

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

Consolidated Financial Statements

for the Three Months Ended March 31, 2024 and 2023

Independent Auditors' Review Report

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

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Independent Auditors' Review Report

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

Foreword

We have audited the balance sheet of HOLY STONE ENTERPRISE CO., LTD. and its subsidiaries (the "Group") as of March 31, 2024, and 2023 and the related consolidated statements of comprehensive income, change in equity and cash flow and the notes (including the summary of significant accounting policies) for the three months ended March 31, 2024 and 2023. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulation Governing the Presentation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope

Except as explained in the following paragraph of Conclusion, we conducted our reviews in accordance with ISRE 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 4(2) to these interim consolidated financial statements, the total assets included in certain non-significant subsidiaries in the consolidated financial statements for the three months ended March 31, 2024 and 2023 were NT\$2,602,486 thousand and NT\$2,588,861 thousand, respectively, representing 17.40% and 15.98% of the total consolidated assets; total liabilities were NT\$497,417 thousand and NT\$674,804 thousand, respectively, representing 9.32% and 10.36% of the total consolidated liabilities; the consolidated income and loss were NT\$65,804 thousand and NT\$55,429 thousand, representing 28.15% and 16.17% of the consolidated income and loss, respectively.

In addition to the items stated in the above paragraph, the investment using the equity method in HOLY STONE ENTERPRISE CO., LTD. and its subsidiaries as stated in Note 6(7) to the interim consolidated financial statements were NT\$439,596 thousand and NT\$482,437 thousand for the three months ended March 31, 2024 and 2023, respectively, and the shares of profit or loss recognized using the equity method in affiliated companies were NT\$7,530 thousand and NT\$10,043 thousand for the three months ended March 31, 2024 and 2023, respectively, as disclosed in the unaudited financial statements of those investees for the same periods.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of those investees accounted for using the equity method as described in the Basis for Conclusions paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as of March 31, 2024 and 2023, its consolidated financial performance for the three months ended March 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the three months and three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting”.

KPMG

CPA:

Securities and : Jin-Guan-Zheng-Shen-Zi No.
Futures Bureau 1080303300
Approval Tai-Cai-Zheng-Liu-Zi No.
Document No. 0920122026
May 7, 2024

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

March 31, 2024 and December 31 & March 31, 2023

Unit: thousands of New Taiwan Dollars

Asset	2024.3.31		2023.12.31		2023.3.31			Liabilities and shareholders' equity	2024.3.31		2023.12.31		2023.3.31	
	Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets								Current liabilities:						
1100 Cash and cash equivalents (Note 6 (1))	\$ 3,301,398	22	3,080,249	21	3,274,488	20	2100 Short-term borrowings (Note 6(12) and 8)	\$ 770,562	5	1,103,660	8	1,209,185	7	
1110 Current financial assets at fair value through profit or loss (Note 6(2))	468,248	3	355,982	2	280,952	2	2130 Current contract liabilities (Note 6(21))	93,875	1	107,271	1	101,633	1	
1150 Notes and accounts receivable, net (Notes 6(4)(21) and 7)	2,718,270	18	2,770,744	19	3,202,760	20	2170 Accounts payable	731,559	5	802,403	5	1,054,654	7	
1200 Other receivables, net (Note 6(5))	34,402	-	50,746	-	152,348	1	2180 Accounts payable to related parties (Note 7)	47,784	-	30,240	-	59,638	-	
1220 Current tax assets	32,734	-	32,734	-	-	-	2200 Other payables (Note 6(13))	765,841	5	845,432	6	814,092	5	
130X Inventories (Note 6(6))	2,908,251	20	3,127,761	21	3,447,544	21	2216 Dividends payables	829,452	6	-	-	789,954	5	
1410 Prepayments and other current assets	93,965	1	59,354	-	98,423	1	2230 Current tax liabilities	72,307	-	22,305	-	313,641	2	
Total current assets	9,557,268	64	9,477,570	63	10,456,515	65	2280 Current lease liabilities (Note 6(15))	17,988	-	18,106	-	16,387	-	
Non-current assets:							2322 Long-term borrowings, current portion (Note 6(14) and 8)	410,000	3	340,000	2	144,021	1	
1510 Non-current financial assets at fair value through profit or loss (Note 6(2))	78,881	1	80,173	1	160,971	1	Total current liabilities	3,739,368	25	3,269,417	22	4,503,205	28	
1517 Non-current financial assets at fair value through other comprehensive income (Note 6(3))	54,810	-	56,877	-	57,771	-	Non-current liabilities:							
1550 Investments accounted for using the equity method (Note 6(7))	439,596	3	431,985	3	482,437	3	2540 Long-term borrowings (Note 6(14) and 8)	1,448,333	10	1,568,333	10	1,861,132	11	
1600 Property, plant and equipment (Note 6(9) and 8)	4,539,124	31	4,691,840	31	4,774,918	30	2570 Deferred tax liabilities	83,689	1	83,689	1	74,326	-	
1755 Right-of-use assets (Note 6(10))	44,084	-	45,865	-	42,552	-	2580 Non-current lease liabilities (Notes 6(15))	27,353	-	28,968	-	27,162	-	
1780 Intangible assets (Note 6(11))	4,094	-	4,947	-	7,618	-	2640 Net defined benefit liabilities - non-current (Notes 6(16))	34,820	-	45,990	-	47,948	-	
1840 Deferred tax assets	60,607	-	60,598	-	48,811	-	2670 Other non-current liabilities - other	2,614	-	2,511	-	2,523	-	
1915 Prepayments for business facilities	146,419	1	145,708	2	117,238	1	Total non-current liabilities	1,596,809	11	1,729,491	11	2,013,091	11	
1990 Other non-current assets- others (Note 8)	36,117	-	38,789	-	55,286	-	Total of liabilities	5,336,177	36	4,998,908	33	6,516,296	39	
Total non-current assets	5,403,732	36	5,556,782	37	5,747,602	35	Equity attributable to owners of the parent company (Note 6(8)(18)):							
							3110 Ordinary share	1,658,903	11	1,658,903	11	1,579,908	10	
							3200 Capital surplus	3,154,552	21	3,209,892	21	3,178,696	20	
							Retained earnings:							
							3310 Legal reserve	1,638,205	11	1,638,205	11	1,638,205	10	
							3320 Special reserve	133,682	1	133,682	1	163,854	1	
							3350 Unappropriated retained earnings	2,726,071	18	3,337,778	22	2,909,111	18	
							Total retained earnings	4,497,958	30	5,109,665	34	4,711,170	29	
							Other equities:							
							3410 Exchange differences on translation of foreign financial statements	(36,408)	-	(67,289)	-	(57,420)	-	
							3420 Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(78,726)	(1)	(76,335)	(1)	(75,724)	-	
							Total other equities	(115,134)	(1)	(143,624)	(1)	(133,144)	-	
							Total equity attributable to owners of parent	9,196,279	61	9,834,836	65	9,336,630	59	
							36XX Non-controlling interests	428,544	3	200,608	2	351,191	2	
							Total equity	9,624,823	64	10,035,444	67	9,687,821	61	
Total assets	\$ 14,961,000	100	15,034,352	100	16,204,117	100	Total liabilities and shareholders' equity	\$ 14,961,000	100	15,034,352	100	16,204,117	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

From January 1 to March 31, 2024 and 2023

Unit: thousands of New Taiwan Dollars

		January to March 2024		January to March, 2023	
		Amount	%	Amount	%
4000	Operating revenue (Note 6(21) and Note 14)	\$ 2,939,487	100	3,517,724	100
5000	Operating costs (Note 6(6)(15)(16) and Note 7)	2,438,441	83	2,822,124	80
	Gross profit	501,046	17	695,600	20
	Operating expenses:				
6100	Selling and administrative expenses (Notes 6(15)(16)(19)(22))	262,997	9	288,265	8
6300	Research and development expenses (Note 6(15)(16)(22))	77,480	3	80,635	2
6450	Expected credit impairment gain (Note 6(4))	(443)	-	(2,120)	-
	Total operating expenses	340,034	12	366,780	10
	Operating profit	161,012	5	328,820	10
	Non-operating income and expenses:				
7020	Other gains and losses, net (Note 6(23))	105,632	4	112,397	3
7050	Financial costs (Note 6(15))	(14,564)	-	(17,435)	-
7060	Share of profit (loss) of associates accounted for using the equity method	7,530	-	10,043	-
7100	Interest revenue	7,187	-	6,146	-
	Total non-operating income and expenses	105,785	4	111,151	3
	Profit before tax	266,797	9	439,971	13
7950	Less: Income tax expense (Note 6(17))	59,654	2	97,852	3
	Profit	207,143	7	342,119	10
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	(2,391)	-	4,978	-
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	(2,391)	-	4,978	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	29,040	1	(4,257)	-
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	29,040	1	(4,257)	-
8300	Other comprehensive income, net of tax	26,649	1	721	-
8500	Total comprehensive income in the current period	\$ 233,792	8	342,840	10
	Net income attributable to:				
8610	Owners of parent	\$ 217,745	7	372,585	11
8620	Non-controlling interests	(10,602)	-	(30,466)	(1)
	Profit	\$ 207,143	7	342,119	10
	Total comprehensive income attributable to:				
8710	Owners of parent	\$ 246,235	8	373,123	11
8720	Non-controlling interests	(12,443)	-	(30,283)	(1)
	Total comprehensive income in the current period	\$ 233,792	8	342,840	10
	Earnings per share (Unit: NTD) (Note 6(20))				
9750	Earnings per share	\$ 1.31		2.25	
9850	Diluted earnings per share	\$ 1.30		2.22	

