

English Translation of Financial Statements and a Report Originally Issued in Chinese

Ticker: 2705

**THE LEOFOO DEVELOPMENT CO., LTD.
PARENT-COMPANY-ONLY FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT
AS AT DECEMBER 31, 2022 AND 2021
AND FOR THE YEARS THEN ENDED**

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The reader is advised that these parent company only financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

English Translation of Financial Statements and a Report Originally Issued in Chinese
Parent-Company-Only financial statements
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INDEPENDENT AUDITORS' REPORT

To: The Board of Directors and Shareholders of
The Leofoo Development Co., Ltd.

Opinion

We have audited the accompanying parent-company-only balance sheets of The Leofoo Development Co., Ltd. (the "Company") as at December 31, 2022 and 2021, and the related parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including the summary of significant accounting policies (together referred as "the parent-company-only financial statements").

In our opinion, based on the results of our audits and the report of other auditors (please refer to the Other Matter – Making Reference to the Audit of a Component Auditor section of our report), the parent-company-only financial statements referred to above present fairly, in all material respects, the parent-company-only financial position of the Company as at December 31, 2022 and 2021, and their parent-company-only financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditor(s), we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of the most significance in our audit of parent-company-only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Non-financial Assets Impairment Assessment

The Company's property, plant and equipment and right-of-use assets as of December 31, 2022 amounted to NT\$8,969,492 thousand, accounting for 57% of the Company's total assets and were material to the Company's parent-company-only financial statements. As the Company's actual performance was not as good as expected in recent years, management assessed impairment of property, plant and equipment and right-of-use assets. As the assessment of the recoverable amount of assets involved subjective judgement of the assumptions and estimation made by management, we therefore considered this a key audit matter. Our audit procedures included, but not limited to, evaluating the appropriateness of accounting policies for assets impairment, obtaining appraisal report of assessment on the right-of-use asset impairment performed by external specialists, evaluating the reasonableness of related assumptions the specialists used in the appraisal report (including assessment methods and citation guides), assessing and testing the reasonableness of its recoverable amount and checking the use of assets, confirming the time when specialists concluded the report, and considering if there were significant subsequent changes that may affect the conclusion of the report after report date. We have also assessed the adequacy of the related disclosures in Notes 4, 5 and 6 to the parent-company-only financial statements.

Disclosure of Fair Value Measurement of Investment Property

The Company's investment property as of December 31, 2022, amounted to NT\$5,787,622 thousand, accounting for 37% of the Company's total assets which was considered material to the Company's parent-company-only financial statements. Since the fair value method is applied in subsequent measurement of investment property, the related evaluation method and process require significant professional judgement, estimation and assumption, we therefore considered disclosure of fair value measurement of investment property a key audit matter due to the significant effect on evaluation result of investment property if the related judgement, estimation and assumption are changed. Our audit procedures included, but not limited to, assessing the professional competence, independence, experience and reputation of the appraiser engaged by management to obtain an understanding whether the skills and abilities of the appraisers are trustworthy; reviewing the fair value measurement report by our internal specialists in the meantime to understand whether the measurement methods and assumptions complied with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and Regulations on Real Estate Appraisal and whether they are reasonable and consistent, evaluating relevance and reliance on data sources and key parameters (such as earnings ratio, discount rate, etc.) applied in appraisal report, checking the reasonableness of appraisal result, inquiring and recalculating to confirm accuracy of accounts entries. We have also assessed the adequacy of relevant information in Notes 4, 5 and 6 to the parent-company-only financial statements.

Other Matter – Making Reference to the Audit of a Component Auditor

We did not audit the financial statements of AMBASSDOR FILM INC., an indirectly invested associate accounted for under the equity method by the Company. The financial statements of AMBASSDOR FILM INC. as at December 31, 2022 and 2021, and for the years then ended were audited by other auditors, whose reports thereon have been furnished to us. Our audit, insofar as it related to the investment in the associate accounted for under the equity method amounting to NT\$15,518 thousand and NT\$19,432 thousand as at December 31, 2022 and 2021 representing 0.10% and 0.12% of the Company's total assets, the related shares of income before tax from the associate under the equity method for the year then ended amounting to NT\$(3,914) thousand and NT\$(3,862) thousand representing 1.23% and 1.39% of the Company's net loss before tax, and the related shares of other comprehensive income from the associate under the equity method for the years then ended amounting to NT\$0 thousand and NT\$(41) thousand, representing 0.00% and 0.00% of the other comprehensive income, are based solely on the audit reports of other auditors.

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent-company-only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent-company-only financial statements, management is responsible for assessing the ability to continue as a going concern of the Company, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Parent-Company-Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent-company-only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent-company-only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the accompanying notes, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 parent-company-only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

/s/Hong, Mao-Yi

/s/Cheng, Ching-Piao

Ernst & Young
March 13th, 2023
Taipei, Taiwan,
Republic of China

Notice to Readers

The accompanying Parent-Company-Only financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practice to audit such financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying Parent-Company-Only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

The Leofoo Development Co., Ltd.

Parent-Company-Only Balance Sheets

As at December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			December 31, 2022		December 31, 2021	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	\$205,382	1	\$276,044	2
1150	Notes receivable, net	4, 6(3), 7	422	-	425	-
1170	Accounts receivable, net	4, 6(4), 7	57,920	-	48,371	-
1200	Other receivables	7	7,588	-	15,482	-
130x	Inventories	4, 6(5)	39,811	-	37,798	-
1410	Prepayments		55,935	1	49,503	1
1470	Other current assets	8	20,306	-	22,480	-
11xx	Total current assets		<u>387,364</u>	<u>2</u>	<u>450,103</u>	<u>3</u>
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income	4, 6(2)	65,116	1	65,116	1
1550	Investment accounted for using equity method	4, 6(6)	123,526	1	98,373	1
1600	Property, plant and equipment	4, 6(7), 8	5,177,256	33	5,274,809	33
1755	Right-of-use assets	4, 6(17)	3,792,236	24	4,021,667	25
1760	Investment property, net	4, 6(8), 8	5,787,622	37	5,585,410	35
1780	Intangible assets		4,938	-	8,963	-
1840	Deferred income tax assets	4, 6(21)	12,360	-	11,356	-
1900	Other non-current assets	6(9), 7, 8	236,042	2	313,852	2
15xx	Total non-current assets		<u>15,199,096</u>	<u>98</u>	<u>15,379,546</u>	<u>97</u>
	Total Assets		<u>\$15,586,460</u>	<u>100</u>	<u>\$15,829,649</u>	<u>100</u>

(The accompanying notes are an integral part of the parent-company-only financial statements.)

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

The Lefoo Development Co., Ltd.

Parent-Company-Only Balance Sheets (Continued)

As at December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			December 31, 2022		December 31, 2021	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(10), 8	\$413,500	2	\$382,000	2
2150	Notes payable		1,215	-	1,195	-
2170	Accounts payable	7	85,298	1	85,414	-
2220	Other payables - related parties	7	39,328	-	14,657	-
2280	Lease liabilities	4, 6(17)	267,762	2	257,234	2
2322	Current portion of long-term liabilities	6(11), 8	377,540	2	86,250	1
2399	Other current liabilities		447,768	3	411,020	3
21xx	Total current liabilities		1,632,411	10	1,237,770	8
	Non-current liabilities					
2540	Long-term loans	6(11), 8	4,017,610	26	4,159,750	26
2570	Deferred income tax liabilities	4, 6(21)	1,293,031	8	1,256,899	8
2580	Lease liabilities	4, 6(17)	3,658,176	24	3,873,392	25
2640	Net defined benefit liability	4, 6(13)	49,592	-	54,751	-
2670	Other non-current liabilities	6(12), 7	21,141	-	20,164	-
25xx	Total non-current liabilities		9,039,550	58	9,364,956	59
2xxx	Total liabilities		10,671,961	68	10,602,726	67
31xx	Equity attributable to shareholders of the parent					
3100	Capital	6(14)				
3110	Common stock		1,913,128	13	1,913,128	12
3200	Capital surplus	6(14)	31,236	-	31,236	-
3300	Retained earnings	6(14)				
3310	Legal reserve		17,979	-	17,979	-
3320	Special reserve		1,385,073	9	1,385,073	9
3350	Unappropriated earnings		(1,868,133)	(12)	(1,552,791)	(10)
3400	Other equity		3,435,216	22	3,432,298	22
3xxx	Total equity		4,914,499	32	5,226,923	33
	Total liabilities and equity		\$15,586,460	100	\$15,829,649	100

(The accompanying notes are an integral part of the parent-company-only financial statements.)

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

The Leofoo Development Co., Ltd.

Parent-Company-Only Statements of Comprehensive Income

For the Years Ended December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Code	Accounts	Notes	2022		2021	
			Amount	%	Amount	%
4000	Operating revenues	6(15)	\$1,667,226	100	\$1,248,931	100
5000	Operating costs	6(5)	(1,229,606)	(74)	(1,146,286)	(92)
5900	Gross profit		437,620	26	102,645	8
6000	Operating expenses					
6200	General and administrative	6(18), 7	(623,166)	(37)	(579,998)	(46)
6450	Expected credit gains (losses)	6(16)	(2,965)	-	-	-
	Total operating expenses		(626,131)	(37)	(579,998)	(46)
6900	Net operating income (loss)		(188,511)	(11)	(477,353)	(38)
7000	Non-operating income and expenses					
7100	Interest income	6(19)	305	-	57	-
7010	Other income	6(19), 7	65,271	4	154,575	12
7020	Other gains and losses	6(19)	(5,952)	-	228,019	18
7050	Finance costs	6(19)	(170,214)	(10)	(166,507)	(13)
7060	Share of the profit or loss of subsidiaries, associates and joint ventures accounted for using equity method	6(6)	(17,871)	(1)	(15,810)	(1)
	Total non-operating income and expenses		(128,461)	(7)	200,334	16
7900	Income (loss) before income tax		(316,972)	(18)	(277,019)	(22)
7950	Income tax benefit (expense)	4, 6(21)	-	-	7	-
8200	Net income (loss)		(316,972)	(18)	(277,012)	(22)
8300	Other comprehensive income (loss)	6(20)				
8310	Items that not be reclassified to profit or loss					
8311	Remeasurement of defined benefit plan		1,524	-	30,584	2
8312	Revaluation surplus		-	-	3,466,960	278
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences arising on translation of foreign operations		3,024	-	(819)	-
8370	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method		-	-	(41)	-
	Other comprehensive income, net of tax		4,548	-	3,496,684	280
8500	Total comprehensive income		\$(312,424)	(18)	\$3,219,672	258
9750	Basic earnings per share (in NT\$)	6(22)	\$(1.66)		\$(1.46)	
9850	Diluted earnings per share (in NT\$)	6(22)	\$(1.66)		\$(1.46)	

(The accompanying notes are an integral part of the parent-company-only financial statements.)

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

The Leofoo Development Co., Ltd.

Parent-Company-Only Statements of Changes in Equity

For the Years Ended December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	Common Stock 3100	Capital Surplus 3200	Retained Earnings			Other Components of equity			Total Equity 3XXX
				Legal Reserve 3310	Special Reserve 3320	Unappropriated Earnings 3350	Exchange Differences Arising on Translation of Foreign Operations 3410	Unrealized Gains (Losses) on Financial Assets Measured at Fair Value through Other Comprehensive Income 3420	Revaluation Surplus 3460	
A1	Balance as at January 1, 2021	\$1,865,366	\$-	\$17,979	\$1,385,073	\$(1,306,363)	\$(1,758)	\$(32,044)	\$-	\$1,928,253
D1	Net loss for 2021					(277,012)				(277,012)
D3	Other comprehensive income (loss) for 2021					30,584	(819)	(41)	3,466,960	3,496,684
D5	Total comprehensive income (loss)	-	-	-	-	(246,428)	(819)	(41)	3,466,960	3,219,672
E1	Issuance of common stock in cash	47,762	31,236							78,998
Z1	Balance as at December 31, 2021	1,913,128	31,236	17,979	1,385,073	(1,552,791)	(2,577)	(32,085)	3,466,960	5,226,923
D1	Net loss for 2022					(316,972)				(316,972)
D3	Other comprehensive income (loss) for 2022					1,524	3,024	-	-	4,548
D5	Total comprehensive income (loss)	-	-	-	-	(315,448)	3,024	-	-	(312,424)
Q1	Disposal of investments in equity instruments designated at fair value through other comprehensive income of subsidiaries, associates and joint ventures					106		(106)		-
Z1	Balance as at December 31, 2022	<u>\$1,913,128</u>	<u>\$31,236</u>	<u>\$17,979</u>	<u>\$1,385,073</u>	<u>\$(1,868,133)</u>	<u>\$447</u>	<u>\$(32,191)</u>	<u>\$3,466,960</u>	<u>\$4,914,499</u>

(The accompanying notes are an integral part of the parent-company-only financial statements.)

