Stock Code 1444

LEALEA ENTERPRISE CORPORATION LIMITED and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022
and
Independent Auditors' Report

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REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of LEALEA ENTERPRISE CORPORATION LIMITED as of and for the year ended December 31, 2023, 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 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, LEALEA ENTERPRISE CORPORATION LIMITED and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

LEALEA ENTERPRISE Co., Ltd.
By

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Kuo, Shao-Yi
Chairman

March 15, 2024

INDEPENDENNT AUDITORS' REPORT

The Board of Directors and Shareholders
Lealea Enterprise Corporation Limited:

Opinion

We have audited the accompanying consolidated financial statements of Lealea Enterprise Corporation Limited and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

Per opinions of our accountants, the consolidated financial statements mentioned in paragraph one have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and interpretations and announcements endorsed and issued into effected by the Financial Supervisory Commission of the Republic of China in all material aspects, and can be reasonably assessed to present the consolidated financial conditions of the Company and its subsidiaries as of December 31, 2023 and 2022, as well as the consolidated financial performance and consolidated cash flow from January 1 to December 31, 2023 and 2022.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in 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 Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 the 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 do not provide a separate opinion on these matters.

Key audit matters for the Company's consolidated financial statements for the year ended December 31, 2023 are stated as follows:

The authenticity of sales revenue from specific customers

The operating income of Lealea Enterprise Co., Ltd. and its subsidiaries in 2023 decreased compared with that in 2022. However, the amount of customer sales income of some bottled ester granule products increased compared with previous years. Due to the actual occurrence of sales income, relevant income was recognized and the fair expression of the consolidated financial report, because this accountant has listed whether the sales revenue of specific growing bottle ester granules customers is actually generated as a key audit matter in 2023. For accounting policies and disclosure information related to the recognition of sales revenue, please refer to Note 4.

The main auditing procedures adopted by the accountants with regard to the issues described above are to understand the effectiveness of internal controls concerning sales management procedures related to the revealed sales revenue, test the effectiveness of design and execution related to internal control, execute test of details of revenue, take random inspections on customer orders as well as relevant documents and certificates of shipment and payment collection and raise requests for confirmation letters in order to assure the authenticity of sales revenue.

Other Matter

The financial statements of some of the investee companies that were processed using the equity method in the consolidated financial report of the years ended December 31, in 2023 were not reviewed by this accountant, but were reviewed by other accountants. Therefore, in the opinions expressed by our accountants on the consolidated financial report, the amounts listed in the financial statements of the investee companies that are treated using the equity method are based on the audit reports of other accountants. The investment amount of the above-mentioned invested company in the accounts was NT$1,159,736 thousand, accounting for 6.07% of the total assets. From January 1 to December 31, 2023, the share of the above-mentioned investee company's comprehensive profits and losses of affiliated enterprises recognized using the equity method was NT$24,239 thousand,

We have also audited the individual financial statements of Lealea Enterprise Corporation Limited as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the 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 Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company’s financial reporting process.

Auditors' 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identified and evaluated the risk of material misstatement due to fraud or error in the Consolidated Financial Statements; designed and carried out appropriate countermeasures for the evaluated risks; obtained sufficient and appropriate evidence as the basis for the audit opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error.

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 Company's internal control.

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 Company's ability to continue as a going concern. 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 Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, 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 Company 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 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 whether applicable, related safeguards.

In the communications between us and the Company’s governing body, we have determined the key audit items from 2023 consolidated financial statements of the Company and its subsidiaries. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific items, or in extremely rare cases, where we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

The engagement partners on the audit resulting in this independent auditors’ report are
Wu, Ke-Chang and Hong, Kuo-Tyan

Deloitte & Touche
Taipei, Taiwan

March 22, 2024

LEALEA ENTERPRISE CORPORATION LIMITED AMD SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
For The Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

Code	ASSETS	December 31,2023 Amount	%	December 31,2022 Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Note 4, 6)	$ 1,075,863	6	$ 1,496,152	8
1110	Financial assets at fair value through profit or loss－Current (Note 4, 7)	231,072	1	98,215	-
1150	Notes receivable, net (Note 4, 8)	54,931	-	74,836	-
1160	Notes Receivable from related parties, net (Note 4, 8, 26)	106,244	1	87,711	-
1170	Accounts receivable, net (Note 4, 8)	380,058	2	490,546	3
1180	Accounts Receivable from related parties, net (Note 4, 8, 26)	90,217	1	96,494	-
1210	Advance loans to related parties (Note 26)	643,000	3	185,000	1
1310	Inventories－Manufacturing & Merchandising businesses (Note 4, 9)	2,341,926	12	3,037,274	16
1320	Inventories – construction (Note 4, 9)	970,631	5	896,330	5
1410	Prepayments	117,780	1	146,855	1
1476	Other financial assets－Current (Note 6)	53,135	-	120,776	1
1479	Other current assets	8	-	153	-
11XX	Total current assets	6,064,865	32	6,730,342	35
	NONCURRENT ASSETS				
1510	Financial assets at fair value through profit or loss－Noncurrent (Note 4, 7)	373	-	373	-
1517	Financial assets at fair value through Other comprehensive gains and losses －Noncurrent (Note 4, 10,11)	16,719	-	-	-
1550	Investments accounted for using equity method (Note 4, 13)	4,839,374	25	4,851,638	26
1600	Property, plant and equipment (Note 4, 14)	6,916,106	36	6,799,626	36
1755	Right-of-use assets (Note 4, 15)	19,181	-	34,466	-
1760	Investment property (Note 4, 16)	338,141	2	336,293	2
1780	Other intangible assets	3,748	-	4,660	-
1805	Goodwill	63,337	-	63,337	-
1840	Deferred income tax assets (Note 4, 21)	147,023	1	112,200	1
1915	Prepayments for business facilities	250,791	1	36,974	-
1990	Other noncurrent assets－Others(Note 14)	451,011	3	27,415	-
15XX	Total noncurrent assets	13,045,804	68	12,266,982	65
1XXX	Total liabilities	$ 19,110,669	100	$ 18,997,324	100

Code	LIABILITIES AND EQUITY	December 31,2023 Amount	%	December 31,2022 Amount	%
	CURRENT LIABILITIES				
2100	Short-term loans (Note 17)	$ 3,400,000	18	$ 3,740,000	20
2110	Short-term bills payable (Note 17)	30,000	-	350,000	2
2120	Financial liabilities at fair value through profit or loss－Current (Note 4, 7)	70,416	-	111	-
2150	Notes payable	45,007	-	42,178	-
2160	Notes payables to related parties (Note 26)	24,555	-	25,474	-
2170	Accounts payable	440,886	2	305,819	2
2180	Accounts payables to related parties (Note 26)	82,413	1	50,779	-
2219	Other payables	430,476	2	450,349	2
2220	Advance loans to related parties (Note 26)	551,152	3	174,710	1
2230	Current income tax liabilities (Note 21)	2,395	-	88,245	-
2280	Lease liabilities－Current (Note 4, 15)	16,882	-	17,605	-
2320	Long-term liabilities－Current portion (Note 17)	207,500	1	100,000	1
2399	Other current liabilities (Note 12)	128,295	1	138,640	1
21XX	Total current liabilities	5,429,977	28	5,483,910	29
	NONCURRENT LIABILITIES				
2540	Long-term borrowings (Note 17)	1,342,500	7	950,000	5
2570	Deferred income tax liabilities－Noncurrent (Note 4, 21)	97,098	1	107,218	-
2580	Lease liabilities－Noncurrent (Note 4, 15)	2,701	-	17,681	-
2640	Net defined liabilities－Noncurrent (Note 4, 18)	283,620	1	307,457	2
2645	Guarantee deposits	6,783	-	6,930	-
2670	Other noncurrent liabilities	794	-	794	-
25XX	Total noncurrent liabilities	1,733,496	9	1,390,080	7
2XXX	Total liabilities	7,163,473	37	6,873,990	36
	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (NOTE 19)				
	Capital stock				
3110	Capital－Common stock	9,955,950	52	9,573,029	50
3200	Capital surplus	97,220	1	96,331	1
	Retained earnings				
3310	Appropriated as legal capital reserve	619,739	3	568,101	3
3320	Appropriated as special capital reserve	60,136	1	40,464	-
3350	Unappropriated earnings	(139,290)	(1)	563,274	3
3300	Total retained earnings	540,585	3	1,171,839	6
3400	Others	78,012	-	(19,672)	-
3500	Treasury stock	(28,470)	-	(28,470)	-
31XX	Equity attributable to shareholders of the parent	10,643,297	56	10,793,057	57
36XX	NON-CONTROLLING INTERESTS (Note 19)	1,303,899	7	1,330,277	7
3XXX	Total equity	11,947,196	63	12,123,334	64
	TOTAL LIABILITIES AND EQUITY	$ 19,110,669	100	$ 18,997,324	100

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

Chairman: Kuo, Shao-Yi　　Manager: Chen, Hang-Ching　　Accounting Supervisor: Hsu, Li-Hsueh

LEALEA ENTERPRISE CORPORATION LIMITED AMD SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For The Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars, Except Earnings per Share)

Code		2023 Amount	2023 %	2022 Amount	2022 %
	OPERATING REVENUE（Note 4, 26, 31				
4100	Sales revenue	$ 8,149,113	100	$ 12,230,309	100
4500	Construction and engineering revenue	-	-	6,917	-
4000	OPERATING REVENUE	8,149,113	100	12,237,226	100
	COST OF REVENUE（Note 9, 26）				
5110	Cost of sales	8,210,127	100	11,185,719	92
5500	Cost of construction and engineering service sales	-	-	-	-
5000	COST OF REVENUE	8,210,127	100	11,185,719	92
5900	GROSS PROFIT	(61,014)	-	1,051,507	8
5910	GROSS PROFIT BEFORE UNREALIZED WITH ASSOCIATES	10,619	-	988	-
5950	REALIZED GROSS PROFIT	(50,395)	-	1,052,495	8
	OPERATING EXPENSE (Note 26)				
6100	Marketing expenses	290,566	4	764,152	6
6200	General and administrative	215,521	3	217,981	2
6300	Research and development	37,672	-	32,137	-
6450	Expected credit impairment loss (gain)	(3,841)	-	(3,008)	-
6000	Total operating expenses	539,918	7	1,011,262	8
6900	OPERATING INCOME	(590,313)	(7)	41,233	-
	NON-OPERATING INCOME AND EXPENSE (Note 20, 26)				
7100	Interest income	66,173	1	35,791	-
7140	Gain recognized in bargain purchase transaction －Affiliated associations acquisition	19,104	-	10,920	-
7190	Other income	186,370	2	162,564	2
7020	Other gains and losses	116,765	2	379,876	3
7050	Finance costs	(78,049)	(1)	(66,560)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	(78,194)	(1)	27,260	-
7000	Total non-operating income and expenses	232,169	3	549,851	5

Code		2023 Amount	2023 %	2022 Amount	2022 %
7900	INCOME BEFORE INCOME TAX	($ 358,144)	(4)	$ 591,084	5
7950	INCOME TAX EXPENSE (Note 19)	43,080	-	(122,507)	(1)
8200	NET INCOME	(315,064)	(4)	468,577	4
	OTHER COMPREHENSIVE INCOME (LOSS)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit obligation	20,309	-	30,823	-
8320	Share of other comprehensive loss of associates and joint ventures accounted for using equity method	76,022	1	(192,337)	(2)
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences arising on translation of foreign operations	42,220	1	(12,847)	-
8300	Other comprehensive loss for the year, net of income tax	138,551	2	(174,361)	(2)
8500	TOTAL COMPREHENSIVEINCOME FOR THE YEAR	($ 176,513)	(2)	$ 294,216	2
	NET INCOME (LOSS) ATTRIBUTABLE TO:				
8610	Shareholders of the parent	($ 273,376)	(3)	$ 489,757	4
8620	Non-controlling interests	(41,688)	(1)	(21,180)	-
8600		($ 315,064)	(4)	$ 468,577	4
	TOTAL COMPREHENSIVEINCOME ATTRIBUTABLE TO:				
8710	Shareholders of the parent	($ 150,396)	(2)	$ 321,391	2
8720	Non-controlling interests	(26,117)	-	(27,175)	-
8700		($ 176,513)	(2)	$ 294,216	2
	EARNINGS PER SHARE (Note 20)				
	FROM CONTINUING OPERATION				
9710	Basic earnings per share	($ 0.28)		$ 0.49	
9810	Diluted earnings per share			$ 0.49	

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

Chairman: Kuo, Shao-Yi Manager: Chen, Hang-Ching Accounting Supervisor: Hsu, Li-Hsueh

LEALEA ENTERPRISE CORPORATION LIMITED AMD SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY

For The Years Ended December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

		Equity Attributable to Shareholders of the Parent											
		Capital Stock-Common Stock			Retained Earnings			Equity Adjustments					
Code		Shares (In Thousands)	Amount	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Stock	Total Equity Attributable To Shareholders Of The Parent	Non-controlling Interests	Total Equity
A1	BALANCE DECEMBER 31, 2021	957,303	$ 9,573,029	$ 92,954	$ 530,980	$ 40,464	$ 371,211	($ 159,518)	$ 336,181	($ 28,470)	$ 10,756,831	$ 1,187,124	$ 11,943,955
	2021 Appropriation of earnings												
B1	Legal capital reserve	-	-	-	37,121	-	(37,121)	-	-	-	-	-	-
B5	Cash dividends	-	-	-	-	-	(287,191)	-	-	-	(287,191)	-	(287,191)
O1	Cash dividends to shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(11,070)	(11,070)
M1	Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	-	3,233	-	-	-	-	-	-	3,233	-	3,233
	Adjustments to other capital surplus:												
C7	Adjustments to share of changes in equities of associates	-	-	144	-	-	(1,351)	-	-	-	(1,207)	67	(1,140)
O1	Non-controlling interests (Note 19)	-	-	-	-	-	-	-	-	-	-	181,331	181,331
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income, accounted for using equity method	-	-	-	-	-	2,177	-	(2,177)	-	-	-	-
D1	Net income (loss) in 2022	-	-	-	-	-	489,757	-	-	-	489,757	(21,180)	468,577
D3	Other comprehensive income (loss) in 2022, net of income tax	-	-	-	-	-	25,792	(8,741)	(185,417)	-	(168,366)	(5,995)	(174,361)
D5	Total comprehensive income (loss) in 2022	-	-	-	-	-	515,549	(8,741)	(185,417)	-	321,391	(27,175)	294,216
Z1	BALANCE DECEMBER 31, 2022	957,303	9,573,029	96,331	568,101	40,464	563,274	(168,259)	148,587	(28,470)	10,793,057	1,330,277	12,123,334
	2022 Appropriation of earnings												
B1	Legal capital reserve	-	-	-	51,638	-	(51,638)	-	-	-	-	-	-
B3	Legal special capital reserve	-	-	-	-	19,672	(19,672)	-	-	-	-	-	-
B9	Stock dividends	38,292	382,921	-	-	-	(382,921)	-	-	-	-	-	-
	Adjustments to other capital surplus:												
C7	Adjustments to share of changes in equities of associates	-	-	1,996	-	-	(253)	-	-	-	1,743	(261)	1,482
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income, accounted for using equity method	-	-	-	-	-	2,615	-	(2,615)	-	-	-	-
M3	Punish investments accounted for using equity method	-	-	(1,107)	-	-	-	-	-	-	(1,107)	-	(1,107)
D1	Net income (loss) in 2023	-	-	-	-	-	(273,376)	-	-	-	(273,376)	(41,688)	(315,064)
D3	Other comprehensive income (loss) in 2023, net of income tax	-	-	-	-	-	22,681	29,803	70,496	-	122,980	15,571	138,551
D5	Total comprehensive income (loss) in 2023	-	-	-	-	-	(250,695)	29,803	70,496	-	(150,396)	(26,117)	(176,513)
Z1	BALANCE DECEMBER 31, 2023	995,595	$ 9,955,950	$ 97,220	$ 619,739	$ 60,136	($ 139,290)	($ 138,456)	$ 216,468	($ 28,470)	$ 10,643,297	$ 1,303,899	$ 11,947,196

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

Chairman: Kuo, Shao-Yi Manager: Chen, Hang-Ching Accounting Supervisor: Hsu, Li-Hsueh

LEALEA ENTERPRISE CORPORATION LIMITED AMD SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars)

Code		2023	2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	(\$ 358,144)	\$ 591,084
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	613,613	667,263
A20200	Amortization expense	59,007	81,287
A20300	Expected credit impairment losses	(3,841)	(3,008)
A20900	Finance costs	78,049	66,560
A21200	Interest income	(66,173)	(35,791)
A21300	Dividend income	(1,190)	(2,508)
A20400	Loss (gain) on financial assets or liabilities at fair value through profit or loss, net	83,771	(13,374)
A22300	Share of profits of associates & joint ventures	78,194	(27,260)
A22500	Loss (gain) on disposal or retirement of property, plant and equipment	(12,923)	(2,895)
A23100	Disposal of loss (gain) on investment	12,629	(51)
A23700	Impairment loss (gain) on inventory	(62,109)	107,554
A23700	Impairment losses of property, plant and equipment	347	71
A23900	Unrealized gain from inter-affiliated accounts	(10,619)	(988)
A24100	Loss (gain) on foreign exchange	42,672	(25,692)
A29900	Gain recognized in bargain purchase transaction	(19,104)	(10,920)
A29900	Lease Modification Benefit	-	(38)
A30000	CHANGES IN OPERATING ASSETS AND LIABILITIES		
A31115	Collect financial assets at fair value through profit or loss	(133,792)	67,266
A31130	Notes receivable	1,562	94,139
A31150	Accounts receivable	114,715	397,429
A31200	Inventories	682,065	(60,292)
A31230	Prepayments	76,942	157,869
A31240	Other current assets	145	(44)
A31250	Other financial assets	78,014	383,982
A31990	Other assets	2,769	(743)
A32130	Notes and bills payable	1,910	(96,702)

