

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

Consolidated Financial Statements

**for the Nine Months Ended September 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 September 30, 2024 and 2023, the consolidated statements of comprehensive income for the three and nine months ended September 30, 2024 and 2023, and the consolidated statements of change in equity, cash flow and the notes (including the summary of significant accounting policies) for the nine months ended September 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 as of September 30, 2024 and 2023, were NT\$3,001,915 thousand and NT\$2,322,171 thousand, respectively, representing 19.13% and 14.70% of the total consolidated assets; total liabilities were NT\$663,067 thousand and NT\$388,117 thousand, respectively, representing 12.02% and 6.78 of the total consolidated liabilities; the consolidated income or loss for the three and nine months ended September 30, 2024 and 2023 were NT\$170,583 thousand, NT\$(11,161) thousand, NT\$257,664 thousand and NT\$(20,919) thousand, representing 50.57%, (5.76)%, 33.20%, and (3.04)% 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\$439,427 thousand and NT\$451,121 thousand as of September 30, 2024 and 2023, respectively, and the shares of profit or loss recognized using the equity method in affiliated companies were NT\$2,251 thousand, NT\$2,069 thousand, NT\$15,222 thousand, and NT\$20,423 thousand for the three and nine months ended September 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 September 30, 2024 and 2023, its consolidated financial performance for the three and nine months ended September 30, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 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”.

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
November 6, 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
September 30, 2024, December 31, 2023, and September 30, 2023

Unit: thousands of New Taiwan Dollars

	September 30, 2024		December 31, 2023		September 30, 2023			September 30, 2024		December 31, 2023		September 30, 2023			
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%		
Assets															
Current assets															
1100	Cash and cash equivalents (Note 6 (1))	\$ 4,335,042	28	3,080,249	21	3,001,708	19	2100	Short-term borrowings (Note 6(12) and 8)	\$ 1,099,489	7	1,103,660	8	1,496,718	10
1110	Current financial assets at fair value through profit or loss (Note 6(2))	552,577	4	355,982	2	345,454	2	2130	Current contract liabilities (Note 6(21))	81,501	1	107,271	1	84,397	1
1150	Notes and accounts receivable, net (Notes 6(4)(21) and 7)	3,058,338	19	2,770,744	19	3,377,107	21	2170	Accounts payable	1,029,792	6	802,403	5	932,171	6
1200	Other receivables, net (Note 6(5))	43,602	-	50,746	-	54,021	-	2180	Accounts payable to related parties (Note 7)	41,223	-	30,240	-	53,161	-
1220	Current tax assets	35,654	-	32,734	-	-	-	2200	Other payables (Note 6(13))	811,925	5	845,432	6	810,683	5
130X	Inventories (Note 6(6))	2,586,937	16	3,127,761	21	3,289,924	21	2230	Current tax liabilities	102,031	1	22,305	-	213,896	1
1410	Prepayments and other current assets	98,459	1	59,354	-	91,598	1	2280	Current lease liabilities (Note 6(15))	17,827	-	18,106	-	18,555	-
	Total current assets	10,710,609	68	9,477,570	63	10,159,812	64	2322	Long-term borrowings, current portion (Note 6(14) and 8)	490,000	3	340,000	2	270,000	2
Non-current assets:															
1510	Non-current financial assets at fair value through profit or loss (Note 6(2))	75,606	1	80,173	1	119,121	1		Total current liabilities	3,673,788	23	3,269,417	22	3,879,581	25
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(3))	54,402	-	56,877	-	59,585	-	2540	Long-term borrowings (Note 6(14) and 8)	1,698,333	11	1,568,333	10	1,688,333	11
1550	Investments accounted for using the equity method (Note 6(7))	439,427	3	431,985	3	451,121	3	2570	Deferred tax liabilities	83,689	1	83,689	1	74,326	-
1600	Property, plant and equipment (Note 6(9) and 8)	4,088,218	26	4,691,840	31	4,709,707	30	2580	Non-current lease liabilities (Notes 6(15))	25,233	-	28,968	-	33,158	-
1755	Right-of-use assets (Note 6(10))	41,813	-	45,865	-	50,552	-	2640	Net defined benefit liabilities - non-current (Notes 6(16))	34,820	-	45,990	-	47,948	-
1780	Intangible assets (Note 6(11))	2,788	-	4,947	-	5,646	-	2670	Other non-current liabilities - other	2,525	-	2,511	-	2,636	-
1840	Deferred tax assets	61,202	-	60,598	-	48,823	-		Total non-current liabilities	1,844,600	12	1,729,491	11	1,846,401	11
1915	Prepayments for business facilities	179,333	2	145,708	2	160,743	2		Total of liabilities	5,518,388	35	4,998,908	33	5,725,982	36
1990	Other non-current assets- others (Note 8)	39,761	-	38,789	-	30,358	-	Equity attributable to owners of the parent company (Note 6(8)(18)):							
	Total non-current assets	4,982,550	32	5,556,782	37	5,635,656	36	3110	Ordinary share	1,658,903	11	1,658,903	11	1,658,903	10
	Total assets	\$ 15,693,159	100	15,034,352	100	15,795,468	100	3200	Capital surplus	3,160,058	20	3,209,892	21	3,209,819	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	3,158,633	20	3,337,778	22	3,264,588	21
									Total retained earnings	5,025,470	32	5,109,665	34	5,036,475	32
									Other equities:						
								3410	Exchange differences on translation of foreign financial statements	(21,824)	-	(67,289)	-	(28,687)	-
								3420	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(79,046)	(1)	(76,335)	(1)	(74,795)	-
									Total other equities	(100,870)	(1)	(143,624)	(1)	(103,482)	-
									Total equity attributable to owners of parent	9,743,561	62	9,834,836	65	9,801,715	62
								36XX	Non-controlling interests	431,210	3	200,608	2	267,771	2
									Total equity	10,174,771	65	10,035,444	67	10,069,486	64
									Total liabilities and shareholders' equity	\$ 15,693,159	100	15,034,352	100	15,795,468	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 September 30, 2024 and 2023, and for the Nine Months Ended September 30, 2024 and 2023

Unit: thousands of New Taiwan Dollars

	July to September 2024		July to September, 2023		January to September 2024		January to September 2023	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue (Note 6(21) and Note 14)	\$ 3,411,230	100	3,456,051	100	9,590,040	100	10,315,544	100
5000 Operating costs (Note 6(6)(15)(16) and Note 7)	2,829,380	83	2,864,501	83	7,984,979	83	8,408,962	82
Gross profit	581,850	17	591,550	17	1,605,061	17	1,906,582	18
Operating expenses:								
6100 Selling and administrative expenses (Notes 6(15)(16)(19)(22))	300,668	9	285,327	8	835,530	9	855,817	8
6300 Research and development expenses (Note 6(15)(16)(22))	88,025	2	105,619	3	260,386	3	309,860	3
6450 Expected credit loss (gain) (Note 6(4))	(1,458)	-	5,391	-	1,691	-	2,877	-
Total operating expenses	387,235	11	396,337	11	1,097,607	12	1,168,554	11
Operating profit	194,615	6	195,213	6	507,454	5	738,028	7
Non-operating income and expenses:								
7020 Other gains and losses, net (Note 6(9)(23))	220,030	6	13,666	-	419,028	5	139,621	1
7050 Financial costs (Note 6(15))	(19,309)	-	(17,117)	-	(49,017)	-	(52,449)	-
7060 Share of profit (loss) of associates accounted for using the equity method	2,251	-	2,069	-	15,222	-	20,423	-
7100 Interest revenue	8,623	-	5,857	-	28,106	-	21,748	-
Total non-operating income and expenses	211,595	6	4,475	-	413,339	5	129,343	1
Profit before tax	406,210	12	199,688	6	920,793	10	867,371	8
7950 Less: Income tax expense (Note 6(17))	75,216	2	50,324	2	189,719	2	212,412	1
Profit	330,994	10	149,364	4	731,074	8	654,959	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	(2,366)	-	5,109	-	(2,711)	-	5,907	-
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)	-
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	(2,366)	-	5,109	-	(2,711)	-	5,539	-
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss								
8361 Exchange differences on translation of foreign financial statements	8,707	-	39,225	2	47,786	-	28,571	-
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	8,707	-	39,225	2	47,786	-	28,571	-
8300 Other comprehensive income, net of tax	6,341	-	44,334	2	45,075	-	34,110	-
8500 Total comprehensive income in the current period	\$ 337,335	10	193,698	6	776,149	8	689,069	7
Net income attributable to:								
8610 Owners of parent	\$ 298,488	9	181,920	5	745,257	8	777,147	8
8620 Non-controlling interests	32,506	1	(32,556)	(1)	(14,183)	-	(122,188)	(1)
Profit	\$ 330,994	10	149,364	4	731,074	8	654,959	7
Total comprehensive income attributable to:								
8710 Owners of parent	\$ 302,075	9	225,046	7	788,011	8	807,085	8
8720 Non-controlling interests	35,260	1	(31,348)	(1)	(11,862)	-	(118,016)	(1)
Total comprehensive income in the current period	\$ 337,335	10	193,698	6	776,149	8	689,069	7
Earnings per share (Unit: NTD) (Note 6(20))								
9750 Earnings per share	\$ 1.80		1.09		4.49		4.68	
9850 Diluted earnings per share	\$ 1.79		1.09		4.45		4.64	

