

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

**Consolidated Financial Statements**

**for the Six Months Ended June 30, 2023 and 2022**

**Independent Auditors' Review Report**

**Address: 1F., No. 62, Sec. 2, Huanshan Rd., Neihu Dist., Taipei City  
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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 June 30, 2023, and 2022, the consolidated statements of comprehensive income for the six months ended June 30, 2023, and 2022, and the consolidated statements of comprehensive income, change in equity and cash flow and the notes (including the summary of significant accounting policies) for the six months ended June 30, 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 six months ended June 30, 2023 and 2022 were NT\$2,345,400 thousand and NT\$2,438,495 thousand, respectively, representing 14.73% and 13.97% of the total consolidated assets; total liabilities were NT\$330,676 thousand and NT\$388,876 thousand, respectively, representing 5.47% and 5.01% of the total consolidated liabilities; the consolidated income or loss for the six months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022 were \$(65,187) thousand, \$(72,937) thousand, \$(9,758) thousand and \$(72,242) thousand, representing (42.74)%, (22.06)%, (1.97)% and (8.73)% of the consolidated income or 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\$490,791 thousand and NT\$500,578 thousand for the six months ended June 30, 2023 and 2022, respectively, and the shares of profit or loss recognized using the equity method in affiliated companies were NT\$8,311 thousand, NT\$12,902 thousand, NT\$18,354 thousand and NT\$31,232 thousand for the six months ended June 30, 2023 and 2022, and for the six months ended June 30, 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 has 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 June 30, 2023 and 2022, its consolidated financial performance for the six months ended June 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting”.

KPMG

CPA:

Securities and	Jin-Guan-Zheng-Shen-Zi No.
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August 9, 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.

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

**Consolidated Balance Sheet**

**June 30, 2023 and For the Six Months Ended June 30, 2022**

**Unit: thousands of New Taiwan Dollars**

		June 30, 2023		December 31, 2022		June 30, 2022				June 30, 2023		December 31, 2022		June 30, 2022	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and shareholders' equity		Amount	%	Amount	%	Amount	%
<b>Current assets</b>								<b>Current liabilities:</b>							
1100	Cash and cash equivalents (Note 6 (1))	\$ 3,171,206	20	3,367,051	21	3,924,356	22	2100	Short-term borrowings (Note 6(12) and 8)	\$ 1,023,499	6	1,737,983	11	1,396,215	8
1110	Current financial assets at fair value through profit or loss (Note 6(2))	313,062	2	236,119	1	410,490	2	2130	Current contract liabilities (Note 6(21))	78,931	1	149,542	1	102,094	1
1150	Notes and accounts receivable, net (Notes 6(4)(21) and 7)	3,117,057	20	2,960,184	18	3,591,014	21	2170	Accounts payable	795,834	5	807,772	5	1,077,426	6
1200	Other receivables, net (Note 6(5))	51,064	-	126,290	1	74,457	-	2180	Accounts payable to related parties (Note 7)	44,840	-	30,536	-	102,721	1
1220	Current tax assets	-	-	3,064	-	1,948	-	2200	Other payables (Note 6(13))	962,269	6	909,220	6	1,273,444	7
130X	Inventories (Note 6(6))	3,417,310	22	3,626,554	23	3,631,798	21	2216	Dividends payables	789,954	5	-	-	1,421,917	8
1410	Prepayments and other current assets	76,287	-	92,367	1	93,042	1	2230	Current tax liabilities	171,802	1	227,891	1	232,500	1
	<b>Total current assets</b>	<u>10,145,986</u>	<u>64</u>	<u>10,411,629</u>	<u>65</u>	<u>11,727,105</u>	<u>67</u>	2280	Current lease liabilities (Note 6(15))	20,280	-	14,572	-	16,365	-
	<b>Non-current assets:</b>							2322	Long-term borrowings, current portion (Note 6(14) and 8)	220,696	2	94,207	1	10,667	-
1510	Non-current financial assets at fair value through profit or loss (Note 6(2))	130,589	1	101,025	1	103,512	1		<b>Total current liabilities</b>	<u>4,108,105</u>	<u>26</u>	<u>3,971,723</u>	<u>25</u>	<u>5,633,349</u>	<u>32</u>
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(3))	54,194	-	52,859	-	50,454	-		<b>Non-current liabilities:</b>						
1550	Investments accounted for using the equity method (Note 6(7))	490,791	3	472,405	3	500,578	3	2540	Long-term borrowings (Note 6(14) and 8)	1,775,538	11	1,911,722	12	1,953,261	12
1600	Property, plant and equipment (Note 6(9) and 8)	4,770,132	30	4,801,228	30	4,701,857	28	2570	Deferred tax liabilities	74,326	1	74,326	-	80,981	-
1755	Right-of-use assets (Note 6(10))	54,483	-	39,316	-	42,065	-	2580	Non-current lease liabilities (Notes 6(15))	35,279	-	25,699	-	26,565	-
1780	Intangible assets (Note 6(11))	6,327	-	7,721	-	8,853	-	2640	Net defined benefit liabilities - non-current (Notes 6(16))	47,948	-	51,948	-	64,983	-
1840	Deferred tax assets	48,816	-	48,813	-	41,257	-	2670	Other non-current liabilities - other	2,578	-	2,543	-	2,702	-
1915	Prepayments for business facilities	162,861	2	117,181	1	229,743	1		<b>Total non-current liabilities</b>	<u>1,935,669</u>	<u>12</u>	<u>2,066,238</u>	<u>12</u>	<u>2,128,492</u>	<u>12</u>
1990	Other non-current assets- others (Note 8)	54,979	-	55,202	-	53,046	-		<b>Total of liabilities</b>	<u>6,043,774</u>	<u>38</u>	<u>6,037,961</u>	<u>37</u>	<u>7,761,841</u>	<u>44</u>
	<b>Total non-current assets</b>	<u>5,773,172</u>	<u>36</u>	<u>5,695,750</u>	<u>35</u>	<u>5,731,365</u>	<u>33</u>		<b>Equity attributable to owners of the parent company (Note 6(8)(18)):</b>						
	<b>Total assets</b>	<u>\$ 15,919,158</u>	<u>100</u>	<u>16,107,379</u>	<u>100</u>	<u>17,458,470</u>	<u>100</u>	3110	Ordinary share	1,579,908	10	1,579,908	10	1,579,908	9
								3150	Stock dividends to be distributed	78,995	-	-	-	-	-
										<u>1,658,903</u>	<u>10</u>	<u>1,579,908</u>	<u>10</u>	<u>1,579,908</u>	<u>9</u>
								3200	Capital surplus	3,209,673	20	3,120,424	20	3,101,671	18
									Retained earnings:						
								3310	Legal reserve	1,638,205	10	1,638,205	10	1,638,205	9
								3320	Special reserve	133,682	1	163,854	1	163,854	1
								3350	Unappropriated retained earnings	3,082,668	20	3,326,480	21	2,938,444	17
									Total retained earnings	<u>4,854,555</u>	<u>31</u>	<u>5,128,539</u>	<u>32</u>	<u>4,740,503</u>	<u>27</u>
									Other equities:						
								3410	Exchange differences on translation of foreign financial statements	(66,704)	-	(52,980)	-	(63,841)	-
								3420	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(79,904)	(1)	(80,702)	(1)	(82,859)	-
									Total other equities	<u>(146,608)</u>	<u>(1)</u>	<u>(133,682)</u>	<u>(1)</u>	<u>(146,700)</u>	<u>-</u>
									<b>Total equity attributable to owners of parent</b>	<u>9,576,523</u>	<u>60</u>	<u>9,695,189</u>	<u>61</u>	<u>9,275,382</u>	<u>54</u>
								36XX	<b>Non-controlling interests</b>	298,861	2	374,229	2	421,247	2
									<b>Total equity</b>	<u>9,875,384</u>	<u>62</u>	<u>10,069,418</u>	<u>63</u>	<u>9,696,629</u>	<u>56</u>
									<b>Total liabilities and shareholders' equity</b>	<u>\$ 15,919,158</u>	<u>100</u>	<u>16,107,379</u>	<u>100</u>	<u>17,458,470</u>	<u>100</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