Code		2023	2022
A32150	Accounts payable	$ 172,118	($ 592,724)
A32180	Other payables	(26,299)	(118,149)
A32230	Other current liabilities	(9,995)	(169,881)
A32240	Net defined benefit liability	(4,090)	(14,119)
A33000	Net cash generated by operating activities	1,390,243	1,439,325
A33100	Interest received	64,890	34,969
AC0200	Dividend received	1,190	2,508
A33200	Dividends received from associates	23,382	37,366
A33300	Interest paid	(76,729)	(65,131)
A33500	Income tax received (paid)	(96,046)	(19,581)
AAAA	Net cash flows from operating activities	1,306,930	1,429,456
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00100	Acquisition of financial assets measured at fair value through other comprehensive profit or loss	(17,960)	-
B01800	Acquisition of long-term equity investment using the equity method	(48,584)	(34,306)
B01900	Disposal of long-term equity investments using the equity method	44,093	5,994
B02700	Acquisition of property, plant and equipment	(997,211)	(524,036)
B02800	Disposal of property, plant and equipment	16,907	3,668
B03800	Increase (decrease) in guarantee deposits paid	(1,806)	(2,385)
B04300	Increase (decrease) in refundable guarantee deposits	(458,000)	(32,000)
B04500	Increase (decrease) in advance loans from related parties	(1,957)	(4,260)
B05400	Acquisition of Intangible Assets Purchase of investment property	(6,150)	-
B06500	Increase Other financial assets	(424,796)	-
BBBB	Net cash used in investing activities	(1,895,464)	(587,325)
	CASH FLOWS FROM FINANCIING ACTIVITIES		
C00100	Increase (decrease) in short-term loans	(340,000)	134,263
C00500	Decrease in short-term bills payable	(320,000)	(910,000)
C01600	Long-term borrowings	1,550,000	1,500,000
C01700	Repayment of long-term borrowings	(1,050,000)	(1,275,000)
C03100	Increase in guarantee deposits received	612	3,047
C03700	Increase (decrease) in advance loans payable to related parties	377,343	(430,976)
C04020	Repayment of the principal portion of lease liabilities	(17,514)	(11,891)
C04500	Cash dividends paid	-	(283,958)
C05800	Cash dividends to non-controlling interests	-	(11,070)
C05800	Non-controlling interests change	-	180,030
CCCC	Net cash used in financing activities	200,441	(1,105,555)

DDDD	EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(32,196)	16,332
EEEE	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	($ 420,289)	($ 247,092)
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,496,152	1,743,244
E00200	CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,075,863	$ 1,496,152

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

Chairman: Kuo, Shao-Yi Manager: Chen, Hang-Ching Accounting Supervisor: Hsu, Li-Hsueh

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

1. GENERAL

Lealea Enterprise Corporation Limited (hereinafter referred to as LEALEA ENTERPRISE), a Republic of China (R.O.C.) corporation, was incorporated in 1979 with an initial capital of NT$16,000 thousand. After several capital increases the total capital was NT$9,955,950 thousand as of December 31, 2023. LEALEA ENTERPRISE is mainly engaged in the manufacturing and sales of polyester fully oriented yarn, polyester draw textured yarn, and polyester chip. Its factories are located in Zhongli District, Taoyuan City and Fangyuan Township, Changhua County. In addition, LEALEA ENTERPRISE has added a construction department since the second half of 2004. 2023 cooperated with affiliate BLOOMING Development Co., Ltd. to work together on building and selling residences and other businesses. On August 1990, LEALEA ENTERPRISE shares were officially listed and traded on the Taiwan Stock Exchange (TWSE).

The expression currency of the consolidated financial report and the functional currency of LEALEA ENTERPRISE are both in New Taiwan Dollars.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized by the Board of Directors on March 15, 2024.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

   The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on LEALEA ENTERPRISE CORPORATION Limited and its subsidiaries’ (collectively as the “Company”) accounting policies.

b. The IFRSs endorsed by FSC with effective date starting 2024.

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS16” Leases Liability in a Sale and leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1” Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS1” Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1：Otherwise stated, the above New, Revised, Amended Standards and Interpretations shall be effective since the start date of annual reporting.

Note 2：A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3：The amendments provide some transition relief regarding disclosure requirements.

As of the date the accompanying parent company only financial statements were authorized for issue, the aforementioned standards or interpretations evaluated by the company will not have a material impact on financial position and performance.

c. The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
IFRS 17 "Insurance Contract"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17"Initial application IFRS 17 and IFRS 9－Compare Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025（Note 2）

Note 1: Unless otherwise specified, the above-mentioned new/revised/amended standards and interpretations will first apply to annual reporting period beginning after each date.

Note 2：An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the accompanying parent company only financial statements were authorized for issue, the Company continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Company completes the evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC with the effective dates (collectively, “Taiwan-IFRSs”).

b. Basis of Preparation

The accompanying consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values. Values and the net defined benefit liability recognized by the present value of the defined benefit obligation less the present value of plan assets.

Fair value measurements are categorized into a three-level hierarchy, according to the observability and importance of the relevant input values, as follows:

(1) Level 1 inputs are unadjusted quoted prices in active markets for identical asset or liability that the entity can access at the measurement date.

(2) Level 2 inputs are inputs other than the quoted prices in determined in level 1 that are directly or indirectly observable for that asset or liability.

(3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of Current and Noncurrent Assets and Liabilities

Current assets are:
(1) Assets held for trading purposes.
(2) Assets expected to be realized within 12 months after the balance sheet date.
(3) Cash and cash equivalents (but excluding those restricted for exchange or settlement of liabilities more than 12 months after the balance sheet date).

Current liabilities are:
(1) Obligations incurred for trading purposes.
(2) Obligations expected to be settled within 12 months after the balance sheet date. (It is still a current liability even if an agreement to refinance or to reschedule payments on a long-term basis is completed after the balance sheet date and before the financial report is issued).
(3) The entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. 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.

Those not belonging to the above-mentioned current assets or current liabilities are classified as noncurrent assets or noncurrent liabilities.

The Company is engaged in the construction projects with business cycle longer than one year. The assets and liabilities related to the construction businesses are classified as a current or noncurrent based on the time frame of normal business cycles.

d. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of LEALEA and entities controlled by LEALEA (its subsidiaries). Income and expenses of subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. When preparing the consolidated financial report, all intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Total comprehensive income of subsidiaries is attributed to the shareholders of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the parent.

Please refer to Note 12 and Table 7 for the details of subsidiaries, shareholding ratio and business items.

e. Business Combinations

Business combinations are accounted for using the acquisition method. The acquisition-related costs are considered as expenses in the periods in which the costs are incurred and the services are received.

Goodwill is measured as the excess of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the acquisition date fair value of the previously held equity interest in the acquiree, which exceeds the share acquired by the Company in the fair value of the entity's identifiable net assets and commitments at the acquisition date. If, after reassessment, the net amount of the acquiree's identifiable assets and liabilities assumed at the acquisition date still exceeds the consideration transferred, the excess of the acquisition date fair value related to the acquiree's non-controlling interests and previously held equity interests in the acquiree will be accounted as bargain purchase benefit and immediately recognized in profit or loss.

The non-controlling benefits that have the current ownership interest in the acquiree and have the right to share the net assets of the acquiree in proportion at the time of liquidation are measured at fair value. Other non-controlling interests are measured at fair value.

When the consideration transferred by the Company in a business combination includes assets or liabilities arising from the contingent consideration agreement, the contingent consideration is measured at the fair value on the acquisition date and as part of the transfer consideration paid in exchange for the acquiree.If a change in the fair value of contingent consideration is treated as an adjustment during the measurement period, it will be accounted as a retrospective adjustment of the acquisition cost and a relative adjustment of goodwill. The measurement period adjustment refers to the adjustment aroused during the "measurement period" (which cannot exceed one year from the acquisition date) due to additional information obtained after the acquisition date that affects the facts or circumstances as they existed at the acquisition date.

If changes in the fair value of contingent consideration are not treated as adjustments during the measurement period, the subsequent treatment will depend on the classification of the contingent consideration. For those classified as equity and listed in the capital reserve, the contingent consideration of the options shall not be remeasured, and its subsequent delivery will be adjusted in the equity and transferred to the capital reserve-the premium of the issuance of ordinary shares. Other contingent consideration is measured at fair value on the subsequent balance sheet date, and changes in fair value are recognized in profit or loss.

f. Foreign Currencies

While preparing financial statements, for those entities trade in currencies other than the functional currency of the entity, foreign currencies are converted into functional currency in accordance with the rates of exchange as on the date of initial transactions.

Foreign currency monetary items are converted in accordance with the rates of exchange as on the date of balance sheet. The exchange differences arising from the delivery or the conversion of monetary items are accounted into current profit or loss.

Monetary items receivable or payable to foreign operating institutions for which the settlement of the item was currently unplanned or unlikely to happen in the foreseeable future (thus it forms the part of the net investment of that foreign operating agencies), the exchange difference is originally listed as other comprehensive profit and loss, and the disposing of the net investment of those items should be reclassified subsequently from the equity to the profit and loss.

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 and the resulting conversion differences are listed in the current profit and loss. However, if the fair value change is recognized in other comprehensive gains and losses, the resulting conversion differences are listed in other comprehensive profit and loss.

Non-monetary items measured at historical cost in a foreign currency are translated in accordance with the rates of exchange as on the date of initial transactions and will not be converted again.

When preparing the consolidated financial statements, the assets and liabilities of foreign operations (including subsidiaries, affiliates, joint ventures, or branches that operate in a country or currency different from the company) are converted into New Taiwan dollar in accordance with the rates of exchange as on the date of balance sheet. The income and expense items are translated at the average exchange rate for the period, and the exchange differences arising on the translation are recognized in other comprehensive profits and losses (and respectively attributable to the owners and non-controlling interests of the Company).

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 are calculated and translated in accordance with the closing rates of exchange as on the date of balance sheet. The exchange differences arising on the translation are recognized in other comprehensive profits and losses.

g. Inventories

Inventories refer to raw materials and supplies, finished goods, and work in progress. Inventories are stated at the lower of cost or net realizable value (NVR). With the exception of inventory of the same category, individual items shall be assessed when comparing the cost and net realizable value. 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 cost of inventory is calculated using weighted average method.

h. Investment in Associates

An associate is an entity over which the Company has significant influence but is not a subsidiary.

The Company adopts the equity method for investments in associates. Under the equity method, an investment in an associate is initially recognized in the consolidated statements of financial position at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the associate as well as the distribution received. The Company also recognizes its share in the changes in the equities of associates.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill. Such goodwill is included in the book value of the investment and cannot be amortized. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, is recognized immediately in profit or loss.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the net assets of the associate. The Company adopts the equity method to record such a difference as an adjustment to equity and investments with the corresponding amount charged or credited to capital surplus. If the Company's ownership interest is reduced due to the additional subscription to the shares of associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate shall be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities. If the capital reserve is used for the aforementioned adjustment and the balance of capital reserve derived from investment accounted for using equity method is not sufficient, the difference shall be registered under retained earnings.

When the Company's share of losses in the associate equals or exceeds its investment in the equity of the associate (including the carrying amount of the investment in the associate under the equity method and other long-term interests that, in substance, form part of the Company's net investment in the associate), the Company shall cease the recognition of further losses. The Company shall only recognize additional losses and liabilities within the scope of legal obligations, inferential obligations, or payments made on behalf of associates.

To assess impairment, the Company must consider the overall carrying amount (including goodwill) of the investment as a single asset to compare the recoverable and carrying amounts for the impairment test. The recognized impairment shall not be allocated to any asset, including goodwill, which constitutes part of the carrying amount of the investment. Any reversal of the impairment loss has to be considered after subsequent increases in the recoverable amount of investment.

The Company shall suspend the use of the equity method on the day that its investment is no longer an associate and shall measure its retained equity in the original associate through fair value. The difference between the fair value, the amount gained from the disposal, and the carrying amount of the investment on the day the equity method ceases to apply shall be listed into the profit or loss of the current period. In addition, the basis accounting policies for amounts of the associate shown in other comprehensive profit or loss accounts shall follow the same basis applicable to the Company for direct disposal of related assets or liabilities of associates. For investment in associates that turns them into joint ventures or investment in joint ventures that turns them into associates, the Company shall continue to use the equity method and shall not reassess retained equity.

Profit or loss in upstream and downstream transactions between the Company and the associates or transactions between associates needs to be shown in the consolidated financial statements when not affecting the interests of the Company or the associate.

Additionally, investment profits and losses recognized for the intercompany stockholders of subsidiaries are acknowledge as the investment gains and losses of each subsidiary in accordance with conventional practice.

i. Property, Plant and Equipment

Property, plant and equipment are stated at cost and subsequently measured at cost less accumulated depreciation and impairment losses.

Property, plant and equipment under construction are recognized at costs less accumulated impairment losses. The costs shall include professional service expenses and the cost of loans eligible for capitalization. Such assets shall be classified into appropriate property, plant and equipment categories upon completion and reaching the expected use status and the depreciation shall begin.

The Company shall adopt the straight-line basis or the units of production method for the depreciation of each property, plant and equipment in its useful life based on the nature of such property. If the lease period is shorter than the service life, depreciation shall be provided during the lease period. The Company shall conduct at least one annual review at the end of each year to assess the estimated useful life, residual value, and depreciation methods. The effects of changes in accounting estimates shall be applied prospectively.

When derecognizing property, plant, and equipment, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in loss or profit.

j. Investment property

Investment property is held to earn rent or capital appreciation or both. Investment property also includes the land currently held for undecided future use.

Personally-owned investment property is measured by the original cost (including transaction cost), and the subsequent cost is measured by the amount after deducting accumulated depreciation and accumulated impairment loss. Investment property adopts the straight line basis for depreciation.

When the investment property is excluded, the difference between the net disposal price and the book value of the asset is recognized as profit or loss.

k. Intangible Assets

(1) Acquired Separately

Separately acquired intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. The amortization of intangible assets within the useful life is in accordance with the straight-line method. The Company shall review the estimated useful life, residual value, and amortization method at least at the end of each year and defer the effect of any changes in applicable accounting estimates. Intangible assets with non-determined useful life are carried at cost less accumulated impairment losses.

(2) Derecognition

When intangible assets are derecognized, the difference between the net disposal price and the asset’s carrying amount is recognized in current profit and loss.

l. Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Company’s cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit of amortized goodwill is tested for impairment annually (and when there is an indication that the cash generating unit may be impaired) by comparing the carrying amount of the unit containing goodwill with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of a cash-generating unit is less than its carrying amount, the difference is allocated first to reduce the carrying amount of any goodwill allocated to such cash generating unit and then to the other assets of the cash generating unit pro rata based on the carrying amount of each asset in the cash generating unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

At the time of disposal of related cash-generating units, the amount of goodwill related the disposition of the operation that is included in the carrying amount of operation will be determined and accounted as disposition of profits and losses.

m. Impairment of Assets related to Property, Plant and Equipment, Right-of-Use Assets, Intangible Assets (except Goodwill) and Contract Costs

On each balance sheet date, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets (except goodwill) to determine whether there is an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Shared assets are allocated to the smallest group of cash-generating units in accordance with a reasonable and consistent allocation basis.

For intangible assets that have indefinite useful lives and are not yet available for use, impairment tests are conducted at least annually and when there are indications of impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset, cash-generating unit, and contract cost related asset shall be increased to the revised recoverable amount, but the increased carrying amount shall not exceed the carrying amount (minus amortization or depreciation) of the asset, cash generating unit, or contract cost related asset that was not impaired in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

n. Financial Instruments

Financial assets and liabilities shall be recognized in the balance sheet when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially recognized at fair values. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss are also included in the originally recognized amount of financial assets or financial liabilities.

(1) Financial assets

Regular trading of financial assets shall be recognized and derecognized in accordance with transaction date accounting.

(1.1) Measurement types

Financial assets held by the Company are classified into these categories: financial assets measured at fair value through profit and loss, financial assets measured at amortized cost, investment in debt instruments measured at fair value through other comprehensive gains and losses, and investments in equity instruments measured at fair value through other comprehensive profits and losses.

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

This category includes financial assets that are mandatorily required to measure at fair value through profit or loss and designed to be measured at fair value through profit or loss.

The financial assets that are mandatorily required to measure at fair value through profit or loss include the equity instrument investment that is not specified to be measured at fair value through other comprehensive profits and losses, and investment in debt instruments that cannot meet the criteria of measuring assets at amortized cost or at fair value through other comprehensive profits and losses.

The designation as at fair value through profit or loss at the time of initial recognition is for eliminating or significantly reducing measurement or recognition inconsistencies.