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

Chairman: Jing-Rong Tang

Manager: Jing-Rong Tang

Accounting Supervisor: Shu-Ying Chang

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

Unit: thousands of New Taiwan Dollars

	Equity attributable to owners of the parent company									
	Retained earnings					Other equity				
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
Balance at January 1, 2023	\$ 1,579,908	3,120,424	1,638,205	163,854	3,326,480	(52,980)	(80,702)	9,695,189	374,229	10,069,418
Profit	-	-	-	-	777,147	-	-	777,147	(122,188)	654,959
Other comprehensive income, net of tax	-	-	-	-	(262)	24,293	5,907	29,938	4,172	34,110
Total comprehensive income in the current period	-	-	-	-	776,885	24,293	5,907	807,085	(118,016)	689,069
Appropriation and distribution of retained earnings:										
Cash dividends of ordinary shares	-	-	-	-	(789,954)	-	-	(789,954)	-	(789,954)
Stock dividends of ordinary shares	78,995	-	-	-	(78,995)	-	-	-	-	-
Reversal of special reserve	-	-	-	(30,172)	30,172	-	-	-	-	-
Change in ownership interests in subsidiaries	-	89,395	-	-	-	-	-	89,395	10,783	100,178
Changes in non-controlling interests	-	-	-	-	-	-	-	-	775	775
Balance at September 30, 2023	\$ 1,658,903	3,209,819	1,638,205	133,682	3,264,588	(28,687)	(74,795)	9,801,715	267,771	10,069,486
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	-	-	-	-	745,257	-	-	745,257	(14,183)	731,074
Other comprehensive income, net of tax	-	-	-	-	-	45,465	(2,711)	42,754	2,321	45,075
Total comprehensive income in the current period	-	-	-	-	745,257	45,465	(2,711)	788,011	(11,862)	776,149
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	-	(49,834)	-	-	-	-	-	(49,834)	55,500	5,666
Changes in non-controlling interests	-	-	-	-	-	-	-	-	186,964	186,964
Balance at September 30, 2024	\$ 1,658,903	3,160,058	1,723,213	143,624	3,158,633	(21,824)	(79,046)	9,743,561	431,210	10,174,771

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

Chairman: Jing-Rong Tang

Manager: Jing-Rong Tang

Accounting Supervisor: Shu-Ying Chang

HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries

Consolidated Statements of Cash Flows

For the Nine Months Ended September 30, 2024 and 2023

Unit: thousands of New Taiwan Dollars

	<u>January to September 2024</u>	<u>January to September 2023</u>
Cash flows from operating activities:		
Profit before tax	\$ 920,793	867,371
Adjustments:		
Adjustments to reconcile profit		
Depreciation expense	549,824	521,686
Amortization expense	2,295	2,481
Expected credit loss (gain)	1,691	2,877
Net benefit of financial assets measured at fair value through profit or loss	(110,355)	(79,502)
Interest expense	49,017	52,449
Interest revenue	(28,106)	(21,748)
Dividend revenue	(8,814)	(8,568)
Share-based payment remuneration cost	2,390	1,200
Share of profit of associates accounted for using the equity method	(15,222)	(20,423)
Proceeds from disposal and retirement of property, plant and equipment	(239,326)	(253)
Proceeds from disposal of investment	-	(39,443)
Others	(11)	(6)
Total adjustments to reconcile profit	<u>203,383</u>	<u>410,750</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Current financial assets at fair value through profit or loss	(75,699)	(53,633)
Notes and accounts receivable	(291,253)	(420,367)
Other receivables, net	8,465	72,185
Inventories	540,824	336,630
Prepayments and other current assets	(39,105)	769
Total changes in operating assets	<u>143,232</u>	<u>(64,416)</u>
Changes in operating liabilities:		
Contract liability	(25,770)	(65,145)
Accounts payable	227,389	124,399
Accounts payable to related parties	10,983	22,625
Other payables	(30,377)	(100,374)
Net defined benefit liability	(11,170)	(4,000)
Total changes in operating liabilities	<u>171,055</u>	<u>(22,495)</u>
Net changes in operating assets and liabilities	<u>314,287</u>	<u>(86,911)</u>
Total adjustments	<u>517,670</u>	<u>323,839</u>
Cash inflow from operating activities	1,438,463	1,191,210
Interest received	27,913	21,832
Dividends received	7,686	8,568
Interest paid	(49,205)	(53,863)
Income taxes paid	(113,517)	(223,343)
Net cash inflow of operating activities	<u>1,311,340</u>	<u>944,404</u>
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	(131,664)	(419,316)
Proceeds from disposal of property, plant and equipment	442,198	465
Acquisition of intangible assets	(7)	(38)
Decrease (increase) in non-current assets	(555)	24,720
Increase in prepayments for business facilities	(33,625)	(43,562)
Dividends received	7,839	41,814
Net cash inflow (outflow) from investing activities	<u>284,186</u>	<u>(344,343)</u>
Cash flows used in financing activities:		
Decrease in short-term borrowings	(4,171)	(241,265)
Proceeds from long-term borrowings	500,000	-
Repayments of long-term borrowings	(220,000)	(47,596)
Payment of lease liabilities	(16,151)	(16,871)
Increase in other non-current liabilities	14	93
Cash dividends paid	(829,452)	(789,954)
Changes in non-controlling interests	190,239	99,749
Net cash flows used in investing activities	<u>(379,521)</u>	<u>(995,844)</u>
Effect of exchange rate changes on cash and cash equivalents	38,788	30,440
Increase (decrease) of cash and cash equivalents in current period	1,254,793	(365,343)
Cash and cash equivalents at beginning of period	3,080,249	3,367,051
Cash and cash equivalents at end of period	<u>\$ 4,335,042</u>	<u>3,001,708</u>

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

Chairman:

Jing-Rong Tang

Manager:

Jing-Rong Tang

Accounting Supervisor:

Shu-Ying Chang

HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries
Notes to Consolidated Financial Statements
for the Nine Months Ended September 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 November 6, 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 (IASB) but not yet endorsed by the FSC that may be relevant to the Group.

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

The newly pronounced or revised standards	Major amendments	The effective date pronounced by the IASB
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.

(II) Basis of consolidation

1. Subsidiaries incorporated in the consolidated financial statements

Subsidiaries incorporated in the consolidated financial statements:

Name of Investors	Name of subsidiaries	Main Business	Shareholding ratio			Descriptions
			September 30, 2024	December 31, 2023	September 30, 2023	
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

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

Name of Investors	Name of subsidiaries	Main Business	Shareholding ratio			Descriptions
			September 30, 2024	December 31, 2023	September 30, 2023	
The Company	Kong) 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%	Note 5
HSH	Everplus Material Co., Ltd. (EPM, Japan)	Manufacture and sale of electronic products, electronic machines and instruments, as well as sales of materials of electrical machines and instruments	100.00%	100.00%	100.00%	-
HSH	Holy Stone Holdings (Singapore) Pte. Ltd. (HSHS, Singapore)	Electronic retail business	100.00%	100.00%	100.00%	-
HSIC	Holy Stone International Trading (ShanHai) Co., Ltd (HSITC, China)	Sales of electronic parts and components	100.00%	100.00%	100.00%	-
HSIC	Infortech (CHINA) Co., Ltd. (He Chi, China)	Sales of electronic parts and components	100.00%	100.00%	100.00%	-
GGH	Milestone Global Technology Ltd. (MGT, USA)	Development and sales of electronic products	100.00%	100.00%	100.00%	-

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

Name of Investors	Name of subsidiaries	Main Business	Shareholding ratio			Descriptions	
			September 30, 2024	December 31, 2023	September 30, 2023		
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.	HMDT BioMedical Co., Ltd. (HMDT, Taiwan)	Medical equipment development and marketing and biotechnology services	33.36%	33.36%	-	% Notes 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
HMDT 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 Smarththings Co., Ltd (OHGA, Taiwan)	Manufacture of electrical and audio-visual products and sale of medical devices	71.06%	71.06%	71.06%	Notes 2, 6	
JCI	Holy Stone Healthcare Co., Ltd. (HSHC, Taiwan)	Wholesale of drugs and medical goods	4.33%	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	HMDT BioMedical Co., Ltd. (HMDT, Taiwan)	Medical equipment development and marketing and biotechnology services	2.04%	2.01%	-	% Notes 1, 2, 4	

Note 1: The Group has the majority voting rights at the board of directors' meetings and therefore considers HSHC and HMDT to be its subsidiary.

