

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

Consolidated Financial Statements

for the Three Months Ended March 31, 2023 and 2022

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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, 2023, and 2022 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, 2023 and 2022. 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 ISRE 2410 "Review of Interim 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, 2023 and 2022 were NT\$2,588,861 thousand and NT\$2,381,095 thousand, respectively, representing 15.98% and 13.98% of the total consolidated assets; total liabilities were NT\$674,804 thousand and NT\$397,101 thousand, respectively, representing 10.36% and 5.04% of the total consolidated liabilities; the consolidated income and loss were NT\$55,429 thousand and NT\$695 thousand, representing 16.17% and 0.14% 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\$482,437 thousand and NT\$487,597 thousand for the three months ended March 31, 2023 and 2022, respectively, and the shares of profit or loss recognized using the equity method in affiliated companies were NT\$10,043 thousand and NT\$18,330 thousand for the three months ended March 31, 2023 and 2022, 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, 2023 and 2022, its consolidated financial performance for the three months ended March 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the three months and three months ended March 31, 2023 and 2022 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	Jin-Guan-Zheng-Shen-Zi No.
Futures Bureau:	1080303300
Approval	Tai-Cai-Zheng-Liu-Zi No.
Document No.	0920122026
May 10, 2023	

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, 2023 and 2022 (reviewed only, but not audited in accordance with auditing standards)

HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries

Consolidated Balance Sheet

March 31, 2023 and December 31 & March 31, 2022

Unit: thousands of New Taiwan Dollars

Asset	March 31, 2023		December 31, 2022		March 31, 2022			Liabilities and shareholders' equity	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets								Current liabilities:						
1100 Cash and cash equivalents (Note 6 (1))	\$ 3,274,488	20	3,367,051	21	3,772,946	22	2100 Short-term borrowings (Note 6(12) and 8)	\$ 1,209,185	7	1,737,983	11	1,771,788	10	
1110 Current financial assets at fair value through profit or loss (Note 6(2))	280,952	2	236,119	1	469,972	3	2130 Current contract liabilities (Note 6(21))	101,633	1	149,542	1	133,232	1	
1150 Notes and accounts receivable, net (Notes 6(4)(21) and 7)	3,202,760	20	2,960,184	18	3,723,441	22	2170 Accounts payable	1,054,654	7	807,772	5	1,145,070	7	
1200 Other receivables, net (Note 6(5))	152,348	1	126,290	1	80,866	-	2180 Accounts payable to related parties (Note 7)	59,638	-	30,536	-	86,734	-	
1220 Current tax assets	-	-	3,064	-	799	-	2200 Other payables (Note 6(13))	814,092	5	909,220	6	1,171,051	7	
130X Inventories (Note 6(6))	3,447,544	21	3,626,554	23	3,285,247	19	2216 Dividends payables	789,954	5	-	-	1,421,917	8	
1410 Prepayments and other current assets	98,423	1	92,367	1	119,349	1	2230 Current tax liabilities	313,641	2	227,891	1	149,381	1	
Total current assets	10,456,515	65	10,411,629	65	11,452,620	67	2280 Current lease liabilities (Note 6(15))	16,387	-	14,572	-	18,445	-	
Non-current assets:							2322 Long-term borrowings, current portion (Note 6(14) and 8)	144,021	1	94,207	1	5,957	1	
1510 Non-current financial assets at fair value through profit or loss (Note 6(2))	160,971	1	101,025	1	104,285	1	Total current liabilities	4,503,205	28	3,971,723	25	5,903,575	35	
1517 Non-current financial assets at fair value through other comprehensive income (Note 6(3))	57,771	-	52,859	-	55,420	-	Non-current liabilities:							
1550 Investments accounted for using the equity method (Note 6(7))	482,437	3	472,405	3	487,597	3	2540 Long-term borrowings (Note 6(14) and 8)	1,861,132	11	1,911,722	12	1,796,158	11	
1600 Property, plant and equipment (Note 6(9) and 8)	4,774,918	30	4,801,228	30	4,512,568	27	2570 Deferred tax liabilities	74,326	-	74,326	-	80,981	-	
1755 Right-of-use assets (Note 6(10))	42,552	-	39,316	-	43,100	-	2580 Non-current lease liabilities (Notes 6(15))	27,162	-	25,699	-	25,477	-	
1780 Intangible assets (Note 6(11))	7,618	-	7,721	-	10,136	-	2640 Net defined benefit liabilities - non-current (Notes 6(16))	47,948	-	51,948	-	64,983	-	
1840 Deferred tax assets	48,811	-	48,813	-	41,250	-	2670 Other non-current liabilities - other	2,523	-	2,543	-	2,755	-	
1915 Prepayments for business facilities	117,238	1	117,181	1	276,181	2	Total non-current liabilities	2,013,091	11	2,066,238	12	1,970,354	11	
1990 Other non-current assets- others (Note 8)	55,286	-	55,202	-	53,065	-	Total of liabilities	6,516,296	39	6,037,961	37	7,873,929	46	
Total non-current assets	5,747,602	35	5,695,750	35	5,583,602	33	Equity attributable to owners of the parent company (Note 6(8)(18)):							
							3110 Ordinary share	1,579,908	10	1,579,908	10	1,579,908	9	
							3200 Capital surplus	3,178,696	20	3,120,424	20	3,142,600	18	
							Retained earnings:							
							3310 Legal reserve	1,638,205	10	1,638,205	10	1,638,205	10	
							3320 Special reserve	163,854	1	163,854	1	122,384	1	
							3350 Unappropriated retained earnings	2,909,111	18	3,326,480	21	2,617,226	15	
							Total retained earnings	4,711,170	29	5,128,539	32	4,377,815	26	
							Other equities:							
							3410 Exchange differences on translation of foreign financial statements	(57,420)	-	(52,980)	-	(59,568)	-	
							3420 Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(75,724)	-	(80,702)	(1)	(77,619)	-	
							Total other equities	(133,144)	-	(133,682)	(1)	(137,187)	-	
							Total equity attributable to owners of parent	9,336,630	59	9,695,189	61	8,963,136	53	
							36XX Non-controlling interests	351,191	2	374,229	2	199,157	1	
							Total equity	9,687,821	61	10,069,418	63	9,162,293	54	
Total assets	\$ 16,204,117	100	16,107,379	100	17,036,222	100	Total liabilities and shareholders' equity	\$ 16,204,117	100	16,107,379	100	17,036,222	100	

(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 1 to March 31, 2023 and 2022