Financial assets at fair value through profit or loss are measured at fair value. The dividends and interest generated are recognized in other income and interest income respectively, and the profit or loss generated by remeasurement is recognized in other benefits and losses. Please refer to Note 23 for the method of determining the fair value.

(1.1.2) Financial assets measured at amortized cost

The financial assets invested by the Company shall be classified as financial assets measured at amortized cost if both conditions below are met:

(a) Where the financial asset is held under a certain business model with the purpose of holding financial assets to collect contract cash flow; and

(b) The cash flow generated on specific dates specified in contractual terms is completely used to pay for the principal and interest for principal in external circulation.

After financial assets measured at amortized cost (including cash and cash equivalents, bills and accounts receivable measured at amortized cost) on initial recognition, they shall be measured through the effective interest rate approach to determine the total carrying amount minus the amortized cost of any impairment loss. All foreign currency exchange gains and losses shall be recognized in profit or loss.

Except for the two following conditions, income from interest shall be calculated based on the effective interest rate multiplied by the total carrying amount of financial assets:

(a) The interest income of a credit-impaired financial asset purchased or provided for the founding is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial asset.

(b) Financial assets that are not credit impairment from purchases or at the time of founding but subsequently become credit impairments shall be calculated by multiplying the effective interest rate in the reporting period after the credit impairment by the cost after the amortization of financial assets.

Credit impaired financial assets refer to the issuer or debtor who has experienced major financial difficulties, defaults, the debtor is likely to apply for bankruptcy or other financial reorganization, or the active market for that financial assets disappears due to financial difficulties.

Cash equivalents include time deposits with maximum maturity of 3 months from the date of acquisition, which are high liquid, can be converted into a fixed amount of cash at any time and have relatively low risk in price changes. They are used for satisfying short-term cash commitments.

(1.1.3) Investment in debt instruments measured at fair value through other comprehensive profits and losses.

The debt instruments invested by the Company shall be classified as financial assets measured at fair value through other comprehensive profits and losses if both conditions below are met:

(a) Where the financial asset is held under a certain business model with the purpose of collecting contractual cash flow and selling financial assets; and

(b) The cash flow generated on specific dates specified in contractual terms is completely used to pay for the principal and interest for principal in external circulation.

The investment in debt instruments measured at fair value through other comprehensive profits and losses is measured at fair value. The changes in the carrying amount belong to the interest income calculated by the effective interest method. Foreign currency exchange gains and losses and impairment losses or reversal benefits are recognized in profit and loss. The remaining changes are recognized in other comprehensive profit and loss, and are reclassified as profit and loss at the time of investment disposal.

(1.1.4) Investments in equity instruments measured at fair value through other comprehensive profits and losses.

The Company may make an irrevocable choice on initial recognition and designate the investments in equity instruments that are not held for trading and not recognized by the acquirer of a business combination or having consideration to be measured at fair value through other comprehensive profits and losses.

Investments in equity instruments measured at fair value through other comprehensive profits and losses are subsequently measured at fair value with profits and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. When disposing investments, the accumulated profits and losses are directly transferred to retained earnings without subsequently reclassifying to profit or loss.

Dividends on these investments in equity instruments at fair value through other comprehensive profits and losses are recognized in profit or loss when the rights of the Company to receive the dividends is established, unless the dividends clearly represent the recovery of part of the investment cost.

(1.2) Impairment of financial Assets and Contract Assets

On each balance sheet date, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including accounts receivable) and for investments in debt instruments that are measured at fair value through other comprehensive profits and losses.

The loss allowance for accounts receivable, lease receivable and contract assets receivable is measured at an amount equal to lifetime expected credit losses. For other financial assets, when the credit risk on the financial instrument has not increased significantly since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss of a financial instrument within 12 months after the reporting date. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss over the expected life of a financial instrument.

Expected credit losses are the average credit loss weighted by the risk of default all credit losses. The expected 12 months credit loss represents the expected credit loss arising from possible defaults of the financial instrument after reporting date within the next 12 months, while the expected lifetime credit loss represents the expected credit loss arising from all possible defaults of the financial instrument during the expected lifetime.

When the Company, for the purpose of internal credit risk management and without considering the collateral held, determines that the debtor is unable to pay off the debt in accordance with internal or external information, it means that financial asset has defaulted.

The Company recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive profits and losses, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

(1.3) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of an investment in a debt instrument at fair value through other comprehensive profits and losses, the difference between the carrying amount of the asset and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at fair value through other comprehensive profits and losses, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

(2) Financial liabilities

(2.1) Subsequent assessment

Except for the following circumstances, all financial liabilities are measured at amortized cost by the effective interest method.

<u>Financial liabilities at fair value through profit or loss</u>

Financial liabilities at fair value through profit or loss include held for trading and designated as at fair value through profit or loss.

Financial liabilities held for trading are measured at fair value and the interest incurred is recognized in financial costs. Other benefits or losses arising from remeasurement are recognized in other benefits and losses. Please refer to Note 23 for the method of determining the fair value.

(2.2) Derecognition of financial liabilities

When derecognizing financial liabilities, the difference between its carrying amount and the paid consideration (including any transferred non cash assets or liabilities assumed) shall be recognized in profit or loss.

(3) Derivative Financial Instruments

The derivative instruments signed by the Company include forward foreign exchange contracts, interest rate swap and cross currency swap, used for interest rate and exchange rate risk management for the Company.

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is signed and are subsequently remeasured at fair value on the balance sheet date. The benefits or losses arising from subsequent measurement are taken directly to profit or loss. However, for derivatives designated as effective hedging instruments, the point at which they are recognized in profit or loss will depend on the nature of the hedging relationship. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

If derivative instruments are embedded in the host contract of an asset within the scope of IFRS 9, the overall contract determines the classification of financial assets. The derivative is treated as a stand-alone derivative if it is embedded in the host contract of an asset that is not within the scope of IFRS 9 (such as embedded in a financial liability host contract), meets the definition of a derivative, does not have risks and characteristics closely related to those of host contracts, and the mixed contracts are not measured at fair value through profit or loss.

o. Provision for liabilities

The amount recognized as a provision for liabilities is the best estimate of the expenditure required to pay off the obligation at the balance sheet date, taking into account the risks and uncertainties of the obligation. Provision for liabilities is measured as the discounted present value of optimal estimated cash flows to pay off obligations.

p. Revenue Recognition

After the Company identifies its performance obligations in contracts with customers, it shall amortize the transaction costs to each obligation in the contract and recognize revenue upon satisfaction of performance obligations.

<u>Commodity sales revenue</u>

Revenue from sale of goods comes from customers who have the right to set prices and use the goods, have the main responsibility for resale, and bear the risk of obsolescence. The Company recognizes revenue and accounts receivable at this point.

While processing of materials supplied by the clients, the control of the ownership of processed products has not been transferred, so revenue is not recognized when receiving materials.

Property sales within the normal business scope are to collect fixed transaction prices in installments and recognize contract liabilities. After considering major financial components, the revenue is recognized when each property is completed and delivered to the buyer.

q. Leases

The Company assesses whether the contract is (or contains) a lease on the date of contract establishment.

(1) The Company as lessor

When the lease clause transfers almost all the risks and benefits incidental to ownership of the asset to the lessee, it is classified as a financial lease. All other leases are classified as operating leases.

In accordance with operating lease standards, lease payments after deduction of lease incentives are recognized as income on a straight-line basis over the relevant lease period. The original direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expenses on a straight-line basis during the lease term. Lease negotiation with the lessee is treated as a new lease from the effective date of lease modification.

Variable lease payments in lease agreement, that don't depend on indexes or rates, are recognized as income in the current period.

When the lease includes both land and building elements, the Company assesses whether almost all the risks and benefits incidental to the ownership of each element have been transferred to the lessee in order to assess the classification of each element as a financial lease or an operating lease.

Lease payments are apportioned to land and buildings based on the relative proportion of the fair value of the land and building lease rights on the date of contract establishment. If the lease payment can be allocated reliably to these two elements, each element is treated according to the applicable lease classification. If the lease payment cannot be allocated reliably between the two elements, then the entire lease is classified as a finance lease. However, if both of these elements clearly meet the operating lease standards, the entire lease is classified as an operating lease.

(2) The Company as lessee

Except for lease payments for low-value underlying asset leases and short-term leases that are subject to the applicable recognition exemption, the lease payments are recognized as expenses on a straight-line basis during the lease period, and other leases are recognized as the right-of-use asset and lease liability starting from commencement of the lease.

The right-of-use asset is initially measured at cost (including the original measured amount of the lease liability, the lease payment paid before commencement of the lease minus the lease incentives for compensation, the original direct cost and the estimated cost of restoring the underlying asset), and subsequently measured at the amount of cost minus accumulated depreciation and accumulated impairment losses, and adjust the remeasurement amount of the lease liability.

Right-of-use assets are depreciated on a straight-line basis from the commencement of the lease to the expiration of the useful life or the expiration of the lease term, whichever is earlier.

The lease liability is initially measured by the present value of lease payments (including fixed payments). If the implicit interest rate of the lease is easily determinable, the lease payment is discounted using that interest rate. If the interest rate is not easily determinable, the incremental borrowing rate of the lessee should be used.

Subsequently, the lease liability is measured on the amortized cost basis using the effective interest method, and the interest expense is amortized during the lease period. For lease modifications that are not treated as separate leases, the remeasurement of the lease liability due to lease scope reduction is to reduce the right-of-use asset and to recognize the profit and loss of the partial or full termination of the lease. The remeasurement of the lease liability due to other modifications is to adjust the right-of-use asset.

The Company negotiates with the lessor for COVID-19 related rent concessions for the adjustment of the rent due before June 30, 2022, resulting in a decrease in rent, and these negotiations did not significantly change other lease terms. The Company chooses to adopt practical expedients to deal with the rent negotiation that meets the aforementioned conditions without assessing whether the negotiation is a lease modification, but recognizes the reduction in lease payments in the profit and loss when the concession event or situation occurs, and relatively reduces the lease liability.

r. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of the respective assets, until such time as the assets are substantially ready for their intended use or sale. The investment income of a specific loan is deducted from the borrowing cost eligible for capitalization if it is the investment income temporarily earned before the occurrence of capital expenditure that meets requirements. All other borrowing costs are recognized in net income in the period in which they are incurred.

s. 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.

Government grants related to income are recognized in the profit and loss on a systematic basis during the period when it is intended to compensate to the expenses accounted by the Company.

If the government grants are used to compensate for the expenses or losses that have occurred, or are for the purpose of providing immediate financial support to the Company and there are no future related costs, they are recognized in the profit and loss during the period when it can be received.

t. Employee Benefits

(1) Short-term employee benefits

Related liabilities for short-term employee benefits are measured by the non-discounted amount expected to be paid in exchange for employee services.

(2) Benefits after retirement

Pension funds that are verified as contribution for retirement plans are recognized as expenses according to the amount of funds contributed to pension in the employee's service period.

The defined cost of benefits under the defined benefit retirement plan (including service cost, net interest, and the remeasurement amount) are calculated based on the projected unit credit method. The service cost (including the service cost of the current period and the net interest of the net defined benefit liabilities or assets) are recognized as employee benefit expenses as they occur. The remeasurement amount (including actuarial gains and losses and the return on plan assets after deducting interest) is recognized in other comprehensive income and presented in retained earnings when it occurs. It shall not be reclassified to profit or loss in subsequent periods.

The net defined benefit liabilities (assets) are the shortfall (surplus) of the defined benefit retirement plan. The net defined benefit assets may not exceed the present value of refund from the plan or reductions in future contributions.

LIHAO INVESTMENT Co., Ltd., LIZAN INVESTMENT Co., Ltd., LEA JIE ENERGY Co., Ltd. and LIBOLON ENTERPRISE Co., Ltd. adopt the method of definite appropriation for retirement.

u. Treasury Shares

The treasury shares are recognized at the purchase cost when LIHAO INVESTMENT Co., Ltd. and LIZAN INVESTMENT Co., Ltd. reacquired these company stocks. When disposing of treasury shares, the price difference generated by the treasury stock exchange is recognized in shareholders' equity.

LEALEA ENTERPRISE Co., Ltd. acquires company stocks within the scope of the law. Before disposition or cancellation of the treasury shares, the costs of recovery or acquisition are listed as the deduction of the equity of shareholders.

When disposing of treasury shares, if the disposal price is higher than the carrying value, the difference is adjusted to capital reserve-treasury shares. If the disposal price is lower than the carrying value, the difference shall offset the capital reserve generated by the same type of treasury stock exchange. If it is insufficient, the retained earnings shall then be offset.

v. Income Tax

Income tax expense is the aggregate amount current tax and deferred tax.

(1) Current income tax

The Company determines the current income (loss) in accordance with the laws and regulations established by each income tax reporting jurisdiction, and calculates the payable (recoverable) income tax based on it.

The undistributed surplus calculated in accordance with the provisions of the Income Tax Law of the Republic of China is subject to additional income tax, and the annual recognition is determined in accordance with the resolution of the shareholders meeting.

Adjustments to income tax payable in previous years are included in current income tax.

(2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the individual financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, net operating loss carry forwards or machinery and equipment purchased, and tax credits for research and development expenses and other expenses recognized when they are utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed on every balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed on every balance sheet date and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

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

(3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. If the current income tax or deferred income tax is generated from a business combination, the income tax impact is included in the accounting treatment of the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

In the application of the aforementioned Company’s accounting policies, the management of the Company is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The management shall review the estimates and underlying assumptions on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Critical Accounting Judgments Related to Associates

The Company holds 25.63% of the shares of Li Peng Enterprise Company Limited (hereinafter referred to as "Li Peng Enterprise") and is its largest shareholder. The assessment of various indicators identifies that the Company does not have the right to lead the relevant activities of Li Peng Enterprise, cannot appoint more than half of the members of its governance unit, and therefore has no control over Li Peng Enterprise. As such, the management of the Company concludes that the Company only has a significant influence on Li Peng Enterprise and therefore listed it as an associate of the Company.

6. CASH AND CASH EQUIVALENTS

	December 31, 2023	December 31, 2022
Cash on hand and working fund	$ 718	$ 648
Bank cheques and demand deposits	110,603	79,197
Foreign currency deposits	254,028	207,064
Bank foreign currency time deposits with original maturity within 3 months	495,579	1,096,023
Short-term bill	214,935	113,220
	$ 1,075,863	$ 1,496,152

As of December 31, 2022, bank time deposits with an original maturity date of more than three months were NT$88,160 thousand, accounted as other current financial assets.

7. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2023	December 31, 2022
Mandatory to measure at fair value through profit and loss－Current		
Derivative financial assets (not under hedge accounting)		
－Foreign exchange swap contracts	$ -	$ 14,875
Non-derivative financial assets		
－Domestic publicly traded stocks	72,855	83,340
－Domestic open-end fund	158,217	-
	$ 231,072	$ 98,215
Mandatory to measure at fair value through profit and loss－Noncurrent		
Non-derivative financial assets		
－Foreign non-publicly traded common stocks	$ 373	$ 373
Financial liability at fair value through profit or loss－Current		
Derivative financial assets (not under hedge accounting)		
－Foreign exchange swap contracts	$ 70,416	$ 111

(a) At the end of the year, outstanding foreign exchange swap contracts not under hedge accounting were as follows:

December 31, 2023

Currency	Maturity Date	Contract Amount (In Thousands)	Exchange Rate
USD/NTD	113.01.08~113.02.20	USD130,000 / NTD4,049,110	30.851~31.355

December 31, 2022

Currency	Maturity Date	Contract Amount (In Thousands)	Exchange Rate
USD/NTD	112.01.09~112.02.06	USD130,000 / NTD3,970,999	30.37~30.617

The Company entered into foreign exchange swap contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

(b) The current financial assets and liabilities at fair value through profit and loss in 2023 and 2022 are assessed as NT$83,771 thousand in losses and NT$13,374 thousand in gains.

8. NOTES AND ACCOUNTS RECEIVABLE

	December 31, 2023	December 31, 2022
Notes receivable		
At amortized cost		
Total carrying amount	$ 55,323	$ 75,418
Notes receivable -related parties (Note 26)	106,244	87,711
Less: Loss allowance	(392)	(582)
	$ 161,175	$ 162,547
Account receivable		
At amortized cost		
Total carrying amount	$ 383,930	$ 497,954
Accounts receivable-related parties (Note 26)	90,217	96,494
Less: Loss allowance	(3,872)	(7,408)
	$ 470,275	$ 587,040

Account Receivable

In principle, the payment term granted by the Company to customers is due 30 days to 120 days from the end of the month, and no interest is accrued on accounts receivable. Aside from recognizing impairment loss for credit-impaired accounts receivable, the Company recognizes loss allowance based on the expected credit loss ratio of customers by different risk levels with consideration of factors of historical loss ratios and customers' financial conditions, competitiveness and business outlook.

To lower the credit risk, the management of the Company appoints a dedicated team to handle decisions on credit limits, credit approval, and other monitoring procedures for ensuring that appropriate actions are taken to recover overdue receivables.

In addition, the Company would review the recoverable amount of each receivable on the balance sheet dates to ensure that impairment loss is recognized for unrecoverable receivables. As such, the management of the Company concludes that the credit risk of the Company is significantly reduced.