Note 2: It is a non-significant subsidiary and its financial statements have not been audited by a certified

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

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 the nine months ended September 30, 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 HMDT, and HMDT issued new shares to all shareholders of HSHC as consideration. The demerger base date was set as November 13, 2023, and HMDT was incorporated on that date at the same time. On November 13, 2023, the shareholding of UHOLY Investment and JCI in HMDT BioMedical was 33.36% and 2.01%, respectively. Starting from this date, HMDT 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 HMDT BioMedical.

Note 5: 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 September 30, 2024.

Note 6: The extraordinary shareholders' meeting of OHGA, on August 21, 2024, resolved a decision on dissolution and liquidation and set September 30, 2024 as the record date for dissolution. It was also approved by the Taipei City Government on October 7, 2024. As of the release date of the financial report, the relevant liquidation procedures were still in progress.

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.

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

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.

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>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>September 30,</u> <u>2023</u>
Cash on hand	\$ 1,015	1,652	2,158
Demand deposits	2,433,104	2,257,772	1,929,521
Term deposits	1,900,923	820,825	1,070,029
	<u>\$ 4,335,042</u>	<u>3,080,249</u>	<u>3,001,708</u>

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

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

	September 30, 2024	December 31, 2023	September 30, 2023
Current:			
Domestic stock	\$ 337,425	215,250	193,586
Global depositary receipt	19,238	11,177	9,815
Beneficiary certificate	195,914	129,555	142,053
Total	\$ 552,577	355,982	345,454
Non-current:			
Foreign investments in listed shares	\$ 4,537	3,810	4,110
Domestic investments in listed shares	71,069	76,363	115,011
Total	\$ 75,606	80,173	119,121

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

	September 30, 2024	December 31, 2023	September 30, 2023
Domestic and foreign stock	\$ 54,402	56,877	59,585

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

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

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

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

(IV) Notes and accounts receivable

	September 30, 2024	December 31, 2023	September 30, 2023
Receivable notes	\$ 154,207	211,098	158,091
Accounts receivable	2,972,045	2,623,901	3,280,691
Less: loss provision	(67,914)	(64,255)	(61,675)
Total	\$ 3,058,338	2,770,744	3,377,107

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

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

credit losses on the Group's notes and accounts receivable is as follows:

	September 30, 2024		
	Carrying amount of notes and accounts receivable	Weighted- average rate of expected credit loss	Allowance for lifetime expected credit loss
Not overdue	\$ 3,059,946	0%~10%	14,345
1 to 30 days	11,155	1%~40%	1,040
31 to 60 days	3,783	1%~100%	1,161
Overdue for over 61 days	51,368	50%~100%	51,368
	\$ 3,126,252		67,914
	December 31, 2023		
	Carrying amount of notes and 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
	\$ 2,834,999		64,255
	September 30, 2023		
	Carrying amount of notes and accounts receivable	Weighted- average rate of expected credit loss	Allowance for lifetime expected credit loss
Not overdue	\$ 3,367,422	0%~10%	8,810
1 to 30 days	23,794	1%~40%	6,331
31 to 60 days	4,959	1%~100%	3,932
Overdue for over 61 days	42,607	50%~100%	42,602
	\$ 3,438,782		61,675

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

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

	<u>January to September 2024</u>	<u>January to September 2023</u>
Balance, beginning	\$ 64,255	63,895
Impairment loss, recognized	1,691	2,877
Amounts written off as uncollectible	-	(5,664)
Foreign currency translation gains and losses	1,968	567
Ending balance	<u>\$ 67,914</u>	<u>61,675</u>

The aforesaid financial assets are not pledged as collateral.

(V) Other receivables, net

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Tax Refund Receivable	\$ 37,297	40,527	45,938
Interest receivable	2,929	2,736	1,968
Other	3,376	7,483	6,115
	<u>\$ 43,602</u>	<u>50,746</u>	<u>54,021</u>

As of September 30, 2024, December 31, 2023, and September 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>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Raw materials	\$ 230,900	201,541	215,453
Materials	22,657	23,147	25,547
Work in progress	208,331	151,368	171,732
Semi-Finished products	90,151	124,180	137,292
Finished good	572,302	524,344	554,772
Merchandise	1,462,596	2,103,181	2,185,128
	<u>\$ 2,586,937</u>	<u>3,127,761</u>	<u>3,289,924</u>

For the three months ended September 30, 2024 and nine months ended September 30, 2024, the factors that caused the net realizable value of inventories was lower than cost, resulting in an increase in net realizable value and a decrease in operating costs of NT\$7,163 thousand and NT\$1,638 thousand, respectively.

For the three months ended September 30, 2023, the factors causing the net realizable value of inventories to be lower than the cost had disappeared, and the increase in net realizable value of inventories had recognized a decrease in operating costs of NTD 1,714 thousand; for the nine months ended September 30, 2023, the Group recognized a loss of NT\$492 thousand

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

on inventory write-downs to net realizable value and it is recognized as the cost of sales.

The Group's inventories are not pledged as collateral.

(VII) Investments accounted for using the equity method

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

	September 30, 2024	December 31, 2023	September 30, 2023
Associate	\$ 439,427	431,985	451,121

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

2. Unaudited investments accounted for using the equity method

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

(VIII) Change in ownership interests in subsidiaries

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

The Group disposed of 0.14% of its ownership interest in HSHC from June to September 2024, the proceeds of which amounted to NT\$4,714 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 September 2024	January to September 2023
Carrying amount of disposal of ownership interest in subsidiaries	\$ (607)	(10,908)
Consideration received from non-controlling interests	4,714	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	\$ 4,107	88,966

(IX) Property, plant and equipment

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

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>
Cost:						
Balance at January 1, 2024	\$ 919,930	2,957,894	4,942,332	753,130	484,351	10,057,637
Addition	-	1,773	981	7,719	118,249	128,722
Reclassification	-	43,788	330,081	31,398	(405,267)	-
Disposal	(156,522)	(77,506)	(22,636)	(38,931)	-	(295,595)
The Effects of Changes in	<u>765</u>	<u>7,973</u>	<u>2,100</u>	<u>1,624</u>	<u>-</u>	<u>12,462</u>
Foreign Exchange Rates						
Balance at September 30,	<u>\$ 764,173</u>	<u>2,933,922</u>	<u>5,252,858</u>	<u>754,940</u>	<u>197,333</u>	<u>9,903,226</u>
2024						
Balance at January 1, 2023	\$ 923,252	2,808,388	4,249,987	711,617	858,439	9,551,683
Addition	-	647	21,488	15,739	384,693	422,567
Reclassification	-	125,581	413,699	26,080	(565,360)	-
Disposal	-	(306)	(27,854)	(22,207)	-	(50,367)
The Effects of Changes in	<u>(3,710)</u>	<u>(4,932)</u>	<u>(8,236)</u>	<u>437</u>	<u>-</u>	<u>(16,441)</u>
Foreign Exchange Rates						
Balance at September 30,	<u>\$ 919,542</u>	<u>2,929,378</u>	<u>4,649,084</u>	<u>731,666</u>	<u>677,772</u>	<u>9,907,442</u>
2023						
Accumulated depreciation:						
Balance at January 1, 2024	\$ -	934,295	3,807,811	623,691	-	5,365,797
Depreciation in the current	-	108,749	365,804	59,226	-	533,779
period						
Reclassification	-	(4,305)	(1,625)	5,930	-	-
Disposal	-	(31,630)	(22,627)	(38,459)	-	(92,716)
The Effects of Changes in	<u>-</u>	<u>5,084</u>	<u>1,740</u>	<u>1,324</u>	<u>-</u>	<u>8,148</u>
Foreign Exchange Rates						
Balance at September 30,	<u>\$ -</u>	<u>1,012,193</u>	<u>4,151,103</u>	<u>651,712</u>	<u>-</u>	<u>5,815,008</u>
2024						
Balance at January 1, 2023	\$ -	791,906	3,392,426	566,123	-	4,750,455
Depreciation in the current	-	103,740	336,587	64,491	-	504,818
period						
Disposal	-	(306)	(27,721)	(22,131)	-	(50,158)
The Effects of Changes in	<u>-</u>	<u>(2,180)</u>	<u>(5,625)</u>	<u>425</u>	<u>-</u>	<u>(7,380)</u>
Foreign Exchange Rates						
Balance at September 30,	<u>\$ -</u>	<u>893,160</u>	<u>3,695,667</u>	<u>608,908</u>	<u>-</u>	<u>5,197,735</u>
2023						
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>

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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>
Balance at September 30, 2024	<u>\$764,173</u>	<u>1,921,729</u>	<u>1,101,755</u>	<u>103,228</u>	<u>197,333</u>	<u>4,088,218</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 September 30, 2023	<u>\$919,542</u>	<u>2,036,218</u>	<u>953,417</u>	<u>122,758</u>	<u>677,772</u>	<u>4,709,707</u>

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. The disposal proceeds totaled NT\$238,425, and the relevant legal procedures have been completed.

