

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

Consolidated Financial Statements

for the Nine Months Ended September 30, 2023 and 2022

Independent Auditors' Review Report

Address: 1F., No. 62, Sec. 2, Huanshan Rd., Neihu Dist., Taipei City
Tel: (02)26270383

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

Table of Contents

Item	Pages
I.Cover	
II.Table of Contents	1
III.Independent Auditors' Review Report	2
IV.Consolidated Balance Sheet	4
V.Consolidated Statements of Comprehensive Income	5 ~ 6
VI.Consolidated Statement of Changes in Equity	7
VII.Consolidated Statements of Cash Flows	8
VIII.Notes to Consolidated Financial Statements	
(I) Corporate milestones	9
(II) Date and procedure for ratification of financial report	9
(III) Application of new and amended standards and interpretations	9 ~ 10
(IV) Summary of significant accounting policies	10 ~ 13
(V) Significant accounting judgments, estimations and major sources of hypotheses of uncertainty	13
(VI) Details of significant accounts	13 ~ 37
(VII) Related party transactions	38
(VIII) Pledged Assets	38
(IX) Major contingent liabilities and unrecognized contract commitments	39
(X) Losses from major disasters	39
(XI) Events after the balance sheet date	39
(XII) Other	39 ~ 40
(XIII) Additional Disclosure	
1. Information on significant transactions	40 ~ 46
2. Information on investees	47 ~ 48
3. Information about investment in Mainland China	49
4. Information on major shareholders	49
(XIV) Information of operating segments	50

Independent Auditors' Review Report

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

Foreword

We have audited the balance sheet of HOLY STONE ENTERPRISE CO., LTD. and its subsidiaries (the "Group") as of September 30, 2023, and 2022, the consolidated statements of comprehensive income for the three months ended September 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 nine months ended September 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 nine months ended September 30, 2023 and 2022 were NT\$2,322,171 thousand and NT\$2,448,222 thousand, respectively, representing 14.70% and 14.96% of the total consolidated assets; total liabilities were NT\$388,117 thousand and NT\$428,286 thousand, respectively, representing 6.78% and 6.59% of the total consolidated liabilities; the consolidated income or loss for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022 were \$(11,161) thousand, \$(24,368) thousand, \$(20,919) thousand and \$(96,610) thousand, representing (5.76)%, (13.95)%, (3.04)% and (9.64)% 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\$451,121 thousand and NT\$465,790 thousand for the nine months ended September 30, 2023 and 2022, respectively, and the shares of profit or loss recognized using the equity method in affiliated companies were NT\$2,069 thousand, NT\$7,841 thousand, NT\$20,423 thousand and NT\$39,073 thousand for the three months ended September 30, 2023 and 2022, and for the nine months ended September 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 September 30, 2023 and 2022, its consolidated financial performance for the three months ended September 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 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.
Futures Bureau	1080303300
Approval	Tai-Cai-Zheng-Liu-Zi No.
Document No.	0920122026
November 7, 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

September 30, 2023 and December 31 & September 30, 2022

Unit: thousands of New Taiwan Dollars

Asset	September 30, 2023		December 31, 2022		September 30, 2022			September 30, 2023		December 31, 2022		September 30, 2022		
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%	
Current assets														
1100 Cash and cash equivalents (Note 6 (1))	\$ 3,001,708	19	3,367,051	21	3,362,336	21	2100							
1110 Current financial assets at fair value through profit or loss (Note 6(2))	345,454	2	236,119	1	224,651	1	2130							
1150 Notes and accounts receivable, net (Notes 6(4)(21) and 7)	3,377,107	21	2,960,184	18	3,306,816	20	2170							
1200 Other receivables, net (Note 6(5))	54,021	-	126,290	1	53,928	-	2180							
1220 Current tax assets	-	-	3,064	-	2,619	-	2200							
130X Inventories (Note 6(6))	3,289,924	21	3,626,554	23	3,693,725	23	2230							
1410 Prepayments and other current assets	91,598	1	92,367	1	96,289	1	2280							
Total current assets	10,159,812	64	10,411,629	65	10,740,364	66	2322							
Non-current assets:														
1510 Non-current financial assets at fair value through profit or loss (Note 6(2))	119,121	1	101,025	1	104,397	1	2540							
1517 Non-current financial assets at fair value through other comprehensive income (Note 6(3))	59,585	-	52,859	-	52,365	-	2570							
1550 Investments accounted for using the equity method (Note 6(7))	451,121	3	472,405	3	465,790	3	2580							
1600 Property, plant and equipment (Note 6(9) and 8)	4,709,707	30	4,801,228	30	4,662,867	29	2640							
1755 Right-of-use assets (Note 6(10))	50,552	-	39,316	-	36,467	-	2670							
1780 Intangible assets (Note 6(11))	5,646	-	7,721	-	9,013	-								
1840 Deferred tax assets	48,823	-	48,813	-	41,270	-	3110							
1915 Prepayments for business facilities	160,743	2	117,181	1	202,354	1	3200							
1990 Other non-current assets- others (Note 8)	30,358	-	55,202	-	53,551	-								
Total non-current assets	5,635,656	36	5,695,750	35	5,628,074	34								
Total assets	\$ 15,795,468	100	16,107,379	100	16,368,438	100								
								Liabilities and shareholders' equity						
								Current liabilities:						
								2100 Short-term borrowings (Note 6(12) and 8)	\$ 1,496,718	10	1,737,983	11	2,049,945	13
								2130 Current contract liabilities (Note 6(21))	84,397	1	149,542	1	102,321	1
								2170 Accounts payable	932,171	6	807,772	5	780,980	5
								2180 Accounts payable to related parties (Note 7)	53,161	-	30,536	-	38,057	-
								2200 Other payables (Note 6(13))	810,683	5	909,220	6	1,171,848	7
								2230 Current tax liabilities	213,896	1	227,891	1	161,010	1
								2280 Current lease liabilities (Note 6(15))	18,555	-	14,572	-	12,608	-
								2322 Long-term borrowings, current portion (Note 6(14) and 8)	270,000	2	94,207	1	44,006	-
								Total current liabilities	3,879,581	25	3,971,723	25	4,360,775	27
								Non-current liabilities:						
								2540 Long-term borrowings (Note 6(14) and 8)	1,688,333	11	1,911,722	12	1,962,310	12
								2570 Deferred tax liabilities	74,326	-	74,326	-	80,981	1
								2580 Non-current lease liabilities (Notes 6(15))	33,158	-	25,699	-	24,769	-
								2640 Net defined benefit liabilities - non-current (Notes 6(16))	47,948	-	51,948	-	64,983	-
								2670 Other non-current liabilities - other	2,636	-	2,543	-	2,864	-
								Total non-current liabilities	1,846,401	11	2,066,238	12	2,135,907	13
								Total of liabilities	5,725,982	36	6,037,961	37	6,496,682	40
								Equity attributable to owners of the parent company (Note 6(8)(18)):						
								3110 Ordinary share	1,658,903	10	1,579,908	10	1,579,908	10
								3200 Capital surplus	3,209,819	20	3,120,424	20	3,101,863	19
								Retained earnings:						
								3310 Legal reserve	1,638,205	10	1,638,205	10	1,638,205	10
								3320 Special reserve	133,682	1	163,854	1	163,854	1
								3350 Unappropriated retained earnings	3,264,588	21	3,326,480	21	3,122,203	19
								Total retained earnings	5,036,475	32	5,128,539	32	4,924,262	30
								Other equities:						
								3410 Exchange differences on translation of foreign financial statements	(28,687)	-	(52,980)	-	(41,201)	-
								3420 Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(74,795)	-	(80,702)	(1)	(81,456)	(1)
								Total other equities	(103,482)	-	(133,682)	(1)	(122,657)	(1)
								Total equity attributable to owners of parent	9,801,715	62	9,695,189	61	9,483,376	58
								36XX Non-controlling interests	267,771	2	374,229	2	388,380	2
								Total equity	10,069,486	64	10,069,418	63	9,871,756	60
								Total liabilities and shareholders' equity	\$ 15,795,468	100	16,107,379	100	16,368,438	100

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

Chairman: Jing-Rong Tang

Manager: Jing-Rong Tang

Accounting Supervisor: Shu-Ying Chang

HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Nine Months Ended September 30, 2023 and 2022