The Company assesses the allowances for losses for notes and accounts receivable (excluding related parties) on balance sheet date as follows:

December 31, 2023

	Within 30 days	31 to 60 days	61 to 90 days	91 to 120 days	Over 121 days	Total
Expected credit loss rate	0.25%~1%	0.5%~3%	0.5%~10%	0.5%~50%	0.5%~100%	
Total carrying amount	$ 332,466	$ 57,506	$ 38,147	$ 5,401	$ 5,733	$ 439,253
Loss allowance (expected credit loss over the period)	(2,514)	(1,351)	(267)	(103)	(29)	(4,264)
Amortized cost	$ 329,952	$ 56,155	$ 37,880	$ 5,298	$ 5,704	$ 434,989

December 31, 2022

	Within 30 days	31 to 60 days	61 to 90 days	91 to 120 days	Over 121 days	Total
Expected credit loss rate	0.25%~1%	0.5%~3%	0.5%~10%	0.5%~50%	0.5%~100%	
Total carrying amount	$ 378,907	$ 100,211	$ 50,218	$ 29,895	$ 14,141	$ 573,372
Loss allowance (expected credit loss over the period)	(3,869)	(2,745)	(567)	(738)	(71)	(7,990)
Amortized cost	$ 375,038	$ 97,466	$ 49,651	$ 29,157	$ 14,070	$ 565,382

Information regarding changes in the allowance for losses of notes and Accounts receivable is as follows:

	2023	2022
Balance, beginning of year	$ 7,990	$ 8,558
Add: Provision for impairment loss of the current year	-	2,500
Add: Transfer from overdue receivable	(3,841)	(3,008)
Less: Reversal on impairment loss	115	(60)
Less: Transfer to overdue receivable	$ 4,264	$ 7,990

Please refer to Notes 17 and 27 for the amount of accounts receivable that the Company has pledged for loan guarantee.

9. INVENTORIES

(a) The inventory details related to textile business, retail business, and wholesale business are as follow:

	December 31, 2023	December 31, 2022
Merchandise	$ 126,971	$ 309,388
Finished goods	1,220,084	1,821,791
Work in process	156,168	206,796
Raw materials	502,558	563,122
Inventory in transit	336,145	136,177
	$ 2,341,926	$ 3,037,274

As of 2023 and 2022, the costs of goods sold related to the inventories of textile business were NT$7,472,527 thousand and NT$10,106,541 thousand, respectively.

As of 2023 and 2022, the costs of goods sold related to the inventories of retail and wholesale businesses were NT$737,600 thousand and NT$1,079,178 thousand, respectively.

The costs of goods sold related to textile, retail, and wholesale businesses in 2023 and 2022 including gains and loss on inventory value were NT$62,109 thousand in gain and NT$110,288 thousand in loss, respectively.

The gain in the net realizable value of inventories in 2023 was mainly due to the removal of inventories that were originally listed as depreciation losses and the recovery in market prices.

Please refer to Notes 17 and 27 for the amount that the Company sets as pledge for loan guarantee.

(b) The inventory related to construction business:

	December 31, 2023	December 31, 2022
Construction land	$ -	$ 885,533
Premises under construction	970,631	-
Construction volume	-	10,797
Parking spaces for sales	-	-
	$ 970,631	$ 896,330

(1) Parking spaces for sale are mechanical or flat parking spaces jointly held by Rich Development Company Limited, each accounting for one-half of the rights. As of December 31, 2023 and 2022, the allowance for reduction of inventory to market for the construction business were NT$12,968 thousand.

(2) The operating cost in 2022 is NT$ 0 thousand, which is the net amount of the construction inventory recovery benefit of NT$2,734 thousand and the sale cost of NT$2,734 thousand. Due to the contract the Company signed with Rich Development Co., Ltd. for NT$7,000 thousand (tax included) in April 2022, and generated NT$4,183 thousand in disposal benefits for selling a part of parking spaces.

10. **Financial assets measured at fair value through other comprehensive profits and losses**

	December 31, 2023	December 31, 2022
Non-current		
Foreign investment		
Bond investment－TSMC Arizona Bonds	$ 16,719	$ -

For information on credit risk management and impairment assessment related to debt instrument investments measured at fair value through other comprehensive profit or loss, please refer to Note 11.

11. Credit risk management of debt instrument investment

The debt instruments invested by the consolidated company are financial assets measured at fair value through other comprehensive profit or loss.：

	December 31, 2023	December 31, 2022
Total carrying amount	$ 18,203	$ -
Allowance for losses	-	-
	18,203	-
fair value adjustment	(1,484)	-
	$ 16,719	$ -

The policy adopted by the merged company is to only invest in debt instruments with a credit rating of investment grade or above (inclusive) and with low credit risk in the impairment assessment, and to evaluate the debt instrument investment from the original recognition based on market conditions and significant information about the debtor whether the credit risk increases significantly after listing.

The combined company considers the historical loss given default rate of each grade provided by external rating agencies, the current financial situation of the debtor and the outlook of the industry in which it operates to measure the expected credit losses of debt instrument investments.

12. INVESTMENTS in SUBSIDIARIES

(a) The consolidated financial statements are mainly prepared by the entities as follows:

Investment Company Name	Subsidiary Name	Business Nature	Percentage of Equity Held December 31, 2023	Percentage of Equity Held December 31, 2022
LEALEA ENTERPRISE Co., Ltd.	LIHAO INVESTMENT Co., Ltd	Equity investment related business	53.38%	53.38%
LEALEA ENTERPRISE Co., Ltd.	LIZAN INVESTMENT Co., Ltd	Equity investment related business	53.17%	53.17%
LEALEA ENTERPRISE Co., Ltd.	LEA JIE ENERGY Co., Ltd.	Coal wholesaling and retailing business	70.00%	70.00%
LEALEA ENTERPRISE Co., Ltd.	LIBOLON ENTERPRISE Co., Ltd.	Sporting and recreation goods wholesaling and retailing business	100.00%	100.00%
LEALEA ENTERPRISE	PT. INDONESIA LIBOLON FIBER	Manufacturing and sales of weaving, dyeing and finishing,	70.00%	70.00%

Co., Ltd	SYSTEM	processing of artificial fiber fabrics.		
LEA JIE ENERGY Co., Ltd.	VIRTUE ELITE Ltd.	Coal wholesaling and retailing business	99.61%	99.61%

(b) Among the subsidiaries included in the consolidated financial statements, the 2023 and 2022 financial statement of PT. INDONESIA LIBOLON FIBER SYSTEM is audited by the other accountants instead of the certified accountant of the Company.

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investment in Associates

	December 31, 2023	December 31, 2022
Significant associate		
LI PENG ENTERPRISE Co., Ltd.	$ 2,451,766	$ 2,515,710
LEALEA TECHNOLOGY Co., Ltd.	251,834	223,693
Individually insignificant associates	2,135,774	2,112,235
	$ 4,839,374	$ 4,851,638

(a) Significant associate

	Percentage of Equity and Voting Rights Held	
Investee Company Name	December 31, 2023	December 31, 2022
LI PENG ENTERPRISE Co., Ltd.	25.63%	25.26%
LEALEA TECHNOLOGY Co., Ltd.	28.51%	29.05%

Please refer to "Information on Investees, Locations, etc." in Table 7 for information on the nature of business, its area of operations, and country of company registry of the above associates.

The information of the quoted price in active markets of associates, the level 1 fair value measurement, is as follows:

Investee Company Name	December 31, 2023	December 31, 2022
LI PENG ENTERPRISE Co., Ltd.	$ 1,849,622	$ 1,771,728
RICH DEVELOPMENT Co., Ltd.	$ 504,402	$ 455,976

The Company adopts the equity method to measure all the above-mentioned associates.

The following summary financial information is prepared on the basis of each associate's consolidated financial statements in accordance with IFRSs, and has reflected the adjustments made when the equity method is adopted.

LI PENG ENTERPRISE Co., Ltd.

	December 31, 2023	December 31, 2022
Current assets	$ 7,557,279	$ 7,566,728
Noncurrent assets	10,684,546	11,059,144
Current liabilities	(6,739,395)	(6,798,491)
Noncurrent liabilities	(2,205,671)	(2,178,259)
Equity	9,296,759	9,649,122
Add: Treasury Stock Adjustment	289,292	330,507
	$ 9,586,051	$ 9,979,629
Shareholding ratio of the Group Company	25.63%	25.26%
Equity attributable to the Group Company	$ 2,457,267	$ 2,520,312
Unrealized profits and losses of upstream transactions	(5,501)	(4,602)
Investment carrying amount	$ 2,451,766	$ 2,515,710

	2023	2022
Operating revenue	$ 8,996,009	$ 10,795,406
Net income (loss) of this period	($ 463,801)	($ 33,822)
Other comprehensive income and loss	109,265	(163,422)
Total comprehensive income and loss	($ 354,536)	($ 197,244)

LEALEA TECHNOLOGY Co., Ltd.

	December 31, 2023	December 31, 2022
Current assets	$ 1,446,066	$ 1,485,690
Noncurrent assets	335,722	329,461
Current liabilities	(897,618)	(1,044,323)
Noncurrent liabilities	(945)	(874)
	$ 883,225	$ 769,954
Shareholding ratio of the Group Company	28.51%	29.05%
Investment carrying amount	$ 251,834	$ 223,693

	2023	2022
Operating revenue	$ 3,216,941	$ 2,770,544
Net income (loss) of this period	$ 170,317	$ 138,432

(b) Summary information of individually insignificant associates

	2023	2022
Share of the Company		
Continuing operation net income of this period	($ 12,524)	($ 15,490)
Other comprehensive income and loss	40,319	(143,462)
Total comprehensive income and loss	$ 27,795	($ 158,952)

The recognition of share for both the profits and losses of the Company's investments accounted for using the equity method and other comprehensive profits and losses is based on the financial statements of each associate audited by accountants during the same period. Among them, the financial statements of Rich Development Company Limited, Fuli Express Co., Ltd. and Hong Kang Shipping Co., Ltd. are audited by the other accountants, instead of the Company's certified accountant.

Please refer to Note 17 and 27 for the investment amount related to associates that the Company set pledge as loan guarantee. However, the quota was not used on December 31, 2023 and 2022.

14. PROPERTY, PLANT AND EQUIPMENT

	December 31, 2023	December 31, 2022
Owned land	$ 2,322,881	$ 2,300,435
Buildings	1,002,625	1,072,698
Machinery Equipment	1,955,201	2,209,017
Transportation Equipment	20,140	21,623
Other Equipment	150,790	155,662
Leased Assets	835,992	837,237
Equipment awaiting Examination	628,477	202,954
	$ 6,916,106	$ 6,799,626

	Owned land	Buildings	Machinery Equipment	Leased Assets	Transportation Equipment	Other Equipment	Equipment awaiting Examination	Total
Cost								
Balance at January 1, 2022	$ 2,376,835	$ 2,712,040	$ 11,313,611	$ 970,374	$ 118,898	$ 1,767,686	$ 293,345	$ 19,552,789
Additions	-	20,667	272,553	-	2,789	14,419	221,021	531,449
Disposals	-	(125)	(302,184)	-	(2,381)	(5,584)	-	(310,274)
Net exchange differences	5,093	1,327	5,327	-	115	617	(442)	12,037
Transfers	(78,314)	(70,185)	177,458	10,606	(2,790)	6,625	(310,970)	(267,570)
Balance at December 31, 2022	$ 2,303,614	$ 2,663,724	$ 11,466,765	$ 980,980	$ 116,631	$ 1,783,763	$ 202,954	$ 19,518,431
Accumulated depreciation and impairment								
Balance at January 1, 2022	$ 3,179	$ 1,638,202	$ 9,070,541	$ 132,320	$ 90,985	$ 1,573,315	$ -	$ 12,508,542
Disposals	-	(49)	(301,487)	-	(2,381)	(5,584)	-	(309,501)
Impairment loss	-	-	71	-	-	-	-	71
Depreciation	-	84,175	487,615	7,667	9,082	60,446	-	648,985
Net exchange differences	-	268	1,008	-	58	(76)	-	1,258
Transfers	-	(131,570)	-	3,756	(2,736)	-	-	(130,550)
Balance at December 31, 2022	$ 3,179	$ 1,591,026	$ 9,257,748	$ 143,743	$ 95,008	$ 1,628,101	$ -	$ 12,718,805
Carrying amounts at December 31, 2022	$ 2,300,435	$ 1,072,698	$ 2,209,017	$ 837,237	$ 21,623	$ 155,662	$ 202,954	$ 6,799,626
Cost								
Balance at January 1, 2023	$ 2,303,614	$ 2,663,724	$ 11,466,765	$ 980,980	$ 116,631	$ 1,783,763	$ 202,954	$ 19,518,431
Additions	6,207	5,140	151,852	-	11,721	16,218	599,402	790,540
Disposals	-	(1,638)	(1,027,783)	(2,790)	(1,594)	(9,325)	-	(1,043,130)
Net exchange differences	16,239	5,810	23,805	-	227	2,304	(6,671)	41,714
Transfers	-	19,015	22,478	11,710	(6,911)	13,163	(167,208)	(107,753)
Balance at December 31, 2023	$ 2,326,060	$ 2,692,051	$ 10,637,117	$ 989,900	$ 120,074	$ 1,806,123	$ 628,477	$ 19,199,802
Accumulated depreciation and impairment								
Balance at January 1, 2023	$ 3,179	$ 1,591,026	$ 9,257,748	$ 143,743	$ 95,008	$ 1,628,101	$ -	$ 12,718,805
Disposals	-	(1,638)	(1,023,515)	(2,790)	(1,594)	(9,324)	-	(1,038,861)
Impairment loss	-	-	347	-	-	-	-	347
Depreciation	-	81,504	439,282	7,999	7,339	55,196	-	591,320

Net exchange differences	-	2,069	8,054	-	187	1,775	-	12,085
Transfers	-	16,465	-	4,956	(1,006)	(20,415)	-	-
Balance at December 31, 2023	$ 3,179	$ 1,689,426	$ 8,681,916	$ 153,908	$ 99,934	$ 1,655,333	$ -	$ 12,283,696
Carrying amounts at December 31, 2023	$ 2,322,881	$ 1,002,625	$ 1,955,201	$ 835,992	$ 20,140	$ 150,790	$ 628,477	$ 6,916,106

(a) The property, plant, and equipment of the Company are depreciated on a straight-line basis based on the following durability years:

Buildings	
Office Building and Plant	25-40 years
Warehouse	10-25 years
Hydroelectric Engineering	10-20 years
Maintenance and Repair Engineering	3-10 years
Machinery Equipment	
Machinery Engineering	5-15 years
Electrical Engineering	5-9 years
Maintenance and Repair Engineering	2-5 years
Transportation Equipment	
Lifts and Elevators	10-15 years
Fork Lift and Pallet Truck	5-6 years
Other Equipment	
Power Equipment	9-15 years
Engineering Facilities	5-15 years
Other Facilities	5-10 years
Maintenance and Repair Engineering	2-5 years

(b) Please refer to Note 17 and 27 for the amount related to property, plant, and equipment that the Company set pledge as loan guarantee.

	December 31, 2023	December 31, 2022
Land, Buildings, and Machinery Equipment	$ 3,879,973	$ 3,829,232

(c) LEALEA ENTERPRISE signed a contract with its related party, LI LING Film Co., Ltd., in March 2023 to purchase a building located in Fangyuan Township, Changhua County. After acquisition, the building will be leased to the related party, LI LING Film Co., Ltd. , the lease period is from June 2023 to May 2058, totaling 35 years. The transaction was identified in accordance with the requirements of IFRS15 and the nature of the transaction should be financing. Therefore, the accounting treatment was handled in the form of financing. Separate accounts were accounted for on December 31, 2023. Other non-current assets - long-term receivables of NT$ 415,749 thousand and other financial assets - current of NT$ 9,047 thousand are included. For relevant information, please refer to Note 26 and Table 3.

15. LEASE ARRANGEMENTS

(a) Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying amounts		
Lands	$ 188	$ 366
Buildings	18,993	34,100
	$ 19,181	$ 34,466

	2023	2022
Additions to right-of-use assets	$ 1,708	$ 38,444
Depreciation of right-of-use assets		
Lands	$ 189	$ 183
Buildings	16,841	12,631
	$ 17,030	$ 12,814

Except for the recognition of depreciation expense, there were no material subleases or impairments of the company's right-of-use assets as in 2023 and 2022.