Unit: thousands of New Taiwan Dollars

	January to March, 2023		January to March, 2022	
	Amount	%	Amount	%
4000 Operating revenue (Note 6(21))	\$ 3,517,724	100	4,316,188	100
5000 Operating costs (Note 6(15)(16) and Note 7)	2,822,124	80	3,380,596	78
Gross profit	<u>695,600</u>	<u>20</u>	<u>935,592</u>	<u>22</u>
Operating expenses:				
6100 Selling and administrative expenses (Notes 6(15)(16)(19)(22))	288,265	8	291,549	7
6300 Research and development expenses (Note 6(15)(16)(22))	80,635	2	79,830	2
6450 Expected credit loss (gain) (Note 6(4))	(2,120)	-	2,353	-
Total operating expenses	<u>366,780</u>	<u>10</u>	<u>373,732</u>	<u>9</u>
Operating profit	<u>328,820</u>	<u>10</u>	<u>561,860</u>	<u>13</u>
Non-operating income and expenses:				
7020 Other gains and losses, net (Note 6(23))	112,397	3	21,256	1
7050 Financial costs (Note 6(15))	(17,435)	-	(5,143)	-
7060 Share of profit (loss) of associates accounted for using the equity method	10,043	-	18,330	-
7100 Interest revenue	6,146	-	2,869	-
Total non-operating income and expenses	<u>111,151</u>	<u>3</u>	<u>37,312</u>	<u>1</u>
Profit before tax	<u>439,971</u>	<u>13</u>	<u>599,172</u>	<u>14</u>
7950 Less: Income tax expense (Note 6(17))	<u>97,852</u>	<u>3</u>	<u>130,427</u>	<u>3</u>
Profit	<u>342,119</u>	<u>10</u>	<u>468,745</u>	<u>11</u>
8300 Other comprehensive income, net of tax:				
8310 Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	4,978	-	(2,753)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
Total components of other comprehensive income (loss) that will not be reclassified to profit or loss	<u>4,978</u>	<u>-</u>	<u>(2,753)</u>	<u>-</u>
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361 Exchange differences on translation of foreign financial statements	(4,257)	-	30,941	1
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
Total components of other comprehensive income (loss) that will be reclassified to profit or loss	<u>(4,257)</u>	<u>-</u>	<u>30,941</u>	<u>1</u>
8300 Other comprehensive income, net of tax	<u>721</u>	<u>-</u>	<u>28,188</u>	<u>1</u>
8500 Total comprehensive income in the current period	<u>\$ 342,840</u>	<u>10</u>	<u>496,933</u>	<u>12</u>
Net income attributable to:				
8610 Owners of parent	\$ 372,585	11	492,415	11
8620 Non-controlling interests	(30,466)	(1)	(23,670)	-
Profit	<u>\$ 342,119</u>	<u>10</u>	<u>468,745</u>	<u>11</u>
Total comprehensive income attributable to:				
8710 Owners of parent	\$ 373,123	11	519,082	12
8720 Non-controlling interests	(30,283)	(1)	(22,149)	-
Total comprehensive income in the current period	<u>\$ 342,840</u>	<u>10</u>	<u>496,933</u>	<u>12</u>
Earnings per share (Unit: NTD) (Note 6(20))				
9750 Earnings per share	<u>\$ 2.36</u>		<u>3.12</u>	
9850 Diluted earnings per share	<u>\$ 2.33</u>		<u>3.07</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 1 to March 31, 2023 and 2022

Unit: thousands of New Taiwan Dollars

Equity attributable to owners of the parent company

	Retained earnings					Other equity		Total equity attributable to owners 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			
Balance at January 1, 2022	\$ 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
Balance at March 31, 2022	\$ 1,579,908	3,142,600	1,638,205	122,384	2,617,226	(59,568)	(77,619)	8,963,136	199,157	9,162,293
Balance at January 1, 2023	\$ 1,579,908	3,120,424	1,638,205	163,854	3,326,480	(52,980)	(80,702)	9,695,189	374,229	10,069,418
Profit	-	-	-	-	372,585	-	-	372,585	(30,466)	342,119
Other comprehensive income, net of tax	-	-	-	-	-	(4,440)	4,978	538	183	721
Total comprehensive income	-	-	-	-	372,585	(4,440)	4,978	373,123	(30,283)	342,840
Appropriation and distribution of retained earnings:										
Cash dividends of ordinary shares	-	-	-	-	(789,954)	-	-	(789,954)	-	(789,954)
Change in ownership interests in subsidiaries	-	58,272	-	-	-	-	-	58,272	6,989	65,261
Changes in non-controlling interests	-	-	-	-	-	-	-	-	256	256
Balance at March 31, 2023	\$ 1,579,908	3,178,696	1,638,205	163,854	2,909,111	(57,420)	(75,724)	9,336,630	351,191	9,687,821

(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 1 to March 31, 2023 and 2022

Unit: thousands of New Taiwan Dollars

	<u>January to March, 2023</u>	<u>January to March, 2022</u>
Cash flows from operating activities:		
Profit before tax	\$ 439,971	599,172
Adjustments:		
Adjustments to reconcile profit		
Depreciation expense	172,083	135,226
Amortization expense	174	233
Expected credit loss (gain)	(2,120)	2,353
Net loss (gain) on financial assets at fair value through profit or loss	(108,530)	13,848
Interest expense	17,435	5,143
Interest revenue	(6,146)	(2,869)
Dividend revenue	(948)	(797)
Share-based payment remuneration cost	400	494
Share of profit of associates accounted for using the equity method	(10,043)	(18,330)
Loss on disposal and retirement of property, plant and equipment	13	-
Proceeds from disposal of investment	(3,303)	-
Others	(1)	-
Total adjustments to reconcile profit	<u>59,014</u>	<u>135,301</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Current financial assets at fair value through profit or loss	788	(26,618)
Notes and accounts receivable	(240,245)	(527,023)
Other receivables, net	(25,918)	77,300
Inventories	179,010	(197,850)
Prepayments and other current assets	(6,056)	(34,969)
Total changes in operating assets	<u>(92,421)</u>	<u>(709,160)</u>
Changes in operating liabilities:		
Contract liability	(47,909)	12,815
Accounts payable	246,882	(86,978)
Accounts payable to related parties	29,102	11,305
Other payables	(62,995)	27,077
Net defined benefit liability	(4,000)	-
Total changes in operating liabilities	<u>161,080</u>	<u>(35,781)</u>
Net changes in operating assets and liabilities	<u>68,659</u>	<u>(744,941)</u>
Total adjustments	<u>127,673</u>	<u>(609,640)</u>
Cash (outflow) inflow from operating activities	567,644	(10,468)
Interest received	6,006	2,627
Dividends received	948	797
Interest paid	(20,034)	(4,813)
Income taxes paid	(9,010)	(12,051)
Net cash (outflow) inflow from operating activities	<u>545,554</u>	<u>(23,908)</u>
Cash flows used in investing activities:		
Acquisition of financial assets at fair value through profit or loss	-	(5,000)
Disposal of financial assets at fair value through profit or loss	5,731	-
Proceeds from disposal of investments accounted for using equity method	-	1,906
Acquisition of property, plant and equipment	(171,839)	(351,915)
Acquisition of intangible assets	(21)	-
Increase in other non-current assets	(144)	(1,198)
Increase in prepayments for business facilities	(57)	(11,421)
Net cash flows used in investing activities	<u>(166,330)</u>	<u>(367,628)</u>
Cash flows used in financing activities:		
Decrease in short-term borrowings	(528,798)	(231,463)
Proceeds from long-term borrowings	-	423,406
Repayments of long-term borrowings	(776)	(4,382)
Payment of lease liabilities	(5,811)	(5,616)
Other non-current liabilities decrease	(20)	(1,560)
Changes in non-controlling interests	65,117	1,341
Net cash (outflow) inflow from investing activities	<u>(470,288)</u>	<u>181,726</u>
Effect of exchange rate changes on cash and cash equivalents	(1,499)	28,520
Decrease of cash and cash equivalent in the current period	(92,563)	(181,290)
Cash and cash equivalents at beginning of period	3,367,051	3,954,236
Cash and cash equivalents at end of period	<u>\$ 3,274,488</u>	<u>3,772,946</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, 2023 and 2022
(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 10, 2023.