(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
From January 1 to March 31, 2024 and 2023

Unit: thousands of New Taiwan Dollars

	Equity attributable to owners of the parent company					Other equity				
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
Balance at January 1, 2023	\$ 1,579,908	3,120,424	1,638,205	163,854	3,326,480	(52,980)	(80,702)	9,695,189	374,229	10,069,418
Profit	-	-	-	-	372,585	-	-	372,585	(30,466)	342,119
Other comprehensive income, net of tax	-	-	-	-	-	(4,440)	4,978	538	183	721
Total comprehensive income in the current period	-	-	-	-	372,585	(4,440)	4,978	373,123	(30,283)	342,840
Appropriation and distribution of retained earnings:										
Cash dividends of ordinary shares	-	-	-	-	(789,954)	-	-	(789,954)	-	(789,954)
Change in ownership interests in subsidiaries	-	58,272	-	-	-	-	-	58,272	6,989	65,261
Changes in non-controlling interests	-	-	-	-	-	-	-	-	256	256
Balance at March 31, 2023	\$ 1,579,908	3,178,696	1,638,205	163,854	2,909,111	(57,420)	(75,724)	9,336,630	351,191	9,687,821
Balance at January 1, 2024	\$ 1,658,903	3,209,892	1,638,205	133,682	3,337,778	(67,289)	(76,335)	9,834,836	200,608	10,035,444
Profit	-	-	-	-	217,745	-	-	217,745	(10,602)	207,143
Other comprehensive income, net of tax	-	-	-	-	-	30,881	(2,391)	28,490	(1,841)	26,649
Total comprehensive income in the current period	-	-	-	-	217,745	30,881	(2,391)	246,235	(12,443)	233,792
Appropriation and distribution of retained earnings:										
Cash dividends of ordinary shares	-	-	-	-	(829,452)	-	-	(829,452)	-	(829,452)
Change in ownership interests in subsidiaries	-	(55,340)	-	-	-	-	-	(55,340)	55,472	132
Changes in non-controlling interests	-	-	-	-	-	-	-	-	184,907	184,907
Balance at March 31, 2024	\$ 1,658,903	3,154,552	1,638,205	133,682	2,726,071	(36,408)	(78,726)	9,196,279	428,544	9,624,823

(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

From January 1 to March 31, 2024 and 2023

Unit: thousands of New Taiwan Dollars

	January to March 2024	January to March, 2023
Cash flows from operating activities:		
Profit before tax	\$ 266,797	439,971
Adjustments:		
Adjustments to reconcile profit		
Depreciation expense	190,117	172,083
Amortization expense	810	174
Expected credit impairment gain	(443)	(2,120)
Net benefit of financial assets measured at fair value through profit or loss	(68,056)	(108,530)
Interest expense	14,564	17,435
Interest revenue	(7,187)	(6,146)
Dividend revenue	(4,287)	(948)
Share-based payment remuneration cost	229	400
Share of profit of associates accounted for using the equity method	(7,530)	(10,043)
Loss (gain) from disposal and retirement of property, plant and equipment	(4)	13
Proceeds from disposal of investment	-	(3,303)
Others	-	(1)
Total adjustments to reconcile profit	118,213	59,014
Changes in operating assets and liabilities:		
Changes in operating assets:		
Current financial assets at fair value through profit or loss	(34,831)	788
Notes and accounts receivable	52,455	(240,245)
Other receivables, net	20,338	(25,918)
Inventories	219,510	179,010
Prepayments and other current assets	(34,611)	(6,056)
Total changes in operating assets	222,861	(92,421)
Changes in operating liabilities:		
Contract liability	(13,396)	(47,909)
Accounts payable	(70,844)	246,882
Accounts payable to related parties	17,544	29,102
Other payables	(58,731)	(62,995)
Net defined benefit liability	(11,170)	(4,000)
Total changes in operating liabilities	(136,597)	161,080
Net changes in operating assets and liabilities	86,264	68,659
Total adjustments	204,477	127,673
Cash inflow from operating activities	471,274	567,644
Interest received	6,746	6,006
Dividends received	734	948
Interest paid	(16,175)	(20,034)
Income taxes paid	(9,661)	(9,010)
Net cash inflow of operating activities	452,918	545,554
Cash flows used in investing activities:		
Disposal of financial assets at fair value through profit or loss	-	5,731
Acquisition of property, plant and equipment	(53,867)	(171,839)
Proceeds from disposal of property, plant and equipment	4	-
Acquisition of intangible assets	-	(21)
Decrease (increase) in non-current assets	2,826	(144)
Increase in prepayments for business facilities	(711)	(57)
Net cash flows used in investing activities	(51,748)	(166,330)
Cash flows used in financing activities:		
Decrease in short-term borrowings	(333,098)	(528,798)
Repayments of long-term borrowings	(50,000)	(776)
Payment of lease liabilities	(5,265)	(5,811)
Increase (decrease) in other non-current liabilities	103	(20)
Changes in non-controlling interests	184,810	65,117
Net cash flows used in investing activities	(203,450)	(470,288)
Effect of exchange rate changes on cash and cash equivalents	23,429	(1,499)
Increase (decrease) of cash and cash equivalents in current period	221,149	(92,563)
Cash and cash equivalents at beginning of period	3,080,249	3,367,051
Cash and cash equivalents at end of period	\$ 3,301,398	3,274,488

(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 Three Months Ended March 31, 2024 and 2023

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

I. Company History

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

II. Approval Date and Procedures of the Consolidated Financial Statements

The consolidated financial statements of the Company were authorized for issue in accordance with a resolution of the Board of Directors’ meeting on May 7, 2024.

III. Application of New Standards, Amendments and Interpretations

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

The Group has initially adopted the following new amendments of IFRSs, which do not have a significant impact on its consolidated financial statements, from January 1, 2024.

- 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”

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

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

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

<u>The newly pronounced or revised standards</u>	<u>Major amendments</u>	<u>The effective date pronounced by the IASB</u>
IFRS No. 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three types of income and expense, two income statement subtotals, and a single note on management's performance measurement. These three amendments and enhanced guidance on how information are divided into financial statements have laid the foundation for better and more consistent information provided to users, and will affect all companies.	January 1, 2027
IFRS No. 18 “Presentation and Disclosure in Financial Statements”	<ul style="list-style-type: none"> • More structured income statement: Under existing standards, companies use different formats to present their operating results, making it difficult for investors to compare the financial performance of different companies. The new standard adopts a more structured income statement, introduces a newly defined subtotal of “operating income,” and stipulates that all income, expenses and losses are classified into three new different categories based on the company's main operating activities. • Management Performance Measurement (MPM): The new standard introduces the definition of MPM, and requires companies to provide an explanation for each measurement indicator in a single note attached to the financial statements on the reason for providing the useful information, the method of calculation and how to reconcile the indicators and the amounts recognized in accordance with the IFRSs. • Detailed information: The new standard includes guidance on how to strengthen the grouping of information in the financial statements. This includes guidance on whether the information should be included in the main financial statements or further broken down in notes. 	January 1, 2027

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

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”
- Amendments to IFRS 17 “Insurance Contracts” and Amendments to IFRS 17
- Amendments to IFRS No. 17 “Comparison of the Initial Application of IFRS 17 and IFRS 9”
- Amendments to 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, 2023; please refer to Note 4 to the consolidated financial statements as of and for the year ended December 31, 2023 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
			2024.3.31	2023.12.31	2023.3.31	
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%	-

