

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

Consolidated Financial Statements

for the Six Months Ended June 30, 2024 and 2023

Independent Auditors' Review Report

**Address: 1F., No. 62, Sec. 2, Huanshan Rd., Neihu Dist., Taipei City
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The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

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

Foreword

We have audited the balance sheet of HOLY STONE ENTERPRISE CO., LTD. and its subsidiaries (the "Group") as of June 30, 2024 and 2023, the consolidated statements of comprehensive income for the three months ended June 30, 2024 and 2023, and the consolidated statements of comprehensive income, change in equity and cash flow and the notes (including the summary of significant accounting policies) for the six months ended June 30, 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 six months ended June 30, 2024 and 2023 were NT\$2,850,081 thousand and NT\$2,345,400 thousand, respectively, representing 18.19% and 14.73% of the total consolidated assets; total liabilities were NT\$779,865 thousand and NT\$330,676 thousand, respectively, representing 13.37% and 5.47% of the total consolidated liabilities; the consolidated income or loss for the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023 were NT\$21,277 thousand, NT\$(65,187) thousand, NT\$87,081 thousand and NT\$(9,758) thousand, representing 10.38%, (42.74)%, 19.84% and (1.97)% of the consolidated income or loss, respectively.

In addition to the items stated in the above paragraph, the investment using the equity method in HOLY STONE ENTERPRISE CO., LTD. and its subsidiaries as stated in Note 6(7) to the interim consolidated financial statements were NT\$445,067 thousand and NT\$490,791 thousand for the six months ended June 30, 2024 and 2023, respectively, and the shares of profit or loss recognized using the equity method in affiliated companies were NT\$5,441 thousand, NT\$8,311 thousand, NT\$12,971 thousand and NT\$18,354 thousand for the three months ended June 30, 2024 and 2023, and for the six months ended June 30, 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 has been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as of June 30, 2024 and 2023, its consolidated financial performance for the three months ended June 30, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 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,” endorsed and issued into effect by Financial Supervisory Commission.

KPMG Taiwan

Certified
Public
Accountant:

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

June 30, 2024 and December 31 & June 30, 2023

Unit: thousands of New Taiwan Dollars

Asset	2024.6.30		2023.12.31		2023.6.30			Liabilities and shareholders' equity	2024.6.30		2023.12.31		2023.6.30	
	Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets								Current liabilities:						
1100 Cash and cash equivalents (Note 6 (1))	\$ 4,005,100	26	3,080,249	21	3,171,206	20	2100 Short-term borrowings (Note 6(12) and 8)	\$ 893,524	6	1,103,660	8	1,023,499	6	
1110 Current financial assets at fair value through profit or loss (Note 6(2))	546,297	3	355,982	2	313,062	2	2130 Current contract liabilities (Note 6(21))	86,147	1	107,271	1	78,931	1	
1150 Notes and accounts receivable, net (Notes 6(4)(21) and 7)	2,962,966	19	2,770,744	19	3,117,057	20	2170 Accounts payable	1,117,521	7	802,403	5	795,834	5	
1200 Other receivables, net (Note 6(5))	41,721	-	50,746	-	51,064	-	2180 Accounts payable to related parties (Note 7)	45,149	-	30,240	-	44,840	-	
1220 Current tax assets	35,656	-	32,734	-	-	-	2200 Other payables (Note 6(13))	809,604	5	845,432	6	962,269	6	
130X Inventories (Note 6(6))	2,700,260	17	3,127,761	21	3,417,310	22	2216 Dividends payables	829,452	5	-	-	789,954	5	
1410 Prepayments and other current assets	101,801	1	59,354	-	76,287	-	2230 Current tax liabilities	118,438	1	22,305	-	171,802	1	
Total current assets	10,393,801	66	9,477,570	63	10,145,986	64	2280 Current lease liabilities (Note 6(15))	15,576	-	18,106	-	20,280	-	
Non-current assets:							2322 Long-term borrowings, current portion (Note 6(14) and 8)	450,000	3	340,000	2	220,696	2	
1510 Non-current financial assets at fair value through profit or loss (Note 6(2))	85,861	1	80,173	1	130,589	1	Total current liabilities	4,365,411	28	3,269,417	22	4,108,105	26	
1517 Non-current financial assets at fair value through other comprehensive income (Note 6(3))	56,968	-	56,877	-	54,194	-	Non-current liabilities:							
1550 Investments accounted for using the equity method (Note 6(7))	445,067	3	431,985	3	490,791	3	2540 Long-term borrowings (Note 6(14) and 8)	1,323,333	8	1,568,333	10	1,775,538	11	
1600 Property, plant and equipment (Note 6(9) and 8)	4,393,902	29	4,691,840	31	4,770,132	30	2570 Deferred tax liabilities	83,689	1	83,689	1	74,326	1	
1755 Right-of-use assets (Note 6(10))	37,838	-	45,865	-	54,483	-	2580 Non-current lease liabilities (Notes 6(15))	23,512	-	28,968	-	35,279	-	
1780 Intangible assets (Note 6(11))	3,343	-	4,947	-	6,327	-	2640 Net defined benefit liabilities - non-current (Notes 6(16))	34,820	-	45,990	-	47,948	-	
1840 Deferred tax assets	61,188	-	60,598	-	48,816	-	2670 Other non-current liabilities - other	2,650	-	2,511	-	2,578	-	
1915 Prepayments for business facilities	146,870	1	145,708	2	162,861	2	Total non-current liabilities	1,468,004	9	1,729,491	11	1,935,669	12	
1990 Other non-current assets- others (Note 8)	39,599	-	38,789	-	54,979	-	Total of liabilities	5,833,415	37	4,998,908	33	6,043,774	38	
Total non-current assets	5,270,636	34	5,556,782	37	5,773,172	36	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	
							3150 Stock dividends to be distributed	-	-	-	-	78,995	-	
								1,658,903	11	1,658,903	11	1,658,903	10	
							3200 Capital surplus	3,155,407	20	3,209,892	21	3,209,673	20	
							Retained earnings:							
							3310 Legal reserve	1,723,213	11	1,638,205	11	1,638,205	10	
							3320 Special reserve	143,624	1	133,682	1	133,682	1	
							3350 Unappropriated retained earnings	2,860,145	18	3,337,778	22	3,082,668	20	
							Total retained earnings	4,726,982	30	5,109,665	34	4,854,555	31	
							Other equities:							
							3410 Exchange differences on translation of foreign financial statements	(27,777)	-	(67,289)	-	(66,704)	-	
							3420 Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(76,680)	(1)	(76,335)	(1)	(79,904)	(1)	
							Total other equities	(104,457)	(1)	(143,624)	(1)	(146,608)	(1)	
							Total equity attributable to owners of parent	9,436,835	60	9,834,836	65	9,576,523	60	
							36XX Non-controlling interests	394,187	3	200,608	2	298,861	2	
							Total equity	9,831,022	63	10,035,444	67	9,875,384	62	
Total assets	\$ 15,664,437	100	15,034,352	100	15,919,158	100	Total liabilities and shareholders' equity	\$ 15,664,437	100	15,034,352	100	15,919,158	100	

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

Chairman: Jing-Rong Tang

Manager: Jing-Rong Tang

Accounting Supervisor: Shu-Ying Chang

HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Three Months Ended June 30, 2024 and 2023, and for the Six Months Ended June 30, 2024 and 2023