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

**Consolidated Statements of Comprehensive Income**

**For the Six Months Ended June 30, 2023 and 2022**

Unit: thousands of New Taiwan Dollars

	April to June 2023		April to June 2022		January to June 2023		January to June 2022	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 <b>Operating revenue (Note 6(21))</b>	\$ 3,341,769	100	3,835,639	100	6,859,493	100	8,151,827	100
5000 <b>Operating costs</b> (Note 6(6) (15) (16) and Note 7)	2,722,337	81	2,972,649	78	5,544,461	81	6,353,245	78
<b>Gross profit</b>	619,432	19	862,990	22	1,315,032	19	1,798,582	22
<b>Operating expenses:</b>								
6100 Selling and administrative expenses (Notes 6(15) (16) (19) (22))	282,225	8	292,920	8	570,490	8	584,469	7
6300 Research and development expenses (Note 6(15) (16) (22))	123,606	4	93,443	2	204,241	3	173,273	2
6450 Expected credit loss (gain) (Note 6(4))	(394)	-	17,491	-	(2,514)	-	19,844	-
<b>Total operating expenses</b>	405,437	12	403,854	10	772,217	11	777,586	9
<b>Operating profit</b>	213,995	7	459,136	12	542,815	8	1,020,996	13
<b>Non-operating income and expenses:</b>								
7020 Other gains and losses, net (Note 6(23))	13,558	-	(29,712)	(1)	125,955	2	(8,456)	-
7050 Financial costs (Note 6(15))	(17,897)	-	(7,386)	-	(35,332)	-	(12,529)	-
7060 Share of profit (loss) of associates accounted for using the equity method	8,311	-	12,902	-	18,354	-	31,232	-
7100 Interest revenue	9,745	-	4,344	-	15,891	-	7,213	-
<b>Total non-operating income and expenses</b>	13,717	-	(19,852)	(1)	124,868	2	17,460	-
<b>Profit before tax</b>	227,712	7	439,284	11	667,683	10	1,038,456	13
7950 <b>Less: Income tax expense (Note 6(17))</b>	64,236	2	99,257	2	162,088	3	229,684	3
<b>Profit</b>	163,476	5	340,027	9	505,595	7	808,772	10
8300 <b>Other comprehensive income, net of tax:</b>								
8310 <b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>								
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(4,180)	-	(5,240)	-	798	-	(7,993)	-
8320 Share of other comprehensive income (loss) of a subsidiary accounted for using the equity method - Components of other comprehensive income (loss) that will not be reclassified to profit or loss	(368)	-	-	-	(368)	-	-	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
<b>Total components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>	(4,548)	-	(5,240)	-	430	-	(7,993)	-
8360 <b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>								
8361 Exchange differences on translation of foreign financial statements	(6,397)	-	(4,083)	-	(10,654)	-	26,858	-

(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



**HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries**  
**Consolidated Statement of Changes in Equity**  
**For the Six Months Ended June 30, 2023 and 2022**

Unit: thousands of New Taiwan Dollars

	Equity attributable to owners of the parent company						Other equity		Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
	Share capital		Retained earnings				Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income			
	Ordinary share	Stock dividend to be distributed	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings					
<b>Balance at January 1, 2022</b>	\$ 1,579,908	-	3,140,525	1,638,205	122,384	3,546,728	(88,988)	(74,866)	9,863,896	220,826	10,084,722
Profit	-	-	-	-	-	855,103	-	-	855,103	(46,331)	808,772
Other comprehensive income, net of tax	-	-	-	-	-	-	25,147	(7,993)	17,154	1,711	18,865
Total comprehensive income in the current period	-	-	-	-	-	855,103	25,147	(7,993)	872,257	(44,620)	827,637
Appropriation and distribution of retained earnings:											
Provision of special reserve	-	-	-	-	41,470	(41,470)	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	-	(1,421,917)	-	-	(1,421,917)	-	(1,421,917)
Change in ownership interests in subsidiaries	-	-	(38,854)	-	-	-	-	-	(38,854)	41,285	2,431
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	203,756	203,756
<b>Balance at June 30, 2022</b>	<b>\$ 1,579,908</b>	<b>-</b>	<b>3,101,671</b>	<b>1,638,205</b>	<b>163,854</b>	<b>2,938,444</b>	<b>(63,841)</b>	<b>(82,859)</b>	<b>9,275,382</b>	<b>421,247</b>	<b>9,696,629</b>
<b>Balance at January 1, 2023</b>	\$ 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	-	-	-	-	-	595,227	-	-	595,227	(89,632)	505,595
Other comprehensive income, net of tax	-	-	-	-	-	(262)	(13,724)	798	(13,188)	2,964	(10,224)
Total comprehensive income in the current period	-	-	-	-	-	594,965	(13,724)	798	582,039	(86,668)	495,371
Appropriation and distribution of retained earnings:											
Cash dividends of ordinary shares	-	-	-	-	-	(789,954)	-	-	(789,954)	-	(789,954)
Stock dividends of ordinary shares	-	78,995	-	-	-	(78,995)	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(30,172)	30,172	-	-	-	-	-
Change in ownership interests in subsidiaries	-	-	89,249	-	-	-	-	-	89,249	10,783	100,032
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	517	517
<b>Balance at June 30, 2023</b>	<b>\$ 1,579,908</b>	<b>78,995</b>	<b>3,209,673</b>	<b>1,638,205</b>	<b>133,682</b>	<b>3,082,668</b>	<b>(66,704)</b>	<b>(79,904)</b>	<b>9,576,523</b>	<b>298,861</b>	<b>9,875,384</b>

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

Chairman: Jing-Rong Tang

Manager: Jing-Rong Tang

Accounting Supervisor: Shu-Ying Chang

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

**Consolidated Statements of Cash Flows**

**For the Six Months Ended June 30, 2023 and 2022**

**Unit: thousands of New Taiwan Dollars**

	January to June 2023	January to June 2022
<b>Cash flows from operating activities:</b>		
<b>Profit before tax</b>	\$ 667,683	1,038,456
<b>Adjustments:</b>		
Adjustments to reconcile profit		
Depreciation expense	342,579	285,343
Amortization expense	1,623	1,518
Expected credit loss (gain)	(2,514)	19,844
Net loss (gain) on financial assets at fair value through profit or loss	(111,180)	72,559
Interest expense	35,332	12,529
Interest revenue	(15,891)	(7,213)
Dividend revenue	(2,273)	(1,667)
Share-based payment remuneration cost	800	989
Share of profit of associates accounted for using the equity method	(18,354)	(31,232)
Loss on disposal and retirement of property, plant and equipment	14	-
Proceeds from disposal of investment	(39,443)	-
Others	(4)	(61)
Total adjustments to reconcile profit	190,689	352,609
Changes in operating assets and liabilities:		
Changes in operating assets:		
Current financial assets at fair value through profit or loss	(5,985)	(22,276)
Notes and accounts receivable	(153,683)	(412,947)
Other receivables, net	75,520	84,535
Inventories	209,244	(544,401)
Prepayments and other current assets	16,080	(8,662)
Total changes in operating assets	141,176	(903,751)
Changes in operating liabilities:		
Contract liability	(70,611)	(18,323)
Accounts payable	(11,938)	(154,622)
Accounts payable to related parties	14,304	27,292
Other payables	85,214	129,178
Net defined benefit liability	(4,000)	-
Total changes in operating liabilities	12,969	(16,475)
Net changes in operating assets and liabilities	154,145	(920,226)
Total adjustments	344,834	(567,617)
Cash inflow from operating activities	1,012,517	470,839
Interest received	15,597	6,145
Dividends received	2,273	1,667
Interest paid	(37,878)	(11,907)
Income taxes paid	(215,113)	(29,338)
<b>Net cash inflow of operating activities</b>	777,396	437,406
<b>Cash flows used in investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(7,624)	-
Disposal of financial assets at fair value through other comprehensive income or loss	7,089	-
Acquisition of financial assets at fair value through profit or loss	-	(5,000)
Disposal of financial assets at fair value through profit or loss	52,109	-
Proceeds from disposal of investments accounted for using equity method	-	1,906
Acquisition of property, plant and equipment	(341,542)	(696,576)
Acquisition of intangible assets	(20)	-
Decrease (increase) in non-current assets	30	(1,548)
(Increase) decrease in prepayments for business facilities	(45,680)	35,017
<b>Net cash flows used in investing activities</b>	(335,638)	(666,201)
<b>Cash flows used in financing activities:</b>		
Decrease in short-term borrowings	(714,484)	(609,850)
Proceeds from long-term borrowings	-	589,424
Repayments of long-term borrowings	(9,695)	(8,038)
Payment of lease liabilities	(11,380)	(11,321)
Increase (decrease) in other non-current liabilities	35	(1,613)
Changes in non-controlling interests	99,749	204,478
<b>Net cash (outflow) inflow from investing activities</b>	(635,775)	163,080
Effect of exchange rate changes on cash and cash equivalents	(1,828)	35,835
Decrease of cash and cash equivalent in the current period	(195,845)	(29,880)

**(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**

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

**Consolidated Statements of Cash Flows**

**For the Six Months Ended June 30, 2023 and 2022**

**Unit: thousands of New Taiwan Dollars**

	<b>January to June 2023</b>	<b>January to June 2022</b>
Cash and cash equivalents at beginning of period	3,367,051	3,954,236
Cash and cash equivalents at end of period	<u><b>\$ 3,171,206</b></u>	<u><b>3,924,356</b></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**

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

## **Notes to Consolidated Financial Statements**

### **for the Six Months Ended June 30, 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 August 9, 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) New and amended standards and interpretations not yet endorsed by FSC

The following are the standards and interpretations issued and amended by the International Accounting Standards Board 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)**

<b>The newly pronounced or revised standards</b>	<b>Major amendments</b>	<b>The effective date pronounced by the IASB</b>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-Current”	<p>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.</p> <p>The amendments also clarify how a company classifies a liability that can be settled in its own shares – e.g., convertible debt.</p>	January 1, 2024
The amendments to IAS 1 “Classification of Liabilities with Covenants”	<p>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.</p> <p>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.</p>	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Vendor Financing Arrangements"	<p>The amendments require an entity to disclose information that enables users of the financial statements to assess the effect of supplier finance arrangements on an entity’s liabilities and cash flows, as well as on its liquidity risk and risk management.</p>	January 1, 2024

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

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”
- Amendments to IFRS 17 “Insurance Contracts” and Amendments to IFRS 17
- Amendments to IFRS 16 "Lease Liability in Sale and Leaseback"
- Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”

**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.

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

(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			Descriptions
			June 30, 2023	December 31, 2022	June 30, 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%	-
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%	34.18%	Note 1, 2, 3
HSHC HSHC	Global Search Holdings Ltd. (GSH, Samoa)	General investment	100.00%	100.00%	100.00%	Note 2
HSHC HSHC	MDT INTL SA	Medical equipment development and	100.00%	100.00%	100.00%	Note 2

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

Name of Investors	Name of Subsidiaries	Main Business	Shareholding Ratio			Descriptions
			June 30, 2023	December 31, 2022	June 30, 2022	
	(MDT, Switzerland)	marketing and biotechnology services				
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 Smarthings 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	2.01%	3.91%	3.91%	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. 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.

