

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

Ticker: 2705

**THE LEOFOO DEVELOPMENT CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS AT DECEMBER 31, 2023 AND 2022
AND FOR THE YEARS THEN ENDED**

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The reader is advised that these consolidated 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

**Consolidated Financial Statements
Index**

Item	Page
Cover sheet	1
Index	2
Management representation letter	3
Independent Auditors' Report	4-9
Consolidated balance sheets	10-11
Consolidated statements of comprehensive income	12
Consolidated statements of changes in equity	13
Consolidated statements of cash flows	14
Footnotes to the consolidated financial statements	
(1) History and organization	15
(2) Date and procedures of authorization of financial statements for issue	15
(3) Newly issued or revised standards and interpretations	15-18
(4) Summary of significant accounting policies	19-46
(5) Significant accounting judgments, estimates and assumptions	46-47
(6) Contents of significant accounts	47-79
(7) Related party transactions	79-83
(8) Assets pledged as collaterals	83
(9) Significant contingencies and unrecognized contract commitments	84
(10) Losses due to major disasters	84
(11) Significant subsequent events	84
(12) Others	85-94
(13) Additional disclosures	
1. Information on significant transactions	94-95
2. Information on investees	95-96
3. Information on investments in Mainland China	97-99
4. Information on major shareholders	99
(14) Operating segment	99-101

MANAGEMENT REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of The Leofoo Development Co., Ltd. as at December 31, 2023 and for the year then ended under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No. 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, The Leofoo Development Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

The Leofoo Development Co., Ltd.

By

Chuang, Feng-Ru

Chairman

March 11th, 2024

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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 consolidated balance sheets of The Leofoo Development Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including the summary of significant accounting policies (together referred as "the consolidated financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter – Making Reference to the Audit of Other Auditor section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and their consolidated 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 and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of 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 Consolidated Financial Statements section of our report. We are independent of the Group 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 report of the other auditors, 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 most significance in our audit of consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated 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 Group's property, plant and equipment and right-of-use assets as of December 31, 2023 amounted to NT\$8,715,393 thousand, accounting for 56% of the Group's total assets and were material to the consolidated financial statements. As the Group'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 consolidated financial statements.

Disclosure of Fair Value Measurement of Investment Property

The Group's investment property as of December 31, 2023, amounted to NT\$6,080,612 thousand, accounting for 39% of the Group's total assets which was considered material to the consolidated 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 consolidated financial statements.

Other Matter – Making Reference to the Audit of Other Auditors

We did not audit the financial statements of AMBASSDOR FILM INC., an indirectly invested associate accounted for using the equity method by the Group. The financial statements of AMBASSDOR FILM INC., as at December 31, 2023 and 2022, 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 using the equity method amounting to NT\$14,145 thousand and NT\$15,518 thousand as at December 31, 2023 and 2022 representing 0.09% and 0.10% of the Group'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\$(1,373) thousand and NT\$(3,914) thousand representing 1.40% and 1.23% of the Group's income before tax, are based solely on the audit reports of other auditors.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated 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 Group.
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 Group. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group 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 2023 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditors' 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.

We have audited and expressed an unqualified opinion including an Other Matter Paragraph on the parent-company-only financial statements of the Company as at and for the years then ended December 31, 2023 and 2022.

/s/Cheng, Ching-Piao

/s/Fuh, Wen-Fun

Ernst & Young
March 11th, 2024
Taipei, Taiwan,
Republic of China

Notice to Readers

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

Accordingly, the accompanying consolidated 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 Consolidated Financial Statements Originally Issued in Chinese

The Lefoo Development Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

As at December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			December 31, 2023		December 31, 2022	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	\$350,212	2	\$324,683	2
1150	Notes receivable, net	4, 6(3)	1,895	-	9	-
1170	Accounts receivable, net	4, 6(4), 7	31,927	-	58,082	-
1200	Other receivables	7	5,162	-	6,925	-
130x	Inventories	4, 6(5)	50,567	-	47,436	-
1410	Prepayments		58,876	1	57,142	1
1470	Other current assets	8	5,230	-	23,875	-
11xx	Total current assets		503,869	3	518,152	3
	Non-current assets					
1517	Financial asset at fair value through other comprehensive income	4, 6(2)	77,059	1	65,116	1
1550	Investment accounted for using equity method	4, 6(6)	14,145	-	15,518	-
1600	Property, plant and equipment	4, 6(7), 8	5,089,494	33	5,203,928	33
1755	Right-of-use assets	4, 6(17)	3,625,899	23	3,960,969	25
1760	Investment property, net	4, 6(8), 8	6,080,612	39	5,758,505	37
1780	Intangible assets		1,893	-	4,970	-
1840	Deferred income tax assets	4, 6(21)	11,775	-	12,360	-
1900	Other non-current assets	6(9), 7, 8	234,571	1	232,987	1
15xx	Total non-current assets		15,135,448	97	15,254,353	97
1xxx	Total Assets		\$15,639,317	100	\$15,772,505	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

The Leofoo Development Co., Ltd. and Subsidiaries

Consolidated Balance Sheets (Continued)

As at December 31, 2023 and 2022

(Amounts Expressed In Thousands of New Taiwan Dollars)

Liabilities and Equity			December 31, 2023		December 31, 2022	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(10), 8	\$53,500	-	\$413,500	3
2150	Notes payable		4,756	-	22,386	-
2170	Accounts payable	7	128,065	1	105,700	1
2220	Other payables	7	651	-	320	-
2280	Lease liabilities	4, 6(17)	310,121	2	304,681	2
2322	Current portion of long-term loans	6(11), 8	234,506	1	377,540	2
2399	Other current liabilities	7	450,932	3	451,923	3
21xx	Total current liabilities		1,182,531	7	1,676,050	11
	Non-current liabilities					
2540	Long-term loans	6(11), 8	4,769,815	31	4,017,610	26
2570	Deferred income tax liabilities	4, 6(21)	1,314,711	9	1,293,031	8
2580	Lease liabilities	4, 6(17)	3,486,708	22	3,800,194	24
2640	Net defined benefit liability	4, 6(13)	36,659	-	49,592	-
2670	Other non-current liabilities	6(12), 7	23,208	-	21,529	-
25xx	Total non-current liabilities		9,631,101	62	9,181,956	58
2xxx	Total liabilities		10,813,632	69	10,858,006	69
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		(1,968,911)	(13)	(1,868,133)	(12)
3400	Other equity		3,447,180	22	3,435,216	22
3xxx	Total equity		4,825,685	31	4,914,499	31
	Total liabilities and equity		\$15,639,317	100	\$15,772,505	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
The Leofoo Development Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2023 and 2022
(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Code	Items	Notes	2023		2022	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(15), 7	\$2,211,095	100	\$1,675,217	100
5000	Operating costs	6(5)	(1,458,294)	(66)	(1,269,988)	(76)
5900	Gross profit		752,801	34	405,229	24
6000	Operating expenses	6(18), 7				
6200	General and administrative		(676,859)	(31)	(599,767)	(36)
6450	Expected credit (losses) gains	4, 6(16)	-	-	(2,965)	-
	Total operating expenses		(676,859)	(31)	(602,732)	(36)
6900	Net operating income (loss)		75,942	3	(197,503)	(12)
7000	Non-operating incomes and expenses					
7100	Interest income	6(19)	2,157	-	386	-
7010	Other incomes	6(19), 7	27,644	2	64,458	4
7020	Other gains or losses	6(19)	(1,374)	-	(5,895)	-
7050	Finance costs	6(19)	(200,740)	(9)	(174,504)	(11)
7060	Share of the profit or loss of associates and joint ventures accounted for using equity method	6(6)	(1,373)	-	(3,914)	-
	Total non-operating incomes and expenses		(173,686)	(7)	(119,469)	(7)
7900	Income (loss) before income tax		(97,744)	(4)	(316,972)	(19)
7950	Income tax benefit (expense)	4, 6(21)	-	-	-	-
8200	Net loss		(97,744)	(4)	(316,972)	(19)
8300	Other comprehensive income (loss)	6(20)				
8310	Items that will not be reclassified to profit or loss					
8311	Remeasurement of defined benefit plan		(3,034)	-	1,524	-
8316	Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income		11,943	-	-	-
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences arising on translation of foreign operations		21	-	3,024	-
	Other comprehensive income (loss), net of tax		8,930	-	4,548	-
8500	Total comprehensive income		\$(88,814)	(4)	\$(312,424)	(19)
9750	Basic earnings per share (in NT\$)	6(22)	\$(0.51)		\$(1.66)	
9850	Diluted earnings per share (in NT\$)	6(22)	\$(0.51)		\$(1.66)	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

The Leofoo Development Co., Ltd. and Subsidiaries

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2023 and 2022

(Amounts Expressed In Thousands of New Taiwan Dollars)