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

The Leofoo Development Co., Ltd.

Parent-Company-Only Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2022	2021	Code	Items	2022	2021
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Loss before income tax	\$(316,972)	\$(277,019)	B01800	Acquisition of investment accounted for using equity method	(40,000)	-
A20000	Adjustments:			B02700	Acquisition of property, plant and equipment	(100,140)	(100,375)
A20010	Profit or loss not effecting cash flows:			B02800	Proceeds from disposal of property, plant and equipment	795	2,429
A20100	Depreciation	506,299	527,119	B03800	Decrease (increase) in refundable deposits	13,204	(13,815)
A20200	Amortization	5,817	11,327	B04500	Acquisition of intangible assets	(1,351)	(1,164)
A20300	Expected credit losses (gains)	2,965	-	B05400	Acquisition of investment properties	(109,432)	(357,193)
A20900	Interest expenses	170,214	166,507	BBBB	Net cash provided by (used in) investing activities	(236,924)	(470,118)
A21200	Interest income	(305)	(57)				
A22300	Share of profit or loss of subsidiaries, associates and joint ventures	17,871	15,810				
A22500	Loss (gain) on disposal of property, plant and equipment	3,039	(990)	CCCC	Cash flows from financing activities:		
A24600	Loss (gain) on fair value adjustment of investment property	(1,462)	(230,716)	C00200	Increase (Decrease) in short-term loans	31,500	(123,000)
A29900	Gain from changes in lease payments arising from the rent concessions	(27,592)	(60,979)	C01600	Proceeds from long-term loans	639,775	1,384,600
A30000	Changes in operating assets and liabilities:			C01700	Repayments of long-term loans	(490,625)	(621,200)
A31130	Notes receivable	3	(413)	C04020	Cash payments for the principal portion of lease liabilities	(237,143)	(190,763)
A31150	Accounts receivable	(12,514)	(2,597)	C04600	Proceeds from issuance of common stock in cash	-	78,998
A31180	Other receivables	7,894	908	CCCC	Net cash provided by (used in) financing activities	(56,493)	528,635
A31200	Inventories	(2,013)	(1,468)				
A31230	Prepayments	(6,424)	2,664				
A31240	Other current assets	2,174	9,144	EEEE	Increase (decrease) in cash and cash equivalents	(70,662)	81,762
A31990	Other non-current assets	(800)	(2,927)	E00100	Cash and cash equivalents at beginning of period	276,044	194,282
A32130	Notes payable	20	(2,937)	E00200	Cash and cash equivalents at end of period	\$205,382	\$276,044
A32150	Accounts payable	(116)	9,046				
A32190	Other payables — related parties	24,671	(5,377)				
A32230	Other current liabilities	22,899	41,936				
A32240	Net defined benefit liability	(3,635)	(8,235)				
A32990	Other non-current liabilities	977	(1,275)				
A33000	Cash generated from (used in) operations	393,010	189,471				
A33100	Interest received	305	59				
A33300	Interest paid	(170,560)	(166,285)				
AAAA	Net cash provided by (used in) operating activities	222,755	23,245				

(The accompanying notes are an integral part of the parent-company-only financial statements.)

1. History and organization

The Lefoo Development Co., Ltd. (“the Company”) was incorporated on January 27, 1968. The Company’s registered address is at No. 60, Gongzgtgou, Guanshi Jen, Hsinchu County, Taiwan (R.O.C.). Its main business activities include tourist hotels (Courtyard Taipei and Lefoo Resort Guanshi), restaurants, famous shops, department stores, movie theaters, land development for rent, zoo, and amusement facilities for rent, etc.

The Company’s common shares have been listed on the Taiwan Stock Exchange (TWSE) starting on December 24, 1988.

2. Date and procedures of authorization of financial statements for issue

The financial statements of the Company for the years ended December 31, 2022 and 2021 were authorized to be issued by the Board of Directors on March 13, 2023.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2022. The nature and the impact of each new standard and amendment had no material impact on the Company.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese
The Leofoo Development Co., Ltd.
Notes to Parent-Company-Only Financial Statements (Continued)
(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	January 1, 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 1, 2023

(a) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(b) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2023. The Company assesses all standards and interpretations have no material impact on the Company.

- (3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	January 1, 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024

- (a)IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

(b)IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

(c)Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(d)Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(e)Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The Company assesses all standards and interpretations have no material impact on the Company.

4.Summary of significant accounting policies

(1)Statement of compliance

The Parent-Company-Only financial statements of the Company for the years ended December 31, 2022 and 2021 were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2)Basis of preparation

The Company prepared parent-company-only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the Parent-Company-Only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the Parent-Company-Only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The parent-company-only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The Parent-Company-Only financial statements are expressed in thousands of New Taiwan Dollars ("NT\$") unless otherwise specified.

(3) Foreign currency transactions

The Company's parent-company-only financial statements are presented in its functional currency, New Taiwan Dollars (NTD). Items included in the parent-company-only financial statements are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Company at functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- (a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instrument.
- (c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NTD at the closing rate of exchange prevailing at the reporting date and the income and expenses are translated at an average exchange rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following are accounted for as disposals even if an interest in the foreign operation is retained by the Company: the loss of control over a foreign operation, the loss of significant influence over a foreign operation, or the loss of joint control over a foreign operation.

On partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(5) Current and non-current distinction

An asset is classified as current when:

- (a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (b) The Company holds the asset primarily for the purpose of trading;
- (c) The Company expects to realize the asset within twelve months after the reporting period;
- (d) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- (a) The Company expects to settle the liability in normal operating cycle;
- (b) The Company holds the liability primarily for the purpose of trading;
- (c) The liability is due to be settled within twelve months after the reporting period;
- (d) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (include fixed-term deposits that have maturities equal to or less than three months from the date of acquisition).

(7) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

The Company determines the classification of its financial assets at initial recognition. In accordance with IFRS 9 and the Regulations, financial assets of the Company are classified as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets measured at amortized cost and notes, accounts and other receivables. All financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable costs. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement.

(A) Financial assets: recognition and measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- (a) The Company's business model for managing the financial assets and
- (b) The contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- (a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognise the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

- (b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
(b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
(c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

I. Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

- II. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(B) Impairment of financial assets

The Company is recognized a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Company measures expected credit losses of a financial instrument in a way that reflects:

- (a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) The time value of money; and
- (c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follows:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
- (d) For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has been increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(C) Derecognition of financial assets

A financial asset is derecognized when:

- (a) The rights to receive cash flows from the asset have expired
- (b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- (c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(D) Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

- (a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- (b) On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- (a) It eliminates or significantly reduces a measurement or recognition inconsistency; or
- (b) A group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(E) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(9) Inventories

Inventories are valued at lower of cost and net realizable value item by item. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(10) Investments accounted for using the equity method

The Company accounted for its investments in subsidiaries using equity method and made necessary adjustments in accordance with Article 21 of the Regulations. Such adjustments were made after the Company considered the different accounting treatments to account for its investments in subsidiaries in the consolidated financial statements under IAS 10 "Consolidated and Separate Financial Statements" and the different IFRSs adopted from different reporting entity's perspectives, and the Company recorded such adjustments by crediting or debiting to investments accounted for under the equity method, share of profit or loss of subsidiaries, associates and joint ventures and share of other comprehensive income of subsidiaries, associates and joint ventures.

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company's percentage of ownership interests in the associate, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate on a prorate basis.

When the associate or joint venture issues new stock, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Company estimates:

- (a) Its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- (b) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(11)Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	2~50 years
Business facilities	1~20 years
Amusement facilities	2~20 years
Other equipment	1~50 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(12)Investment property

The Company's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. The investment properties are measured subsequently at fair value. Any profit or loss due to fair value changes are recognized as income or loss in current period in accordance with IAS 40 Investment Property, except investment properties are held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Company transfers properties to or from investment properties according to the actual use of the properties.

The Company transfers to or from investment properties when there is a change in use for these assets. Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(13)Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

- A.the right to obtain substantially all of the economic benefits from use of the identified asset;
- and
- B.the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- A.fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B.variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- C.amounts expected to be payable by the lessee under residual value guarantees;
- D.the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- E.payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liability;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession as a direct consequence of the Covid-19 pandemic, the Company elected not to assess whether it is a lease modification but accounted it as a variable lease payment and the practical expedient has been applied to such rent concessions.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(14)Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies information applied to the Company's intangible assets is as follows:

	Computer software	Trademark
Useful lives	3~5 years	3~5 years
Amortization method used	Amortized on a straight-line basis over the estimated useful life	Amortized on a straight-line basis over the estimated useful life
Internally generate or acquired	Acquired	Acquired

(15) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Companies of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash-generating unit, or Companies of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (Company of units), then to the other assets of the unit (Company of units) pro rata on the basis of the carrying amount of each asset in the unit (Company of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16)Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(17)Revenue Recognition

The Company's revenue from contracts with customers is measured at the consideration to which it is expected to be entitled to the transfer of goods or services. The Company recognizes revenue when the control of the goods or services is transferred to the customer and the performance obligations are satisfied. The accounting policies for the Company's types of revenue are explained as follows:

Sales of Goods

The Company recognizes revenue when control of the goods is transferred, which means the goods have been delivered to customers. The delivery happens at goods been transported to specific locations. The Company recognized trade receivables once the goods are delivered.

Room, catering and amusement park services

The Company provides room, catering and amusement park services, and recognizes related income during the financial reporting period.

Financial component

The Company expects the period of all contracts of goods transferring or services rendering to customers and the timing when customers payment for goods or services are within one year; thus, the Company does not adjust the value of money on transaction prices.

(18)Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(19) Governant grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(20) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- (a) the date of the plan amendment or curtailment, and
- (b) the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(21) Income taxes

Income tax expense (benefit) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- (a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- (b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- (a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- (b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. Significant accounting judgments, estimates and assumptions

The preparation of the Company's Parent-Company-Only financial statements require the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment assessment of property, plant and equipment and right-of-use asset

In the process of asset impairment assessment, the Company decides the independent cash flow of specific groups of assets, useful lives of assets and the amount of revenues and expenses which may occur in the future when subjective judgement is required and according to the use of assets and industry characteristics. Any changes of estimation due to economic changes or internal strategies may cause significant impairment or reverse the impairment loss recognized previously in the future.

(b) Investment property

The fair value of investment property is based on the valuation models. The fair value of investment property may be affected when assumptions and judgements used in the valuation models were changed.

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6. Contents of significant accounts

(1) Cash and cash equivalents

	As at December 31,	
	2022	2021
Cash on hand	\$3,975	\$3,969
Revolving funds	3,319	3,286
Savings	198,088	268,789
Total	<u>\$205,382</u>	<u>\$276,044</u>

The Company provided as trust for performance gift certificate reclassified as other current assets and other non-current assets amounting to NT\$22,042 thousand and NT\$44,760 thousand, as at December 31, 2022 and 2021, respectively. Please refer to Note 8 for details.

The Company provided as security for performance loan and guarantees are reclassified as other current assets and other non-current assets amounting to NT\$36,585 thousand and NT\$40,558 thousand, as at December 31, 2022 and 2021, respectively. Please refer to Note 8 for details.

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

	As at December 31,	
	2022	2021
Equity instrument investments measured at fair value through other comprehensive income – Non-current:		
Unlisted companies stocks	<u>\$65,116</u>	<u>\$65,116</u>

No financial assets at fair value through other comprehensive income was pledged by the Company as collateral.

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(3) Notes receivable

	As at December 31,	
	2022	2021
Notes receivables arising from operating activities	\$422	\$425
Less: loss allowance	-	-
Total	<u>\$422</u>	<u>\$425</u>

Notes receivable were not pledged.