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

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

(I) Cash and cash equivalent

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Cash on hand	\$ 1,896	2,199	2,659
Demand deposits	2,088,657	1,975,284	2,136,670
Term deposits	1,080,653	1,389,568	1,785,027
	<b><u>\$ 3,171,206</u></b>	<b><u>3,367,051</u></b>	<b><u>3,924,356</u></b>

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

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

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Current:			
Domestic stock	\$ 188,742	152,809	151,580
Global depositary receipt	10,999	3,431	-
Beneficiary certificate	113,321	79,879	258,910
<b>Total</b>	<b>\$ 313,062</b>	<b>236,119</b>	<b>410,490</b>
Non-current:			
Foreign investments in listed shares	\$ 8,094	2,497	4,819
Domestic shares	122,495	98,528	98,693
<b>Total</b>	<b>\$ 130,589</b>	<b>101,025</b>	<b>103,512</b>

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

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Domestic and foreign stock	<b>\$ 54,194</b>	<b>52,859</b>	<b>50,454</b>

- 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.

- Please refer to Note 6(24) for more information on credit risk and market risk.
- The aforesaid financial assets are not pledged as collateral.

(IV) Notes and accounts receivable

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Receivable notes	\$ 141,394	192,745	179,110
Accounts receivable	3,030,686	2,831,334	3,459,843
Less: loss provision	(55,023)	(63,895)	(47,939)
<b>Total</b>	<b>\$ 3,117,057</b>	<b>2,960,184</b>	<b>3,591,014</b>

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

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:

<b>June 30, 2023</b>			
	<b>Carrying amount of notes and accounts receivable</b>	<b>Weighted average rate of expected credit loss</b>	<b>Allowance for lifetime expected credit loss</b>
Not overdue	\$ 3,098,319	0%~10%	2,473
1 ≤ 30 days	27,910	1%~40%	8,966
31 to 60 days	2,871	1%~100%	2,341
Overdue for over 61 days	42,980	50%~100%	41,243
	<b>\$ 3,172,080</b>		<b>55,023</b>
<b>December 31, 2022</b>			
	<b>Book value of accounts receivable</b>	<b>Weighted average rate of expected credit loss</b>	<b>Allowance for lifetime expected credit loss</b>
Not overdue	\$ 2,951,704	0%~10%	7,691
1 ≤ 30 days	16,225	1%~40%	4,804
31 to 60 days	3,152	1%~100%	1,983
Overdue for over 61 days	52,998	50%~100%	49,417
	<b>\$ 3,024,079</b>		<b>63,895</b>
<b>June 30, 2022</b>			
	<b>Carrying amount of notes and accounts receivable</b>	<b>Weighted average rate of expected credit loss</b>	<b>Allowance for lifetime expected credit loss</b>
Not overdue	\$ 3,555,020	0%~10%	4,571
1 ≤ 30 days	29,096	1%~40%	7,909
31 to 60 days	10,252	1%~100%	701
Overdue for over 61 days	44,585	50%~100%	34,758
	<b>\$ 3,638,953</b>		<b>47,939</b>

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

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

	<b>January to June 2023</b>	<b>January to June 2022</b>
Balance, beginning	\$ 63,895	27,721
Impairment loss, recognized	-	19,844
Impairment loss, reversed	(2,514)	-
Amounts written off as uncollectible	(5,682)	(77)
Foreign currency translation gains and losses	(676)	451
Ending balance	<b>\$ 55,023</b>	<b>47,939</b>

The aforesaid financial assets are not pledged as collateral.

(V) Other receivables, net

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Tax Refund Receivable	\$ 45,507	48,087	67,085
Discount on purchases	-	73,221	-
Interest receivable	2,346	2,052	2,002
Other	3,211	2,930	5,370
	<b>\$ 51,064</b>	<b>126,290</b>	<b>74,457</b>

As of June 30, 2023, December 31, 2022 and June 30, 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.

(VI) Inventories

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Raw materials	\$ 222,258	234,469	232,754
Materials	26,294	17,673	26,991
Work in progress	178,148	171,668	204,005
Semi-Finished products	130,310	63,045	40,849
Finished good	635,788	721,741	835,422
Merchandise	2,224,512	2,417,958	2,291,777
	<b>\$ 3,417,310</b>	<b>3,626,554</b>	<b>3,631,798</b>

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

For the six months ended June 30, 2023 and six months ended June 30, 2022, the Group recognized a loss of NT\$2,083 thousand and NT\$2,206 thousand, respectively, on inventory write-downs to net realizable value and recognized cost of goods sold.

For the six months ended June 30, 2022 and six months ended June 30, 2021, the Group recognized a loss of NT\$12,343 thousand and NT\$10,321 thousand, respectively, on inventory write-downs to net realizable value and recognized cost of goods sold.

The Group's inventories are not pledged as collateral.

(VII) Investments accounted for using the equity method

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

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Associate	<b>\$ 490,791</b>	<b>472,405</b>	<b>500,578</b>

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

2. Unaudited investments accounted for using the equity method

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

(VIII) Change in ownership interests in subsidiaries

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

The Group disposed of 1.90% of its ownership interest in HSHC in February and June 2023, the proceeds of which amounted to NT\$99,749 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 above on the equity attributable to the owners of the parent company is as follows:

	<b>January to June 2023</b>	<b>January to June 2022</b>
Carrying amount of disposal of ownership interest in subsidiaries	\$ (10,908)	(185)
Consideration received from non-controlling interests	99,749	1,341
Capital surplus - Change in ownership interests in subsidiaries	6	-
Other equity - Exchange differences on translation of foreign financial statements	119	19
Capital surplus - difference between the market value and the book value of the ownership interest in the subsidiary	<b>\$ 88,966</b>	<b>1,175</b>

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

(IX) Property, plant and equipment

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

	Land	Buildings	Machinery and equipment	Other equipment	Unfinished project and equipment to be inspected	Total
Cost:						
Balance at January 1, 2023	\$ 923,252	2,808,388	4,249,987	711,617	858,439	9,551,683
Addition	-	587	18,887	10,163	282,286	311,923
Reclassification	-	119,312	234,740	18,588	(372,640)	-
Disposal	-	(66)	(5,451)	(6,556)	-	(12,073)
The Effects of Changes in Foreign	<u>(4,000)</u>	<u>(10,012)</u>	<u>(9,087)</u>	<u>(765)</u>	<u>-</u>	<u>(23,864)</u>
Exchange Rates						
Balance at June 30, 2023	<u>\$ 919,252</u>	<u>2,918,209</u>	<u>4,489,076</u>	<u>733,047</u>	<u>768,085</u>	<u>9,827,669</u>
Balance at January 1, 2022	\$ 924,854	1,690,023	3,593,058	554,102	1,696,202	8,458,239
Addition	-	1,428	-	3,464	691,684	696,576
Reclassification	-	989,983	380,856	44,310	(1,415,149)	-
Disposal	-	-	(59)	(2,746)	-	(2,805)
The Effects of Changes in Foreign	<u>(5,151)</u>	<u>(3,714)</u>	<u>(10,523)</u>	<u>1,024</u>	<u>-</u>	<u>(18,364)</u>
Exchange Rates						
Balance at June 30, 2022	<u>\$ 919,703</u>	<u>2,677,720</u>	<u>3,963,332</u>	<u>600,154</u>	<u>972,737</u>	<u>9,133,646</u>
Balance at January 1, 2023	\$ -	791,906	3,392,426	566,123	-	4,750,455
Depreciation in the current period	-	67,012	220,743	43,302	-	331,057
Disposal	-	(66)	(5,436)	(6,556)	-	(12,058)
The Effects of Changes in Foreign	<u>-</u>	<u>(5,235)</u>	<u>(6,137)</u>	<u>(545)</u>	<u>-</u>	<u>(11,917)</u>
Exchange Rates						
Balance at June 30, 2023	<u>\$ -</u>	<u>853,617</u>	<u>3,601,596</u>	<u>602,324</u>	<u>-</u>	<u>5,057,537</u>
Balance at January 1, 2022	\$ -	719,684	2,983,340	464,525	-	4,167,549
Depreciation in the current period	-	45,797	193,131	35,043	-	273,971
Disposal	-	-	(59)	(2,746)	-	(2,805)
The Effects of Changes in Foreign	<u>-</u>	<u>(1,013)</u>	<u>(6,659)</u>	<u>746</u>	<u>-</u>	<u>(6,926)</u>
Exchange Rates						
Balance at June 30, 2022	<u>\$ -</u>	<u>764,468</u>	<u>3,169,753</u>	<u>497,568</u>	<u>-</u>	<u>4,431,789</u>
Book value:						
Balance at January 1, 2023	<u>\$ 923,252</u>	<u>2,016,482</u>	<u>857,561</u>	<u>145,494</u>	<u>858,439</u>	<u>4,801,228</u>
Balance at June 30, 2023	<u>\$ 919,252</u>	<u>2,064,592</u>	<u>887,480</u>	<u>130,723</u>	<u>768,085</u>	<u>4,770,132</u>
Balance at January 1, 2022	<u>\$ 924,854</u>	<u>970,339</u>	<u>609,718</u>	<u>89,577</u>	<u>1,696,202</u>	<u>4,290,690</u>
Balance at June 30, 2022	<u>\$ 919,703</u>	<u>1,913,252</u>	<u>793,579</u>	<u>102,586</u>	<u>972,737</u>	<u>4,701,857</u>

As of June 30, 2023, December 31, 2022 and June 30, 2022, the property, plant and equipment of the Group pledged as collaterals for bank borrowings and financing facilities are shown in Note 8.