(b) Lease liabilities

	December 31, 2023	December 31, 2022
Carrying amounts		
Current portion	$ 16,882	$ 17,605
Noncurrent portion	$ 2,701	$ 17,681

Ranges of discount rates for lease liabilities are as follows:

	December 31, 2023	December 31, 2022
Lands	1.4749%	1.4749%
Buildings	1.3063%~8.75%	1.3063%~8.75%

(c) Other lease information

	2023	2022

	2023	2022
Expenses relating to short-term leases	$ 10,001	$ 15,063
Total cash (outflow) for leases	($ 27,823)	($ 27,482)

16. Investment property

	Lands	Buildings	Total
Cost			
Balance at January 1, 2023	$ 277,077	$ 209,284	$ 486,361
Increased	-	6,150	6,150
Net exchange differences	-	1,234	1,234
Balance at December 31, 2023	$ 277,077	$ 216,668	$ 493,745
Accumulated depreciation and impairment			
Balance at January 1, 2023	$ -	$ 150,068	$ 150,068
Depreciation	-	5,263	5,263
Net exchange differences	-	273	273
Balance at December 31, 2023	$ -	$ 155,604	$ 155,604
Carrying amounts at December 31, 2023	$ 277,077	$ 61,064	$ 338,141
Cost			
Balance at January 1, 2022	$ 204,728	$ 125,660	$ 330,388
Transfers to property, plant and equipment	72,349	83,241	155,590
Net exchange differences	-	383	383
Balance at December 31, 2023	$ 277,077	$ 209,284	$ 486,361
Accumulated depreciation and impairment			
Balance at January 1, 2022	$ -	$ 14,049	$ 14,049
Depreciation	-	5,464	5,464
Transfers to property, plant and equipment	-	130,550	130,550
Net exchange differences	-	5	5
Balance at January 1, 2022	$ -	$ 150,068	$ 150,068
Carrying amounts at December 31, 2022	$ 277,077	$ 59,216	$ 336,293

(a) The investment property is depreciated on a straight-line basis based on the following durability years:

Main buildings	2~35 years

(b) The investment property of the company has not been evaluated by independent evaluators, and is only evaluated by the management of the company with reference to the market conditions of nearby real estate transaction prices. The appraisal result shows that the property value of the investment property is NT$1,058,199 thousand as of December 31, 2023.

(c) Please refer to Notes 17 and 27 for the amount of investment real estate pledged by the merged company as loan security.

	December 31, 2023	December 31, 2022
Lands and buildings	$ 278,651	$ 279,021

17. BORROWINGS

(a) Short-term loans

	December 31, 2023	December 31, 2022
Secured bank loans		
Bank loans	$ 2,360,000	$ 2,330,000
Unsecured bank loans		
Credit limit loans	1,040,000	1,410,000
	$ 3,400,000	$ 3,740,000

The interest rates of bank revolving loans were 1.63% - 1.73% and 1.1537% - 2.23% as of December 31, 2023 and 2022, respectively.

The interest rates of secured bank loans were 1.7% - 1.8338% and 1.54856% - 1.65% on December 31, 2023 and 2022, respectively.

The short-term loans on December 31, 2023 and 2022 were collateral for property, account receivable, inventory, plant and equipment, investment property. Please refer to Notes 8, 9, 14, 16 and 27.

(b) Short-term bills payable－Commercial paper

	December 31, 2023	
Guarantee Agency	Interest Rate	Carrying Amount
Unsecured		
International Bills Finance Corporation	1.55%	$ 30,000

	December 31, 2022	
Guarantee Agency	Interest Rate	Carrying Amount
Unsecured		
Taiwan Cooperative Financial Holding Co., Ltd., TAIWAN Finance Coporation, International Bills Finance Corporation	1.69%~1.89%	$ 350,000

(c) Long-term loans

	Interest Rate	December 31, 2023	December 31, 2022
Long-term bank loans			
BANK OF TAIWAN			
The total amount of secured loans dated as April 29, 2022 to February 24, 2029 is NT$700 million. The loan will be allocated once or in installments within two years after the contract, and the interest will be paid monthly. The repayment of the first installment started on August 24, 2024. After that, every 6 months is one installment, and will be amortized evenly in 10 installments.	1.982%	$ 700,000	$ 400,000
EXPORT-IMPORT BANK OF THE REPUBLIC OF CHINA			
The total amount of credit loans dated as March 8, 2021 to March 8, 2026 is NT$400 million. Five years from disbursement date, the interest must be made on the twenty-first day of every 3 months. The repayment of the first installment started on September 8, 2022. After that, every 6 months is one installment, and the principal will be amortized evenly in 8 installments.	2.1505%	250,000	350,000
EXPORT-IMPORT BANK OF THE REPUBLIC OF CHINA			
The total amount of credit loans dated as June 16, 2023 to June 16, 2028 is NT$300 million. Five years from disbursement date, the interest must be made on the twenty-first day of every 3 months. The repayment of the first installment started on December 16, 2024. After that, every 6 months is one installment, and the principal will be amortized evenly in 8 installments.	2.1512%	300,000	-
KGI BANK Co., Ltd.			
The total amount of credit loans for dated as September 15, 2022 to November 2, 2023 is NT$300 million, with interest paid per month. The extension period of each loan shall not exceed 4	2.04733%	-	300,000

months. Each loan shall be repaid at the expiration date and may be used in revolving. The loan has been paid off in advanced on January, 2023.			
KGI BANK Co., Ltd.			
The total amount of credit loans for dated as November 2, 2023 to November 2, 2025 is NT$300 million, with interest paid per month. The extension period of each loan shall not exceed 4 months. Each loan shall be repaid at the expiration date and may be used in revolving.	1.98378%	$ 300,000	$ -
		1,550,000	1,050,000
Less: Portion of current liabilities due within one year		(207,500)	(100,000)
		$ 1,342,500	$ 950,000

For collateral for long-term loans, please refer to Notes 14, 16 and 27.

18. RETIREMENT BENEFIT PLANS

(a) Defined contribution plans

The plan under the R.O.C. Labor Pension Act (the "Act") managed by the government is deemed a defined contribution plan. Pursuant to the Act, LEALEA ENTERPRISE and its domestic subsidiaries have made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts.

Foreign subsidiaries allocate pension funds to relevant pension management projects in accordance with local laws and regulations.

(b) Defined benefit plans

LEALEA ENTERPRISE has defined benefit plans under the R.O.C. Labor Standards Law that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The Company contributes an amount equal to 2% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year, the Company assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by Bureau of Labor Funds (MOL); as such, the Company does not have any right to intervene in the investments of the Funds.

Amounts recognized in respect of these defined benefit plans, included in the consolidated balance sheet, were as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	$ 435,188	$ 450,350
Fair value of plan assets	(151,568)	(142,893)
Net defined benefit liability	$ 283,620	$ 307,457

Movements in the present value of the net defined benefit liabilities or assets were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liability (Asset)
Balance as of January 1, 2022	$ 475,507	($ 124,066)	$ 351,441
Service cost			
Past service cost	2,849	-	2,849
Current service cost	11,170	-	11,170
Interest expense (income)	6,950	(805)	6,145
Recognized in profit and loss	20,969	(805)	20,164
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	-	(8,668)	(8,668)
Actuarial loss (gain) arising from			
－Changes in demographic assumptions	10	-	10
－Changes in financial assumptions	(33,754)	-	(33,754)
－Experience adjustments	11,589	-	11,589
Components of defined benefit costs recognized in other comprehensive income	(22,155)	(8,668)	(30,823)
Contributions from employer	-	(25,199)	(25,199)
Benefits paid	(20,517)	15,845	(4,672)
Exchange difference	(3,454)	-	(3,454)
Balance as of December 31, 2022	$ 450,350	($ 142,893)	$ 307,457
Balance as of January 1, 2023	$ 450,350	($ 142,893)	$ 307,457
Service cost			
Past service cost	1,432	-	1,432
Current service cost	11,004	-	11,004
Interest expense (income)	9,845	(2,031)	7,814
Recognized in profit and loss	22,281	(2,031)	20,250
Remeasurement			
Return on plan assets (excluding amounts included in net interest expense)	-	(1,002)	(1,002)
Actuarial loss (gain) arising from			
－Changes in demographic assumptions	-	-	-
－Changes in financial assumptions	$ 5,757	$ -	$ 5,757
－Experience adjustments	(25,064)	-	(25,064)
Components of defined benefit costs recognized in other	(19,307)	(1,002)	(20,309)

comprehensive income			
Contributions from employer	-	(23,371)	(23,371)
Benefits paid	(19,650)	17,729	(1,921)
Exchange difference	1,514	-	1,514
Balance as of December 31, 2023	$ 435,188	($ 151,568)	$ 283,620

The amount of the defined benefit plans was recognized in profit or loss, according to the function categories summarized as follows:

	2023	2022
Cost of revenue	$ 17,328	$ 17,374
Marketing expenses	1,327	1,361
General and administrative expenses	1,435	1,265
Research and development expenses	160	164
	$ 20,250	$ 20,164

Through the defined benefit plans under the R.O.C. Labor Standards Law, the Company is exposed to the following risks:

(1) Investment risk: The pension funds are invested in domestic or foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of Bureau of Labor Funds (MOL). However, the allocable amount of the plan assets shall be calculated no less than the average interest rate on a two-year time deposit published by the local banks.

(2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation, but the return on debt investments of plan assets will increase accordingly, and both of them have the partial offset effect on the influence of the net defined benefit liabilities.

(3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions of the actuarial valuation were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.25%~6.9%	1.375%~7.4%
Long-term average salary increase rate	2.5%~10%	2.5%~10%

If reasonably possible changes occur in major actuarial assumptions while all other assumptions remain unchanged, the present value of defined benefit obligations will increase (decrease) as follows:

	December 31, 2023	December 31, 2022
Discount rate		
Increase by 0.25%	(\$ 27,462)	(\$ 25,081)
Decrease by 0.25%	\$ 30,618	\$ 27,680
Expected average salary increase rate		
Increase by 0.25%	\$ 30,288	\$ 26,879
Decrease by 0.25%	(\$ 27,308)	(\$ 24,895)

As actuarial assumptions may be related to one another, the likelihood of fluctuation in a single assumption is not high. Therefore, the aforementioned sensitivity analysis may not reflect the actual fluctuations of the present value of defined benefit obligations.

	December 31, 2023	December 31, 2022
Expected appropriation amount within 1 year	\$ 25,730	\$ 23,453
Average maturity period of defined benefit obligations	9.4~19.8 years	10 ~17.82 years

19. EQUITY

(a) Capital

Common stocks

	December 31, 2023	December 31, 2022
Authorized shares (in thousands)	1,200,000	1,200,000
Authorized capital	\$ 12,000,000	\$ 12,000,000
Number of shares issued and fully paid (in thousand shares)	995,595	957,303
Issued capital	\$ 9,955,950	\$ 9,573,029

(1) After transferred its surplus to capital increase of 382,921 thousand yuan in August 2023, as of December 31, 2023, the paid-in capital of the Company was NT\$9,955,950 thousand, divided into 995,595 thousand shares, each with a par value of NT\$10, all of which were common stocks.

(2) A holder of issued common shares with par value of NT\$10 per share is entitled to vote and to receive dividends.

(b) Capital surplus

December 31, 2023	December 31, 2022

Treasury share transactions	$ 26,122	$ 26,122
Changes in capital surplus of associates accounted for using equity method	66,580	65,691
Acquisition from the difference between the equity price and carrying amount of the subsidiaries)	4,518	4,518
	$ 97,220	$ 96,331

The capital surplus generated from the excess of the issuance price over the par value of capital stock (including the stock issued for new capital, treasury stock transactions, and acquisition or disposition from the difference between the equity price and carrying amount of the subsidiaries) may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or stock dividends up to a certain percentage of the Company's paid-in capital. However, the capital replenishment is restricted to a certain ratio of paid-in capital each year.

The capital surplus from the investments accounted for using equity method may not be used for other purposes, except for a deficit offset.

(c) Retained earnings and dividend policy

According to the regulations on earnings distribution in the Articles of Incorporation of the Company, in the event of surplus earnings after closing of annual accounts, losses incurred in preceding years shall be compensated first. Then, 10% of the remainder surplus shall be set aside as legal capital reserve in accordance with the law. However, in the event that the accumulated legal capital reserve is equivalent to or exceeds the Company's total paid-in capital, such allocation may be exempted. The remainder may be set aside or reversed as special surplus reserve in accordance with laws and regulations. If there are remaining earnings, the Board of Directors shall draft an earnings distribution proposal regarding the remainder of the earnings as well as accumulated undistributed surplus at the beginning of the year, at which the 0% to 100% distributable surplus may be set aside, for approval at the shareholders' meeting. Among them, the cash dividend shall not be less than 5% of the total dividend. However, if the cash dividend per share does not reach NT$ 0.1, distribution of earnings may be made by way of stock dividend. Due to the volatile industrial environment and the development of diversification, the Board of Directors may have distribution of earnings to be made by way of stock dividend totally after considering the current operating conditions and the capital budget. Please refer to Note 20 (7) Employee remuneration and remuneration for Directors and Supervisors for the distribution policy for remuneration for employees, Directors, and Supervisors in the Articles of Incorporation of the Company.

LEALEA ENTERPRISE's shareholders' general meetings on June 29, 2023 and June 24, 2022, and the resolutions passed the 2022 and 2021 earnings distribution proposals as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	2022	2021	2022	2021
Legal reserve	$ 51,638	$ 37,121	$ -	$ -
Legal special reserve	19,672	-	-	-
Cash dividends	-	287,191	-	0.3
Stock dividends	382,921	-	0.4	-

The company's board of directors proposed a loss appropriation plan for 2023 on March 15, 2024. The proposal to make up for losses in 2023 is yet to be resolved at the regular shareholders' meeting expected to be held in June 2024.

The legal capital reserve is supplemented until the balance equals the Company's total paid-in capital. The legal capital reserve may be used to make up for losses. When the Company has no loss, the portion of the legal capital reserve that exceeds 25% of the total paid-in capital may be appropriated in cash in addition to being transferred to capital stock.

(d) Non-controlling interests

	2023	2022
Balance, beginning of year	$ 1,330,277	$ 1,187,124
Shares attributable to non-controlling interests		
Net income (loss) in this period	(41,688)	(21,180)
Adjustments to share changes in capital surplus of associates, accounted for using equity method	(261)	67
Share of other comprehensive profits (loss) of associates, accounted for using equity method	15,571	(5,995)
Acquisition of cash dividends from the subsidiaries	-	(11,070)
The non-controlling interests changes of the subsidiary's cash capital increase not recognized according to the shareholding ratio	-	1,301
Non-controlling interests increased by increased cash capital of subsidiaries	-	180,030
Balance, end of year	$ 1,303,899	$ 1,330,277

(e) Treasury stocks

The changes in the number of treasury shares of the Company in 2023 and 2022 are illustrated below:

2023				
Withdrawal Reason	Number of Shares, Beginning of Year	Increase in Current Period	Decrease in Current Period	Number of Shares, End of Year
Shares of parent company held by subsidiaries	10,774,028	430,961(Note)		11,204,989

2022				
Withdrawal Reason	Number of Shares, Beginning of Year	Increase in Current Period	Decrease in Current Period	Number of Shares, End of Year
Shares of parent company held by subsidiaries	10,774,028	-	-	10,774,028

Note： Stock dividends

The purpose of holding the Parent Company's shares by the subsidiaries is to protect shareholders' rights and interests. The relevant information is illustrated below:

Name of Subsidiary	Number of Shares Held	Transfer Amount of Treasury Stock
December 31, 2023		
LIHAO INVESTMENT Co., Ltd.	4,859,559	$ 11,842
LIZAN INVESTMENT Co., Ltd.	6,345,430	16,628
		$ 28,470
December 31, 2022		
LIHAO INVESTMENT Co., Ltd.	4,672,653	$ 11,842
LIZAN INVESTMENT Co., Ltd.	6,101,375	16,628
		$ 28,470

LEALEA ENTERPRISE accounted NT$28,470 thousand in treasury stocks on December 31, 2023 and 2022, which is the amount of parent company shares held by LIHAO INVESTMENT Company Limited and LIZAN INVESTMENT Company Limited and transferred as treasury stocks. The transfer amount has been adjusted in accordance with the comprehensive shareholding ratio of LEALEA ENTERPRISE in its subsidiaries. The market price of the Company on December 31, 2023 was NT$10.35 per share.

The treasury stocks held by the Company shall not be pledged in accordance with the provisions of the Securities Exchange Law, nor shall it entitled to the rights of dividend distribution and voting. The shares held by LIHAO INVESTMENT and LIZAN

INVESTMENT are treated as treasury stocks, except that they are not allowed to participate in the cash capital increase of the Company and have no voting rights, and the rest of rights are the same as general shareholders.

