u>1,143,644</u>	<u>1,030,680</u>

(XIV) Long-term borrowings

	March 31, 2022	December 31, 2021	March 31, 2021
Secured bank loan	\$ 7,477	8,249	9,784
Unsecured bank loan	1,794,638	1,375,030	667,859
Less: Current portions	(5,957)	(9,941)	(18,106)
Total	<u>\$ 1,796,158</u>	<u>1,373,338</u>	<u>659,537</u>
Quota not used	<u>\$ 208,986</u>	<u>632,392</u>	<u>1,351,905</u>
Interest rate range	<u>0.4%~1.11%</u>	<u>0.4%~1.11%</u>	<u>0.4%~1.11%</u>

1. Issuance and repayment of loans

The Group's issuance of long-term borrowings from January 1 to March 31, 2022 and 2021 were NT\$423,406 thousand and NT\$224,163 thousand, respectively, and the repayments were NT\$4,382 thousand and NT\$4,523 thousand, respectively.

2. Collateral for bank loans

Please refer to Note 8 for details of the Groups' assets pledged as collaterals for bank loans.

(XV) Lease liabilities

The carrying amounts of the Group's lease liabilities were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Current	\$ 18,445	19,957	15,775
Non-current	\$ 25,477	27,196	32,848

For maturity analysis, please refer to Note 6(24) Financial Instruments.

The amount of leases recognized in profit or loss was as follows:

	January to March, 2022	January to March, 2021
Interest expense on lease liabilities	\$ 162	180
Expenses relating to short-term leases	\$ 3,969	4,256

**HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries**  
**Notes to Consolidated Financial Statements (continued)**

The amounts recognized in the statement of cash flows are as follows:

	<b>January to March, 2022</b>	<b>January to March, 2021</b>
Total cash outflow for leases	<b><u>\$ 9,747</u></b>	<b><u>8,884</u></b>

(XVI) Employee benefits

1. Defined benefit plans

The Group has measured and disclosed pension costs for the interim periods using the actuarially determined pension costs as of December 31, 2021 and 2020 because there were no significant market fluctuations, and no significant contraction, liquidation or other significant one-time events after the reporting date in the previous year.

The details of the expenses reported by the Group are as follows:

	<b>January to March, 2022</b>	<b>January to March, 2021</b>
Operating cost	\$ 361	381
Operating expenses	564	618
Total	<b><u>\$ 925</u></b>	<b><u>999</u></b>

2. Defined contribution plans

The pension expense under the Group's defined contribution pension plan is as follows:

	<b>January to March, 2022</b>	<b>January to March, 2021</b>
Operating cost	\$ 6,061	5,149
Operating expenses	9,545	8,975
Total	<b><u>\$ 15,606</u></b>	<b><u>14,124</u></b>

(XVII) Income tax

1. The following is the detail of income tax expense of the Group:

	<b>January to March, 2022</b>	<b>January to March, 2021</b>
Current period income tax expense		
Recognized during the period	\$ 130,427	70,579
Deferred income tax expense	-	-
Income tax expenses	<b><u>\$ 130,427</u></b>	<b><u>70,579</u></b>

2. The Company's income tax returns for all fiscal years up to 2020 have been assessed and approved by the tax authority, except for the year 2019.

**HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries**  
**Notes to Consolidated Financial Statements (continued)**

(XVIII) Capital and other equity

Except as described below, there were no significant changes in the Group's capital and other equity between January 1 to March 31, 2022 and 2021, as described in Note 6(18) to the Consolidated Financial Statements as of December 31, 2021.

1. Capital surplus

Details of the Company's additional paid-in capital balance are as follows:

	<b>March 31,</b>	<b>December 31,</b>	<b>March 31,</b>
	<b>2022</b>	<b>2021</b>	<b>2021</b>
Premium from the issue of shares	\$ 1,108,172	1,108,172	1,108,172
Conversion premium of corporate bonds to shares	1,500,091	1,500,091	1,500,091
Consolidated	144,225	144,225	144,225
Employee stock options	188,297	188,297	188,297
Premium for capital increase from employee bonus	15,410	15,410	15,410
Recognition of change in ownership interests in subsidiaries	56,259	54,184	26,580
Expired options	130,146	130,146	130,146
	<b>\$ 3,142,600</b>	<b>3,140,525</b>	<b>3,112,921</b>

2. Retained earnings

In accordance with the Company's Articles of Incorporation, if the Company makes a profit for the year (net income for the period plus the amount included in the current year's unappropriated retained earnings in addition to net income for the period), it shall be distributed in the following order.

- (1) Making up for the previous losses accumulated (including adjustments to unappropriated retained earnings)
- (2) Appropriating 10% earnings to legal reserve, unless the legal reserve has reached the total paid-in capital.
- (3) To appropriate or reverse special reserve as required by law or the competent authority.
- (4) After the distribution to the first three priorities, the remaining earnings, together with the undistributed retained earnings at the beginning of the period (including adjustments to unappropriated retained earnings), are available for shareholder appropriation. The Board of Directors shall prepare a proposal for the appropriation of earnings, and if the appropriation is made in the form of new shares, the proposal shall be submitted to the shareholders' meeting for resolution.

When the Company distributes dividends and bonuses under Article 240, Paragraph 5 of the Company Act or distributes cash from all or part of the legal reserve and capital reserve under Article 241, Paragraph 1 of the Company Act, the Board of Directors is authorized to distribute such dividends with the two-thirds or more of the directors present and the approval of a majority of the directors present, then report the same to the shareholders' meeting.

The Company's dividend policy takes into account the Company's medium- to long-term growth and capital needs for investment activities, as well as its financial structure. The Board of Directors shall prepare a proposal for the distribution of earnings in the range of 10% to 100% from accumulated earnings available for distribution and submit the proposal to the shareholders' meeting. The dividend distribution will be made in the form of stock dividends or cash dividends depending on future capital requirements and the extent of capital dilution. 0% to 50% of the total dividends will be paid in the form of shares and 50% to 100% of the total dividends will be paid in the form of cash.

**HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries**  
**Notes to Consolidated Financial Statements (continued)**

The Company can choose to make the entire or partial distribution in accordance with laws or regulations when there is no distributable earnings, or the amount is much lower than the actual distribution made in the previous year, or due to the considerations of finance, business and operation needs of the Company.

2.1. Legal reserve

When the company does not have a loss, the company may issue new shares or cash from legal reserve based on the resolution of shareholders' meeting. However, such distribution can only come from the part that is over 25% of paid-in capital.

2.2. Special reserve

The FSC requires that the Company shall, upon making earning distribution, set aside a special reserve that is equal to the net deduction equity items recognized during the year of the current earnings and the previous undistributed retained earnings. For equity deductions accumulated from previous periods, a same amount of special reserve shall be appropriated from the undistributed previous earnings and no distribution shall be made from the reserve. Subsequently, if there are reversals in the contra amount for other shareholders' equity, the company may distribute earnings from the parts that are reversed.