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

Name of investors	Name of subsidiaries	Main business	Shareholding ratio			Descriptions
			2024.3.31	2023.12.31	2023.3.31	
HSH	Everplus Material Co., Ltd. (EPM, Japan)	Manufacture and sale of electronic products, electronic machines and instruments, as well as sales of materials of electrical machines and instruments	100.00%	100.00%	100.00%	-
HSH	Holy Stone Holdings (Singapore) Pte. Ltd. (HSHS, Singapore)	Electronic retail business	100.00%	100.00%	100.00%	-
HSIC	Holy Stone International Trading (ShanHai) Co., Ltd (HSITC, China)	Sales of electronic parts and components	100.00%	100.00%	100.00%	-
HSIC	Infortech (CHINA) Co., Ltd. (He Chi, China)	Sales of electronic parts and components	100.00%	100.00%	100.00%	-
GGH	Milestone Global Technology Ltd. (MGT, USA)	Development and sales of electronic products	100.00%	100.00%	100.00%	-
GGH	Holy Stone (Europe) Ltd. (HSE, UK)	Electronic retail business	100.00%	100.00%	100.00%	-
UHOLY Investment Co., Ltd.	Holy Stone Healthcare Co., Ltd. (HSHC, Taiwan)	Wholesale of drugs and medical goods	33.61%	33.36%	33.36%	Note 1, 2, 3
UHOLY Investment Co., Ltd.	Holy Young BioMedical Co., Ltd. (HYBM, Taiwan)	Medical equipment development and marketing and biotechnology services	33.36%	33.36%	- %	Note 1, 2, 4
HSHC	Global Search Holdings Ltd. (GSH, Samoa)	General investment	100.00%	100.00%	100.00%	Note 2
HSHC	MDT INT'L SA (MDT, Switzerland)	Medical equipment development and marketing and biotechnology services	- %	- %	100.00%	Note 2, 4
Holy Young BioMedical Co., Ltd.	MDT INT'L SA (MDT, Switzerland)	Wholesale of drugs and medical goods	100.00%	100.00%	- %	Note 2, 4
GSH	AIHOL Corporation (AIHOL, USA)	Medicine research and development and patent filing	100.00%	100.00%	100.00%	Note 2

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

Name of investors	Name of subsidiaries	Main business	Shareholding ratio			Descriptions
			2024.3.31	2023.12.31	2023.3.31	
GSH	Holy Stone Biotech Co., Ltd. (Biotech, UK)	Medical equipment development and marketing and biotechnology services	100.00%	100.00%	100.00%	Note 2
JCI	OHGA Smarthings Co., Ltd (OHGA, Taiwan)	Manufacture of electrical and audio-visual products and sale of medical devices	71.06%	71.06%	71.06%	Note 2
JCI	Holy Stone Healthcare Co., Ltd. (HSHC, Taiwan)	Wholesale of drugs and medical goods	4.50%	2.01%	2.70%	Note 1, 2, 3
JCI	Herztek Incorporation (Herztek, Taiwan)	Wholesale of electronic materials, and Telecom Instruments	100.00%	100.00%	100.00%	Note 2
JCI	Holy Young BioMedical Co., Ltd. (HYBM, Taiwan)	Medical equipment development and marketing and biotechnology services	2.04%	2.01%	- %	Note 1, 2, 4

Note 1: The Group has the majority voting rights at the board of directors' meetings and therefore considers HSHC and HYBM 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 March 2024. The percentage of shares held by UHOLY and JCI increased from 33.36% to 33.61% and 2.01% to 4.50%, 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\$55,471 thousand for 2024.

Note 4: On August 10, 2023, through a resolution of the extraordinary shareholders' meeting, HSHC split and transferred the business related to the distribution agency in Taiwan and the self-owned brand of medical materials to the newly established HYBM, and HYBM issued new shares to all shareholders of HSHC as consideration. The demerger base date was set as November 13, 2023, and HYBM was incorporated on that date at the same time. On November 13, 2023, the shareholding of UHOLY Investment and JCI in Holy Young BioMedical Co., Ltd. was 33.36% and 2.01%, respectively. Starting from this date, Holy Young BioMedical Co., Ltd. is listed as an entity in the preparation of the report. MDT used to be a subsidiary of HSHC. Since November 13, 2023, it has become a subsidiary of Holy Young BioMedical Co., Ltd.

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

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

(III) Income tax

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

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

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

(IV) Employee benefits

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

V. Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty

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

When preparing these interim consolidated financial statements, the management has made significant judgments in the adoption of the Group's accounting policies and the key sources of estimation uncertainty are consistent with Note 5 to the Consolidated Financial Statements for the year ended December 31, 2023.

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, 2023, please refer to Note 6 to the consolidated financial statements as of December 31, 2023 for related information.

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

(I) Cash and cash equivalent

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Cash on hand	\$ 1,271	1,652	2,230
Demand deposits	2,024,882	2,257,772	2,129,958
Term deposits	<u>1,275,245</u>	<u>820,825</u>	<u>1,142,300</u>
	<u>\$ 3,301,398</u>	<u>3,080,249</u>	<u>3,274,488</u>

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

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Current:			
Domestic stock	\$ 279,416	215,250	175,901
Global depository receipt	15,238	11,177	7,081
Beneficiary certificate	<u>173,594</u>	<u>129,555</u>	<u>97,970</u>
Total	<u>\$ 468,248</u>	<u>355,982</u>	<u>280,952</u>
Non-current:			
Foreign investments in listed shares	\$ 5,114	3,810	2,462
Domestic investments in listed shares	<u>73,767</u>	<u>76,363</u>	<u>158,509</u>
Total	<u>\$ 78,881</u>	<u>80,173</u>	<u>160,971</u>

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

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Domestic and foreign stock	<u>\$ 54,810</u>	<u>56,877</u>	<u>57,771</u>

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

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

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

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

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

(IV) Notes and accounts receivable

	2024.3.31	2023.12.31	2023.3.31
Receivable notes	\$ 281,310	211,098	250,897
Accounts receivable	2,501,017	2,623,901	3,008,127
Less: loss provision	(64,057)	(64,255)	(56,264)
	\$ 2,718,270	2,770,744	3,202,760

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:

	2024.3.31		
	Carrying amount of notes and accounts receivable	Weighted- average rate of expected credit loss	Allowance for lifetime expected credit loss
Not overdue	\$ 2,691,217	0%~10%	7,530
1 to 30 days	42,579	1%~40%	10,121
31 to 60 days	3,255	1%~100%	1,130
Overdue for over 61 days	45,276	50%~100%	45,276
	\$ 2,782,327		64,057

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

	2023.12.31		
	Book value of accounts receivable	Weighted- average rate of expected credit loss	Allowance for lifetime expected credit loss
Not overdue	\$ 2,745,224	0%~10%	2,151
1 to 30 days	38,003	1%~40%	10,756
31 to 60 days	695	1%~100%	388
Overdue for over 61 days	51,077	50%~100%	50,960
	<u>\$ 2,834,999</u>		<u>64,255</u>
	2023.3.31		
	Carrying amount of notes and accounts receivable	Weighted- average rate of expected credit loss	Allowance for lifetime expected credit loss
Not overdue	\$ 3,188,793	0%~10%	4,817
1 to 30 days	20,362	1%~40%	5,605
31 to 60 days	6,186	1%~100%	2,209
Overdue for over 61 days	43,683	50%~100%	43,633
	<u>\$ 3,259,024</u>		<u>56,264</u>

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

	January to March 2024	January to March, 2023
Balance, beginning	\$ 64,255	63,895
Impairment loss, reversed	(443)	(2,120)
Amounts written off as uncollectible	-	(5,723)
Foreign currency translation gains and losses	245	212
Ending balance	<u>\$ 64,057</u>	<u>56,264</u>

The aforesaid financial assets are not pledged as collateral.

(V) Other receivables, net

	2024.3.31	2023.12.31	2023.3.31
Tax Refund Receivable	\$ 25,516	40,527	50,168
Discount on purchases	-	-	93,864
Interest receivable	3,177	2,736	2,192
Other	5,709	7,483	6,124
	<u>\$ 34,402</u>	<u>50,746</u>	<u>152,348</u>

As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group had no other accounts receivable that were overdue but not impaired.

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

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

(VI) Inventories

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Raw materials	\$ 195,090	201,541	214,250
Materials	16,566	23,147	21,630
Work in progress	180,615	151,368	192,940
Semi-Finished products	114,269	124,180	114,302
Finished good	513,569	524,344	671,419
Goods	1,888,142	2,103,181	2,233,003
	<u>\$ 2,908,251</u>	<u>3,127,761</u>	<u>3,447,544</u>

From January 1, 2024 to March 31, 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 1,392 thousand; from January 1, 2023 to March 31, 2023, the Group recognized a loss of NT\$123 thousand on inventory write-downs to net realizable value and it is recognized as the cost of sales.

The Group's inventories are not pledged as collateral.