Code	Items	Equity Attributable to Shareholders of the Parent								Total Equity
		Common Stock	Capital Surplus	Retained Earnings			Others			
				Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences Arising on Translation of Foreign Operations	Unrealized Gains (Losses) on Financial Assets Measured at Fair Value through Other Comprehensive Income	Revaluation Surplus	
3100	3200	3310	3320	3350	3410	3420	3460	3xxx		
A1	Balance as at January 1, 2022	\$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	1,913,128	31,236	17,979	1,385,073	(1,868,133)	447	(32,191)	3,466,960	4,914,499
D1	Net loss for 2023					(97,744)				(97,744)
D3	Other comprehensive income (loss) for 2023					(3,034)	21	11,943	-	8,930
D5	Total comprehensive income (loss)	-	-	-	-	(100,778)	21	11,943	-	(88,814)
Z1	Balance as at December 31, 2023	\$1,913,128	\$31,236	\$17,979	\$1,385,073	\$(1,968,911)	\$468	\$(20,248)	\$3,466,960	\$4,825,685

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

The Lefoo Development Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2023	2022	Code	Items	2023	2022
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Loss before income tax	\$ (97,744)	\$ (316,972)	B02700	Acquisition of property, plant and equipment	(116,332)	(111,348)
A20000	Adjustments:			B02800	Proceeds from disposal of property, plant and equipment	389	852
A20010	Profit or loss not effecting cash flows:			B03800	Decrease (increase) in refundable deposits	3,202	13,203
A20100	Depreciation	550,584	541,072	B04500	Acquisition of intangible assets	(323)	(1,385)
A20200	Amortization	3,743	5,819	B05400	Acquisition of investment properties	(286,169)	(80,315)
A20300	Expected credit losses (gains)	-	2,965	BBBB	Net cash provided by (used in) investing activities	(399,233)	(178,993)
A20900	Interest expenses	200,740	174,504				
A21200	Interest income	(2,157)	(386)				
A22300	Share of profit or loss of associates and joint ventures accounted for using equity method	1,373	3,914	CCCC	Cash flows from financing activities:		
A22500	Loss (gain) on disposal of property, plant and equipment	157	2,983	C00200	Increase (decrease) in short-term loans	(360,000)	31,500
A24600	Loss (gain) on fair value adjustment of investment property	(7,133)	(1,462)	C01600	Proceeds from long-term loans	2,191,100	639,775
A29900	Gains on lease modification	(23)	-	C01700	Repayments of long-term loans	(1,581,929)	(490,625)
A29900	Gain from changes in lease payments arising from the rent concessions	-	(27,592)	C04020	Payments for the principal portion of lease liabilities	(303,546)	(273,274)
A30000	Changes in operating assets and liabilities:			CCCC	Net cash provided by (used in) financing activities	(54,375)	(92,624)
A31130	Notes receivable	(1,886)	90				
A31150	Accounts receivable	26,155	(12,647)	DDDD	Effect of exchange rate changes	21	3,024
A31180	Other receivables	1,797	7,531				
A31200	Inventories	(3,131)	(592)				
A31230	Prepayments	(1,643)	(7,097)	EEEE	Increase (decrease) in cash and cash equivalents	25,529	(31,240)
A31240	Other current assets	18,645	(1,194)	E00100	Cash and cash equivalents at beginning of period	324,683	355,923
A31990	Other non-current assets	(4,430)	(883)	E00200	Cash and cash equivalents at end of period	\$350,212	\$324,683
A32130	Notes payable	(17,630)	15,231				
A32150	Accounts payable	22,365	6,142				
A32190	Other payables - related parties	331	(14)				
A32230	Other current liabilities	7,835	23,278				
A32240	Net defined benefit liability	(15,967)	(3,635)				
A32990	Other non-current liabilities	1,679	762				
A33000	Cash generated from (used in) operations	683,660	411,817				
A33100	Interest received	2,123	386				
A33300	Interest paid	(206,667)	(174,850)				
AAAA	Net cash provided by (used in) operating activities	479,116	237,353				

(The accompanying notes are an integral part of the consolidated 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, Gongztgou, 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 consolidated financial statements of the Company and its subsidiaries (“the Group”) for the years ended December 31, 2023 and 2022 were authorized to be issued by the Board of Directors on March 11, 2024.

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 Group 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, 2023. The adoption of these new standards and amendments had no material impact on the Group.

- (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 Group 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	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 1, 2024

(a) 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.

(b) 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.

(c) 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.

(d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

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, 2024. The Group assesses all standards and interpretations have no material impact on the Group.

- (3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group 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	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

- (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) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after January 1, 2025.

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

4.Summary of significant accounting policies

(1)Statement of compliance

The consolidated financial statements of the Group for the years ended December 31, 2023 and 2022 were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers (the “Regulations”) and International Financial Reporting Standard, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standard Interpretation Committee as endorsed by the FSC.

(2)Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments and investment property that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars (“NT\$”) unless otherwise specified.

(3)Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- (a)Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- (b)Exposure, or rights, to variable returns from its involvement with the investee, and
- (c)The ability to use its power over the investee to affect its returns

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) The contractual arrangement with the other vote holders of the investee
- (b) Rights arising from other contractual arrangements
- (c) The Company's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Company loses control of a subsidiary, it:

- (a) Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- (b) Derecognizes the carrying amount of any non-controlling interest;
- (c) Recognizes the fair value of the consideration received;
- (d) Recognizes the fair value of any investment retained;
- (e) Reclassifies the parent's share of components previously recognized in other Subsidiary comprehensive income to profit or loss, or transfer directly to retained earnings if required by other IFRSs; and
- (f) Recognizes any resulting difference in profit or loss.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

The Lefoo Development Co., Ltd. and Subsidiaries

Notes To Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)	
			As at December 31,	
			2023	2022
The Company	Lefoo Development & Construction Co., Ltd.	Comprehensive construction industry	100.00%	100.00%
The Company	Elite Catering Company Limited	Manufacturing of baked and steamed food	100.00%	100.00%
The Company	Lefoo Investment Co., Ltd.	Investing activities	100.00%	100.00%
The Company	Lefoo Agronomy Co., Ltd.	Agricultural business	100.00%	100.00%
Lefoo Development & Construction Co., Ltd.	Lefoo Property Management Co., Ltd.	Property management	100.00%	100.00%
Lefoo Development & Construction Co., Ltd.	Izzy Construction Co., Ltd.	Contract of civil construction engineering	100.00%	100.00%
Lefoo Investment Limited	Lefoo (Hong Kong) Limited	Investing activities	100.00%	100.00%

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in New Taiwan Dollars, which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective 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.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into New Taiwan Dollars 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.

(6) Current and non-current distinction

An asset is classified as current when:

- (a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (b) The Group holds the asset primarily for the purpose of trading;
- (c) The Group 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 Group expects to settle the liability in normal operating cycle;
- (b) The Group 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 Group 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.

(7) Cash and cash equivalents

Cash and cash equivalents comprise 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).

(8) Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(A) Financial assets: recognition and measurement

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

The Group 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 Group'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 Group 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 Group 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 Group 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 Group 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 Group 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 represent 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 Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. 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 balance sheet.

The Group 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 Group 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 Group 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 Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group 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.

English Translation of Consolidated Financial Statements Originally Issued in Chinese
The Lefoo Development Co., Ltd. and Subsidiaries
Notes To Consolidated Financial Statements (Continued)
(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

(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 Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- c. The Group 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 Group 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 group 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.

(9) 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 Group.

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 Group 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.

(10) Inventories

A. Merchandise

Inventories are valued at lower of cost and net realizable value item by item. Costs incurred in bringing each inventory to its present location and condition with weighted average method.

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.

B. Construction

Inventories are valued at lower of cost and net realizable value item by item. Costs are necessary expenses and capitalized borrowing costs incurred to its 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. The assessing method is as follows:

- (a) Construction land: According to authorities' estimation to current market condition.
- (b) Construction in progress: Estimated selling price (referencing to current market condition) less costs incurred for completion and selling expenses.
- (c) Land and buildings for sale: Estimated selling price (based on authorities' estimation to current market condition) less estimated costs and selling expenses incurred in land and buildings sales.

(11) Investments accounted for using the equity method

The Group'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 Group 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 an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group'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 Group 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 Group and the associate or joint venture are eliminated to the extent of the Group'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 Group's percentage of ownership interests in the associate or joint venture, the Group 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 or joint venture on a prorata basis.

When the associate or joint venture issues new stock, and the Group's interest in an associate or a joint venture is reduced or increased as the Group 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 Group disposes the associate or joint venture.

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

The Group 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 Group 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 Group estimates:

- (1) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- (2) 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 or an investment in a joint venture 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 or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture 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.

(12)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 Group 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.

(13) Investment property

The Group'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 and investment properties are in accordance with paragraph 53 of IAS40.

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

The Group 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.