20. INCOME FROM CONTINUING OPERATIONS

(a) Interest income

	2023	2022
Bank deposits	$ 42,520	$ 31,643
Interest on borrowings of related parties	9,800	1,890
Long-term interest income receivable	4,413	-
Interest on debt instruments	700	-
Interest income－Others	8,740	2,258
	$ 66,173	$ 35,791

(b) Other income

	2023	2022
Rental income		
Rental income from operating lease	$ 92,057	$ 80,721
Dividend income	1,190	2,508
Lease modification benefit	-	38
Others	93,123	79,297
	$ 186,370	$ 162,564

(c) Other gains and losses

	2023	2022
Gains on disposal of property, plant and equipment	$ 12,923	$ 2,895
Foreign exchange gains (losses), net	243,148	400,201
Gains (losses) on financial assets and financial liabilities at fair value through profit or loss	(83,771)	13,374
Gains on disposal of investments	(12,629)	51
Impairment loss	(347)	(71)
Other losses	(42,559)	(36,574)
	$ 116,765	$ 379,876

(d) Finance costs

	2023	2022
Interest on bank loans	$ 86,205	$ 58,654

Interest on borrowings from related parties	8,678	5,171
Finance expenses	1,346	2,247
Interests on lease liabilities	419	480
Others	2,104	3,889
Less: The amount included in the cost of assets according with the requirements	(20,703)	(3,881)
	$ 78,049	$ 66,560

Capitalization of interest related information is as follows:

	2023	2022
Capitalized interest amount	$ 20,703	$ 3,881
Capitalized interest rate	1.6034%~3.1%	1.12961%~ 2.9491%

(e) Depreciation and Amortization

	2023	2022
Property, plant and equipment	$ 591,320	$ 648,985
Right-of-use assets	17,030	12,814
Investment property	5,263	5,464
Amortization expense (Including the amortization for other intangible assets and prepayments)	59,007	81,287
Total	$ 672,620	$ 748,550
Depreciation expenses summarized by function		
Costs of Revenue	$ 545,620	$ 613,923
Operating expenses	41,552	37,932
Non-operating expenses	26,441	15,408
	$ 613,613	$ 667,263
Amortization expenses summarized by the function		
Costs of Revenue	$ 51,331	$ 78,084
Operating expenses	6,129	2,681
Non-operating expenses	1,547	522
	$ 59,007	$ 81,287

(f) Employee benefits expenses

	2023		
	Operating cost	Operating expenses	Total
Salary and Wages	$ 529,001	$ 125,323	$ 654,324
Labor and health insurance	61,894	10,181	72,075

expenses			
Pension expenses			
Defined contribution plan	16,103	3,544	19,647
Defined benefit plan (Note 18)	17,328	2,922	20,250
	33,431	6,466	39,897
Compensation to directors	-	4,401	4,401
Other employee benefits	45,611	6,401	52,012
Total employee benefit expenses	$ 669,937	$ 152,772	$ 822,709

	2022		
	Operating cost	Operating expenses	Total
Salary and Wages	$ 580,188	$ 120,699	$ 700,887
Labor and health insurance expenses	63,358	9,285	72,643
Pension expenses			
Defined contribution plan	17,008	3,218	20,226
Defined benefit plan (Note 18)	17,374	2,790	20,164
	34,382	6,008	40,390
Compensation to directors	-	17,263	17,263
Other employee benefits	48,616	5,949	54,565
Total employee benefit expenses	$ 726,544	$ 159,204	$ 885,748

(g) Profit sharing bonus to employees and Compensation to directors

According to the Company's Articles of Incorporation, the Company accrued profit sharing bonus to employees and compensation to directors based on net income before income tax of current year and shall appropriates profit sharing bonus to employees and compensation to directors of the Company no less than 2% and no more than 5% of annual profits before tax during the period, respectively.

In 2023, there was a loss without estimating employee remuneration and director remuneration.，The Company's profit sharing bonus to employees and compensation to directors for 2022 had been approved by the Board of Directors on March 16, 2023, as illustrated below:

Estimated ratio

	2022
Profit sharing bonus to employees	2%
Compensation to directors	2%

Amount

	2022
	Cash
Profit sharing bonus to employees	$ 12,746
Compensation to directors	12,746

If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate.

The information about the appropriations of the Company's profit sharing bonus to employees and compensation to directors approved by the Board of Directors is available at the Market Observation Post System website of Taiwan Stock Exchange.

21. INCOME TAX OF CONTINUING OPERATION

(a) Income tax expense recognized in profit or loss consisted of the following:

	2023	2022
Current income tax		
Current tax expense recognized in the current year	$ 2,994	$ 93,645
Land value increment tax	-	181
Income tax on unappropriated earnings	349	2,375
Income tax adjustments on prior years	(1,480)	(11)
	1,863	96,190
Deferred income tax		
Expense recognized in the current year	(44,943)	29,938
Deferred income tax adjustments on prior years	-	(3,621)
	(44,943)	26,317
Income tax expense recognized in profit or loss	($ 43,080)	$ 122,507

Areconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	2023	2022
Income tax expense at the statutory rate for income before tax	($ 80,304)	$ 106,604
Tax effect of adjusting items		
Investment losses (gains) accounted for using equity method	20,061	3,054
Losses (gains) on valuation of financial asset	(1,404)	277
Tax-exempt income	1,991	(1,796)

Land Value Increment Tax	-	181
Others	4,698	962
Income tax on unappropriated earnings	349	2,375
Unrecognized operating losses	13,009	14,482
Adjustments to income tax expense recognized in the prior year	(1,480)	(3,632)
Current income tax expense	($ 43,080)	$ 122,507

(b) Current income tax liabilities

	December 31, 2023	December 31, 2022
Current income tax liabilities		
Income tax payable	$ 4,293	$ 92,741
Less: Income tax withholding in the current period	(1,898)	(4,496)
	$ 2,395	$ 88,245

(c) Deferred income tax assets and liabilities

	December 31, 2023	December 31, 2022
Deferred income tax assets		
Temporary differences		
Allowance for valuation loss of idle assets	$ 6	$ 20
Allowance for reduction of inventory to market	50,614	62,836
Defined benefit pension plan	26,440	26,445
Unused vacation bonus	4,314	4,125
Unrealized exchange losses	5,490	349
Unrealized financial product valuation losses	14,083	-
Others	22,138	18,425
Net operating loss carryforwards	23,938	-
	$ 147,023	$ 112,200
Deferred income tax liabilities		
Reserve for land revaluation increment tax	$ 96,653	$ 96,653
Unrealized exchange benefit	368	7,153
Unrealized financial product valuation benefit	-	2,953
Others	77	459
	$ 97,098	$ 107,218

(d) Deductible amount of the unused net operating loss carryforwards for deferred income tax assets unrecognized in consolidated financial statements.

	December 31, 2023	December 31, 2022
Net operating loss carryforwards		

Due on 2031	$ 2,499	$ 2,499
Due on 2030	6,671	6,671
Due on 2029	9,703	9,703
Due on 2028	76,384	15,106
Due on 2027	102,059	47,429
Due on 2026	115,866	118,816
Due on 2025	205,153	198,407
Due on 2024	268,202	269,771
	$ 786,537	$ 668,402

(e) Income tax examination

The tax authorities have examined the profit-seeking enterprise annual income tax returns of LIHAO INVESTMENT Co., Ltd., LIZAN INVESTMENT Co., Ltd., LEA JIE ENERGY Co., Ltd., LIBOLON ENTERPRISE Co., Ltd., PT. INDONESIA LIBOLON FIBER SYSTEM and LEALEA ENTERPRISE through 2021.

22. BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share (EPS) are computed as follows:

	Amounts (Numerator) Net profit (Belong to parent company's shareholder)	Number of Shares (Denominator) (In thousands)	Earnings Per Share (NT$) Net profit (Belong to parent company's shareholder)
2023			
Basic loss per share			
The net loss attributable to ordinary shareholders for the period	($ 273,376)	989,627	($ 0.28)
2022			
Basic EPS			
Current profits (losses) attributable to common shareholders	$ 489,757	989,627	$ 0.49
Dilutive effect of potential ordinary			
Share Profit sharing bonus to employees	-	1,449	
Diluted EPS			
Current profits (losses) attributable to common shareholders plus dilutive effect of potential ordinary share	$ 489,757	991,076	$ 0.49

When calculating earnings per share, the impact of the free allotment has been adjusted retrospectively, and the base date for the free allotment is August 1, 2023. Due to retrospective adjustments, the changes in basic and diluted earnings per share from January 1 to December 31, 2022 are as follows:

Unit: Yuan per share

	Before retrospective adjustment	After retrospective adjustment
	2022	2022
Basic EPS	$ 0.51	$ 0.49
Diluted EPS	$ 0.51	$ 0.49

If the LEALEA ENTERPRISE may settle the profit sharing bonus to employees by the way of stock or cash, then in order to calculate the diluted earnings per share (EPS), the Company should presume that the profit sharing bonus to employees will be settled in the form of stocks and add the potential ordinary share dilution should be included in the weighted average number used in the calculation of diluted EPS if the shares have a dilutive effect. Before settling the number of share issued for profit sharing bonus to employees in next year, the dilutive effect of potential ordinary share will be continually considered when calculating the diluted EPS.

23. EQUITY TRANSACTIONS WITH NON－CONTROLLING INTERESTS

The Company did not subscribe for the cash capital increase equity of VIRTUE ELITE Ltd. according to the shareholding ratio In September 2022, resulting in an increase in the shareholding ratio from 65% to 99.61%.

Since the above transactions did not change the Company's control over the subsidiary, the Company was treated as an equity transaction, and a difference of NT$1,859 thousand in equity transactions was calculated and listed under the accumulated profit and capital surplus.

24. CAPITAL RISK MANAGEMENT

Under the premise that the companies in the group are ensured to be operated continually, the Company manages its capital through optimizing the balance of the liabilities and equity for maximizing the shareholders' return on equity. The Company's overall strategy has not changed.

The Company does not have to comply with other external capital regulations.

25. FINANCIAL INSTRUMENTS

(a) Fair value information－financial instruments not measured by fair value

The management of the Company believes that the carrying amounts of financial assets and financial liabilities not measured at fair value are close to their fair values or their fair values cannot be measured reliably.

(b) Fair value information－financial instruments measured at fair value on a repeatability basis

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	$ 231,072	$ -	$ 373	$ 231,445
Financial assets at fair value through Other comprehensive profit or loss	$ 16,719	$ -	$ -	$ 16,719
Financial liabilities at fair value through profit or loss	$ -	$ 70,416	$ -	$ 70,416

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	$ 83,340	$ 14,875	$ 373	$ 98,588
Financial liabilities at fair value through profit or loss	$ -	$ 111	$ -	$ 111

No transfer has occurred between level 1 and level 2 of the fair value hierarchy in 2023 and 2022.

(c) The valuation techniques and the inputs used in Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivative financial assets－Foreign exchange swap contracts	Discounted Cash Flow: Future cash flows are estimated based on observable at the end of the reporting period contract rates and discounted at a rate that reflect the credit risk and value of the currency.

(d) The valuation techniques and the inputs used in Level 3 fair value measurement

Unlisted and Non-OTC equity investments have adopted the asset-based valuation approach and to report the overall value of the investment target in accordance with the total value of individual assets and individual liabilities.

(e) Categories of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
At fair value through profit or loss		
Mandatory to measure at fair value through profit and loss	$ 231,445	$ 98,588
Measured at fair value through other comprehensive profit or loss - bond investments	16,719	-
Carried at amortized cost	2,836,929	2,567,427

Financial liabilities		
At fair value through profit or loss	70,416	111
Carried at amortized cost	6,410,908	6,025,076

(f) The net profit from the operation of financial derivatives in 2023 is NT$91,528 thousand, which is respectively NT$70,416 thousand for unsettled losses and NT$161,944 thousand for settled gains, which are accounted for as non-operating income and expenses.

(g) The net profit from the operation of financial derivatives in 2022 is NT$45,062 thousand, which is respectively NT$14,764 thousand for unsettled gains and NT$30,298 thousand for settled gains, which are accounted for as non-operating income and expenses.

(h) Financial risk management objectives and policy

The principal financial instruments applied by the Company include equity and liability investments, bank loans, account receivable, account payable, etc. The finance management department of the Company provides services to business units and coordinates operations in the domestic and overseas financial markets by supervising internal risk exposure reports and managing financial risks related to the operations of the Company in accordance with the risk level and breadth analyses. Such risks are consist of market risks that includes exchange rate risk, interest rate risk and other price risk, credit risks, and liquidity risks.

The Company applies derivative financial instruments to hedge risks for mitigating risk impacts. The derivative financial instruments applied is regulated by the policies approved by the Board of Directors of the Company, which are written principles for exchange rate risk, interest rate risk, credit risk, the utilization of derivative and non-derivative financial instruments, and the investment of remaining circulating capital. Internal auditors continue to review compliance with policies and the risk exposure limit. The Company did not trade financial instruments (including derivative financial instruments) for speculative purposes.

1. Market risks

The principal financial risks that the Company bears for operating activities are foreign currency fluctuation risk and interest rate fluctuation risk.

(1) Rate risk.

The Company engages in various derivative financial instruments to manage foreign currency exchange rate risks, including the utilization of forward exchange contract to hedge currency exchange rate risks associated with exports.

The Company’s exposures to financial instrument market risks and its management and measurement methods have not changed.

Sensitivity Analysis

The Company conducts risk measurement for the position of the foreign currency financial assets and liabilities that has significant impacts to the Company after considering the net position of the unexpired cross currency swap contracts foreign exchange swap contracts.

The Company is mainly affected by fluctuations in the exchange rate of the U.S. dollar and Chinese yuan.

The sensitivity analysis only included circulating monetary items denominated in foreign currencies and adjusted the translation at the end of year to a 1% change in exchange rate. In the table below, a positive number represented an increase in income before income tax when New Taiwan dollar (functional currency) depreciated by 1%. The impact on income before income tax would be of the same amount in negative when New Taiwan dollar (functional currency) appreciated by 1%.

December 31, 2023

					Sensitivity Analysis	
	Foreign Currency	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (NT$) (In Thousands)	Variation	Profit and Loss Impact
Financial Assets						
Monetary items						
US Dollar to New Taiwan Dollar	$ 36,331,235	$ 36,331	30.705	$ 1,115,551	1%	$ 11,156
Chinese yuan to New Taiwan Dollar	7,917	8	4.327	34	1%	-
Non-monetary items						
Non-derivatives						
US Dollar to New Taiwan Dollar	96,149	96	30.705	2,952	1%	30
Derivatives						
US Dollar to New Taiwan Dollar						
Financial Liability	21,669,613	21,670	30.705	665,365	1%	(6,654)
Monetary items	27,909	28	4.327	121	1%	(1)
US Dollar to New Taiwan Dollar						
Chinese yuan to New Taiwan Dollar						
Non-monetary items	130,000,000	130,000	30.705	70,416	1%	(704)

December 31, 2022

					Sensitivity Analysis	
	Foreign Currency	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (NT$) (In Thousands)	Variation	Profit and Loss Impact
Financial Assets						
Monetary items						
US Dollar to New Taiwan Dollar	$ 29,558,736	$ 29,559	30.71	$ 907,749	1%	$ 9,077
Chinese yuan to New Taiwan Dollar	172,242,874	172,243	4.408	759,247	1%	7,592
Non-monetary						

items						
Non-derivatives						
US Dollar to New Taiwan Dollar	96,149	96	30.71	2,953	1%	30
Derivatives						
US Dollar to New Taiwan Dollar	108,000,000	108,000	30.71	14,875	1%	149
Financial Liability						
Monetary items						
US Dollar to New Taiwan Dollar	4,403,760	4,404	30.71	135,239	1%	(1,352)
Chinese yuan to New Taiwan Dollar	30,079	30	4.408	133	1%	(1)
Non-monetary items						
Derivatives						
US Dollar to New Taiwan Dollar	22,000,000	22,000	30.71	111	1%	(1)

(2) Interest Rate Risk

Interest rate exposure arises because entities within the merged company borrow funds at both fixed and floating rates.

The company's financial assets and financial liabilities subject to interest rate risk on the balance sheet date are as follows:

	December 31, 2023	December 31, 2022
Fair value interest rate risk		
－financial assets	$ 1,075,145	$ 1,583,665
－financial liabilities	3,149,583	4,125,286
Ccash flow interest rate risk		
－financial liabilities	1,850,000	1,050,000

The sensitivity analysis on interest rate risk is based on the assumption that interest rates rise/fall by one percentage point. The combined company's cash outflows/inflows from January 1 to December 31 in 2023 and 2022 were NT$18,500 thousand and NT$10,500 thousand respectively.◦

2. Credit risks

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial losses to the Company. The Company always requires the provision of collateral or other guarantee rights from major transaction partners. Accordingly, the management of the Company believes that the credit risk of the Company has been significantly reduced.

3. Liquidity risks

The Company supports its business operations and reduces the impact of cash flow fluctuation through appropriate management and the maintenance of sufficient cash and cash equivalents. The management of the Company has supervised bank financing conditions and ensured compliance with loan contracts.

Financing and loans from banks are regarded as an important source for maintaining liquidity for the Company. As of December 31, 2023 and 2022, the unspent quota of short-term bank financing, including opening quota for letter of credit (L/C) of the Company was NT$6,073,209 thousand and NT$5,034,362 thousand, respectively.

(3.1)The maturity analysis of remaining contracts of non-derivative financial liabilities is based on the earliest possible date on which the Company may be required to make repayments and the undiscounted cash flows of financial liabilities (including principal and estimated future interest). Therefore, the Company may be requested to immediately return bank loans in the earliest period specified in the table below without considering the probability of bank's immediate execution of such rights. Maturity analysis of other non-derivative financial liabilities shall be prepared in accordance with the agreed repayment date. The analysis is as follows:

December 31, 2023

Non-derivative financial liabilities	Within 1 year	Within 1 to 2 years	Within 2 to 5 years	More Than 5 Years
Short-term loans	$ 3,400,000	$ -	$ -	$ -
Short-term bills payable	30,000	-	-	-
Notes payable (including related parties)	69,562	-	-	-
Accounts payable (including related parties)	523,299	-	-	-
Other payables (including related parties)	279,318	-	-	-
Advance loans to related parties	551,152	-	-	-
Long-term loans (including due within one year or one operating cycle)	207,500	615,000	657,500	70,000
Guarantee deposits	6,783	-	-	-
Lease liabilities	16,947	2,840	-	-
Other non-current liabilities	308	126	360	-
	$ 5,091,652	$ 617,966	$ 657,860	$ 70,000

December 31, 2022

Non-derivative financial liabilities	Within 1 year	Within 1 to 2 years	Within 2 to 5 years	More Than 5 Years
Short-term loans	$ 3,740,000	$ -	$ -	$ -
Short-term bills payable	350,000	-	-	-
Notes payable (including related parties)	67,652	-	-	-
Accounts payable (including related parties)	356,598	-	-	-
Other payables (including related parties)	278,393	-	-	-
Advance loans to related parties	174,710	-	-	-
Long-term loans (including due within one year or one operating cycle)	100,000	440,000	390,000	120,000
Guarantee deposits	6,930	-	-	-
Lease liabilities	18,042	15,104	2,704	-
Other non-current liabilities	308	126	360	-
	$ 5,092,633	$ 455,230	$ 393,064	$ 120,000

(3.2) Liquidity of derivative financial liabilities

For liquidity analysis of derivative financial instruments, net settled derivatives are prepared in accordance with inflows and outflows of net cash of undiscounted contract and gross settled derivatives are prepared in accordance with inflows and outflows of total cash of undiscounted contract.