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, 2023.

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities Arising from a Single Transaction”

(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.

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

The newly pronounced or revised standards	Major amendments	The effective date pronounced by the IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-Current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The International Accounting Standards Board (IASB) has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments also clarify how a company classifies a liability that can be settled in its own shares – e.g., convertible debt.	January 1, 2024
The amendments to IAS 1 “Classification of Liabilities with Covenants”	After reconsidering certain aspects of the 2020 IAS1 amendments, the amendments clarify that only covenants with which an entity must comply on or before the reporting date will affect a liability’s classification as current or non-current. Covenants with which the company must comply after the reporting date (i.e., future covenants) do not affect the classification of the liability at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

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

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

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

- 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 IFRS 16, “Sale and Leaseback Transactions”

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, 2022; please refer to Note 4 to the consolidated financial statements as of and for the year ended December 31, 2022 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, 2023	December 31, 2022	March 31, 2022	
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. (Uholy, 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
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%	-

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, 2023	December 31, 2022	March 31, 2022	
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%	-
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	33.36%	33.36%	34.57%	Note 1, 2, 3
HSHC	Global Search Holdings Ltd. (GSH, Samoa)	General investment	100.00%	100.00%	100.00%	Note 2
HSHC	MDT INT'L 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 Smarththings Co., Ltd (OHGA, Taiwan)	Manufacture of electrical and audio-visual products and sale of medical devices	71.06%	71.06%	71.06%	Note 2
JCI	Holy Stone Healthcare Co., Ltd. (HSHC, Taiwan)	Wholesale of drugs and medical goods	2.70%	3.91%	2.06%	Note 1, 2, 3
JCI	Herztek Incorporation (Herztek, 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: The Company conducted an issuance of new shares in a cash capital increase in May 2022.

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

The percentage of shares held by UHOLY and JCI decreased from 34.57% to 34.18% and 2.10% to 3.91%, respectively, because these companies did not subscribe in their respective shareholding percentages. Therefore, the Company's change in ownership interest in subsidiary was recognized as a reduction of capital surplus of NT\$38,854 thousand for 2022.

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.

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 Judgments, 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, 2022.

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, 2022, please refer to Note 6 to the

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

consolidated financial statements as of December 31, 2022 for related information.

(I) Cash and cash equivalent

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
Cash on hand	\$ 2,230	2,199	2,922
Demand deposits	2,129,958	1,975,284	2,116,535
Term deposits	1,142,300	1,389,568	1,653,489
	<u>\$ 3,274,488</u>	<u>3,367,051</u>	<u>3,772,946</u>

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

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
Current:			
Domestic stock	\$ 175,901	152,809	202,091
Global depository receipt	7,081	3,431	-
Beneficiary certificate	97,970	79,879	267,881
Total	<u>\$ 280,952</u>	<u>236,119</u>	<u>469,972</u>
Non-current:			
Foreign investments in listed shares	\$ 2,462	2,497	5,153
Domestic investments in listed shares	158,509	98,528	99,132
Total	<u>\$ 160,971</u>	<u>101,025</u>	<u>104,285</u>

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

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
Domestic and foreign stock	<u>\$ 57,771</u>	<u>52,859</u>	<u>55,420</u>

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.

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

(IV) Notes and accounts receivable

	March 31, 2023	December 31, 2022	March 31, 2022
Receivable notes	\$ 250,897	192,745	161,728
Accounts receivable	3,008,127	2,831,334	3,592,129
Less: loss provision	<u>(56,264)</u>	<u>(63,895)</u>	<u>(30,416)</u>
	<u>\$ 3,202,760</u>	<u>2,960,184</u>	<u>3,723,441</u>

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, 2023		
	Carrying amount of notes and accounts receivable	Weighted-ave rage rate of expected credit loss	Allowance for lifetime expected credit loss
Not overdue	\$ 3,188,793	0%~10%	4,817
≤ 30 days	20,362	1%~40%	5,605
31 to 60 days	6,186	1%~100%	2,209
Overdue for over 61 days	<u>43,683</u>	50%~100%	<u>43,633</u>
	<u>\$ 3,259,024</u>		<u>56,264</u>
	December 31, 2022		
	Book value of accounts receivable	Weighted-ave rage rate of expected credit loss	Allowance for lifetime expected credit loss
Not overdue	\$ 2,951,704	0%~10%	7,691
≤ 30 days	16,225	1%~40%	4,804
31 to 60 days	3,152	1%~100%	1,983
Overdue for over 61 days	<u>52,998</u>	50%~100%	<u>49,417</u>
	<u>\$ 3,024,079</u>		<u>63,895</u>

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

	March 31, 2022		
	Carrying amount of notes and accounts receivable	Weighted-ave rage 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

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

	January to March, 2023	January to March, 2022
Balance, beginning	\$ 63,895	27,721
Impairment loss, recognized	-	2,353
Impairment loss, reversed	(2,120)	-
Amounts written off as uncollectible	(5,723)	(67)
Foreign currency translation gains and losses	212	409
Ending balance	\$ 56,264	30,416

The aforesaid financial assets are not pledged as collateral.

(V) Other receivables, net

	March 31, 2023	December 31, 2022	March 31, 2022
Tax Refund Receivable	\$ 50,168	48,087	75,306
Discount on purchases	93,864	73,221	-
Interest receivable	2,192	2,052	1,176
Other	6,124	2,930	4,384
	\$ 152,348	126,290	80,866

As of March 31, 2023, December 31, 2022 and March 31, 2022, 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.

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

(VI) Inventories

	March 31,	December 31,	March 31,
	2023	2022	2022
Raw materials	\$ 214,250	234,469	247,143
Materials	21,630	17,673	34,455
Work in progress	192,940	171,668	187,944
Semi-Finished products	114,302	63,045	55,779
Finished good	671,419	721,741	840,730
Goods	2,233,003	2,417,958	1,919,196
	<u>\$ 3,447,544</u>	<u>3,626,554</u>	<u>3,285,247</u>

From January 1 to March 31, 2023, the Group recognized a loss of NT\$123 thousand on inventory write-downs to net realizable value.

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.

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:

	March 31,	December 31,	March 31,
	2023	2022	2022
Associate	\$ <u>482,437</u>	<u>472,405</u>	<u>487,597</u>

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

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

The Group disposed of 1.21% of its ownership interest in HSHC in February and March 2023, the proceeds of which amounted to NT\$65,117 thousand.