(14) Leases

The Group 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 Group 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 Group 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 Group 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 Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

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

At the commencement date, the Group 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 Group 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 Group 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 Group 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 Group 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 Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use asset applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group 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 Group 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 Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statement of comprehensive income.

For short-term leases or leases of low-value assets, the Group 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 Group 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.

(15) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. 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 Group'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

(16) Impairment of non-financial assets

The Group 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 Group 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 Groups 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 Group 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 groups 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 (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group 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.

(17)Provisions

Provisions are recognized when the Group 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 Group 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.

(18)Revenue Recognition

The Group'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 Group 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 Group's types of revenue are explained as follows:

Sale of goods

The Group 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 Group recognized trade receivables once the goods are delivered.

Room, catering and amusement park services

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

Financial component

The Group 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 Group does not adjust the value of money on transaction prices.

(19) 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.

(20) Government 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 Group 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.

(21) 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.

(22)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; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- (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; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- (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 Group 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 Group's consolidated financial statements require management to make judgements, 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 assets

In the process of asset impairment assessment, the Group 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 determined by using evaluation models. If changes in the assumptions and judgments used in these evaluation models, the fair value of investment property will be affected.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As at December 31,	
	2023	2022
Cash on hand	\$8,475	\$3,991
Revolving funds	3,381	3,378
Savings	338,356	317,314
Total	<u>\$350,212</u>	<u>\$324,683</u>

The Group's provided as trust for performance gift certificate reclassified as other current assets and other non-current assets amounting to NT\$18,664 thousand and NT\$22,042 thousand, as at December 31, 2023 and 2022, respectively. Please refer to Note 8 for details.

The Group's provided as security for performance loan and guarantees are reclassified as other current assets and other non-current assets amounting to NT\$29,598 thousand and NT\$36,585 thousand, as at December 31, 2023 and 2022, respectively. Please refer to Note 8 for details.

English Translation of Consolidated Financial Statements Originally Issued in Chinese
The Lefoo Development Co., Ltd. and Subsidiaries
Notes To Consolidated Financial Statements (Continued)
(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

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

	As at December 31,	
	2023	2022
Equity instrument investments measured at fair value through other comprehensive income – non-current:		
Unlisted companies stocks	\$65,116	\$65,116
Valuation adjustment	11,943	-
Total	<u>\$77,059</u>	<u>\$65,116</u>

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

(3) Notes receivable

	As at December 31,	
	2023	2022
Notes receivables arising from operating activities	\$1,895	\$9
Less: loss allowance	-	-
Total	<u>\$1,895</u>	<u>\$9</u>

Notes receivables were not pledged.

The notes receivable of Lefoo Resort Kenting the Group sold was bonced by main debtors on January 30, 2018. The Group recognized allowance to reduce notes receivable amounting to NT\$269,928 thousand. To claim the right of debt, the Group has appointed a lawyer to file a lawsuit against debtors and demanded them to pay off debts. The Group 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, 2023 that the debtors shall pay off the Group debts. The Group has applied for the enforcement procedure of promissory notes to Taipei District Court and got paid amounting to NT\$365 thousand.

The Group 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,	
	2023	2022
Accounts receivables, gross	\$32,112	\$58,267
Less: loss allowance	(185)	(185)
Total	<u>\$31,927</u>	<u>\$58,082</u>

(a) Accounts receivables were not pledged.

(b) The Group sales collection mainly includes cash, remittance and credit cards. Sales targets of the Group are usually direct point-of-sale clients, which are general customers paying by credit card or T/T remittance. Accounts receivables are generally on 30-60 day terms. The total carrying amount as at December 31, 2023 and 2022 are NT\$32,112 thousand and NT\$58,267 thousand, respectively. Please refer to Note 6(16) for more details on loss allowance of accounts receivable for the years ended December 31, 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

(5) Inventories

Details of inventories are as below:

	As at December 31,	
	2023	2022
Animal feed	\$596	\$607
Foodstuffs	10,681	17,530
Beverages	2,044	1,587
Merchandise	36,436	26,971
Others	810	741
Total	<u>\$50,567</u>	<u>\$47,436</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

The Lefoo Development Co., Ltd. and Subsidiaries

Notes To Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

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

	For the years ended December 31,	
	2023	2022
The cost of inventories	<u>\$1,458,294</u>	<u>\$1,269,988</u>

(b) Operating costs recognized due to inventories reducing to net realizable value and recognizing loss for market price decline and obsolete and slow-moving inventories are amounted to NT\$655 thousand and NT\$0 thousand for the years ended December 31, 2023 and 2022, respectively.

(c) Inventories were not pledged.

(6) Investments accounted for using the equity method

Investees	As at December 31,			
	2023		2022	
	Amount	Percentage of Ownership	Amount	Percentage of Ownership
Investments in associates:				
AMBASSADOR FILM INC.	<u>\$14,145</u>	40%	<u>\$15,518</u>	40%

(a) The aggregate carrying amounts of the Group's investments in associates were NT\$14,145 thousand and NT\$15,518 thousand as at December 31, 2023 and 2022, respectively. The aggregate financial information of the Group's investments in associates is as follows:

	For the years ended December 31,	
	2023	2022
Profit (loss) from continuing operations	<u>\$(1,373)</u>	<u>\$(3,914)</u>
Other comprehensive income (after-tax)	<u>-</u>	<u>-</u>
Total comprehensive income	<u>\$(1,373)</u>	<u>\$(3,914)</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

The Lefoo Development Co., Ltd. and Subsidiaries

Notes To Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

(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, 2023	\$3,327,917	\$3,703,085	\$581,462	\$2,129,193	\$1,398,834	\$11,140,491
Additions	-	18,040	23,630	9,518	54,649	105,837
Disposals	-	-	(342)	(581)	(5,462)	(6,385)
Reclassification	-	28,921	4,788	55,040	(88,749)	-
As at Dec. 31, 2023	<u>\$3,327,917</u>	<u>\$3,750,046</u>	<u>\$609,538</u>	<u>\$2,193,170</u>	<u>\$1,359,272</u>	<u>\$11,239,943</u>
As at Jan. 1, 2022	\$3,327,917	\$3,680,536	\$671,669	\$2,188,960	\$1,334,073	\$11,203,155
Additions	-	10,878	8,907	7,522	153,448	180,755
Disposals	-	-	(104,534)	(72,581)	(11,628)	(188,743)
Reclassification	-	11,671	5,420	5,292	(77,059)	(54,676)
As at Dec. 31, 2022	<u>\$3,327,917</u>	<u>\$3,703,085</u>	<u>\$581,462</u>	<u>\$2,129,193</u>	<u>\$1,398,834</u>	<u>\$11,140,491</u>
Depreciation and impairment:						
As at Jan. 1, 2023	\$510,331	\$2,093,825	\$430,267	\$2,080,159	\$821,981	\$5,936,563
Depreciation	-	102,083	42,243	20,220	55,179	219,725
Disposals	-	-	(336)	(581)	(4,922)	(5,839)
Reclassification	-	-	-	-	-	-
As at Dec. 31, 2023	<u>\$510,331</u>	<u>\$2,195,908</u>	<u>\$472,174</u>	<u>\$2,099,798</u>	<u>\$872,238</u>	<u>\$6,150,449</u>
As at Jan. 1, 2022	\$510,331	\$1,993,884	\$487,463	\$2,134,198	\$781,071	\$5,906,947
Depreciation	-	100,174	42,964	15,764	55,622	214,524
Disposals	-	-	(104,534)	(69,803)	(10,571)	(184,908)
Reclassification	-	(233)	4,374	-	(4,141)	-
As at Dec. 31, 2022	<u>\$510,331</u>	<u>\$2,093,825</u>	<u>\$430,267</u>	<u>\$2,080,159</u>	<u>\$821,981</u>	<u>\$5,936,563</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

The Lefoo Development Co., Ltd. and Subsidiaries

Notes To Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

	Land	Buildings	Business facilities	Amusement facilities	Other equipment and construction in progress	Total
Net carrying amount as at:						
Dec. 31, 2023	\$2,817,586	\$1,554,138	\$137,364	\$93,372	\$487,034	\$5,089,494
Dec. 31, 2022	\$2,817,586	\$1,609,260	\$151,195	\$49,034	\$576,853	\$5,203,928

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

C. The Group has several parcels of land in the Gongzgtgou section of Guanshi Jen, Hsinchu County. Due to succession of landlord and change of land category matters are still remained to be settled, the Group still could not set up conveyancing process amounting to NT\$75,700 thousand as at December 31, 2023 and 2022, respectively. The land was pledged to the Group and was reclassified under non-current assets.

(8) Investment property

The Group'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.