Unit: thousands of New Taiwan Dollars

	April to June 2024		April to June 2023		January to June 2024		January to June 2023	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue (Note 6(21) and Note 14)	\$ 3,239,323	100	3,341,769	100	6,178,810	100	6,859,493	100
5000 Operating costs (Note 6(6)(15)(16) and Note 7)	2,717,158	84	2,722,337	81	5,155,599	83	5,544,461	81
Gross profit	522,165	16	619,432	19	1,023,211	17	1,315,032	19
Operating expenses:								
6100 Selling and administrative expenses (Notes 6(15)(16)(19)(22))	271,865	8	282,225	8	534,862	9	570,490	8
6300 Research and development expenses (Note 6(15)(16)(22))	94,881	3	123,606	4	172,361	3	204,241	3
6450 Expected credit loss (gain) (Note 6(4))	3,592	-	(394)	-	3,149	-	(2,514)	-
Total operating expenses	370,338	11	405,437	12	710,372	12	772,217	11
Operating profit	151,827	5	213,995	7	312,839	5	542,815	8
Non-operating income and expenses:								
7020 Other gains and losses, net (Note 6(23))	93,366	3	13,558	-	198,998	3	125,955	2
7050 Financial costs (Note 6(15))	(15,144)	-	(17,897)	-	(29,708)	-	(35,332)	-
7060 Share of profit (loss) of associates accounted for using the equity method	5,441	-	8,311	-	12,971	-	18,354	-
7100 Interest revenue	12,296	-	9,745	-	19,483	-	15,891	-
Total non-operating income and expenses	95,959	3	13,717	-	201,744	3	124,868	2
Profit before tax	247,786	8	227,712	7	514,583	8	667,683	10
7950 Less: Income tax expense (Note 6(17))	54,849	2	64,236	2	114,503	2	162,088	3
Profit	192,937	6	163,476	5	400,080	6	505,595	7
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	2,046	-	(4,180)	-	(345)	-	798	-
8320 Share of other comprehensive income (loss) of associates accounted for using the equity method - Components of other comprehensive income (loss) that will not be reclassified to profit or loss	-	-	(368)	-	-	-	(368)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
Total components of other comprehensive income (loss) that will not be reclassified to profit or loss	2,046	-	(4,548)	-	(345)	-	430	-
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss								
8361 Exchange differences on translation of foreign financial statements	10,039	-	(6,397)	-	39,079	1	(10,654)	-
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	10,039	-	(6,397)	-	39,079	1	(10,654)	-
8300 Other comprehensive income, net of tax	12,085	-	(10,945)	-	38,734	1	(10,224)	-
8500 Total comprehensive income in the current period	\$ 205,022	6	152,531	5	438,814	7	495,371	7
Net income attributable to:								
8610 Owners of parent	\$ 229,024	7	222,642	7	446,769	7	595,227	8
8620 Non-controlling interests	(36,087)	(1)	(59,166)	(2)	(46,689)	(1)	(89,632)	(1)
Profit	\$ 192,937	6	163,476	5	400,080	6	505,595	7
Total comprehensive income attributable to:								
8710 Owners of parent	\$ 239,701	7	208,916	6	485,936	8	582,039	8
8720 Non-controlling interests	(34,679)	(1)	(56,385)	(1)	(47,122)	(1)	(86,668)	(1)
Total comprehensive income in the current period	\$ 205,022	6	152,531	5	438,814	7	495,371	7
Earnings per share (Unit: NTD) (Note 6(20))								
9750 Earnings per share	\$ 1.38		1.34		2.69		3.59	
9850 Diluted earnings per share	\$ 1.37		1.34		2.67		3.55	

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

Chairman: Jing-Rong Tang

Manager: Jing-Rong Tang

Accounting Supervisor: Shu-Ying Chang

HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries
Consolidated Statement of Changes in Equity
For the Six Months Ended June 30, 2024 and 2023

Unit: thousands of New Taiwan Dollars

	Equity attributable to owners of the parent company						Other equity			Non-controlling interests	Total equity	
	Share capital		Retained earnings				Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income				Total equity attributable to owners of the parent company
	Ordinary share	Stock dividends to be distributed	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings						
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	-	-	-	-	-	595,227	-	-	595,227	(89,632)	505,595	
Other comprehensive income, net of tax	-	-	-	-	-	(262)	(13,724)	798	(13,188)	2,964	(10,224)	
Total comprehensive income in the current period	-	-	-	-	-	594,965	(13,724)	798	582,039	(86,668)	495,371	
Appropriation and distribution of retained earnings:												
Cash dividends of ordinary shares	-	-	-	-	-	(789,954)	-	-	(789,954)	-	(789,954)	
Stock dividends of ordinary shares	-	78,995	-	-	-	(78,995)	-	-	-	-	-	
Reversal of special reserve	-	-	-	-	(30,172)	30,172	-	-	-	-	-	
Change in ownership interests in subsidiaries	-	-	89,249	-	-	-	-	-	89,249	10,783	100,032	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	517	517	
Balance at June 30, 2023	\$ 1,579,908	78,995	3,209,673	1,638,205	133,682	3,082,668	(66,704)	(79,904)	9,576,523	298,861	9,875,384	
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	-	-	-	-	-	446,769	-	-	446,769	(46,689)	400,080	
Other comprehensive income, net of tax	-	-	-	-	-	-	39,512	(345)	39,167	(433)	38,734	
Total comprehensive income in the current period	-	-	-	-	-	446,769	39,512	(345)	485,936	(47,122)	438,814	
Appropriation and distribution of retained earnings:												
Provision of legal reserve	-	-	-	85,008	-	(85,008)	-	-	-	-	-	
Provision of special reserve	-	-	-	-	9,942	(9,942)	-	-	-	-	-	
Cash dividends of ordinary shares	-	-	-	-	-	(829,452)	-	-	(829,452)	-	(829,452)	
Change in ownership interests in subsidiaries	-	-	(54,485)	-	-	-	-	-	(54,485)	54,936	451	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	185,765	185,765	
Balance at June 30, 2024	\$ 1,658,903	-	3,155,407	1,723,213	143,624	2,860,145	(27,777)	(76,680)	9,436,835	394,187	9,831,022	

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

Chairman: Jing-Rong Tang

Manager: Jing-Rong Tang

Accounting Supervisor: Shu-Ying Chang

HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries

Consolidated Statements of Cash Flows

For the Six Months Ended June 30, 2024 and 2023

Unit: thousands of New Taiwan Dollars

	January to June 2024	January to June 2023
Cash flows from operating activities:		
Profit before tax	\$ 514,583	667,683
Adjustments:		
Adjustments to reconcile profit		
Depreciation expense	373,531	342,579
Amortization expense	1,619	1,623
Expected credit loss (gain)	3,149	(2,514)
Net benefit of financial assets measured at fair value through profit or loss	(143,992)	(111,180)
Interest expense	29,708	35,332
Interest revenue	(19,483)	(15,891)
Dividend revenue	(6,783)	(2,273)
Share-based payment remuneration cost	459	800
Share of profit of associates accounted for using the equity method	(12,971)	(18,354)
Loss on disposal and retirement of property, plant and equipment	132	14
Proceeds from disposal of investment	-	(39,443)
Others	(10)	(4)
Total adjustments to reconcile profit	225,359	190,689
Changes in operating assets and liabilities:		
Changes in operating assets:		
Current financial assets at fair value through profit or loss	(41,408)	(5,985)
Notes and accounts receivable	(196,131)	(153,683)
Other receivables, net	12,939	75,520
Inventories	427,501	209,244
Prepayments and other current assets	(42,447)	16,080
Total changes in operating assets	160,454	141,176
Changes in operating liabilities:		
Contract liability	(21,124)	(70,611)
Accounts payable	315,118	(11,938)
Accounts payable to related parties	14,909	14,304
Other payables	(11,670)	85,214
Net defined benefit liability	(11,170)	(4,000)
Total changes in operating liabilities	286,063	12,969
Net changes in operating assets and liabilities	446,517	154,145
Total adjustments	671,876	344,834
Cash inflow from operating activities	1,186,459	1,012,517
Interest received	17,317	15,597
Dividends received	5,035	2,273
Interest paid	(31,330)	(37,878)
Income taxes paid	(21,882)	(215,113)
Net cash inflow of operating activities	1,155,599	777,396
Cash flows used in investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(7,624)
Disposal of financial assets at fair value through other comprehensive income or loss	-	7,089
Disposal of financial assets at fair value through profit or loss	-	52,109
Acquisition of property, plant and equipment	(94,828)	(341,542)
Proceeds from disposal of property, plant and equipment	11	-
Acquisition of intangible assets	-	(20)
Decrease (increase) in non-current assets	(631)	30
Increase in prepayments for business facilities	(1,162)	(45,680)
Net cash flows used in investing activities	(96,610)	(335,638)
Cash flows used in financing activities:		
Decrease in short-term borrowings	(210,136)	(714,484)
Repayments of long-term borrowings	(135,000)	(9,695)
Payment of lease liabilities	(10,657)	(11,380)
Increase in other non-current liabilities	139	35
Changes in non-controlling interests	185,757	99,749
Net cash flows used in investing activities	(169,897)	(635,775)
Effect of exchange rate changes on cash and cash equivalents	35,759	(1,828)
Increase (decrease) of cash and cash equivalents in current period	924,851	(195,845)
Cash and cash equivalents at beginning of period	3,080,249	3,367,051
Cash and cash equivalents at end of period	\$ 4,005,100	3,171,206

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

Chairman: Jing-Rong Tang

Manager: Jing-Rong Tang

Accounting Supervisor: Shu-Ying Chang

HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries

Notes to Consolidated Financial Statements

for the Six Months Ended June 30, 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 August 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) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements.