2.3. Earning distribution

The Board of Directors resolved on March 9, 2022 and March 10, 2021, respectively, the amount of cash dividends to be distributed to the shareholders for 2021 and 2020, and the dividend rates and amounts of dividends to the shareholders were as follows:

	2021		2020	
	Dividend rate (NT\$)	Amount	Dividend rate (NT\$)	Amount
Dividends distributed to common stock shareholders:				
Cash dividends	\$ 9.00	<u>1,421,917</u>	8.00	<u>1,263,926</u>

3. Other equity (net after tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2022	\$ (88,988)	(74,866)	(163,854)
Exchange differences on translation of net assets of foreign operations:			
The Company	29,420	-	29,420
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
Subsidiary	-	(2,753)	(2,753)
Balance at March 31, 2022	<u>\$ (59,568)</u>	<u>(77,619)</u>	<u>(137,187)</u>

**HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries**  
**Notes to Consolidated Financial Statements (continued)**

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2021	\$ (51,074)	(71,310)	(122,384)
Exchange differences on translation of net assets of foreign operations:			
The Company	(16,017)	-	(16,017)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
Subsidiary	-	1,757	1,757
Balance at March 31, 2022	<u>\$ (67,091)</u>	<u>(69,553)</u>	<u>(136,644)</u>

(XIX) Share-based payment

There were no significant changes in the Group's share-based payment between January 1 to March 31, 2022 and 2021, as described in Note 6(19) to the Consolidated Financial Statements as of December 31, 2021.

(XX) Earnings per share

The calculation of earnings per share and diluted earnings per share is as follows:

	January to March, 2022	January to March, 2021
<b>Earnings per share</b>		
Net profit attributable to the Company	\$ 492,415	544,961
Weighted-average number of common shares outstanding (in thousand shares)	157,991	157,991
<b>Earnings per share (NT\$)</b>	<u>\$ 3.12</u>	<u>3.45</u>
<b>Diluted earnings per share</b>		
Net profit attributable to the Company	\$ 492,415	544,961
Net income attributable to ordinary equity holders of the Company (after adjustments to the effect of dilutive potential ordinary shares)	<u>\$ 492,415</u>	<u>544,961</u>
Weighted-average number of common shares outstanding (in thousand shares)	157,991	157,991
Effect of potentially dilutive ordinary shares		
Effect of employee stock bonus (in thousand shares)	2,481	1,972
Weighted-average number of common shares outstanding (after adjustments to the effect of dilutive potential ordinary shares) (in thousand shares)	<u>160,472</u>	<u>159,963</u>
<b>Diluted earnings per share (NT\$)</b>	<u>\$ 3.07</u>	<u>3.41</u>

**HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries**  
**Notes to Consolidated Financial Statements (continued)**

(XXI) Revenue from contracts with customers

1. Revenue breakdown

<b>January to March, 2022</b>			
	<b>Electronic Segment</b>	<b>Others</b>	<b>Total</b>
Core products/services:			
Passive Components	\$ 1,763,953	-	1,763,953
Active Components	1,186,076	-	1,186,076
System on Module	677,547	-	677,547
Other	320,292	368,320	688,612
	<b>\$ 3,947,868</b>	<b>368,320</b>	<b>4,316,188</b>

<b>January to March, 2021</b>			
	<b>Electronic Segment</b>	<b>Others</b>	<b>Total</b>
Core products/services:			
Passive Components	\$ 1,652,680	-	1,652,680
Active Components	1,220,371	-	1,220,371
System on Module	998,853	-	998,853
Other	244,815	291,186	536,001
	<b>\$ 4,116,719</b>	<b>291,186</b>	<b>4,407,905</b>

2. Contract balance

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Receivable notes	\$ 161,728	153,821	106,293
Accounts receivable	3,592,129	3,072,262	3,596,411
Less: loss provision	(30,416)	(27,721)	(29,789)
Total	<b>\$ 3,723,441</b>	<b>3,198,362</b>	<b>3,672,915</b>
Contract liability	<b>\$ 133,232</b>	<b>120,417</b>	<b>65,708</b>

For disclosure on notes and account receivables and the impairments, please refer to Note 6(4).

(XXII) Remuneration to employee, directors and supervisors

According to the Articles of Association, the Company shall be appropriated at no less than 7% and no less than 3% of earnings, respectively, as employee compensation and director remunerations after the accumulative losses (including adjustments to unappropriated retained earnings) are completely recovered. Proposals of distribution percentage and types to employees, directors and supervisors shall be taken to the shareholders' meeting for approval after a resolution reached by a majority of the Board with two thirds in attendance. Distribution to the directors mentioned previously shall be in the form of cash. Employee compensation in the form of stock or cash may be granted to the employees of parents or subsidiaries of the company meeting certain specific requirements, as determined by the Board of Directors or its delegated authority.

**HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries**  
**Notes to Consolidated Financial Statements (continued)**

The estimated amounts of employees' compensation from January 1 to March 31, 2022 and 2021 were NT\$73,862 thousand and NT\$72,662 thousand, respectively; the estimated amounts of remuneration to directors and supervisors were NT\$14,069 thousand and NT\$13,840 thousand, respectively. These amounts were estimated by multiplying the Company's profit before tax before deducting employees' compensation and directors' and supervisors' remuneration for the period times the distribution percentages of employees' compensation and directors' and supervisors' remuneration as stipulated in the Company's Articles of Incorporation and were recognized as operating costs or operating expenses for the respective periods. If the actual distribution amount differs from the estimated amount in the following year, the difference is adjusted for the change in accounting estimate and recognized as profit or loss in the following year.

For the years ended December 31, 2021 and 2020, the estimated compensation to employees were NT\$257,947 thousand and NT\$197,148 thousand, respectively, and the estimated compensation to directors and supervisors were NT\$49,133 thousand and NT\$37,552 thousand, respectively, which did not differ from the actual distribution. Please refer to the Market Observation Post System for more information.

(XXIII) Other gains and losses

The following is a schedule of other gains and losses of the Group:

	<b>January to March, 2022</b>	<b>January to March, 2021</b>
Dividend revenue	\$ 384	588
Net gain (loss) on financial assets at fair value through profit or loss	(1,808)	17,044
Net gain (loss) on foreign exchange	29,928	(21,709)
Other	(7,248)	1,919
	<b>\$ 21,256</b>	<b>(2,158)</b>

(XXIV) Financial instruments

Except as described below, there were no significant changes in the fair value of the financial instruments and exposure to credit risk, liquidity risk and market risk associated with the financial instruments. For related information, please refer to Note 6(24) to the Consolidated Financial Statements for the year ended December 31, 2021.