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

(X) Right-of-use assets

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

	<b>Buildings and structures</b>	<b>Other equipment</b>	<b>Total</b>
Cost of right-to-use assets:			
Balance at January 1, 2023	\$ 111,594	9,200	120,794
Increase	26,558	894	27,452
Decrease	(573)	(784)	(1,357)
The Effects of Changes in Foreign Exchange Rates	58	55	113
Balance at June 30, 2023	<b>\$ 137,637</b>	<b>9,365</b>	<b>147,002</b>
Balance at January 1, 2022	\$ 93,713	9,079	102,792
Increase	6,698	-	6,698
Decrease	(484)	-	(484)
The Effects of Changes in Foreign Exchange Rates	1,775	38	1,813
Balance at June 30, 2022	<b>\$ 101,702</b>	<b>9,117</b>	<b>110,819</b>
Depreciation of right-of-use assets:			
Balance at January 1, 2023	\$ 74,401	7,077	81,478
Depreciation in the current period	10,392	1,130	11,522
Decrease	(144)	(479)	(623)
The Effects of Changes in Foreign Exchange Rates	115	27	142
Balance at June 30, 2023	<b>\$ 84,764</b>	<b>7,755</b>	<b>92,519</b>
Balance at January 1, 2022	\$ 51,703	4,696	56,399
Depreciation in the current period	10,205	1,167	11,372
Decrease	(373)	-	(373)
The Effects of Changes in Foreign Exchange Rates	1,346	10	1,356
Balance at June 30, 2022	<b>\$ 62,881</b>	<b>5,873</b>	<b>68,754</b>
Book value:			
Balance at January 1, 2023	<b>\$ 37,193</b>	<b>2,123</b>	<b>39,316</b>
Balance at June 30, 2023	<b>\$ 52,873</b>	<b>1,610</b>	<b>54,483</b>
Balance at January 1, 2022	<b>\$ 42,010</b>	<b>4,383</b>	<b>46,393</b>
Balance at June 30, 2022	<b>\$ 38,821</b>	<b>3,244</b>	<b>42,065</b>

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

(XI) Intangible assets

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

	<b>Goodwill</b>	<b>Other</b>	<b>Total</b>
<b>Costs:</b>			
Balance at January 1, 2023	\$ 541,940	56,896	598,836
Intangible assets acquired	-	20	20
separately			
Effects of changes in foreign exchange rates	-	1,771	1,771
Balance at June 30, 2023	<b><u>\$ 541,940</u></b>	<b><u>58,687</u></b>	<b><u>600,627</u></b>
Balance at January 1, 2022	\$ 541,940	52,557	594,497
Effects of changes in foreign exchange rates	-	1,418	1,418
Balance at June 30, 2022	<b><u>\$ 541,940</u></b>	<b><u>53,975</u></b>	<b><u>595,915</u></b>
<b>Accumulated amortization and impairment loss:</b>			
Balance at January 1, 2023	\$ 541,940	49,175	591,115
Amortization for current period	-	1,564	1,564
Effects of changes in foreign exchange rates	-	1,621	1,621
Balance at June 30, 2023	<b><u>\$ 541,940</u></b>	<b><u>52,360</u></b>	<b><u>594,300</u></b>
Balance at January 1, 2022	\$ 541,940	42,485	584,425
Amortization for current period	-	1,458	1,458
Effects of changes in foreign exchange rates	-	1,179	1,179
Balance at June 30, 2022	<b><u>\$ 541,940</u></b>	<b><u>45,122</u></b>	<b><u>587,062</u></b>
<b>Book value:</b>			
Balance at January 1, 2023	<b><u>\$ -</u></b>	<b><u>7,721</u></b>	<b><u>7,721</u></b>
Balance at June 30, 2023	<b><u>\$ -</u></b>	<b><u>6,327</u></b>	<b><u>6,327</u></b>
Balance at January 1, 2022	<b><u>\$ -</u></b>	<b><u>10,072</u></b>	<b><u>10,072</u></b>
Balance at June 30, 2022	<b><u>\$ -</u></b>	<b><u>8,853</u></b>	<b><u>8,853</u></b>

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

(XII) Short-term borrowings

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Unsecured bank loan	\$ 948,499	1,662,983	1,326,215
Secured bank loan	75,000	75,000	70,000
<b>Total</b>	<b>\$ 1,023,499</b>	<b>1,737,983</b>	<b>1,396,215</b>
Quota not used	<b>\$ 5,686,004</b>	<b>3,783,411</b>	<b>3,777,516</b>
Interest rate range	<b>0.68%~6.15%</b>	<b>0.59%~5.79%</b>	<b>0.59%~3.38%</b>

(XIII) Other payables

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Employee bonuses payable	\$ 377,180	312,380	474,395
Remuneration payable to directors	52,107	35,299	73,489
Accounts payable, equipment	45,470	75,089	151,171
Accrued wages and bonus	130,234	156,804	104,432
Service payable and litigation expenses	2,505	2,969	94,048
Labor and health insurance expenses	19,191	19,414	19,086
Other	335,582	307,265	356,823
<b>Total</b>	<b>\$ 962,269</b>	<b>909,220</b>	<b>1,273,444</b>

(XIV) Long-term borrowings

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Secured bank loan	\$ 4,568	5,929	6,896
Unsecured bank loan	1,991,666	2,000,000	1,957,032
Less: Current portions	(220,696)	(94,207)	(10,667)
<b>Total</b>	<b>\$ 1,775,538</b>	<b>1,911,722</b>	<b>1,953,261</b>
Quota not used	<b>\$ -</b>	<b>-</b>	<b>42,968</b>
Interest rate range	<b>0.4%~1.86%</b>	<b>0.4%~1.611%</b>	<b>0.4%~1.36%</b>

1. Issuance and repayment of loans

The Group's issuance of long-term borrowings from January 1 to June 30, 2023 and 2022 were NT\$0 thousand and NT\$589,424 thousand, respectively, and the repayments were NT\$9,695 thousand and NT\$8,038 thousand, respectively.

2. Collateral for bank loans

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

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

(XV) Lease liabilities

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

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Current	<u>\$ 20,280</u>	<u>14,572</u>	<u>16,365</u>
Non-current	<u>\$ 35,279</u>	<u>25,699</u>	<u>26,565</u>

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

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

	<b>April to June 2023</b>	<b>April to June 2022</b>	<b>January to June 2023</b>	<b>January to June 2022</b>
Interest expense on lease liabilities	<u>\$ 253</u>	<u>156</u>	<u>420</u>	<u>318</u>
Short-term and low-value lease expenses	<u>\$ 3,870</u>	<u>3,688</u>	<u>7,670</u>	<u>7,657</u>

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

	<b>January to June 2023</b>	<b>January to June 2022</b>
Total cash outflow for leases	<u>\$ 19,470</u>	<u>19,296</u>

(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:

	<b>April to June 2023</b>	<b>April to June 2022</b>	<b>January to June 2023</b>	<b>January to June 2022</b>
Operating cost	\$ 367	356	744	717
Operating expenses	574	565	1,156	1,129
Total	<u>\$ 941</u>	<u>921</u>	<u>1,900</u>	<u>1,846</u>

2. Defined contribution plans

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

	<b>April to June 2023</b>	<b>April to June 2022</b>	<b>January to June 2023</b>	<b>January to June 2022</b>
Operating cost	\$ 5,879	5,984	11,744	12,045
Operating expenses	9,085	8,640	17,398	18,185
Total	<u>\$ 14,964</u>	<u>14,624</u>	<u>29,142</u>	<u>30,230</u>

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

(XVII) Income tax

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

	<b>April to June 2023</b>	<b>April to June 2022</b>	<b>January to June 2023</b>	<b>January to June 2022</b>
Current period income tax expense				
Recognized during the period	\$ 64,236	99,257	162,088	229,684
Deferred income tax expense	-	-	-	-
Income tax expenses	<b><u>\$ 64,236</u></b>	<b><u>99,257</u></b>	<b><u>162,088</u></b>	<b><u>229,684</u></b>

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

(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 June 30, 2023 and 2022, as described in Note 6(18) to the Consolidated Financial Statements as of December 31, 2022.