Unit: thousands of New Taiwan Dollars

	July to September 2023		July to September 2022		January to September 2023		January to September 2022	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue (Note 6(21))	\$ 3,456,051	100	3,626,051	100	10,315,544	100	11,777,878	100
5000 Operating costs (Note 6(6)(15)(16) and Note 7)	2,864,501	83	2,938,337	81	8,408,962	82	9,291,582	79
Gross profit	591,550	17	687,714	19	1,906,582	18	2,486,296	21
Operating expenses:								
6100 Selling and administrative expenses (Notes 6(15)(16)(19)(22))	285,327	8	426,229	12	855,817	8	1,010,698	9
6300 Research and development expenses (Note 6(15)(16)(22))	105,619	3	87,835	3	309,860	3	261,108	2
6450 Expected credit loss (gain) (Note 6(4))	5,391	-	16,188	-	2,877	-	36,032	-
Total operating expenses	396,337	11	530,252	15	1,168,554	11	1,307,838	11
Operating profit	195,213	6	157,462	4	738,028	7	1,178,458	10
Non-operating income and expenses:								
7020 Other gains and losses, net (Note 6(23))	13,666	-	42,785	1	139,621	1	34,329	-
7050 Financial costs (Note 6(15))	(17,117)	-	(12,226)	-	(52,449)	-	(24,755)	-
7060 Share of profit (loss) of associates accounted for using the equity method	2,069	-	7,841	-	20,423	-	39,073	-
7100 Interest revenue	5,857	-	3,790	-	21,748	-	11,003	-
Total non-operating income and expenses	4,475	-	42,190	1	129,343	1	59,650	-
Profit before tax	199,688	6	199,652	5	867,371	8	1,238,108	10
7950 Less: Income tax expense (Note 6(17))	50,324	2	51,659	1	212,412	1	281,343	2
Profit	149,364	4	147,993	4	654,959	7	956,765	8
8300 Other comprehensive income, net of tax:								
8310 Components of other comprehensive income (loss) that will not be reclassified to profit or loss								
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	5,109	-	1,403	-	5,907	-	(6,590)	-
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)	-	-	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
Total components of other comprehensive income (loss) that will not be reclassified to profit or loss	5,109	-	1,403	-	5,539	-	(6,590)	-
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss								
8361 Exchange differences on translation of foreign financial statements	39,225	2	25,234	1	28,571	-	52,092	1

(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 Nine Months Ended September 30, 2023 and 2022

Unit: thousands of New Taiwan Dollars

	July to September 2023		July to September 2022		January to September 2023		January to September 2022	
	Amount	%	Amount	%	Amount	%	Amount	%
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
Total components of other comprehensive income (loss) that will be reclassified to profit or loss	39,225	2	25,234	1	28,571	-	52,092	1
8300 Other comprehensive income, net of tax	44,334	2	26,637	1	34,110	-	45,502	1
8500 Total comprehensive income in the current period	\$ 193,698	6	174,630	5	689,069	7	1,002,267	9
Net income attributable to:								
8610 Owners of parent	\$ 181,920	5	183,759	5	777,147	8	1,038,862	9
8620 Non-controlling interests	(32,556)	(1)	(35,766)	(1)	(122,188)	(1)	(82,097)	(1)
Profit	\$ 149,364	4	147,993	4	654,959	7	956,765	8
Total comprehensive income attributable to:								
8710 Owners of parent	\$ 225,046	7	207,802	6	807,085	8	1,080,059	9
8720 Non-controlling interests	(31,348)	(1)	(33,172)	(1)	(118,016)	(1)	(77,792)	-
Total comprehensive income in the current period	\$ 193,698	6	174,630	5	689,069	7	1,002,267	9
Earnings per share-basic (Unit: NTD) (Note 6(20))								
9750 Earnings per share	\$ 1.09		1.11		4.68		6.26	
9850 Diluted earnings per share	\$ 1.09		1.10		4.64		6.17	

(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 Nine Months Ended September 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
	Retained earnings				Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income			
	Ordinary share	Capital surplus	Legal reserve	Special reserve						
Balance at January 1, 2022	\$ 1,579,908	3,140,525	1,638,205	122,384	3,546,728	(88,988)	(74,866)	9,863,896	220,826	10,084,722
Profit	-	-	-	-	1,038,862	-	-	1,038,862	(82,097)	956,765
Other comprehensive income, net of tax	-	-	-	-	-	47,787	(6,590)	41,197	4,305	45,502
Total comprehensive income in the current period	-	-	-	-	1,038,862	47,787	(6,590)	1,080,059	(77,792)	1,002,267
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	-	(38,662)	-	-	-	-	-	(38,662)	41,285	2,623
Changes in non-controlling interests	-	-	-	-	-	-	-	-	204,061	204,061
Balance at September 30, 2022	\$ 1,579,908	3,101,863	1,638,205	163,854	3,122,203	(41,201)	(81,456)	9,483,376	388,380	9,871,756
Balance at January 1, 2023	\$ 1,579,908	3,120,424	1,638,205	163,854	3,326,480	(52,980)	(80,702)	9,695,189	374,229	10,069,418
Profit	-	-	-	-	777,147	-	-	777,147	(122,188)	654,959
Other comprehensive income, net of tax	-	-	-	-	(262)	24,293	5,907	29,938	4,172	34,110
Total comprehensive income in the current period	-	-	-	-	776,885	24,293	5,907	807,085	(118,016)	689,069
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	-	89,395	-	-	-	-	-	89,395	10,783	100,178
Changes in non-controlling interests	-	-	-	-	-	-	-	-	775	775
Balance at September 30, 2023	\$ 1,658,903	3,209,819	1,638,205	133,682	3,264,588	(28,687)	(74,795)	9,801,715	267,771	10,069,486

(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 Nine Months Ended September 30, 2023 and 2022

Unit: thousands of New Taiwan Dollars

	January to September 2023	January to September 2022
Cash flows from operating activities:		
Profit before tax	\$ 867,371	1,238,108
Adjustments:		
Adjustments to reconcile profit		
Depreciation expense	521,686	445,918
Amortization expense	2,481	1,704
Expected credit loss (gain)	2,877	36,032
Net loss (gain) on financial assets at fair value through profit or loss	(79,502)	119,341
Interest expense	52,449	24,755
Interest revenue	(21,748)	(11,003)
Dividend revenue	(8,568)	(4,711)
Share-based payment remuneration cost	1,200	1,483
Share of profit of associates accounted for using the equity method	(20,423)	(39,073)
Loss (gain) from disposal and retirement of property, plant and equipment	(253)	120
Proceeds from disposal of investment	(39,443)	-
Others	(6)	(61)
Total adjustments to reconcile profit	410,750	574,505
Changes in operating assets and liabilities:		
Changes in operating assets:		
Current financial assets at fair value through profit or loss	(53,633)	126,278
Notes and accounts receivable	(420,367)	(145,642)
Other receivables, net	72,185	104,148
Inventories	336,630	(606,328)
Prepayments and other current assets	769	(11,909)
Total changes in operating assets	(64,416)	(533,453)
Changes in operating liabilities:		
Contract liability	(65,145)	(18,096)
Accounts payable	124,399	(451,068)
Accounts payable to related parties	22,625	(37,372)
Other payables	(100,374)	97,026
Net defined benefit liability	(4,000)	-
Total changes in operating liabilities	(22,495)	(409,510)
Net changes in operating assets and liabilities	(86,911)	(942,963)
Total adjustments	323,839	(368,458)
Cash inflow from operating activities	1,191,210	869,650
Interest received	21,832	10,851
Dividends received	8,568	4,711
Interest paid	(53,863)	(23,297)
Income taxes paid	(223,343)	(153,158)
Net cash inflow of operating activities	944,404	708,757
Cash flows used in investing activities:		
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	-	(10,450)
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	(419,316)	(881,005)
Proceeds from disposal of property, plant and equipment	465	43
Acquisition of intangible assets	(38)	-
Decrease (increase) in non-current assets	24,720	(1,770)
(Increase) decrease in prepayments for business facilities	(43,562)	62,406
Dividends received	41,814	42,772
Net cash flows used in investing activities	(344,343)	(786,098)
Cash flows used in financing activities:		
(Decrease) increase in short-term borrowings	(241,265)	46,694
Proceeds from long-term borrowings	-	632,392
Repayments of long-term borrowings	(47,596)	(8,684)
Payment of lease liabilities	(16,871)	(17,397)
Increase (decrease) in other non-current liabilities	93	(1,451)
Cash dividends paid	(789,954)	(1,421,917)
Changes in non-controlling interests	99,749	204,478
Net cash flows used in investing activities	(995,844)	(565,885)
Effect of exchange rate changes on cash and cash equivalents	30,440	51,326
Decrease of cash and cash equivalent in the current period	(365,343)	(591,900)
Cash and cash equivalents at beginning of period	3,367,051	3,954,236
Cash and cash equivalents at end of period	\$ 3,001,708	3,362,336

(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 Nine Months Ended September 30, 2023 and 2022

(Unless otherwise specified, all balances are expressed in thousands of New Taiwan Dollars)

I. Corporate milestones

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. Date and procedure for ratification of financial report

The consolidated financial statements of the Company were authorized for issue in accordance with a resolution of the Board of Directors’ meeting on November 7, 2023.