The notes receivable of Leofoo Resort Kenting the Company sold was bonced by main debtors at January 30, 2018. The Company recognized allowance to reduce notes receivable amounting to NT\$269,928 thousand. To claim the right of debt, the Company has appointed a lawyer to file a lawsuit against debtors and demanded them to pay off debts. The Company also reclassified notes receivable amounting to NT\$269,928 thousand to overdue receivables under non-current assets. The lawsuit has been sentenced by Taipei District Court as at December 31, 2022 that the debtors shall pay off the Company debts. The Company has applied for the enforcement procedure of promissory notes to Taipei District Court and got paid amounting to NT\$365 thousand.

The Company follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(16) for more details on loss allowance and Note 12 for details on credit risk.

(4) Accounts receivable

	As at December 31,	
	2022	2021
Accounts receivables, gross	\$58,105	\$48,556
Less: loss allowance	(185)	(185)
Total	<u>\$57,920</u>	<u>\$48,371</u>

(a) Accounts receivable were not pledged.

(b) The Company sales collection mainly includes cash, remittance and credit cards. Sales targets of the Company are usually direct point-of-sale clients, which are general customers paying by credit card or T/T remittance. Accounts receivable are generally on 30-60 day terms. The total carrying amount for the years ended December 31, 2022 and 2021 are NT\$58,105 thousand and NT\$48,556 thousand, respectively. Please refer to Note 6(16) for more details on loss allowance of accounts receivable for the years ended December 31, 2022 and 2021. Please refer to Note 12 for more details on credit risk management.

(5) Inventories

Details of inventories are as below:

	As at December 31,	
	2022	2021
Animal feed	\$607	\$672
Foodstuffs	17,530	15,691
Beverages	1,587	1,557
Merchandise	19,346	15,426
Others	741	4,452
Total	<u>\$39,811</u>	<u>\$37,798</u>

(a) The cost of inventories recognized in expenses is as follows:

	For the year ended December 31,	
	2022	2021
The cost of inventories	<u>\$1,229,606</u>	<u>\$1,146,286</u>

(b) Inventories were not pledged.

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(6) Investments accounted for using the equity method

Investee companies	As at December 31,			
	2022		2021	
	Amount	Percentage of Ownership	Amount	Percentage of Ownership
Investments in subsidiaries:				
Leofoo Agronomy Co., Ltd.	\$20,514	100%	\$24,900	100%
Leofoo Development & Construction Co., Ltd.	45,192	100%	14,758	100%
Leofoo Investment Co., Ltd. (Samoa)	30,765	100%	27,739	100%
Elite Catering Company Limited	11,537	100%	11,544	100%
Subtotal	108,008		78,941	
Investments in associates:				
AMBASSADOR FILM INC.	15,518	40%	19,432	40%
Subtotal	15,518		19,432	
Total	<u>\$123,526</u>		<u>\$98,373</u>	

(a) Investments in subsidiaries were present in the parent-company-only financial statements under the caption of investments accounted for under equity method or credit for investment accounted for the equity method. Valuation adjustment is made if deemed necessary.

(b) Investments in associates

Information about affiliated companies that are not material to the Company is as follows:

The Company's investments in associates are not material. The aggregate carrying amounts of the Company's interests in associates were NT\$15,518 thousand and NT\$19,432 thousand as at December 31, 2022 and 2021, respectively. The aggregate financial information of the Company's investments in associates is as follows:

	For the year ended December 31,	
	2022	2021
Profit (loss) from continuing operations	\$(3,914)	\$(3,862)
Other comprehensive income (after-tax)	-	(41)
Total comprehensive income	<u>\$(3,914)</u>	<u>\$(3,903)</u>

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(c) The abovementioned investments in associates has no contingent liabilities or capital commitments, and was not pledged.

(7) Property, plant and equipment

A. Owner occupied property, plant and equipment

	Land	Buildings	Business facilities	Amusement facilities	Other equipment and construction in progress	Total
Cost:						
As at Jan. 1, 2022	\$2,763,667	\$3,710,488	\$687,556	\$2,188,740	\$1,352,042	\$10,702,493
Additions	-	10,878	8,907	7,521	150,217	177,523
Disposals	-	-	(104,533)	(72,581)	(10,185)	(187,299)
Reclassification	-	11,671	5,419	5,292	(77,058)	(54,676)
As at Dec. 31, 2022	<u>\$2,763,667</u>	<u>\$3,733,037</u>	<u>\$597,349</u>	<u>\$2,128,972</u>	<u>\$1,415,016</u>	<u>\$10,638,041</u>
As at Jan. 1, 2021	\$3,251,031	\$4,030,119	\$675,744	\$2,172,964	\$1,349,665	\$11,479,523
Additions	-	18,954	11,641	5,423	40,204	76,222
Disposals	-	(352,980)	(175)	-	(13,214)	(366,369)
Revaluation	3,591,696	-	-	-	-	3,591,696
Reclassification	(4,079,060)	14,395	346	10,353	(24,613)	(4,078,579)
As at Dec. 31, 2021	<u>\$2,763,667</u>	<u>\$3,710,488</u>	<u>\$687,556</u>	<u>\$2,188,740</u>	<u>\$1,352,042</u>	<u>\$10,702,493</u>
Depreciation and impairment:						
As at Jan. 1, 2022	\$-	\$2,018,591	\$499,526	\$2,134,061	\$775,506	\$5,427,684
Depreciation	-	102,225	44,436	15,778	54,127	216,566
Disposals	-	-	(104,534)	(69,803)	(9,128)	(183,465)
Reclassification	-	-	4,374	-	(4,374)	-
As at Dec. 31, 2022	<u>\$-</u>	<u>\$2,120,816</u>	<u>\$443,802</u>	<u>\$2,080,036</u>	<u>\$816,131</u>	<u>\$5,460,785</u>

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	Land	Buildings	Business facilities	Amusement facilities	Other equipment and construction in progress	Total
As at Jan. 1, 2021	\$-	\$2,266,204	\$478,312	\$2,102,061	\$708,113	\$5,554,690
Depreciation	-	105,367	42,991	32,000	57,566	237,924
Disposals	-	(352,980)	(175)	-	(11,775)	(364,930)
Reclassification	-	-	(21,602)	-	21,602	-
As at Dec. 31, 2021	\$-	\$2,018,591	\$499,526	\$2,134,061	\$775,506	\$5,427,684
<u>Net carrying amount</u>						
<u>as at:</u>						
Dec. 31, 2022	\$2,763,667	\$1,612,221	\$153,547	\$48,936	\$598,885	\$5,177,256
Dec. 31, 2021	\$2,763,667	\$1,691,897	\$188,030	\$54,679	\$576,536	\$5,274,809

B. Please refer to Note 8 for details on property, plant and equipment under pledge.

C. The Company has several parcels of land in the Gongztgou section of Guanshi Jen, Hsinchu County. Due to succession of landlord and change of land category matters are still remained to be settled, the Company still could not set up conveyancing process amounting to NT\$75,700 thousand as at December 31, 2022 and 2021, respectively. The land was pledged to the Company and was reclassified under non-current assets.

(8) Investment property

The Company's investment properties were owned investment properties. The abovementioned investment properties were leased out for 2 to 12 years. These leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

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(1) Investment properties measured at fair value were as follows:

	Land	Buildings	Total
Cost:			
As at January 1, 2022	\$5,518,173	\$67,237	\$5,585,410
Gains (Losses) from fair value adjustments	31,714	4,876	36,590
As at December 31, 2022	<u>\$5,549,887</u>	<u>\$72,113</u>	<u>\$5,622,000</u>
As at January 1, 2021	\$859,543	\$56,777	\$916,320
Additions from acquisitions	349,920	7,273	357,193
Transfers from property, plant and equipment	4,079,060	-	4,079,060
Gains (Losses) from fair value adjustments	229,650	3,187	232,837
As at December 31, 2021	<u>\$5,518,173</u>	<u>\$67,237</u>	<u>\$5,585,410</u>

A. The Company closed quarantine hotel business of Leofoo Hotel and performed reconstruction plan in May 2021. The building was transferred from property, plant and equipment to investment property, and fair value method was applied for subsequent measurement. The Company recognized other comprehensive income—gains on revaluation amounting to NT\$3,466,960 thousand and deferred tax liabilities—land value increment tax amounting to NT\$124,736 thousand, and reclassified book value of property, plant and equipment amounting to NT\$4,079,060 thousand to investment property for the year ended December 31, 2021.

B. The Company's investment properties were conducted in accordance with the Regulations. The fair values of investment properties were as follows:

	As at December 31,	
	2022	2021
Independent valuation	<u>\$5,622,000</u>	<u>\$5,585,410</u>

The abovementioned fair values were evaluated by appraisers from professional appraisal firms. The appraisers performed fair value valuation in accordance with Regulations on Real Estate Appraisal and the appraisal dates were at December 31, 2022 and 2021, respectively.

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Name of appraisal firm	As at December 31,	
	2022	2021
China Property Appraising Center Co., Ltd.	Hsieh, Tien-Ching, Chiu, Hsiang-Ling	-
CCIS Real Estate Joint Appraisers Firm	-	Chang, Chih-Chia, Wu, Chih-Hao

The fair value of the investment property is assessed by the abovementioned external real estate appraiser firm based on current status and market evidence. The evaluation methods include discounted cash flow in income approach and land development analysis approach. Fair value evaluation is mostly based on income approach except for undeveloped land, which is unable to evaluate under this approach would use land development analysis approach instead.

If the assets are held mainly for office buildings rental income, appraisers will refer to signed contracts and market price of similar objects picked in nearby areas to perform assessment using direct capitalization method or discounted cash flow analysis method in income approach, and if assets are expected to be appreciated in the future, such as in development, land development analysis approach should be applied. Furthermore, appraisal firms will collect cases which are comparable to evaluating subject matters and took development schedule, liquidity, risk of disposal in the future into consideration to decide income capitalization rate and discount rate.

Lands No. 286, 286-1 and 286-3 located in 3rd Subsec., Changchun Sec., Zhongshan Dist., Taipei City that are held by the Group is undeveloped as new buildings on the land is still in construction. The fair value is appraised based on the land development analysis method and will increase when the estimated total sales/profit margin is increased, or the overall capital interest rate is decreased. The important assumptions are as follows:

	As at December 31,	
	2022	2021
Estimated total sales amount	\$9,357,067	\$8,049,369
Profit margin	20%	16%
Overall capital interest rate	6.44%	4.95%

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Besides the undeveloped land, the fair value of the other investment assets is appraised based on the income approach. The fair value will increase when estimated future net cash inflow is increased or estimated discount rate is decreased. The important assumptions are as follows:

The estimated future net cash inflow information is as follows:

	As at December 31,	
	2022	2021
Estimated future cash inflow	\$1,738,022	\$1,706,855
Estimated future cash outflows	(57,189)	(70,973)
Estimated future net cash inflow	<u>\$1,680,833</u>	<u>\$1,635,882</u>

Rental price on market: (in 3.3 square meter/month/NT\$ per unit)

	As at December 31,	
	2022	2021
Evaluated market rent	\$1,000~\$2,340	\$1,300~\$3,130

The significant parameters involved in the assessment are as follows:

	As at December 31,	
	2022	2021
Income capitalization rate	1.00%~1.23%	1.29%~3.50%
Discount rate	2.47%~3.22%	2.73%~3.16%

	As at December 31,	
	2022	2021
Rental income from investment property	\$19,623	\$15,490
Less : Direct operating expenses from investment property generating rental income	-	-
Direct operating expenses from investment property not generating rental income	-	-
Total	<u>\$19,623</u>	<u>\$15,490</u>

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C. Please refer to Note 8 for more details on investment property under pledge.

(2) Investment property measured at cost:

	<u>Construction</u>
Cost:	
As at Jan. 1, 2022	\$-
Additions	110,946
Transfers from property, plant and equipment	54,676
As at Dec. 31, 2022	<u><u>\$165,622</u></u>

The Company's investment property measured at cost is unable to evaluate at its fair value as the property is still in construction. The property will be measured at fair value instead of cost once the assessing method is reliable or the construction is complete.