(VII) Investments accounted for using the equity method

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

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Associate	\$ 439,596	431,985	482,437

1. The Group's Investment using the equity method are not pledged as collateral.
2. Unaudited investments accounted for using the equity method

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

(VIII) Change in ownership interests in subsidiaries

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

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

The 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:

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

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, 2024	\$ 919,930	2,957,894	4,942,332	753,130	484,351	10,057,637
Addition	-	314	-	1,381	32,923	34,618
Re-classifications	-	13,089	299,610	7,724	(320,423)	-
Disposal	-	-	-	(11,777)	-	(11,777)
The Effects of Changes in Foreign Exchange Rates	(1,469)	863	(3,414)	732	-	(3,288)
Balance at March 31, 2024	<u>\$ 918,461</u>	<u>2,972,160</u>	<u>5,238,528</u>	<u>751,190</u>	<u>196,851</u>	<u>10,077,190</u>
Balance at January 1, 2023	\$ 923,252	2,808,388	4,249,987	711,617	858,439	9,551,683
Addition	-	587	-	4,064	137,654	142,305
Re-classifications	-	6,211	21,469	10,205	(37,885)	-
Disposal	-	(66)	(5,453)	(6,364)	-	(11,883)
The Effects of Changes in Foreign Exchange Rates	(1,084)	(715)	(2,367)	57	-	(4,109)
Balance at March 31, 2023	<u>\$ 922,168</u>	<u>2,814,405</u>	<u>4,263,636</u>	<u>719,579</u>	<u>958,208</u>	<u>9,677,996</u>
Accumulated depreciation:						
Balance at January 1, 2024	\$ -	934,295	3,807,811	623,691	-	5,365,797
Depreciation in the current period	-	36,755	127,545	20,532	-	184,832
Re-classifications	-	(4,305)	(1,625)	5,930	-	-
Disposal	-	-	-	(11,777)	-	(11,777)
The Effects of Changes in Foreign Exchange Rates	-	907	(2,293)	600	-	(786)
Balance at March 31, 2024	<u>\$ -</u>	<u>967,652</u>	<u>3,931,438</u>	<u>638,976</u>	<u>-</u>	<u>5,538,066</u>
Balance at January 1, 2023	\$ -	791,906	3,392,426	566,123	-	4,750,455
Depreciation in the current period	-	32,618	112,061	21,558	-	166,237
Disposal	-	(66)	(5,440)	(6,364)	-	(11,870)
The Effects of Changes in Foreign Exchange Rates	-	(210)	(1,552)	18	-	(1,744)
Balance at March 31, 2023	<u>\$ -</u>	<u>824,248</u>	<u>3,497,495</u>	<u>581,335</u>	<u>-</u>	<u>4,903,078</u>
Book value:						
Balance at January 1, 2024	<u>\$ 919,930</u>	<u>2,023,599</u>	<u>1,134,521</u>	<u>129,439</u>	<u>484,351</u>	<u>4,691,840</u>
Balance at March 31, 2024	<u>\$ 918,461</u>	<u>2,004,508</u>	<u>1,307,090</u>	<u>112,214</u>	<u>196,851</u>	<u>4,539,124</u>
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 March 31, 2023	<u>\$ 922,168</u>	<u>1,990,157</u>	<u>766,141</u>	<u>138,244</u>	<u>958,208</u>	<u>4,774,918</u>

As of March 31, 2024, December 31, 2023 and March 31, 2023, 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:

	<u>Buildings</u>	<u>Other equipment</u>	<u>Total</u>
Cost of right-to-use assets:			
Balance at January 1, 2024	\$ 133,268	2,088	135,356
Addition	3,238	-	3,238
Reduction	(159)	-	(159)
The Effects of Changes in Foreign Exchange Rates	1,312	(40)	1,272
Balance at March 31, 2024	<u>\$ 137,659</u>	<u>2,048</u>	<u>139,707</u>
Balance at January 1, 2023	\$ 111,594	9,200	120,794
Addition	9,106	-	9,106
The Effects of Changes in Foreign Exchange Rates	(57)	3	(54)
Balance at March 31, 2023	<u>\$ 120,643</u>	<u>9,203</u>	<u>129,846</u>
Depreciation of right-of-use assets:			
Balance at January 1, 2024	\$ 88,113	1,378	89,491
Depreciation in the current period	5,161	124	5,285
Reduction	(99)	-	(99)
The Effects of Changes in Foreign Exchange Rates	973	(27)	946
Balance at March 31, 2024	<u>\$ 94,148</u>	<u>1,475</u>	<u>95,623</u>
Balance at January 1, 2023	\$ 74,401	7,077	81,478
Depreciation in the current period	5,256	590	5,846
The Effects of Changes in Foreign Exchange Rates	(30)	-	(30)
Balance at March 31, 2023	<u>\$ 79,627</u>	<u>7,667</u>	<u>87,294</u>
Book value:			
Balance at January 1, 2024	<u>\$ 45,155</u>	<u>710</u>	<u>45,865</u>
Balance at March 31, 2024	<u>\$ 43,511</u>	<u>573</u>	<u>44,084</u>
Balance at January 1, 2023	<u>\$ 37,193</u>	<u>2,123</u>	<u>39,316</u>
Balance at March 31, 2023	<u>\$ 41,016</u>	<u>1,536</u>	<u>42,552</u>

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

(XI) Intangible assets

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

	<u>Goodwill</u>	<u>Other</u>	<u>Total</u>
Cost:			
Balance at January 1, 2024	\$ 541,940	61,414	603,354
Effects of changes in foreign exchange rates	-	(1,317)	(1,317)
Balance at March 31, 2024	<u>\$ 541,940</u>	<u>60,097</u>	<u>602,037</u>
Balance at January 1, 2023	\$ 541,940	56,896	598,836
Intangible assets acquired separately	-	21	21
Effects of changes in foreign exchange rates	-	123	123
Balance at March 31, 2023	<u>\$ 541,940</u>	<u>57,040</u>	<u>598,980</u>
Accumulated amortization and impairment loss:			
Balance at January 1, 2024	\$ 541,940	56,467	598,407
Amortization for current period	-	800	800
Effects of changes in foreign exchange rates	-	(1,264)	(1,264)
Balance at March 31, 2024	<u>\$ 541,940</u>	<u>56,003</u>	<u>597,943</u>
Balance at January 1, 2023	\$ 541,940	49,175	591,115
Amortization for current period	-	144	144
Effects of changes in foreign exchange rates	-	103	103
Balance at March 31, 2023	<u>\$ 541,940</u>	<u>49,422</u>	<u>591,362</u>
Book value:			
Balance at January 1, 2024	<u>\$ -</u>	<u>4,947</u>	<u>4,947</u>
Balance at March 31, 2024	<u>\$ -</u>	<u>4,094</u>	<u>4,094</u>
Balance at January 1, 2023	<u>\$ -</u>	<u>7,721</u>	<u>7,721</u>
Balance at March 31, 2023	<u>\$ -</u>	<u>7,618</u>	<u>7,618</u>

(XII) Short-term borrowings

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Unsecured bank loan	\$ 770,562	1,103,660	1,134,185
Secured bank loan	-	-	75,000
Total	<u>\$ 770,562</u>	<u>1,103,660</u>	<u>1,209,185</u>
Quota not used	<u>\$ 5,891,978</u>	<u>5,468,726</u>	<u>3,882,199</u>
Interest rate range	<u>1.7%~6.6%</u>	<u>0.67%~6.6%</u>	<u>0.68%~5.729%</u>

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

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

(XIII) Other payables

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Employee bonuses payable	\$ 272,358	239,693	344,827
Remuneration payable to directors and supervisors	28,924	22,703	45,944
Accounts payable, equipment	40,279	59,528	45,555
Accrued wages and bonus	111,280	186,207	78,503
Payables for services	2,781	2,373	3,253
Labor and health insurance expenses	20,418	19,099	19,114
Other	289,801	315,829	276,896
	<u>\$ 765,841</u>	<u>845,432</u>	<u>814,092</u>

(XIV) Long-term borrowings

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Secured bank loan	\$ -	-	5,153
Unsecured bank loan	1,858,333	1,908,333	2,000,000
Less: Current portions	(410,000)	(340,000)	(144,021)
Total	<u>\$ 1,448,333</u>	<u>1,568,333</u>	<u>1,861,132</u>
Quota not used	\$ -	-	-
Interest rate range	<u>1.15%</u>	<u>1.025%~1.15%</u>	<u>0.4%~1.61%</u>

1. Issuance and repayment of loans

The Group's long-term loan amounted to NT\$50,000 thousand and NT\$776 thousand during January 1 to March 31, 2024 and 2023, respectively.

2. Collateral for bank loans

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

(XV) Lease liabilities

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

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Current	\$ 17,988	18,106	16,387
Non-current	<u>\$ 27,353</u>	<u>28,968</u>	<u>27,162</u>

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

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

	<u>January to March 2024</u>	<u>January to March, 2023</u>
Interest expense on lease liabilities	\$ 215	167
Short-term and low-value lease expenses	<u>\$ 3,753</u>	<u>3,800</u>

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

	<u>January to March 2024</u>	<u>January to March, 2023</u>
Total cash outflow for leases	\$ 9,233	9,778

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

(XVI) Employee benefits

1. Defined benefit plans

The Group has measured and disclosed pension costs for the interim periods using the actuarially determined pension costs as of December 31, 2023 and 2022 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:

	January to March 2024	January to March, 2023
Operating cost	\$ 370	377
Operating expenses	575	582
Total	\$ 945	959

2. Defined contribution plans

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

	January to March 2024	January to March, 2023
Operating cost	\$ 5,624	5,865
Operating expenses	9,620	8,313
Total	\$ 15,244	14,178

(XVII) Income tax

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

	January to March 2024	January to March, 2023
Current period income tax expense		
Recognized during the period	\$ 59,654	97,852
Deferred income tax expense	-	-
Income tax expenses	\$ 59,654	97,852

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

(XVIII) Capital and other equity

Except as described below, there were no significant changes in the Group's capital and other equity between January 1 to March 31, 2024 and 2023, as described in Note 6(18) to the Consolidated Financial Statements as of December 31, 2023.