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

	Land	Buildings	Total
Cost:			
As at January 1, 2023	\$5,549,887	\$72,113	\$5,622,000
Gains (losses) from fair value adjustments	33,350	(3,952)	29,398
As at December 31, 2023	\$5,583,237	\$68,161	\$5,651,398
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	\$5,549,887	\$72,113	\$5,622,000

English Translation of Consolidated Financial Statements Originally Issued in Chinese

The Lefoo Development Co., Ltd. and Subsidiaries

Notes To Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

A. The Group's investment properties were conducted in accordance with the Regulations.

The fair values of investment properties were as follows:

	As at December 31,	
	2023	2022
Independent valuation	\$5,651,398	\$5,622,000

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, 2023 and 2022, respectively.

Name of appraisal firm	As at December 31,	
	2023	2022
Euro-Asia Property Appraising Center Co., Ltd.	Hsieh, Tsung-Ting, Chou, Shih-Yuan	-
China Property Appraising Center Co., Ltd.	-	Hsieh, Tien-Ching, Chiu, Hsiang-Ling

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.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

The Lefoo Development Co., Ltd. and Subsidiaries

Notes To Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

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,	
	2023	2022
Estimated total sales amount	\$10,742,733	\$9,357,067
Profit margin	25%	20%
Overall capital interest rate	8.56%	6.44%

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,	
	2023	2022
Estimated future cash inflow	\$1,590,368	\$1,738,022
Estimated future cash outflows	(60,374)	(57,189)
Estimated future net cash inflow	\$1,529,994	\$1,680,833

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

	As at December 31,	
	2023	2022
Evaluated market rent	\$1,495 ~ \$3,120	\$1,000 ~ \$2,340

English Translation of Consolidated Financial Statements Originally Issued in Chinese
The Lefoo Development Co., Ltd. and Subsidiaries
Notes To Consolidated Financial Statements (Continued)
(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

The significant parameters involved in the assessment are as follows:

	As at December 31,	
	2023	2022
Income capitalization rate	2.07%	1.00%~1.23%
Discount rate	2.72%~3.60%	2.47%~3.22%
	For the years ended December 31,	
	2023	2022
Rental income from investment property	\$20,495	\$19,623
Less : Direct operating expenses from investment property generating rental income	-	-
Direct operating expenses from investment property not generating rental income	-	-
Total	<u>\$20,495</u>	<u>\$19,623</u>

B. Please refer to Note 8 for more details on Investment property under pledge.

(2)Investment property measured at cost:

	Construction
Cost:	
As at Jan. 1, 2023	\$136,505
Additions	292,709
Transfers from property, plant and equipment	-
As at Dec. 31, 2023	<u>\$429,214</u>
As at Jan. 1, 2022	\$-
Additions	81,829
Transfers from property, plant and equipment	54,676
As at Dec. 31, 2022	<u>\$136,505</u>

The Group'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

	As at December 31,	
	2023	2022
Refundable deposits	\$97,267	\$100,469
Prepayments in equipments	27,303	26,338
Restricted deposits	29,598	29,573
Restricted land	75,700	75,700
Others	4,703	907
Total	<u>\$234,571</u>	<u>\$232,987</u>

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

(10) Short-term loans

A. The details of short-term loans are as follows:

	As at December 31,	
	2023	2022
Unsecured bank loans	\$-	\$43,500
Secured bank loans	53,500	370,000
Total	<u>\$53,500</u>	<u>\$413,500</u>
Interest rate	<u>2.75%~2.97%</u>	<u>2.20%~2.78%</u>

B. The Group's short-term loans in 2023 were newly increased by NT\$334,000 thousand, and the repayment amount was NT\$694,000 thousand; the newly increased amount in 2022 was NT\$185,000 thousand, and the repayment amount was NT\$153,500 thousand.

C. As at December 31, 2023 and 2022, the lines of unused short-term loans credit for the Group amounted to NT\$50,000 thousand and NT\$150,000 thousand, respectively.

English Translation of Consolidated Financial Statements Originally Issued in Chinese
The Lefoo Development Co., Ltd. and Subsidiaries
Notes To Consolidated Financial Statements (Continued)
(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

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

(11) Long-term loans

Details of long-term loans as at December 31, 2023 and 2022 are as follows:

	As at December 31,	
	2023	2022
Unsecured bank loans	\$197,920	\$36,000
Secured bank loans	4,806,401	4,359,150
Total	5,004,321	4,395,150
Less: current portion	(234,506)	(377,540)
Non-current portion	<u>\$4,769,815</u>	<u>\$4,017,610</u>
Interest rate	<u>2.35%~3.07%</u>	<u>2.10%~2.775%</u>

A. The Group's long-term loans in 2023 were newly increased by NT\$2,191,100 thousand at the interest rate of 2.35%~3.07%, and the due date is in December 2025 and August 2026, respectively, and the repayment is NT\$1,581,929 thousand.

The Group'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.

B. 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,	
	2023	2022
Guarantee deposits	\$5,744	\$4,977
Pension for employee benefits	6,319	5,359
Provision for decommissioning costs	11,078	11,078
Other non-current liabilities	<u>67</u>	<u>115</u>
Total	<u>\$23,208</u>	<u>\$21,529</u>

(13) Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company and its domestic subsidiaries will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company and its domestic subsidiaries 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, 2023 and 2022 amounted to NT\$26,796 thousand and NT\$24,163 thousand, respectively.

Defined benefits plan

The Company and its domestic subsidiaries 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 and its domestic subsidiaries 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 and its domestic subsidiaries 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 and its domestic subsidiaries 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 and its domestic subsidiaries expects to contribute NT\$17,644 thousand to its defined benefit plan during the 12 months beginning after December 31, 2023.

As at December 31, 2023 and 2022, the Group's defined benefit plans are expected to expire in 2030.

Pension costs recognized in profit or loss for the years ended December 31, 2023 and 2022:

	For the years ended December 31,	
	2023	2022
Current period service costs	\$1,091	\$1,361
Net interest of defined benefit liability (asset)	586	364
Total	\$1,677	\$1,725

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

	As at		
	Dec. 31, 2023	Dec. 31, 2022	Jan. 1, 2022
Defined benefit obligation	\$77,784	\$77,670	\$87,321
Plan assets at fair value	(41,125)	(28,078)	(32,570)
Other non-current liabilities – net defined benefit liability	\$36,659	\$49,592	\$54,751

English Translation of Consolidated Financial Statements Originally Issued in Chinese

The Lefoo Development Co., Ltd. and Subsidiaries

Notes To Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

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

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
As at January 1, 2022	\$87,321	\$(32,570)	\$54,751
Current period service costs	1,361	-	1,361
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
Current period service costs	1,091	-	1,091
Net interest expense (income)	971	(385)	586
Past period service cost and gains and losses arising from settlements	-	-	-
Subtotal	2,062	(385)	1,677
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	-	-	-

English Translation of Consolidated Financial Statements Originally Issued in Chinese

The Lefoo Development Co., Ltd. and Subsidiaries

Notes To Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
Experience adjustment	3,321	-	3,321
Remeasurement on defined benefit assets	-	(287)	(287)
Subtotal	3,321	(287)	3,034
Payments from the plan	(5,269)	5,269	-
Contributions by employer	-	(17,644)	(17,644)
Effect of changes in foreign exchange rates	-	-	-
As at December 31, 2023	<u>\$77,784</u>	<u>\$(41,125)</u>	<u>\$36,659</u>

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

	For the years ended December 31,	
	2023	2022
Discount Rate	1.25%	1.25%
Expected rate of salary increases	2.00%	2.00%

A sensitivity analysis for significant assumption as at December 31, 2023 and 2022 is, as shown below:

	For the years ended December 31,			
	2023		2022	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.25%	\$-	\$(16)	\$-	\$(20)
Discount rate decrease by 0.25%	16	-	20	-
Future salary increase by 1.00%	67	-	83	-
Future salary decrease by 1.00%	-	(62)	-	(75)

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, 2023 and 2022, 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.

(b) Capital surplus

	As at December 31,	
	2023	2022
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 the shareholders' meeting resolved based on the actual profit and capital situation of the current year.

(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, 2023 and 2022, 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 years ended December 31, 2023 and 2022 due to the use, disposal or reclassification of related assets. As at December 31, 2023 and 2022, special reserve set aside for the first-time adoption of T-IFRS were altogether NT\$1,323,921 thousand.

- (5) Annual loss for the Year 2023 and 2022 without earnings distribution were approved and resolved by the Board of Directors’ meeting and shareholders’ meeting on March 11, 2024 and May 31, 2023, respectively.