- Amendments to IAS No. 21 “Lack of Exchangeability”

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

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

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

The newly pronounced or revised standards	Major amendments	The effective date pronounced by the IASB
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
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures"
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"
- The annual improvement of IFRSs

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
			2024.6.30	2023.12.31	2023.6.30	
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. (Uholly, Taiwan)	General investment	100.00%	100.00%	100.00%	Note 2
The Company	Martek Co., Ltd. (Martek, Taiwan)	Wholesale of Household Appliance, Wholesale of Precision Instruments, and Wholesale of Computing and Business Machinery Equipment	100.00%	100.00%	100.00%	Note 2
The Company	Holy Stone Industry India Private Limited (HSI, India)	Electronic parts and components business	100.00%	100.00%	100.00%	Note 2
The Company	Jung Chan Investments Co., Ltd. (JCI, Taiwan)	General investment	100.00%	100.00%	100.00%	Note 2
HSH	Holy Stone Investments Co., Ltd. (HSIC, Hong Kong)	General investment	100.00%	100.00%	100.00%	-
HSH	HolyPAQ Corporation (HC, Cayman)	General investment	100.00%	100.00%	100.00%	-
HSH	Green Glory Holdings Ltd. (GGH, Samoa)	General investment	100.00%	100.00%	100.00%	-
HSH	Mayatek Co., Ltd.(Mayatek, Belize)	Wholesale of Household Appliance, Wholesale of Precision Instruments, and Wholesale of Computing and Business Machinery Equipment	100.00%	100.00%	100.00%	-
HSH	Everplus Material Co., Ltd. (EPM, Japan)	Manufacture and sale of electronic products, electronic machines and instruments, as well as sales of materials of electrical machines and instruments	100.00%	100.00%	100.00%	-
HSH	Holy Stone Holdings (Singapore) Pte. Ltd. (HSHS, Singapore)	Electronic retail business	100.00%	100.00%	100.00%	-

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

Name of Investors	Name of subsidiaries	Main Business	Shareholding ratio			Descriptions
			2024.6.30	2023.12.31	2023.6.30	
HSIC	Holy Stone International Trading (ShangHai) 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
GSH	Holy Stone Biotech Co., Ltd. (Biotech, UK)	Medical equipment development and marketing and biotechnology services	100.00%	100.00%	100.00%	Note 2
JCI	OHGA Smartthings Co., Ltd (OHGA, Taiwan)	Manufacture of electrical and audio-visual products and sale of medical devices	71.06%	71.06%	71.06%	Note 2
JCI	Holy Stone Healthcare Co., Ltd. (HSHC, Taiwan)	Wholesale of drugs and medical goods	4.46%	2.01%	2.01%	Note 1, 2, 3
JCI	Herzteck Incorporation (Herzteck, 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 4.46%, 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\$54,893 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 HYBM BioMedical was 33.36% and 2.01%, respectively. Starting from this date, HYBM BioMedical 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 HYBM BioMedical.

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) Criteria for classifying assets and liabilities into current and non-current.

An asset shall be classified as current when it satisfies any of the following criteria and all assets other than current assets are classified as non-current assets:

1. The asset is expected to be realized, or is intended to be sold or consumed during a normal operating cycle;
2. The asset is primarily held for the purpose of trading;
3. The asset is expected to be realized within twelve months, or
4. The asset is cash or a cash equivalent (as defined in IFRS7), unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability shall be classified as current when it satisfies any of the following criteria, and all liabilities other than current liabilities are classified as non-current liabilities:

1. The liability is expected to be settled during a normal operating cycle;
2. The liability is primarily held for the purpose of trading;
3. The liability is due to be settled within twelve months after the reporting period; or
4. At the end of the reporting period, the Company does not have the right to defer the settlement period to at least 12 months after the reporting period.

(IV) 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.

(V) 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.

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

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.

(I) Cash and cash equivalent

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Cash on hand	\$ 1,818	1,652	1,896
Demand deposits	2,531,339	2,257,772	2,088,657
Term deposits	1,471,943	820,825	1,080,653
	<u>\$ 4,005,100</u>	<u>3,080,249</u>	<u>3,171,206</u>

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

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Current:			
Domestic stock	\$ 333,707	215,250	188,742
Global depository receipt	19,741	11,177	10,999
Beneficiary certificate	192,849	129,555	113,321
Total	<u>\$ 546,297</u>	<u>355,982</u>	<u>313,062</u>
Non-current:			
Foreign investments in listed shares	\$ 4,042	3,810	8,094
Domestic investments in listed shares	81,819	76,363	122,495
Total	<u>\$ 85,861</u>	<u>80,173</u>	<u>130,589</u>

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

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

	2024.6.30	2023.12.31	2023.6.30
Domestic and foreign stock	\$ 56,968	56,877	54,194

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

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

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

(IV) Notes and accounts receivable

	2024.6.30	2023.12.31	2023.6.30
Receivable notes	\$ 216,636	211,098	141,394
Accounts receivable	2,814,494	2,623,901	3,030,686
Less: loss provision	(68,164)	(64,255)	(55,023)
	\$ 2,962,966	2,770,744	3,117,057

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:

	2024.6.30		
	Carrying amount of notes and accounts receivable	Weighted- average rate of expected credit loss	Allowance for lifetime expected credit loss
Not overdue	\$ 2,952,826	0%~10%	8,977
1 to 30 days	23,767	1%~40%	9,504
31 to 60 days	9,033	1%~100%	4,207
Overdue for over 61 days	45,504	50%~100%	45,476
	\$ 3,031,130		68,164

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>
	2023.6.30		
	Carrying amount of notes and accounts receivable	Weighted- average rate of expected credit loss	Allowance for lifetime expected credit loss
Not overdue	\$ 3,098,319	0%~10%	2,473
1 to 30 days	27,910	1%~40%	8,966
31 to 60 days	2,871	1%~100%	2,341
Overdue for over 61 days	42,980	50%~100%	41,243
	<u>\$ 3,172,080</u>		<u>55,023</u>

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

	January to June 2024	January to June 2023
Balance, beginning	\$ 64,255	63,895
Impairment loss, recognized	3,149	-
Impairment loss, reversed	-	(2,514)
Amounts written off as uncollectible	-	(5,682)
Foreign currency translation gains and losses	760	(676)
Ending balance	<u>\$ 68,164</u>	<u>55,023</u>

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

The aforesaid financial assets are not pledged as collateral.

(V) Other receivables, net

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Tax Refund Receivable	\$ 30,421	40,527	45,507
Interest receivable	4,902	2,736	2,346
Other	6,398	7,483	3,211
	<u>\$ 41,721</u>	<u>50,746</u>	<u>51,064</u>

As of June 30, 2024, December 31, 2023 and June 30, 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.

(VI) Inventories

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Raw materials	\$ 181,207	201,541	222,258
Materials	19,562	23,147	26,294
Work in progress	193,133	151,368	178,148
Semi-Finished products	91,783	124,180	130,310
Finished good	499,284	524,344	635,788
Goods	1,715,291	2,103,181	2,224,512
	<u>\$ 2,700,260</u>	<u>3,127,761</u>	<u>3,417,310</u>

For the three months ended June 30, 2024 and six months ended June 30, 2024, the Group recognized a loss of NT\$6,917 thousand and NT\$5,525 thousand, respectively, on inventory write-downs to net realizable value and recognized cost of goods sold.

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

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>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Associate	<u>\$ 445,067</u>	<u>431,985</u>	<u>490,791</u>

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

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

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

(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 0.04% of its ownership interest in HSHC in June 2024, the proceeds of which amounted to NT\$232 thousand.

The Group disposed of 1.90% of its ownership interest in HSHC in February and June 2023, the proceeds of which amounted to NT\$99,749 thousand.