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.

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

2. Capital surplus

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

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</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	68,211	123,551	92,355
Expired options	130,146	130,146	130,146
	<u>\$ 3,154,552</u>	<u>3,209,892</u>	<u>3,178,696</u>

3. Retained earnings

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

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

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

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

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

The Company can choose to make the entire or partial distribution in accordance with laws or regulations when there are 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 27, 2024, the Board of Directors resolved the 2023 earnings distribution plan and the Board has resolved on February 24, 2023 on the 2022 earnings distribution in cash dividends, and on May 30, 2023 the shareholders meeting has resolved the share dividend amounts for the 2022 earnings distribution plan. The amount of dividends to be distributed to the owners is as follows:

	2023		2022	
	Dividend rate (NT\$)	Amount	Dividend payout ratio (NT\$)	Amount
Dividends distributed to common stock shareholders:				
Cash dividends	\$ 5.00	829,452	5.00	789,954
Stock	-	-	0.50	78,995
Total		\$ 829,452		868,949

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

4. Other equity (net after tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2024	\$ (67,289)	(76,335)	(143,624)
Exchange differences on translation of net assets of foreign operations:			
The Company	30,881	-	30,881
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
Subsidiary	-	(2,391)	(2,391)
Balance at March 31, 2024	<u>\$ (36,408)</u>	<u>(78,726)</u>	<u>(115,134)</u>
Balance at January 1, 2023	\$ (52,980)	(80,702)	(133,682)
Exchange differences on translation of net assets of foreign operations:			
The Company	(4,440)	-	(4,440)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
Subsidiary	-	4,978	4,978
Balance at March 31, 2023	<u>\$ (57,420)</u>	<u>(75,724)</u>	<u>(133,144)</u>

(XIX) Share-based payment

There were no significant changes in the Group's share-based payment between January 1 to March 31, 2024 and 2023, as described in Note 6(19) to the Consolidated Financial Statements as of December 31, 2023.

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:

	January to March 2024	January to March, 2023
Earnings per share		
Net profit attributable to the Company	\$ 217,745	372,585
Weighted-average number of common shares outstanding (in thousand shares)	165,890	165,890
Earnings per share (NT\$)	\$ 1.31	2.25
Diluted earnings per share		
Net profit attributable to the Company	\$ 217,745	372,585
Net income attributable to ordinary equity holders of the Company (after adjustments to the effect of dilutive potential ordinary shares)	217,745	372,585
Weighted-average number of common shares outstanding (in thousand shares)	165,890	165,890
Effect of potentially dilutive ordinary shares		
Effect of employee stock bonus (in thousand shares)	1,176	1,970
Weighted-average number of common shares outstanding (after adjustments to the effect of dilutive potential ordinary shares) (in thousand shares)	167,066	167,860
Diluted earnings per share (NT\$)	\$ 1.30	2.22

(XXI) Revenue from contracts with customers

1. Revenue breakdown

	January to March 2024		
	Electronic Segment	Others	Total
Core products/services:			
Passive Components	\$ 1,120,274	-	1,120,274
Active Components	662,684	-	662,684
System on Module	563,212	-	563,212
Other	196,940	396,377	593,317
	\$ 2,543,110	396,377	2,939,487

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

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

2. Contract balance

	2024.3.31	2023.12.31	2023.3.31
Receivable notes	\$ 281,310	211,098	250,897
Accounts receivable	2,501,017	2,623,901	3,008,127
Less: loss provision	(64,057)	(64,255)	(56,264)
Total	\$ 2,718,270	2,770,744	3,202,760
Contract liability	\$ 93,875	107,271	101,633

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

(XXII) Remuneration to employee, directors

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

HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries
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The estimated amounts of employees' compensation from January 1 to March 31, 2024 and 2023 were NT\$32,662 thousand and NT\$55,888 thousand, respectively; the estimated amounts of remuneration to directors were NT\$6,221 thousand and NT\$10,645 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, 2023 and 2023, the estimated compensation to employees were NT\$119,195 thousand and NT\$185,324 thousand, respectively, and the estimated compensation to directors were NT\$22,703 thousand and NT\$35,299 thousand, respectively, which did not differ from the actual distribution. Please refer to the Market Observation Post System for more information.

(XXIII) Other gains and losses

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

	<u>January to March 2024</u>	<u>January to March, 2023</u>
Dividend revenue	\$ 604	508
Net gain on financial assets at fair value through profit or loss	71,755	110,604
Proceeds from disposal of investment	-	308
Net gain (loss) on foreign exchange	22,455	(956)
Other	10,818	1,933
	<u>\$ 105,632</u>	<u>112,397</u>

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

(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, 2023.

1. Liquidity risk

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

	<u>Book value</u>	<u>Contract cash flows</u>	<u>Less than 12 months</u>	<u>1~5 years</u>	<u>≥ 5 years</u>
March 31, 2024					
Non-derivative financial liabilities					
Short-term borrowings	\$ 770,562	774,731	774,731	-	-
Current contract liabilities	93,875	93,875	93,875	-	-
Accounts payable	731,559	731,559	731,559	-	-
Accounts payable to related parties	47,784	47,784	47,784	-	-
Other payables	765,841	765,841	765,841	-	-
Dividends payables	829,452	829,452	829,452	-	-
Lease liabilities	45,341	46,727	18,622	28,105	-
Long-term borrowings	1,858,333	1,901,661	429,018	1,472,643	-
	<u>\$ 5,142,747</u>	<u>5,191,630</u>	<u>3,690,882</u>	<u>1,500,748</u>	<u>-</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
December 31, 2023					
Non-derivative financial liabilities					
Short-term borrowings	\$ 1,103,660	1,108,918	1,108,918	-	-
Current contract liabilities	107,271	107,271	107,271	-	-
Accounts payable	802,403	802,403	802,403	-	-
Accounts payable to related parties	30,240	30,240	30,240	-	-
Other payables	845,432	845,432	845,432	-	-
Lease liabilities	47,074	48,582	18,762	29,820	-
Long-term borrowings	1,908,333	1,957,052	360,130	1,591,917	5,005
	\$ 4,844,413	4,899,898	3,273,156	1,621,737	5,005
March 31, 2023					
Non-derivative financial liabilities					
Short-term borrowings	\$ 1,209,185	1,217,934	1,217,934	-	-
Current contract liabilities	101,633	101,633	101,633	-	-
Accounts payable	1,054,654	1,054,654	1,054,654	-	-
Accounts payable to related parties	59,638	59,638	59,638	-	-
Other payables	814,092	814,092	814,092	-	-
Dividends payables	789,954	789,954	789,954	-	-
Lease liabilities	43,549	44,795	17,264	25,073	2,458
Long-term borrowings	2,005,153	2,070,677	166,326	1,814,078	90,273
	\$ 6,077,858	6,153,377	4,221,495	1,839,151	92,731

2. Foreign exchange rate risk

(1) Exposure to foreign exchange rate risk

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

		2024.3.31			2023.12.31			Unit: NT\$ thousand		
		Exchange rate (NT\$)	NTD	Foreign currency	Exchange rate (NT\$)	NTD	Foreign currency	Exchange rate (NT\$)	NTD	
<u>Financial Asset</u>										
<u>Monetary items</u>										
USD	\$ 55,733	32.0000	1,783,471	62,857	30.7050	1,930,137	76,515	30.4500	2,329,895	
EUR	2,226	34.4600	76,719	936	33.9800	31,799	3,130	33.1500	103,751	
HKD	21,559	4.0890	88,156	20,310	3.9290	79,799	12,195	3.8790	47,305	
GBP	-	40.3900	-	242	39.1500	9,474	720	37.6700	27,128	
JPY	374,484	0.2115	79,203	627,586	0.2172	136,312	455,751	0.2288	104,276	
CNY (RMB)	5,530	4.4080	24,375	11,565	4.3270	50,043	25,393	4.4310	112,517	
NTD	2,973	1.0000	2,973	3,272	1.0000	3,272	2,153	1.0000	2,153	
SGD	61	23.7200	1,438	55	23.29	1,291	56	22.9100	1,272	
<u>Non-monetary items</u>										
USD	4,286	32.0000	137,158	2,741	30.7050	84,167	1,651	30.4500	50,257	