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 effect of changes in the Group's ownership interest in the subsidiaries listed

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

above on the equity attributable to the owners of the parent company is as follows:

	January to March, 2023	January to March, 2022
Carrying amount of disposal of ownership interest in subsidiaries	\$ (7,058)	(185)
Consideration received from non-controlling interests	65,117	1,341
Capital surplus - Change in ownership interests in subsidiaries	3	-
Other equity - Exchange differences on translation of foreign financial statements	66	19
Capital surplus - difference between the market value and the book value of the ownership interest in the subsidiary	\$ 58,128	1,175

(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, 2023	\$ 923,252	2,808,388	4,249,987	711,617	858,439	9,551,683
Addition	-	587	-	4,064	137,654	142,305
Re-classifications	-	6,211	21,469	10,205	(37,885)	-
Disposal	-	(66)	(5,453)	(6,364)	-	(11,883)
The Effects of Changes in Foreign Exchange Rates	(1,084)	(715)	(2,367)	57	-	(4,109)
Balance at March 31, 2023	\$ 922,168	2,814,405	4,263,636	719,579	958,208	9,677,996
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	\$ 923,539	1,734,808	3,681,653	576,658	1,892,885	8,809,543
Balance at January 1, 2023	\$ -	791,906	3,392,426	566,123	-	4,750,455
Depreciation in the current period	-	32,618	112,061	21,558	-	166,237
Disposal	-	(66)	(5,440)	(6,364)	-	(11,870)

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

. The Effects of Changes in Foreign	-	(210)	(1,552)	18	-	(1,744)
<hr/>						
Exchange Rates						
Balance at March 31, 2023	\$ -	824,248	3,497,495	581,335	-	4,903,078
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	-	2,424	(1,503)	911	-	1,832
<hr/>						
Exchange Rates						
Balance at March 31, 2022	\$ -	744,736	3,073,035	479,204	-	4,296,975
<hr/>						
Book value:						
Balance at January 1, 2023	\$ 923,252	2,016,482	857,561	145,494	858,439	4,801,228
Balance at March 31, 2023	\$ 922,168	1,990,157	766,141	138,244	958,208	4,774,918
Balance at January 1, 2022	\$ 924,854	970,339	609,718	89,577	1,696,202	4,290,690
Balance at March 31, 2022	\$ 923,539	990,072	608,618	97,454	1,892,885	4,512,568

As of March 31, 2023, December 31, 2022 and March 31, 2022, the property, plant and equipment of the Group pledged as collaterals for bank borrowings and financing facilities are shown in Note 8.

(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:

	<u>Buildings</u>	<u>Other equipment</u>	<u>Total</u>
Cost of right-to-use assets:			
Balance at January 1, 2023	\$ 111,594	9,200	120,794
Addition	9,106	-	9,106
The Effects of Changes in	(57)	3	(54)
Foreign Exchange Rates			
Balance at March 31, 2023	\$ 120,643	9,203	129,846
Balance at January 1, 2022	\$ 93,713	9,079	102,792
Addition	1,752	-	1,752
The Effects of Changes in	1,595	30	1,625
Foreign Exchange Rates			
Balance at March 31, 2022	\$ 97,060	9,109	106,169
Depreciation of right-of-use			
assets:			
Balance at January 1, 2023	\$ 74,401	7,077	81,478

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

Depreciation in the current period	5,256	590	5,846
The Effects of Changes in Foreign Exchange Rates	(30)	-	(30)
Balance at March 31, 2023	<u>\$ 79,627</u>	<u>7,667</u>	<u>87,294</u>
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	<u>\$ 57,785</u>	<u>5,284</u>	<u>63,069</u>
Book value:			
Balance at January 1, 2023	<u>\$ 37,193</u>	<u>2,123</u>	<u>39,316</u>
Balance at March 31, 2023	<u>\$ 41,016</u>	<u>1,536</u>	<u>42,552</u>
Balance at January 1, 2022	<u>\$ 42,010</u>	<u>4,383</u>	<u>46,393</u>
Balance at March 31, 2022	<u>\$ 39,275</u>	<u>3,825</u>	<u>43,100</u>

(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, 2023	\$ 541,940	56,896	598,836
Intangible assets acquired separately	-	21	21
Effects of changes in foreign exchange rates	-	123	123
Balance at March 31, 2023	<u>\$ 541,940</u>	<u>57,040</u>	<u>598,980</u>
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>
Accumulated amortization and impairment loss:			
Balance at January 1, 2023	\$ 541,940	49,175	591,115
Amortization for current period	-	144	144
Effects of changes in foreign exchange rates	-	103	103
Balance at March 31, 2023	<u>\$ 541,940</u>	<u>49,422</u>	<u>591,362</u>

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

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	\$	541,940	43,704	585,644
Book value:				
Balance at January 1, 2023	\$	-	7,721	7,721
Balance at March 31, 2023	\$	-	7,618	7,618
Balance at January 1, 2022	\$	-	10,072	10,072
Balance at March 31, 2022	\$	-	10,136	10,136

(XII) Short-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured bank loan	\$ 1,134,185	1,662,983	1,711,788
Secured bank loan	75,000	75,000	60,000
Total	\$ 1,209,185	1,737,983	1,771,788
Quota not used	\$ 3,882,199	3,783,411	3,197,207
Interest rate range	0.68%~5.729%	0.59%~5.79%	0.59%~1.6385%

(XIII) Other payables

	March 31, 2023	December 31, 2022	March 31, 2022
Employee bonuses payable	\$ 344,827	312,380	420,390
Remuneration payable to directors	45,944	35,299	63,202
Accounts payable, equipment	45,555	75,089	137,803
Accrued wages and bonus	78,503	156,804	88,944
Service payable and litigation expenses	3,253	2,969	89,360
Labor and health insurance expenses	19,114	19,414	19,174
Other	276,896	307,265	352,178
	\$ 814,092	909,220	1,171,051

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

(XIV) Long-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
Secured bank loan	\$ 5,153	5,929	7,477
Unsecured bank loan	2,000,000	2,000,000	1,794,638
Less: Current portions	<u>(144,021)</u>	<u>(94,207)</u>	<u>(5,957)</u>
Total	<u>\$ 1,861,132</u>	<u>1,911,722</u>	<u>1,796,158</u>
Quota not used	<u>\$ -</u>	<u>-</u>	<u>208,986</u>
Interest rate range	<u>0.4%~1.61%</u>	<u>0.4%~1.611%</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, 2023 and 2022 were NT\$0 thousand and NT\$423,406 thousand, respectively, and the repayments were NT\$776 thousand and NT\$4,382 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, 2023	December 31, 2022	March 31, 2022
Current	<u>\$ 16,387</u>	<u>14,572</u>	<u>18,445</u>
Non-current	<u>\$ 27,162</u>	<u>25,699</u>	<u>25,477</u>

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, 2023	January to March, 2022
Interest expense on lease liabilities	<u>\$ 167</u>	<u>162</u>
Short-term and low-value lease expenses	<u>\$ 3,800</u>	<u>3,969</u>

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

	January to March, 2023	January to March, 2022
Total cash outflow for leases	<u>\$ 9,778</u>	<u>9,747</u>

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

(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, 2022 and 2021 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:

	<u>January to March, 2023</u>	<u>January to March, 2022</u>
Operating cost	\$ 377	361
Operating expenses	582	564
Total	<u>\$ 959</u>	<u>925</u>

2. Defined contribution plans

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

	<u>January to March, 2023</u>	<u>January to March, 2022</u>
Operating cost	\$ 5,865	6,061
Operating expenses	8,313	9,545
Total	<u>\$ 14,178</u>	<u>15,606</u>

(XVII) Income tax

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

	<u>January to March, 2023</u>	<u>January to March, 2022</u>
Current period income tax expense		
Recognized during the period	\$ 97,852	130,427
Deferred income tax expense	-	-
Income tax expenses	<u>\$ 97,852</u>	<u>130,427</u>

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.

(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, 2023 and 2022, as described in Note 6(18) to the Consolidated Financial Statements as of December 31, 2022.

1. Capital surplus

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

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

	March 31, 2023	December 31, 2022	March 31, 2022
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	92,355	34,083	56,259
Expired options	130,146	130,146	130,146
	<u>\$ 3,178,696</u>	<u>3,120,424</u>	<u>3,142,600</u>

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

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

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.