As of September 30, 2024, December 31, 2023, and September 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 and structures</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	12,487	83	12,570
Decrease	(4,529)	(330)	(4,859)
The Effects of Changes in Foreign Exchange Rates	<u>3,141</u>	<u>42</u>	<u>3,183</u>
Balance at September 30, 2024	<u>\$ 144,367</u>	<u>1,883</u>	<u>146,250</u>
Balance at January 1, 2023	\$ 111,594	9,200	120,794
Increase	28,818	953	29,771
Decrease	(8,656)	(784)	(9,440)
The Effects of Changes in Foreign Exchange Rates	<u>1,806</u>	<u>72</u>	<u>1,878</u>
Balance at September 30, 2023	<u>\$ 133,562</u>	<u>9,441</u>	<u>143,003</u>
Depreciation of right-of-use			

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

	<u>Buildings and structures</u>	<u>Other equipment</u>	<u>Total</u>
assets:			
Balance at January 1, 2024	\$ 88,113	1,378	89,491
Depreciation in the current period	15,680	365	16,045
Decrease	(3,123)	(247)	(3,370)
The Effects of Changes in Foreign Exchange Rates	2,235	36	2,271
Balance at September 30, 2024	<u>\$ 102,905</u>	<u>1,532</u>	<u>104,437</u>
Balance at January 1, 2023	\$ 74,401	7,077	81,478
Depreciation in the current period	15,167	1,701	16,868
Decrease	(7,088)	(479)	(7,567)
The Effects of Changes in Foreign Exchange Rates	1,638	34	1,672
Balance at September 30, 2023	<u>\$ 84,118</u>	<u>8,333</u>	<u>92,451</u>
Book value:			
Balance at January 1, 2024	<u>\$ 45,155</u>	<u>710</u>	<u>45,865</u>
Balance at September 30, 2024	<u>\$ 41,462</u>	<u>351</u>	<u>41,813</u>
Balance at January 1, 2023	<u>\$ 37,193</u>	<u>2,123</u>	<u>39,316</u>
Balance at September 30, 2023	<u>\$ 49,444</u>	<u>1,108</u>	<u>50,552</u>

(XI) Intangible assets

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

	<u>Goodwill</u>	<u>Other</u>	<u>Total</u>
Costs:			
Balance at January 1, 2024	\$ 541,940	61,414	603,354
Intangible assets acquired separately	-	7	7
Effects of changes in foreign	-	1,768	1,768

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

	<u>Goodwill</u>	<u>Other</u>	<u>Total</u>
exchange rates			
Balance at September 30, 2024	\$ 541,940	63,189	605,129
Balance at January 1, 2023	\$ 541,940	56,896	598,836
Intangible assets acquired	-	38	38
separately			
Effects of changes in foreign	-	2,586	2,586
exchange rates			
Balance at September 30, 2023	\$ 541,940	59,520	601,460
Accumulated amortization and impairment loss:			
Balance at January 1, 2024	\$ 541,940	56,467	598,407
Amortization for current period	-	2,265	2,265
Effects of changes in foreign	-	1,669	1,669
exchange rates			
Balance at September 30, 2024	\$ 541,940	60,401	602,341
Balance at January 1, 2023	\$ 541,940	49,175	591,115
Amortization for current period	-	2,374	2,374
Effects of changes in foreign	-	2,325	2,325
exchange rates			
Balance at September 30, 2023	\$ 541,940	53,874	595,814
Book value:			
Balance at January 1, 2024	\$ -	4,947	4,947
Balance at September 30, 2024	\$ -	2,788	2,788
Balance at January 1, 2023	\$ -	7,721	7,721
Balance at September 30, 2023	\$ -	5,646	5,646

(XII) Short-term borrowings

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Unsecured bank loan	\$ 1,099,489	1,103,660	1,496,718
Quota not used	\$ 4,501,321	5,468,726	5,282,414
Interest rate range	<u>1.7%~6.6%</u>	<u>0.67%~6.6%</u>	<u>0.67%~6.4%</u>

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

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

(XIII) Other payables

	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>September 30,</u> <u>2023</u>
Employee bonuses payable	\$ 244,148	239,693	236,028
Remuneration payable to directors	21,210	22,703	22,005
Accounts payable, equipment	56,586	59,528	78,340
Accrued wages and bonus	120,638	186,207	145,360
Payables for services	2,628	2,373	2,343
Labor and health insurance expenses	20,279	19,099	19,878
Other	346,436	315,829	306,729
	<u>\$ 811,925</u>	<u>845,432</u>	<u>810,683</u>

(XIV) Long-term borrowings

	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>September 30,</u> <u>2023</u>
Unsecured bank loan	\$ 2,188,333	1,908,333	1,958,333
Less: Current portions	(490,000)	(340,000)	(270,000)
Total	<u>\$ 1,698,333</u>	<u>1,568,333</u>	<u>1,688,333</u>
Quota not used	<u>\$ -</u>	<u>-</u>	<u>-</u>
Interest rate range	<u>1.15%~1.82%</u>	<u>1.025%~1.15%</u>	<u>1.025%~1.86%</u>

1. Issuance and repayment of loans

The Group's issuance of long-term borrowings from January 1 to September 30, 2024 and 2023 were NT\$500,000 thousand and NT\$0 thousand, respectively, and the repayments were NT\$220,000 thousand and NT\$47,596 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:

	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>September 30,</u> <u>2023</u>
Current	<u>\$ 17,827</u>	<u>18,106</u>	<u>18,555</u>
Non-current	<u>\$ 25,233</u>	<u>28,968</u>	<u>33,158</u>

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

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

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

	<u>July to September 2024</u>	<u>July to September, 2023</u>	<u>January to September 2024</u>	<u>January to September 2023</u>
Interest expense on	<u>\$ 180</u>	<u>232</u>	<u>588</u>	<u>652</u>
lease liabilities				
Short-term and low-	<u>\$ 3,867</u>	<u>3,710</u>	<u>11,477</u>	<u>11,380</u>
value lease expenses				

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

	<u>January to September 2024</u>	<u>January to September 2023</u>
Total cash outflow for leases	<u>\$ 28,216</u>	<u>28,903</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:

	<u>July to September 2024</u>	<u>July to September, 2023</u>	<u>January to September 2024</u>	<u>January to September 2023</u>
Operating cost	\$ 393	365	1,142	1,109
Operating expenses	<u>539</u>	<u>578</u>	<u>1,670</u>	<u>1,734</u>
Total	<u>\$ 932</u>	<u>943</u>	<u>2,812</u>	<u>2,843</u>

2. Defined contribution plans

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

	<u>July to September 2024</u>	<u>July to September, 2023</u>	<u>January to September 2024</u>	<u>January to September 2023</u>
Operating cost	\$ 5,986	5,861	17,339	17,605
Operating expenses	<u>13,232</u>	<u>8,770</u>	<u>31,526</u>	<u>26,168</u>
Total	<u>\$ 19,218</u>	<u>14,631</u>	<u>48,865</u>	<u>43,773</u>

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

(XVII) Income tax

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

	<u>July to September 2024</u>	<u>July to September, 2023</u>	<u>January to September 2024</u>	<u>January to September 2023</u>
Current period income tax expense				
Recognized during the period	75,216	50,324	189,719	212,412
Deferred income tax expense	-	-	-	-
Income tax expenses	<u>\$ 75,216</u>	<u>50,324</u>	<u>189,719</u>	<u>212,412</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 nine months ended September 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>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</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	73,717	123,551	123,478

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

	September 30, 2024	December 31, 2023	September 30, 2023
Expired options	130,146	130,146	130,146
	\$ 3,160,058	3,209,892	3,209,819

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	45,465	-	45,465
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
Subsidiary	-	(2,711)	(2,711)
Balance at September 30, 2024	<u>\$ (21,824)</u>	<u>(79,046)</u>	<u>(100,870)</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	24,293	-	24,293
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
Subsidiary	-	5,907	5,907
Balance at September 30, 2023	<u>\$ (28,687)</u>	<u>(74,795)</u>	<u>(103,482)</u>

(XIX) Share-based payment

There were no significant changes in the Group's share-based payment for the nine months ended September 30, 2024 and 2023, as described in Note 6(XIX) to the Consolidated Financial Statements as of December 31, 2023.