III. Application of new and amended standards 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”

The Group has initially adopted the following new amendments of IFRSs, which do not have a significant impact on its consolidated financial statements, from May 23, 2023.

- Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”

(II) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements.

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-Current”
- The amendments to IAS 1 “Classification of Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 "Vendor Financing Arrangements"
- Amendments to IFRS 16 "Lease Liability in Sale and Leaseback"

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

(III) New and amended standards and interpretations not yet endorsed by FSC

The Group expects that the following new and amended standards that have not yet been endorsed by the FSC will not have a significant impact on the 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
- IAS No. 21 “Lack of Exchangeability”

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
			September 30, 2023	December 31, 2022	September 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%	-

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

Name of Investors	Name of subsidiaries	Main Business	Shareholding ratio			Explanation
			September 30, 2023	December 31, 2022	September 30, 2022	
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	Global Search Holdings Ltd. (GSH, Samoa)	General investment	100.00%	100.00%	100.00%	Note 2
HSHC	MDT INTL SA (MDT, Switzerland)	Medical equipment development and marketing and biotechnology services	100.00%	100.00%	100.00%	Note 2
GSH	AIHOL Corporation (AIHOL, USA)	Medicine research and development and patent filing	100.00%	100.00%	100.00%	Note 2
GSH	Holy Stone Biotech Co., Ltd. (Biotech, UK)	Medical equipment development and marketing and biotechnology services	100.00%	100.00%	100.00%	Note 2
JCI	OHGA Smarththings Co., Ltd (OHGA, Taiwan)	Manufacture of electrical and audio-visual products and sale of medical devices	71.06%	71.06%	71.06%	Note 2
JCI	Holy Stone Healthcare Co., Ltd. (HSHC, Taiwan)	Wholesale of drugs and medical goods	2.01%	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 judgments, estimations and major sources of hypotheses of 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

	September 30,	December 31,	September 30,
	2023	2022	2022
Cash on hand	\$ 2,158	2,199	2,309
Demand deposits	1,929,521	1,975,284	2,320,930
Term deposits	1,070,029	1,389,568	1,039,097
	\$ 3,001,708	3,367,051	3,362,336

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

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

	September 30, 2023	December 31, 2022	September 30, 2022
Current:			
Domestic stock	\$ 193,586	152,809	144,068
Global depository receipt	9,815	3,431	3,265
Beneficiary certificate	142,053	79,879	77,318
Total	\$ 345,454	236,119	224,651
Non-current:			
Foreign investments in listed shares	\$ 4,110	2,497	4,253
Domestic shares	115,011	98,528	100,144
Total	\$ 119,121	101,025	104,397

(III) Financial assets at fair value through other comprehensive income

	September 30, 2023	December 31, 2022	September 30, 2022
Domestic and foreign stock	\$ 59,585	52,859	52,365

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

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

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

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

(IV) Notes and accounts receivable

	September 30, 2023	December 31, 2022	September 30, 2022
Receivable notes	\$ 158,091	192,745	151,878
Accounts receivable	3,280,691	2,831,334	3,219,770
Less: loss provision	(61,675)	(63,895)	(64,832)
	\$ 3,377,107	2,960,184	3,306,816

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:

	September 30, 2023		
	Carrying amount of notes and accounts receivable	Weighted average rate of expected credit loss	Allowance for lifetime expected credit loss
Not overdue	\$ 3,367,422	0%~10%	8,810
1 ≤ 30 days	23,794	1%~40%	6,331
31 to 60 days	4,959	1%~100%	3,932
Overdue for over 61 days	42,607	50%~100%	42,602
	\$ 3,438,782		61,675

	December 31, 2022		
	Book value of accounts receivable	Weighted average rate of expected credit loss	Allowance for lifetime expected credit loss
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
	\$ 3,024,079		63,895

	September 30, 2022		
	Carrying amount of notes and accounts receivable	Weighted average rate of expected credit loss	Allowance for lifetime expected credit loss
Not overdue	\$ 3,282,592	0%~10%	2,195
1 ≤ 30 days	26,596	1%~40%	8,322
31 to 60 days	9,168	1%~100%	2,803
Overdue for over 61 days	53,292	50%~100%	51,512
	\$ 3,371,648		64,832

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:

	January to September 2023	January to September 2022
Balance, beginning	\$ 63,895	27,721
Impairment loss, recognized	2,877	36,032
Amounts written off as uncollectible	(5,664)	(77)
Foreign currency translation gains and losses	567	1,156
Ending balance	<u>\$ 61,675</u>	<u>64,832</u>

The aforesaid financial assets are not pledged as collateral.

(V) Other receivables, net

	September 30, 2023	December 31, 2022	September 30, 2022
Tax Refund Receivable	\$ 45,938	48,087	47,680
Discount on purchases	-	73,221	-
Interest receivable	1,968	2,052	1,086
Other	6,115	2,930	5,162
	<u>\$ 54,021</u>	<u>126,290</u>	<u>53,928</u>

As of September 30, 2023, December 31, 2022 and September 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

	September 30, 2023	December 31, 2022	September 30, 2022
Raw materials	\$ 215,453	234,469	246,938
Materials	25,547	17,673	23,738
Work in progress	171,732	171,668	200,173
Semi-Finished products	137,292	63,045	52,207
Finished good	554,772	721,741	740,078
Goods	2,185,128	2,417,958	2,430,591
	<u>\$ 3,289,924</u>	<u>3,626,554</u>	<u>3,693,725</u>

From July 1, 2023 to September 30, 2023, the factors causing the net realizable value of inventories to be lower than the cost had disappeared, and the increase in net realizable value of inventories had recognized a decrease in operating costs of NTD 1,714 thousand; from January 1, 2023 to September 30, 2023, the Group recognized a loss of NT\$492 thousand on inventory write-downs to net realizable value and it is recognized as the cost of sales.

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

For the three months ended July 1, 2022 and nine months ended September 30, 2022, the Group recognized a loss of NT\$19,641 thousand and NT\$29,962 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) Investment valued by equity method

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

	September 30, 2023	December 31, 2022	September 30, 2022
Associate	\$ 451,121	472,405	465,790

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:

	January to September 2023	January to September 2022
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	\$ 88,966	1,175

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	-	647	21,488	15,739	384,693	422,567
Re-classifications	-	125,581	413,699	26,080	(565,360)	-
Disposal	-	(306)	(27,854)	(22,207)	-	(50,367)
The Effects of Changes in Foreign						
Exchange Rates	(3,710)	(4,932)	(8,236)	437	-	(16,441)
Balance at September 30, 2023	<u>\$ 919,542</u>	<u>2,929,378</u>	<u>4,649,084</u>	<u>731,666</u>	<u>677,772</u>	<u>9,907,442</u>
Balance at January 1, 2022	\$ 924,854	1,690,023	3,593,058	554,102	1,696,202	8,458,239
Addition	-	2,484	2,832	6,110	799,299	810,725
Re-classifications	-	1,013,261	466,615	55,321	(1,535,197)	-
Disposal	-	-	(59)	(8,163)	-	(8,222)
The Effects of Changes in Foreign						
Exchange Rates	(4,693)	(1,856)	(9,517)	1,863	-	(14,203)
Balance at September 30, 2022	<u>\$ 920,161</u>	<u>2,703,912</u>	<u>4,052,929</u>	<u>609,233</u>	<u>960,304</u>	<u>9,246,539</u>
Accumulated depreciation:						
Balance at January 1, 2023	\$ -	791,906	3,392,426	566,123	-	4,750,455
Depreciation in the current period	-	103,740	336,587	64,491	-	504,818
Disposal	-	(306)	(27,721)	(22,131)	-	(50,158)
The Effects of Changes in Foreign						
Exchange Rates	-	(2,180)	(5,625)	425	-	(7,380)
Balance at September 30, 2023	<u>\$ -</u>	<u>893,160</u>	<u>3,695,667</u>	<u>608,908</u>	<u>-</u>	<u>5,197,735</u>
Balance at January 1, 2022	\$ -	719,684	2,983,340	464,525	-	4,167,549
Depreciation in the current period	-	70,501	301,309	56,933	-	428,743
Disposal	-	-	(59)	(7,980)	-	(8,039)
The Effects of Changes in Foreign						
Exchange Rates	-	(17)	(6,008)	1,444	-	(4,581)
Balance at September 30, 2022	<u>\$ -</u>	<u>790,168</u>	<u>3,278,582</u>	<u>514,922</u>	<u>-</u>	<u>4,583,672</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 September 30, 2023	<u>\$ 919,542</u>	<u>2,036,218</u>	<u>953,417</u>	<u>122,758</u>	<u>677,772</u>	<u>4,709,707</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 September 30, 2022	<u>\$ 920,161</u>	<u>1,913,744</u>	<u>774,347</u>	<u>94,311</u>	<u>960,304</u>	<u>4,662,867</u>