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

On February 24, 2023, the Board of Directors resolved the proposal for cash dividends and stock dividends to be distributed from the 2022 earnings. On March 9, 2022, the Board of Directors resolved the distribution of earnings for the year 2021. The amount of dividends to be distributed to owners is as follows:

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

	2022		2021	
	Dividend rate (NT\$)	Amount	Dividend payout ratio (NT\$)	Amount
Dividends distributed to common stock shareholders:				
Cash	\$ 5.00	789,954	9.00	1,421,917
Stock	0.50	78,995	-	-
Total		<u><u>\$ 868,949</u></u>		<u><u>1,421,917</u></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, 2023	\$ (52,980)	(80,702)	(133,682)
Exchange differences on translation of net assets of foreign operations:			
The Company	(4,440)	-	(4,440)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
Subsidiary	-	4,978	4,978
Balance at March 31, 2023	<u><u>\$ (57,420)</u></u>	<u><u>(75,724)</u></u>	<u><u>(133,144)</u></u>

	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><u>\$ (59,568)</u></u>	<u><u>(77,619)</u></u>	<u><u>(137,187)</u></u>

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

(XIX) Share-based payment

There were no significant changes in the Group's share-based payment between January 1 to March 31, 2023 and 2022, as described in Note 6(19) to the Consolidated Financial Statements as of December 31, 2022.

(XX) Earnings per share

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

	January to March, 2023	January to March, 2022
Earnings per share		
Net profit attributable to the Company	\$ 372,585	492,415
Weighted-average number of common shares outstanding (in thousand shares)	157,991	157,991
Earnings per share (NT\$)	\$ 2.36	3.12
Diluted earnings per share		
Net profit attributable to the Company	\$ 372,585	492,415
Net income attributable to ordinary equity holders of the Company (after adjustments to the effect of dilutive potential ordinary shares)	\$ 372,585	492,415
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)	1,876	2,481
Weighted-average number of common shares outstanding (after adjustments to the effect of dilutive potential ordinary shares) (in thousand shares)	159,867	160,472
Diluted earnings per share (NT\$)	\$ 2.33	3.07

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

(XXI) Revenue from contracts with customers

1. Revenue breakdown

January to March, 2023			
	Electronic Segment	Others	Total
Core products/services:			
Passive Components	\$ 1,315,972	-	1,315,972
Active Components	882,333	-	882,333
System On Module	615,570	-	615,570
Other	324,607	379,242	703,849
	\$ 3,138,482	379,242	3,517,724

January to March, 2022			
	Electronic Segment	Others	Total
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
	\$ 3,947,868	368,320	4,316,188

2. Contract balance

	March 31, 2023	December 31, 2022	March 31, 2022
Receivable notes	\$ 250,897	192,745	161,728
Accounts receivable	3,008,127	2,831,334	3,592,129
Less: loss provision	(56,264)	(63,895)	(30,416)
Total	\$ 3,202,760	2,960,184	3,723,441
Contract liability	\$ 101,633	149,542	133,232

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

(XXII) Remuneration to employee, directors

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

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

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.

The estimated amounts of employees' compensation from January 1 to March 31, 2023 and 2022 were NT\$55,888 thousand and NT\$73,862 thousand, respectively; the estimated amounts of remuneration to directors were NT\$10,645 thousand and NT\$14,069 thousand, respectively. These amounts were estimated by multiplying the Company's profit before tax before deducting employees' compensation and directors' remuneration for the period times the distribution percentages of employees' compensation and directors' 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, 2022 and 2021, the estimated compensation to employees were NT\$185,324 thousand and NT\$257,947 thousand, respectively, and the estimated compensation to directors were NT\$35,299 thousand and NT\$49,133 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:

	<u>January to March, 2023</u>	<u>January to March, 2022</u>
Dividend revenue	\$ 508	384
Net gain (loss) on financial assets at fair value through profit or loss	110,604	(1,808)
Proceeds from disposal of investment	308	-
Net gain (loss) on foreign exchange	(956)	29,928
Other	1,933	(7,248)
	<u>\$ 112,397</u>	<u>21,256</u>

(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

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

with the financial instruments. For related information, please refer to Note 6(24) to the Consolidated Financial Statements for the year ended December 31, 2022.

1. Liquidity risk

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

	<u>Book value</u>	<u>Contract cash flows</u>	<u>Less than 12 months</u>	<u>1~5 years</u>	<u>≥ 5 years</u>
March 31, 2023					
Non-derivative financial liabilities					
Short-term borrowings	\$ 1,209,185	1,217,934	1,217,934	-	-
Current contract liabilities	101,633	101,633	101,633	-	-
Accounts payable	1,054,654	1,054,654	1,054,654	-	-
Accounts payable to related parties	59,638	59,638	59,638	-	-
Other payables	814,092	814,092	814,092	-	-
Dividends payables	789,954	789,954	789,954	-	-
Lease liabilities	43,549	44,795	17,264	25,073	2,458
Long-term borrowings	2,005,153	2,070,677	166,326	1,814,078	90,273
	<u>\$ 6,077,858</u>	<u>6,153,377</u>	<u>4,221,495</u>	<u>1,839,151</u>	<u>92,731</u>
December 31, 2022					
Non-derivative financial liabilities					
Short-term borrowings	\$ 1,737,983	1,748,184	1,748,184	-	-
Current contract liabilities	149,542	149,542	149,542	-	-
Accounts payable	807,772	807,772	807,772	-	-
Accounts payable to related parties	30,536	30,536	30,536	-	-
Other payables	909,220	909,220	909,220	-	-
Lease liabilities	40,271	41,530	15,205	23,047	3,278
Long-term borrowings	2,005,929	2,069,704	114,519	1,789,647	165,538
	<u>\$ 5,681,253</u>	<u>5,756,488</u>	<u>3,774,978</u>	<u>1,812,694</u>	<u>168,816</u>
March 31, 2022					
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	-	-

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

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
	<u>\$ 7,575,829</u>	<u>7,623,646</u>	<u>5,769,317</u>	<u>1,465,380</u>	<u>388,949</u>

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

	March 31, 2023			December 31, 2022			March 31, 2022		
	Foreign currency	Exchange rate (NT\$)	NTD	Foreign currency	Exchange rate (NT\$)	NTD	Foreign currency	Exchange rate (NT\$)	NTD
<u>Financial Asset</u>									
<u>Monetary items</u>									
USD	\$ 76,515	30.4500	2,329,895	69,654	30.7100	2,139,089	101,665	28.6250	2,910,172
EUR	3,130	33.1500	103,751	2,823	32.7200	92,354	2,582	31.9200	82,423
HKD	12,195	3.8790	47,305	23,101	3.9380	90,792	24,547	3.6560	89,745
GBP	720	37.6700	27,128	720	37.0900	26,710	229	37.6200	8,618
JPY	455,751	0.2288	104,276	330,084	0.2324	76,712	519,642	0.2353	122,272
CNY (RMB)	25,393	4.4310	112,517	9,077	4.4080	40,010	19,713	4.5060	88,828
NTD	2,153	1.0000	2,153	3,587	1.0000	3,587	5,587	1.0000	5,587
SGD	56	22.9100	1,272	-	-	-	52	21.1600	1,098
<u>Non-monetary items</u>									
USD	1,651	30.4500	50,257	1,166	30.7100	35,821	1,474	28.6250	42,184
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	\$ 32,031	30.4500	975,355	30,649	30.7100	941,219	65,137	28.6250	1,864,534
EUR	212	33.1500	7,027	211	32.7200	6,905	235	31.9200	7,519
HKD	797	3.8790	3,091	792	3.9380	3,119	736	3.6560	2,692
GBP	620	37.6700	23,365	620	37.0900	23,006	269	37.6200	10,110
JPY	140,042	0.2288	32,042	106,984	0.2324	24,863	98,795	0.2353	23,246
CNY (RMB)	-	-	-	-	-	-	719	4.5060	3,241
NTD	-	-	-	-	-	-	1,387	1.0000	1,387

The monetary items of the Group mainly come 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, 2023 and 2022, all else remained intact, the net income would be decreased by NT\$84,371 thousand and

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NT\$69,801 thousand for the three months ended March 31, 2023 and 2022, 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 respective periods.