1. Liquidity risk

Financial liability maturities, including estimated impacts of interest expense was as follows:

	<b>Book value</b>	<b>Contract cash flows</b>	<b>Less than 12 months</b>	<b>1~5 years</b>	<b>≥ 5 years</b>
<b>March 31, 2022</b>					
Non-derivative financial liabilities					
Short-term borrowings	\$ 1,771,788	1,775,142	1,775,142	-	-
Current contract liabilities	133,232	133,232	133,232	-	-
Accounts payable	1,145,070	1,145,070	1,145,070	-	-
Accounts payable to related parties	86,734	86,734	86,734	-	-
Other payables	1,171,051	1,171,051	1,171,051	-	-
Dividends payables	1,421,917	1,421,917	1,421,917	-	-
Lease liabilities	43,922	45,355	18,934	20,937	5,484
Long-term borrowings	1,802,115	1,845,145	17,237	1,444,443	383,465
	<b>\$ 7,575,829</b>	<b>7,623,646</b>	<b>5,769,317</b>	<b>1,465,380</b>	<b>388,949</b>

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	<u>Book value</u>	<u>Contract cash flows</u>	<u>Less than 12 months</u>	<u>1~5 years</u>	<u>≥ 5 years</u>
<b>December 31, 2021</b>					
Non-derivative financial liabilities					
Short-term borrowings	\$ 2,003,251	2,005,701	2,005,701	-	-
Current contract liabilities	120,417	120,417	120,417	-	-
Accounts payable	1,232,048	1,232,048	1,232,048	-	-
Accounts payable to related parties	75,429	75,429	75,429	-	-
Other payables	1,143,644	1,143,644	1,143,644	-	-
Lease liabilities	47,153	48,732	20,516	21,948	6,268
Long-term borrowings	1,383,279	1,405,263	15,520	1,038,148	351,595
	<b>\$ 6,005,221</b>	<b>6,031,234</b>	<b>4,613,275</b>	<b>1,060,096</b>	<b>357,863</b>
<b>March 31, 2021</b>					
Non-derivative financial liabilities					
Short-term borrowings	\$ 2,166,508	2,169,214	2,169,214	-	-
Current contract liabilities	65,708	65,708	65,708	-	-
Accounts payable	1,023,682	1,023,682	1,023,682	-	-
Accounts payable to related parties	66,651	66,651	66,651	-	-
Other payables	1,030,680	1,030,680	1,030,680	-	-
Dividends payables	1,263,926	1,263,926	1,263,926	-	-
Lease liabilities	48,623	50,591	16,402	25,570	8,619
Long-term borrowings	677,643	689,121	20,914	452,077	216,130
	<b>\$ 6,343,421</b>	<b>6,359,573</b>	<b>5,657,177</b>	<b>477,647</b>	<b>224,749</b>

2. Foreign exchange rate risk

(1) Exposure to foreign exchange rate risk

The Group's significant exposure to foreign currency risk was as follows:

	Unit: NT\$ thousand								
	<u>March 31, 2022</u>			<u>December 31, 2021</u>			<u>March 31, 2021</u>		
	<u>Foreign currency</u>	<u>Exchange rate (NT\$)</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate (NT\$)</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate (NT\$)</u>	<u>NTD</u>
<u>Financial Asset</u>									
<u>Monetary items</u>									
USD	\$ 101,665	28.6250	2,910,172	88,372	27.6800	2,446,148	93,879	28.5350	2,678,824
EUR	2,582	31.9200	82,423	1,639	31.3200	51,336	1,717	33.4800	57,476
HKD	24,547	3.6560	89,745	20,356	3.5490	72,244	14,763	3.6700	54,181
GBP	229	37.6200	8,618	309	37.3000	11,517	42	39.2300	1,666
JPY	519,642	0.2353	122,272	426,214	0.2405	102,504	744,712	0.2577	191,912
CNY (RMB)	19,713	4.5060	88,828	24,120	4.3440	104,778	54,598	4.3440	237,174
NTD	5,587	1.0000	5,587	3,974	1.0000	3,974	5,560	1.0000	5,560
SGD	52	21.1600	1,098	-	-	-	-	-	-
<u>Non-monetary items</u>									
USD	1,474	28.6250	42,184	1,236	27.6800	34,214	956	28.5350	27,267

**HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries**  
**Notes to Consolidated Financial Statements (continued)**

	March 31, 2022			December 31, 2021			March 31, 2021		
	Foreign currency	Exchange rate (NT\$)	NTD	Foreign currency	Exchange rate (NT\$)	NTD	Foreign currency	Exchange rate (NT\$)	NTD
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	65,137	28.6250	1,864,534	76,587	27.6800	2,119,922	85,748	28.5350	2,446,829
EUR	235	31.9200	7,519	202	31.3200	6,323	204	33.4800	6,823
HKD	736	3.6560	2,692	821	3.5490	2,913	798	3.6700	2,927
GBP	269	37.6200	10,110	226	37.3000	8,423	200	39.2300	7,832
JPY	98,795	0.2353	23,246	78,670	0.2405	18,920	198,839	0.2577	51,241
CNY (RMB)	719	4.5060	3,241	665	4.3440	2,887	941	4.3440	4,088
NTD	1,387	1.0000	1,387	2,236	1.0000	2,236	1,324	1.0000	1,324

The monetary items of the Group mainly comes from exchange gains and losses due to currency conversion for cash or cash equivalents, accounts receivable and other receivables, loans, accounts payable and other payables. As of March 31, 2022 and 2021, all else remained intact, the net income would be increased or decreased by \$69,801 thousand and \$35,286 thousand for the three months ended March 31, 2022 and 2021, respectively, if the New Taiwan dollar depreciated or appreciated by 5% against the U.S. dollar, Euro, Japanese yen, Hong Kong dollar, British pound and Renminbi. The analysis is performed on the same basis as for the years ended December 31, 2014 and 2013.

Due to the wide selection of functional currencies of the Group, information on exchange gains and losses on monetary items are summarized as a whole. As for the three months ended March 31, 2022 and 2021, foreign currency exchange gains and losses (including realized and unrealized) were NT\$29,928 thousand and NT\$(21,709) thousand, respectively.