December 31, 2023

	Less than 1 month	Within 1 to 2 months	Within 3 months to 1 years	Within 1 to 5 years	More Than 5 Years
Net settled					
Foreign exchange swap contracts	$ 42,067	$ 28,349	$ -	$ -	$ -

December 31, 2022

	Less than 1 month	Within 1 to 2 months	Within 3 months to 1 years	Within 1 to 5 years	More Than 5 Years
Net settled					
Foreign exchange swap contracts	$ -	$ 111	$ -	$ -	$ -

26. RELATED PARTY TRANSACTIONS

Intercompany transactions, account balances, income and expenses between the

Company and its subsidiaries, which are related parties of the Company, have been eliminated upon consolidation; therefore, those items are not disclosed in this note. Except the items disclosed in the note, the following is a summary of transactions between the Company and other related parties:

(a) Name and relationship of related parties

Related Party Name	Relationship with the Company
LI PENG Enterprise Co., Ltd.	Associate
LEALEA Technology Co., Ltd.	Associate
Rich Development Co., Ltd.	Associate
FU LI Express Co., Ltd.	Associate
LI MAO Investment Co., Ltd.	Associate
LI XING Investment Co., Ltd.	Associate
HONG XING Investment Co., Ltd.	Associate
LI LING Film Co., Ltd.	Associate
DONG TING Investment Co., Ltd.	Substantive related party
LIBOLON (Shanghai) International Trading Co., Ltd	Substantive related party
LIBOLON International Corp.	Substantive related party
LIBOLON Energy Co., Ltd.	Substantive related party
ETON Petrochemical Co., Ltd.	Substantive related party
APEX FONG YI Technology Co., Ltd.	Substantive related party
BLOOMING Development Co., Ltd.	Substantive related party
PT. INDONESIA HWALIN KNITTING	Substantive related party
LEALEA HOTELS & RESORTS Co., Ltd.	Substantive related party

(b) Net revenue

Related Party Category/Name	2023	2022
Associates		
LI PENG Enterprise Co., Ltd.	$ 1,125,543	$ 1,186,124
Others	31,481	37,236
Other related parties	12,680	89,165
	$ 1,169,704	$ 1,312,525

The Company's sales to associates and other related parties were not significantly different from the general transactions.

(c) Purchases

Related Party Category/Name	2023	2022

Associates	$ 330,897	$ 551,511
Other related parties	132,665	116,375
	$ 463,562	$ 667,886

The Company's purchases from associates and other related parties were not significantly different from the general transactions.

(d) Receivables from related parties (excluding loans to related parties)

Item	Related Party Category/Name	December 31, 2023	December 31, 2022
Accounts receivable	Associates		
	LI PENG Enterprise Co., Ltd.	$ 86,792	$ 93,834
	Others	2,856	2,356
	Other related parties	569	304
		$ 90,217	$ 96,494
Notes receivable	Associates		
	LI PENG Enterprise Co., Ltd.	$ 106,244	$ 87,711
Other notes receivable	Associates		
	LI PENG Enterprise Co., Ltd.	$ 3,975	$ 3,809
	Others	3,549	2,388
	Other related parties	54	59
		$ 7,578	$ 6,256

No deposit has been collected for outstanding amounts receivable from related parties. Expected credit losses were not included in the amounts receivable from related parties at the end of 2023 and 2022.

(e) Payables to related parties (excluding borrowings from related parties)

Item	Related Party Category/Name	December 31, 2023	December 31, 2022
Accounts payable	Associates	$ 39,320	$ 26,533
	Other related parties	43,093	24,246
		$ 82,413	$ 50,779
Notes payable	Associates		
	LI PENG Enterprise Co., Ltd.	$ 23,189	$ 24,579
	Others	1,366	895
		$ 24,555	$ 25,474
Accrued expense	Associates	$ 8,488	$ 10,332
	Other related parties	2,893	3,713

		$ 11,381	$ 14,045
Other notes payable	Associates		
	LI PENG Enterprise Co., Ltd.	$ 11,982	$ 12,545
	LEALEA Technology Co., Ltd.	1,884	3,287
	Others	1,527	2,101
		$ 15,393	$ 17,933

No guarantee is provided for the balance of circulating payables to related parties.

(f) Acquisition of property, plant and equipment

Related Party Category/Name	Get price 2023	Get price 2022
Associates		
Machinery Equipment	$ 4,300	$ -
Other Equipment	-	1,663
	$ 4,300	$ 1,663

(g) Acquisition of other assets

Related Party Category/Name	Proceeds from Acquisition 2023	Proceeds from Acquisition 2022
Associates		
LEALEA Technology Co., Ltd.		
Computer software	$ 1,796	$ 2,152

(h) Disposal of property, plant, and equipment

Item	Related Party Category/Name	Proceeds from Disposal 2023	Proceeds from Disposal 2022	Disposal (Loss) Profits 2023	Disposal (Loss) Profits 2022
Transportation equipment	Associates	$ -	$ 100	$ -	$ 100

(i) Advance loans to related parties

	December 31, 2023				
	Highest balance	Balance, end of year	Interest range(%)	Interest income	Interest receivable
Associates					
LI PENG Enterprise Co., Ltd.	$ 113,000	$ 113,000	1.65532~1.72501	$ 1,859	$ 165
LI LING Film Co., Ltd.	110,000	80,000	2.17056~2.31733	2,307	197
BLOOMING Development Co., Ltd.	450,000	450,000	2.72	5,634	1,040
	$ 673,000	$ 643,000		$ 9,800	$ 1,402

	December 31, 2022				
	Highest balance	Balance, end of year	Interest range(％)	Interest income	Interest receivable
Associates					
LI PENG Enterprise Co., Ltd.	$ 105,000	$ 105,000	0.80354~1.6623	$ 1,075	$ 149
LI LING Film Co., Ltd.	80,000	80,000	1.33717~2.21193	815	150
	$ 185,000	$ 185,000		$ 1,890	$ 299

The Company provides short-term loans to associates and other related parties. The interest rate range is similar to the market interest rate.

(j) Advance loans payable to related parties

	December 31, 2023				
	Highest balance	Balance, end of year	Interest range(％)	Interest income	Interest receivable
Associates					
LI PENG Enterprise Co., Ltd.	$ 372,152	$ 372,152	2.62~3.1	$ 6,209	$ 973
LI MAO Investment Co., Ltd.	26,000	26,000	1.67857~1.77582	129	12
LI XING Investment Co., Ltd.	75,000	75,000	1.67857~1.77582	1,263	108
HONG XING Investment Co., Ltd.	60,000	60,000	1.67857~1.77582	1,010	87
LEALEA Technology Co., Ltd	20,000	18,000	2.35778~2.36438	67	38
	$ 553,152	$ 551,152		$ 8,678	$ 1,218

	December 31, 2022				
	Highest balance	Balance, end of year	Interest range(％)	Interest income	Interest receivable
Associates					
LI PENG Enterprise Co., Ltd.	$ 442,395	$ 30,710	1.4033~2.62	$ 2,864	$ 17
LI MAO Investment Co., Ltd.	90,000	9,000	0.81037~1.8247	519	14
LI XING Investment Co., Ltd.	75,000	75,000	0.81037~1.8247	728	64
HONG XING Investment Co., Ltd.	68,000	60,000	0.81037~1.8247	681	93
LEALEA Technology Co., Ltd	24,700	-	1.5~2	379	7
	$ 700,095	$ 174,710		$ 5,171	$ 195

The interest rate for the Company's borrowings from associates and other related parties is equivalent to the market interest rate. Loans to associates and other related parties are unsecured loans.

(k) Long-term receivables

	December 31, 2023/2023		
Associates	Current	Noncurrent	Interest Income
LI LING Film Co., Ltd.	$ 9,047	$ 415,749	$ 4,413

(l) Others

Rental Income	2023	2022
Associates		
LI PENG Enterprise Co., Ltd.	$ 28,015	$ 28,246
Others	14,402	14,259
Other related parties	5,880	5,474
	$ 48,297	$ 47,979

The rental income collected by the Company from associates and other related parties is in accordance with local market quotations, and the payment term is a one-month commercial promissory note.

Rent Expense	2023	2022
Associates		
LI PENG Enterprise Co., Ltd.	$ 8,535	$ 8,674

The Company pays rents to associates in accordance with local market quotations, and the payment term is a one-month commercial promissory note.

Shipping Expense	2023	2022
Associates	$ 14,638	$ 18,449

Information Service Fee	2023	2022
Associates		
LEALEA Technology Co., Ltd.	$ 19,859	$ 19,162

Other Income	2023	2022
Associates	$ 2,092	$ 3,072
Other related parties	3,478	3,842
	$ 5,570	$ 6,914

Consumables－Public Fluid	2023	2022
Associates		
LI PENG Enterprise Co., Ltd.	$ 49,090	$ 28,938

Processing costs	2023	2022
Associates		
LI PENG Enterprise Co., Ltd.	$ 4,009	$ 3,379

Other related parties		
PT.INDONESIA HWALIN KNITTING	23,378	20,189
	$ 27,387	$ 23,568

(m) Compensation of key management personnel

The compensation to directors and other key management personnel were as follows:

	2023	2022
Short-term employee benefits	$ 24,442	$ 23,001
Post-employment benefits	433	324
	$ 24,875	$ 23,325

The compensation to directors and other key management personnel were determined by the Compensation Committee of the Company in accordance with the individual performance and the market trends.

(n) Transactions with other related parties

Related Party Category/Name	Item	Amount of Signed and Unfinished Contracts (Untaxed) December 31, 2022	Balance of Prepayments for Equipment December 31, 2022
Associates			
LEALEA Technology Co., Ltd.	Software	$ 1,030	$ -

(o) Inventories

In June 2023, LEALEA Company signed a management service contract for a joint construction and sales case with BLOOMING Development Co., Ltd., The contract amount was NT$38,110 thousand, which was divided into four payments based on the service completion progress. As of December 31, 2023, NT$9,527 thousand had been paid. , the accounts on December 31, 2023 were listed under the inventory-construction industry. Please refer to Note 9 。

27. PLEDGED ASSETS

Assets provided by the Company as collaterals to financial institutions were as follows:

	December 31, 2023	December 31, 2022
Accounts receivable (Note 8)	$ 49,795	$ 48,805
Investment using the equity method (Note 13)	137,605	142,542
Property, plant and equipment (Note 14)	3,879,973	3,829,232

Investment property(Note 16)	278,651	279,021
Inventory (Note 9)	199,180	195,220
	$ 4,545,204	$ 4,494,820

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

Significant contingent liabilities and unrecognized commitments of the Company as of balance sheet date, excluding those disclosed in other notes, were as follows:

As of December 31, 2023 and 2022, the Company still has amounts available under issued but unused letters of credit, illustrated as follows:

Unit: Foreign Currencies (In Thousands)

	December 31, 2023	December 31, 2022
USD	$ 4,321	$ 455
EURO	666	-
Japanese Yen	1,043,000	2,067,640

29. EXCHANGE RATE INFORMATION OF SIGNIFICANT FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES

The following information was summarized according to the foreign currencies other than the functional currency of the Company. The exchange rates disclosed were used to translate the foreign currencies into the functional currency. The significant financial assets and liabilities denominated in foreign currencies were as follows:

Unit: Foreign Currencies/New Taiwan Dollars In Thousands

	December 31, 2023			December 31, 2022		
	Foreign Currency	Exchange Rate	Carrying Amount	Foreign Currency	Exchange Rate	Carrying Amount
Foreign Currency Assets						
Monetary items						
USD	$ 36,331,235	30.705 (USD: NTD)	$ 1,115,551	$ 29,558,736	30.71 (USD: NTD)	$ 907,749
RMB	7,917	4.327 (RMB: NTD)	34	172,242,874	4.408 (RMB: NTD)	759,247
Non-Monetary items						
Financial assets measured at fair value through profit and loss－Current	- (Notional Amount)	30.705 (USD: NTD)	-	108,000,000 (Notional Amount)	30.71 (USD: NTD)	14,875
Financial assets measured at fair value through profit and loss－Noncurrent						
USD	96,149	30.705 (USD: NTD)	2,952	96,149	30.71 (USD: NTD)	2,953
Investment using the equity method						
IDR	676,524,502,469	0.0019918	1,347,502	699,099,214,507	0.0019522	1,364,781

		(IDR: NTD)			(IDR: NTD)	
Foreign Currency Liabilities						
Monetary items						
USD	21,669,613	30.705 (USD: NTD)	665,365	4,403,760	30.71 (USD: NTD)	135,239
RMB	27,909	4.327 (RMB: NTD)	121	30,079	4.408 (RMB: NTD)	133
Non-Monetary items						
Financial assets measured at fair value through profit and loss－Current	130,000,000 (Notional Amount)	30.705 (USD: NTD)	70,416	22,000,000 (Notional Amount)	30.71 (USD: NTD)	111

The unrealized significant foreign currency profits and losses are as follow:

The unrealized significant foreign currency exchange profits and losses in the year 2023 and 2022 are loss of NT$40,251 thousand and loss of NT$599 thousand accordingly. Due to the wide variety of foreign currency transactions, it is not possible to disclose exchange profits and losses based on the significant foreign currency.

30. ADDITIONAL DISCLOSURES

(a) Following are the additional disclosures related to major transactions and (b) reinvestments required by the Securities and Futures Bureau for the Company:

(1) Financings provided: See Table 1 attached.

(2) Endorsement/guarantee provided: None.

(3) Marketable securities held (excluding investments in subsidiaries and associates): See Table 2 attached.

(4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None.

(5) Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: See Table 3 attached.

(6) Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: None.

(7) Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: See Table 4 attached.

(8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: See Table 5 attached.

(9) Information about the derivative financial instruments transaction: Note 7, 25

(10) Others: The business relationship between the parent and the subsidiaries and significant transactions between them: See Table 6 attached.

(11) Information of investees over which the Company exercises significant influence: See Table 7 attached.

(c) Information on investment in mainland China

(1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: None.

(2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: None.

(2.1) Purchase amount and percentage, and the ending balance and percentage of payables.

(2.2) Sales amount and percentage, and the ending balance and percentage of receivables.

(2.3) The amount of property transactions and the profits and losses generated

(2.4) Ending balance and purposes of endorsement, guarantee or collateral provided.

(2.5) The maximum balance, ending balance, interest rate range and total amount of current interest of financing.

(2.6) Other transactions having a significant impact on profit or loss or financial status of the period, such as providing or receiving services.

(a) Information of major shareholder

List of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: See Table 8 attached.

31. OPERATING SEGMENTS INFORMATION

Information provided to the chief operating decision makers used for resource allocation and/or performance assessment, focusing on every operating segment that delivered product or service. The reportable operating segments of the Company are as follows:

Textile segment is mainly engaged in the manufacturing and sales of polyester fully oriented yarn, polyester chip, polyester draw textured yarn, weaving, dyeing and finishing, processing of artificial fiber fabrics.

Construction segment is mainly engaged in building, land, and parking space related businesses.

Investment and other segments are mainly engaged in the investments of various production businesses, coal trading business, sporting and recreation goods wholesaling and retailing business.

(a) Operating segment revenue and operating results

The operating revenue and results of the Company's continually operating segments are analyzed in accordance with the reporting operating segments, illustrated as follows:

	2023				
	Textile Segment	Construction Segment	Investment and other Segment	Write Off	Total
Operating revenue (including proceeds from allocated and transferred fund)	$ 8,767,868	$ -	$ 943,608	($ 1,562,363)	$ 8,149,113
Cost of revenue	8,931,241	-	831,743	(1,563,476)	8,199,508
Gross Profit	(163,373)	-	111,865	1,113	(50,395)
Operating expense	(448,086)	(150)	(94,844)	3,162	(539,918)
Operating loss	($ 611,459)	($ 150)	$ 17,021	$ 4,275	(590,313)
Non-operating revenue and expense					232,169
Loss before income tax					($ 358,144)

	2022				
	Textile Segment	Construction Segment	Investment and other Segment	Write Off	Total
Operating revenue (including proceeds from allocated and transferred fund)	$ 13,106,127	$ 6,917	$ 1,391,255	($ 2,267,073)	$ 12,237,226
Cost of revenue	12,176,072	-	1,276,845	(2,268,186)	11,184,731
Gross Profit	930,055	6,917	114,410	1,113	1,052,495
Operating expense	(918,885)	(167)	(95,323)	3,113	(1,011,262)
Operating loss	$ 11,170	$ 6,750	$ 19,087	$ 4,226	41,233
Non-operating revenue and expense					549,851
Profit before income tax					$ 591,084

The operating segment revenue refers to the profit earned by each segment, excluding the profits and losses from the following, the share of associates amortized using the equity method, disposal of associates, rental income, interest income, disposal of property, plant and equipment, disposal of investments, foreign currency exchange, financial instrument evaluation, financial costs, and Income tax expense. The measured amount information is provided to the chief operating decision makers used for resource allocation and/or performance assessment.