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

	January to June 2024	January to June 2023
Carrying amount of disposal of ownership interest in subsidiaries	\$ (43)	(10,908)
Consideration received from non-controlling interests	232	99,749
Capital surplus - Change in ownership interests in subsidiaries	-	6
Other equity - Exchange differences on translation of foreign financial statements	-	119
Capital surplus - difference between the market value and the book value of the ownership interest in the subsidiary	<u>\$ 189</u>	<u>88,966</u>

(IX) Property, plant and equipment

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

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Unfinished project and equipment to be inspected</u>	<u>Total</u>
Cost:						
Balance at January 1, 2024	\$ 919,930	2,957,894	4,942,332	753,130	484,351	10,057,637
Addition	-	314	-	2,536	69,442	72,292
Reclassification	-	16,207	319,615	25,429	(361,251)	-
Disposal	-	-	(1,962)	(14,060)	-	(16,022)
The Effects of Changes in Foreign Exchange Rates	(3,630)	(926)	(8,554)	1,028	-	(12,082)
Balance at June 30, 2024	<u>\$ 916,300</u>	<u>2,973,489</u>	<u>5,251,431</u>	<u>768,063</u>	<u>192,542</u>	<u>10,101,825</u>
Balance at January 1, 2023	\$ 923,252	2,808,388	4,249,987	711,617	858,439	9,551,683
Addition	-	587	18,887	10,163	282,286	311,923
Reclassification	-	119,312	234,740	18,588	(372,640)	-
Disposal	-	(66)	(5,451)	(6,556)	-	(12,073)
The Effects of Changes in Foreign Exchange Rates	(4,000)	(10,012)	(9,087)	(765)	-	(23,864)
Balance at June 30, 2023	<u>\$ 919,252</u>	<u>2,918,209</u>	<u>4,489,076</u>	<u>733,047</u>	<u>768,085</u>	<u>9,827,669</u>

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

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Unfinished project and equipment to be inspected</u>	<u>Total</u>
Accumulated depreciation:						
Balance at January 1, 2024	\$ -	934,295	3,807,811	623,691	-	5,365,797
Depreciation in the current period	-	73,200	249,164	40,537	-	362,901
Reclassification	-	(4,305)	(1,625)	5,930	-	-
Disposal	-	-	(1,953)	(13,927)	-	(15,880)
The Effects of Changes in Foreign Exchange Rates	-	211	(5,949)	843	-	(4,895)
Balance at June 30, 2024	<u>\$ -</u>	<u>1,003,401</u>	<u>4,047,448</u>	<u>657,074</u>	<u>-</u>	<u>5,707,923</u>
Balance at January 1, 2023	\$ -	791,906	3,392,426	566,123	-	4,750,455
Depreciation in the current period	-	67,012	220,743	43,302	-	331,057
Disposal	-	(66)	(5,436)	(6,556)	-	(12,058)
The Effects of Changes in Foreign Exchange Rates	-	(5,235)	(6,137)	(545)	-	(11,917)
Balance at June 30, 2023	<u>\$ -</u>	<u>853,617</u>	<u>3,601,596</u>	<u>602,324</u>	<u>-</u>	<u>5,057,537</u>
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 June 30, 2024	<u>\$ 916,300</u>	<u>1,970,088</u>	<u>1,203,983</u>	<u>110,989</u>	<u>192,542</u>	<u>4,393,902</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 June 30, 2023	<u>\$ 919,252</u>	<u>2,064,592</u>	<u>887,480</u>	<u>130,723</u>	<u>768,085</u>	<u>4,770,132</u>

As of June 30, 2024, December 31, 2023 and June 30, 2023, the property, plant and equipment of the Group pledged as collaterals for bank borrowings and financing facilities are shown in Note 8.

(X) Right-of-use assets

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

	<u>Buildings</u>	<u>Other equipment</u>	<u>Total</u>
Cost of right-to-use assets:			
Balance at January 1, 2024	\$ 133,268	2,088	135,356
Increase	3,410	-	3,410
Decrease	(3,103)	-	(3,103)
The Effects of Changes in Foreign Exchange Rates	2,365	(17)	2,348
Balance at June 30, 2024	<u>\$ 135,940</u>	<u>2,071</u>	<u>138,011</u>

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

	<u>Buildings</u>	<u>Other equipment</u>	<u>Total</u>
Balance at January 1, 2023	\$ 111,594	9,200	120,794
Increase	26,558	894	27,452
Decrease	(573)	(784)	(1,357)
The Effects of Changes in Foreign Exchange Rates	58	55	113
Balance at June 30, 2023	<u>\$ 137,637</u>	<u>9,365</u>	<u>147,002</u>
Depreciation of right-of-use assets:			
Balance at January 1, 2024	\$ 88,113	1,378	89,491
Depreciation in the current period	10,385	245	10,630
Decrease	(1,756)	-	(1,756)
The Effects of Changes in Foreign Exchange Rates	1,818	(10)	1,808
Balance at June 30, 2024	<u>\$ 98,560</u>	<u>1,613</u>	<u>100,173</u>
Balance at January 1, 2023	\$ 74,401	7,077	81,478
Depreciation in the current period	10,392	1,130	11,522
Decrease	(144)	(479)	(623)
The Effects of Changes in Foreign Exchange Rates	115	27	142
Balance at June 30, 2023	<u>\$ 84,764</u>	<u>7,755</u>	<u>92,519</u>
Book value:			
Balance at January 1, 2024	<u>\$ 45,155</u>	<u>710</u>	<u>45,865</u>
Balance at June 30, 2024	<u>\$ 37,380</u>	<u>458</u>	<u>37,838</u>
Balance at January 1, 2023	<u>\$ 37,193</u>	<u>2,123</u>	<u>39,316</u>
Balance at June 30, 2023	<u>\$ 52,873</u>	<u>1,610</u>	<u>54,483</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>Goodwills</u>	<u>Other</u>	<u>Total</u>
Costs:			
Balance at January 1, 2024	\$ 541,940	61,414	603,354
Effects of changes in foreign exchange rates	-	(468)	(468)
Balance at June 30, 2024	\$ 541,940	60,946	602,886
Balance at January 1, 2023	\$ 541,940	56,896	598,836
Intangible assets acquired separately	-	20	20
Effects of changes in foreign exchange rates	-	1,771	1,771
Balance at June 30, 2023	\$ 541,940	58,687	600,627
Accumulated amortization and impairment loss:			
Balance at January 1, 2024	\$ 541,940	56,467	598,407
Amortization for current period	-	1,599	1,599
Effects of changes in foreign exchange rates	-	(463)	(463)
Balance at June 30, 2024	\$ 541,940	57,603	599,543
Balance at January 1, 2023	\$ 541,940	49,175	591,115
Amortization for current period	-	1,564	1,564
Effects of changes in foreign exchange rates	-	1,621	1,621
Balance at June 30, 2023	\$ 541,940	52,360	594,300

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

	<u>Goodwills</u>	<u>Other</u>	<u>Total</u>
Book value:			
Balance at January 1, 2024	\$ -	4,947	4,947
Balance at June 30, 2024	\$ -	3,343	3,343
Balance at January 1, 2023	\$ -	7,721	7,721
Balance at June 30, 2023	\$ -	6,327	6,327

(XII) Short-term borrowings

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Unsecured bank loan	\$ 893,524	1,103,660	948,499
Secured bank loan	-	-	75,000
Total	<u>\$ 893,524</u>	<u>1,103,660</u>	<u>1,023,499</u>
Quota not used	<u>\$ 4,840,414</u>	<u>5,468,726</u>	<u>5,686,004</u>
Interest rate range	<u>1.7%~6.6%</u>	<u>0.67%~6.6%</u>	<u>0.68%~6.15%</u>

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

(XIII) Other payables

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Employee bonuses payable	\$ 306,273	239,693	377,180
Remuneration payable to directors	35,384	22,703	52,107
Accounts payable, equipment	36,992	59,528	45,470
Accrued wages and bonus	116,632	186,207	130,234
Payables for services	2,729	2,373	2,505
Labor and health insurance expenses	20,482	19,099	19,191
Other	291,112	315,829	335,582
	<u>\$ 809,604</u>	<u>845,432</u>	<u>962,269</u>

(XIV) Long-term borrowings

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Secured bank loan	\$ -	-	4,568
Unsecured bank loan	1,773,333	1,908,333	1,991,666
Less: Current portions	(450,000)	(340,000)	(220,696)
Total	<u>\$ 1,323,333</u>	<u>1,568,333</u>	<u>1,775,538</u>
Quota not used	<u>\$ -</u>	<u>-</u>	<u>-</u>
Interest rate range	<u>1.15%~1.275%</u>	<u>1.025%~1.15%</u>	<u>0.4%~1.86%</u>

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

1. Issuance and repayment of loans

The amount of the consolidated company's long-term borrowings repaid from January 1 to June 30, 2024 and 2023 amounting to NTD 135,000 thousand and NTD 9,695 thousand, respectively.