As of September 30, 2023, December 31, 2022 and September 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:

	Buildings and structures	Other equipment	Total
Cost of right-to-use assets:			
Balance at January 1, 2023	\$ 111,594	9,200	120,794
Addition	28,818	953	29,771
Reduction	(8,656)	(784)	(9,440)
The Effects of Changes in Foreign Exchange Rates	1,806	72	1,878
Balance at September 30, 2023	\$ 133,562	9,441	143,003
Balance at January 1, 2022	\$ 93,713	9,079	102,792
Addition	6,791	-	6,791
Reduction	(535)	-	(535)
The Effects of Changes in Foreign Exchange Rates	3,400	94	3,494
Balance at September 30, 2022	\$ 103,369	9,173	112,542
Depreciation of right-of-use assets:			
Balance at January 1, 2023	\$ 74,401	7,077	81,478
Depreciation in the current period	15,167	1,701	16,868
Reduction	(7,088)	(479)	(7,567)
The Effects of Changes in Foreign Exchange Rates	1,638	34	1,672
Balance at September 30, 2023	\$ 84,118	8,333	92,451
Balance at January 1, 2022	\$ 51,703	4,696	56,399
Depreciation in the current period	15,422	1,753	17,175
Reduction	(390)	-	(390)
The Effects of Changes in Foreign Exchange Rates	2,862	29	2,891
Balance at September 30, 2022	\$ 69,597	6,478	76,075
Book value:			
Balance at January 1, 2023	\$ 37,193	2,123	39,316
Balance at September 30, 2023	\$ 49,444	1,108	50,552
Balance at January 1, 2022	\$ 42,010	4,383	46,393
Balance at September 30, 2022	\$ 33,772	2,695	36,467

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:

	Goodwill	Other	Total
Cost:			
Balance at January 1, 2023	\$ 541,940	56,896	598,836
Intangible assets acquired separately	-	38	38
Effects of changes in foreign exchange rates	-	2,586	2,586
Balance at September 30, 2023	\$ 541,940	59,520	601,460
Balance at January 1, 2022	\$ 541,940	52,557	594,497
Effects of changes in foreign exchange rates	-	3,437	3,437
Balance at September 30, 2022	\$ 541,940	55,994	597,934
Accumulated amortization and impairment loss:			
Balance at January 1, 2023	\$ 541,940	49,175	591,115
Amortization for current period	-	2,374	2,374
Effects of changes in foreign exchange rates	-	2,325	2,325
Balance at September 30, 2023	\$ 541,940	53,874	595,814
Balance at January 1, 2022	\$ 541,940	42,485	584,425
Amortization for current period	-	1,615	1,615
Effects of changes in foreign exchange rates	-	2,881	2,881
Balance at September 30, 2022	\$ 541,940	46,981	588,921
Book value:			
Balance at January 1, 2023	\$ -	7,721	7,721
Balance at September 30, 2023	\$ -	5,646	5,646
Balance at January 1, 2022	\$ -	10,072	10,072
Balance at September 30, 2022	\$ -	9,013	9,013

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

(XII) Short-term borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured bank loan	\$ 1,496,718	1,662,983	1,974,945
Secured bank loan	-	75,000	75,000
Total	\$ 1,496,718	1,737,983	2,049,945
Quota not used	\$ 5,282,414	3,783,411	3,460,670
Interest rate range	0.67%~6.4%	0.59%~5.79%	0.59%~3.4%

(XIII) Other payables

	September 30, 2023	December 31, 2022	September 30, 2022
Employee bonuses payable	\$ 236,028	312,380	282,551
Remuneration payable to directors	22,005	35,299	29,618
Accounts payable, equipment	78,340	75,089	85,300
Accrued wages and bonus	145,360	156,804	118,845
Service payable and litigation expenses	2,343	2,969	255,898
Commission fee payable	-	-	817
Labor and health insurance expenses	19,878	19,414	20,459
Other	306,729	307,265	378,360
	\$ 810,683	909,220	1,171,848

(XIV) Long-term borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
Secured bank loan	\$ -	5,929	6,316
Unsecured bank loan	1,958,333	2,000,000	2,000,000
Less: Current portions	(270,000)	(94,207)	(44,006)
Total	\$ 1,688,333	1,911,722	1,962,310
Quota not used	\$ -	-	42,968
Interest rate range	1.025%~1.86%	0.4%~1.611%	0.4%~1.49%

1. Issuance and repayment of loans

The Group's issuance of long-term borrowings from January 1 to September 30, 2023 and 2022 were NT\$0 thousand and NT\$632,392 thousand, respectively, and the repayments were NT\$47,596 thousand and NT\$8,684 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:

	September 30, 2023	December 31, 2022	September 30, 2022
Current	<u>\$ 18,555</u>	<u>14,572</u>	<u>12,608</u>
Non-current	<u>\$ 33,158</u>	<u>25,699</u>	<u>24,769</u>

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

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

	July to September, 2023	July to September, 2022	January to September 2023	January to September, 2022
Interest expense on lease liabilities	<u>\$ 232</u>	<u>153</u>	<u>652</u>	<u>471</u>
Short-term and low-value lease expenses	<u>\$ 3,710</u>	<u>3,611</u>	<u>11,380</u>	<u>11,268</u>

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

	January to September 2023	January to September, 2022
Total cash outflow for leases	<u>\$ 28,903</u>	<u>29,136</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:

	July to September, 2023	July to September, 2022	January to September 2023	January to September, 2022
Operating cost	\$ 365	361	1,109	1,078
Operating expenses	<u>578</u>	<u>571</u>	<u>1,734</u>	<u>1,700</u>
Total	<u>\$ 943</u>	<u>932</u>	<u>2,843</u>	<u>2,778</u>

2. Defined contribution plans

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

	July to September, 2023	July to September, 2022	January to September 2023	January to September, 2022
Operating cost	\$ 5,861	6,134	17,605	18,179
Operating expenses	<u>8,770</u>	<u>8,873</u>	<u>26,168</u>	<u>27,058</u>
Total	<u>\$ 14,631</u>	<u>15,007</u>	<u>43,773</u>	<u>45,237</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:

	<u>July to September, 2023</u>	<u>July to September, 2022</u>	<u>January to September 2023</u>	<u>January to September, 2022</u>
Current period income tax expense				
Recognized during the period	\$ 50,324	51,659	212,412	281,343
Deferred income tax expense	-	-	-	-
Income tax expenses	<u>\$ 50,324</u>	<u>51,659</u>	<u>212,412</u>	<u>281,343</u>

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

(XVIII) Capital and other components of equity

Except as described below, there were no significant changes in the Group's capital and other equity between January 1 to September 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 shareholders' meeting held on May 30, 2023 to capitalize the unappropriated retained earnings of NTD 78,995 thousand and issued 7,899 thousand new shares at par value of NTD 10 per share. July 27, 2023 was the record date of the capital increase, and the relevant statutory registration procedures have been completed.

2. Capital surplus

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
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	123,478	34,083	15,522
Expired options	130,146	130,146	130,146
	<u>\$ 3,209,819</u>	<u>3,120,424</u>	<u>3,101,863</u>

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 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:

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

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

4. Other components of 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	24,293	-	24,293
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
Subsidiary	-	5,645	5,645
Disposal of equity instruments at fair value through other comprehensive income:			
Subsidiary	-	262	262
Balance at September 30, 2023	<u>\$ (28,687)</u>	<u>(74,795)</u>	<u>(103,482)</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	47,787	-	47,787
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
Subsidiary	-	(6,590)	(6,590)
Balance at September 30, 2022	<u>\$ (41,201)</u>	<u>(81,456)</u>	<u>(122,657)</u>

(XIX) Share-based payment

There were no significant changes in the Group's share-based payment between January 1 to September 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

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

	July to September, 2023	July to September, 2022	January to September 2023	January to September, 2022
Earnings per share				
Net profit attributable to the Company	\$ 181,920	183,759	777,147	1,038,862
Weighted-average number of common shares outstanding (in thousand shares)	165,890	165,890	165,890	165,890
Earnings per share (NT\$)	\$ 1.09	1.11	4.68	6.26
Diluted earnings per share				
Net profit attributable to the Company	\$ 181,920	183,759	777,147	1,038,862
Net income attributable to ordinary equity holders of the Company (after adjustments to the effect of dilutive potential ordinary shares)	\$ 181,920	183,759	777,147	1,038,862
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)	1,180	1,878	1,615	2,524
Weighted-average number of common shares outstanding (after adjustments to the effect of dilutive potential ordinary shares) (in thousand shares)	167,070	167,768	167,505	168,414
Diluted earnings per share (NT\$)	\$ 1.09	1.10	4.64	6.17