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
The Lefoo Development Co., Ltd. and Subsidiaries
Notes To Consolidated Financial Statements (Continued)
(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

(15) Operating revenues

A. Disaggregation of revenue

	For the years ended December 31,	
	2023	2022
Revenue from contracts with customers		
Room revenue	\$752,526	\$479,400
Catering revenue	587,309	462,309
Amusement park revenue	581,736	524,482
Other income	289,524	209,026
Total	<u>\$2,211,095</u>	<u>\$1,675,217</u>
The timing for revenue recognition:		
At a point in time	<u>\$2,211,095</u>	<u>\$1,675,217</u>

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, 2023 and 2022, 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.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

The Lefoo Development Co., Ltd. and Subsidiaries

Notes To Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

(16) Expected credit losses (gains)

	For the years ended December 31,	
	2023	2022
Operating expenses – Expected credit losses (gains)		
Notes receivable	\$-	\$-
Accounts receivable	-	2,965
Total	\$-	\$2,965

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

The Group 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 Group's loss allowance as at December 31, 2023 and 2022 are as follow:

- 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:

2023.12.31

Low risk	Not past due		Past due			Total
	(Note)	<=30 days	31-60 days	61-90 days	>90 days	
Gross carrying amount	\$27,144	\$3,327	\$697	\$2,620	\$34	\$33,822
Loss ratio	-%	-%	-%	-%	-%	
Lifetime expected credit losses	-	-	-	-	-	-
Subtotal	27,144	3,327	697	2,620	34	33,822

English Translation of Consolidated Financial Statements Originally Issued in Chinese

The Lefoo Development Co., Ltd. and Subsidiaries

Notes To Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

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>\$33,822</u>

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	\$16,425	\$440	\$1,381	\$39,845	\$-	\$58,091
Loss ratio	-%	-%	-%	-%	-%	
Lifetime expected credit losses	-	-	-	-	-	-
Subtotal	16,425	440	1,381	39,845	-	58,091

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>\$58,091</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

The Lefoo Development Co., Ltd. and Subsidiaries

Notes To Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

B. The movement in the provision for impairment of notes receivable and accounts receivable for the years ended December 31, 2023 and 2022 are as follows:

	Notes receivable	Accounts receivable	Total
As at January 1, 2023	\$-	\$185	\$185
Addition/(reversal) for the current period	-	-	-
Write off	-	-	-
As at December 31, 2023	<u>\$-</u>	<u>\$185</u>	<u>\$185</u>
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>

(17) Leases

(a) Group as a lessee

The Group 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.

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

A. Amounts recognized in the balance sheet

a. Right-of-use assets

	As at December 31,	
	2023	2022
Buildings	\$3,625,899	\$3,955,914
Transportation equipment	-	5,055
Total	<u>\$3,625,899</u>	<u>\$3,960,969</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

The Lefoo Development Co., Ltd. and Subsidiaries

Notes To Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

b. Lease liabilities

	As at December 31,	
	2023	2022
Buildings	\$3,796,829	\$4,099,815
Transportation equipment	-	5,060
Total	<u>\$3,796,829</u>	<u>\$4,104,875</u>
Current	\$310,121	\$304,681
Non-current	<u>3,486,708</u>	<u>3,800,194</u>
Total	<u>\$3,796,829</u>	<u>\$4,104,875</u>

Please refer to Note 6(19)(d) for the interest on lease liabilities recognized during the years ended December 31, 2023 and 2022, and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as at December 31, 2023 and 2022.

B. Amounts recognized in the statement of comprehensive income

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2023	2022
Buildings	\$330,015	\$326,149
Transportation equipment	<u>578</u>	<u>144</u>
Total	<u>\$330,593</u>	<u>\$326,293</u>

C. Income and costs relating to leasing activities

	For the years ended December 31,	
	2023	2022
The expense relating to short-term leases	\$(1,209)	\$(2,519)
The expense relating to leases of low-value assets (not included the expense relating to short-term leases of low-value assets)	(4,654)	(3,981)
The expenses relating to variable lease payments not included in the measurement of lease liabilities	(18)	(77)
Covid-19 related rent concession	-	27,592

During the years ended December 31, 2023 and 2022, the Group's relevant rent concessions arising as a direct consequence of the Covid-19 pandemic amounting to NT\$0 thousand and NT\$27,592 thousand, respectively, which are recognized in other income, to reflect the variable lease payment that arising from the application of the practical expedients.

D. Cash outflow relating to leasing activities

During the years ended December 31, 2023 and 2022, the Group's total cash outflows for leases amounting to NT\$395,035 thousand and NT\$363,825 thousand, respectively.

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

Function Nature	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$372,486	\$206,189	\$578,675	\$304,645	\$180,567	\$485,212
Labor and health insurance	39,454	19,873	59,327	35,000	18,793	53,793
Pension	18,945	9,529	28,474	16,714	9,174	25,888
Directors' remuneration	-	2,040	2,040	-	2,040	2,040
Other employee benefits	21,384	6,316	27,700	15,164	4,919	20,083
Depreciation	428,928	121,449	550,377	422,045	118,660	540,705
Depletion	207	-	207	367	-	367
Amortization	19	3,724	3,743	846	4,973	5,819

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 years ended December 31, 2023 and 2022 and therefore no estimation for employees' compensation and directors' remuneration.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

The Lefoo Development Co., Ltd. and Subsidiaries

Notes To Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

(19) Non-operating income and expenses

(a) Interest income

	For the years ended December 31,	
	2023	2022
Deposit interest	\$2,157	\$386

(b) Other income

	For the years ended December 31,	
	2023	2022
Government grants income	\$3,097	\$19,308
Rent concession income	-	27,592
Rental income	5,730	4,919
Other income - others	18,817	12,639
Total	\$27,644	\$64,458

(c) Other gains and losses

	For the years ended December 31,	
	2023	2022
Gain (loss) on disposal of property, plant and equipment	\$(157)	\$(2,983)
Foreign exchange gains (losses), net	224	223
Gains on lease modification	23	-
Fair value adjusted gain (loss) - investment property	7,133	1,462
Losses on indemnifications	(5,268)	-
Other losses	(3,329)	(4,597)
Total	\$(1,374)	\$(5,895)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

The Lefoo Development Co., Ltd. and Subsidiaries

Notes To Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

(d) Finance costs

	For the years ended December 31,	
	2023	2022
Interest on borrowings from bank	\$121,672	\$92,044
Interest on lease liabilities	85,608	83,974
Less: Interest capitalization	(6,540)	(1,514)
Total	<u>\$200,740</u>	<u>\$174,504</u>

Details of interest capitalization are as follow:

	For the years ended December 31,	
	2023	2022
Capitalization interest	\$6,540	\$1,514
Capitalization rate	2.14%	1.96%
	~2.27%	

English Translation of Consolidated Financial Statements Originally Issued in Chinese

The Lefoo Development Co., Ltd. and Subsidiaries

Notes To Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

(20) Components of other comprehensive income (loss)

For the year ended December 31, 2023

	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	\$(3,034)	\$-	\$(3,034)	\$-	\$(3,034)
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	11,943	-	11,943	-	11,943
May be reclassified to profit or loss in subsequent period:					
Exchange differences arising on translation of foreign operations	21	-	21	-	21
Total	<u>\$8,930</u>	<u>\$-</u>	<u>\$8,930</u>	<u>\$-</u>	<u>\$8,930</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

The Lefoo Development Co., Ltd. and Subsidiaries

Notes To Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

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>

(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 years ended December 31,	
	2023	2022
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	-	-
Total income tax expense (income)	<u>\$-</u>	<u>\$-</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

The Lefoo Development Co., Ltd. and Subsidiaries

Notes To Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

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

	For the years ended December 31,	
	2023	2022
Accounting profit (loss) before tax	<u>\$(97,744)</u>	<u>\$(316,972)</u>
Tax payable at the enacted tax rates	\$ (19,549)	\$ (63,394)
Tax effect of revenues exempt from taxation	(8,158)	(7,142)
Tax effect of expenses not deductible for tax purposes	8,678	1,603
Tax effect of deferred tax assets/liabilities	(30,227)	62,408
Adjustments in respect of current income tax of prior periods	49,256	6,525
Total income tax expense recognized in profit or loss	<u>\$-</u>	<u>\$-</u>

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

For the year ended December 31, 2023

	Deferred tax		
	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2023
Beginning balance as of January 1, 2023	-	-	-
Temporary differences			
Offset of loss	\$12,360	\$(585)	\$-
Investment property	(12,360)	585	-
Revaluation appreciation	(872,369)	-	-
Land value added tax	(408,302)	-	(22,265)
Deferred tax income/(expense)	<u>\$-</u>	<u>\$(22,265)</u>	
Net deferred tax assets/(liabilities)	<u>\$(1,280,671)</u>		<u>\$(1,302,936)</u>

Reflected in balance sheet as follows:

Deferred tax assets	<u>\$12,360</u>	<u>\$11,775</u>
Deferred tax liabilities	<u>\$(1,293,031)</u>	<u>\$(1,314,711)</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

The Lefoo Development Co., Ltd. and Subsidiaries

Notes To Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

For the year ended December 31, 2022

		Deferred tax	Deferred tax	
		income	income (expense)	
		recognized in	recognized in	
	Beginning	(expense)	other	Ending balance as
	balance as of	recognized in	comprehensive	of December 31,
	January 1, 2022	profit or loss	income	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)
Deferred tax income/(expense)		\$-	\$(35,128)	
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>