2. Collateral for bank loans

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

(XV) Lease liabilities

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

	2024.6.30	2023.12.31	2023.6.30
Current	<u>\$ 15,576</u>	<u>18,106</u>	<u>20,280</u>
Non-current	<u>\$ 23,512</u>	<u>28,968</u>	<u>35,279</u>

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

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

	April to June 2024	April to June 2023	January to June 2024	January to June 2023
Interest expense on lease liabilities	<u>\$ 193</u>	<u>253</u>	<u>408</u>	<u>420</u>
Short-term and low-value lease expenses	<u>\$ 3,857</u>	<u>3,870</u>	<u>7,610</u>	<u>7,670</u>

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

	January to June 2024	January to June 2023
Total cash outflow for leases	<u>\$ 18,675</u>	<u>19,470</u>

(XVI) Employee benefits

1. Defined benefit plans

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

	April to June 2024	April to June 2023	January to June 2024	January to June 2023
Operating cost	\$ 379	367	749	744
Operating expenses	556	574	1,131	1,156
Total	<u>\$ 935</u>	<u>941</u>	<u>1,880</u>	<u>1,900</u>

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

2. Defined contribution plans

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

	<u>April to June 2024</u>	<u>April to June 2023</u>	<u>January to June 2024</u>	<u>January to June 2023</u>
Operating cost	\$ 5,729	5,879	11,353	11,744
Operating expenses	8,674	9,085	18,294	17,398
Total	<u>\$ 14,403</u>	<u>14,964</u>	<u>29,647</u>	<u>29,142</u>

(XVII) Income tax

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

	<u>April to June 2024</u>	<u>April to June 2023</u>	<u>January to June 2024</u>	<u>January to June 2023</u>
Current period income tax expense				
Recognized during the period	\$ 54,849	64,236	114,503	162,088
Deferred income tax expense	-	-	-	-
Income tax expenses	<u>\$ 54,849</u>	<u>64,236</u>	<u>114,503</u>	<u>162,088</u>

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

(XVIII) Capital and other equity

Except as described below, there were no significant changes in the Group's capital and other equity for the six months ended June 30, 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.

2. Capital surplus

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

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</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	69,066	123,551	123,332
Expired options	130,146	130,146	130,146
	<u>\$ 3,155,407</u>	<u>3,209,892</u>	<u>3,209,673</u>

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

3. Retained earnings

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

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

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

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

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

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

3.1 Legal reserve

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

3.2 Special reserve

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

3.3. Earning distribution

On February 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	39,512	-	39,512
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
Subsidiary	-	(345)	(345)
Balance at June 30, 2024	<u>\$ (27,777)</u>	<u>(76,680)</u>	<u>(104,457)</u>

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2023	\$ (52,980)	(80,702)	(133,682)
Exchange differences on translation of net assets of foreign operations:			
The Company	(13,724)	-	(13,724)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
Subsidiary	-	536	536
Disposal of equity instruments at fair value through other comprehensive income:			
Subsidiary	-	262	262
Balance at June 30, 2023	<u>\$ (66,704)</u>	<u>(79,904)</u>	<u>(146,608)</u>

(XIX) Share-based payment

There were no significant changes in the Group's share-based payment for the six months ended June 30, 2024 and 2023, as described in Note 6(XIX) 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:

	<u>April to June 2024</u>	<u>April to June 2023</u>	<u>January to June 2024</u>	<u>January to June 2023</u>
Earnings per share				
Net profit attributable to the Company	\$ 229,024	222,642	446,769	595,227
Weighted-average number of common shares outstanding (in thousand shares)	165,890	165,890	165,890	165,890
Earnings per share (NT\$)	<u>\$ 1.38</u>	<u>1.34</u>	<u>2.69</u>	<u>3.59</u>
Diluted earnings per share				
Net profit attributable to the Company	\$ 229,024	222,642	446,769	595,227
Net income attributable to ordinary equity holders of the Company (after adjustments to the effect of dilutive potential ordinary shares)	<u>\$ 229,024</u>	<u>222,642</u>	<u>446,769</u>	<u>595,227</u>
Weighted-average number of common shares outstanding (in thousand shares)	165,890	165,890	165,890	165,890
Effect of potentially dilutive ordinary shares				
Effect of employee stock bonus (in thousand shares)	709	862	1,128	1,551
Weighted-average number of common shares outstanding (after adjustments to the effect of dilutive potential ordinary shares) (in thousand shares)	<u>166,599</u>	<u>166,752</u>	<u>167,018</u>	<u>167,441</u>
Diluted earnings per share (NT\$)	<u>\$ 1.37</u>	<u>1.34</u>	<u>2.67</u>	<u>3.55</u>

(XXI) Revenue from contracts with customers

1. Revenue breakdown

	<u>April to June 2024</u>		
	<u>Electronic Segment</u>	<u>Others</u>	<u>Total</u>
Core products/services:			
Passive Components	\$ 1,231,730	-	1,231,730
Active Components	632,412	-	632,412
System on Module	607,897	-	607,897
Other	401,093	366,191	767,284
	<u>\$ 2,873,132</u>	<u>366,191</u>	<u>3,239,323</u>

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

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

January to June 2024			
	Electronic Segment	Others	Total
Core products/services:			
Passive Components	\$ 2,352,004	-	2,352,004
Active Components	1,295,096	-	1,295,096
System on Module	1,171,109	-	1,171,109
Others	598,033	762,568	1,360,601
	\$ 5,416,242	762,568	6,178,810

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

2. Contract balance

	2024.6.30	2023.12.31	2023.6.30
Receivable notes	\$ 216,636	211,098	141,394
Accounts receivable	2,814,494	2,623,901	3,030,686
Less: loss provision	(68,164)	(64,255)	(55,023)
Total	\$ 2,962,966	2,770,744	3,117,057
Contract liability	\$ 86,147	107,271	78,931

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

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

The opening balances of contract liabilities on January 1, 2024 and 2023 were recognized as NT\$80,250 thousand and NT\$118,822 thousand for the six months ended June 30, 2024 and 2023.

(XXII) Remuneration to employee, directors

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

The estimated amounts of employees' compensation for the three months ended June 30, 2024 and for the six months ended June 30 2024 were NT\$33,915 thousand and NT\$66,577 thousand, respectively; the estimated amounts of remuneration to directors were NT\$6,460 thousand and NT\$12,681 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. If the Board of Directors resolves to pay employees' remuneration in the form of shares, the number of shares shall be calculated based on the closing price of the common stock on the day before the resolution of the Board of Directors.

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

The estimated amounts of employees' compensation for the three months ended June 30, 2023 and for the six months ended June 30 2023 were NT\$32,353 thousand and NT\$88,241 thousand, respectively; the estimated amounts of remuneration to directors were NT\$6,163 thousand and NT\$16,808 thousand, respectively. These amounts were estimated by multiplying the Company's profit before tax before deducting employees' compensation and directors' remuneration for the period times the distribution percentages of employees' compensation and directors' remuneration as stipulated in the Company's Articles of Incorporation and were recognized as operating costs or operating expenses for the respective periods. If the actual distribution amount differs from the estimated amount in the following year, the difference is adjusted for the change in accounting estimate and recognized as profit or loss in the following year. If the Board of Directors resolves to pay employees' remuneration in the form of shares, the number of shares shall be calculated based on the closing price of the common stock on the day before the resolution of the Board of Directors.

For the years ended December 31, 2023 and 2022, 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>April to June 2024</u>	<u>April to June 2023</u>	<u>January to June 2024</u>	<u>January to June 2023</u>
Dividend revenue	\$ 1,349	579	1,953	1,087
Net gain on financial assets at fair value through profit or loss	77,329	5,865	149,084	116,469
Proceeds from disposal of investment	-	-	-	308
Net exchange gains and losses	11,556	5,389	34,011	4,433
Others	3,132	1,725	13,950	3,658
	<u>\$ 93,366</u>	<u>13,558</u>	<u>198,998</u>	<u>125,955</u>

(XXIV) Financial instruments

Except as described below, there were no significant changes in the fair value of the financial instruments and exposure to credit risk, liquidity risk and market risk associated with the financial instruments. For related information, please refer to Note 6(24) to the Consolidated Financial Statements for the year ended December 31, 2023.