(XXI) Revenue from contracts with customers

1. Revenue breakdown

	July to September, 2023		
	Electronic Segment	Others	Total
Core products/services:			
Passive Components	\$ 1,365,293	-	1,365,293
Active Components	821,587	-	821,587
System on Module	536,641	-	536,641
Other	307,872	424,658	732,530
	\$ 3,031,393	424,658	3,456,051

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

July to September, 2022			
	Electronic		Total
	Segment	Others	
Core products/services:			
Passive Components	\$ 1,370,552	-	1,370,552
Active Components	843,531	-	843,531
System on Module	705,096	-	705,096
Other	362,624	344,248	706,872
	\$ 3,281,803	344,248	3,626,051

January to September 2023			
	Electronic		Total
	Segment	Others	
Core products/services:			
Passive Components	\$ 3,935,069	-	3,935,069
Active Components	2,574,296	-	2,574,296
System on Module	1,586,734	-	1,586,734
Other	957,315	1,262,130	2,219,445
	\$ 9,053,414	1,262,130	10,315,544

January to September, 2022			
	Electronic		Total
	Segment	Others	
Core products/services:			
Passive Components	\$ 4,476,410	-	4,476,410
Active Components	3,005,545	-	3,005,545
System on Module	2,192,663	-	2,192,663
Other	975,324	1,127,936	2,103,260
	\$ 10,649,942	1,127,936	11,777,878

2. Contract balance

	September 30, 2023	December 31, 2022	September 30, 2022
Receivable notes	\$ 158,091	192,745	151,878
Accounts receivable	3,280,691	2,831,334	3,219,770
Less: loss provision	(61,675)	(63,895)	(64,832)
Total	\$ 3,377,107	2,960,184	3,306,816
Contract liability	\$ 84,397	149,542	102,321

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 three months ended September 30, 2023 and for the nine months ended September 30 2023 were NT\$27,289 thousand and NT\$115,530 thousand, respectively; the estimated amounts of remuneration to directors were NT\$5,197 thousand and NT\$22,005 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 three months ended September 30, 2022 and for the nine months ended September 30 2022 were NT\$27,628 thousand and NT\$155,495 thousand, respectively; the estimated amounts of remuneration to directors were NT\$5,143 thousand and NT\$29,618 thousand, respectively. These amounts were estimated by multiplying the Company's profit before tax before deducting employees' compensation and directors' remuneration for the period times the distribution percentages of employees' compensation and directors' remuneration as stipulated in the Company's Articles of Incorporation and were recognized as operating costs or operating expenses for the respective periods. If the actual distribution amount differs from the estimated amount in the following year, the difference is adjusted for the change in accounting estimate and recognized as profit or loss in the following year.

For the years ended December 31, 2022 and 2021, the estimated compensation to employees were NT\$185,324 thousand and NT\$257,947 thousand, respectively, and the estimated compensation to directors were NT\$35,299 thousand and NT\$49,133 thousand, respectively, which did not differ from the actual distribution. Please refer to the Market Observation Post System for more information.

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

(XXIII) Other gains and losses

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

	July to September, 2023	July to September, 2022	January to September 2023	January to September, 2022
Dividend revenue	\$ 1,103	418	2,190	1,232
Net gain (loss) on financial assets at fair value through profit or loss	(31,128)	(27,246)	85,341	(99,683)
Proceeds from disposal of investment	-	-	308	-
Net gain (loss) on foreign exchange	34,910	63,564	39,343	115,453
Other	8,781	6,049	12,439	17,327
	<u>\$ 13,666</u>	<u>42,785</u>	<u>139,621</u>	<u>34,329</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
September 30, 2023					
Non-derivative financial liabilities					
Short-term borrowings	\$ 1,496,718	1,502,446	1,502,446	-	-
Current contract liabilities	84,397	84,397	84,397	-	-
Accounts payable	932,171	932,171	932,171	-	-
Accounts payable to related parties	53,161	53,161	53,161	-	-
Other payables	810,683	810,683	810,683	-	-
Lease liabilities	51,713	53,442	19,287	33,336	819
Long-term borrowings	1,958,333	2,012,586	291,040	1,711,522	10,024
	<u>\$ 5,387,176</u>	<u>5,448,886</u>	<u>3,693,185</u>	<u>1,744,858</u>	<u>10,843</u>
December 31, 2022					
Non-derivative financial liabilities					
Short-term borrowings	\$ 1,737,983	1,748,184	1,748,184	-	-
Current contract liabilities	149,542	149,542	149,542	-	-
Accounts payable	807,772	807,772	807,772	-	-
Accounts payable to related parties	30,536	30,536	30,536	-	-
Other payables	909,220	909,220	909,220	-	-
Lease liabilities	40,271	41,530	15,205	23,047	3,278
Long-term borrowings	2,005,929	2,069,704	114,519	1,789,647	165,538
	<u>\$ 5,681,253</u>	<u>5,756,488</u>	<u>3,774,978</u>	<u>1,812,694</u>	<u>168,816</u>

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
September 30, 2022					
Non-derivative financial liabilities					
Short-term borrowings	\$ 2,049,945	2,057,468	2,057,468	-	-
Current contract liabilities	102,321	102,321	102,321	-	-
Accounts payable	780,980	780,980	780,980	-	-
Accounts payable to related parties	38,057	38,057	38,057	-	-
Other payables	1,171,848	1,171,848	1,171,848	-	-
Lease liabilities	37,377	38,625	13,039	21,489	4,097
Long-term borrowings	2,006,316	2,058,449	59,525	1,758,149	240,775
	\$ 6,186,844	6,247,748	4,223,238	1,779,638	244,872

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

	September 30, 2023			December 31, 2022			September 30, 2022		
	Foreign currency	Exchange rate (NT\$)		Foreign currency	Exchange rate (NT\$)		Foreign currency	Exchange rate (NT\$)	
		NTD	NTD		NTD	NTD		NTD	NTD
<u>Financial Asset</u>									
<u>Monetary items</u>									
USD	\$ 77,688	32.2700	2,506,981	69,654	30.7100	2,139,089	82,074	31.7500	2,605,851
EUR	2,089	33.9100	70,838	2,823	32.7200	92,354	1,873	31.2600	58,552
HKD	19,337	4.1230	79,727	23,101	3.9380	90,792	15,537	4.0440	62,833
GBP	338	39.2300	13,277	720	37.0900	26,710	735	35.5300	26,118
JPY	339,618	0.2162	73,425	330,084	0.2324	76,712	546,761	0.2201	120,342
CNY (RMB)	10,309	4.4150	45,513	9,077	4.4080	40,010	10,338	4.4730	46,241
NTD	5,249	1.0000	5,249	3,587	1.0000	3,587	6,020	1.0000	6,020
SGD	-	-	-	-	-	-	56	22.2100	1,234
<u>Non-monetary items</u>									
USD	2,499	32.2700	80,644	1,166	30.7100	35,821	1,159	31.7500	36,806
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	\$ 37,045	32.2700	1,195,447	30,649	30.7100	941,219	23,777	31.7500	754,909
EUR	94	33.9100	3,198	211	32.7200	6,905	78	31.2600	2,424
HKD	551	4.1230	2,272	792	3.9380	3,119	473	4.0440	1,911
GBP	612	39.2300	23,999	620	37.0900	23,006	107	35.5300	3,808
JPY	24,530	0.2162	5,303	106,984	0.2324	24,863	117,317	0.2201	25,821
CNY (RMB)	-	-	-	-	-	-	1,312	4.4730	5,869
NTD	1,013	1.0000	1,013	-	-	-	-	-	-

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

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 September 30, 2023 and 2022, all else remained intact, the net income would be decreased or increased by \$78,189 thousand and \$106,622 thousand from January 1 to September 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 September 30, 2023 and 2022, foreign currency exchange gains and losses (including realized and unrealized) were NT\$39,343 thousand and NT\$115,453 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:

	September 30, 2023				
	Book value	Fair value			Total
	Level 1	Level 2	Level 3		
Current financial assets at fair value through profit or loss	\$ 464,575	349,564	-	115,011	464,575
Financial assets at fair value through other comprehensive income	59,585	-	-	59,585	59,585
Financial assets at amortization					
Cash and cash equivalent	3,001,708	-	-	-	-
Notes and accounts receivable					
- Net	3,377,107	-	-	-	-
Other receivables, net	54,021	-	-	-	-
Sub-total	6,432,836	-	-	-	-
Total	\$ 6,956,996	349,564	-	174,596	524,160