1. Common stock issuance

The Company resolved in the stockholders' meeting held on May 30, 2023, to issue 7,899 thousand new shares, with par value of NT\$10 per share, through capitalization of undistributed earnings of NT\$78,995 thousand. On June 30, 2023, these shares were recorded as "stock dividends to be distributed". The capital increase's record date is July 27, 2023, and the related legal procedures have been filed with the competent authority.

2. Capital surplus

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

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Premium from the issue of shares	\$ 1,108,172	1,108,172	1,108,172
Conversion premium of corporate bonds to shares	1,500,091	1,500,091	1,500,091
Consolidated	144,225	144,225	144,225
Employee stock options	188,297	188,297	188,297
Premium for capital increase from employee bonus	15,410	15,410	15,410
Recognition of change in ownership interests in subsidiaries	123,332	34,083	15,330
Expired options	130,146	130,146	130,146
	<b><u>\$ 3,209,673</u></b>	<b><u>3,120,424</u></b>	<b><u>3,101,671</u></b>

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

3. Retained earnings

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

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

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

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

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

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

3.1 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.

3.2 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.

3.3. Earning distribution

On February 24, 2023 and March 9, 2022, the Board of Directors resolved the proposal to distribute cash dividends from the 2022 and 2021 earnings, respectively. On May 30, 2023, the Company's shareholders' meeting resolved the amount of stock dividends to be distributed from the 2022 earnings. The amount of dividends to be distributed to owners is as follows:

	<b>2022</b>		<b>2021</b>	
	<b>Dividend rate (NT\$)</b>	<b>Amount</b>	<b>Dividend payout ratio (NT\$)</b>	<b>Amount</b>
Dividends distributed to common stock shareholders:				
Cash	\$ 5.00	789,954	9.00	1,421,917
Stock	0.50	78,995	-	-
Total		<b>\$ 868,949</b>		<b>1,421,917</b>

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

4. 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	(13,724)	-	(13,724)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
Subsidiary	-	536	536
Disposal of equity instruments at fair value through other comprehensive income: subsidiaries	-	262	262
Balance at June 30, 2023	<u>\$ (66,704)</u>	<u>(79,904)</u>	<u>(146,608)</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	25,147	-	25,147
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
Subsidiary	-	(7,993)	(7,993)
Balance at June 30, 2022	<u>\$ (63,841)</u>	<u>(82,859)</u>	<u>(146,700)</u>

(XIX) Share-based payment

There were no significant changes in the Group's share-based payment between January 1 to June 30, 2023 and 2022, as described in Note 6(19) to the Consolidated Financial Statements as of December 31, 2022.

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

(XX) Earnings per share

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

	<b>April to June 2023</b>	<b>April to June 2022</b>	<b>January to June 2023</b>	<b>January to June 2022</b>
<b>Earnings per share</b>				
Net profit attributable to the Company	\$ 222,642	362,688	595,227	855,103
Weighted-average number of common shares outstanding (in thousand shares)	165,890	165,890	165,890	165,890
<b>Earnings per share (NT\$)</b>	<b>\$ 1.34</b>	<b>2.19</b>	<b>3.59</b>	<b>5.15</b>
<b>Diluted earnings per share</b>				
Net profit attributable to the Company	\$ 222,642	362,688	595,227	855,103
Net income attributable to ordinary equity holders of the Company (after adjustments to the effect of dilutive potential ordinary shares)	<b>\$ 222,642</b>	<b>362,688</b>	<b>595,227</b>	<b>855,103</b>
Weighted-average number of common shares outstanding (in thousand shares)	165,890	165,890	165,890	165,890
Effect of potentially dilutive ordinary shares				
Effect of employee stock bonus (in thousand shares)	862	1,349	1,551	2,323
Weighted-average number of common shares outstanding (after adjustments to the effect of dilutive potential ordinary shares) (in thousand shares)	<b>166,752</b>	<b>167,239</b>	<b>167,441</b>	<b>168,213</b>
<b>Diluted earnings per share (NT\$)</b>	<b>\$ 1.34</b>	<b>2.17</b>	<b>3.55</b>	<b>5.08</b>

(XXI) Revenue from contracts with customers

1. Revenue breakdown

	<b>April to June 2023</b>		
	<b>Electronic Segment</b>	<b>Others</b>	<b>Total</b>
Core products/services:			
Passive Components	\$ 1,253,804	-	1,253,804
Active Components	870,376	-	870,376
System On Module	434,523	-	434,523
Other	324,835	458,231	783,066
	<b>\$ 2,883,538</b>	<b>458,231</b>	<b>3,341,769</b>

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

	<b>April to June 2022</b>		
	<b>Electronic Segment</b>	<b>Others</b>	<b>Total</b>
Core products/services:			
Passive Components	\$ 1,341,905	-	1,341,905
Active Components	975,938	-	975,938
System On Module	810,020	-	810,020
Other	292,408	415,368	707,776
	<b>\$ 3,420,271</b>	<b>415,368</b>	<b>3,835,639</b>

	<b>January to June 2023</b>		
	<b>Electronic Segment</b>	<b>Others</b>	<b>Total</b>
Core products/services:			
Passive Components	\$ 2,569,776	-	2,569,776
Active Components	1,752,709	-	1,752,709
System On Module	1,050,093	-	1,050,093
Others	649,443	837,472	1,486,915
	<b>\$ 6,022,021</b>	<b>837,472</b>	<b>6,859,493</b>

	<b>January to June 2022</b>		
	<b>Electronic Segment</b>	<b>Others</b>	<b>Total</b>
Core products/services:			
Passive Components	\$ 3,105,858	-	3,105,858
Active Components	2,162,014	-	2,162,014
System On Module	1,487,567	-	1,487,567
Others	612,700	783,688	1,396,388
	<b>\$ 7,368,139</b>	<b>783,688</b>	<b>8,151,827</b>

2. Contract balance

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Receivable notes	\$ 141,394	192,745	179,110
Accounts receivable	3,030,686	2,831,334	3,459,843
Less: loss provision	(55,023)	(63,895)	(47,939)
Total	<b>\$ 3,117,057</b>	<b>2,960,184</b>	<b>3,591,014</b>
Contract liability	<b>\$ 78,931</b>	<b>149,542</b>	<b>102,094</b>

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

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

(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 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 for the six months ended June 30, 2023 and for the six months ended June 30 2023 were NT\$32,353 thousand and NT\$88,241 thousand, respectively; the estimated amounts of remuneration to directors were NT\$6,163 thousand and NT\$16,808 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.

The estimated amounts of employees' compensation for the six months ended June 30, 2022 and for the six months ended June 30 2022 were NT\$54,005 thousand and NT\$127,867 thousand, respectively; the estimated amounts of remuneration to directors were NT\$10,406 thousand and NT\$24,475 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

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

Observation Post System for more information.

(XXIII) Other gains and losses

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

	April to June 2023	April to June 2022	January to June 2023	January to June 2022
Dividend revenue	\$ 579	430	1,087	814
Net gain (loss) on financial assets at fair value through profit or loss	5,865	(58,559)	116,469	(72,437)
Proceeds from disposal of investment	-	-	308	-
Net gain (loss) on foreign exchange	5,389	21,961	4,433	51,889
Others	1,725	6,456	3,658	11,278
	<u>\$ 13,558</u>	<u>(29,712)</u>	<u>125,955</u>	<u>(8,456)</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 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:

	Book value	Contract cash flows	Less than 12 months	1~5 years	≥ 5 years
<b>June 30, 2023</b>					
Non-derivative financial liabilities					
Short-term borrowings	\$ 1,023,499	1,030,730	1,030,730	-	-
Current contract liabilities	78,931	78,931	78,931	-	-
Accounts payable	795,834	795,834	795,834	-	-
Accounts payable to related parties	44,840	44,840	44,840	-	-
Other payables	962,269	962,269	962,269	-	-
Dividends payables	789,954	789,954	789,954	-	-
Lease liabilities	55,559	57,418	21,063	34,716	1,639
Long-term borrowings	1,996,234	2,056,243	242,536	1,763,616	50,091
	<u>\$ 5,747,120</u>	<u>5,816,219</u>	<u>3,966,157</u>	<u>1,798,332</u>	<u>51,730</u>
<b>December 31, 2022</b>					
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	-	-

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

	Book value	Contract cash flows	Less than 12 months	1~5 years	≥ 5 years
parties					
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
	<b>\$ 5,681,253</b>	<b>5,756,488</b>	<b>3,774,978</b>	<b>1,812,694</b>	<b>168,816</b>
<b>June 30, 2022</b>					
Non-derivative financial liabilities					
Short-term borrowings	\$ 1,396,215	1,402,042	1,402,042	-	-
Current contract liabilities	102,094	102,094	102,094	-	-
Accounts payable	1,077,426	1,077,426	1,077,426	-	-
Accounts payable to related parties	102,721	102,721	102,721	-	-
Other payables	1,273,444	1,273,444	1,273,444	-	-
Dividends payables	1,421,917	1,421,917	1,421,917	-	-
Lease liabilities	42,930	44,310	16,836	22,558	4,916
Long-term borrowings	1,963,928	2,018,546	25,908	1,673,166	319,472
	<b>\$ 7,380,675</b>	<b>7,442,500</b>	<b>5,422,388</b>	<b>1,695,724</b>	<b>324,388</b>