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, 2023 and 2022, foreign currency exchange gains and losses (including realized and unrealized) were NT\$(956) thousand and NT\$29,928 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, 2023				Total
	Book value	Fair value			
	Level 1	Level 2	Level 3		
Current financial assets at fair value through profit or loss	\$ 441,923	283,414	-	158,509	441,923
Financial assets at fair value through other comprehensive income	57,771	-	-	57,771	57,771
Financial assets at amortization					
Cash and cash equivalent	3,274,488	-	-	-	-
Notes and accounts receivable - Net	3,202,760	-	-	-	-
Other receivables, net	152,348	-	-	-	-
Sub-total	6,629,596	-	-	-	-
Total	\$ 7,129,290	283,414	-	216,280	499,694
Financial liabilities at amortized cost					
Short-term borrowings	\$ 1,209,185	-	-	-	-
Current contract liabilities	101,633	-	-	-	-
Accounts payable	1,054,654	-	-	-	-
Accounts payable to related parties	59,638	-	-	-	-

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Other payables	814,092	-	-	-	-
Dividends payables	789,954	-	-	-	-
Lease liabilities	43,549	-	-	-	-
Long-term borrowings	2,005,153	-	-	-	-
Sub-total	6,077,858	-	-	-	-
Total	\$ 6,077,858	-	-	-	-
December 31, 2022					
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Current financial assets at fair value through profit or loss	\$ 337,144	238,616	-	98,528	337,144
Financial assets at fair value through other comprehensive income	52,859	-	-	52,859	52,859
Financial assets at amortization					
Cash and cash equivalent	3,367,051	-	-	-	-
Notes and accounts receivable - Net	2,960,184	-	-	-	-
Other receivables, net	126,290	-	-	-	-
Sub-total	6,453,525	-	-	-	-
Total	\$ 6,843,528	238,616	-	151,387	390,003
Financial liabilities at amortized cost					
Short-term borrowings	\$ 1,737,983	-	-	-	-
Current contract liabilities	149,542	-	-	-	-
Accounts payable	807,772	-	-	-	-
Accounts payable to related parties	30,536	-	-	-	-
Other payables	909,220	-	-	-	-
Lease liabilities	40,271	-	-	-	-
Long-term borrowings	2,005,929	-	-	-	-
Sub-total	5,681,253	-	-	-	-
Total	\$ 5,681,253	-	-	-	-
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	-	-	-	-

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Notes to Consolidated Financial Statements (continued)

Sub-total	7,577,253	-	-	-	-
Total	<u>\$ 8,206,930</u>	<u>475,125</u>	<u>-</u>	<u>154,552</u>	<u>629,677</u>
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	<u>1,802,115</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Sub-total	7,575,829	-	-	-	-
Total	<u>\$ 7,575,829</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(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.

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

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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, 2022.

(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, 2022, 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, 2022. For related information, please refer to Note 6(26) to the Consolidated Financial Statements for the year ended December 31, 2022.

(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, 2023 and 2022 were as follows:

HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries
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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:

	January 1, 2023	Cash flows	Non-cash changes			March 31, 2023
			Acquisition	Changes in foreign exchange rates	Other	
Short-term borrowings	\$ 1,737,983	(528,798)	-	-	-	1,209,185
Long-term borrowings (including current portion)	2,005,929	(776)	-	-	-	2,005,153
Lease liabilities	40,271	(5,811)	9,106	(16)	(1)	43,549
Total liabilities arising from financing activities	\$ 3,784,183	(535,385)	9,106	(16)	(1)	3,257,887

	January 1, 2022	Cash flows	Non-cash changes			March 31, 2022
			Acquisition	Changes in foreign exchange rates	Other	
Short-term borrowings	\$ 2,003,251	(231,463)	-	-	-	1,771,788
Long-term borrowings (including current portion)	1,383,279	419,024	-	(188)	-	1,802,115
Lease liabilities	47,153	(5,616)	1,752	633	-	43,922
Total liabilities arising from financing activities	\$ 3,433,683	181,945	1,752	445	-	3,617,825

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:

Name of Related Parties	Relationship with the merged Company
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

	Purchase		Payables to related parties		
	January to March, 2023	January to March, 2022	March 31, 2023	December 31, 2022	March 31, 2022
Associate	\$ 73,571	119,182	59,638	30,536	86,734

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, 2023 and 2022 and December 31, 2022, the Group and its affiliates had

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

other receivables (included in notes and accounts receivable, net) amounting to NT\$769 thousand, NT\$656 thousand and NT\$575 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:

	January to March, 2023	January to March, 2022
Short-term employee benefits	\$ 15,277	16,544

VIII. Pledged Assets

Book values for the pledged assets are as follows:

Asset	Object of guarantee	March 31, 2023	December 31, 2022	March 31, 2022
Land	Bank loans	\$ 156,522	156,522	156,522
Buildings	Bank loans	48,305	48,734	50,067
Term deposits	Guarantees for purchase tax and commodity tax	42,929	42,916	40,884
		\$ 247,756	248,172	247,473

IX. Significant Contingent Liabilities and Unrecognized Commitments

(I) As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group had unused letters of credit of NT\$100,000 thousand, NT\$135,000 thousand and NT\$190,000 thousand, respectively.

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

	March 31, 2023	December 31, 2022	March 31, 2022
Acquisition of property, plant and equipment	\$ 162,124	181,171	260,592

X. Losses Due to Major Disasters: N/A.

XI. Material Subsequent Events: N/A.

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

XII. Others

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

Purpose Category	January to March, 2023			January to March, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary expense	110,464	195,185	305,649	104,221	195,965	300,186
Labor and health insurance expenses	12,981	13,873	26,854	13,160	13,227	26,387
Pension expense	6,242	8,895	15,137	6,422	10,109	16,531
Remuneration to directors	-	11,525	11,525	-	14,974	14,974
Other employee benefit expenses	3,834	4,075	7,909	3,905	4,916	8,821
Depreciation expense	152,328	19,755	172,083	117,400	17,826	135,226
Amortization expense	-	174	174	-	233	233

(II) Seasonality factor: The seasonality factor does not affect the Group's operations.