(XX) Earnings per share

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

	July to September 2024	July to September, 2023	January to September 2024	January to September 2023
Earnings per share				
Net profit attributable to the	\$ 298,488	181,920	745,257	777,147

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

	<u>July to September 2024</u>	<u>July to September, 2023</u>	<u>January to September 2024</u>	<u>January to September 2023</u>
Company				
Weighted-average number of common shares outstanding (in thousand shares)	165,890	165,890	165,890	165,890
Earnings per share (NT\$)	\$ 1.80	1.09	4.49	4.68
Diluted earnings per share				
Net profit attributable to the Company	\$ 298,488	181,920	745,257	777,147
Net income attributable to ordinary equity holders of the Company (after adjustments to the effect of dilutive potential ordinary shares)	\$ 298,488	181,920	745,257	777,147
Weighted-average number of common shares outstanding (in thousand shares)	165,890	165,890	165,890	165,890
Effect of potentially dilutive ordinary shares				
Effect of employee stock bonus (in thousand shares)	1,220	1,180	1,498	1,615
Weighted-average number of common shares outstanding (after adjustments to the effect of dilutive potential ordinary shares) (in thousand shares)	167,110	167,070	167,388	167,505
Diluted earnings per share (NT\$)	\$ 1.79	1.09	4.45	4.64

(XXI) Revenue from contracts with customers

1. Revenue breakdown

	<u>July to September 2024</u>		
	<u>Electronic Segment</u>	<u>Others</u>	<u>Total</u>
Core products/services:			
Passive Components	\$ 1,389,226	-	1,389,226
Active Components	807,031	-	807,031
System on Module	495,496	-	495,496
Other	358,575	360,902	719,477
	\$ 3,050,328	360,902	3,411,230

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

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

	January to September 2024		
	Electronic Segment	Others	Total
Core products/services:			
Passive Components	\$ 3,741,230	-	3,741,230
Active Components	2,102,127	-	2,102,127
System on Module	1,666,605	-	1,666,605
Others	956,608	1,123,470	2,080,078
	\$ 8,466,570	1,123,470	9,590,040

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

2. Contract balance

	September 30, 2024	December 31, 2023	September 30, 2023
Receivable notes	\$ 154,207	211,098	158,091
Accounts receivable	2,972,045	2,623,901	3,280,691
Less: loss provision	(67,914)	(64,255)	(61,675)
Total	\$ 3,058,338	2,770,744	3,377,107
Contract liability	\$ 81,501	107,271	84,397

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\$14,355 thousand, NT\$9,978 thousand, NT\$94,605 thousand, and NT\$128,800 thousand for the three and nine months ended September 30, 2024 and 2023, respectively.

(XXII) Remuneration to employee, directors

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

The estimated amounts of employees' compensation for the three months ended September 30, 2024 and for the nine months ended September 30, 2024 were NT\$44,773 thousand and NT\$111,350 thousand, respectively; the estimated amounts of remuneration to directors were NT\$8,529 thousand and NT\$21,210 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.

The estimated amounts of employees' compensation for the three months ended September 30, 2023 and for the nine months ended September 30 2023 were NT\$27,289thousand and NT\$115,530 thousand, respectively; the estimated amounts of remuneration to directors were NT\$5,197 thousand and NT\$22,005 thousand, respectively. These amounts were estimated by multiplying the Company's profit before tax before

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

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>July to September 2024</u>	<u>July to September, 2023</u>	<u>January to September 2024</u>	<u>January to September 2023</u>
Dividend revenue	\$ 623	1,103	2,576	2,190
Net gain (loss) on financial assets at fair value through profit or loss	(31,586)	(31,128)	117,498	85,341
Proceeds from disposal of property, plant and equipment	239,458	267	239,326	253
Proceeds from disposal of investment	-	-	-	308
Net exchange gains and losses	3,638	34,910	37,649	39,343
Others	7,897	8,514	21,979	12,186
	<u>\$ 220,030</u>	<u>13,666</u>	<u>419,028</u>	<u>139,621</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

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

the financial instruments. For related information, please refer to Note 6(24) to the Consolidated Financial Statements for the year ended December 31, 2023.

1. Liquidity risk

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

	<u>Book value</u>	<u>Contract cash flows</u>	<u>Within one year</u>	<u>1~5 years</u>	<u>≥ 5 years</u>
September 30, 2024					
Non-derivative financial liabilities					
Short-term borrowings	\$ 1,099,489	1,107,483	1,107,483	-	-
Current contract liabilities	81,501	81,501	81,501	-	-
Accounts payable	1,029,792	1,029,792	1,029,792	-	-
Accounts payable to related parties	41,223	41,223	41,223	-	-
Other payables	811,925	811,925	811,925	-	-
Lease liabilities	43,060	44,210	18,432	25,778	-
Long-term borrowings	2,188,333	2,242,814	517,125	1,725,689	-
	<u>\$ 5,295,323</u>	<u>5,358,948</u>	<u>3,607,481</u>	<u>1,751,467</u>	<u>-</u>
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
	<u>\$ 4,844,413</u>	<u>4,899,898</u>	<u>3,273,156</u>	<u>1,621,737</u>	<u>5,005</u>
September 30, 2023					
Non-derivative financial liabilities					
Short-term borrowings	\$ 1,496,718	1,502,446	1,502,446	-	-
Current contract liabilities	84,397	84,397	84,397	-	-
Accounts payable	932,171	932,171	932,171	-	-

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

	<u>Book value</u>	<u>Contract cash flows</u>	<u>Within one year</u>	<u>1~5 years</u>	<u>≥ 5 years</u>
Accounts payable to related parties	53,161	53,161	53,161	-	-
Other payables	810,683	810,683	810,683	-	-
Lease liabilities	51,713	53,442	19,287	33,336	819
Long-term borrowings	1,958,333	2,012,586	291,040	1,711,522	10,024
	\$ 5,387,176	5,448,886	3,693,185	1,744,858	10,843

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

	<u>September 30, 2024</u>			<u>December 31, 2023</u>			<u>September 30, 2023</u>		
	<u>Foreign currency</u>	<u>Exchange rate (NT\$)</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate (NT\$)</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate (NT\$)</u>	<u>NTD</u>
<u>Financial Asset</u>									
<u>Monetary items</u>									
USD	\$ 67,570	31.6500	2,138,593	62,857	30.7050	1,930,137	77,688	32.2700	2,506,981
EUR	1,107	35.3800	39,171	936	33.9800	31,799	2,089	33.9100	70,838
HKD	20,636	4.0750	84,092	20,310	3.9290	79,799	19,337	4.1230	79,727
GBP	-	-	-	242	39.1500	9,474	338	39.2300	13,277
JPY	498,149	0.2223	110,739	627,586	0.2172	136,312	339,618	0.2162	73,425
CNY	22,978	4.5230	103,928	11,565	4.3270	50,043	10,309	4.4150	45,513
TWD	-	-	-	3,272	1.0000	3,272	5,249	1.0000	5,249
SGD	-	-	-	55	23.29	1,291	-	-	-
<u>Non-monetary items</u>									
USD	4,590	31.6500	145,273	2,741	30.7050	84,167	2,499	32.2700	80,644
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	\$ 47,125	31.6500	1,491,518	32,178	30.7050	988,038	37,045	32.2700	1,195,447
EUR	87	35.3800	3,090	244	33.9800	8,308	94	33.9100	3,198
HKD	768	4.0750	3,129	883	3.9290	3,471	551	4.1230	2,272
GBP	673	42.4300	28,558	89	39.1500	3,465	612	39.2300	23,999
JPY	38,863	0.2223	8,639	14,382	0.2172	3,124	24,530	0.2162	5,303
CNY	-	-	-	1,562	4.3270	6,758	-	-	-
TWD	-	-	-	1,603	1.0000	1,603	1,013	1.0000	1,013

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 September 30, 2024, and 2023, the net income would decrease or increase by NT\$47,079 thousand and NT\$78,189 thousand for the nine months ended September 30, 2024, and 2023, respectively, if the New Taiwan dollar depreciated or appreciated by 5% against the USD, EUR, JPY, HKD, GBP, and CNY. The analysis is performed on the same basis

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

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 nine months ended September 30, 2024 and 2023, foreign currency exchange gains and losses (including realized and unrealized) were NT\$37,649 thousand and NT\$39,343 thousand, respectively.