2. Foreign exchange rate risk

(1) Exposure to foreign exchange rate risk

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

Unit: NT\$ thousand

	June 30, 2023			December 31, 2022			June 30, 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	\$ 76,994	31.1400	2,397,618	69,654	30.7100	2,139,089	97,721	29.7200	2,904,257
EUR	1,949	33.8100	65,881	2,823	32.7200	92,354	2,598	31.0500	80,682
HKD	17,666	3.9740	70,206	23,101	3.9380	90,792	12,633	3.7880	47,855
GBP	511	39.3800	20,112	720	37.0900	26,710	923	36.0700	33,290
JPY	395,784	0.2150	85,094	330,084	0.2324	76,712	598,613	0.2182	130,617
RMB	27,641	4.2820	118,359	9,077	4.4080	40,010	26,175	4.4390	116,191
TWD	6,840	1.0000	6,840	3,587	1.0000	3,587	2,428	1.0000	2,428
SGD	-	-	-	-	-	-	49	21.3700	1,049
<u>Non-monetary items</u>									
USD	2,231	31.1400	69,487	1,166	30.7100	35,821	1,242	29.7200	36,918
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	\$ 40,144	31.1400	1,250,081	30,649	30.7100	941,219	52,156	29.7200	1,550,069
EUR	73	33.8100	2,481	211	32.7200	6,905	203	31.0500	6,299

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

	June 30, 2023			December 31, 2022			June 30, 2022		
	Foreign currency	Exchange rate (NT\$)	NTD	Foreign currency	Exchange rate (NT\$)	NTD	Foreign currency	Exchange rate (NT\$)	NTD
HKD	615	3.9740	2,444	792	3.9380	3,119	545	3.7880	2,064
GBP	265	39.3800	10,421	620	37.0900	23,006	834	36.0700	30,068
JPY	40,748	0.2150	8,761	106,984	0.2324	24,863	75,754	0.2182	16,529
RMB	-	-	-	-	-	-	2,290	2.2390	10,164

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 June 30, 2023 and 2022, all else remained intact, the net income would be decreased or increased by \$74,496 thousand and \$85,059 thousand from January 1 to June 30, 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 from January 1 to June 30, 2023 and 2022, foreign currency exchange gains and losses (including realized and unrealized) were NT\$4,433 thousand and NT\$51,889 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:

	June 30, 2023				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Current financial assets at fair value through profit or loss	\$ 443,651	321,156	-	122,495	443,651
Financial assets at fair value through other comprehensive income	54,194	-	-	54,194	54,194
Financial assets at amortization					
Cash and cash equivalent	3,171,206	-	-	-	-
Notes and accounts receivable - Net	3,117,057	-	-	-	-
Other receivables, net	51,064	-	-	-	-
Sub-total	6,339,327	-	-	-	-

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

		June 30, 2023				
		Fair value				
	Book value	Level 1	Level 2	Level 3	Total	
Total	<b>\$ 6,837,172</b>	<b>321,156</b>	<b>-</b>	<b>176,689</b>	<b>497,845</b>	
Financial liabilities at amortized cost						
Short-term borrowings	\$ 1,023,499	-	-	-	-	
Current contract liabilities	78,931	-	-	-	-	
Accounts payable	795,834	-	-	-	-	
Accounts payable to related parties	44,840	-	-	-	-	
Other payables	962,269	-	-	-	-	
Dividends payables	789,954	-	-	-	-	
Lease liabilities	55,559	-	-	-	-	
Long-term borrowings	1,996,234	-	-	-	-	
Sub-total	5,747,120	-	-	-	-	
Total	<b>\$ 5,747,120</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
		December 31, 2022				
		Fair value				
	Book value	Level 1	Level 2	Level 3	Total	
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	<b>\$ 6,843,528</b>	<b>238,616</b>	<b>-</b>	<b>151,387</b>	<b>390,003</b>	
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	<b>\$ 5,681,253</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
		June 30, 2022				
		Fair value				
	Book value	Level 1	Level 2	Level 3	Total	
Current financial assets at fair value through profit or loss	\$ 514,002	415,309	-	98,693	514,002	

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

	June 30, 2022				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value					
through other comprehensive					
income or loss					
at fair value	50,454	-	-	50,454	50,454
Financial assets at amortization					
Cash and cash equivalent	3,924,356	-	-	-	-
Notes and accounts receivable -	3,591,014	-	-	-	-
Net					
Other receivables, net	74,457	-	-	-	-
Sub-total	7,589,827	-	-	-	-
Total	<b>\$ 8,154,283</b>	<b>415,309</b>	-	<b>149,147</b>	<b>564,456</b>
Financial liabilities at amortized					
cost					
Short-term borrowings	\$ 1,396,215	-	-	-	-
Current contract liabilities	102,094	-	-	-	-
Accounts payable	1,077,426	-	-	-	-
Accounts payable to related	102,721	-	-	-	-
parties					
Other payables	1,273,444	-	-	-	-
Dividends payables	1,421,917	-	-	-	-
Lease liabilities	42,930	-	-	-	-
Long-term borrowings	1,963,928	-	-	-	-
Sub-total	7,380,675	-	-	-	-
Total	<b>\$ 7,380,675</b>	-	-	-	-

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

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

(2.1) Financial assets at amortization

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

(2.2) Financial assets and financial liabilities at amortization

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

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

(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 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.

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

(4) Table of movement of Level 3

	<b>Measured at fair value through profit or loss</b>	<b>Measured at fair value through other comprehensive income or loss</b>
<b>January 1, 2023</b>	\$ 98,528	52,859
Total gain or loss		
Recognized in profit or loss	76,076	-
Recognized in other comprehensive income	-	798
Purchase	-	7,624
Disposal	(52,109)	(7,089)
The Effects of Changes in Foreign Exchange Rates	-	2
<b>June 30, 2023</b>	<b><u>\$ 122,495</u></b>	<b><u>54,194</u></b>
<b>January 1, 2022</b>	\$ 95,070	57,937
Total gain or loss		
Recognized in profit or loss	(1,377)	-
Recognized in other comprehensive income	-	(7,993)
Purchase	5,000	-
The Effects of Changes in Foreign Exchange Rates	-	510
<b>June 30, 2022</b>	<b><u>\$ 98,693</u></b>	<b><u>50,454</u></b>

The above total gains or losses are shown in "Other gains and losses, net" and "unrealized valuation gains (losses) on investments in equity instruments at fair value through other comprehensive income". As of June 30, 2023 and 2022, information on related parties who still hold these assets is as follows:

	<b>January to June 2023</b>	<b>January to June 2022</b>
Total gain or loss		
Recognized in profit or loss (recorded as "other gains and losses, net")	\$ 76,076	(1,377)
Recognized in other comprehensive income (recorded as "unrealized valuation gains (losses) on financial assets at fair value through profit or loss".	798	(7,993)

(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.

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

(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 from January 1 to June 30, 2023 and 2022 were as follows:

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

	January 1, 2023	Cash flows	Non-cash changes			June 30, 2023
			Acquisition	Changes in foreign exchange rates	Other	
Short-term borrowings	\$ 1,737,983	(714,484)	-	-	-	1,023,499
Long-term borrowings (including current portion)	2,005,929	(9,695)	-	-	-	1,996,234
Lease liabilities	40,271	(11,380)	27,452	(46)	(738)	55,559
Total liabilities arising from financing activities	<b>\$ 3,784,183</b>	<b>(735,559)</b>	<b>27,452</b>	<b>(46)</b>	<b>(738)</b>	<b>3,075,292</b>

	January 1, 2022	Cash flows	Non-cash changes			June 30, 2022
			Acquisition	Changes in foreign exchange rates	Other	
Short-term borrowings	\$ 2,003,251	(609,850)	-	2,814	-	1,396,215
Long-term borrowings (including current portion)	1,383,279	581,386	-	(737)	-	1,963,928
Lease liabilities	47,153	(11,321)	6,698	572	(172)	42,930
Total liabilities arising from financing activities	<b>\$ 3,433,683</b>	<b>(39,785)</b>	<b>6,698</b>	<b>2,649</b>	<b>(172)</b>	<b>3,403,073</b>

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

**VII. Related-party Transactions**

(I) Related parties

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

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

(II) Important transactions with related parties

1. Purchases and payables to related parties

	<u>Purchase</u>				<u>Payables to related parties</u>		
	<u>April to June 2023</u>	<u>April to June 2022</u>	<u>January to June 2023</u>	<u>January to June 2022</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Associate	\$ 69,631	104,148	143,202	223,330	44,840	30,536	102,721

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 June 30, 2023, December 31 and June 30, 2022, the Group and its affiliates had other receivables (included in notes and accounts receivable, net) amounting to NT\$541 thousand, NT\$656 thousand and NT\$494 thousand, respectively, for the collection of payments on behalf of the Group, fees and other expenses.

(III) Key managers transaction

Remuneration to key managers include:

	<u>April to June 2023</u>	<u>April to June 2022</u>	<u>January to June 2023</u>	<u>January to June 2022</u>
Short-term employee benefits	\$ 10,937	13,429	26,214	29,973

**VIII. Pledged Assets**

Book values for the pledged assets are as follows:

<u>Asset</u>	<u>Object of guarantee</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Land	Bank loans	\$ 156,522	156,522	156,522
Buildings	Bank loans	46,507	48,734	49,618
Term deposits	Guarantees for purchase tax and commodity tax	58,744	42,916	40,888
		<u>\$ 261,773</u>	<u>248,172</u>	<u>247,028</u>

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

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

(I) As of June 30, 2023, December 31, 2022 and June 30, 2022, the Group had unused letters of credit of NT\$0, NT\$100,000 thousand and NT\$300,000 thousand, respectively.