(d) Unrecognized deferred tax assets

As at December 31, 2023 and 2022, deferred tax assets have not been unrecognized as they may not be used to offset future taxable income amounted to NT\$1,022,416 thousand and NT\$1,052,643, respectively.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

The Lefoo Development Co., Ltd. and Subsidiaries

Notes To Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

(e) The following table contains information of unused tax losses of the Company:

Year	Tax losses for the period	Unused tax losses as at		Expiration year
		Dec 31, 2023	Dec 31, 2022	
2013	\$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	319,721	319,721	319,721	2032
2023	89,389	89,389	-	2033
Total	<u>\$3,834,874</u>	<u>\$3,608,507</u>	<u>\$3,745,485</u>	

(f) The assessment of income tax returns

As at December 31, 2023, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	<u>The assessment of income tax returns</u>
The Company	Assessed and approved up to 2021
Subsidiary - Lefoo Development & Construction Co., Ltd.	Assessed and approved up to 2021
Subsidiary - Izzy Construction Co., Ltd.	Assessed and approved up to 2021
Subsidiary - Lefoo Property Management Co., Ltd.	Assessed and approved up to 2021
Subsidiary - Lefoo Agronomy Co., Ltd.	Assessed and approved up to 2021

(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.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

The Lefoo Development Co., Ltd. and Subsidiaries

Notes To Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

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.

	For the years ended December 31,	
	2023	2022
(a) Basic earnings per share		
Net income available to common shareholders of the parent	<u>\$(97,744)</u>	<u>\$(316,972)</u>
Weighted average number of common stocks outstanding (in thousand shares)	<u>191,313</u>	<u>191,313</u>
Basic earnings per share (in NT\$)	<u>\$(0.51)</u>	<u>\$(1.66)</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 Group during the financial reporting period is as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
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
Chiu Jung Investment Ltd.	The related party's chairman is the Company's director

English Translation of Consolidated Financial Statements Originally Issued in Chinese

The Leofoo Development Co., Ltd. and Subsidiaries

Notes To Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
Si Mian Fo Management Consulting Ltd.	The related party's chairman is the Company's director
Chuang Foo Foundation	Other related parties

(2) Significant transactions with related parties

(a) Sales Revenue

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Chuang Foo Foundation	<u>\$-</u>	<u>\$3</u>

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

(b) Construction revenue

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Chuang Foo Foundation	<u>\$-</u>	<u>\$204</u>

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

(c) Rental income

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
AMBASSADOR FILM INC.	\$5,440	\$5,440
Si Mian Fo Management Consulting Ltd.	-	305
Total	<u>\$5,440</u>	<u>\$5,745</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

The Lefoo Development Co., Ltd. and Subsidiaries

Notes To Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

(d) Notes receivable and accounts receivable

	As at December 31,	
	2023	2022
Chuangfoo Foundation	\$54	\$-

(e) Other receivables

	As at December 31,	
	2023	2022
Chuang Foo Foundation	\$8	\$5

(f) Accounts payable

	As at December 31,	
	2023	2022
Chiu Jung Investment Ltd.	\$-	\$589

(g) Other accounts payable to related parties

	As at December 31,	
	2023	2022
Centennial International Tech. Ltd.	\$432	\$290
Chuang Foo Foundation	219	30
Total	\$651	\$320

(h) Refundable deposit

	As at December 31,	
	2023	2022
Centennial International Tech. Ltd.	\$295	\$295

English Translation of Consolidated Financial Statements Originally Issued in Chinese
The Leofoo Development Co., Ltd. and Subsidiaries
Notes To Consolidated Financial Statements (Continued)
(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

(i) Guarantee deposits

	As at December 31,	
	2023	2022
AMBASSADOR FILM INC.	\$1,350	\$1,350

(j) Other receipts in advance

	As at December 31,	
	2023	2022
Si Mian Fo Management Consulting Ltd.	\$17,671	\$-

(k) Property transactions

For the year ended December 31, 2023, the Group did not purchase any property, plant and equipment from a related party. The Group purchased property, plant and equipment from a related party for the year ended December 31, 2022 were summarized as follows:

	Item	Price	Reference for the price determination
Centennial International Tech. Ltd.	Machinery	\$293	Commercial negotiation

(l) The Group's expenditures for TV channel broadcasting and signal provision from Centennial International Tech. Ltd. were both NT\$2,490 thousand for the years ended December 31, 2023 and 2022.

(m) The amount of telecommunications expenses paid by Centennial International Tech. Ltd. were NT\$0 thousand and NT\$2 thousand for the years ended December 31, 2023 and 2022, respectively.

English Translation of Consolidated Financial Statements Originally Issued in Chinese
The Lefoo Development Co., Ltd. and Subsidiaries
Notes To Consolidated Financial Statements (Continued)
(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

(3) Key management personnel's compensation

	For the years ended December 31,	
	2023	2022
Short-term employee benefits	\$14,188	\$12,114
Post-employment benefits	446	450
Total	\$14,634	\$12,564

8. Assets pledged as collateral

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

Items	As at December 31,		Secured liabilities
	2023	2022	
Property, plant and equipment	\$4,322,688	\$4,375,655	long-term and short-term loans
Investment property	6,080,612	5,787,622	long-term and short-term loans
Other current and non-current assets	86,230	93,217	long-term and short-term loans, performance bond
Total	\$10,489,530	\$10,256,494	

(2) To fulfill obligations to customers who purchased gift vouchers from the administrative office, Lefoo Residence, Lefoo Hotel, Courtyard Taipei and other divisions of the Group, the Group set up trust funds at financial institutions amounting to NT\$18,664 thousand and NT\$22,042 thousand as at December 31, 2023 and 2022, respectively. The amount was classified as non-current assets.

9. Significant contingencies and unrecognized contract commitments

(1)The Group 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, 2023, 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.

(2)Other

As at December 31, 2023, the Group’s unfinished property, plant and equipment contract is as follows:

	Total contract amount		
Nature of contract	(Excluding tax)	Paid amount	Unpaid amount
Commercial buildings	\$1,832,381	\$362,987	\$1,469,394

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

English Translation of Consolidated Financial Statements Originally Issued in Chinese
The Lefoo Development Co., Ltd. and Subsidiaries
Notes To Consolidated Financial Statements (Continued)
(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

12. Others

(1) Categories of financial instruments

Financial assets

	As at December 31,	
	2023	2022
Financial assets measured at amortized cost:		
Cash and cash equivalents	\$338,356	\$317,314
Notes receivable	1,895	9
Accounts receivable	31,927	58,082
Other receivables	5,162	6,925
Refundable deposits	97,267	100,469
Total	<u>\$474,607</u>	<u>\$482,799</u>

Financial liabilities

	As at December 31,	
	2023	2022
Financial liabilities at amortized cost:		
Short-term loans	\$53,500	\$413,500
Payables	133,472	128,406
Long-term loans (including current portion with maturity less than 1 year)	5,004,321	4,395,150
Lease liabilities	3,796,829	4,104,875
Total	<u>\$8,988,122</u>	<u>\$9,041,931</u>

(2) Financial risk management objectives and policies

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

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

(3)Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risk comprises 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 or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk relates primarily to the Group's investments with variable interest rates and loans with fixed and variable interest rates, which are all categorized as loans and receivables.

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 loans with variable interest rate swaps. As the reporting date, a change of 1 percent of interest rate in a reporting period could cause the profit for the years ended December 31, 2023 and 2022 to decrease/increase by NT\$43,112 thousand and NT\$40,243 thousand, respectively.

(4)Credit risk management

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

Customer credit risk is managed by each business unit subject to the Group'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 Group's has numerous clients and does not make any concentrative transactions with any single client. Therefore, there is no concentration of credit risk for accounts receivables.

Credit risk from balances with banks and other financial instruments is managed by the Group's finance division in accordance with the Group's policy. The counterparties that the Group 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 Group.