3. Fair value information

(1) Types of financial instruments and associated fair value

The Group has measured financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income on a recurring basis. The carrying amount and fair value of financial assets and financial liabilities (including instruments possess fair-value-level information, but carrying at values reasonably close to the fair values, and lease liability that requires no disclosure of fair value necessary) are as follows:

	March 31, 2022				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Current financial assets at fair value through profit or loss	\$ 574,257	475,125	-	99,132	574,257
Financial assets at fair value through other comprehensive income	55,420	-	-	55,420	55,420
Financial assets at amortization					
Cash and cash equivalent	3,772,946	-	-	-	-
Notes and accounts receivable - Net	3,723,441	-	-	-	-
Other receivables, net	80,866	-	-	-	-
Sub-total	7,577,253	-	-	-	-
<b>Total</b>	<b>\$ 8,206,930</b>	<b>475,125</b>	<b>-</b>	<b>154,552</b>	<b>629,677</b>

**HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries**  
**Notes to Consolidated Financial Statements (continued)**

		<b>March 31, 2022</b>			
		<b>Fair value</b>			
	<b>Book value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial liabilities at amortized cost					
Short-term borrowings	\$ 1,771,788	-	-	-	-
Current contract liabilities	133,232	-	-	-	-
Accounts payable	1,145,070	-	-	-	-
Accounts payable to related parties	86,734	-	-	-	-
Other payables	1,171,051	-	-	-	-
Dividends payables	1,421,917	-	-	-	-
Lease liabilities	43,922	-	-	-	-
Long-term borrowings	1,802,115	-	-	-	-
Sub-total	<u>7,575,829</u>	-	-	-	-
Total	<u><b>\$ 7,575,829</b></u>	-	-	-	-
		<b>December 31, 2021</b>			
		<b>Fair value</b>			
	<b>Book value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Current financial assets at fair value through profit or loss					
	\$ 554,828	459,758	-	95,070	554,828
Financial assets at fair value through other comprehensive income					
	<u>57,937</u>	-	-	<u>57,937</u>	<u>57,937</u>
Financial assets at amortization					
Cash and cash equivalent	3,954,236	-	-	-	-
Notes and accounts receivable - Net	3,198,362	-	-	-	-
Other receivables, net	157,924	-	-	-	-
Sub-total	<u>7,310,522</u>	-	-	-	-
Total	<u><b>\$ 7,923,287</b></u>	<u><b>459,758</b></u>	<u><b>-</b></u>	<u><b>153,007</b></u>	<u><b>612,765</b></u>
Financial liabilities at amortized cost					
Short-term borrowings	\$ 2,003,251	-	-	-	-
Current contract liabilities	120,417	-	-	-	-
Accounts payable	1,232,048	-	-	-	-
Accounts payable to related parties	75,429	-	-	-	-
Other payables	1,143,644	-	-	-	-
Lease liabilities	47,153	-	-	-	-
Long-term borrowings	1,383,279	-	-	-	-
Sub-total	<u>6,005,221</u>	-	-	-	-
Total	<u><b>\$ 6,005,221</b></u>	-	-	-	-

**HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries**  
**Notes to Consolidated Financial Statements (continued)**

	March 31, 2021				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Current financial assets at fair value through profit or loss	\$ 390,269	370,151		20,118	390,269
Financial assets at fair value through other comprehensive income	86,710	-	-	86,710	86,710
Financial assets at amortization					
Cash and cash equivalent	4,830,420	-	-	-	-
Notes and accounts receivable - Net	3,672,915	-	-	-	-
Other receivables, net	77,690	-	-	-	-
Sub-total	8,581,025	-	-	-	-
Total	<b>\$ 9,058,004</b>	<b>370,151</b>	<b>-</b>	<b>106,828</b>	<b>476,979</b>
Financial liabilities at amortized cost					
Short-term borrowings	\$ 2,166,508	-	-	-	-
Current contract liabilities	65,708	-	-	-	-
Accounts payable	1,023,682	-	-	-	-
Accounts payable to related parties	66,651	-	-	-	-
Other payables	1,030,680	-	-	-	-
Dividends payables	1,263,926	-	-	-	-
Lease liabilities	48,623	-	-	-	-
Long-term borrowings	677,643	-	-	-	-
Sub-total	6,343,421	-	-	-	-
Total	<b>\$ 6,343,421</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(2) Fair value valuation techniques for financial instruments not measured at fair value

The following are the methods and assumptions used by the Group to measure instruments not at fair value:

(2.1) Financial assets at amortization

If there is a quoted price in an active market, the fair value is based on the market price; if there is no market price available, the fair value is estimated using valuation techniques or using quotes from counterparties.

(2.2) Financial assets and financial liabilities at amortization

If quoted prices or market makers' quotation are available, the most recent closing prices and quotation are used as the basis for determining fair value. If no market value is available, the valuation method is used to estimate the value. The estimates and assumptions used in the valuation method were the estimated fair values of the discounted cash flows.

(3) Fair value valuation techniques for financial instruments measured at fair value

(3.1) Non-derivative financial instruments

If a financial instrument has a quoted price in an active market, the quoted price is used as fair value. Quoted prices of major stock exchange and quoted prices of government bonds are the basis for measuring the fair value of stocks listed on an exchange, stocks listed on the OTC, and debt instruments with quoted prices in an active market.

**HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries**  
**Notes to Consolidated Financial Statements (continued)**

If obtaining frequently and timely transparent offers from stock exchange, brokers, securities underwriter, industrial union and quote service provider or competent authority that means the price is actual and frequent fair market trade. If these conditions are not met, the market is considered inactive. In general, if market price difference is very big, if the price difference is significantly higher or if the trading volume is very low, these are indicators of an inactive market.

Held by the Group that are classified as active market are shown below by category and attribute:

The fair values of the Group's listed securities, and open-end funds which are financial assets and financial liabilities with standard terms and conditions, and traded in active markets, were determined by the quoted market prices.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date. (e.g., over-the-counter (OTC) reference yield curves, Reuters average quoted interest rates for commercial paper).

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

The Group's financial instruments that use Level 3 inputs to measure fair value include financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income - equity investments.

(XXV) Financial risk management

There were no significant changes in the Group's financial risk management objectives and policies from those disclosed in Note 6(25) to the Consolidated Financial Statements for the year ended December 31, 2021.

(XXVI) Capital management

The objectives, policies and procedures of the Group's capital management are consistent with those disclosed in the consolidated financial statements as of December 31, 2021, and there are no significant changes in the aggregated quantitative information of the items used as capital management from those disclosed in the consolidated financial statements as of December 31, 2021. For related information, please refer to Note 6(26) to the Consolidated Financial Statements for the year ended December 31, 2021.

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

The Group's investing and financing activities not affecting current cash flow for three months ended March 31, 2022 and 2021 were as follows:

1. Please refer to Note 6(10) for the right-to-use assets acquired by lease.
2. Reconciliation of liabilities arising from financing activities of the Group were as follows:

		Non-cash changes						
		January 1, 2022	Cash flows	Acquisition	Changes in foreign exchange rates	Interest expense	Other	March 31, 2022
Lease liabilities		\$ 47,153	(5,778)	1,752	633	162	-	43,922
		Non-cash changes						
		January 1, 2021	Cash flows	Acquisition	Changes in foreign exchange rates	Interest expense	Other	March 31, 2021
Lease liabilities		\$ 42,125	(4,628)	11,984	(113)	180	(925)	48,623

**HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries**  
**Notes to Consolidated Financial Statements (continued)**

**VII. Related-party Transactions**

(I) Related parties

The followings are related parties that have had transactions with the Group during the periods covered in the interim consolidated financial statements:

<u>Name of Related Parties</u>	<u>Relationship with the merged Company</u>
eGalax_eMPIA Technology Inc.	Associate of the Group
Empia Technology Inc.	Associate of the Group

(II) Important transactions with related parties

1. Purchases and payables to related parties

	<u>Purchase</u>		<u>Payables to related parties</u>		
	<u>January to March, 2022</u>	<u>January to March, 2021</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Associate	<u>\$ 119,182</u>	<u>89,540</u>	<u>86,734</u>	<u>75,429</u>	<u>66,651</u>

The Group did not purchase the same type of goods from other suppliers, so it is not comparable. The credit terms for purchases from related parties are not materially different from regular suppliers.