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

	June 30, 2023	December 31, 2022	June 30, 2022
Acquisition of property, plant and equipment	\$ 165,852	181,171	256,356

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

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

**XII. Others**

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

By function  By nature	April to June 2023			April to June 2022		
	Recognized in cost of revenue	Recognized in operating expenses	Total	Recognized in cost of revenue	Recognized in operating expenses	Total
Employee benefits						
Salary expense	103,928	171,118	275,046	101,516	188,465	289,981
Labor and health insurance expenses	12,233	12,335	24,568	12,436	12,588	25,024
Pension expense	6,246	9,659	15,905	6,340	9,205	15,545
Remuneration to directors	-	7,198	7,198	-	11,825	11,825
Other employee benefit expenses	3,483	3,778	7,261	3,910	3,985	7,895
Depreciation expense	151,382	19,114	170,496	131,461	18,656	150,117
Amortization expense	-	1,449	1,449	-	1,285	1,285
Employee benefits						
Salary expense	214,392	366,303	580,695	205,737	384,430	590,167
Labor and health insurance expenses	25,214	26,208	51,422	25,596	25,815	51,411
Pension expense	12,488	18,554	31,042	12,762	19,314	32,076
Remuneration to directors	-	18,723	18,723	-	26,799	26,799
Other employee benefit expenses	7,317	7,853	15,170	7,815	8,901	16,716
Depreciation expense	303,710	38,869	342,579	248,861	36,482	285,343
Amortization expense	-	1,623	1,623	-	1,518	1,518

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

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

**XIII. Note Disclosure Items**

(I) Information on significant transactions

Extra information on significant transactions from January 1 to June 30, 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 balance for the current period	Ending balance	Amount actually drawn (Note 3)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity of the Latest Financial Statement	Maximum amount of endorsement /guarantee allowance (Note 1)	Guarantee provided by parent company	Guarantee provided by subsidiary	Guarantee provided to subsidiaries in China
		Company Name	Relationship (Note 2)										
0	The Company	Holy Stone Holdings Co., Ltd.	(2)	1,915,304	155,700	155,700	-	-	1.63%	4,788,261	Y	N	N
0	The Company	Jung Chan Investments Co., Ltd.	(2)	1,915,304	150,000	150,000	-	-	1.57%	4,788,261	Y	N	N
0	The Company	Everplus Material Co., Ltd.	(2)	1,915,304	46,480	43,000	43,000	-	0.45%	4,788,261	Y	N	N

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

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

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

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

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	June 30, 2023				Notes
				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	3,225	-	3,225	-
The Company	INVESCO QQQ ETF	-	”	1	6,902	-	6,902	-
The Company	SPDR S&P500 ETF	-	”	1	13,804	-	13,804	-
The Company	MSCI EMERGING MKT ETP	-	”	1	1,232	-	1,232	-
The Company	FIDELITY FNDS-JAPAN	-	”	14	8,720	-	8,720	-
The Company	ALLANZ-EURO EQ USD	-	”	11	6,005	-	6,005	-
The Company	WISDOMTREE JAPAN HEDGED	-	”	1	3,630	-	3,630	-
The Company	IBOXX INVESTMENT GRA	-	”	3	10,102	-	10,102	-
The Company	TSMC ADR	-	Current financial assets at fair value through profit or loss - Global depositary receipt	4	10,999	-	10,999	-
The Company	Shares of TSMC	-	Current financial assets at fair value through profit or loss - Domestic stock	100	57,600	-	57,600	-
The Company	Shares of National Aerospace Fasteners Corporation	-	”	60	5,592	-	5,592	-
The Company	Shares of GSI TECHNOLOGY INC.	-	Non-current financial assets at fair value through profit or loss	47	8,094	0.20 %	8,094	-
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	8,064	-	8,064	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	SPDR S&P500 ETF	-	Current financial assets at fair value through profit or loss - Beneficiary certificate	1	7,591	-	7,591	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	INVESCO QQQ ETF	-	”	1	4,601	-	4,601	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	MSCI THAILAND CAPPED	-	”	1	2,049	-	2,049	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	FIDELITY FNDS-JAPAN	-	”	16	10,270	-	10,270	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	ALLANZ-EURO EQ GR S_ATH2USD	-	”	23	12,809	-	12,809	-
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	1,474	-	1,474	-
Holy Stone Holdings Co., Ltd.	FIDELITY FNDS-JAPAN	-	”	11	6,847	-	6,847	-
Holy Stone Holdings Co., Ltd.	ALLANZ-EURO EQ GR S_ATH2USD	-	”	15	8,539	-	8,539	-

**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	June 30, 2023				Notes
				Shares	Book value	Percent of shareholdings	Fair value	
Holy Stone Holdings Co., Ltd.	SPDR S&P500 ETF	-	"	1	5,521	-	5,521	-
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.	-	"	182	662	0.18 %	662	-
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.	-	-Non-current financial assets at fair value through profit or loss	1,001	52,852	1.81 %	52,852	-
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	46,080	-	46,080	-
UHOLY Investment Co., Ltd.	Shares of SEA SONIC ELECTRONICS CO., LTD.	-	"	60	6,240	-	6,240	-
UHOLY Investment Co., Ltd.	Shares of National Aerospace Fasteners Corporation	-	"	65	6,058	-	6,058	-
Jung Chan Investments Co., Ltd.	Shares of JYA-NAY CO., LTD.	-	-Non-current financial assets at fair value through other comprehensive income	2,976	21,695	12.40 %	21,695	-
Jung Chan Investments Co., Ltd.	Shares of eMPIA Technology Inc.	-	"	2,386	31,721	15.49 %	31,721	-
Jung Chan Investments Co., Ltd.	Shares of CNO Co., Ltd.	-	"	494	-	4.33 %	-	-
Jung Chan Investments Co., Ltd.	Shares of Metanoia Communications, Inc.	-	"	32	116	0.03 %	116	-
Jung Chan Investments Co., Ltd.	Shares of ThroughTek Co., Ltd.	-	-Non-current financial assets at fair value through profit or loss	140	1,904	0.54 %	1,904	-
Jung Chan Investments Co., Ltd.	Shares of WOM ASIA CO., LTD.	-	"	1,145	2,370	4.03 %	2,370	-
Jung Chan Investments Co., Ltd.	Shares of Genovior Biotech Corporation	-	"	3,590	28,002	2.28 %	28,002	-
Jung Chan Investments Co., Ltd.	Shares of TSMC	-	Current financial assets at fair value through profit or loss - Domestic stock	80	46,080	-	46,080	-
Jung Chan Investments Co., Ltd.	Shares of SEA SONIC ELECTRONICS CO., LTD.	-	"	10	1,040	-	1,040	-
Jung Chan Investments Co., Ltd.	Shares of National Aerospace Fasteners Corporation	-	"	50	4,660	-	4,660	-
OHGA Smarththings Co., Ltd	Shares of NFORE TECHNOLOGY CO., LTD.	-	-Non-current financial assets at fair value through profit or loss	261	5,990	0.75 %	5,990	-
OHGA Smarththings Co., Ltd	Shares of TSMC	-	Current financial assets at fair value through profit or loss - Domestic stock	10	5,760	-	5,760	-
OHGA Smarththings Co., Ltd	Shares of Sun Race Sturmey-Archer Inc.	-	"	40	1,568	-	1,568	-

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

4. Aggregate purchases or sales of the same securities reaching NT\$300 million or 20 percent of paid-in capital or more:

Unit: in thousands

Company Name	Marketable Securities Type and Name	Financial statement account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Carrying value	Gain/ Loss on Disposal	Number of shares	Amount
The Company	Taishin 1699 Money Market Fund	Current financial assets at fair value through profit or loss	-	-	-	-	21,718	300,000	21,718	300,539	300,000	539	-	-

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	Nature of Relationships	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	Ending 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	(611,399)	(11.27) %	150 days from the following month	-	-	200,440	7.56%	Note
Holy Stone International Trading (ShanHai) Co., Ltd	The Company	The Company is the ultimate parent company	Purchase	611,399	84.83 %	150 days from the following month	-	-	(200,440)	(75.34)%	Note
The Company	Holy Stone Enterprise (Hong Kong) Co., Ltd.	Subsidiary of the Company	Sales	(328,784)	(6.06) %	120 days from the following month	-	-	250,639	9.45%	Note
Holy Stone Enterprise (Hong Kong) Co., Ltd.	The Company	The Company is the ultimate parent company	Purchase	328,784	29.04 %	120 days from the following month	-	-	(250,639)	(97.09)%	Note
The Company	Infortech (CHINA) Co., Ltd.	Third-tier subsidiary of the Company	Sales	(189,959)	(3.50) %	120 days from the invoiced month	-	-	28,640	1.08%	Note
Infortech (CHINA) Co., Ltd.	The Company	The Company is the ultimate parent company	Purchase	189,959	94.26 %	120 days from the invoiced month	-	-	(28,640)	(100.00)%	Note
EPM	The Company	The Company is the ultimate parent company	Sales	(335,995)	(100.00) %	30 days from the invoiced month	-	-	46,152	100.00%	Note
The Company	EPM	Third-tier subsidiary of the Company	Purchase	128,346	3.88 %	30 days from the invoiced month	-	-	(46,152)	(4.91)%	Note
eGalax_eMPIA	The Company	Affiliated enterprises of the Company	Sales	(141,364)	(22.49) %	30 days from the invoiced month	-	-	44,840	31.11%	-
The Company	eGalax_eMPIA	Affiliated enterprises of	Purchase	141,364	4.27 %	30 days from the	-	-	(44,840)	(4.77)%	-