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

		September 30, 2023			
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost					
Short-term borrowings	\$ 1,496,718	-	-	-	-
Current contract liabilities	84,397	-	-	-	-
Accounts payable	932,171	-	-	-	-
Accounts payable to related parties	53,161	-	-	-	-
Other payables	810,683	-	-	-	-
Lease liabilities	51,713	-	-	-	-
Long-term borrowings	1,958,333	-	-	-	-
Sub-total	5,387,176	-	-	-	-
Total	\$ 5,387,176	-	-	-	-
		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	\$ 6,843,528	238,616	-	151,387	390,003
Financial liabilities at amortized cost					
Short-term borrowings	\$ 1,737,983	-	-	-	-
Current contract liabilities	149,542	-	-	-	-
Accounts payable	807,772	-	-	-	-
Accounts payable to related parties	30,536	-	-	-	-
Other payables	909,220	-	-	-	-
Lease liabilities	40,271	-	-	-	-
Long-term borrowings	2,005,929	-	-	-	-
Sub-total	5,681,253	-	-	-	-
Total	\$ 5,681,253	-	-	-	-

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

	September 30, 2022				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Current financial assets at fair value through profit or loss	\$ 329,048	228,904		100,144	329,048
Financial assets at fair value through other comprehensive income or loss at fair value	52,365	-	-	52,365	52,365
Financial assets at amortization					
Cash and cash equivalent	3,362,336	-	-	-	-
Notes and accounts receivable - Net	3,306,816	-	-	-	-
Other receivables, net	53,928	-	-	-	-
Sub-total	6,723,080	-	-	-	-
Total	\$ 7,104,493	228,904	-	152,509	381,413
Financial liabilities at amortized cost					
Short-term borrowings	\$ 2,049,945	-	-	-	-
Current contract liabilities	102,321	-	-	-	-
Accounts payable	780,980	-	-	-	-
Accounts payable to related parties	38,057	-	-	-	-
Other payables	1,171,848	-	-	-	-
Lease liabilities	37,377	-	-	-	-
Long-term borrowings	2,006,316	-	-	-	-
Sub-total	6,186,844	-	-	-	-
Total	\$ 6,186,844	-	-	-	-

(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

	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income or loss
January 1, 2023	\$ 98,528	52,859
Total gain or loss		
Recognized in profit or loss	68,592	-
Recognized in other comprehensive income	-	6,297
Purchase	-	7,624
Disposal	(52,109)	(7,089)
Other	-	(106)
September 30, 2023	\$ 115,011	59,585
January 1, 2022	\$ 95,070	57,937
Total gain or loss		
Recognized in profit or loss	(5,376)	-
Recognized in other comprehensive income	-	(5,572)
Purchase	10,450	-
September 30, 2022	\$ 100,144	52,365

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 September 30, 2023 and 2022, information on related parties who still hold these assets is as follows:

	January to September 2023	January to September, 2022
Total gain or loss		
Recognized in profit or loss (recorded as "other gains and losses, net")	\$ 68,592	(5,376)
Recognized in other comprehensive income (recorded as "unrealized valuation gains (losses) on financial assets at fair value through profit or loss".	6,297	(5,572)

(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 September 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			September 30, 2023
			Acquisition	Changes in foreign exchange rates	Other	
Short-term borrowings	\$ 1,737,983	(241,265)	-	-	-	1,496,718
Long-term borrowings (including current portion)	2,005,929	(47,596)	-	-	-	1,958,333
Lease liabilities	40,271	(16,871)	29,771	421	(1,879)	51,713
Total liabilities arising from financing activities	\$ 3,784,183	(305,732)	29,771	421	(1,879)	3,506,764

	January 1, 2022	Cash flows	Non-cash changes			September 30, 2022
			Acquisition	Changes in foreign exchange rates	Other	
Short-term borrowings	\$ 2,003,251	46,694	-	-	-	2,049,945
Long-term borrowings (including current portion)	1,383,279	623,708	-	(671)	-	2,006,316
Lease liabilities	47,153	(17,397)	6,791	1,036	(206)	37,377
Total liabilities arising from financing activities	\$ 3,433,683	653,005	6,791	365	(206)	4,093,638

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:

Name of Related Parties	Relationship with the merged Company
eGalax_eMPIA Technology Inc.	Associate of the Group
Empia Technology Inc.	Associate of the Group
Row Unique Enterprise Co., Ltd.	Other related party of the Group

(II) Important transactions with related parties

1. Purchases and payables to related parties

	Purchase				Payables to related parties		
	July to September, 2023	July to September, 2022	January to September 2023	January to September, 2022	September 30, 2023	December 31, 2022	September 30, 2022
Associate	\$ 65,893	45,913	209,095	269,243	52,993	30,536	38,057
Other related party	160	-	160	-	168	-	-
	\$ 66,053	45,913	209,255	269,243	53,161	30,536	38,057

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 September 30, 2023, December 31 and September 30, 2022, the Group and its affiliates had other receivables (included in notes and accounts receivable, net) amounting to NT\$627 thousand, NT\$656 thousand and NT\$630 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:

	July to September, 2023	July to September, 2022	January to September 2023	January to September, 2022
Short-term employee benefits	\$ 7,570	13,592	33,784	43,565

VIII. Pledged Assets

Book values for the pledged assets are as follows:

Asset	Object of guarantee	September 30, 2023	December 31, 2022	September 30, 2022
Land	Bank loans	\$ 156,522	156,522	156,522
Buildings	Bank loans	46,507	48,734	49,170
Term deposits	Guarantees for purchase tax and commodity tax	17,977	42,916	40,916
		\$ 221,006	248,172	246,608

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

IX. Major contingent liabilities and unrecognized contract commitments

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

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

	September 30, 2023	December 31, 2022	September 30, 2022
Acquisition of property, plant and equipment	\$ 159,204	181,171	244,937

X. Losses due to major disasters: N/A.

XI. Material Subsequent Events: N/A.

XII. Other

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

Purpose Category	July to September, 2023			July to September, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary expense	105,258	176,169	281,427	110,281	181,538	291,819
Labor and health insurance expenses	12,254	13,067	25,321	12,939	13,424	26,363
Pension expense	6,226	9,348	15,574	6,495	9,444	15,939
Remuneration to directors	-	6,263	6,263	-	6,105	6,105
Other employee benefit expenses	3,249	3,904	7,153	4,042	4,753	8,795
Depreciation expense	160,353	18,754	179,107	141,264	19,311	160,575
Amortization expense	-	858	858	-	186	186

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

Purpose Category	January to September 2023			January to September, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary expense	319,650	542,472	862,122	316,018	565,968	881,986
Labor and health insurance expenses	37,468	39,275	76,743	38,535	39,239	77,774
Pension expense	18,714	27,902	46,616	19,257	28,758	48,015
Remuneration to directors	-	24,986	24,986	-	32,904	32,904
Other employee benefit expenses	10,566	11,757	22,323	11,857	13,654	25,511
Depreciation expense	464,063	57,623	521,686	390,125	55,793	445,918
Amortization expense	-	2,481	2,481	-	1,704	1,704

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

XIII. Additional Disclosure

(I) Information on significant transactions

Extra information on significant transactions from January 1 to September 30, 2023, as required by the Regulations Governing the Preparation of Financial Reports by Securities Issuers, is as follows:

1. Funds granted to others:

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Amount actually drawn	Interest rate range	Nature of the loan (Note 2)	Business transaction amount between the two parties	Reasons for short-term financing	Loss allowance for credit loss	Collateral		Individual funding loan limits (Note 1)	Maximum limit of fund financing (Note 1)
													Name	Value		
1	Jung Chan Investments Co., Ltd.	OHGA Smarthings Co., Ltd	Other receivables, net	Yes	60,000	50,000	50,000 (Note 3)	2.30%	2	-	Operating capital	-		-	125,236	125,236

Note 1: Total loans lent to subsidiaries and limits to individual borrowers:

- (1) The total amount of loans of the Company shall not exceed 40% of the Company's net worth as stated in its latest financial statement.
- (2) For companies that have business dealings with the Company, the loaning of funds shall not exceed the transaction amount for business between both parties in the twelve months prior to the loaning of funds. The transaction amount for business between the two parties refers to the purchase or sales amount between the two parties, whichever is higher, and the total amount in loans shall not exceed 10% of the Company's net worth as stated in its latest financial statement.
- (3) For companies in need of short-term financing, the total amount of loans may not exceed 40% of the Company's net worth as stated in its latest financial statement.
- (4) The Company's loaning of funds to an individual borrower shall not exceed 50% of the net worth of the borrower in its latest financial statements, except for the parent company of the Company and the companies that the Company directly or indirectly holds 50% of the voting shares.