The Group 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 Group 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 Group'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 Group'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.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

The Lefoo Development Co., Ltd. and Subsidiaries

Notes To Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

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, 2023</u>					
Borrowings	\$408,869	\$599,517	\$4,550,864	\$4,108	\$5,563,358
Payables	133,472	-	-	-	133,472
Lease liabilities (Note)	389,077	389,756	1,109,551	2,407,935	4,296,319
<u>As at December 31, 2022</u>					
Borrowings	\$886,057	\$342,621	\$3,657,831	\$239,765	\$5,126,274
Payables	128,406	-	-	-	128,406
Lease liabilities (Note)	390,355	390,877	1,152,822	2,756,070	4,690,124

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

	Maturities					
	Less than 1 year	1 to 5 years	6 to 10 years	10 to 15 years	>15 years	Total
As at Dec. 31, 2023	\$389,077	\$1,499,307	\$1,740,676	\$667,259	\$-	\$4,296,319
As at Dec. 31, 2022	\$390,355	\$1,543,699	\$1,740,676	\$1,015,394	\$-	\$4,690,124

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2023:

	Short-term loans	Long-term loans	Leases liabilities	Total liabilities from financing activities
As at Jan. 1, 2023	\$413,500	\$4,395,150	\$4,104,875	\$8,913,525
Cash flows	(360,000)	609,171	(303,546)	(54,375)
Non-cash changes	-	-	(4,500)	(4,500)
As at Dec. 31, 2023	\$53,500	\$5,004,321	\$3,796,829	\$8,854,650

Reconciliation 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	\$4,345,694	\$8,973,694
Cash flows	31,500	149,150	(273,274)	(92,624)
Non-cash changes	-	-	32,455	32,455
As at Dec. 31, 2022	\$413,500	\$4,395,150	\$4,104,875	\$8,913,525

(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 a financial asset or paid to transfer a financial liability in an orderly transaction between willing market participants (not under coercion or liquidation). The following methods and assumptions are used by the Group in estimating the fair values of financial assets and liabilities:

- The carrying amount of cash and cash equivalents, receivables, payables and other current liabilities approximate their fair value due to their short maturity.
- 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, bond and futures etc).
- 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).

English Translation of Consolidated Financial Statements Originally Issued in Chinese
The Lefoo Development Co., Ltd. and Subsidiaries
Notes To Consolidated Financial Statements (Continued)
(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and liabilities measure at amortized cost approximates 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 Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Group's assets and liabilities

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

As at December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	\$-	\$-	\$77,059	\$77,059

As at December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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 profit or loss
Beginning balances as at January 1, 2023	\$65,116
Total gains and losses recognized for the period:	
Amount recognized in other comprehensive income (presented in “unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income”)	11,943
Ending balances as at December 31, 2023	\$77,059

	Assets
	At fair value through profit or loss
Beginning balances at of January 1, 2022	\$65,116
Acquisition/issues for the period	-
Ending balances as ot December 31, 2022	\$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, 2023

	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%	The higher the discount for lack of marketability, the lower the fair value of the stocks	5% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in the Group's equity by NT\$2,667 thousand

English Translation of Consolidated Financial Statements Originally Issued in Chinese

The Lefoo Development Co., Ltd. and Subsidiaries

Notes To Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

As of December 31, 2022

	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 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 discount for lack of marketability would result in increase (decrease) in the Group's equity by NT\$2,892 thousand

(9) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize shareholder value. The Group manages and adjusts its capital structure considering changes in economic conditions. To maintain or adjust the capital structure, the Group 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: None.

B. Endorsement/Guarantee provided to others: None.

C. Marketable securities held as at December 31, 2023 (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, 2023: 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, 2023: 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, 2023: 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, 2023: None.

H. Receivables from related parties of at least NT\$100 million or 20 percent of the paid-in capital as at December 31, 2023: None.

I. Derivative instrument transactions: None.

J. Inter Group relationships and significant inter Group transactions for the year ended December 31, 2023: Please refer to attachment 3.

(2) Information on investees

A. If an investor controls operating, investing and financial decisions of an investee or an investor has the ability to exercise significant influence over operating and financial policies of an investee, the related information for the investee is disclosed (excluding investment in Mainland China): Please refer to attachment 2.

B. An investor controls operating, investing and financial decisions of an investee. The related information for the investee shall be disclosed in Note 13(1) below:

(a) Financing provided to others for the year ended December 31, 2023: None.

- (b) Endorsement/Guarantee provided to others for the year ended December 31, 2023: None.
- (c) Securities held as at December 31, 2023 (excluding subsidiaries, associates and joint ventures): None.
- (d) Individual securities acquired or disposed of with accumulated amount of at least NT\$300 million or 20% of paid-in capital for the year ended December 31, 2023: None.
- (e) Acquisition of individual real estate with amount of at least NT\$300 million or 20% of paid-in capital for the year ended December 31, 2023: None.
- (f) Disposal of individual real estate with amount of at least NT\$300 million or 20% of paid-in capital for the year ended December 31, 2023: None.
- (g) Related party transactions for purchases and sales amounts of at least NT\$100 million or 20% of paid-in capital for the year ended December 31, 2023: None.
- (h) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of paid-in capital as at December 31, 2023: None.
- (i) Derivative instrument transactions: None.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

The Lefoo Development Co., Ltd. and Subsidiaries

Notes To Consolidated 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, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as at Dec. 31, 2023	Profit/ Loss of Investee	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss	Carrying Amount as at Dec. 31, 2023	Accumulated Inward Remittance of Earnings as at Dec. 31, 2023
					Outflow	Inflow						
Weihai Chaung Foo Hotel Management Ltd.	Hotel management	\$-	Note 1(2)	\$28,841	\$-	\$-	\$28,841	\$- (Note 5)	100%	\$- (Note 5)	\$- (Note 5)	\$-

Accumulated Investment in Mainland China as at Dec. 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$28,841	\$29,430 (USD 1,000 thousand) (Note 4)	\$2,895,411

English Translation of Consolidated Financial Statements Originally Issued in Chinese
The Lefoo Development Co., Ltd. and Subsidiaries
Notes To Consolidated 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.

Note 5: Weihai Chuang Foo Hotel Management Ltd. was liquidated in June 2022 and the cancellation registration was completed on August 24, 2022. On June 5, 2023, Weihai Chuang Foo Hotel Management Ltd. received a notification letter for cancellation of registration from the Investment Review Committee of the Ministry of Economic Affairs.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

The Lefoo Development Co., Ltd. and Subsidiaries

Notes To Consolidated 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
Chiu Jung Investment Ltd.	14,851,222	7.76%
Jung Feng Development Ltd.	12,392,695	6.47%
Chuang Foo Foundation	12,079,888	6.31%

14. Segment information

For management purposes, the Group divided into three reportable segments: Lefoo Village, Lefoo Hotel and Courtyard Taipei. Lefoo Village is mainly engaged in amusement park services, Lefoo Hotel is mainly engaged in leasing services and Courtyard Taipei is mainly engaged in hotel services.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

The Lefoo Development Co., Ltd. and Subsidiaries

Notes To Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

The reportable divisions of the Group are strategic business units that offer different products. Since each strategic business unit requires different technologies and marketing strategies, it must be managed separately. The accounting policies of the reportable divisions are the same as those in the Group's Summary Statement of Significant Accounting Policies. However, income tax are managed on a group basis and are not allocated to operating divisions.

(1) Departmental Information

For the year ended December 31, 2023

	Lefoo Village	Lefoo Hotel	Courtyard Taipei	Other operating	Adjustment and elimination	Consolidated
Revenue						
External						
customer	\$1,231,297	\$14,495	\$864,428	\$100,875	\$-	\$2,211,095
Inter-segment	-	-	-	138,183	(138,183)	-
Total revenue	<u>\$1,231,297</u>	<u>\$14,495</u>	<u>\$864,428</u>	<u>\$239,058</u>	<u>\$(138,183)</u>	<u>\$2,211,095</u>
Segment profit	<u>\$108,212</u>	<u>\$22,397</u>	<u>\$(210,817)</u>	<u>\$(6,818)</u>	<u>\$(10,718)</u>	<u>\$(97,744)</u>

For the year ended December 31, 2022

	Lefoo Village	Lefoo Hotel	Courtyard Taipei	Other operating segments	Adjustment and elimination	Consolidated
Revenue						
External						
customer	\$1,100,773	\$13,623	\$463,068	\$97,753	\$-	\$1,675,217
Inter-segment	-	-	-	134,824	(134,824)	-
Total revenue	<u>\$1,100,773</u>	<u>\$13,623</u>	<u>\$463,068</u>	<u>\$232,577</u>	<u>\$(134,824)</u>	<u>\$1,675,217</u>
Segment profit	<u>\$103,546</u>	<u>\$6,467</u>	<u>\$(410,174)</u>	<u>\$(28,250)</u>	<u>\$11,439</u>	<u>\$(316,972)</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

The Lefoo Development Co., Ltd. and Subsidiaries

Notes To Consolidated Financial Statements (Continued)

(Amounts Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

Reportable segment assets

	Leofoo Village	Leofoo Hotel	Courtyard Taipei	Other operating segments	Adjustment and elimination	Consolidated
As at Dec. 31, 2023	\$5,952,093	\$5,316,157	\$4,183,173	\$470,026	\$(282,132)	\$15,639,317
As at Dec. 31, 2022	\$5,751,007	\$5,294,915	\$4,494,665	\$500,509	\$(268,591)	\$15,772,505

(2)Geographical Information

(A)Revenue from external customers (note):

	For the years ended December 31,	
	2023	2022
Taiwan	\$2,211,095	\$1,675,217

Note: Revenue is classified based on the country of the customer.