3. Fair value information

(1) Types of financial instruments and associated fair value

The Group has measured financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income on a recurring basis. The carrying amount and fair value of financial assets and financial liabilities (including instruments possess fair-value-level information, but carrying at values reasonably close to the fair values, and lease liability that requires no disclosure of fair value necessary) are as follows:

	September 30, 2024				
	Book value	Fair value			Total
	Level 1	Level 2	Level 3		
Current financial assets at fair value through profit or loss	\$ 628,183	557,114	-	71,069	628,183
Financial assets at fair value through other comprehensive income	54,402	-	-	54,402	54,402
Financial assets at amortization					
Cash and cash equivalent	4,335,042	-	-	-	-
Notes and accounts receivable - Net	3,058,338	-	-	-	-
Other receivables, net	43,602	-	-	-	-
Sub-total	7,436,982	-	-	-	-
Total	\$ 8,119,567	557,114	-	125,471	682,585
Financial liabilities at amortized cost					
Short-term borrowings	\$ 1,099,489	-	-	-	-
Current contract liabilities	81,501	-	-	-	-
Accounts payable	1,029,792	-	-	-	-
Accounts payable to related parties	41,223	-	-	-	-

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

		September 30, 2024			
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Other payables	811,925	-	-	-	-
Lease liabilities	43,060	-	-	-	-
Long-term borrowings	2,188,333	-	-	-	-
Sub-total	5,295,323	-	-	-	-
Total	\$ 5,295,323	-	-	-	-
		December 31, 2023			
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Current financial assets at fair value through profit or loss	\$ 436,155	359,792	-	76,363	436,155
Financial assets at fair value through other comprehensive income	56,877	-	-	56,877	56,877
Financial assets at amortization					
Cash and cash equivalent	3,080,249	-	-	-	-
Notes and accounts receivable - Net	2,770,744	-	-	-	-
Other receivables, net	50,746	-	-	-	-
Sub-total	5,901,739	-	-	-	-
Total	\$ 6,394,771	359,792	-	133,240	493,032
Financial liabilities at amortized cost					
Short-term borrowings	\$ 1,103,660	-	-	-	-
Current contract liabilities	107,271	-	-	-	-
Accounts payable	802,403	-	-	-	-
Accounts payable to related parties	30,240	-	-	-	-
Other payables	845,432	-	-	-	-
Lease liabilities	47,074	-	-	-	-
Long-term borrowings	1,908,333	-	-	-	-
Sub-total	4,844,413	-	-	-	-
Total	\$ 4,844,413	-	-	-	-

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

	September 30, 2023				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Current financial assets at fair value through profit or loss	\$ 464,575	349,564		115,011	464,575
Financial assets at fair value through other comprehensive income	59,585	-	-	59,585	59,585
Financial assets at amortization					
Cash and cash equivalent	3,001,708	-	-	-	-
Notes and accounts receivable - Net	3,377,107	-	-	-	-
Other receivables, net	54,021	-	-	-	-
Sub-total	6,432,836	-	-	-	-
Total	\$ 6,956,996	349,564	-	174,596	524,160
Financial liabilities at amortized cost					
Short-term borrowings	\$ 1,496,718	-	-	-	-
Current contract liabilities	84,397	-	-	-	-
Accounts payable	932,171	-	-	-	-
Accounts payable to related parties	53,161	-	-	-	-
Other payables	810,683	-	-	-	-
Lease liabilities	51,713	-	-	-	-
Long-term borrowings	1,958,333	-	-	-	-
Sub-total	5,387,176	-	-	-	-
Total	\$ 5,387,176	-	-	-	-

(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

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

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

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

(3.1) Non-derivative financial instruments

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

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

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

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

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

(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	(5,294)	-
Recognized in other comprehensive income	-	(2,711)
Purchase	-	-
Disposal	-	-
Other	-	236
September 30, 2024	\$ 71,069	54,402
January 1, 2023	\$ 98,528	52,859
Total gain or loss		
Recognized in profit or loss	68,592	-
Recognized in other comprehensive income	-	5,907
Purchase	-	7,624
Disposal	(52,109)	(7,089)
Other	-	284
September 30, 2023	\$ 115,011	59,585

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

	January to September 2024	January to September 2023
Total gain or loss		
Recognized in profit or loss (recorded as "other gains and losses, net")	\$ (5,294)	68,592
Recognized in other comprehensive income (recorded as "unrealized valuation gains (losses) on financial assets at fair value through profit or loss".	(2,711)	5,907

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 nine months ended September 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:

	January 1, 2024	Cash flows	Acquisition	Non-cash changes		September 30, 2024
				Changes in foreign exchange rates	Other	
Short-term borrowings	\$ 1,103,660	(4,171)	-	-	-	1,099,489
Long-term borrowings (including current portion)	1,908,333	(220,000)	500,000	-	-	2,188,333
Lease liabilities	47,074	(16,151)	12,570	1,067	(1,500)	43,060
Total liabilities arising from financing activities	\$ 3,059,067	(240,322)	512,570	1,067	(1,500)	3,330,882

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

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

VII. Related-party Transactions

(I) Related parties

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

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

(II) Important transactions with related parties

1. Purchases and payables to related parties

	<u>Purchase</u>				<u>Payables to related parties</u>		
	<u>July to September 2024</u>	<u>July to September, 2023</u>	<u>January to September 2024</u>	<u>January to September 2023</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Associate	\$ 54,917	65,893	180,854	209,095	41,223	30,240	52,993
Other related party	-	160	-	160	-	-	168
	<u>\$ 54,917</u>	<u>66,053</u>	<u>180,854</u>	<u>209,255</u>	<u>41,223</u>	<u>30,240</u>	<u>53,161</u>

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

2. As of September 30, 2024, December 31, 2023, and September 30, 2023, the Group and its affiliates had other receivables (included in notes and accounts receivable, net) amounting to NT\$714 thousand, NT\$627 thousand and NT\$627 thousand, respectively, for the collection of payments on behalf of the Group, fees and other expenses.

(III) Key managers transaction

Remuneration to key managers include:

	<u>July to September 2024</u>	<u>July to September, 2023</u>	<u>January to September 2024</u>	<u>January to September 2023</u>
Short-term employee benefits	<u>\$ 8,695</u>	<u>7,570</u>	<u>29,778</u>	<u>33,784</u>

VIII. Pledged Assets

Book values for the pledged assets are as follows:

<u>Asset</u>	<u>Object of guarantee</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Land	Bank loans	\$ -	-	156,522
Buildings	Bank loans	-	-	46,507
Term deposits	Guarantees for purchase tax and commodity tax	24,245	19,985	17,977
		<u>\$ 24,245</u>	<u>19,985</u>	<u>221,006</u>

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

IX. Significant Contingent Liabilities and Unrecognized Commitments

(I) As of September 30, 2024, December 31, 2023, and September 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:

	September 30, 2024	December 31, 2023	September 30, 2023
Acquisition of property, plant and equipment	\$ 56,759	113,048	159,204

X. Losses Due to Major Disasters: None.

XI. Material Subsequent Events: N/A.

XII. Others

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

By function By nature	July to September 2024			July to September, 2023		
	Recognized in cost of revenue	Recognized in operating expenses	Total	Recognized in cost of revenue	Recognized in operating expenses	Total
Employee benefits						
Salary expense	112,032	197,574	309,606	105,258	176,169	281,427
Labor and health insurance expenses	12,432	13,730	26,162	12,254	13,067	25,321
Pension expense	6,379	13,771	20,150	6,226	9,348	15,574
Remuneration to directors	-	9,346	9,346	-	6,263	6,263
Other employee benefit expenses	3,612	4,922	8,534	3,249	3,904	7,153
Depreciation expense	160,201	16,092	176,293	160,353	18,754	179,107
Amortization expense	-	676	676	-	858	858

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

By function By nature	January to September 2024			January to September 2023		
	Recognized in cost of revenue	Recognized in operating expenses	Total	Recognized in cost of revenue	Recognized in operating expenses	Total
Employee benefits						
Salary expense	315,461	548,850	864,311	319,650	542,472	862,122
Labor and health insurance expenses	36,384	39,729	76,113	37,468	39,275	76,743
Pension expense	18,481	33,196	51,677	18,714	27,902	46,616
Remuneration to directors	-	24,634	24,634	-	24,986	24,986
Other employee benefit expenses	9,929	13,307	23,236	10,566	11,757	22,323
Depreciation expense	498,882	50,942	549,824	464,063	57,623	521,686
Amortization expense	-	2,295	2,295	-	2,481	2,481

(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 nine months ended September 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.	Lending company	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 loan (Note 2)	Business transaction amount between the two parties	Reasons for short-term financing	Amount of allowance for losses	Collateral		Individual funding loan limits (Note 1)	Total limit of loans (Note 1)
													Name	Value		
1	Jung Chan Investments Co., Ltd.	OHGA Smarthings Co., Ltd	Other receivables, net	Yes	80,000	80,000	-	2.50%	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

HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

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.

2. Endorsements/guarantees provided:

Endorsement/ guarantee 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)	1,948,712	164,250	-	-	-	-%	4,871,780	Y	N	N
0	The Company	Jung Chan Investments Co., Ltd.	(2)	1,948,712	150,000	-	-	-	-%	4,871,780	Y	N	N
0	The Company	Everplus Material Co., Ltd.	(2)	1,948,712	88,920	44,460	33,345	-	0.46%	4,871,780	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.