2. As of March 31, 2022 and 2021 and December 31, 2021, the Group and its affiliates had other receivables (included in notes and accounts receivable, net) amounting to NT\$575 thousand, NT\$478 thousand and NT\$279 thousand, respectively, for the collection of payments on behalf of the Group, fees and other expenses.

(III) Key managers transaction

Remuneration to key managers include:

	<u>January to March, 2022</u>	<u>January to March, 2021</u>
Short-term employee benefits	<u>\$ 16,544</u>	<u>16,006</u>

**VIII. Pledged Assets**

Book values for the pledged assets are as follows:

<u>Asset</u>	<u>Object of guarantee</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Land	Bank loans	\$ 156,522	156,522	156,522
Buildings	Bank loans	50,067	50,515	51,861
Term deposits	Guarantees for purchase tax and commodity tax	40,884	40,884	18,843
		<u>\$ 247,473</u>	<u>247,921</u>	<u>227,226</u>

**IX. Significant Contingent Liabilities and Unrecognized Commitments**

- (I) As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group had unused letters of credit of NT\$190,000 thousand, NT\$135,000 thousand and NT\$143,817 thousand, respectively.

- (II) The Group's unrecognized contingencies of contracts for the acquisition of property, plant and equipment were as follows:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Acquisition of property, plant and equipment	<u>\$ 260,592</u>	<u>365,899</u>	<u>229,698</u>

**HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries**  
**Notes to Consolidated Financial Statements (continued)**

(III) The Group has appointed an attorney to handle the antitrust investigation initiated by the U.S. government to our former Japanese subsidiary, HPC, since March 2014. We have cooperated with the investigation. The investigation in some areas is still ongoing and no conclusion has been made as of March 31, 2022.

**X. Losses Due to Major Disasters: None.**

**XI. Material Subsequent Events: N/A.**

**XII. Others**

(I) Summary for expense natures of employee benefits, depreciation, depletion, and amortization:

Purpose Category	January to March, 2022			January to March, 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary expense	104,221	195,965	300,186	101,726	206,059	307,785
Labor and health insurance expenses	13,160	13,227	26,387	11,595	13,616	25,211
Pension expense	6,422	10,109	16,531	5,530	9,593	15,123
Remuneration to directors	-	14,974	14,974	-	12,293	12,293
Other employee benefit expenses	3,905	4,916	8,821	3,201	3,776	6,977
Depreciation expense	117,400	17,826	135,226	111,182	16,006	127,188
Amortization expense	-	233	233	-	812	812

(II) Seasonality in operations:

The seasonality factor does not affect the Group's operations.

**XIII. Note Disclosure Items**

(I) Information on significant transactions

2022 extra information on significant transactions, as required by the Regulations Governing the Preparation of Financial Reports by Securities Issuers, is as follows:

1. Funds granted to others: N/A.

2. Endorsements/guarantees provided:

No.	Endorsement /guarantee provider	Guaranteed party Company Name	Relationship (Note 2)	Limits on endorsement/guarantee amount provided to each guaranteed party (Note 1)	Maximum balance for the current period	Ending balance	Amount actually drawn (Note 3)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity of the Latest Financial Statement	Maximum amount of endorsement/ guarantee allowance (Note 1)	Guarantee provided by parent company	Guarantee provided by subsidiary	Guarantee provided to subsidiaries in China
0	The Company	Holy Stone Holdings Co., Ltd.	2	1,792,627	143,125	143,125	-	-	1.60%	4,481,568	Y	N	N
0	The Company	Jung Chan Investments Co., Ltd.	2	1,792,627	150,000	150,000	-	-	1.67%	4,481,568	Y	N	N
0	The Company	Everplus Material Co., Ltd.	2	1,792,627	97,280	94,120	94,120	-	1.05%	4,481,568	Y	N	N

Note 1: The maximum endorsement/guarantee provided to a single enterprise is 20% of the Company's net worth; the aggregate endorsement/guarantee Limit is 50% of the Company's net worth.

Note 2: Relationship between the endorser/guarantor and the endorsee/guarantee is classified as the following 7 types:

- (1) Having a business relationship.
- (2) The endorser/guarantor directly or indirectly owns more than 50% of the ordinary shares of the endorsee/guarantee.
- (3) The endorsee/guarantee directly or indirectly owns more than 50% of the ordinary shares of the endorser/guarantor.
- (4) Company in which the public company directly or indirectly holds 90% or more of the voting shares may make endorsements/guarantees for each other.

**HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries**  
**Notes to Consolidated Financial Statements (continued)**

(5) Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or joint builders for the purposes of undertaking a construction project.

(6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsee/guarantee in proportion to its ownership.

(7) Where companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The transaction was eliminated in the preparation of the consolidated financial statements.

**3. Holding of securities at the end of the period (excluding the portion held due to investment in a subsidiary or an affiliate, and the portion held due to an interest in a joint venture):**

Unit: thousand shares

Holding company name	Marketable securities types and name	Relationship with the issuers	Financial statement account	March 31, 2022				Note
				Number of shares	Book value	Percent of shareholdings	Fair value	
The Company	Fu Hua Jui Neng Fund No. 1	-	Current financial assets at fair value through profit or loss - Beneficiary certificate	2,997	33,575	-	33,575	-
The Company	Fu Hua Jui Neng Fund No. 2	-	"	12,660	143,785	-	143,785	-
The Company	JPMorgan (Taiwan) New Technology Fund	-	"	31	3,233	-	3,233	-
The Company	INVESCO QQQ ETF	-	"	1	6,227	-	6,227	-
The Company	SPDR S&P500 ETF	-	"	1	12,928	-	12,928	-
The Company	MSCI EMERGING MKT ETP	-	"	1	1,292	-	1,292	-
The Company	FIDELITY FNDJ-JAPAN	-	"	14	6,684	-	6,684	-
The Company	ALLANZ-EURO EQ USD	-	"	11	5,423	-	5,423	-
The Company	TSMC ADR	-	"	2	4,477	-	4,477	-
The Company	Shares of TSMC	-	Current financial assets at fair value through profit or loss - Domestic stock	100	59,700	-	59,700	-
The Company	Shares of GSI TECHNOLOGY INC.	-	Non-current financial assets at fair value through profit or loss	47	5,153	0.20%	5,153	-
The Company	Shares of CNO Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	1,400	-	12.28%	-	-
Martek Co., Ltd.	Shares of TSMC	-	Current financial assets at fair value through profit or loss - Domestic stock	12	7,164	-	7,164	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	SPDR S&P500 ETF	-	Current financial assets at fair value through profit or loss - Beneficiary certificate	1	7,111	-	7,111	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	INVESCO QQQ ETF	-	"	1	4,151	-	4,151	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	FIDELITY FNDJ-JAPAN	-	"	16	7,871	-	7,871	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	ALLANZ-EURO EQ GRS_ATH2USD	-	"	23	11,568	-	11,568	-
Holy Stone Holdings Co., Ltd.	Greenity Communications, Inc	-	Non-current financial assets at fair value through other comprehensive income	220	-	0.76%	-	-
Holy Stone Holdings Co., Ltd.	ISHARES RUSSEL 1000 VALUE ETF	-	Current financial assets at fair value through profit or loss - Beneficiary certificate	1	1,425	-	1,425	-
Holy Stone Holdings Co., Ltd.	FIDELITY FNDJ-JAPAN	-	"	11	5,248	-	5,248	-
Holy Stone Holdings Co., Ltd.	ALLANZ-EURO EQ GRS_ATH2USD	-	"	15	7,712	-	7,712	-
Holy Stone Holdings Co., Ltd.	SPDR S&P500 ETF	-	"	1	5,171	-	5,171	-

**HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries**  
**Notes to Consolidated Financial Statements (continued)**

Holding company name	Marketable securities types and name	Relationship with the issuers	Financial statement account	March 31, 2022				Note
				Number of shares	Book value	Percent of shareholdings	Fair value	
UHOLY Investment Co., Ltd.	Shares of Metanoia Communications, Inc.	-	Non-current financial assets at fair value through other comprehensive income	155	-	0.18%	-	-
UHOLY Investment Co., Ltd.	Shares of IFIT LTD.	-	"	269	-	-	-	-
UHOLY Investment Co., Ltd.	Shares of SENYUN PRECISION OPTICAL CORPORATION	-	Non-current financial assets at fair value through other comprehensive income	140	-	-	-	-
UHOLY Investment Co., Ltd.	C2 MICROSYSTEMS INC.	-	Non-current financial assets at fair value through profit or loss	1,200	-	3.20%	-	-
UHOLY Investment Co., Ltd.	Shares of Win Win Precision Technology Co., Ltd.	-	"	1,388	22,903	3.05%	22,903	-
UHOLY Investment Co., Ltd.	Shares of AZOTEK CO., LTD.	-	"	981	31,377	1.63%	31,377	-
UHOLY Investment Co., Ltd.	Shares of TSMC	-	Current financial assets at fair value through profit or loss - Domestic stock	80	47,760	-	47,760	-
UHOLY Investment Co., Ltd.	Shares of Nan Ya PCB Corporation	-	"	20	10,480	-	10,480	-
Jung Chan Investments Co., Ltd.	Shares of JYA-NAY CO., LTD.	-	Non-current financial assets at fair value through other comprehensive income	2,976	23,351	12.40%	23,351	-
Jung Chan Investments Co., Ltd.	Shares of eMPIA Technology Inc.	-	"	1,846	24,874	11.99%	24,874	-
Jung Chan Investments Co., Ltd.	Shares of CNO Co., Ltd.	-	"	494	-	4.33%	-	-
Jung Chan Investments Co., Ltd.	Shares of Metanoia Communications, Inc.	-	"	27	-	0.04%	-	-
Jung Chan Investments Co., Ltd.	Shares of ThroughTek Co., Ltd.	-	Non-current financial assets at fair value through profit or loss	140	2,268	0.54%	2,268	-
Jung Chan Investments Co., Ltd.	Shares of WOM ASIA CO., LTD.	-	"	1,145	6,323	4.03%	6,323	-
Jung Chan Investments Co., Ltd.	Shares of Genovior Biotech Corporation	-	"	3,590	28,002	2.28%	28,002	-
Jung Chan Investments Co., Ltd.	Shares of TSMC	-	Current financial assets at fair value through profit or loss - Domestic stock	80	47,760	-	47,760	-
Jung Chan Investments Co., Ltd.	Shares of TONG HSING ELECTRONIC INDUSTRIES, LTD.	-	"	30	8,700	-	8,700	-
Jung Chan Investments Co., Ltd.	Shares of Nan Ya PCB Corporation	-	"	15	7,860	-	7,860	-
Jung Chan Investments Co., Ltd.	Shares of MediaTek Inc.	-	"	3	2,715	-	2,715	-
Jung Chan Investments Co., Ltd.	Shares of Fittech Co., Ltd.	-	"	20	3,890	-	3,890	-
Jung Chan Investments Co., Ltd.	Shares of King Yuan ELECTRONICS CO., LTD.	-	"	30	1,286	-	1,286	-
OHGA Smarththings Co., Ltd	Shares of eMPIA Technology Inc.	-	Non-current financial assets at fair value through other comprehensive income	540	7,195	3.51%	7,195	-
OHGA Smarththings Co., Ltd	Shares of ThroughTek Co., Ltd.	-	Non-current financial assets at fair value through profit or loss	140	2,268	0.54%	2,268	-
OHGA Smarththings Co., Ltd	Shares of NFORE TECHNOLOGY CO., LTD.	-	"	261	5,991	1.52%	5,991	-
OHGA Smarththings Co., Ltd	Shares of TSMC	-	Current financial assets at fair value through profit or loss - Domestic stock	8	4,776	-	4,776	-

**HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries**  
**Notes to Consolidated Financial Statements (continued)**

4. Aggregate purchases or sales of the same securities reaching NT\$300 million or 20 percent of paid-in capital or more: N/A.
5. Acquisition of real estate reaching NT\$300 million or 20 percent of paid-in capital or more: N/A.
6. Disposal of real estate reaching NT\$300 million or 20 percent of paid-in capital or more: N/A.
7. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20 percent of paid-in capital or more:

Buyer/Seller	Related Party	Relationship	Transaction Details				The status and reasons of the transaction terms different from common transactions		Note/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	Percentage to total purchase (sales)	Payment Terms	Unit Price	Payment Terms	Balance	Percentage to total notes and accounts receivable (payable)	
The Company	Holy Stone International Trading (ShanHai) Co., Ltd	Third-tier subsidiary of the Company	Sales	(424,282)	(11.68) %	150 days from the following month	-	-	413,646	12.35%	Note
Holy Stone International Trading (ShanHai) Co., Ltd	The Company	The Company is the ultimate parent company	Purchase	424,282	85.41 %	150 days from the following month	-	-	(413,646)	(89.28)%	Note
The Company	Holy Stone Enterprise (Hong Kong) Co., Ltd.	Subsidiary of the Company	Sales	(272,778)	(7.51) %	120 days from the following month	-	-	213,728	6.38%	Note
Holy Stone Enterprise (Hong Kong) Co., Ltd.	The Company	The Company is the ultimate parent company	Purchase	272,778	70.44 %	120 days from the following month	-	-	(213,728)	(93.75)%	Note
The Company	Infortech (CHINA) Co., Ltd.	Third-tier subsidiary of the Company	Sales	(158,953)	(4.38) %	120 days from the invoiced month	-	-	61,767	1.84%	Note
Infortech (CHINA) Co., Ltd.	The Company	The Company is the ultimate parent company	Purchase	158,953	98.48 %	120 days from the invoiced month	-	-	(61,767)	(99.29)%	Note
EPM	The Company	The Company is the ultimate parent company	Sales	(219,034)	(100.00) %	30 days from the invoiced month	-	-	37,721	100.00%	Note
eGalax_eMPIA	The Company	Affiliated enterprises of the Company	Sales	(119,182)	(27.10) %	30 days from the invoiced month	-	-	86,734	32.38%	-
The Company	eGalax_eMPIA	Affiliated enterprises of the Company	Purchase	119,182	4.53 %	30 days from the invoiced month	-	-	(86,734)	(8.26)%	-

Note: The transaction was eliminated in the preparation of the consolidated financial statements.

8. Accounts receivable from related parties reaching NT\$100 million or 20 percent of paid-in capital or more:

Company Name	Related Party	Relationship	Balance of receivables from related parties (Note)	Turnover Rate	Overdue		Amounts Received from related parties in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	Holy Stone Enterprise (Hong Kong) Co., Ltd.	Subsidiary of the Company	213,728	5.43	-	-	57,139	-
The Company	Holy Stone International Trading (ShanHai) Co., Ltd	Third-tier subsidiary of the Company	413,646	4.42	-	-	198,670	-

Note: The transaction was eliminated in the preparation of the consolidated financial statements.

**HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries**  
**Notes to Consolidated Financial Statements (continued)**

9. Trading in derivative instruments: N/A.

**HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries**  
**Notes to Consolidated Financial Statements (continued)**

10. Significant intercompany transactions

No.	Name	Transaction party	Flow of Transactions	Item	Amount	Transaction status	
						Transaction condition	Percentage of total operating revenue or total assets
0	The Company	HSHK	1	Sales	272,778	120 days from the following month	6.32%
0	The Company	HSHK	1	Accounts receivable	213,728	120 days from the following month	1.25%
0	The Company	HSITC	1	Sales	424,282	150 days from the following month	9.83%
0	The Company	HSITC	1	Accounts receivable	413,646	150 days from the following month	2.43%
0	The Company	He Chi	1	Sales	158,953	120 days from the invoiced month	3.68%
0	The Company	He Chi	1	Accounts receivable	61,767	120 days from the invoiced month	0.36%
1	EPM	The Company	2	Sales	219,034	Pay cash in the following month	5.07%
1	EPM	The Company	2	Accounts receivable	37,721	Pay cash in the following month	0.22%

Note 1: The number is filled in as follows:

1. 0 represents the parent company.
2. Subsidiaries are numbered according to the category starting with the Arabic number 1.

Note 2: The directional flow of the investment relationship is represented by the following numerals:

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

Note 3: Only the information on sales, revenues and receivables are disclosed; the corresponding information on imports, expenses and payables are not included.

(II) Information on Investees (excluding investee in China):

Information on the Group's reinvestment business is as follows:

Unit: thousand shares

Name of Investors	Names of the investees	Location	Major business	Initial investment		Holding at end of period			Net income of the investees in current period	Investment income recognized in current period	Note
				End of the current period	End of the previous period	Number of shares	Ratio	Book value			
The Company	Holy Stone Enterprise (Hong Kong) Co., Ltd.	Hong Kong	Sale of MLCC and electronic products	49,046	49,046	11,500	100.00%	361,377	63	63	Subsidiary of the Company
The Company	Holy Stone Holdings Co., Ltd.	Samoa	General investment	1,795,317	1,795,317	21,000	100.00%	642,748	25,518	29,691	Subsidiary of the Company
The Company	UHOLY Investment Co., Ltd.	Taipei City	General investment	622,500	472,500	54,000	100.00%	668,031	(1,503)	(3,366)	Subsidiary of the Company
The Company	Martek Co., Ltd.	Taipei City	Wholesale of Household Appliance, Wholesale of Precision Instruments, and Wholesale of Computing and Business Machinery Equipment	20,000	20,000	5,100	100.00%	57,441	(324)	(324)	Subsidiary of the Company
The Company	Jung Chan Investments Co., Ltd.	Taipei City	General investment	340,000	340,000	42,100	100.00%	410,678	(8,338)	(8,374)	Subsidiary of the Company
The Company	Holy Stone Industry India Private Limited	India	Electronic parts and components business	29,260	29,260	7,400	100.00%	27,788	(139)	(139)	Subsidiary of the Company
The Company	eGalax_eMPIA Technology Inc.	Taipei City	Product Designing, Wholesale of Electronic Materials and Retail Sale of Electronic Materials	122,683	122,683	2,165	3.53%	131,765	135,731	4,143	The investee accounted for under the equity method
Holy Stone Holdings Co., Ltd.	Holy Stone Investments Co., Ltd.	Hong Kong	General investment	197,513	190,992	6,900	100.00%	518,212	23,670	23,670	Subsidiary of Holy Stone Holdings Co., Ltd.
Holy Stone Holdings Co., Ltd.	Holypaq Corporation	British Cayman Islands	General investment	34,350	33,216	1,200	100.00%	766	-	-	Subsidiary of Holy Stone Holdings Co., Ltd.
Holy Stone Holdings Co., Ltd.	Green Glory Holdings Ltd.	Samoa	General investment	35,513	34,340	1,310	100.00%	48,306	781	781	Subsidiary of Holy Stone Holdings Co., Ltd.
Holy Stone Holdings Co., Ltd.	Mayatek Co., Ltd.	Belize	Wholesale of Household Appliance, Wholesale of Precision Instruments, and Wholesale of Computing and Business Machinery Equipment	400,063	386,856	2,500	100.00%	90,220	3,794	3,794	Subsidiary of Holy Stone Holdings Co., Ltd.
Holy Stone Holdings Co., Ltd.	Everplus Material Co., Ltd.	Japan	Manufacture and sale of electronic products, electronic machines and instruments, as well as sales of materials of electrical machines and instruments	115,297	117,845	5	100.00%	132,665	554	554	Subsidiary of Holy Stone Holdings Co., Ltd.

## HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

Name of Investors	Names of the investees	Location	Major business	Initial investment		Holding at end of period			Net income of the investees in current period	Investment income recognized in current period	Note
				End of the current period	End of the previous period	Number of shares	Ratio	Book value			
Holy Stone Holdings Co., Ltd.	Holy Stone Holdings (Singapore) Pte. Ltd	Singapore	Electronic retail business	2,863	2,768	100	100.00%	6,734	(251)	(251)	Subsidiary of Holy Stone Holdings Co., Ltd.
Green Glory Holdings Ltd.	Milestone Global Technology Ltd.	USA	Development and sales of electronic products	14,313	13,840	500	100.00%	28,918	(1,911)	(1,911)	Subsidiary of Green Glory Holdings
Green Glory Holdings Ltd.	Holystone (Europe) Ltd.	England	Electronic retail business	19,662	19,013	350	100.00%	19,154	2,692	2,692	Subsidiary of Green Glory Holdings
UHOLY Investment Co., Ltd.	Holy Stone Healthcare Co., Ltd.	Taipei City	Wholesale of drugs and medical goods	683,837	683,837	42,436	34.57%	80,172	(35,059)	(12,120)	The investee accounted for using the equity method by UHOLY Investment Co., Ltd.
UHOLY Investment Co., Ltd.	eGalax_eMPIA Technology Inc.	Taipei City	Product Designing, Wholesale of Electronic Materials and Retail Sale of Electronic Materials	26,705	26,705	6,210	10.14%	345,395	135,731	13,763	The investee accounted for using the equity method by UHOLY Investment Co., Ltd.
Holy Stone Healthcare Co., Ltd.	MDT INT'L SA	Switzerland	Medical equipment development and marketing and biotechnology services	78,768	78,768	2,550	100.00%	98,846	376	376	Subsidiary of Holy Stone Healthcare Co., Ltd.
Holy Stone Healthcare Co., Ltd.	Global Search Holdings Ltd.	Samoa	General investment	96,316	96,316	3,210	100.00%	1,744	(2,534)	(2,534)	Subsidiary of Holy Stone Healthcare Co., Ltd.
Global Search Holdings Ltd.	Holy Stone Biotech Co., Ltd.	England	Medical equipment development and marketing and biotechnology services	68,810	66,539	1,590	100.00%	259	(1,269)	(1,269)	Second-tier subsidiary of Holy Stone Healthcare Co., Ltd.
Global Search Holdings Ltd.	AIHOL Corporation	USA	Medicine research and development and patent filing	22,041	21,314	10,750	100.00%	1,054	(1,264)	(1,264)	Second-tier subsidiary of Holy Stone Healthcare Co., Ltd.
Jung Chan Investments Co., Ltd.	OHGA Smarthings Co., Ltd	New Taipei City	Manufacture of electrical and audio-visual products and sale of medical devices	334,806	334,806	15,348	71.06%	136,289	(5,040)	(3,581)	Subsidiary of Jung Chan Investments Co., Ltd.
Jung Chan Investments Co., Ltd.	Holy Stone Healthcare Co., Ltd.	Taipei City	Wholesale of drugs and medical goods	44,437	44,603	2,530	2.06%	8,087	(35,059)	(728)	The investee accounted for using the equity method by Jung Chan Investments Co., Ltd.
Jung Chan Investments Co., Ltd.	Herzteck Incorporation	Hsinchu County	Wholesale of electronic materials, and Telecom Instruments	100,000	100,000	10,000	100.00%	95,492	568	568	Subsidiary of Jung Chan Investments Co., Ltd.
Jung Chan Investments Co., Ltd.	eGalax_eMPIA Technology Inc.	Taipei City	Product Designing, Wholesale of Electronic Materials and Retail Sale of Electronic Materials	8,289	9,475	180	0.29%	9,433	135,731	414	The investee accounted for using the equity method by Jung Chan Investments Co., Ltd.
OHGA Smarthings Co., Ltd	YUASA J-WAN CO., LTD.	New Taipei City	Retail and wholesale of batteries	1,000	1,000	100	31.50%	1,004	78	10	The investee accounted for using the equity method by OHGA Smarthings Co., Ltd

Note: Except for investments accounted for using the equity method, the transaction was eliminated in the preparation of the consolidated financial statements.

### (III) Information about investment in China:

#### 1. Information on investments in China:

Name of Investee in China	Major business	Paid-in capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of the beginning of the period	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of the end of period	Net income of the investees in current period (Note 2)	Ownership percentage of direct or indirect investment	Investment income recognized in current period (Notes 2 and 3)	Book value of investment at the end of period (Note 3)	Accumulated Repatriation of Investment Income as of the current period
					Outward remittance	Repatriation						
Holy Stone International Trading (ShanHai) Co., Ltd	Sales of electronic parts and components	114,786	(2)	103,336	-	-	103,336	21,105	100.00%	21,105	327,021	-
TOP LI QI INTERNATIONAL (Shanghai) TRADE CO., LTD.	Development and sales of electronic parts and components	28,625	(2)	28,625	-	-	28,625 (Note 4)	-	100.00%	-	-	-
Infotech (CHINA) Co., Ltd.	Sales of electronic parts and components	60,113	(2)	60,113	-	-	60,113	2,566	100.00%	2,566	190,997	-

Note 1: The following are the three types of investment methods:

- (1) Direct investment in China companies.
- (2) Investments in China companies were through a company invested and established in a third region.
- (3) Other method.

Note 2: Profit or loss from investments is determined on the financial statements audited by the parent company's certified public accountants in Taiwan.

Note 3: The transaction was eliminated in the preparation of the consolidated financial statements.

Note 4: The liquidation of TOP LI QI was completed in April 2015 and was submitted to the Investment Commission to cancel the registration on July 29, 2015.

**HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries**  
**Notes to Consolidated Financial Statements (continued)**

2. Upper Limit on Investment in China:

Accumulated investment amount of outflow in China from Taiwan at the end of the period	Investment amount approved by Investment Commission, MOEA	Upper Limit on Investment in China by Investment Commission, MOEA
192,074	203,524	5,377,881

3. Significant transactions:

For the significant transactions between the Group and its investees in China from January 1 to March 31, 2022 (which were eliminated in the preparation of the consolidated financial statements), please refer to the “Information on Significant Transactions”.

(IV) Information on major shareholders: There are no shareholders holding more than 5% of the shares.

**XIV. Segment Information**

The Group's operating segment information and reconciliation are as follows:

<b>January to March, 2022</b>				
	<b>Electronic Segment</b>	<b>Others</b>	<b>Reconciliation and eliminations</b>	<b>Total</b>
Income:				
Income from external customers	\$ 3,947,868	368,320	-	<u>4,316,188</u>
<b>Reportable segment profit or loss</b>	<u>\$ 631,800</u>	<u>(32,628)</u>	<u>-</u>	<u>599,172</u>
<b>January to March, 2021</b>				
	<b>Electronic Segment</b>	<b>Others</b>	<b>Reconciliation and eliminations</b>	<b>Total</b>
Income:				
Income from external customers	\$ 4,116,719	291,186	-	<u>4,407,905</u>
<b>Reportable segment profit or loss</b>	<u>\$ 615,344</u>	<u>(40,505)</u>	<u>-</u>	<u>574,839</u>