XIII. Note Disclosure Items

(I) Information on significant transactions

Extra information on significant transactions from January 1 to March 31, 2023, 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		Limits on endorsement/guarantee amount provided to each guaranteed party (Note 1)	Maximum endorsement/guarantee 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
		Company Name	Relationship (Note 2)										
0	The Company	Holy Stone Holdings Co., Ltd.	(2)	1,867,326	153,550	152,250	-	-	1.63%	4,668,315	Y	N	N
0	The Company	Jung Chan Investments Co., Ltd.	(2)	1,867,326	150,000	150,000	-	-	1.61%	4,668,315	Y	N	N
0	The Company	Everplus Material Co., Ltd.	(2)	1,867,326	46,480	45,760	45,760	-	0.49%	4,668,315	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.

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

- (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.
- (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	End of the current period				Note
				Number of shares	Book value	Percent of shareholdings	Fair value	
The Company	JPMorgan (Taiwan) New Technology Fund	-	Current financial assets at fair value through profit or loss - Beneficiary certificate	31	2,913	-	2,913	-
The Company	INVESCO QQQ ETF	-	"	1	5,864	-	5,864	-
The Company	SPDR S&P500 ETF	-	"	1	12,466	-	12,466	-
The Company	MSCI EMERGING MKT ETP	-	"	1	1,201	-	1,201	-
The Company	FIDELITY FNDS-JAPAN	-	Current financial assets	14	7,427	-	7,427	-
The Company	ALLANZ-EURO EQ USD	-	"	11	5,735	-	5,735	-
The Company	WISDOMTREE JAPAN HEDGED	-	"	1	3,015	-	3,015	-
The Company	IBOXX INVESTMENT GRA	-	"	2	5,006	-	5,006	-
The Company	TSMC ADR	-	Current financial assets at fair value through profit or loss - Global depositary receipt	2	7,081	-	7,081	-
The Company	Shares of TSMC	-	Current financial assets at fair value through profit or loss - Domestic stock	100	53,300	-	53,300	-
The Company	Gloria Material Technology Corp.	-	Current financial assets at fair value through profit or loss - Domestic stock	40	2,056	-	2,056	-
The Company	Shares of National Aerospace Fasteners Corporation	-	"	30	2,586	-	2,586	-
The Company	Shares of GSI TECHNOLOGY INC.	-	Non-current financial assets at fair value through profit or loss	47	2,462	0.20%	2,462	-
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	14	7,462	-	7,462	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	SPDR S&P500 ETF	-	Current financial assets at fair value through profit or loss - Beneficiary certificate	1	6,855	-	6,855	-

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	End of the current period				Note
				Number of shares	Book value	Percent of shareholdings	Fair value	
Holy Stone Enterprise (Hong Kong) Co., Ltd.	INVESCO QQQ ETF	-	"	1	3,909	-	3,909	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	MSCI THAILAND CAPPED	-	"	1	2,235	-	2,235	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	FIDELITY FNDS-JAPAN	-	"	16	8,747	-	8,747	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	ALLANZ-EURO EQ GR S_ATH2USD	-	"	23	12,234	-	12,234	-
Holy Stone Holdings Co., Ltd.	Greenvity Communications, Inc	-	Investments in equity instruments at fair value through other comprehensive income - non-current	220	-	0.76%	-	-
Holy Stone Holdings Co., Ltd.	ISHARES RUSSELL 1000 VALUE ETF	-	Current financial assets at fair value through profit or loss - Beneficiary certificate	1	1,391	-	1,391	-
Holy Stone Holdings Co., Ltd.	FIDELITY FNDS-JAPAN	-	"	11	5,831	-	5,831	-
Holy Stone Holdings Co., Ltd.	ALLANZ-EURO EQ GR S_ATH2USD	-	"	15	8,155	-	8,155	-
Holy Stone Holdings Co., Ltd.	SPDR S&P500 ETF	-	"	1	4,986	-	4,986	-
UHOLY Investment Co., Ltd.	Shares of IFIT LTD.	-	-Non-current financial assets at fair value through other comprehensive income	269	-	-	-	-
UHOLY Investment Co., Ltd.	Shares of SENYUN PRECISION OPTICAL CORPORATION	-	"	140	-	-	-	-
UHOLY Investment Co., Ltd.	Shares of Metanoia Communications, Inc.	-	"	155	-	0.18%	-	-
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.	-	"	1,515	89,671	2.74%	89,671	-
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	42,640	-	42,640	-
UHOLY Investment Co., Ltd.	Shares of Getac Holdings Corporation	-	"	70	3,745	-	3,745	-
UHOLY Investment Co., Ltd.	Shares of National Aerospace Fasteners Corporation	-	Current financial assets at fair value through profit or loss - Domestic stock	30	2,586	-	2,586	-
Jung Chan Investments Co., Ltd.	Shares of JYA-NAY CO., LTD.	-	-Non-current financial assets at fair value through other comprehensive income	2,976	25,702	12.40%	25,702	-
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	1,484	0.54%	1,484	-
Jung Chan Investments Co., Ltd.	Shares of WOM ASIA CO., LTD.	-	Non-current financial assets at fair value through profit or loss	1,145	1,984	4.03%	1,984	-
Jung Chan Investments Co., Ltd.	Shares of Genovior Biotech Corporation	-	"	3,590	28,002	2.28%	28,002	-

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	End of the current period				Note
				Number of shares	Book value	Percent of shareholdings	Fair value	
Jung Chan Investments Co., Ltd.	Shares of TSMC	-	Current financial assets at fair value through profit or loss - Domestic stock	80	42,640	-	42,640	-
Jung Chan Investments Co., Ltd.	Shares of TONG HSING ELECTRONIC INDUSTRIES, LTD.	-	"	27	5,360	-	5,360	-
Jung Chan Investments Co., Ltd.	Shares of Gloria Material Technology Corp.	-	"	60	3,084	-	3,084	-
Jung Chan Investments Co., Ltd.	Shares of National Aerospace Fasteners Corporation	-	"	40	3,448	-	3,448	-
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 NFORE TECHNOLOGY CO., LTD.	-	Non-current financial assets at fair value through profit or loss	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	10	5,330	-	5,330	-
OHGA Smarththings Co., Ltd	Shares of Sun Race Sturmev-Archer Inc.	-	"	40	1,664	-	1,664	-

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	(330,066)	(11.18)%	150 days from the following month	-	-	346,420	11.97%	Note
Holy Stone International Trading (ShanHai) Co., Ltd	The Company	The Company is the ultimate parent company	Purchase	330,066	91.68%	150 days from the following month	-	-	(346,420)	(87.75)%	Note
The Company	Holy Stone Enterprise (Hong Kong) Co., Ltd.	Subsidiary of the Company	Sales	(218,929)	(7.42)%	120 days from the following month	-	-	280,637	9.70%	Note

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Notes to Consolidated Financial Statements (continued)

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)	
Holy Stone Enterprise (Hong Kong) Co., Ltd.	The Company	The Company is the ultimate parent company	Purchase	218,929	35.58%	120 days from the following month	-	-	(280,637)	(80.35)%	Note
The Company	Infortech (CHINA) Co., Ltd.	Third-tier subsidiary of the Company	Sales	(114,125)	(3.87)%	120 days from the invoiced month	-	-	54,327	1.88%	Note
Infortech (CHINA) Co., Ltd.	The Company	The Company is the ultimate parent company	Purchase	114,125	94.19%	120 days from the invoiced month	-	-	(54,327)	(93.17)%	Note
EPM	The Company	The Company is the ultimate parent company	Sales	(157,839)	(100.00)%	30 days from the invoiced month	-	-	45,103	100.00%	Note
Holy Stone Enterprise (Hong Kong) Co., Ltd.	The Company	The Company is the ultimate parent company	Sales	(293,023)	(16.51)%	30 days from the invoiced month	-	-	297,969	60.11%	Note
The Company	Holy Stone Enterprise (Hong Kong) Co., Ltd.	Subsidiary of the Company	Purchase	293,023	18.95%	30 days from the invoiced month	-	-	(297,969)	(29.46)%	Note