(B)Non-current assets:

	For the years ended December 31,	
	2023	2022
Taiwan	\$15,032,469	\$15,161,359

(3)Important customer information

The Group did not have sales to a single customer that accounted for more than 10% of the consolidated net operating income for the years ended December 31, 2023 and 2022.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

The Leofoo Development Co., Ltd. and Subsidiaries

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

As at December 31, 2023

Attachment 1

Company Name	Marketable Securities Type and Name	Relationship with the Issuer	Financial Statement Account	As at December 31, 2023				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 Add: Adjustments for change in value of equity instrument investments measured at fair value through other comprehensive income Subtotal	1,642	\$7,737 7,337 15,074	5.26%	\$15,074	
The Leofoo Development Co., Ltd.	Rich Forest Leisure Development Co., Ltd.	None	Financial assets at fair value through other comprehensive income Add: Adjustments for change in value of equity instrument investments measured at fair value through other comprehensive income Subtotal	9,000	56,915 235 57,150	11.04%	57,150	
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 Add: Adjustments for change in value of equity instrument investments measured at fair value through other comprehensive income Subtotal	-	464 4,371 4,835	14.93%	4,835	
	Total				\$77,059		\$77,059	

English Translation of Consolidated Financial Statements Originally Issued in Chinese

The Lefoo Development Co., Ltd. and Subsidiaries

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

As at December 31, 2023

(In Thousands of New Taiwan Dollars)

Attachment 2

Investor	Investee	Area	Main Business	Original Investment Amount		Balance as at December 31, 2023			Net profit (loss) of the investee	Investment income (loss) recognised by the Company	Note
				As at December 31, 2023	As at December 31, 2022	Shares (in thousands units)	%	Carrying Value			
The Lefoo Development Co., Ltd.	Lefoo Development & Construction Co., Ltd.	Taiwan	Comprehensive construction industry	\$733,000	\$733,000	73,300	100.00%	\$36,526	\$3,642	\$(8,666) (Note 1)	Note 2
The Lefoo Development Co., Ltd.	Ambassador Theatres Company	Taiwan	Cinemas	17,600	17,600	1,760	40.00%	\$14,145	\$(3,433)	\$(1,373)	
The Lefoo Development Co., Ltd.	Elite Catering Company Limited	Taiwan	Food manufacturing	10,000	10,000	1,000	100.00%	\$11,548	\$11	\$11	Note 2
The Lefoo Development Co., Ltd.	Lefoo Investment Limited	Samoa	Investing activities	30,264	30,264	-	100.00%	\$31,237	\$451	\$451	Note 2
The Lefoo Development Co., Ltd.	Lefoo Agronomy Co., Ltd.	Taiwan	Agricultural business	30,000	30,000	3,000	100.00%	\$14,454	\$(6,060)	\$(6,060)	Note 2
Lefoo Development & Construction Co., Ltd.	Izzy Construction Co., Ltd.	Taiwan	Comprehensive construction industry	65,266	65,266	6,398	100.00%	\$48,257	\$3,967	\$3,967	Note 2
Lefoo Development & Construction Co., Ltd.	Lefoo Property Management Co., Ltd.	Taiwan	Property management	17,200	17,200	17,200	100.00%	\$5,085	\$(119)	\$(119)	Note 2
Lefoo Investment Limited	Lefoo (Hong Kong) Limited	Hong Kong	Investing activities	30,113	30,113	-	100.00%	\$31,076	\$449	\$449	Note 2

Note 1: It includes the investment income accounted for using equity method of NT\$3,642 thousand, write-off for lease transaction with related party NT\$(3) thousand, realized benefits on upstream transactions of NT\$64,663 thousand and the unrealized benefits on upstream transactions of NT\$(76,968) thousand.

Note 2: It has been written off when preparing the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

The Lefoo Development Co., Ltd. and Subsidiaries
Intercompany relationships and significant intercompany transactions
(In Thousands of New Taiwan Dollars)

Attachment 3

No. (Note 1)	Company Name	Counter-Party	Nature of Relationship (Note 2)	Intercompany Transaction			
				Account	Amount	Terms	Percentage to Consolidated Net Revenue or Total (Note 3)
	<u>2023.01.01~2023.12.31</u>						
0	The Lefoo Development Co., Ltd.	Lefoo Development & Construction Co., Ltd.	1	Rental income	\$343	In general condition	0.02%
0	The Lefoo Development Co., Ltd.	Lefoo Development & Construction Co., Ltd.	1	Notes receivable	89	In general condition	-%
0	The Lefoo Development Co., Ltd.	Lefoo Development & Construction Co., Ltd.	1	Other receivables	14	In general condition	-%
0	The Lefoo Development Co., Ltd.	Izzy Construction Co., Ltd.	1	Rental income	343	In general condition	0.02%
0	The Lefoo Development Co., Ltd.	Izzy Construction Co., Ltd.	1	Notes receivable	808	In general condition	0.01%
0	The Lefoo Development Co., Ltd.	Izzy Construction Co., Ltd.	1	Other receivables	17	In general condition	-%
0	The Lefoo Development Co., Ltd.	Lefoo Property Management Co., Ltd.	1	Rental income	594	In general condition	0.03%
0	The Lefoo Development Co., Ltd.	Lefoo Property Management Co., Ltd.	1	Notes receivable	104	In general condition	-%
0	The Lefoo Development Co., Ltd.	Lefoo Agronomy Co., Ltd.	1	Other receivables	1,066	In general condition	0.01%
1	Lefoo Development & Construction Co., Ltd.	The Lefoo Development Co., Ltd.	2	Other operating income	15,891	In general condition	0.72%
1	Lefoo Development & Construction Co., Ltd.	The Lefoo Development Co., Ltd.	2	Trade receivables	20,839	In general condition	0.13%
1	Lefoo Development & Construction Co., Ltd.	The Lefoo Development Co., Ltd.	2	Contract liabilities	9,904	In general condition	0.06%
1	Lefoo Development & Construction Co., Ltd.	Izzy Construction Co., Ltd.	1	Other receivables	16	In general condition	-%
1	Lefoo Development & Construction Co., Ltd.	Lefoo Property Management Co., Ltd.	1	Other receivables	105	In general condition	-%
2	Izzy Construction Co., Ltd.	The Lefoo Development Co., Ltd.	2	Operating revenue	70,526	In general condition	3.19%
2	Izzy Construction Co., Ltd.	The Lefoo Development Co., Ltd.	2	Other operating income	3,000	In general condition	0.14%
2	Izzy Construction Co., Ltd.	The Lefoo Development Co., Ltd.	2	Trade receivables	10,132	In general condition	0.06%
2	Izzy Construction Co., Ltd.	Lefoo Development & Construction Co., Ltd.	2	Other operating income	4,516	In general condition	0.20%
2	Izzy Construction Co., Ltd.	Lefoo Development & Construction Co., Ltd.	2	Trade receivables	447	In general condition	-%
2	Izzy Construction Co., Ltd.	Lefoo Development & Construction Co., Ltd.	2	Other receivables	9	In general condition	-%
2	Izzy Construction Co., Ltd.	Lefoo Property Management Co., Ltd.	3	Other receivables	4	In general condition	-%
3	Lefoo Property Management Co., Ltd.	The Lefoo Development Co., Ltd.	2	Other operating income	41,694	In general condition	1.89%
3	Lefoo Property Management Co., Ltd.	The Lefoo Development Co., Ltd.	2	Refundable deposit	80	In general condition	-%
3	Lefoo Property Management Co., Ltd.	The Lefoo Development Co., Ltd.	2	Trade receivables	10,945	In general condition	0.07%
3	Lefoo Property Management Co., Ltd.	Izzy Construction Co., Ltd.	3	Operating revenue	14	In general condition	-%
4	Lefoo Agronomy Co., Ltd.	The Lefoo Development Co., Ltd.	2	Operating revenue	168	In general condition	0.01%
4	Lefoo Agronomy Co., Ltd.	The Lefoo Development Co., Ltd.	2	Services revenue	2,374	In general condition	0.11%
4	Lefoo Agronomy Co., Ltd.	The Lefoo Development Co., Ltd.	2	Other income	2	In general condition	-%
4	Lefoo Agronomy Co., Ltd.	The Lefoo Development Co., Ltd.	2	Trade receivables	2,478	In general condition	0.02%
5	Elite Catering Company Limited	The Lefoo Development Co., Ltd.	2	Trade receivables	6,514	In general condition	0.04%

Note 1: The Lefoo Development Co., Ltd. and subsidiaries are coded as follows:

1. The Lefoo Development Co., Ltd. is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Transactions are categorized as follows:

1. Investor to investee.
2. Investee to investor.
3. Investee to investee.

Note 3: The percentage is in respect to the total consolidated revenue(from income statement accounts) or total assets (from balance sheet accounts).

Note 4: Amounts in foreign currencies are translated into New Taiwan dollars using the exchange rates on the balance sheet date.