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

	2024.3.31			2023.12.31			2023.3.31		
	Foreign currency	Exchange rate (NT\$)	NTD	Foreign currency	Exchange rate (NT\$)	NTD	Foreign currency	Exchange rate (NT\$)	NTD
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	\$ 46,190	32.0000	1,478,073	32,178	30.7050	988,038	32,031	30.4500	975,355
EUR	262	34.4600	9,028	244	33.9800	8,308	212	33.1500	7,027
HKD	831	4.0890	3,399	883	3.9290	3,471	797	3.8790	3,091
GBP	413	40.3900	16,679	89	39.1500	3,465	620	37.6700	23,365
JPY	35,114	0.2115	7,427	14,382	0.2172	3,124	140,042	0.2288	32,042
CNY (RMB)	1,578	4.4080	6,955	1,562	4.3270	6,758	-	-	-
NTD	1,039	1.0000	1,039	1,603	1.0000	1,603	-	-	-

The monetary items of the Group mainly come from exchange gains and losses due to currency conversion for cash or cash equivalents, accounts receivable and other receivables, loans, accounts payable and other payables. As of March 31, 2024 and 2023, all else remained intact, the net income would be decreased by NT\$26,687 thousand and NT\$84,371 thousand for the three months ended March 31, 2024 and 2023, respectively, if the New Taiwan dollar depreciated or appreciated by 5% against the U.S. dollar, Euro, Japanese yen, Hong Kong dollar, British pound and Renminbi. The analysis is performed on the same basis as for the respective periods.

Due to the wide selection of functional currencies of the Group, information on exchange gains and losses on monetary items are summarized as a whole. As for the three months ended March 31, 2024 and 2023, foreign currency exchange gains and losses (including realized and unrealized) were NT\$22,455 thousand and (NT\$956) thousand, respectively.

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

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:

	2024.3.31				Total
	Book value	Fair value			
	Level 1	Level 2	Level 3		
Current financial assets at fair value through profit or loss	\$ 547,129	473,362	-	73,767	547,129
Financial assets at fair value through other comprehensive income	54,810	-	-	54,810	54,810
Financial assets at amortization					
Cash and cash equivalent	3,301,398	-	-	-	-
Notes and accounts receivable - Net	2,718,270	-	-	-	-
Other receivables, net	34,402	-	-	-	-
Sub-total	6,054,070	-	-	-	-
Total	\$ 6,656,009	473,362	-	128,577	601,939
Financial liabilities at amortized cost					
Short-term borrowings	\$ 770,562	-	-	-	-
Current contract liabilities	93,875	-	-	-	-
Accounts payable	731,559	-	-	-	-
Accounts payable to related parties	47,784	-	-	-	-
Other payables	765,841	-	-	-	-
Dividends payables	829,452	-	-	-	-
Lease liabilities	45,341	-	-	-	-
Long-term borrowings	1,858,333	-	-	-	-
Sub-total	5,142,747	-	-	-	-
Total	\$ 5,142,747	-	-	-	-

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

	2023.12.31				Total
	Book value	Fair value			
	Level 1	Level 2	Level 3		
Current financial assets at fair value through profit or loss	\$ 436,155	359,792	-	76,363	436,155
Financial assets at fair value through other comprehensive income	56,877	-	-	56,877	56,877
Financial assets at amortization					
Cash and cash equivalent	3,080,249	-	-	-	-
Notes and accounts receivable - Net	2,770,744	-	-	-	-
Other receivables, net	50,746	-	-	-	-
Sub-total	5,901,739	-	-	-	-
Total	\$ 6,394,771	359,792	-	133,240	493,032
Financial liabilities at amortized cost					
Short-term borrowings	\$ 1,103,660	-	-	-	-
Current contract liabilities	107,271	-	-	-	-
Accounts payable	802,403	-	-	-	-
Accounts payable to related parties	30,240	-	-	-	-
Other payables	845,432	-	-	-	-
Lease liabilities	47,074	-	-	-	-
Long-term borrowings	1,908,333	-	-	-	-
Sub-total	4,844,413	-	-	-	-
Total	\$ 4,844,413	-	-	-	-

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

	2023.3.31				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Current financial assets at fair value through profit or loss	\$ 441,923	283,414		158,509	441,923
Financial assets at fair value through other comprehensive income or loss at fair value	57,771	-	-	57,771	57,771
Financial assets at amortization					
Cash and cash equivalent	3,274,488	-	-	-	-
Notes and accounts receivable - Net	3,202,760	-	-	-	-
Other receivables, net	152,348	-	-	-	-
Sub-total	6,629,596	-	-	-	-
Total	\$ 7,129,290	283,414	-	216,280	499,694
Financial liabilities at amortized cost					
Short-term borrowings	\$ 1,209,185	-	-	-	-
Current contract liabilities	101,633	-	-	-	-
Accounts payable	1,054,654	-	-	-	-
Accounts payable to related parties	59,638	-	-	-	-
Other payables	814,092	-	-	-	-
Dividends payables	789,954	-	-	-	-
Lease liabilities	43,549	-	-	-	-
Long-term borrowings	2,005,153	-	-	-	-
Sub-total	6,077,858	-	-	-	-
Total	\$ 6,077,858	-	-	-	-

(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

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

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

(3.1) Non-derivative financial instruments

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

If obtaining frequently and timely transparent offers from stock exchange, brokers, securities underwriter, industrial union and quote service provider or competent authority that means the price is actual and frequent fair market trade. If 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).

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

(4) Table of movement of Level 3

	<u>Measured at fair value through profit or loss</u>	<u>Measured at fair value through other comprehensive income or loss</u>
January 1, 2024	\$ 76,363	56,877
Total gain or loss		
Recognized in profit or loss	(2,596)	-
Recognized in other comprehensive income	-	(2,391)
Purchase	-	-
Disposal	-	-
Other	-	324
March 31, 2024	<u>\$ 73,767</u>	<u>54,810</u>
January 1, 2023	\$ 98,528	52,859
Total gain or loss		
Recognized in profit or loss	65,712	-
Recognized in other comprehensive income	-	4,978
Disposal	(5,731)	-
Other	-	(66)
March 31, 2023	<u>\$ 158,509</u>	<u>57,771</u>

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

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 March 31, 2024 and 2023, information on related parties who still hold these assets is as follows:

	January to March 2024	January to March, 2023
Total gain or loss		
Recognized in profit or loss (recorded as “other gains and losses, net”)	\$ (2,596)	65,712
Recognized in other comprehensive income (recorded as “unrealized valuation gains (losses) on financial assets at fair value through profit or loss”.	(2,391)	4,978

(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, 2023.

(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, 2023, 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, 2023. For related information, please refer to Note 6(26) to the Consolidated Financial Statements for the year ended December 31, 2023.

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

The Group's investing and financing activities not affecting current cash flow for three months ended March 31, 2024 and 2023 were as follows:

1. Please refer to Note 6(10) for the right-to-use assets acquired by lease.

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

2. Reconciliation of liabilities arising from financing activities of the Group were as follows:

	<u>2024.1.1</u>	<u>Cash flows</u>	<u>Acquisition</u>	<u>Non-cash changes</u>		<u>2024.3.31</u>
				<u>Changes in foreign exchange rates</u>	<u>Other</u>	
Short-term borrowings	\$ 1,103,660	(333,098)	-	-	-	770,562
Long-term borrowings (including current portion)	1,908,333	(50,000)	-	-	-	1,858,333
Lease liabilities	47,074	(5,265)	3,238	354	(60)	45,341
Total liabilities arising from financing activities	<u>\$ 3,059,067</u>	<u>(388,363)</u>	<u>3,238</u>	<u>354</u>	<u>(60)</u>	<u>2,674,236</u>

	<u>2023.1.1</u>	<u>Cash flows</u>	<u>Acquisition</u>	<u>Non-cash changes</u>		<u>2023.3.31</u>
				<u>Changes in foreign exchange rates</u>	<u>Other</u>	
Short-term borrowings	\$ 1,737,983	(528,798)	-	-	-	1,209,185
Long-term borrowings (including current portion)	2,005,929	(776)	-	-	-	2,005,153
Lease liabilities	40,271	(5,811)	9,106	(16)	(1)	43,549
Total liabilities arising from financing activities	<u>\$ 3,784,183</u>	<u>(535,385)</u>	<u>9,106</u>	<u>(16)</u>	<u>(1)</u>	<u>3,257,887</u>

VII. Related-party Transactions

(I) Related parties

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

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

(II) Important transactions with related parties

1. Purchases and payables to related parties

	<u>Purchase</u>		<u>Payables to related parties</u>		
	<u>January to March 2024</u>	<u>January to March, 2023</u>	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Associate	<u>\$ 65,317</u>	<u>73,571</u>	<u>47,784</u>	<u>30,240</u>	<u>59,638</u>

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

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

2. As of March 31, 2024 and 2023 and December 31, 2023, the Group and its affiliates had other receivables (included in notes and accounts receivable, net) amounting to NT\$744 thousand, NT\$627 thousand and NT\$769 thousand, respectively, for the collection of payments on behalf of the Group, fees and other expenses.