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

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>
June 30, 2024					
Non-derivative financial liabilities					
Short-term borrowings	\$ 893,524	898,443	898,443	-	-
Current contract liabilities	86,147	86,147	86,147	-	-
Accounts payable	1,117,521	1,117,521	1,117,521	-	-
Accounts payable to related parties	45,149	45,149	45,149	-	-
Other payables	809,604	809,604	809,604	-	-
Dividends payables	829,452	829,452	829,452	-	-
Lease liabilities	39,088	40,235	16,116	24,119	-
Long-term borrowings	1,773,333	1,815,628	469,694	1,345,934	-
	\$ 5,593,818	5,642,179	4,272,126	1,370,053	-
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
June 30, 2023					
Non-derivative financial liabilities					
Short-term borrowings	\$ 1,023,499	1,030,730	1,030,730	-	-
Current contract liabilities	78,931	78,931	78,931	-	-
Accounts payable	795,834	795,834	795,834	-	-
Accounts payable to related parties	44,840	44,840	44,840	-	-
Other payables	962,269	962,269	962,269	-	-
Dividends payables	789,954	789,954	789,954	-	-
Lease liabilities	55,559	57,418	21,063	34,716	1,639
Long-term borrowings	1,996,234	2,056,243	242,536	1,763,616	50,091
	\$ 5,747,120	5,816,219	3,966,157	1,798,332	51,730

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

2. Foreign exchange rate risk

(1) Exposure to foreign exchange rate risk

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

Unit: NT\$ thousand

	2024.6.30			2023.12.31			2023.6.30		
	Foreign currency	Exchange rate (NT\$)	NTD	Foreign currency	Exchange rate (NT\$)	NTD	Foreign currency	Exchange rate (NT\$)	NTD
Financial Asset									
<u>Monetary items</u>									
USD	\$ 60,669	32.4500	1,968,706	62,857	30.7050	1,930,137	76,994	31.1400	2,397,618
EUR	2,205	34.7100	76,535	936	33.9800	31,799	1,949	33.8100	65,881
HKD	23,257	4.1550	96,635	20,310	3.9290	79,799	17,666	3.9740	70,206
GBP	38	41.0400	1,540	242	39.1500	9,474	511	39.3800	20,112
JPY	514,156	0.2017	103,705	627,586	0.2172	136,312	395,784	0.2150	85,094
CNY	26,866	4.4450	119,419	11,565	4.3270	50,043	27,641	4.2820	118,359
TWD	2,130	1.0000	2,130	3,272	1.0000	3,272	6,840	1.0000	6,840
SGD	-	-	-	55	23.29	1,291	-	-	-
<u>Non-monetary items</u>									
USD	4,456	32.4500	144,581	2,741	30.7050	84,167	2,231	31.1400	69,487
Financial liabilities									
<u>Monetary items</u>									
USD	\$ 30,221	32.4500	980,682	32,178	30.7050	988,038	40,144	31.1400	1,250,081
EUR	221	34.7100	7,679	244	33.9800	8,308	73	33.8100	2,481
HKD	687	4.1550	2,855	883	3.9290	3,471	615	3.9740	2,444
GBP	1,153	41.0400	47,323	89	39.1500	3,465	265	39.3800	10,421
JPY	39,807	0.2017	8,029	14,382	0.2172	3,124	40,748	0.2150	8,761
CNY	-	-	-	1,562	4.3270	6,758	-	-	-
TWD	-	-	-	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. If all else remained intact as of June 30, 2024, and 2023, the net income would decrease or increase by NT\$66,105 thousand and NT\$74,496 thousand for the six months ended June 30, 2024, and 2023, respectively, if the New Taiwan dollar depreciated or appreciated by 5% against the USD, EUR, JPY, HKD, GBP, and CNY (RMB). 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. For the six months ended June 30, 2024 and 2023, foreign currency exchange gains and losses (including realized and unrealized) were NT\$34,011 thousand and NT\$4,433 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:

	2024.6.30				Total
	Book value	Fair value			
	Level 1	Level 2	Level 3		
Current financial assets at fair value through profit or loss	\$ 632,158	550,339	-	81,819	632,158
Financial assets at fair value through other comprehensive income	56,968	-	-	56,968	56,968
Financial assets at amortization					
Cash and cash equivalent	4,005,100	-	-	-	-
Notes and accounts receivable - Net	2,962,966	-	-	-	-
Other receivables, net	41,721	-	-	-	-
Sub-total	7,009,787	-	-	-	-
Total	\$ 7,698,913	550,339	-	138,787	689,126
Financial liabilities at amortized cost					
Short-term borrowings	\$ 893,524	-	-	-	-
Current contract liabilities	86,147	-	-	-	-
Accounts payable	1,117,521	-	-	-	-
Accounts payable to related parties	45,149	-	-	-	-
Other payables	809,604	-	-	-	-
Dividends payables	829,452	-	-	-	-
Lease liabilities	39,088	-	-	-	-
Long-term borrowings	1,773,333	-	-	-	-
Sub-total	5,593,818	-	-	-	-
Total	\$ 5,593,818	-	-	-	-

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

	2023.12.31				
	Book value	Fair value			Total
		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	-	-	-	-

	2023.6.30				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Current financial assets at fair value through profit or loss	\$ 443,651	321,156	-	122,495	443,651
Financial assets at fair value through other comprehensive income or loss at fair value	54,194	-	-	54,194	54,194
Financial assets at amortization					
Cash and cash equivalent	3,171,206	-	-	-	-
Notes and accounts receivable - Net	3,117,057	-	-	-	-
Other receivables, net	51,064	-	-	-	-
Sub-total	6,339,327	-	-	-	-
Total	\$ 6,837,172	321,156	-	176,689	497,845

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

	2023.6.30				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at amortized cost					
Short-term borrowings	\$ 1,023,499	-	-	-	-
Current contract liabilities	78,931	-	-	-	-
Accounts payable	795,834	-	-	-	-
Accounts payable to related parties	44,840	-	-	-	-
Other payables	962,269	-	-	-	-
Dividends payables	789,954	-	-	-	-
Lease liabilities	55,559	-	-	-	-
Long-term borrowings	1,996,234	-	-	-	-
Sub-total	5,747,120	-	-	-	-
Total	\$ 5,747,120	-	-	-	-

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

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

(2.1) Financial assets at amortization

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

(2.2) Financial assets and financial liabilities at amortization

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

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

(3.1) Non-derivative financial instruments

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

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

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

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

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

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

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

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

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

(4) Table of movement of Level 3

	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income or loss
January 1, 2024	\$ 76,363	56,877
Total gain or loss		
Recognized in profit or loss	5,456	-
Recognized in other comprehensive income	-	(345)
Purchase	-	-
Disposal	-	-
Other	-	436
June 30, 2024	\$ 81,819	56,968
January 1, 2023	\$ 98,528	52,859
Total gain or loss		
Recognized in profit or loss	76,076	-
Recognized in other comprehensive income	-	798
Purchase	-	7,624
Disposal	(52,109)	(7,195)
Other	-	108
June 30, 2023	\$ 122,495	54,194

The above total gains or losses are shown in "Other gains and losses, net" and "unrealized valuation gains (losses) on investments in equity instruments at fair value through other comprehensive income". As of June 30, 2024 and 2023, information on related parties who still hold these assets is as follows:

	January to June 2024	January to June 2023
Total gain or loss		
Recognized in profit or loss (recorded as "other gains and losses, net")	\$ 5,456	76,076
Recognized in other comprehensive income (recorded as "unrealized valuation gains (losses) on financial assets at fair value through profit or loss".	(345)	798

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

(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 the six months ended June 30, 2024 and 2023 were as follows:

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

	<u>2024.1.1</u>	<u>Cash flows</u>	<u>Acquisition</u>	<u>Non-cash changes</u>		<u>2024.6.30</u>
				<u>Changes in foreign exchange rates</u>	<u>Other</u>	
Short-term borrowings	\$ 1,103,660	(210,136)	-	-	-	893,524
Long-term borrowings (including current portion)	1,908,333	(135,000)	-	-	-	1,773,333
Lease liabilities	47,074	(10,657)	3,410	618	(1,357)	39,088
Total liabilities arising from financing activities	\$ 3,059,067	(355,793)	3,410	618	(1,357)	2,705,945

	<u>2023.1.1</u>	<u>Cash flows</u>	<u>Acquisition</u>	<u>Non-cash changes</u>		<u>2023.6.30</u>
				<u>Changes in foreign exchange rates</u>	<u>Other</u>	
Short-term borrowings	\$ 1,737,983	(714,484)	-	-	-	1,023,499
Long-term borrowings (including current portion)	2,005,929	(9,695)	-	-	-	1,996,234
Lease liabilities	40,271	(11,380)	27,452	(46)	(738)	55,559
Total liabilities arising from financing activities	\$ 3,784,183	(735,559)	27,452	(46)	(738)	3,075,292