(9) Other non-current assets

	<u>As at December 31,</u>	
	<u>2022</u>	<u>2021</u>
Refundable deposits	\$100,458	\$113,662
Prepayments in equipments	29,195	93,905
Restricted deposits	29,573	29,556
Restricted land	75,700	75,700
Others	1,116	1,029
Total	<u><u>\$236,042</u></u>	<u><u>\$313,852</u></u>

Please refer to Note 8 for more details on other non-current assets under pledge.

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(10) Short-term loans

A. Details of short-term loans as at December 31, 2022 and 2021 are as follows:

	As at December 31,	
	2022	2021
Unsecured bank loans	\$43,500	\$80,000
Secured bank loans	370,000	302,000
Total	\$413,500	\$382,000
Interest rate	2.20%~2.78%	1.65%~2.23%

B. The Company's short-term loans in 2022 were newly increased by NT\$185,000 thousand, and the repayment amount was NT\$153,500 thousand; the newly increased amount in 2021 was NT\$385,000 thousand, and the repayment amount was NT\$508,000 thousand.

C. As at December 31, 2022 and 2021, the lines of unused short-term loans credit for the Company amounted to NT\$150,000 thousand and NT\$100,000 thousand, respectively.

D. Please refer to Note 8 for more details on assets under pledge for short-terms loans.

(11) Long-term loans

A. Details of long-term loans as at December 31, 2022 and 2021 are as follows:

	As at December 31,	
	2022	2021
Unsecured bank loans	\$36,000	\$37,200
Secured bank loans	4,359,150	4,208,800
Total	4,395,150	4,246,000
Less: current portion	(377,540)	(86,250)
Non-current portion	\$4,017,610	\$4,159,750
Interest rate	2.10%~2.775%	1.55%~2.15%

- B. The Company's long-term loans in 2022 were newly increased by NT\$639,775 thousand at the interest rate of 2.10%~2.775%, and the due date is in May and June 2024, August 2026 and January to June 2027, respectively, and the repayment is NT\$490,625 thousand.

The Company's long-term loans in 2021 years newly increased by NT\$1,384,600 thousand at the interest rate of 1.55%~2.15% , and the due date was in August and September 2023, May and June, September to December 2026 and April 2028, respectively, and the repayments of NT\$621,200 thousand.

- C. Please refer to Note 8 for more details on assets under pledge for long-terms loans.

(12) Other non-current liabilities

	As at December 31,	
	2022	2021
Guarantee deposits	\$4,984	\$5,158
Pension for employee benefits	4,964	3,813
Provision for decommissioning costs	11,078	11,078
Other non-current liabilities	115	115
Total	<u>\$21,141</u>	<u>\$20,164</u>

(13) Post-employment benefits

Defined contribution plan

The Company adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended December 31, 2022 and 2021 amounted to NT\$23,365 thousand and NT\$24,295 thousand, respectively.

Defined benefits plan

The Company adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT\$5,361 thousand to its defined benefit plan during the 12 months beginning after December 31, 2022.

As at December 31, 2022 and 2021, the Company's defined benefit plans are expected to expire in 2030.

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Pension costs recognized in profit or loss were as follows.

	For the year ended December 31,	
	2022	2021
Current period service costs	\$1,361	\$1,851
Net interest of defined benefit liability (asset)	364	458
Total	<u>\$1,725</u>	<u>\$2,309</u>

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	As at		
	Dec. 31, 2022	Dec. 31, 2021	Jan. 1, 2021
Defined benefit obligation	\$77,670	\$87,321	\$131,326
Plan assets at fair value	(28,078)	(32,570)	(37,756)
Other non-current liabilities – net defined benefit liability	<u>\$49,592</u>	<u>\$54,751</u>	<u>\$93,570</u>

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
As at January 1, 2021	\$131,326	\$(37,756)	\$93,570
Current period service costs	1,851	-	1,851
Interest expense (income)	657	(199)	458
Past period service costs and gains and losses arising from settlements	-	-	-
Subtotal	<u>2,508</u>	<u>(199)</u>	<u>2,309</u>
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	(1,323)	-	(1,323)
Experience adjustment	(28,734)	-	(28,734)
Remeasurement on defined benefit assets	<u>-</u>	<u>(527)</u>	<u>(527)</u>

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
Subtotal	(30,057)	(527)	(30,584)
Payments from the plan	(16,456)	16,456	-
Contributions by employer	-	(10,544)	(10,544)
Effect of changes in foreign exchange rates	-	-	-
As at December 31, 2021	87,321	(32,570)	54,751
Current period service costs	1,361	-	1,361
Net interest expense (income)	611	(247)	364
Past period service costs and gains and losses arising from settlements	-	-	-
Subtotal	1,972	(247)	1,725
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	(2,779)	-	(2,779)
Experience adjustment	4,222	-	4,222
Remeasurement on defined benefit assets	-	(2,967)	(2,967)
Subtotal	1,443	(2,967)	(1,524)
Payments from the plan	(13,066)	13,066	-
Contributions by employer	-	(5,360)	(5,360)
Effect of changes in foreign exchange rates	-	-	-
As at December 31, 2022	\$77,670	\$(28,078)	\$49,592

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	For the year ended December 31,	
	2022	2021
Discount rate	1.25%	0.70%
Expected rate of salary increases	2.00%	2.00%

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A sensitivity analysis for significant assumption as at December 31, 2022 and 2021 is, as shown below:

	For the year ended December 31,			
	2022		2021	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increase by 0.25%	\$-	\$(20)	\$-	\$(27)
Discount rate decrease by 0.25%	20	-	28	-
Future salary increase by 1.00%	83	-	117	-
Future salary decrease by 1.00%	-	(75)	-	(104)

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

The method used in the analysis is consistent for both current and prior years.

(14) Equity

(a) Common stock

As at December 31, 2022 and 2021, the Company's authorized capital were altogether NT\$3,800,000 thousand, and the Company's paid-in capital were altogether NT\$1,913,128 thousand, each at a par value of NT\$10, divided into 191,313 thousand shares. Each share represents voting right and a right to receive dividends.

The Company's board of directors agreed to carry out private placement of securities for \$16.54 per share consisting 4,776 thousand new shares on April 17, 2021, and the record date was set on April 28, 2021. The abovementioned privately placed securities may not be resold except transfers approved by Securities and Exchange Act or at least one full year after the delivery date of the privately placed securities and within three years of said delivery date.

(b)Capital surplus

	As at December 31,	
	2022	2021
Additional paid-in capital	\$31,236	\$31,236

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the Company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made either in cash or in the form of share dividend to its shareholders in proportion to the number of shares being held by each of them.

(c)Retained earnings and dividend policies

(1)Earnings distribution

According to the Company's Articles of Incorporations, current year's earnings, if any, shall be distributed in the following order:

- a. Payment of all taxes and dues;
- b. Offsetting prior years' operation losses;
- c. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
- d. Set aside or reverse special reserve in accordance with law and regulations; and
- e. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

The Company may resolve by a special majority vote at a Board meeting to distribute in cash the above-mentioned dividends or capital reserve or/and legal reserve in compliance with the Taiwan Company Act and shall report the distribution in the most recent shareholder's meeting.

(2)Dividend policies

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets; as well as the interest of the shareholders, share bonus equilibrium and long-term financial planning etc. The cash dividends should be at least 10% of total dividends declared, unless this may be based on the actual profit and capital situation of the current year. After the resolution of the shareholders meeting to resolve the distribution of shareholder dividends.

(3)Legal reserve

According to the Company Act, legal reserve shall be set aside until such amount equal total paid-in capital. Legal reserve can be used to offset deficits. If the Company does not incur any loss, the portion of legal reserve exceeding 25% of the paid-in capital may be distributed to shareholders by issuing new shares or by cash in proportion to the number of shares held by each shareholder.

(4)Special reserve

According to existing regulations, when the Company distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to “other net deductions from shareholders” equity for the current fiscal year, provided that if the company has already set aside special reserve in the first-time adoption of the IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed from the special reserve.

On March 31, 2021, the FSC issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the special reserve in the amount equal to the reversal may be released for earnings distribution.

As at January 1, 2022 and 2021, special reserve set aside for the first-time adoption of T-IFRS amounted to NT\$1,323,921 thousand. The Company has not reversed special reserve to retained earnings during the year ended December 31, 2022 and 2021 due to the use, disposal or reclassification of related assets. As of December 31, 2022 and 2021, special reserve set aside for the first-time adoption of T-IFRS reduced to NT\$1,323,921 thousand accordingly.

- (5) Annual loss for the Year 2022 and 2021 without earnings distribution were approved through the Board of Directors' meetings and shareholders' meetings held on March 13, 2023 and May 30, 2022, respectively.

Please refer to Note 6(18) for details on employees' compensation and remuneration to directors and supervisors.

(15) Operating revenues

A. Disaggregation of revenue

	<u>For the year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Revenue from contracts with customers		
Room revenue	\$479,400	\$360,332
Catering revenue	462,309	352,700
Amusement park revenue	524,482	341,647
Other income	201,035	194,252
Total	<u>\$1,667,226</u>	<u>\$1,248,931</u>
The timing for revenue recognition:		
At a point in time	<u>\$1,667,226</u>	<u>\$1,248,931</u>

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B. Contract balances

Please refer to 6(3) and 6(4) for the disclosure of the notes receivable and accounts receivable.

C. Transaction price allocated to unsatisfied performance obligations

As at December 31, 2022 and 2021, no disclosure of the unsatisfied performance obligations is needed as the contract terms are all shorter than one year.

D. Assets recognized from costs to fulfill a contract

None.

(16) Expected credit losses (gains)

	For the year ended December 31,	
	2022	2021
Operating expenses – Expected credit losses (gains)		
Notes receivable	\$-	\$-
Accounts receivable	2,965	-
Total	<u>\$2,965</u>	<u>\$-</u>

Please refer to Note 12 for more details on credit risk.

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The Company measures the loss allowance of its trade receivables (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as of December 31, 2022 and 2021 are as follows:

A. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as forward looking information, including overall economic environment and related industrial information. The relevant information is as follows:

2022.12.31

Low risk	Not past due	Past due				Total
	(Note)	<=30 days	31-60 days	61-90 days	>90 days	
Gross carrying amount	\$16,676	\$440	\$1,381	\$39,845	\$-	\$58,342
Loss ratio	-%	-%	-%	-%	-%	
Lifetime expected credit losses	-	-	-	-	-	-
Subtotal	16,676	440	1,381	39,845	-	58,342

With financial difficulties	Not past due	Past due				Total
	(Note)	<=30 days	31-60 days	61-90 days	>90 days	
Gross carrying amount	\$-	\$-	\$-	\$-	\$185	\$185
Loss ratio	-%	-%	-%	-%	100%	
Lifetime expected credit losses	-	-	-	-	(185)	(185)
Subtotal	-	-	-	-	-	-
Carrying amount of trade receivables						<u>\$58,342</u>

2021.12.31

Low risk	Not past due	Past due				Total
	(Note)	<=30 days	31-60 days	61-90 days	>90 days	
Gross carrying amount	\$35,300	\$1,109	\$74	\$12,061	\$252	\$48,796
Loss ratio	-%	-%	-%	-%	-%	
Lifetime expected credit losses	-	-	-	-	-	-
Subtotal	35,300	1,109	74	12,061	252	48,796

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With financial difficulties	Not past due	Past due				Total
	(Note)	<=30 days	31-60 days	61-90 days	>90 days	
Gross carrying amount	\$-	\$-	\$-	\$-	\$185	\$185
Loss ratio	-%	-%	-%	-%	100%	
Lifetime expected credit losses	-	-	-	-	(185)	(185)
Subtotal	-	-	-	-	-	-
Carrying amount of trade receivables						<u>\$48,796</u>

Note: The Company's note receivables are not past due.

B. The movement in the provision for impairment of notes receivable and accounts receivable for the years ended December 31, 2022 and 2021 are as follows:

	Notes receivable	Accounts receivable	Total
As at January 1, 2022	\$-	\$185	\$185
Addition/(reversal) for the current period	-	2,965	2,965
Write off	-	(2,965)	(2,965)
As at December 31, 2022	<u>\$-</u>	<u>\$185</u>	<u>\$185</u>
As at January 1, 2021	\$-	\$185	\$185
Addition/(reversal) for the current period	-	-	-
Write off	-	-	-
As at December 31, 2021	<u>\$-</u>	<u>\$185</u>	<u>\$185</u>

(17) Leases

(a) Company as a lessee

The Company leases various properties, including real estate such as land and buildings for hotel business. These leases have terms of between 8 and 16 years which included option to extend lease term for the same period as the original contract.