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

Buyer/Seller	Related Party	Nature of Relationships	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	Ending Balance	Percentage to total notes and accounts receivable (payable)	
Holy Stone Enterprise (Hong Kong) Co., Ltd.	The Company	the Company	Sales	(645,806)	(57.37) %	invoiced month	-	-	256,418	45.75%	Note
The Company	Holy Stone Enterprise (Hong Kong) Co., Ltd.	Subsidiary of the Company	Purchase	645,806	19.51 %	30 days from the invoiced month	-	-	(256,418)	(27.26)%	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	Nature of Relationships	Balance of receivables from related parties (Note)	Turnover Rate	Overdue		Amounts Received from related parties in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	Holy Stone Enterprise (Hong Kong) Co., Ltd.	Subsidiary of the Company	250,639	2.72	-	-	46,406	-
The Company	Holy Stone International Trading (ShanHai) Co., Ltd	Third-tier subsidiary of the Company	200,440	4.96	-	-	71,157	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	The Company	The Company is the ultimate parent company	256,418	5.56	-	-	131,671	-

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

9. Trading in derivative instruments: N/A.

10. Significant intercompany transactions:

No.	Name	Transaction party	Nature of Relationship	Transaction status			
				Financial Statements Item	Amount	Transaction condition	Percentage of total operating revenue or total assets
0	The Company	HSHK	1	Sales	328,784	120 days from the following month	4.79%
0	The Company	HSHK	1	Accounts receivable	250,639	120 days from the following month	1.57%
0	The Company	HSITC	1	Sales	611,399	150 days from the following month	8.91%
0	The Company	HSITC	1	Accounts receivable	200,440	150 days from the following month	1.26%
0	The Company	He Chi	1	Sales	189,959	120 days from the invoiced month	2.77%
0	The Company	He Chi	1	Accounts receivable	28,640	120 days from the invoiced month	0.18%
1	EPM	The Company	2	Sales	335,995	Pay cash in the following month	4.90%
1	EPM	The Company	2	Accounts receivable	46,152	Pay cash in the following month	0.29%
2	HSHK	The Company	2	Sales	645,806	30 days from the invoiced month	9.41%
2	HSHK	The Company	2	Accounts receivable	256,418	30 days from the invoiced month	1.61%

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

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

Investor Company	Investee Company	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%	434,183	24,195	24,195	Subsidiary of the Company
The Company	Holy Stone Holdings Co., Ltd.	Samoa	General investment	2,078,392	2,078,392	30,000	100.00%	732,332	23,173	23,483	Subsidiary of the Company
The Company	UHOLY Investment Co., Ltd.	Taipei City	General investment	622,500	622,500	54,000	100.00%	720,282	52,765	53,682	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%	55,559	867	867	Subsidiary of the Company
The Company	Jung Chan Investments Co., Ltd.	Taipei City	General investment	340,000	340,000	42,100	100.00%	408,959	6,409	6,435	Subsidiary of the Company
The Company	Holy Stone Industry India Private Limited	India	Electronic parts and components business	29,260	29,260	7,400	100.00%	27,036	(190)	(190)	Subsidiary of the Company
The Company	eGalax_eMPIA Technology Inc.	Taipei City	Product Designing, Wholesale of Electronic Materials and Retail Sale of Electronic Materials	122,683	122,683	2,252	3.53%	133,016	126,925	4,800	The investee accounted for under the equity method
Holy Stone Holdings Co., Ltd.	Holy Stone Investments Co., Ltd.	Hong Kong	General investment	217,980	211,899	7,000	100.00%	490,366	13,389	13,389	Subsidiary of Holy Stone Holdings Co., Ltd.
Holy Stone Holdings Co., Ltd.	Holypaq Corporation	British Cayman Islands	General investment	37,368	36,852	1,200	100.00%	833	-	-	Subsidiary of Holy Stone Holdings Co., Ltd.
Holy Stone Holdings Co., Ltd.	Green Glory Holdings Ltd.	Samoa	General investment	38,633	38,100	1,310	100.00%	55,227	730	730	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	435,213	429,203	2,500	100.00%	82,212	3,539	3,539	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	105,350	113,876	1	100.00%	124,831	3,826	3,826	Subsidiary of Holy Stone Holdings Co., Ltd.
Holy Stone Holdings Co., Ltd.	Holy Stone Holdings (Singapore) Pte. Ltd.	Singapore	Electronic retail business	3,114	3,071	100	100.00%	5,646	(564)	(564)	Subsidiary of Holy Stone Holdings Co., Ltd.
Green Glory Holdings Ltd.	Milestone Global Technology Ltd.	USA	Development and sales of electronic	15,570	15,355	500	100.00%	33,063	1,060	1,060	Subsidiary of Green Glory Holdings

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

Investor Company	Investee Company	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			
Green Glory Holdings Ltd.	Holystone (Europe) Ltd.	England	Electronic retail business products	21,389	21,094	350	100.00%	21,951	(320)	(320)	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%	130,507	(136,876)	(45,662)	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%	346,933	126,925	12,870	The investee accounted for using the equity method by UHOLY Investment Co., Ltd.
Holy Stone Healthcare Co., Ltd.	MDT INTL SA	Switzerland	Medical equipment development and marketing and biotechnology services	78,768	78,768	2,550	100.00%	81,872	(7,511)	(7,511)	Subsidiary of Holy Stone Healthcare Co., Ltd.
Holy Stone Healthcare Co., Ltd.	Global Search Holdings Ltd.	Samoa	General investment	122,297	109,168	4,080	100.00%	12,361	(7,113)	(7,113)	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	85,805	78,939	1,950	100.00%	5,568	(4,324)	(4,324)	Second-tier subsidiary of Holy Stone Healthcare Co., Ltd.
Global Search Holdings Ltd.	AIHOL Corporation	USA	Medicine research and development and patent filing	34,804	28,697	11,150	100.00%	6,119	(2,765)	(2,765)	Second-tier subsidiary of Holy Stone Healthcare Co., Ltd.
Jung Chan Investments Co., Ltd.	OHGA Smarthings Co., Ltd	New Taipei City	Manufacture of electrical and audio-visual products and sale of medical devices	334,806	334,806	15,348	71.06%	117,192	(6,176)	(4,388)	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	59,785	116,136	2,793	2.01%	9,567	(136,876)	(3,370)	The investee accounted for using the equity method by Jung Chan Investments Co., Ltd.
Jung Chan Investments Co., Ltd.	Herzteck Incorporation	Hsinchu County	Wholesale of electronic materials, and Telecom Instruments	100,000	100,000	10,000	100.00%	99,332	1,998	1,998	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%	9,477	126,925	368	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%	1,365	1,048	316	The investee accounted for using the equity method by OHGA Smarthings Co., Ltd

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

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:

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of the beginning of the period	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of the end of period	Net income of the investees in current period (Note 2)	Ownership percentage of direct or indirect investment	Investment income recognized in current period (Notes 2 and 3)	Book value of investment at the end of period (Note 3)	Accumulated Repatriation of Investment Income as of the current period
					Outward remittance	Repatriation						
Holy Stone International Trading (ShanHai) Co., Ltd	Sales of capacitors	124,871	(2)	112,415	-	-	112,415	20,891	100.00%	20,891	355,491	-
Infortech (CHINA) Co., Ltd.	Sales of electronic parts and components	65,394	(2)	65,394	-	-	65,394	(7,466)	100.00%	(7,466)	131,681	-

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
208,949	221,405	5,745,913

3. Significant transactions:

For the significant transactions between the Group and its investees in China from January 1 to June 30, 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:

		April to June 2023			
		Electronic Segment	Others	Reconciliation and eliminations	Total
Income:					
Income from external customers	\$	2,883,538	458,231	-	3,341,769
<b>Reportable segment profit or loss</b>	<b>\$</b>	<b>288,037</b>	<b>(60,325)</b>	<b>-</b>	<b>227,712</b>
		April to June 2022			
		Electronic Segment	Others	Reconciliation and eliminations	Total
Income:					
Income from external customers	\$	3,420,271	415,368	-	3,835,639
<b>Reportable segment profit or loss</b>	<b>\$</b>	<b>495,455</b>	<b>(56,171)</b>	<b>-</b>	<b>439,284</b>
		January to June 2023			
		Electronic Segment	Others	Reconciliation and eliminations	Total
Income:					
Income from external customers	\$	6,022,021	837,472	-	6,859,493
<b>Reportable segment profit or loss</b>	<b>\$</b>	<b>689,646</b>	<b>(21,963)</b>	<b>-</b>	<b>667,683</b>
		January to June 2022			
		Electronic Segment	Others	Reconciliation and eliminations	Total
Income:					
Income from external customers	\$	7,368,139	783,688	-	8,151,827
<b>Reportable segment profit or loss</b>	<b>\$</b>	<b>1,127,255</b>	<b>(88,799)</b>	<b>-</b>	<b>1,038,456</b>