(III) Key managers transaction

Remuneration to key managers include:

	January to March 2024	January to March, 2023
Short-term employee benefits	\$ 10,437	15,277

VIII. Pledged Assets

Book values for the pledged assets are as follows:

Asset	Object of guarantee	2024.3.31	2023.12.31	2023.3.31
Land	Bank loans	\$ -	-	156,522
Buildings	Bank loans	-	-	48,305
Term deposits	Guarantees for purchase tax and commodity tax	22,977	19,985	42,929
		\$ 22,977	19,985	247,756

IX. Significant Contingent Liabilities and Unrecognized Commitments

(I) As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group had unused letters of credit of NT\$0 thousand, NT\$184,000 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:

	2024.3.31	2023.12.31	2023.3.31
Acquisition of property, plant and equipment	\$ 84,084	113,048	162,124

X. Losses Due to Major Disasters: None.

XI. Material Subsequent Events: N/A.

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

XII. Others

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

Purpose Category	January to March 2024			January to March, 2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary expense	101,653	175,423	277,076	110,464	195,185	305,649
Labor and health insurance expenses	12,174	13,612	25,786	12,981	13,873	26,854
Pension expense	5,994	10,195	16,189	6,242	8,895	15,137
Remuneration to directors	-	7,130	7,130	-	11,525	11,525
Other employee benefit expenses	3,065	4,164	7,229	3,834	4,075	7,909
Depreciation expense	172,270	17,847	190,117	152,328	19,755	172,083
Amortization expense	-	810	810	-	174	174

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

XIII. Note Disclosure Items

(I) Information on significant transactions

Extra information on significant transactions from January 1 to March 31, 2024, 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	-	-	-	171,460	171,460

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.
- (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

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

2. Endorsements/guarantees provided:

No.	Endorsement/guarantee provider	Guaranteed party		Limits on endorsement/guarantee amount provided to each guaranteed party (Note 1)	Maximum balance for the current period	Ending balance	Amount actually drawn (Note 3)	Amount of endorsement/guarantee collateralized by properties	Ratio of accumulated endorsement/guarantee to net equity of the latest financial statement	Maximum amount of endorsement/guarantee allowance (Note 1)	Guarantee provided by parent company	Guarantee provided by subsidiary	Guarantee provided to subsidiaries in China
		Company Name	Relationship (Note 2)										
0	The Company	Holy Stone Holdings Co., Ltd.	(2)	1,839,255	160,000	160,000	-	-	1.74%	4,598,139	Y	N	N
0	The Company	Jung Chan Investments Co., Ltd.	(2)	1,839,255	150,000	150,000	-	-	1.63%	4,598,139	Y	N	N
0	The Company	Everplus Material Co., Ltd.	(2)	1,839,255	86,880	42,300	31,725	-	0.46%	4,598,139	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	8,525	-	8,525	-
The Company	SPDR S&P500 ETF	-	"	1	16,738	-	16,738	-
The Company	MSCI EMERGING MKT ETP	-	"	1	1,315	-	1,315	-
The Company	ALLANZ-EURO EQ USD	-	"	11	7,095	-	7,095	-
The Company	BARINGS GLOB HIY BOND	-	"	8	32,695	-	32,695	-
The Company	AB SICAV I-INTL HLT CR-AUSD	-	"	1	17,249	-	17,249	-
The Company	AMUNDI FUNDS PIONEER US SHORT TERM BOND-A2 USD (C)	-	"	138	33,190	-	33,190	-
The Company	TSMC ADR	-	Current financial assets at fair value through profit or loss - Global depositary receipt	4	15,238	-	15,238	-
The Company	Shares of TSMC	-	Current financial assets at fair value through profit or loss - Domestic stock	100	77,900	-	77,900	-
The Company	Wiwynn Corporation	-	"	6	13,620	-	13,620	-
The Company	Shares of Pan German Universal Motors Ltd.	-	"	25	7,925	-	7,925	-
The Company	Shares of GSI TECHNOLOGY INC.	-	Non-current financial assets at fair value through profit or loss	47	5,114	0.20 %	5,114	-
The Company	Shares of CNO Co., Ltd.	-	Non-current financial assets at fair value through other comprehensive income	1,400	-	12.28 %	-	-
Martek Co., Ltd.	Shares of TSMC	-	Current financial assets at fair value through profit or loss - Domestic stock	14	10,906	-	10,906	-
Martek Co., Ltd.	Wiwynn Corporation	-	"	2	4,540	-	4,540	-
Martek Co., Ltd.	Shares of Pan German Universal Motors Ltd.	-	"	11	3,487	-	3,487	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	SPDR S&P500 ETF	-	Current financial assets at fair value through profit or loss - Beneficiary certificate	1	9,206	-	9,206	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	INVESCO QQQ ETF	-	"	1	5,683	-	5,683	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	AB SICAV I-INTL HLT CR-AUSE	-	"	1	8,489	-	8,489	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	MSCI THAILAND CAPPED	-	"	1	1,869	-	1,869	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	AMUNDI FUNDS PIONEER US SHORT TERM BOND-A2 USD (C)	-	"	55	13,349	-	13,349	-

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

Holding company name	Marketable securities types and name	Relationship with the issuers	Financial statement account	End of the current period				Note
				Number of shares	Book value	Percent of shareholdings	Fair value	
Holy Stone 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	1,719	-	1,719	-
Holy Stone Holdings Co., Ltd.	SPDR S&P500 ETF	-	Current financial assets at fair value through profit or loss - Beneficiary certificate	1	6,695	-	6,695	-
Holy Stone Holdings Co., Ltd.	AB SICAV I-INTL HLT CR-AUSD	-	"	1	6,440	-	6,440	-
Holy Stone Holdings Co., Ltd.	AMUNDI FUNDS PIONEER US SHORT TERM BOND-A2 USD (C)	-	"	14	3,337	-	3,337	-
UHOLY Investment Co., Ltd.	Shares of IFIT LTD.	-	Non-current financial assets at fair value through other comprehensive income	269	-	-	-	-
UHOLY Investment Co., Ltd.	Shares of SENYUN PRECISION OPTICAL CORPORATION	-	"	140	-	-	-	-
UHOLY Investment Co., Ltd.	Shares of Metanoia Communications, Inc.	-	"	155	-	0.15 %	-	-
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	27,747	1.81 %	27,747	-
UHOLY Investment Co., Ltd.	Shares of AZOTEK CO., LTD.	-	"	981	31,378	1.60 %	31,378	-
UHOLY Investment Co., Ltd.	Shares of TSMC	-	Current financial assets at fair value through profit or loss - Domestic stock	80	62,320	-	62,320	-
UHOLY Investment Co., Ltd.	Shares of Wiwynn Corporation	-	"	6	13,620	-	13,620	-
UHOLY Investment Co., Ltd.	Shares of Pan German Universal Motors Ltd.	-	"	25	7,925	-	7,925	-
Jung Chan Investments Co., Ltd.	Shares of JYA-NAY CO., LTD.	-	Non-current financial assets at fair value through other comprehensive income	2,976	23,089	12.40 %	23,089	-
Jung Chan Investments Co., Ltd.	Shares of eMPIA Technology Inc.	-	"	2,386	31,721	15.49 %	31,721	-
Jung Chan Investments Co., Ltd.	Shares of CNO Co., Ltd.	-	"	494	-	4.33 %	-	-
Jung Chan Investments Co., Ltd.	Shares of Metanoia Communications, Inc.	-	"	27	-	0.03 %	-	-
Jung Chan Investments Co., Ltd.	Shares of ThroughTek Co., Ltd.	-	Non-current financial assets at fair value through profit or loss	140	3,556	0.54 %	3,556	-
Jung Chan Investments Co., Ltd.	Shares of WOM ASIA CO., LTD.	-	"	1,145	630	4.03 %	630	-
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	-	Financial assets at fair value through profit or loss - Current - Domestic stock	80	62,320	-	62,320	-

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.	Wiwynn Corporation	-	"	2	4,540	-	4,540	-
Jung Chan Investments Co., Ltd.	Shares of Pan German Universal Motors Ltd.	-	"	18	5,706	-	5,706	-
Herztek Incorporation	Wiwynn Corporation	-	"	1	2,270	-	2,270	-
Herztek Incorporation	Taiwan Semiconductor Manufacturing Co., Ltd.	-	"	3	2,337	-	2,337	-