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The effect of leases on the Company's consolidated financial position, financial performance and cash flows are as follows:

A. Amounts recognized in the balance sheet

a. Right-of-use assets

	For the year ended December 31,	
	2022	2021
Buildings	\$3,791,181	\$4,021,667
Transportation equipment	5,055	-
Total	<u>\$3,792,236</u>	<u>\$4,021,667</u>

b. Lease liabilities

	For the year ended December 31,	
	2022	2021
Buildings	\$3,920,878	\$4,130,626
Transportation equipment	5,060	-
Total	<u>\$3,925,938</u>	<u>\$4,130,626</u>
Current	\$267,762	\$257,234
Non-current	<u>3,658,176</u>	<u>3,873,392</u>
Total	<u>\$3,925,938</u>	<u>\$4,130,626</u>

Please refer to Note 6(19)(d) for the interest on lease liabilities recognized during the years ended December 31, 2022 and 2021, and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as at December 31, 2022 and 2021.

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B. Amounts recognized in the statement of comprehensive income

Depreciation charge for right-of-use assets

	For the year ended December 31,	
	2022	2021
Buildings	\$289,334	\$288,982
Transportation equipment	144	-
Total	<u>\$289,478</u>	<u>\$288,982</u>

C. Income and costs relating to leasing activities

	For the year ended December 31,	
	2022	2021
The expense relating to short-term leases	\$(2,519)	\$(3,001)
The expense relating to leases of low-value assets (not included the expense relating to short-term leases of low-value assets)	(3,951)	(3,410)
The expenses relating to variable lease payments (not included in the measurement of lease liabilities)	(77)	(18)
Covid-19 related rent concessions	27,592	60,979

During the year ended December 31, 2022 and 2021, the rent concessions arising as a direct consequence of the Covid-19 pandemic amounting to NT\$27,592 thousand and NT\$60,979 thousand, respectively, which are recognized in other revenue, to reflect the variable lease payment that arising from the application of the practical expedients.

D. Cash outflow relating to leasing activities

During the year ended December 31, 2022 and 2021, the Company's total cash outflows for leases amounting to NT\$323,375 thousand and NT\$289,369 thousand, respectively.

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(18) Summary of employee benefits, depreciation and amortization expenses by function is as follows:

Function Nature	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$300,246	\$165,913	\$466,159	\$274,664	\$165,639	\$440,303
Labor and health insurance	34,596	17,515	52,111	35,370	19,860	55,230
Pension	16,497	8,593	25,090	16,249	10,355	26,604
Directors' remuneration	-	2,040	2,040	-	1,962	1,962
Other employee benefits	15,014	4,402	19,416	12,175	4,077	16,252
Depreciation	388,191	117,741	505,932	407,888	117,764	525,652
Depletion	367	-	367	1,467	-	1,467
Amortization	846	4,971	5,817	1,834	9,493	11,327

Note:

1.The average headcounts of the Company amounted to 1,044 and 1,029, respectively, as at December 31, 2022 and 2021. Among the Company's directors, there were 6 and 5 , respectively, who were not the employees, as at December 31, 2022 and 2021.

2.Companies who have been listed on Taiwan Stock Exchange or Taiwan Over-The Counter Securities Exchange should disclose the following information:

- (1) Average employee benefits of 2022 and 2021 are NT\$542 thousand and NT\$526 thousand respectively.
- (2) Average salaries of 2022 and 2021 are NT\$449 thousand and NT\$430 thousand respectively.
- (3) Changes in average salaries are 4.42 %.
- (4) In accordance with the regulations, the Company has established an audit committee to replace the supervisor, so the supervisor's remuneration has not been recognized.\

(5) The salary and remuneration policy of the Company:

Salary and remuneration for the Company's employees (managers included) contain monthly salaries, incentive bonuses, and project bonuses, year-end bonuses by performance evaluation, and performance bonuses according to employees' performance, personal abilities, and contribution to the Company. The abovementioned bonuses are deemed as reward to employees and to encourage them. As for design of benefits, the Company listed some measures in accordance with the regulations and to meet employees' needs to bring about a win-win situation for the Company, shareholders and employees.

Remuneration of directors and managers are in conformity with "Regulations of directors and managers" by the Company. Independent directors are paid monthly in fixed amount. Remuneration is distributed according to profitability in current year. The amount of remuneration is suggested by the compensation committee and approved by the Board of Directors' meeting. Transportation allowance is provided if directors attend Board of Directors' meetings.

The Company's manager contain general manager, assistant general manager, directors which graded above level 19, finance supervisor and accounting supervisor. The remuneration is based on responsibilities in charged by managers, and reasons to appeal specialists. The amount of employees' compensation is suggested by the compensation committee and approved by the Board of Directors' meeting.

According to the Articles of Incorporation, 3% of profit of the current year is distributable as employees' compensation and no higher than 3% of profit of the current year is distributable as remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered. The abovementioned employees' compensation is resolved by meeting of Board of Directors in the form of shares or in cash, which is issued only to people who are employed by the Company and are under labor insurance. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Annual loss for the Year 2022 and 2021 without earnings distribution for employees' compensation and directors' remuneration.

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(19) Non-operating income and expenses

(a) Interest income

	For the year ended December 31,	
	2022	2021
Deposit interest	\$305	\$57

(b) Other income

	For the year ended December 31,	
	2022	2021
Government grants income	\$19,308	\$83,394
Rent concession income	27,592	60,979
Rental income	5,799	6,875
Other income - others	12,572	3,327
Total	\$65,271	\$154,575

(c) Other gains and losses

	For the year ended December 31,	
	2022	2021
Gain (loss) on disposal of property, plant and equipment	\$(3,039)	\$990
Foreign exchange gains (losses), net	223	13
Fair value adjusted gain (loss) - investment property	1,462	230,716
Other losses	(4,598)	(3,700)
Total	\$(5,952)	\$228,019

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(d) Finance costs

	For the year ended December 31,	
	2022	2021
Interest on borrowings from bank	\$92,043	\$74,330
Interest on lease liabilities	79,685	92,177
Less: Interest capitalization	(1,514)	-
Total	<u>\$170,214</u>	<u>\$166,507</u>

Details of interest capitalization are as follow:

	For the year ended December 31,	
	2022	2021
Capitalization interest	\$1,514	\$-
Capitalization rate	1.96%	-%

(20) Components of other comprehensive income (loss)

For the year ended December 31, 2022

	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	OCI, Net of tax
Not reclassified to profit or loss:					
Actuarial gains or losses on defined benefits plan	\$1,524	\$-	\$1,524	\$-	\$1,524
May be reclassified to profit or loss in subsequent period:					
Exchange differences arising on translation of foreign operations	3,024	-	3,024	-	3,024
Total	<u>\$4,548</u>	<u>\$-</u>	<u>\$4,548</u>	<u>\$-</u>	<u>\$4,548</u>

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	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	OCI, Net of tax
Not reclassified to profit or loss:					
Actuarial gains or losses on defined benefits plan	\$30,584	\$-	\$30,584	\$-	\$30,584
Revaluation surplus	3,466,960		3,466,960		3,466,960
May be reclassified to profit or loss in subsequent period:					
Exchange differences arising on translation of foreign operations	(819)	-	(819)	-	(819)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(41)	-	(41)	-	(41)
Total	<u>\$3,496,684</u>	<u>\$-</u>	<u>\$3,496,684</u>	<u>\$-</u>	<u>\$3,496,684</u>

(21) Income tax

(a) The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	For the year ended December 31,	
	2022	2021
Current income tax expense (income):		
Current income tax charge	\$-	\$-
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	-	(7)
Total income tax expense	<u>\$-</u>	<u>\$(7)</u>

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(b) A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the year ended December 31,	
	2022	2021
Accounting profit (loss) before tax	<u>\$(316,972)</u>	<u>\$(277,019)</u>
Tax payable at the enacted tax rates	\$(63,394)	\$(55,404)
Tax effect of revenues exempt from taxation	(7,142)	(50,527)
Tax effect of expenses not deductible for tax purposes	4,395	7,759
Tax effect of deferred tax assets/liabilities	59,616	98,172
Adjustments in respect of current income tax of prior periods	<u>6,525</u>	<u>(7)</u>
Total income tax expense recognized in profit or loss	<u>\$-</u>	<u>\$(7)</u>

(c) Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2022

	Beginning balance as at January 1, 2022	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as at December 31, 2022
Temporary differences				
Offset of loss	\$11,356	\$1,004	\$-	\$12,360
Investment property	(11,356)	(1,004)	-	(12,360)
Revaluation appreciation	(872,369)	-	-	(872,369)
Land value added tax	(373,174)	-	(35,128)	(408,302)
Investment accounted for under equity method	-	-	-	-
Deferred tax income/(expense)		<u>\$-</u>	<u>\$(35,128)</u>	
Net deferred tax assets/(liabilities)	<u>\$(1,245,543)</u>			<u>\$(1,280,671)</u>

Reflected in balance sheet as follows:

Deferred tax assets	<u>\$11,356</u>	<u>\$12,360</u>
Deferred tax liabilities	<u>\$(1,256,899)</u>	<u>\$(1,293,031)</u>

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For the year ended December 31, 2021

	Beginning balance as at January 1, 2021	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as at December 31, 2021
Temporary differences				
Offset of loss	\$9,188	\$2,168	\$-	\$11,356
Investment property	(9,188)	(2,168)	-	(11,356)
Revaluation appreciation	(1,050,457)	-	178,088	(872,369)
Land value added tax	(68,229)	-	(304,945)	(373,174)
Investment accounted for under equity method	(7)	7	-	-
Deferred tax income/(expense)		<u>\$7</u>	<u>\$(126,857)</u>	
Net deferred tax assets/(liabilities)	<u>\$(1,118,693)</u>			<u>\$(1,245,543)</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$9,188</u>			<u>\$11,356</u>
Deferred tax liabilities	<u>\$(1,127,881)</u>			<u>\$(1,256,899)</u>

(d) Unrecognized deferred tax assets

As at December 31, 2022 and 2021, the amount of deferred income tax assets unrecognized by the Company was NT\$918,642 thousand and NT\$859,026 thousand, respectively.

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(e) The following table contains information of the net operating loss of the Company:

Year incurred	Tax losses for the period	Unused tax losses as at		Expiration year
		Dec. 31, 2022	Dec. 31, 2021	
2012	\$101,025	\$-	\$101,025	2022
2013	226,367	226,367	226,367	2023
2014	67,676	67,676	67,676	2024
2016	319,220	319,220	319,220	2026
2017	370,713	370,713	370,713	2027
2018	758,774	758,774	758,774	2028
2019	665,359	665,359	665,359	2029
2020	441,587	441,587	441,587	2030
2021	576,068	576,068	576,068	2031
2022	339,339	339,339	-	2032
Total	<u>\$3,866,128</u>	<u>\$3,765,103</u>	<u>\$3,526,789</u>	

(f) The assessment of income tax returns

As at December 31, 2022, the assessment of the income tax returns of the Company have been approved up to the year of 2020.

(22) Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting any influences) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

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	For the year ended December 31,	
	2022	2021
(a) Basic earnings per share		
Net income available to common shareholders of the parent	<u>\$(316,972)</u>	<u>\$(277,012)</u>
Weighted average number of common stocks outstanding (in thousand shares)	<u>191,313</u>	<u>189,768</u>
Basic earnings per share (in NT\$)	<u>\$(1.66)</u>	<u>\$(1.46)</u>

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

7. Related party transactions

(1) Information of the related parties that had transactions with the Company during the financial reporting period is as follows:

Name and nature of relationship of the related parties

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
Leofoo Development & Construction Co., Ltd.	Subsidiary
Leofoo Agronomy Co., Ltd.	Subsidiary
Elite Catering Company Limited	Subsidiary
Izzy Construction Co., Ltd.	Sub-Subsidiary
Leofoo Property Management Co., Ltd.	Sub-Subsidiary
AMBASSADOR FILM INC.	Investee as accounted for using equity method
Centennial International Tech. Ltd.	The company is corporate director of the related party
Feng Jung Development Co., Ltd.	The related party's chairman is the Company's director
Si Mian Fo Management Consulting Ltd.	The related party's chairman is the Company's director
Chuang Foo Foundation	Other related parties

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(2) Significant transactions with related parties

(a) Purchases

	For the year ended December 31,	
	2022	2021
Leofoo Agronomy Co., Ltd.	\$52	\$77

Selling prices and collection terms to related parties were not significantly different from those of purchase to third parties customers. The collection terms are net 30 days.