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

(5) When overseas companies in which the Company holds, directly and indirectly, 100% of the voting shares have loaned funds among each other or to the Company for the purpose of financing, the total amount of loans shall not exceed 100% of the lending company's net worth as stated in the most recent financial statements, and the amount of loans to each individual company shall not exceed 100% of the lending company's net worth.

Note 2: The nature of financing purposes:

(1) Code 1 represents entities with business transaction with the Group.

(2) Code 2 represents where an inter-company or inter-firm short-term financing facility is necessary.

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

2. Endorsements/guarantees provided:

No.	Endorsement/ guarantee provider	Guaranteed party		Limits on endorsement/ guarantee amount provided to each guaranteed party (Note 1)	Maximum endorsement/ guarantee for the current period Balance	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)	1,960,343	161,350	161,350	-	-	1.65%	4,900,857	Y	N	N
0	The Company	Jung Chan Investments Co., Ltd.	(2)	1,960,343	150,000	150,000	-	-	1.53%	4,900,857	Y	N	N
0	The Company	Everplus Material Co., Ltd.	(2)	1,960,343	46,480	43,240	43,240	-	0.44%	4,900,857	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	End of the current period			Note	
				Number of shares	Book value	Percent of shareholdings		Fair value
The Company	INVESCO QQQ ETF	-	Current financial assets at fair value through profit or loss - Beneficiary certificate	1	6,937	-	6,937	-
The Company	SPDR S&P500 ETF	-	"	1	13,795	-	13,795	-
The Company	MSCI EMERGING MKT ETP	-	"	1	1,225	-	1,225	-
The Company	FIDELITY FNDS-JAPAN	-	"	14	8,845	-	8,845	-
The Company	ALLANZ-EURO EQ USD	-	"	11	5,763	-	5,763	-
The Company	WISDOMTREE JAPAN HEDGED	-	Current financial assets at fair value through profit or loss - Beneficiary certificate	1	3,986	-	3,986	-
The Company	IBOXX INVESTMENT GRA	-	"	3	9,877	-	9,877	-
The Company	AMUNDI FUNDS PIONEER US SHORT TERM BOND-A2 USD (C)	-	"	69	16,291	-	16,291	-
The Company	TSMC ADR	-	Current financial assets at fair value through profit or loss - Global depository receipt	4	9,815	-	9,815	-
The Company	Shares of TSMC	-	Current financial assets at fair value through profit or loss - Domestic stock	100	52,300	-	52,300	-
The Company	Shares of National Aerospace Fasteners Corporation	-	"	90	8,622	-	8,622	-
The Company	Shares of Pan German Universal Motors Ltd.	-	"	25	7,687	-	7,687	-
The Company	Shares of GSI TECHNOLOGY INC.	-	Non-current financial assets at fair value through profit or loss	47	4,110	0.20 %	4,110	-
The Company	Shares of CNO Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	1,400	-	12.28 %	-	-

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

Holding company name	Marketable securities types and name	Relationship with the issuers	Financial statement account	End of the current period				Note
				Number of shares	Book value	Percent of shareholdings	Fair value	
Martek Co., Ltd.	Shares of TSMC	-	Current financial assets at fair value through profit or loss - Domestic stock	14	7,322	-	7,322	-
Martek Co., Ltd.	Shares of National Aerospace Fasteners Corporation	-	"	15	1,437	-	1,437	-
Martek Co., Ltd.	Shares of Pan German Universal Motors Ltd.	-	"	11	3,489	-	3,489	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	SPDR S&P500 ETF	-	Current financial assets at fair value through profit or loss - Beneficiary certificate	1	7,587	-	7,587	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	INVESCO QQQ ETF	-	"	1	4,625	-	4,625	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	MSCI THAILAND CAPPED	-	"	1	2,017	-	2,017	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	FIDELITY FNDS-JAPAN	-	"	16	10,416	-	10,416	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	ALLANZ-EURO EQ GR S_ATH2USD	-	"	23	12,293	-	12,293	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	AMUNDI FUNDS PIONEER US SHORT TERM BOND-A2 USD (C)	-	"	55	13,015	-	13,015	-
Holy Stone Holdings Co., Ltd.	Greenvity Communications, Inc	-	Non-current financial assets at fair value through other comprehensive income	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	1,470	-	1,470	-
Holy Stone Holdings Co., Ltd.	FIDELITY FNDS-JAPAN	-	"	11	6,944	-	6,944	-
Holy Stone Holdings Co., Ltd.	ALLANZ-EURO EQ GR S_ATH2USD	-	"	14	8,195	-	8,195	-
Holy Stone Holdings Co., Ltd.	SPDR S&P500 ETF	-	"	1	5,518	-	5,518	-
Holy Stone Holdings Co., Ltd.	AMUNDI FUNDS PIONEER US SHORT TERM BOND-A2 USD (C)	-	"	14	3,254	-	3,254	-
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.	-	"	1,101	42,062	1.81 %	42,062	-
UHOLY Investment Co., Ltd.	Shares of AZOTEK CO., LTD.	-	Non-current financial assets at fair value through profit or loss	981	31,377	1.60 %	31,377	-
UHOLY Investment Co., Ltd.	Shares of TSMC	-	Current financial assets at fair value through profit or loss - Domestic stock	80	41,840	-	41,840	-
UHOLY Investment Co., Ltd.	Shares of Rexon Industrial Corp., Ltd.	-	"	100	4,295	-	4,295	-
UHOLY Investment Co., Ltd.	Shares of Pan German Universal Motors Ltd.	-	"	25	7,687	-	7,687	-
UHOLY Investment Co., Ltd.	Shares of National Aerospace Fasteners Corporation	-	"	70	6,706	-	6,706	-
Jung Chan Investments Co., Ltd.	Shares of JYA-NAY CO., LTD.	-	Non-current financial assets at fair value through other comprehensive income	2,976	27,087	12.40 %	27,087	-
Jung Chan Investments Co., Ltd.	Shares of eMPIA Technology Inc.	-	"	2,386	31,721	15.49 %	31,721	-

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

Holding company name	Marketable securities types and name	Relationship with the issuers	Financial statement account	End of the current period				Note
				Number of shares	Book value	Percent of shareholdings	Fair value	
Jung Chan Investments Co., Ltd.	Shares of CNO Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	494	-	4.33 %	-	-
Jung Chan Investments Co., Ltd.	Shares of Metanoia Communications, Inc.	-	"	32	115	0.03 %	115	-
Jung Chan Investments Co., Ltd.	Shares of ThroughTek Co., Ltd.	-	Non-current financial assets at fair value through profit or loss	140	1,722	0.54 %	1,722	-
Jung Chan Investments Co., Ltd.	Shares of WOM ASIA CO., LTD.	-	"	1,145	1,392	4.03 %	1,392	-
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 NFORE TECHNOLOGY CO., LTD.	-	"	261	10,456	0.75 %	10,456	-
Jung Chan Investments Co., Ltd.	Shares of TSMC	-	Current financial assets at fair value through profit or loss - Domestic stock	80	41,840	-	41,840	-
Jung Chan Investments Co., Ltd.	Shares of Pan German Universal Motors Ltd.	-	"	15	4,613	-	4,613	-
Jung Chan Investments Co., Ltd.	Shares of National Aerospace Fasteners Corporation	-	"	60	5,748	-	5,748	-

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 types and name	Financial statement account	Counterparty	Relationship	July 31, 2023		Acquisition		Disposal				End of the current period	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Carrying value	Gain/Loss on Disposal	Number of shares	Amount
The Company	Franklin Templeton Sinoam Money Market Fund	Current financial	-	-	-	-	37,922	400,000	37,922	400,576	400,000	576	-	-
The Company	Taishin 1699 Money Market Fund	"	-	-	-	-	36,149	500,000	36,149	500,828	500,000	828	-	-

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.