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				Notes
				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	9,268	-	9,268	-
The Company	SPDR S&P500 ETF	-	"	1	18,160	-	18,160	-

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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				Notes
				Shares	Book value	Percent of shareholdings	Fair value	
The Company	MSCI EMERGING MKT ETP	-	"	1	1,452	-	1,452	-
The Company	ALLANZ-EURO EQ USD	-	"	11	6,971	-	6,971	-
The Company	BARINGS GLOB HIY BOND	-	"	8	34,202	-	34,202	-
The Company	AB SICAV I-INTL HLT CR-AUSD	-	"	1	17,573	-	17,573	-
The Company	AMUNDI FUNDS PIONEER US SHORT TERM BOND-A2 USD (C)	-	"	138	33,872	-	33,872	-
The Company	TSMC ADR	-	Current financial assets at fair value through profit or loss - Global depository receipt	4	19,238	-	19,238	-
The Company	Shares of TSMC	-	Current financial assets at fair value through profit or loss - Domestic stock	100	95,700	-	95,700	-
The Company	Shares of Wiyynn Corporation	-	"	12	20,580	-	20,580	-
The Company	Shares of GSI TECHNOLOGY INC.	-	Non-current financial assets at fair value through profit or loss	47	4,537	0.20 %	4,537	-
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	13,398	-	13,398	-
Martek Co., Ltd.	Shares of Wiyynn Corporation	-	"	3	5,145	-	5,145	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	SPDR S&P500 ETF	-	Current financial assets at fair value through profit or loss - Beneficiary certificate	1	9,988	-	9,988	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	INVESCO QQQ ETF	-	"	1	6,179	-	6,179	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	AB SICAV I-INTL HLT CR-AUSE	-	"	1	8,648	-	8,648	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	MSCI THAILAND CAPPED	-	"	1	2,193	-	2,193	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	AMUNDI FUNDS PIONEER US SHORT TERM BOND-A2 USD (C)	-	"	55	13,623	-	13,623	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	BARINGS GLOB HIY BOND-TGUSDA	-	"	3	13,467	-	13,467	-

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Holding company name	Marketable securities types and name	Relationship with the issuers	Financial statement account	End of the current period				Notes
				Shares	Book value	Percent of shareholdings	Fair value	
Holy Stone Holdings Co., Ltd.	Greenvity Communications, Inc	-	Non-current financial assets at fair value through other comprehensive income	220	-	0.76 %	-	-
Holy Stone Holdings Co., Ltd.	SPDR S&P500 ETF	-	Current financial assets at fair value through profit or loss - Beneficiary certificate	1	7,264	-	7,264	-
Holy Stone Holdings Co., Ltd.	AB SICAV I-INTL HLT CR-AUSD	-	"	1	6,559	-	6,559	-
Holy Stone Holdings Co., Ltd.	INVESCO QQQ TRUST SERIES 1	-	"	1	3,089	-	3,089	-
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	3,406	-	3,406	-
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	-	0.13 %	-	-
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	25,986	1.81 %	25,986	-
UHOLY Investment Co., Ltd.	Shares of AZOTEK CO., LTD.	-	"	981	31,377	1.60 %	31,377	-
UHOLY Investment Co., Ltd.	Shares of TSMC	-	Current financial assets at fair value through profit or loss - Domestic stock	84	80,388	-	80,388	-
UHOLY Investment Co., Ltd.	Shares of Arizona RFID Technology Caymon Co., Ltd.	-	"	26	7,488	-	7,488	-
UHOLY Investment Co., Ltd.	Shares of TAIWAN PAIHO LIMITED	-	"	70	5,110	-	5,110	-
Jung Chan Investments Co., Ltd.	Shares of JYA-NAY CO., LTD.	-	-Non-current financial assets at fair value through other comprehensive income	2,976	22,681	12.40 %	22,681	-
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	-	0.02 %	-	-

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				Notes
				Shares	Book value	Percent of shareholdings	Fair value	
Jung Chan Investments Co., Ltd.	Shares of ThroughTek Co., Ltd.	-	Non-current financial assets at fair value through profit or loss	140	2,492	0.54 %	2,492	-
Jung Chan Investments Co., Ltd.	Shares of WOM ASIA CO., LTD.	-	"	1,145	758	4.03 %	758	-
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	76,560	-	76,560	-
Jung Chan Investments Co., Ltd.	Shares of Wiwynn Corporation	-	"	8	13,720	-	13,720	-
Jung Chan Investments Co., Ltd.	Shares of CTCI Corporation	-	"	60	2,838	-	2,838	-
Jung Chan Investments Co., Ltd.	Shares of PEGAVISION CORPORATION	-	"	6	2,694	-	2,694	-
Jung Chan Investments Co., Ltd.	Shares of Everlight Electronics Co., Ltd.	-	"	41	3,116	-	3,116	-
Herztek Incorporation	Shares of Wiwynn Corporation	-	"	4	6,860	-	6,860	-
Herztek Incorporation	Shares of Taiwan Semiconductor Manufacturing Co., Ltd.	-	"	4	3,828	-	3,828	-

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

Company Name	Marketable Securities Type and Name	Financial statement account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Carrying value	Gain/ Loss on Disposal	Number of shares	Amount
The Company	Franklin Templeton Sinoam Money Market Fund	Current financial assets at fair value through profit or loss	-	-	-	-	65,618	700,000	65,618	702,226	700,000	2,226	-	-

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:

Company	Asset	Transaction date or date of occurrence	Initial acquisition date	Book value	Transaction amount	Collection of payment	Gain/ Loss on Disposal	Counterparty	Relations	Purpose of disposal	References for price determination	Other covenants
OHGA Smarththings Co., Ltd	Land and buildings	July 23, 2024	June 28, 2000	202,398	465,750	September 20, 2024	238,425	Klar Mars Co., Limited	None	Overall operation plan of the Group	Appraisal report	None

7. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20 percent

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

of paid-in capital or more:

Buyer/Seller	Related Party	Nature of Relationships	Transaction Details				The status and reasons of the transaction terms different from common transactions		Note/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	Percentage to total purchase (sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	Percentage to total notes and accounts receivable (payable)	
The Company	Holy Stone International Trading (Shanghai) Co., Ltd	Third-tier subsidiary of the Company	Sales	(1,021,239)	(13.95) %	150 days from the following month	-	-	215,900	8.98%	Note
Holy Stone International Trading (Shanghai) Co., Ltd	The Company	The Company is the ultimate parent company	Purchase	1,021,239	89.44 %	150 days from the following month	-	-	(215,900)	79.83%	Note
The Company	Holy Stone Enterprise (Hong Kong) Co., Ltd.	Subsidiary of the Company	Sales	(348,136)	(4.76) %	120 days from the following month	-	-	237,013	9.86%	Note
Holy Stone Enterprise (Hong Kong) Co., Ltd.	The Company	The Company is the ultimate parent company	Purchase	348,136	17.67 %	120 days from the following month	-	-	(237,013)	(48.44)%	Note
The Company	Infortech (CHINA) Co., Ltd.	Third-tier subsidiary of the Company	Sales	(242,972)	(3.32) %	120 days from the invoiced month	-	-	30,502	1.27%	Note
Infortech (CHINA) Co., Ltd.	The Company	The Company is the ultimate parent company	Purchase	242,972	84.96 %	120 days from the invoiced month	-	-	(30,502)	(88.47)%	Note
EPM	The Company	The Company is the ultimate parent company	Sales	(242,981)	(100.00) %	Cash settlement of the current month	-	-	54,737	100.00%	Note
The Company	EPM	Third-tier subsidiary of the Company	Purchase	210,999	5.07 %	Cash settlement of the current month	-	-	(54,737)	(6.15)%	Note
eGalax_eMPIA	The Company	Affiliated enterprises of the Company	Sales	(180,583)	(25.92) %	30 days from the invoiced month	-	-	41,223	31.47%	-
The Company	eGalax_eMPIA	Affiliated enterprises of the Company	Purchase	180,583	4.34 %	30 days from the invoiced month	-	-	(41,223)	(4.63)%	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	The Company	The Company is the ultimate parent company	Sales	(1,129,658)	(58.77) %	30 days from the invoiced month	-	-	225,785	33.98%	Note
The Company	Holy Stone Enterprise (Hong Kong) Co., Ltd.	Subsidiary of the Company	Purchase	1,129,658	27.15 %	30 days from the invoiced month	-	-	(225,785)	(25.37)%	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	Nature of Relationships	Balance of receivables from related parties (Note)	Turnover Rate	Overdue		Amounts Received from related parties in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	Holy Stone Enterprise (Hong Kong) Co., Ltd.	Subsidiary of the Company	237,013	2.26	-	-	29,765	-
The Company	Holy Stone International Trading (Shanghai) Co., Ltd	Third-tier subsidiary of the Company	215,900	5.71	-	-	61,908	-
Holy Stone Enterprise (Hong Kong) Co., Ltd.	The Company	The Company is the ultimate parent company	225,785	8.50	-	-	112,257	-

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

9. Trading in derivative instruments: N/A.

10. Significant intercompany transactions:

No.	Name	Transaction party	Nature of Relationship	Transaction status			
				Financial Statements Item	Amount	Transaction condition	Percentage of total operating revenue or total assets
0	The Company	HSHK	1	Sales	348,136	120 days from the following month	3.63%
0	The Company	HSHK	1	Accounts receivable	237,013	120 days from the following month	1.51%
0	The Company	HSITC	1	Sales	1,021,239	150 days from the following month	10.65%
0	The Company	HSITC	1	Accounts receivable	215,900	150 days from the following month	1.38%
0	The Company	He Chi	1	Sales	242,972	120 days from the invoiced month	2.53%
0	The Company	He Chi	1	Accounts receivable	30,502	120 days from the invoiced month	0.19%
1	EPM	The Company	2	Sales	242,981	Cash settlement of the current month	2.53%
1	EPM	The Company	2	Accounts receivable	54,737	Cash settlement of the current month	0.35%
2	HSHK	The Company	2	Sales	1,129,658	30 days from the invoiced month	11.78%
2	HSHK	The Company	2	Accounts receivable	225,785	30 days from the invoiced month	1.44%

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.