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		Amount receivables from relevant parties Amount recovered after the period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	Holy Stone Enterprise (Hong Kong) Co., Ltd.	Subsidiary of the Company	280,637	3.41	-	-	70,737	-
The Company	Holy Stone International Trading (ShanHai) Co., Ltd.	Third-tier subsidiary of the Company	346,420	4.13	-	-	142,355	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	The Company	The Company is the ultimate parent company	297,969	4.63	-	-	170,127	-

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

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	Transaction status			
				Item	Amount	Transaction condition	Percentage of total operating revenue or total assets
0	The Company	HSHK	1	Sales	218,929	120 days from the following month	6.22%
0	The Company	HSHK	1	Accounts receivable	280,637	120 days from the following month	1.73%
0	The Company	HSITC	1	Sales	330,066	150 days from the following month	9.38%
0	The Company	HSITC	1	Accounts receivable	346,420	150 days from the following month	2.14%
0	The Company	He Chi	1	Sales	114,125	120 days from the invoiced month	3.24%
0	The Company	He Chi	1	Accounts receivable	54,237	120 days from the invoiced month	0.33%
1	EPM	The Company	2	Sales	157,839	Pay cash in the following month	4.49%
1	EPM	The Company	2	Accounts receivable	45,103	Pay cash in the following month	0.28%
2	HSHK	The Company	2	Sales	293,023	30 days from the invoiced month	8.33%
2	HSHK	The Company	2	Accounts receivable	297,969	30 days from the invoiced month	1.84%

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%	405,102	10,620	10,620	Subsidiary of the Company
The Company	Holy Stone Holdings Co., Ltd.	Samoa	General investment	2,078,392	2,078,392	30,000	100.00%	739,978	8,813	9,812	Subsidiary of the Company
The Company	UHOLY Investment Co., Ltd.	Taipei City	General investment	622,500	622,500	54,000	100.00%	730,035	64,452	65,068	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%	55,325	633	633	Subsidiary of the Company
The Company	Jung Chan Investments Co., Ltd.	Taipei City	General investment	340,000	340,000	42,100	100.00%	381,232	5,402	5,420	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%	26,649	(195)	(195)	Subsidiary of the Company

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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	eGalax eMPIA Technology Inc.	Taipei City	Product Designing, Wholesale of Electronic Materials and Retail Sale of Electronic Materials	122,683	122,683	2,252	3.53%	130,836	68,427	2,630	The investee accounted for under the equity method
Holy Stone Holdings Co., Ltd.	Holy Stone Investments Co., Ltd.	Hong Kong	General investment	213,150	211,899	7,000	100.00%	501,870	8,129	8,129	Subsidiary of Holy Stone Holdings Co., Ltd.
Holy Stone Holdings Co., Ltd.	Holypaq Corporation	British Cayman Islands	General investment	36,540	36,852	1,200	100.00%	815	-	-	Subsidiary of Holy Stone Holdings Co., Ltd.
Holy Stone Holdings Co., Ltd.	Green Glory Holdings Ltd.	Samoa	General investment	37,777	38,100	1,310	100.00%	53,168	358	358	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	425,569	429,203	2,500	100.00%	75,841	(1,020)	(1,020)	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	112,112	113,876	1	100.00%	129,226	416	416	Subsidiary of Holy Stone Holdings Co., Ltd.
Holy Stone Holdings Co., Ltd.	Holy Stone Holdings (Singapore) Pte. Ltd.	Singapore	Electronic retail business	3,045	3,071	100	100.00%	5,737	(346)	(346)	Subsidiary of Holy Stone Holdings Co., Ltd.
Green Glory Holdings Ltd.	Milestone Global Technology Ltd.	USA	Development and sales of electronic products	15,225	15,355	500	100.00%	31,664	390	390	Subsidiary of Green Glory Holdings
Green Glory Holdings Ltd.	Holystone (Europe) Ltd.	England	Electronic retail business	20,915	21,094	350	100.00%	21,286	(31)	(31)	Subsidiary of Green Glory Holdings
UHOLY Investment Co., Ltd.	Holy Stone Healthcare Co., Ltd.	Taipei City	Wholesale of drugs and medical goods	789,039	789,039	46,284	33.36%	158,751	(47,409)	(15,816)	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	6,458	10.14%	340,970	68,427	6,939	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%	112,599	(5,886)	(5,886)	Subsidiary of Holy Stone Healthcare Co., Ltd.
Holy Stone Healthcare Co., Ltd.	Global Search Holdings Ltd.	Samoa	General investment	109,168	109,168	3,650	100.00%	2,593	(3,406)	(3,406)	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	78,939	78,939	1,770	100.00%	724	(2,101)	(2,101)	Second-tier subsidiary of Holy Stone Healthcare Co., Ltd.
Global Search Holdings Ltd.	AIHOL Corporation	USA	Medicine research and development and patent filing	28,697	28,697	10,950	100.00%	1,343	(1,304)	(1,304)	Second-tier subsidiary of Holy Stone Healthcare Co., Ltd.
Jung Chan Investments Co., Ltd.	OHGA Smartthings 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%	120,812	(1,451)	(1,031)	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	80,158	116,136	3,745	2.70%	15,133	(47,409)	(1,547)	The investee accounted for using the equity method by Jung Chan Investments Co., Ltd.

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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			
Jung Chan Investments Co., Ltd.	Herzteck Incorporation	Hsinchu County	Wholesale of electronic materials, and Telecom Instruments	100,000	100,000	10,000	100.00%	96,471	(863)	(863)	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	8,289	187	0.29%	9,306	68,427	198	The investee accounted for using the equity method by Jung Chan Investments Co., Ltd.
OHGA Smarthings Co., Ltd.	YUASA J-WAN CO., LTD.	Taipei City	Retail and wholesale of batteries	1,000	1,000	100	31.50%	1,325	920	276	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 (Note 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 capacitors	122,105	(2)	109,925	-	-	109,925	7,962	100.00%	7,962	354,787	-
Infotech (CHINA) Co., Ltd.	Sales of electronic parts and components	63,945	(2)	63,945	-	-	63,945	182	100.00%	182	143,940	-

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.

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
204,320	216,500	5,601,978

3. Significant transactions:

For the significant transactions between the Group and its investees in China from January 1 to March 31, 2023 (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.

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

XIV. Segment Information

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

	January to March, 2023			
	Electronic Segment	Others	Reconciliation and eliminations	Total
Income:				
Income from external customers	\$ 3,138,482	379,242	-	3,517,724
Reportable segment profit or loss	\$ 401,609	38,362	-	439,971
	January to March, 2022			
	Electronic Segment	Others	Reconciliation and eliminations	Total
Income:				
Income from external customers	\$ 3,947,868	368,320	-	4,316,188
Reportable segment profit or loss	\$ 631,800	(32,628)	-	599,172