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

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	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	(864,328)	(10.99)%	150 days from the following month	-	-	179,757	7.17%	Note
Holy Stone International Trading (ShanHai) Co., Ltd	The Company	The Company is the ultimate parent company	Purchase	864,328	80.78%	150 days from the following month	-	-	(179,757)	(64.32)%	Note
The Company	Holy Stone Enterprise (Hong Kong) Co., Ltd.	Subsidiary of the Company	Sales	(465,284)	(5.92)%	120 days from the following month	-	-	211,289	8.42%	Note
Holy Stone Enterprise (Hong Kong) Co., Ltd.	The Company	The Company is the ultimate parent company	Purchase	465,284	24.58%	120 days from the following month	-	-	(211,289)	(45.95)%	Note
The Company	Infortech (CHINA) Co., Ltd.	Third-tier subsidiary of the Company	Sales	(270,997)	(3.45)%	120 days from the invoiced month	-	-	29,347	1.17%	Note
Infortech (CHINA) Co., Ltd.	The Company	The Company is the ultimate parent company	Purchase	270,997	90.84%	120 days from the invoiced month	-	-	(29,347)	(82.74)%	Note
EPM	The Company	The Company is the ultimate parent company	Sales	(417,909)	(100.00)%	30 days from the invoiced month	-	-	39,207	100.00%	Note
The Company	EPM	Third-tier subsidiary of the Company	Purchase	209,305	4.28%	Cash settlement of the current month	-	-	(39,207)	(4.54)%	Note
eGalax_eMPIA	The Company	Affiliated enterprises of the Company	Sales	(207,257)	(24.13)%	Cash settlement of the current month	-	-	52,993	37.65%	-
The Company	eGalax_eMPIA	Affiliated enterprises of the Company	Purchase	207,257	4.24%	30 days from the invoiced month	-	-	(52,993)	(6.14)%	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	The Company	The Company is the ultimate parent company	Sales	(1,123,463)	(56.85)%	30 days from the invoiced month	-	-	281,133	37.06%	Note
The Company	Holy Stone Enterprise (Hong Kong) Co., Ltd.	Subsidiary of the Company	Purchase	1,123,463	22.99%	30 days from the invoiced month	-	-	(281,133)	(32.56)%	Note

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

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

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

Company Name	Related Party	Relationship	Balance of receivables from related parties (Note)	Turnover Rate	Overdue		Amounts Received from related parties in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	Holy Stone Enterprise (Hong Kong) Co., Ltd.	Subsidiary of the Company	211,289	2.80	-	-	27,478	-
The Company	Holy Stone International Trading (ShanHai) Co., Ltd	Third-tier subsidiary of the Company	179,757	4.88	-	-	62,884	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	The Company	The Company is the ultimate parent company	281,133	6.12	-	-	124,864	-

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			Percentage of total operating revenue or total assets
				Item	Amount	Transaction condition	
0	The Company	HSHK	1	Sales	465,284	120 days from the following month	4.51%
0	The Company	HSHK	1	Accounts receivable	211,289	120 days from the following month	1.34%
0	The Company	HSITC	1	Sales	864,328	150 days from the following month	8.38%
0	The Company	HSITC	1	Accounts receivable	179,757	150 days from the following month	1.14%
0	The Company	He Chi	1	Sales	270,997	120 days from the invoiced month	2.63%
0	The Company	He Chi	1	Accounts receivable	29,347	120 days from the invoiced month	0.19%
1	EPM	The Company	2	Sales	417,909	Cash settlement of the current month	4.05%
1	EPM	The Company	2	Accounts receivable	39,207	Cash settlement of the current month	0.25%
2	HSHK	The Company	2	Sales	1,123,463	30 days from the invoiced month	10.89%
2	HSHK	The Company	2	Accounts receivable	281,133	30 days from the invoiced month	1.78%

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.

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

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

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

Unit: thousand shares

Name of Investors	Names of the investees	Location	Major business	Initial investment		Holding at end of period			Net income of the investees in current period	Investment income recognized in current period	Note
				End of the current period	End of the previous period	Number of shares	Ratio	Book value			
The Company	Holy Stone Enterprise (Hong Kong) Co., Ltd.	Hong Kong	Sale of MLCC and electronic products	49,046	49,046	11,500	100.00%	461,207	35,037	35,037	Subsidiary of the Company
The Company	Holy Stone Holdings Co., Ltd.	Samoa	General investment	2,078,392	2,078,392	30,000	100.00%	754,511	19,997	19,925	Subsidiary of the Company
The Company	UHOLY Investment Co., Ltd.	Taipei City	General investment	622,500	622,500	54,000	100.00%	696,216	28,312	28,815	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%	56,369	1,677	1,677	Subsidiary of the Company
The Company	Jung Chan Investments Co., Ltd.	Taipei City	General investment	340,000	340,000	42,100	100.00%	401,591	(6,398)	(6,383)	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%	27,704	(269)	(269)	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%	122,856	142,471	5,204	The investee accounted for under the equity method
Holy Stone Holdings Co., Ltd.	Holy Stone Investments Co., Ltd.	Hong Kong	General investment	225,890	211,899	7,000	100.00%	505,868	13,627	13,627	Subsidiary of Holy Stone Holdings Co., Ltd.
Holy Stone Holdings Co., Ltd.	Holypaq Corporation	British Cayman Islands	General investment	38,724	36,852	1,200	100.00%	864	-	-	Subsidiary of Holy Stone Holdings Co., Ltd.
Holy Stone Holdings Co., Ltd.	Green Glory Holdings Ltd.	Samoa	General investment	40,035	38,100	1,310	100.00%	56,370	751	751	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	451,006	429,203	2,500	100.00%	88,428	6,681	6,681	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	105,938	113,876	1	100.00%	124,039	2,178	2,178	Subsidiary of Holy Stone Holdings Co., Ltd.
Holy Stone Holdings Co., Ltd.	Holy Stone Holdings (Singapore) Pte. Ltd	Singapore	Electronic retail business	3,227	3,071	100	100.00%	4,648	(1,724)	(1,724)	Subsidiary of Holy Stone Holdings Co., Ltd.
Green Glory Holdings Ltd.	Milestone Global Technology Ltd.	USA	Development and sales of electronic products	16,135	15,355	500	100.00%	34,457	1,260	1,260	Subsidiary of Green Glory Holdings
Green Glory Holdings Ltd.	Holystone (Europe) Ltd.	England	Electronic retail business	22,165	21,094	350	100.00%	21,730	(463)	(463)	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%	115,475	(184,205)	(61,451)	The investee accounted for using the equity method by UHOLY Investment Co., Ltd.

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

Name of Investors	Names of the investees	Location	Major business	Initial investment		Holding at end of period			Net income of the investees in current period	Investment income recognized in current period	Note
				End of the current period	End of the previous period	Number of shares	Ratio	Book value			
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%	318,201	142,471	14,447	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%	103,307	8,239	8,239	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%	9,164	(10,564)	(10,564)	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%	3,714	(6,216)	(6,216)	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%	4,788	(4,288)	(4,288)	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%	112,358	(12,979)	(9,223)	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%	8,661	(184,205)	(4,321)	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%	100,311	2,976	2,976	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%	8,655	142,471	413	The investee accounted for using the equity method by Jung Chan Investments Co., Ltd.
Jung Chan Investments Co., Ltd.	YUASA J-WAN CO., LTD.	Taipei City	Retail and wholesale of batteries	1,366	-	100	31.50%	1,409	1,184	43	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	-	-	-	1,184	316	-

Note: Except for investments accounted for using the equity method, 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)

(III) Information about investment in Mainland China:

1. Information on investments in China:

Investee Company in China	Major business	Paid-in capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of the beginning of the period	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of the end of period	Net income of the investees in current period (Note 2)	Ownership percentage of direct or indirect investment	Investment income recognized in current period (Notes 2 and 3)	Book value of investment at the end of period (Note 3)	Accumulated Repatriation of Investment Income as of the current period
					Outward remittance	Repatriation						
Holy Stone International Trading (ShanHai) Co., Ltd	Sales of electronic parts and components	129,403	(2)	116,495	-	-	116,495	24,761	100.00%	24,761	370,468	-
Infortech (CHINA) Co., Ltd.	Sales of electronic parts and components	67,767	(2)	67,767	-	-	67,767	(11,034)	100.00%	(11,034)	132,157	-

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
216,532	229,440	5,881,029

3. Significant transactions:

For the significant transactions between the Group and its investees in China from January 1 to September 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. Information of operating segments

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

July to September, 2023				
	Electronic Segment	Others	Reconciliation and eliminations	Total
Income:				
Income from external customers	\$ 3,031,393	424,658	-	3,456,051
Reportable segment profit or loss	\$ 264,779	(65,091)	-	199,688
July to September, 2022				
	Electronic Segment	Others	Reconciliation and eliminations	Total
Income:				
Income from external customers	\$ 3,281,803	344,248	-	3,626,051
Reportable segment profit or loss	\$ 269,756	(70,104)	-	199,652
January to September 2023				
	Electronic Segment	Others	Reconciliation and eliminations	Total
Income:				
Income from external customers	\$ 9,053,414	1,262,130	-	10,315,544
Reportable segment profit or loss	\$ 954,425	(87,054)	-	867,371
January to September, 2022				
	Electronic Segment	Others	Reconciliation and eliminations	Total
Income:				
Income from external customers	\$ 10,649,942	1,127,936	-	11,777,878
Reportable segment profit or loss	\$ 1,397,011	(158,903)	-	1,238,108