(b) Labor expenses

	For the year ended December 31,	
	2022	2021
Leofoo Agronomy Co., Ltd.	\$1,793	\$2,211

(c) The Company appointed Leofoo Development & Construction Co., Ltd. to execute reconstruction of Leofoo Hotel. The construction expense amounted to NT\$29,118 thousand and was reclassified under investment property for the year ended December 31, 2022.

(d) Notes receivable and accounts receivable

	As at December 31,	
	2022	2021
Leofoo Development & Construction Co., Ltd.	\$78	\$79
Izzy Construction Co., Ltd.	231	143
Leofoo Property Management Co., Ltd.	104	104
Chuang Foo Foundation	-	189
Total	\$413	\$515

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(e) Other receivables

	As at December 31,	
	2022	2021
Leofoo Development & Construction Co., Ltd.	\$12	\$9
Izzy Construction Co., Ltd.	156	83
Leofoo Agronomy Co., Ltd.	500	1,121
Si Mian Fo Management Consulting Ltd.	-	58
Chuang Foo Foundation	5	-
Total	<u>\$673</u>	<u>\$1,271</u>

(f) Accounts payable

	As at December 31,	
	2022	2021
Izzy Construction Co., Ltd.	\$1,090	\$1,084
Leofoo Agronomy Co., Ltd.	4	-
Total	<u>\$1,094</u>	<u>\$1,084</u>

(g) Other payable - related parties

	As at December 31,	
	2022	2021
Leofoo Development & Construction Co., Ltd.	\$5,839	\$1,318
Izzy Construction Co., Ltd.	26,425	5,785
Leofoo Agronomy Co., Ltd.	230	706
Elite Catering Company Limited	6,514	6,514
Chuang Foo Foundation	30	-
Si Mian Fo Management Consulting Ltd.	-	89
Centennial International Tech. Ltd.	290	245
Total	<u>\$39,328</u>	<u>\$14,657</u>

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(h)Property transaction with related party :

Variety	Related parties	Price	Reference for the price determination
<u>For the year ended December 31, 2022</u>			
Construction work	Izzy Construction Co., Ltd	\$78,751	According to the contract
Machinery	Centennial International Tech. Ltd.	293	Commercial negotiation
	Total	<u>\$79,044</u>	
<u>For the year ended December 31, 2021</u>			
Construction work	Izzy Construction Co., Ltd.	\$63,069	According to the contract
Other equipment	Feng Jung Development Co., Ltd.	5,714	Commercial negotiation
	Total	<u>\$68,783</u>	

(i)Rental Income

	<u>For the year ended December 31,</u>	
	2022	2021
Leofoo Development & Construction Co., Ltd.	\$343	\$343
Izzy Construction Co., Ltd.	343	343
Leofoo Property Management Co., Ltd.	594	420
AMBASSADOR FILM INC.	5,440	4,758
Si Mian Fo Management Consulting Ltd.	305	2,071
Total	<u>\$7,025</u>	<u>\$7,935</u>

(j)Refundable deposit

	<u>As at December 31,</u>	
	2022	2021
Centennial International Tech. Ltd.	<u>\$295</u>	<u>\$295</u>

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(k)Deposits received

	As at December 31,	
	2022	2021
Izzy Construction Co., Ltd.	\$20	\$20
Leofoo Property Management Co., Ltd.	80	80
AMBASSADOR FILM INC.	1,350	1,350
Si Mian Fo Management Consulting Ltd.	-	44
Total	\$1,450	\$1,494

(l) The Company expenditures for management consulting services from Leofoo Property Management Co., Ltd. are NT\$41,694 thousand and NT\$41,087 thousand for the year ended December 31, 2022 and 2021, respectively. The Company expenditures for TV channel broadcasting and signal provision from Centennial International Tech. Ltd. are NT\$2,490 thousand and NT\$2,418 thousand for the year ended December 31, 2022 and 2021, respectively.

(m)The amount of other expenses paid by Leofoo Agronomy Co., Ltd. NT\$0 thousand and NT\$3,309 thousand for the year ended December 31, 2022 and 2021, respectively.

(n)The amount of telecommunications expenses paid by Centennial International Tech. Ltd. NT\$2 thousand and NT\$23 thousand for the year ended December 31, 2022 and 2021, respectively.

(o)Key management personnel's compensation

	For the year ended December 31,	
	2022	2021
Short-term employee benefits	\$7,993	\$11,309
Post-employment benefits	450	770
Total	\$8,443	\$12,079

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8. Assets pledged as collateral

(1) The following assets of the Company pledged as collateral:

Items	As at December 31,		Secured liabilities
	2022	2021	
Property, plant and equipment	\$4,375,655	\$4,461,071	long-term and short-term loans
Investment property	5,787,622	5,585,410	long-term and short-term loans
Other current and non-current assets	93,217	97,190	long-term and short-term loans, performance bond
Total	<u>\$10,256,494</u>	<u>\$10,143,671</u>	

(2) To fulfill obligations to customers who purchased gift vouchers from the administrative office, Leofoo Residence, Leofoo Hotel, Courtyard Taipei and other divisions of the Group, the Company set up trust funds at financial institutions amounting to NT\$22,042 thousand and NT\$44,760 thousand for the years ended December 31, 2022 and 2021. The amount was classified as non-current assets.

9. Significant contingencies and unrecognized contract commitments

(1) The Company entered into a contract with Ruentex Xu-Zhan Development Co., Ltd. (the “Ruentex”) for hotel building operating lease in Nangang station on April 5, 2012. According to the contract, Ruentex was in charge of building construction and once the construction was complete, the Group rent the building for NT\$333,927 thousand per year (excluding the put up for every three years). The leasing term was 20 years. As at December 31, 2022, the Group has paid NT\$56,632 thousand as performance bond to Ruentex, and has provided time deposit NT\$27,556 thousand pledged as collateral to Hua Nan Bank. The total amount was in NT\$84,188 thousand and was classified as non-current assets.

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(2) Other

As at December 31, 2022, the Company's unfinished property, plant and equipment contract is as follows:

Nature of contract	Total contract amount		
	(Excluding tax)	Paid amount	Unpaid amount
Commercial buildings	\$1,832,381	\$84,447	\$1,747,934

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Others

(1) Categories of financial instruments

Financial assets

	As at December 31,	
	2022	2021
Financial assets measured at amortized cost:		
Cash and cash equivalents	\$198,088	\$268,789
Notes receivable	422	425
Accounts receivable	57,920	48,371
Other receivables	7,588	15,482
Refundable deposits	100,458	113,662
Total	\$364,476	\$446,729

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Financial liabilities

	As at December 31,	
	2022	2021
Financial liabilities at amortized cost:		
Short-term loans	\$413,500	\$382,000
Payables	125,841	101,266
Long-term loans (including current portion with maturity less than 1 year)	4,395,150	4,246,000
Lease liabilities	3,925,938	4,130,626
Total	<u>\$8,860,429</u>	<u>\$8,859,892</u>

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before the Company enters into significant transactions, the Board of Directors and Audit Committee must carry out due approval process based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables. There are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's loans and receivables at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 1% of interest rate in a reporting period could cause the profit for the years ended December 31, 2022 and 2021 to decrease/increase by NT\$41,435 thousand and NT\$38,680 thousand, respectively.

(4)Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit risk of all customers are assessed based on a comprehensive review of the customers' financial status, credit ratings from credit institutions, past transactions, current economic conditions. Moreover, the Company's has numerous clients and does not make any concentrative transactions with any single client. Therefore, there is no concentration of credit risk for account receivables.

Credit risk from balances with banks and other financial instruments is managed by the Company's finance division in accordance with the Company's policy. The counterparties that the Company transacts with are determined by internal control procedures. They are banks with fine credit ratings and financial institutions, corporate and government agencies with investment-grade credit ratings. Thus, there is no significant default risk. Conclusively, no significant credit risk is expected by the Company.

The Company adopted IFRS 9 to assess the expected credit losses. Except for trade receivables, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories. The Company makes an assessment at each reporting date as to whether the credit risk still meets the conditions of low credit risk and then further determines the method of measuring the loss allowance and the loss ratio.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5)Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents and bank borrowings and finance leases. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

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Non-derivative financial liabilities

	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
<u>As at December 31, 2022</u>					
Borrowings	\$886,057	\$342,621	\$3,657,831	\$239,765	\$5,126,274
Payables	125,841	-	-	-	125,841
Lease liabilities (Note)	349,935	349,935	1,046,056	2,756,070	4,501,996
<u>As at December 31, 2021</u>					
Borrowings	\$499,961	\$440,626	\$3,539,433	\$255,397	\$4,735,417
Payables	101,266	-	-	-	101,266
Lease liabilities (Note)	343,919	343,919	1,031,757	3,066,610	4,786,205

Note: Information about the maturities of lease liabilities is provided in the table below:

	<u>Maturities</u>					
	Less than 1 year	1 to 5 years	6 to 10 years	10 to 15 years	>15 years	Total
As at Dec. 31, 2022	\$349,935	\$1,395,991	\$1,740,676	\$1,015,394	\$-	\$4,501,996
As at Dec. 31, 2021	343,919	1,375,676	1,719,594	1,347,016	-	4,786,205

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2022:

	Short-term loans	Long-term loans	Lease liabilities	Total liabilities from financing activities
As at Jan. 1, 2022	\$382,000	\$4,246,000	\$4,130,626	\$8,758,626
Cash flows	31,500	149,150	(237,143)	(56,493)
Non-cash changes	-	-	32,455	32,455
As at Dec. 31, 2022	\$413,500	\$4,395,150	\$3,925,938	\$8,734,588

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Reconciliation of liabilities for the year ended December 31, 2021:

	Short-term loans	Long-term loans	Lease liabilities	Total liabilities from financing activities
As at Jan. 1, 2021	\$505,000	\$3,482,600	\$4,382,368	\$8,369,968
Cash flows	(123,000)	763,400	(190,763)	449,637
Non-cash changes	-	-	(60,979)	(60,979)
As at Dec. 31, 2021	\$382,000	\$4,246,000	\$4,130,626	\$8,758,626

(7) Fair values of financial instruments

(a) The evaluation methods and assumptions applied in determining the fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

- i. The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- ii. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
- iii. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

(b) Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets and liabilities measured at amortized cost approximate their fair value.