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

VII. Related-party Transactions

(I) Related parties

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

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

(II) Important transactions with related parties

1. Purchases and payables to related parties

	Purchase				Payables to related parties		
	April to June 2024	April to June 2023	January to June 2024	January to June 2023	2024.6.30	2023.12.31	2023.6.30
Associate	\$ 60,620	69,631	125,937	143,202	45,149	30,240	44,840

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

2. As of June 30, 2024, December 31 and June 30, 2023, the Group and its affiliates had other receivables (included in notes and accounts receivable, net) amounting to NT\$637 thousand, NT\$627 thousand and NT\$541 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:

	April to June 2024	April to June 2023	January to June 2024	January to June 2023
Short-term employee benefits	\$ 10,646	10,937	21,083	26,214

VIII. Pledged Assets

Book values for the pledged assets are as follows:

Asset	Object of guarantee	2024.6.30	2023.12.31	2023.6.30
Land	Bank loans	\$ -	-	156,522
Buildings	Bank loans	-	-	46,507
Term deposits	Guarantees for purchase tax and commodity tax	23,013	19,985	58,744
		<u>\$ 23,013</u>	<u>19,985</u>	<u>261,773</u>

IX. Significant Contingent Liabilities and Unrecognized Commitments

(I) As of June 30, 2024, December 31, 2023 and June 30, 2023, the Group had unused letters of credit of NT\$0 thousand, NT\$184,000 thousand and NT\$0 thousand, respectively.

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

	2024.6.30	2023.12.31	2023.6.30
Acquisition of property, plant and equipment	\$ 80,188	113,048	165,852

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

X. Losses Due to Major Disasters: None.

XI. Significant post events

- (1) The Company's sub-subsidiary, Mayatek, was dissolved on July 10, 2024 as resolved by the Board of Directors, and July 15, 2024 was set as the base date for dissolution. The legal procedure is still in progress as of the release date of the financial report.
- (2) The Company's sub-subsidiary, OHGA, sold the land and buildings in Zhonghe District, New Taipei City in July 2024 for the price of NT\$465,750 thousand in total. As of the release date of the financial report, the transfer registration has not been completed.

XII. Others

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

By function Category	April to June 2024			April to June 2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary expense	101,776	175,853	277,629	103,928	171,118	275,046
Labor and health insurance expenses	11,778	12,387	24,165	12,233	12,335	24,568
Pension expense	6,108	9,230	15,338	6,246	9,659	15,905
Remuneration to directors	-	8,158	8,158	-	7,198	7,198
Other employee benefit expenses	3,252	4,221	7,473	3,483	3,778	7,261
Depreciation expense	166,411	17,003	183,414	151,382	19,114	170,496
Amortization expense	-	809	809	-	1,449	1,449

By function By nature	January to June 2024			January to June 2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary expense	203,429	351,276	554,705	214,392	366,303	580,695
Labor and health insurance expenses	23,952	25,999	49,951	25,214	26,208	51,422
Pension expense	12,102	19,425	31,527	12,488	18,554	31,042
Remuneration to directors	-	15,288	15,288	-	18,723	18,723
Other employee benefit expenses	6,317	8,385	14,702	7,317	7,853	15,170
Depreciation expense	338,681	34,850	373,531	303,710	38,869	342,579
Amortization expense	-	1,619	1,619	-	1,623	1,623

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

(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 for the six months ended June 30, 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.

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)	1,887,367	162,725	-	-	-	- %	4,718,417	Y	N	N
0	The Company	Jung Chan Investments Co., Ltd.	(2)	1,887,367	150,000	-	-	-	- %	4,718,417	Y	N	N
0	The Company	Everplus Material Co., Ltd.	(2)	1,887,367	86,880	40,340	30,255	-	0.43%	4,718,417	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	9,328	-	9,328	-
The Company	SPDR S&P500 ETF	-	"	1	17,660	-	17,660	-
The Company	MSCI EMERGING MKT ETP	-	"	1	1,382	-	1,382	-
The Company	ALLANZ-EURO EQ USD	-	"	11	7,126	-	7,126	-
The Company	BARINGS GLOB HIY BOND	-	"	8	33,622	-	33,622	-
The Company	AB SICAV I-INTL HLT CR-AUSD	-	"	1	17,577	-	17,577	-
The Company	AMUNDI FUNDS PIONEER US SHORT TERM BOND-A2 USD (C)	-	"	138	34,103	-	34,103	-
The Company	TSMC ADR	-	Current financial assets at fair value through profit or loss - Global depository receipt	4	19,741	-	19,741	-
The Company	Shares of TSMC	-	Current financial assets at fair value through profit or loss - Domestic stock	100	96,600	-	96,600	-
The Company	Shares of Wiwynn Corporation	-	"	6	15,870	-	15,870	-
The Company	Shares of GSI TECHNOLOGY INC.	-	Non-current financial assets at fair value through profit or loss	47	4,042	0.20 %	4,042	-
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	13,524	-	13,524	-
Martek Co., Ltd.	Shares of Wiwynn Corporation	-	"	2	5,290	-	5,290	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	SPDR S&P500 ETF	-	Current financial assets at fair value through profit or loss - Beneficiary certificate	1	9,713	-	9,713	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	INVESCO QQQ ETF	-	"	1	6,219	-	6,219	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	AB SICAV I-INTL HLT CR-AUSE	-	"	1	8,651	-	8,651	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	MSCI THAILAND CAPPED	-	"	1	1,761	-	1,761	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	AMUNDI FUNDS PIONEER US SHORT TERM BOND-A2 USD (C)	-	"	55	13,716	-	13,716	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	BARINGS GLOB HIY BOND-TGUSDA	-	"	3	13,238	-	13,238	-
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	1,698	-	1,698	-
Holy Stone Holdings Co., Ltd.	SPDR S&P500 ETF	-	"	1	7,064	-	7,064	-
Holy Stone Holdings Co., Ltd.	AB SICAV I-INTL HLT CR-AUSD	-	"	1	6,562	-	6,562	-

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.	AMUNDI FUNDS PIONEER US SHORT TERM BOND-A2 USD (C)	-	Current financial assets at fair value through profit or loss - Beneficiary certificate	14	3,429	-	3,429	-
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	35,180	1.81 %	35,180	-
UHOLY Investment Co., Ltd.	Shares of AZOTEK CO., LTD.	-	"	981	31,377	1.62 %	31,377	-
UHOLY Investment Co., Ltd.	Shares of TSMC	-	Current financial assets at fair value through profit or loss - Domestic stock	80	77,280	-	77,280	-
UHOLY Investment Co., Ltd.	Shares of Wiwynn Corporation	-	"	8	21,160	-	21,160	-
Jung Chan Investments Co., Ltd.	Shares of JYA-NAY CO., LTD.	-	Non-current financial assets at fair value through other comprehensive income	2,976	25,247	12.40 %	25,247	-
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	3,374	0.54 %	3,374	-
Jung Chan Investments Co., Ltd.	Shares of WOM ASIA CO., LTD.	-	"	1,145	1,432	4.03 %	1,432	-
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	77,280	-	77,280	-
Jung Chan Investments Co., Ltd.	Shares of Wiwynn Corporation	-	"	6	15,870	-	15,870	-
Herztek Incorporation	Shares of Wiwynn Corporation	-	"	3	7,935	-	7,935	-
Herztek Incorporation	Shares of Taiwan Semiconductor Manufacturing Co., Ltd.	-	"	3	2,898	-	2,898	-

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.