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

The Group's reinvestment for the nine months ended September 30, 2024 is as follows:

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

Unit: thousand shares

Investor Company	Investee Company	Location	Major business	Initial investment		Holding at end of period			Net income of the investees in current period	Investment income recognized in current period	Note
				End of the current period	End of the previous period	Number of shares	Ratio	Book value			
The Company	Holy Stone Enterprise (Hong Kong) Co., Ltd.	Hong Kong	Sale of MLCC and electronic products	49,046	49,046	11,500	100.00%	488,102	24,470	24,470	Subsidiary of the Company
The Company	Holy Stone Holdings Co., Ltd.	Samoa	General investment	2,078,392	2,078,392	30,000	100.00%	748,533	(16,056)	(17,195)	Subsidiary of the Company
The Company	UHOLY Investment Co., Ltd.	Taipei City	General investment	622,500	622,500	54,000	100.00%	644,748	(3,297)	(2,658)	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	54,000	20,000	8,500	100.00%	101,713	10,798	10,798	Subsidiary of the Company
The Company	Jung Chan Investments Co., Ltd.	Taipei City	General investment	340,000	340,000	36,000	100.00%	571,700	190,986	190,986	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%	27,058	182	182	Subsidiary of the Company
The Company	eGalax_eMPIA Technology Inc.	Taipei City	Product Designing, Wholesale of Electronic Materials and Retail Sale of Electronic Materials	122,683	122,683	2,252	3.53%	122,834	110,797	4,134	The investee accounted for under the equity method
Holy Stone Holdings Co., Ltd.	Holy Stone Investments Co., Ltd.	Hong Kong	General investment	221,550	214,935	7,000	100.00%	521,741	(8,082)	(8,082)	Subsidiary of Holy Stone Holdings Co., Ltd.
Holy Stone Holdings Co., Ltd.	Holypaq Corporation	British Cayman Islands	General investment	37,980	36,846	1,200	100.00%	847	-	-	Subsidiary of Holy Stone Holdings Co., Ltd.
Holy Stone Holdings Co., Ltd.	Green Glory Holdings Ltd.	Samoa	General investment	39,266	38,093	1,310	100.00%	46,787	(5,906)	(5,906)	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	-	429,133	-	-%	-	(2,013)	(2,013)	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	108,927	106,428	1	100.00%	123,055	(1,150)	(1,150)	Subsidiary of Holy Stone Holdings Co., Ltd.
Holy Stone Holdings Co., Ltd.	Holy Stone Holdings (Singapore) Pte. Ltd.	Singapore	Electronic retail business	3,165	3,071	100	100.00%	3,152	(481)	(481)	Subsidiary of Holy Stone Holdings Co., Ltd.
Green Glory Holdings Ltd.	Milestone Global Technology Ltd.	USA	Development and sales of electronic products	15,825	15,353	500	100.00%	30,283	(1,671)	(1,671)	Subsidiary of Green Glory Holdings
Green Glory Holdings Ltd.	Holystone (Europe) Ltd.	England	Electronic retail business	21,740	21,090	350	100.00%	16,370	(4,188)	(4,188)	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%	114,070	(137,969)	(46,318)	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	26,705	26,705	6,458	10.14%	315,412	110,797	11,233	The investee accounted for using the equity

HOLY STONE ENTERPRISE CO., LTD. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

Investor Company	Investee Company	Location	Major business	Initial investment		Holding at end of period			Net income of the investees in current period	Investment income recognized in current period	Note
				End of the current period	End of the previous period	Number of shares	Ratio	Book value			
UHOLY Investment Co., Ltd.	HMDT BioMedical Co., Ltd.	Taipei City	Wholesale of drugs and medical goods	53,343	53,343	2,630	33.36%	56,611	6,677	2,227	method by UHOLY Investment Co., Ltd. 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%	10,959	(10,165)	(10,165)	Subsidiary of Holy Stone Healthcare Co., Ltd.
HMDT BioMedical Co., Ltd.	MDT INT'L SA	Switzerland	Medical equipment development and marketing and biotechnology services	78,768	78,768	2,550	100.00%	106,630	100	100	Subsidiary of HMDT BioMedical Co., Ltd.
Global Search Holdings Ltd.	Holy Stone Biotech Co., Ltd.	England	Medical equipment development and marketing and biotechnology services	100,738	85,805	2,200	100.00%	5,779	(5,430)	(5,430)	Second-tier subsidiary of Holy Stone Healthcare Co., Ltd.
Global Search Holdings Ltd.	AIHOL Corporation	USA	Medicine research and development and patent filing	43,361	34,804	11,350	100.00%	4,548	(4,670)	(4,670)	Second-tier subsidiary of Holy Stone Healthcare Co., Ltd.
Jung Chan Investments Co., Ltd.	OHGA Smarththings 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%	276,478	233,524	165,943	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	121,547	56,571	6,326	4.33%	16,337	(137,969)	(5,573)	The investee accounted for using the equity method by Jung Chan Investments Co., Ltd.
Jung Chan Investments Co., Ltd.	Herzteck Incorporation	Hsinchu County	Wholesale of electronic materials, and Telecom Instruments	100,000	100,000	10,000	100.00%	104,628	2,863	2,863	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%	1,181	(151)	(145)	The investee accounted for using the equity method by Jung Chan Investments Co., Ltd.
Jung Chan Investments Co., Ltd.	HMDT BioMedical Co., Ltd.	Taipei City	Wholesale of drugs and medical goods	3,214	3,214	161	2.04%	3,462	6,677	136	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.

(III) Information about investment in China:

1. Information on investments in China:

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of the beginning of the period	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of the end of period	Net income of the investees in current period (Note 2)	Ownership percentage of direct or indirect investment	Investment income recognized in current period (Note 2 and 3)	Book value of investment at the end of period (Note 3)	Accumulated Repatriation of Investment Income as of the current period
					Outward remittance	Repatriation						
Holy Stone International	Sales of electronic	126,917	(2)	114,257	-	-	114,257	2,177	100.00%	2,177	386,935	-

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

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of the beginning of the period	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of the end of period	Net income of the investees in current period (Note 2)	Ownership percentage of direct or indirect investment	Investment income recognized in current period (Note 2 and 3)	Book value of investment at the end of period (Note 3)	Accumulated Repatriation of Investment Income as of the current period
					Outward remittance	Repatriation						
Trading (Shanghai) Co., Ltd	parts and components											
Infortech (CHINA) Co., Ltd.	Sales of electronic parts and components	66,465	(2)	66,465	-	-	66,465	(10,178)	100.00%	(10,178)	131,687	-

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
212,372	225,032	5,846,136

3. Significant transactions:

For the significant transactions between the Group and its investees in China for the nine months ended September 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.

XIV. Segment Information

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

	July to September 2024			
	Electronic Segment	Others	Reconciliation and eliminations	Total
Income:				
Income from external customers	\$ 3,050,328	360,902	-	3,411,230
Reportable segment profit or loss	\$ 322,622	83,588	-	406,210

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

	July to September, 2023			
	Electronic Segment	Others	Reconciliation and eliminations	Total
Income:				
Income from external customers	\$ 3,031,393	424,658	-	3,456,051
Reportable segment profit or loss	\$ 264,779	(65,091)	-	199,688

	January to September 2024			
	Electronic Segment	Others	Reconciliation and eliminations	Total
Income:				
Income from external customers	\$ 8,466,570	1,123,470	-	9,590,040
Reportable segment profit or loss	\$ 819,834	100,959	-	920,793

	January to September 2023			
	Electronic Segment	Others	Reconciliation and eliminations	Total
Income:				
Income from external customers	\$ 9,053,414	1,262,130	-	10,315,544
Reportable segment profit or loss	\$ 954,425	(87,054)	-	867,371