(8) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

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(b) Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

As at December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	\$-	\$-	\$65,116	\$65,116

As at December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	\$-	\$-	\$65,116	\$65,116

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Assets
	At fair value through other profit or loss
Beginning balances as at January 1, 2022	\$65,116
Acquisition/issues for the period	-
Ending balances as at December 31, 2022	\$65,116

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	Assets
	At fair value through other profit or loss
Beginning balances as at January 1, 2021	\$65,116
Acquisition/issues for the period	-
Ending balances as at December 31, 2021	\$65,116

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As at December 31, 2022

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets at fair value through other comprehensive income					
Stocks	Market approach	discount for lack of marketability	10%~20%	The higher the discount for lack of marketability, the lower the fair value of the stocks	5% increase (decrease) in the volatility would result in increase (decrease) in the Company 's profit or loss by NT\$2,892 thousand

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese
The Leofoo Development Co., Ltd.
Notes to Parent-Company-Only Financial Statements (Continued)
(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

As at December 31, 2021

	Valuation	Significant	Quantitative	Relationship	Sensitivity of the input to
	techniques	unobservable	information	between inputs	fair value
		inputs		and fair value	
Financial assets					
at fair value					
through other					
comprehensive					
income					
Stocks	Market approach	discount for	10%	The higher the	5% increase (decrease)
		lack of		discount for	in the volatility would
		marketability		lack of	result in increase
				marketability,	(decrease) in the
				the lower the	Company 's profit or
				fair value of	loss by NT\$2,870
				the stocks	thousand

(9) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Other disclosures

(1) Information on significant transactions

A. Financing provided to others for the year ended December 31, 2022: None.

B. Endorsement/Guarantee provided to others for the year ended December 31, 2022: None.

- C. Marketable securities held as at December 31, 2022 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 1.
 - D. Individual securities acquired or disposed of with accumulated amount of at least NT\$300 million or 20 percent of the paid-in capital for the year ended December 31, 2022: None.
 - E. Acquisition of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the year ended December 31, 2022: None.
 - F. Disposal of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the year ended December 31, 2022: None.
 - G. Related party transactions with purchase or sales amount of at least NT\$100 million or 20 percent of the paid-in capital for the year ended December 31, 2022: None.
 - H. Receivables from related parties of at least NT\$100 million or 20 percent of the paid-in capital as at December 31, 2022: None.
 - I. Derivative instrument transactions: None.
- (2) Information on investees:
- A. Investees over whom the Company exercises significant influence or control (excluding investees in Mainland China): Please refer to attachment 2.
 - B. Investees over which the Company exercises control shall be disclosed of information under Note 13(1):
 - (a) Financing provided to others for the year ended December 31, 2022: None.
 - (b) Endorsement/Guarantee provided to others for the year ended December 31, 2022: None.
 - (c) Marketable securities held as at December 31, 2022 (excluding investments in subsidiaries, associates and joint ventures): None.

- (d) Individual securities acquired or disposed of with accumulated amount of at least NT\$300 million or 20 percent of the paid-in capital for the year ended December 31, 2022: None.
- (e) Acquisition of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the year ended December 31, 2022: None.
- (f) Disposal of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the year ended December 31, 2022: None.
- (g) Related party transactions with purchase or sales amount of at least NT\$100 million or 20 percent of the paid-in capital for the year ended December 31, 2022: None.
- (h) Receivables from related parties of at least NT\$100 million or 20 percent of the paid-in capital as at December 31, 2022: None
- (i) Derivative instrument transactions: None.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese
The Leofoo Development Co., Ltd.
Notes to Parent-Company-Only Financial Statements (Continued)
(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

(3) Information on investments in Mainland China:

- a. Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, net income (loss) of investee company, percentage of ownership, investment income (loss), carrying value of investments, cumulated inward remittance of earnings and limits on investment in Mainland China:

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as at January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as at Dec. 31, 2022	Profit/ Loss of Investee	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss	Carrying Amount as at Dec. 31, 2022	Accumulated Inward Remittance of Earnings as at Dec. 31, 2022
					Outflow	Inflow						
Weihai Chuang Foo Hotel Management Ltd.	Hotel management	\$28,841	Note 1(2)	\$28,841	\$-	\$-	\$28,841	\$- (Note 5)	100%	\$- (Note 5)	\$- (Note 5)	\$-

Accumulated Investment in Mainland China as at Dec. 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$28,841	\$29,430 (USD 1,000 thousand) (Note 4)	\$2,948,699

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The Leofoo Development Co., Ltd.
Notes to Parent-Company-Only Financial Statements (Continued)
(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

Note 1: The investment methods are divided into the following three types, just indicate the types:

- (1) Go directly to the mainland for investment.
- (2) Reinvest in mainland China through a third-region company.
- (3) Other methods.

Note 2: Gain/loss on investment is recognized based on the audited financial statements of the parent company's Auditors in Taiwan.

Note 3: Amounts in New Taiwan dollars.

Note 4: Investment amount US\$1,000 thousand authorized by Investment Commission, MOEA. The exchange rate of New Taiwan dollars to US dollars was 29.43 to 1.

Note5: Weihai Chuang Foo Hotel Management Ltd. was liquidated in June 2022 and the cancellation registration was completed on August 24, 2022.

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The Leofoo Development Co., Ltd.
Notes to Parent-Company-Only Financial Statements (Continued)
(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

- b. Purchase and accounts payable with the related parties: None.
- c. Sales and accounts receivable with the related parties: None.
- d. The profit and loss produced by transaction of the property: None.
- e. The purpose and balance of a note guarantee and a guarantee endorsement or providing for secure: None.
- f. The amount of maximum financing, the balance interest rates, and lump sum interest expense: None.
- g. The other events impact over current profit or loss or have the significant influence over the financial conditions, such as provided service or received service: None.

(4) Information on major shareholders:

Ownership of shares Name	Number of shares held (shares)	Ownership ratio
Shen, Ching-Hsuing	13,798,000	7.21%
Chiu Jung Investment Ltd.	13,572,222	7.09%
Chuang Foo Foundation	12,079,888	6.31%
Jung Feng Development Ltd.	11,472,695	5.99%

14. Segment information

The Company has provided the operating segments disclosure in the consolidated financial statements.

The Leofoo Development Co., Ltd.

Marketable Securities Held (Excluding Investments in Subsidiaries, Associates and Joint Ventures)

As at December 31, 2022

(In Thousands of New Taiwan Dollars)

Name of Held Company	Marketable Securities Type and Name	Relationship with the Issuer	Financial Statement Account	As at December 31, 2022				Note
				Shares / in thousands units	Carrying Amount	%	Fair Value	
The Leofoo Development Co., Ltd.	Ambassador Theatres Company	The company is corporate director of the entity	Financial assets at fair value through other comprehensive income	1,642	\$7,737	5.26%	\$7,737	
The Leofoo Development Co., Ltd.	Rich Forest Leisure Development Co., Ltd.	The company is corporate director of the entity	Financial assets at fair value through other comprehensive income	9,000	56,915	11.04%	56,915	
The Leofoo Development Co., Ltd.	Centennial International Tech. Ltd.	The company is corporate director of the entity	Financial assets at fair value through other comprehensive income	-	464	14.93%	464	
	Total				<u>\$65,116</u>		<u>\$65,116</u>	

The Leofoo Development Co., Ltd.

Investees over Whom the Company Exercise Significant Influence or Control Directly or Indirectly (Excluding Investees in Mainland China)

As at December 31, 2022

(In Thousands of New Taiwan Dollars)

Investor	Investee	Business Location	Main Business	Original Investment Amount		Balance as at December 31, 2022			Net profit (loss) of the investee	Investment income (loss) recognised by the Company	Note
				As at December 31, 2022	As at December 31, 2021	Shares (in thousands units)	%	Carrying Value			
The Leofoo Development Co., Ltd.	Leofoo Development & Construction Co., Ltd.	Taiwan	Comprehensive construction industry	\$733,000	\$693,000	73,300	100.00%	\$45,192	\$(3,953)	\$(9,566)	Note 1
The Leofoo Development Co., Ltd.	Ambassador Film Inc.	Taiwan	Cinemas	17,600	17,600	1,760	40.00%	\$15,518	\$(9,785)	\$(3,914)	
The Leofoo Development Co., Ltd.	Elite Catering Company Limited	Taiwan	Food manufacturing	10,000	10,000	1,000	100.00%	\$11,537	\$(7)	\$(7)	
The Leofoo Development Co., Ltd.	Leofoo Investment Limited	Samoa	Investing activities	30,264	30,264	-	100.00%	\$30,765	\$2	\$2	
The Leofoo Development Co., Ltd.	Leofoo Agronomy Co., Ltd.	Taiwan	Agricultural business	30,000	30,000	3,000	100.00%	\$20,514	\$(4,386)	\$(4,386)	
Leofoo Development & Construction Co., Ltd.	Izzy Construction Co., Ltd.	Taiwan	Comprehensive construction industry	65,266	25,266	6,398	100.00%	\$44,290	\$(629)	\$(629)	
Leofoo Development & Construction Co., Ltd.	Leofoo Property Management Co., Ltd.	Taiwan	Property management	17,200	17,200	1,720	100.00%	\$5,204	\$(1,705)	\$(1,705)	
Leofoo Investment Limited	Leofoo (Hong Kong) Limited	Hong Kong	Investing activities	30,113	30,113	-	100.00%	\$30,606	\$2	\$2	

Note 1: It includes the investment income accounted for using equity method of NT\$(3,953) thousand, write-off for lease transaction with related party NT\$(21) thousand, realized benefits on upstream transactions of NT\$59,071 thousand and the unrealized benefits on upstream transactions of NT\$(64,663) thousand.

The Leofoo Development Co., Ltd.

1. Statement of cash and cash equivalents

As at December 31, 2022

(In Thousands of New Taiwan Dollars and foreign currencies)

Item	Description	Amount	Note
Cash and cash on hand:		<u>\$7,294</u>	Exchange Rate USD : NTD=30.708 : 1 JPY : NTD=0.234 : 1
Checking and savings accounts:			
Standard Chartered Bank (Taiwan) Limited—Guanxi Branch	Savings	44,349	
First Commercial Bank—Guanxi Branch	Savings	4,532	
First Commercial Bank—Nanjing East Road Branch	Savings	37,734	USD 6
Cathay United Bank—Nanjing Branch	Savings	1,137	
Sunny Bank—Fuxing Branch	Savings	16,775	
Taishin International Bank—Jianpei Branch	Savings	61,671	USD 5
Land Bank of Taiwan—Changchun Branch	Savings	4,367	
Hua Nan Commercial Bank—Zhonghua Road Branch	Savings	9,552	
Shanghai Commercial & Savings Bank—East Taipei Branch	Savings	5,815	
Standard Chartered Bank (Taiwan) Limited—Guanshi Branch	Checking	3,417	
Hua Nan Commercial Bank—Zhonghua Road Branch	Checking	5,741	
Others (for checking and savings accounts less than NT\$1,000 thousand)		<u>2,998</u>	
Subtotal		<u>198,088</u>	
Total		<u><u>\$205,382</u></u>	

The Leofoo Development Co., Ltd.

2. Statetment of notes receivable, net

As at December 31, 2022

(In thousands of New Taiwan Dollars)

Client Name	Amount	Note
Customer A	\$9	1. The notes receivable in the left column were due to operation.
Leofoo Development & Construction Co., Ltd.	78	
Izzy Construction Co., Ltd.	231	2. Accounts receivable were not pledged.
Leofoo Property Management Co., Ltd.	104	
Subtotal	422	
Less: loss allowance	-	
Net	\$422	

The Leofoo Development Co., Ltd.

3. Statetment of accounts receivable, net

As at December 31, 2022

(In thousands of New Taiwan Dollars)

Client Name	Amount	Note
Customer B	\$4,076	1.The accounts receivable in the left column were due to operation.
Customer C	2,524	
Others	<u>51,505</u>	2.The amount of individual client included in others does not exceed 5% of the account balance.
Subtotal	58,105	
Less: loss allowance	<u>(185)</u>	3.Accounts receivable were not pledged.
Net	<u><u>\$57,920</u></u>	

The Leofoo Development Co., Ltd.

4. Statement of other receivables

As at December 31, 2022

(In thousands of New Taiwan Dollars)

Item	Amount	Note
Other receivables	\$6,915	
Other receivables - related parties	<u>673</u>	
Total	<u><u>\$7,588</u></u>	

The Leofoo Development Co., Ltd.

5. Statement of inventories

As at December 31, 2022

(In thousands of New Taiwan Dollars)

Item	Amount		Note
	Cost	Net Realizable Value	
Animal feed	\$607	\$607	1. Inventories are valued at lower of cost or net realizable value.
Foodstuff	17,530	17,530	
Beverages	1,587	1,587	2. Inventories were not pledged.
Merchandise	19,346	19,346	
Others	741	741	
Subtotal	39,811	\$39,811	
Less: loss allowance	-		
Net	\$39,811		

The Leofoo Development Co., Ltd.

6. Statement of prepayments

As at December 31, 2022

(In thousands of New Taiwan Dollars)

Item	Amount	Note
Prepaid Insurance	\$2,267	
Supplies Inventory	32,090	
Other prepayments	14,304	
Prepayment for purchases	4,474	
Others	2,800	
Total	<u>\$55,935</u>	

The Leofoo Development Co., Ltd.

7. Statement of other current assets

As at December 31, 2022

(In thousands of New Taiwan Dollars)

Item	Amount	Note
Temporary payments	\$13,230	The amount of individual client included in others does not exceed 5% of the account balance.
Restricted deposits	7,030	
Others	<u>46</u>	
Total	<u><u>\$20,306</u></u>	

The Leofoo Development Co., Ltd.