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

Buyer/seller	Counterparty name	Relationship	Transaction details				The status and reasons of the transaction terms different from common transactions		Note/accounts receivable (Payable)		Note
			Purchase/sale	Amount	Percentage to total purchase (sales)	Payment terms	Unit price	Payment terms	Balance	Percentage to total notes and accounts receivable (payable)	
The Company	Holy Stone International Trading (ShanHai) Co., Ltd	Third-tier subsidiary of the Company	Sales	(336,897)	(15.02)%	150 days from the following month	-	-	335,223	15.33%	Note
Holy Stone International Trading (ShanHai) Co., Ltd	The Company	The Company is the ultimate parent company	Purchase	336,897	91.82%	150 days from the following month	-	-	(335,223)	(91.06)%	Note
Holy Stone Enterprise (Hong Kong) Co., Ltd.	The Company	The Company is the ultimate parent company	Sales	(275,955)	(60.35)%	30 days from the invoiced month	-	-	101,846	28.64%	Note
The Company	Holy Stone Enterprise (Hong Kong) Co., Ltd.	Subsidiary of the Company	Purchase	275,955	22.30%	30 days from the invoiced month	-	-	(101,846)	(16.01)%	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	Counterparty name	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	143,649	1.87	-	-	38,487	-
The Company	Holy Stone International Trading (ShanHai) Co., Ltd	Third-tier subsidiary of the Company	335,223	4.52	-	-	117,122	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	The Company	The Company is the ultimate parent company	101,846	9.58	-	-	90,443	-

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	Flow of transactions	Transaction status			Percentage of total operating revenue or total assets
				Item	Amount	Transaction condition	
0	The Company	SHHK	1	Sales	74,216	120 days from the following month	2.52%
0	The Company	SHHK	1	Accounts receivable	143,649	120 days from the following month	0.96%
0	The Company	HSITC	1	Sales	336,897	150 days from the following month	11.46%
0	The Company	HSITC	1	Accounts receivable	335,223	150 days from the following month	2.24%
0	The Company	He Chi	1	Sales	74,212	120 days from the invoiced month	2.52%
0	The Company	He Chi	1	Accounts receivable	20,954	120 days from the invoiced month	0.14%
1	EPM	The Company	2	Sales	52,039	Cash settlement of the current month	1.77%
1	EPM	The Company	2	Accounts receivable	33,207	Cash settlement of the current month	0.22%
2	SHHK	The Company	2	Sales	275,955	30 days from the invoiced month	9.39%
2	SHHK	The Company	2	Accounts receivable	101,846	30 days from the invoiced month	0.68%
3	JCI	OHGA	3	Other receivables, net	50,000	As stipulated in the contract	0.33%

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 subsidiary.

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%	477,075	6,032	6,032	Subsidiary of the Company
The Company	Holy Stone Holdings Co., Ltd.	Samoa	General investment	2,078,392	2,078,392	30,000	100.00%	747,391	(1,450)	267	Subsidiary of the Company
The Company	UHOLY Investment Co., Ltd.	Taipei City	General investment	622,500	622,500	54,000	100.00%	661,116	17,227	16,573	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%	60,651	3,736	3,736	Subsidiary of the Company
The Company	Jung Chan Investments Co., Ltd.	Taipei City	General investment	340,000	340,000	36,000	100.00%	395,998	19,796	19,796	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%	27,430	116	116	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%	122,520	57,079	1,788	The investee accounted for under the equity method
Holy Stone Holdings Co., Ltd.	Holy Stone Investments Co., Ltd.	Hong Kong	General investment	224,000	214,935	7,000	100.00%	518,403	1,568	1,568	Subsidiary of Holy Stone Holdings Co., Ltd.
Holy Stone Holdings Co., Ltd.	Holypaq Corporation	British Cayman Islands	General investment	38,400	36,846	1,200	100.00%	856	-	-	Subsidiary of Holy Stone Holdings Co., Ltd.
Holy Stone Holdings Co., Ltd.	Green Glory Holdings Ltd.	Samoa	General investment	39,700	38,093	1,310	100.00%	48,261	(3,868)	(3,868)	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	447,232	429,133	2,500	100.00%	81,943	1,356	1,356	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	103,635	106,428	1	100.00%	116,976	(1,476)	(1,476)	Subsidiary of Holy Stone Holdings Co., Ltd.
Holy Stone Holdings Co., Ltd.	Holy Stone Holdings (Singapore) Pte. Ltd.	Singapore	Electronic retail business	3,200	3,071	100	100.00%	3,683	16	16	Subsidiary of Holy Stone Holdings Co., Ltd.
Green Glory Holdings Ltd.	Milestone Global Technology Ltd.	USA	Development and sales of electronic products	16,000	15,353	500	100.00%	30,336	(1,917)	(1,917)	Subsidiary of Green Glory Holdings
Green Glory Holdings Ltd.	Holystone (Europe) Ltd.	England	Electronic retail business	21,980	21,090	350	100.00%	17,743	(1,951)	(1,951)	Subsidiary of Green Glory Holdings
UHOLY Investment Co., Ltd.	Holy Stone Healthcare Co., Ltd.	Taipei City	Wholesale of drugs and medical goods	872,354	735,696	49,064	33.61%	147,766	(35,205)	(11,779)	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%	315,796	57,079	5,788	The investee accounted for using the equity method by UHOLY Investment Co., Ltd.
UHOLY Investment Co., Ltd.	Holy Young BioMedical Co., Ltd.	Taipei City	Wholesale of drugs and medical goods	53,343	53,343	2,630	33.36%	58,546	18,583	6,199	The investee accounted for using the equity method by UHOLY Investment Co., Ltd.
Holy Stone Healthcare Co., Ltd.	Global Search Holdings Ltd.	Samoa	General investment	138,698	122,297	4,600	100.00%	17,026	(3,749)	(3,749)	Subsidiary of Holy Stone Healthcare Co., Ltd.
Holy Young BioMedical Co., Ltd.	MDT INTL SA	Switzerland	Medical equipment development and marketing and biotechnology services	78,768	78,768	2,550	100.00%	117,175	16,753	16,753	Subsidiary of Holy Young BioMedical Co., Ltd.
Global Search Holdings Ltd.	Holy Stone Biotech Co., Ltd.	England	Medical equipment development and marketing and biotechnology services	101,852	85,805	2,200	100.00%	8,576	(2,258)	(2,258)	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	34,804	11,150	100.00%	1,349	(1,488)	(1,488)	Second-tier subsidiary of Holy Stone Healthcare Co., Ltd.
Jung Chan Investments Co., Ltd.	OHGA Smartthings Co., Ltd	New Taipei City	Manufacture of electrical and audio-visual products and sale of medical devices	334,806	334,806	15,348	71.06%	109,951	(823)	(585)	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	126,105	56,571	6,568	4.50%	21,488	(35,205)	(1,056)	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%	104,501	2,736	2,736	Subsidiary of Jung Chan Investments Co., Ltd.
Jung Chan Investments Co., Ltd.	YUASA J-WAN CO., LTD.	Taipei City	Retail and wholesale of batteries	1,366	1,366	100	31.50%	1,280	165	(46)	The investee accounted for using the equity method by Jung Chan Investments Co., Ltd.
Jung Chan Investments Co., Ltd.	Holy Young BioMedical Co., Ltd.	Taipei City	Wholesale of drugs and medical goods	3,214	3,214	161	2.04%	3,580	18,583	379	The investee accounted for using the equity method by Jung Chan Investments Co., Ltd.

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 China:

1. Information on investments in China:

Name of investee in China	Major business	Paid in capital	Method of investment (Note 1)	Accumulated outward remittance for investment from Taiwan as of the beginning of the period	Investment flows		Accumulated outward remittance for investment from Taiwan as of the end of period	Net income of the investees in current period (Note 2)	Ownership percentage of direct or indirect investment	Investment income recognized in current period (Notes 2 and 3)	Book value of investment at the end of period (Note 3)	Accumulated repatriation of investment income as of the current period
					Outward remittance	Repatriation						
Holy Stone International Trading (ShanHai) Co., Ltd	Sales of electronic parts and components	128,320	(2)	115,520	-	-	115,520	3,127	100.00%	3,127	378,251	-
Infotech (CHINA) Co., Ltd.	Sales of electronic parts and components	67,200	(2)	67,200	-	-	67,200	(1,559)	100.00%	(1,559)	136,918	-

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
214,720	227,520	5,517,767

3. Significant transactions:

For the significant transactions between the Group and its investees in China from January 1 to March 31, 2024 (which were eliminated in the preparation of the consolidated financial statements), please refer to the "Information on Significant Transactions".

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

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

XIV. Segment Information

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

	January to March 2024			
	Electronic segment	Others	Reconciliation and eliminations	Total
Income:				
Income from external customers	\$ 2,542,133	397,354	-	2,939,487
Reportable segment profit or loss	\$ 237,935	28,862	-	266,797
	January to March, 2023			
	Electronic segment	Others	Reconciliation and eliminations	Total
Income:				
Income from external customers	\$ 3,138,482	379,242	-	3,517,724
Reportable segment profit or loss	\$ 401,609	38,362	-	439,971