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

7. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20 percent of paid-in capital or more:

Buyer/Seller	Related Party	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 (ShangHai) Co., Ltd	Third-tier subsidiary of the Company	Sales	(694,998)	(14.63) %	150 days from the following month	-	-	286,487	12.10%	Note
Holy Stone International Trading (ShangHai) Co., Ltd	The Company	The Company is the ultimate parent company	Purchase	694,998	90.09 %	150 days from the following month	-	-	(286,487)	(84.70)%	Note
The Company	Holy Stone Enterprise (Hong Kong) Co., Ltd.	Subsidiary of the Company	Sales	(207,121)	(4.36) %	120 days from the following month	-	-	182,138	7.69%	Note
Holy Stone Enterprise (Hong Kong) Co., Ltd.	The Company	The Company is the ultimate parent company	Purchase	207,121	18.49 %	120 days from the following month	-	-	(182,138)	(46.74)%	Note
The Company	Infortech (CHINA) Co., Ltd.	Third-tier subsidiary of the Company	Sales	(166,079)	(3.50) %	120 days from the invoiced month	-	-	26,704	1.13%	Note
Infortech (CHINA) Co., Ltd.	The Company	The Company is the ultimate parent company	Purchase	166,079	83.48 %	120 days from the invoiced month	-	-	(26,704)	(84.05)%	Note
EPM	The Company	The Company is the ultimate parent company	Sales	(122,986)	(100.00) %	Cash settlement of the current month	-	-	27,844	100.00%	Note
The Company	EPM	Third-tier subsidiary of the Company	Purchase	102,461	3.96 %	Cash settlement of the current month	-	-	(27,844)	(2.73)%	Note
eGalax_eMPIA	The Company	Affiliated enterprises of the Company	Sales	(125,937)	25.96 %	30 days from the invoiced month	-	-	45,149	31.91%	-
The Company	eGalax_eMPIA	Affiliated enterprises of the Company	Purchase	125,937	4.87 %	30 days from the invoiced month	-	-	(45,149)	(4.42)%	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	The Company	The Company is the ultimate parent company	Sales	(607,481)	(57.53) %	30 days from the invoiced month	-	-	231,157	41.89%	Note
The Company	Holy Stone Enterprise (Hong Kong) Co., Ltd.	Subsidiary of the Company	Purchase	607,481	23.50 %	30 days from the invoiced month	-	-	(231,157)	(22.64)%	Note

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

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

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

Company Name	Related Party	Relationship	Receivables from related parties Payment balance (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	182,138	2.33	-	-	18,567	-
The Company	Holy Stone International Trading (ShangHai) Co., Ltd	Third-tier subsidiary of the Company	286,487	5.08	-	-	134,238	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	The Company	The Company is the ultimate parent company	231,157	6.75	-	-	96,346	-

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	HSHK	1	Sales	207,121	120 days from the following month	3.35%
0	The Company	HSHK	1	Accounts receivable	182,138	120 days from the following month	1.16%
0	The Company	HSITC	1	Sales	694,998	150 days from the following month	11.25%
0	The Company	HSITC	1	Accounts receivable	286,487	150 days from the following month	1.83%
0	The Company	He Chi	1	Sales	166,079	120 days from the invoiced month	2.69%
0	The Company	He Chi	1	Accounts receivable	26,704	120 days from the invoiced month	0.17%
1	EPM	The Company	2	Sales	122,986	Cash settlement of the current month	1.99%
1	EPM	The Company	2	Accounts receivable	27,844	Cash settlement of the current month	0.18%
2	HSHK	The Company	2	Sales	607,481	30 days from the invoiced month	9.83%
2	HSHK	The Company	2	Accounts receivable	231,157	30 days from the invoiced month	1.48%
3	JCI	OHGA	3	Other receivables, net	50,000	As stipulated in the contract	0.32%

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):

The Group's reinvestment for the six months ended June 30, 2024 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%	494,702	15,973	15,973	Subsidiary of the Company
The Company	Holy Stone Holdings Co., Ltd.	Samoa	General investment	2,078,392	2,078,392	30,000	100.00%	737,122	(11,965)	(11,682)	Subsidiary of the Company
The Company	UHOLY Investment Co., Ltd.	Taipei City	General investment	622,500	622,500	54,000	100.00%	673,029	27,353	27,656	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%	67,230	10,315	10,315	Subsidiary of the Company
The Company	Jung Chan Investments Co., Ltd.	Taipei City	General investment	340,000	340,000	36,000	100.00%	416,524	37,334	37,334	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%	27,762	65	65	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%	124,150	93,598	3,410	The investee accounted for under the equity method
Holy Stone Holdings Co., Ltd.	Holy Stone Investments Co., Ltd	Hong Kong	General investment	227,150	214,935	7,000	100.00%	518,392	(2,651)	(2,651)	Subsidiary of Holy Stone Holdings Co., Ltd.
Holy Stone Holdings Co., Ltd.	Holypaq Corporation	British Cayman Islands	General investment	38,940	36,846	1,200	100.00%	868	-	-	Subsidiary of Holy Stone Holdings Co., Ltd.
Holy Stone Holdings Co., Ltd.	Green Glory Holdings Ltd.	Samoa	General investment	40,258	38,093	1,310	100.00%	47,555	(5,316)	(5,316)	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	453,521	429,133	2,500	100.00%	79,477	(2,181)	(2,181)	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	98,833	106,428	1	100.00%	110,283	(2,677)	(2,677)	Subsidiary of Holy Stone Holdings Co., Ltd.
Holy Stone Holdings Co., Ltd.	Holy Stone Holdings (Singapore) Pte. Ltd	Singapore	Electronic retail business	3,245	3,071	100	100.00%	3,859	138	138	Subsidiary of Holy Stone Holdings Co., Ltd.
Green Glory Holdings Ltd.	Milestone Global Technology Ltd.	USA	Development and sales of electronic products	16,225	15,353	500	100.00%	30,472	(2,230)	(2,230)	Subsidiary of Green Glory Holdings
Green Glory Holdings Ltd.	Holystone (Europe) Ltd.	England	Electronic retail business	22,289	21,090	350	100.00%	16,908	(3,076)	(3,076)	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%	130,545	(86,930)	(29,164)	The investee accounted for using the equity method by UHOLY Investment Co., Ltd.
UHOLY Investment Co., Ltd.	eGalax_eMPIA Technology Inc.	Taipei City	Product Designing, Wholesale of Electronic Materials and Retail Sale of Electronic Materials	26,705	26,705	6,458	10.14%	319,520	93,598	9,491	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.	Holy Young BioMedical Co., Ltd.	Taipei City	Wholesale of drugs and medical goods	53,343	53,343	2,630	33.36%	57,313	12,956	4,322	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%	14,600	(6,435)	(6,435)	Subsidiary of Holy Stone Healthcare Co., Ltd.
Holy Young BioMedical Co., Ltd.	MDT INT'L SA	Switzerland	Medical equipment development and marketing and biotechnology services	78,768	78,768	2,550	100.00%	113,563	12,019	12,019	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	95,851	85,805	2,200	100.00%	7,678	(3,303)	(3,303)	Second-tier subsidiary of Holy Stone Healthcare Co., Ltd.
Global Search Holdings Ltd.	AIHOL Corporation	USA	Medicine research and development and patent filing	41,112	34,804	11,350	100.00%	6,235	(3,105)	(3,105)	Second-tier subsidiary of Holy Stone Healthcare Co., Ltd.
Jung Chan Investments Co., Ltd.	OHGA Smarthings Co., Ltd.	New Taipei City	Manufacture of electrical and audio-visual products and sale of medical devices	334,806	334,806	15,348	71.06%	108,924	(2,268)	(1,612)	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	125,198	56,571	6,516	4.46%	19,024	(86,930)	(3,363)	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%	107,696	5,930	5,930	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%	1,397	535	70	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%	3,505	12,956	264	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 (Shanghai) Co., Ltd	Sales of electronic parts and components	130,125	(2)	117,145	-	-	117,145	4,178	100.00%	4,178	382,368	-
Infotech (CHINA) Co., Ltd.	Sales of electronic parts and components	68,145	(2)	68,145	-	-	68,145	(6,814)	100.00%	(6,814)	132,759	-

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
217,740	230,720	5,662,100

3. Significant transactions:

For the significant transactions between the Group and its investees in China for the six months ended June 30, 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:

April to June 2024				
	Electronic Segment	Others	Reconciliation and eliminations	Total
Income:				
Income from external customers	\$ 2,873,132	366,191	-	3,239,323
Reportable segment profit or loss	\$ 259,277	(11,491)	-	247,786
April to June 2023				
	Electronic Segment	Others	Reconciliation and eliminations	Total
Income:				
Income from external customers	\$ 2,883,538	458,231	-	3,341,769
Reportable segment profit or loss	\$ 288,037	(60,325)	-	227,712
January to June 2024				
	Electronic Segment	Others	Reconciliation and eliminations	Total
Income:				
Income from external customers	\$ 5,415,265	763,545	-	6,178,810
Reportable segment profit or loss	\$ 497,212	17,371	-	514,583
January to June 2023				
	Electronic Segment	Others	Reconciliation and eliminations	Total
Income:				
Income from external customers	\$ 6,022,021	837,472	-	6,859,493
Reportable segment profit or loss	\$ 689,646	(21,963)	-	667,683