8. Statement of equity instrument investments measured at fair value through other comprehensive income – Non-current

As at December 31, 2022

(In Thousands of New Taiwan Dollars)

Type and Name	As at January 1, 2021		Additions		Decrease		As at December 31, 2022		Provision of guarantees or pledges	Note
	Shares/Unit	Fair value	Shares/Unit	Amount	Shares/Unit	Amount	Shares/Unit	Fair value		
Ambassador Theatres Company	1,642,105	\$7,737	-	\$-	-	\$-	1,642,105	\$7,737	None	
Rich Forest Leisure Development Co., Ltd.	9,000,000	90,000	-	-	-	-	9,000,000	90,000	None	
Centennial International Tech. Ltd.	-	464	-	-	-	-	-	464	None	
Total		98,201		-		-		98,201		
Add: Equity instrument investments measured at fair value through other comprehensive income – Non-current		(33,085)				-		(33,085)		
Net		<u>\$65,116</u>		<u>\$-</u>		<u>\$-</u>		<u>\$65,116</u>		

The Leofoo Development Co., Ltd.

9. Statement of investment accounted for using equity method

As at December 31, 2022

(In thousands of New Taiwan Dollars)

Investee companies	As at January 1, 2022		Additions		Decrease		As at December 31, 2022			Fair Value/Net assets value		Collateral
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	%	Amount	Unit price (NTD)	Total amount	
Leofoo Development & Construction Co., Ltd.	69,300	\$14,758	4,000	\$40,000	-	\$(9,566) (Note 1)	73,300	100.00%	\$45,192	\$1.50	\$109,825	None
Leofoo Investment Limited	-	27,739	-	3,026 (Note 2)	-	-	-	100.00%	30,765	-	30,765	None
Leofoo Agronomy Co., Ltd.	3,000	24,900	-	-	-	(4,386) (Note 3)	3,000	100.00%	20,514	6.84	20,514	None
Elite Catering Company Limited	1,000	11,544	-	-	-	(7) (Note 4)	1,000	100.00%	11,537	11.54	11,537	None
AMBASSADOR FILM INC.	1,760	19,432	-	-	-	(3,914) (Note 5)	1,760	40.00%	15,518	8.82	15,518	None
Total		<u>\$98,373</u>		<u>\$43,026</u>		<u>\$(17,873)</u>			<u>\$123,526</u>			

Note1: It includes the investment income accounted for using equity method of NT\$(3,953) thousand, write-off for lease transaction with related party NT\$395 thousand, realized benefits on upstream transactions of NT\$59,071 thousand and the unrealized benefits on upstream transactions of NT\$(64,663) thousand.

Note2: Including investment gain recognized under equity method amounted to NT\$2 thousand and exchange differences resulting from translating the financial statements of a foreign operation amounted to NT\$3,024 thousand.

Note3: Including investment loss recognized under equity method amounted to NT\$(4,386) thousand.

Note4: Including investment loss recognized under equity method amounted to NT\$(7) thousand.

Note5: Including investment loss recognized amounted to NT\$(3,914) thousand.

The Leofoo Development Co., Ltd.

10. Statement of right-of-use assets

As at December 31, 2022

(In thousands of New Taiwan Dollars)

Item	As at January 1, 2022	Additions	Decrease	As at December 31, 2022	Note
Cost:					
Buildings	\$4,882,524	\$54,848	\$-	\$4,937,372	
Transportation equipment	-	5,199	-	5,199	
Total	4,882,524	60,047	-	4,942,571	
Accumulated Depreciation:					
Buildings	860,857	289,334	-	1,150,191	
Transportation equipment	-	144	-	144	
Total	860,857	\$289,478	-	1,150,335	
Net carrying amount	\$4,021,667			\$3,792,236	

The Leofoo Development Co., Ltd.

11. Statetment of other non-current assets

As at December 31, 2022

(In thousands of New Taiwan Dollars)

Item	Amount	Note
Refundable deposits	\$100,458	The amount of individual vendor included in others does not exceed 5% of the account balance.
Restricted land	75,700	
Restricted deposits	29,573	
Prepayments of Equipment	29,195	
Others	1,116	
Subtotal	236,042	
Overdue receivables	269,928	
Loss allowance	(269,928)	
Subtotal	-	
Total	\$236,042	

The Leofoo Development Co., Ltd.

12. Statement of short-term loans

As at December 31, 2022

(In thousands of New Taiwan Dollars)

Type	Creditor	As at December 31, 2022	Contract Period	Interest Rates	Loan amounts	Collateral	Note
Secured loans	Yuanta Commercial Bank Co., Ltd.	\$300,000	2022.09.07~2023.03.02	2.20%	\$350,000	Land and buildings	Please refer to Note 8 for the relevant assets provided as security or the pledge.
Unsecured loans	Sunny Bank	18,500	2022.04.15~2023.04.15	2.72%	82,000	None	
Unsecured loans	Taichung Commercial Bank	25,000	2022.06.17~2023.06.17	2.78%	35,000	None	
Secured loans	Taishin International Bank	70,000	2022.10.03~2023.01.01	2.31%	120,000	Land and buildings	
		\$413,500					

The Leofoo Development Co., Ltd.

13. Statetment of notes payable, net

As at December 31, 2022

(In thousands of New Taiwan Dollars)

Vendor name	Amount	Note
Vendor A	\$592	
Vendor B	498	
Vendor C	125	
Total	<u>\$1,215</u>	

The Leofoo Development Co., Ltd.

14. Statement of accounts payable

As at December 31, 2022

(In thousands of New Taiwan Dollars)

Vendor name	Amount	Note
Izzy Construction Co., Ltd.	\$1,090	1.The amount of individual vendor included in others does not exceed 5% of the account balance.
Leofoo Agronomy Co., Ltd.	4	
Others	<u>84,204</u>	
Total	<u><u>\$85,298</u></u>	

The Leofoo Development Co., Ltd.

15. Statement of other payables - related parties

As at December 31, 2022

(In thousands of New Taiwan Dollars)

Item	Amount	Note
Leofoo Development & Construction Co., Ltd.	\$5,839	
Izzy Construction Co., Ltd.	26,425	
Leofoo Agronomy Co., Ltd.	230	
Elite Catering Company Limited	6,514	
Centennial International Tech. Ltd.	290	
Chuang Foo Foundation	30	
Total	<u>\$39,328</u>	

The Leofoo Development Co., Ltd.

16. Statement of other current liabilities

As at December 31, 2022

(In thousands of New Taiwan Dollars)

Item	Amount	Note
Wages and salaries payable	\$41,731	The amount of individual client included in others does not exceed 5% of the account balance.
Interest payable	4,514	
Payable on machinery and equipment	13,858	
Accrued expenses	156,160	
Other advance receipts	183,846	
Temporary receipts	37,438	
Others	<u>10,221</u>	
Total	<u><u>\$447,768</u></u>	

The Lefoo Development Co., Ltd.

17. Statement of long-term loans

As at December 31, 2022

(In thousands of New Taiwan Dollars)

Lenders	Description	Amount	Duration	Interest rate	Collateral	Note
The Shanghai Commercial & Savings Bank, Ltd.	Secured loans	\$460,000	2021.05.04~2026.05.04	2.52%	Please refer to Note 8 for the relevant assets provided as security or the pledge.	
The Shanghai Commercial & Savings Bank, Ltd.	Secured loans	29,660	2019.06.05~2024.04.12	2.775%		
The Shanghai Commercial & Savings Bank, Ltd.	Secured loans	50,340	2019.06.05~2024.04.12	2.57%		
The Shanghai Commercial & Savings Bank, Ltd.	Secured loans	18,750	2021.09.15~2026.09.15	2.57%		
The Shanghai Commercial & Savings Bank, Ltd.	Secured loans	23,000	2021.10.15~2026.10.15	2.57%		
The Shanghai Commercial & Savings Bank, Ltd.	Secured loans	23,500	2021.11.15~2026.11.15	2.57%		
The Shanghai Commercial & Savings Bank, Ltd.	Secured loans	24,000	2021.12.15~2026.12.15	2.57%		
The Shanghai Commercial & Savings Bank, Ltd.	Secured loans	24,000	2022.01.14~2027.01.14	2.57%		
The Shanghai Commercial & Savings Bank, Ltd.	Secured loans	24,000	2022.02.15~2027.02.15	2.57%		
The Shanghai Commercial & Savings Bank, Ltd.	Secured loans	5,000	2022.03.15~2027.03.15	2.57%		
The Shanghai Commercial & Savings Bank, Ltd.	Secured loans	55,000	2022.04.15~2027.04.15	2.57%		
First Commercial Bank	Secured loans	38,000	2021.09.17~2023.09.17	2.62%		
First Commercial Bank	Secured loans	20,000	2022.05.06~2024.05.06	2.55%		
First Commercial Bank	Secured loans	30,000	2022.06.15~2024.06.15	2.55%		
First Commercial Bank	Secured loans	20,000	2022.03.24~2027.03.24	2.47%		
First Commercial Bank	Secured loans	61,000	2022.04.20~2027.04.20	2.345%		
First Commercial Bank	Secured loans	57,500	2022.05.30~2027.05.30	2.47%		
First Commercial Bank	Secured loans	25,900	2022.06.30~2027.06.30	2.47%		
First Commercial Bank	Secured loans	58,000	2020.06.01~2023.06.01	2.62%		
First Commercial Bank	Secured loans	112,000	2020.09.07~2023.06.01	2.62%		
Yuantan Commercial Bank Co., Ltd.	Secured loans	2,850,000	2020.06.19~2025.06.19	2.10%		
Sunny Bank	Secured loans	262,000	2021.04.16~2028.04.16	2.17%		
Sunny Bank	Unsecured loans	36,000	2021.04.16~2028.04.16	2.72%		
Mega International Commercial Bank Co., Ltd.	Secured loans	87,500	2021.06.30~2026.06.30	2.43%		
Total		4,395,150				
Less: Current portion of long-term loans		(377,540)				
Non-current portion of long-term loans		\$4,017,610				

The Leofoo Development Co., Ltd.

18. Statement of lease liabilities

As at December 31, 2022

(In thousands of New Taiwan Dollars)

Item	Period	Discount rate	As at December 31, 2022	Note
Buildings	2015.11.20-2035.11.14	2.170%	\$3,920,878	
Transportation equipment	2023.12.14-2025.11.14	2.482%	5,060	
Total			3,925,938	
Less: current portion of lease liabilities			(267,762)	
Non-current portion of lease liabilities			\$3,658,176	

The Leofoo Development Co., Ltd.

19. Statement of other non-current liabilities

As at December 31, 2022

(In thousands of New Taiwan Dollars)

Item	Amount	Note
Guarantee deposits received	\$4,984	
Provisions for employee benefits	4,964	
Provisions for decommissioning costs	11,078	
Others	115	
Total	<u>\$21,141</u>	

The Leofoo Development Co., Ltd.

20. Statement of operating revenues

For the year ended December 31, 2022

(In thousands of New Taiwan Dollars)

Item	Amount	Note
Room revenue	\$479,400	
Catering revenue	462,309	
Amusement park revenue	524,482	
Other revenue	<u>201,035</u>	
Operating Revenues	<u><u>\$1,667,226</u></u>	

The Leofoo Development Co., Ltd.

21. Statement of operating costs

For the year ended December 31, 2022

(In thousands of New Taiwan Dollars)

Item	Amount	Note
Trading business		
Beginning balance	\$37,798	
Add: purchased	246,560	
others	2,922	
Less: ending balance	(39,811)	
others	<u>(85)</u>	
Cost of goods sold	247,384	
Other operating costs	<u>982,222</u>	
Total	<u><u>\$1,229,606</u></u>	

The Leofoo Development Co., Ltd.

22. Statement of sales and marketing expenses

For the year ended December 31, 2022

(In thousands of New Taiwan Dollars)

Item	Amount	Note
Salaries	\$167,953	
Pension expense	8,593	
Rent expense	46,287	
Advertising expense	55,284	
Insurance expense	22,185	
Depreciation expense	117,741	
Amortization expense	4,971	
Meal expense	4,402	
Others	<u>195,750</u>	
Total	<u><u>\$623,166</u></u>	