(b) Assets and liabilities of operating segments

Since the measured amount of assets and liabilities is not provided to the operating decision makers, no measured amount of assets and liabilities is disclosed here.

(c) Income from main products and services

The analysis of income from main products and services of the Company's continually operating segments is as follows:

	2023	2022
Polyester fully oriented yarn and Polyester chip	$ 643,000	$ 1,800,868
Polyester draw textured yarn	3,438,176	4,801,378
Polyester solid state PET chip	2,294,657	3,331,911
Income from coal trading	793,768	1,144,082
Filament fabric	866,670	999,626
Other	112,842	159,361
	$ 8,149,113	$ 12,237,226

(d) Geographic information

The Company mainly operates in Asia.

The revenue from external customers of the Company's continually operating segments is differentiated by the operating locations and locations of noncurrent assets, illustrated as follows:

	Revenue from External Customers		Noncurrent Assets	
	2023	2022	December 31, 2023	December 31, 2022
Asia	$ 7,335,577	$10,074,045	$ 7,527,967	$ 7,212,019
Americas	626,473	1,869,634	-	-
Europe	145,840	170,394	-	-
Other areas	41,223	123,153	-	-
	$ 8,149,113	$12,237,226	$ 7,527,967	$ 7,212,019

Non-current assets exclude financial instruments and deferred income tax assets.

(e) Major customers information

The revenue from a single customer reaches more than 10% of the total revenue of the consolidated company as follows: ：

	2023	2022
Customer A	$ 1,125,543	$ - （Note1）

Note1：The revenue does not reach 10% of the total income of the consolidated company for the year。

LEALEA ENTERPRISE CORPORATION LIMITED AND SUBSIDIARIES

TABLE 1

FINANCINGS PROVIDED

FOR THE YEAR 2023

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

No. (Note 1)	Financing Company	Counterparty	Financial Statement Account (Note 2)	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Note 8)	Amount Actually Drawn	Interest Rate Range (%)	Nature for Financing (Note 4)	Transaction Amounts (Note 5)	Reason for Financing (Note 6)	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Notes 7)	Financing Company's Total Financing Amount Limits (Notes 7)	Note
													Item	Value			
0	LEALEA Enterprise Co., Ltd.	VIRTUE ELITE Ltd.	Receivable repayment of advance loans to related parties	Yes	$ 450,000	$ 450,000	$ -	2.77%~ 3.1%	2	$ -	Operating capital	$ -	-	$ -	$ 1,064,330	$ 4,257,319	
0	LEALEA Enterprise Co., Ltd.	PT. INDONESIA LIBOLON FIBER SYSTEM	〃	Yes	950,000	950,000	593,681	1.3458%~ 3.1%	2	-	Operating capital	-	-	-	1,064,330	4,257,319	
0	LEALEA Enterprise Co., Ltd.	ETON Petrochemical Co., Ltd.	〃	Yes	750,000	750,000	-	2.17056%~ 2.31733%	2	-	Operating capital	-	-	-	1,064,330	4,257,319	
0	LEALEA Enterprise Co., Ltd.	BLOOMING Development Co., Ltd.	〃	Yes	900,000	900,000	450,000	2.72%	2	-	Operating capital	-	-	-	1,064,330	4,257,319	
1	LI HAO Investment Co., Ltd.	LI PENG Enterprise Co., Ltd.	〃	Yes	71,000	71,000	71,000	1.108673%~ 1.725014%	2	-	Operating capital	-	-	-	77,908	311,632	
1	LI HAO Investment Co., Ltd.	LI LING Film Co., Ltd.	〃	Yes	70,000	40,000	40,000	1.89537%~ 2.31733%	2	-	Operating capital	-	-	-	77,908	311,632	
1	LI HAO Investment Co., Ltd.	LEALEA Enterprise Co., Ltd.	〃	Yes	71,000	68,000	68,000	1.539544%~ 1.725014%	2	-	Operating capital	-	-	-	77,908	311,632	
1	LI HAO Investment Co., Ltd.	PT. INDONESIA LIBOLON FIBER SYSTEM	〃	Yes	71,000	71,000	66,016	1.36621%~ 3.1%	2	-	Operating capital	-	-	-	77,908	311,632	
2	LEA JIE Energy Co., Ltd.	LI LING Film Co., Ltd.	〃	Yes	40,000	40,000	40,000	1.66416%~ 2.31733%	2	-	Operating capital	-	-	-	45,114	180,454	
2	LEA JIE Energy Co., Ltd.	LI PENG Enterprise Co., Ltd.	〃	Yes	42,000	42,000	42,000	1.108673%~ 1.725014%	2	-	Operating capital	-	-	-	45,114	180,454	
2	LEA JIE Energy Co., Ltd.	LEALEA Enterprise Co., Ltd.	〃	Yes	42,000	39,000	7,000	1.539544%~ 1.725014%	2	-	Operating capital	-	-	-	45,114	180,454	
3	LEA JIE Energy Co., Ltd.	LIBOLON Enterprise Co., Ltd.	〃	Yes	30,000	30,000	-	2%~2.34%	2	-	Operating capital	-	-	-	32,923	131,693	
3	LEA JIE Energy Co., Ltd.	PT. INDONESIA LIBOLON FIBER SYSTEM	〃	Yes	30,000	-	-	1.82492%~ 3.1%	2	-	Operating capital	-	-	-	32,923	131,693	

Note 1: The description of number column is as follows:
(1) The issuer is coded "0".
(2) The investee company is numbered sequentially from Arabic numeral 1 according to the company type.

Note 2: The accounts receivable from associates, accounts receivable from related parties, shareholder transactions, prepayments, temporary payments, etc. that are classified as nature for financing must be filled in this field.

Note 3: " Maximum balance for the period" refers to the highest balance of lending amount to others in the current year.

Note 4: "Nature for financing" should be listed as (1) companies or firms having business relationship with the Company, or (2) ones requiring short-term financing.

Note 5: As the nature of financing is companies or firms having business relationship with the Company, the business transaction amount should be filled in. The transaction amount refers to the previous year's transaction amount between the lending company and the lender.

Note 6: As the nature of financing is companies or firms requiring short-term financing, the reasons of financing and the usage of funds, such as repayment of loans, purchase of equipment, working capital turnover, etc., should be specified.

Note 7: The fields should be filled in accordance with the procedures for lending funds to other parties of the Company that specifies financing limits for each borrowing Company as10% of the shareholders' equity of LEALEA Enterprise Co., Ltd., LEA JIE Energy Co., Ltd., LI HAO Investment Co., Ltd., and LI ZAN Investment Co., Ltd and the financing company's total financing amount limits as 40% of the shareholders' equity of LEALEA Enterprise Co., Ltd., LEA JIE Energy Co., Ltd., LI HAO Investment Co., Ltd., and LI ZAN Investment Co., Ltd.

Note 8: Should a public company comply with the Article 14-1 of "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" to submit financing reports to the Board of Directors for approval one by one, even though the financing funds have not yet been allocated, the financing amount approved by the Board of Directors should still be included in the balance announcement for exposing risks. When the funds are subsequently repaid, the balance after repayment shall be disclosed to reflect the adjustment of risk. In accordance with the Article 14-2 of the Regulations, a public company may authorize the chairman of the Board of Directors to approve a financing funds in a certain amount and allocated it in installments or revolving within a one-year period, but the financing funds approved by the Board of Directors should still be used as the declared balance. Although the funds will be repaid thereafter, in consideration that the loan may be allocated again, the financing funds approved by the Board of Directors should be used as the announced balance.

LEALEA ENTERPRISE CORPORATION LIMITED AND SUBSIDIARIES
TABLE 2
MARKETABLE SECURITIES HELD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Held Company Name	Marketable Securities Type and Name (Note 1)	Relationship with the Company (Note 2)	Financial Statement Account	December 31, 2022				Note (Note 4)
				Shares	Carrying Value (Note 3)	Percentage of Ownership (%)	Fair Value	
LEALEA Enterprise Co., Ltd.	Publicly traded stocks							
	Trade-Van Information Service Corp.	None	Financial assets at fair value through profits and losses－Current	427,675	$ 28,612	0.29	$ 28,612	
	China Development Financial Holding Corp.	〃	〃	1,217,782	15,283	0.01	15,283	
	Far EasTone Telecommunications Co., Ltd.	〃	〃	306,219	24,436	0.01	24,436	
	Information Technology Total Services Co., Ltd.	〃	〃	33,750	1,672	0.12	1,672	
	Stocks							
	The Techgains Pan-Pacific Corp.	None	Financial assets at fair value through profits and losses－Noncurrent	150,000	373	0.26	373	
	Book4U Co., Ltd.	〃	〃	6,250	-	0.12		
LI ZAN Investment Co., Ltd.	Listed stocks							
	LEALEA Enterprise Co., Ltd.	Parent Company of LI ZAN Investment Co., Ltd.	Financial assets at fair value through Other comprehensive gains and losses－Noncurrent	6,345,430	65,675	0.64	65,675	
	Far EasTone Telecommunications Co., Ltd.	None	Financial assets at fair value through profits and losses－Current	6,124	489	-	489	
LI HAO Investment Co., Ltd.	Listed stocks							
	LEALEA Enterprise Co., Ltd.	Parent Company of LI HAO Investment Co., Ltd.	Financial assets at fair value through Other comprehensive gains and losses－Noncurrent	4,859,559	50,296	0.49	50,296	
	Far EasTone Telecommunications Co., Ltd.	None	Financial assets at fair value through profits and losses－Current	6,124	489	-	489	
	Wei Chuan Foods Corp.	〃	〃	25,000	476	-	476	
	Dynacolor, Inc.	〃	〃	40,000	1,398	0.04	1,398	
	Domestic Mutual Funds							
	Taishin 1699 Money Market Fund	〃	〃	-	43,007	-	43,007	
	Overseas bonds							
	TSMC Arizona Bonds	〃	Financial assets at fair value through profits and losses－Noncurrent	-	16,719	-	16,719	
LEA JIE Energy Co., Ltd.	Domestic Mutual Funds							
	Taishin 1699 Money Market Fund	None	Financial assets at fair value through profits and losses－Current	-	115,210	-	115,210	

Note 1: The securities mentioned in this table refer to stocks, bonds, beneficiary certificates, and securities derived from such items, that are within the scope of IFRS 9 "Financial Instruments".

Note 2: The securities issuer who is not classified as related party does not need to fill in the column.

Note 3: If measured by fair value, please fill in the “carrying value” column with the carrying balance that has adjusted the value in accordance with fair value evaluation and deducted allowance losses; if it is not measured by fair value, please fill in the “carrying value” column with the carrying balance of the amortized cost after deducting the allowance impairment.

Note 4: If the listed securities are restricted due to the provision of guarantees, pledged loans, or other agreed-upon, the note column should indicate the number of guarantees or pledged shares, the amount of guarantees or pledges, and restrictions on use.

Note 5: For information about the equity investments in subsidiaries, associates, and joint ventures, please refer to attached "Table 7".

LEALEA ENTERPRISE CORPORATION LIMITED AND SUBSIDIARIES
TABLE 3
THE AMOUNT OF REAL ESTATAE ACQUIRED AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Types of Property	Transaction Date	Transaction Amount	Payment Term	Counter-party	Relationships	The data transferred previously when the counter-party is a related party				Price Reference	The purpose of acquisition and condition of use	Other
							Owner	The relationship with the issuer	Transfer Date	Amount			
LEALEA Enterprise Co., Ltd.	Buildings	112.3.16	$ 430,000	$ 430,000	LI LING Film Co., Ltd.	Related Parties	Related Parties	Related Parties	107.11.21	$ 464,000	Market quotations and appraisal information and estimated amount from professional appraisal organizations $ 436,441	Increase rental income and reduce financial pressure on related companies	After the contract is signed, the seller will lease back the factory building for 35 years according to the current condition.

Note 1: If the acquisition of assets should be appraised in accordance with regulations, the result of appraisal should be indicated in the "price reference" column.

Note 2: The amount of paid-in capital refers to the amount of paid-in capital of the parent company. If the issuer’s stock has no denomination or the denomination per share is not NT$10, the transaction amount of 20% of the paid-in capital shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet.

Note 3: The "transaction date" refers to the date when the contract is signed, the payment date, the entrusted transaction date, the transfer date, the resolution date of the Board, or the date when the transaction related parties and transaction amount are fully determined, whichever is the former.

LEALEA ENTERPRISE CORPORATION LIMITED AND SUBSIDIARIES

TABLE 4

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Payable or Receivable		Note (Note 2)
			Purchase/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
LEALEA Enterprise Co., Ltd.	LI PENG Enterprise Co., Ltd.	The investee of the Company accounted for under the equity method	Sales	($ 801,049)	(12)	1 month commercial promissory note	N/A	N/A	Notes and Accounts Receivables $144,526	33	
〃	〃	〃	Purchase	313,737	8	〃	〃	〃	Notes and Accounts Payables (61,541)	(18)	
LEA JIE Energy Co., Ltd.	LI PENG Enterprise Co., Ltd.	The investee of the company's parent company accounted for under the equity method	Sales	(274,953)	(31)	〃	〃	〃	Notes and Accounts Receivables $41,510	41	

Note 1: If the related party's trade terms are different from the general trade terms, the differences and reasons of abnormal transaction should be described in the "unit price" and "payment terms" columns.

Note 2: If there is unearned receipts, prepayment, the reason, contractual terms, amount, and differences with general transaction should be stated in the note column.

Note 3: The amount of paid-in capital refers to the amount of paid-in capital of the parent company. If the issuer's shares have no denomination or the denomination per share is not NT$10, the transaction amount requirement of 20% of the paid-in capital shall be calculated based on the 10% equity attributable to the owner of the parent company on the balance sheet.

LEALEA ENTERPRISE CORPORATION LIMITED AND SUBSIDIARIES

TABLE 5

THE RECEIVABLES FROM RELATED PARTIES AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR 2023

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

Company Name	Related Party	Nature of Relationships	Ending balance of receivables from related parties (Note 1)	Turnover	Overdue receivables from related parties		Recovered amount of the receivables from related parties after the period	Provision for allowance of bad debt
					Amount	Way of Processing		
LEALEA Enterprise Co., Ltd.	LI PENG Enterprise Co., Ltd.	The investee of the Company accounted for under the equity method	Notes and Accounts Receivables $ 144,526	6.26 times	$ -	-	$ 59,359	$ -

Note 1: Please fill in the blank according to account receivables from related parties, receivable notes, other receivables, etc.

Note 2: Paid-in capital refers to the paid-in capital of the parent company. Where the issuer's shares have no par value or the par value per share is not NT $10, the transaction amount of 20% of the paid in capital shall be calculated by 10% of the equity attributable to the owner of the parent company in the balance sheet.

LEALEA ENTERPRISE CORPORATION LIMITED AND SUBSIDIARIES
TABLE 6
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR 2023
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No. (Note 1)	Company Name	Related Party	Nature of Relationships (Note 2)	Transaction Details			
				Account Name	Amount	Trade Terms	% to Total (Note 3)
0	LEALEA Enterprise Co., Ltd.	LI ZAN Investment Co., Ltd.	Parent Company to Subsidiary	Advance loans to related parties payables	$ 7,000	General trade terms	-
0	LEALEA Enterprise Co., Ltd.	LI ZAN Investment Co., Ltd.	Parent Company to Subsidiary	Interest Payables	33	General trade terms	-
0	LEALEA Enterprise Co., Ltd.	LI ZAN Investment Co., Ltd.	Parent Company to Subsidiary	Rental Income	10	General trade terms	-
0	LEALEA Enterprise Co., Ltd.	LI ZAN Investment Co., Ltd.	Parent Company to Subsidiary	Interest Expense	667	General trade terms	-
0	LEALEA Enterprise Co., Ltd.	LI HAO Investment Co., Ltd.	Parent Company to Subsidiary	Rental Income	10	General trade terms	-
0	LEALEA Enterprise Co., Ltd.	LI HAO Investment Co., Ltd.	Parent Company to Subsidiary	Interest Expense	1,075	General trade terms	-
0	LEALEA Enterprise Co., Ltd.	LI HAO Investment Co., Ltd.	Parent Company to Subsidiary	Advance loans to related parties payables	68,000	General trade terms	-
0	LEALEA Enterprise Co., Ltd.	LI HAO Investment Co., Ltd.	Parent Company to Subsidiary	Interest Payables	96	General trade terms	-
0	LEALEA Enterprise Co., Ltd.	LIBOLON Enterprise Co., Ltd.	Parent Company to Subsidiary	Rental Income	115	General trade terms	-
0	LEALEA Enterprise Co., Ltd.	LIBOLON Enterprise Co., Ltd.	Parent Company to Subsidiary	Net revenue from sale of goods	11	General trade terms	-
0	LEALEA Enterprise Co., Ltd.	LIBOLON Enterprise Co., Ltd.	Parent Company to Subsidiary	Notes/Accounts Receivable	2	General trade terms	-
0	LEALEA Enterprise Co., Ltd.	LIBOLON Enterprise Co., Ltd.	Parent Company to Subsidiary	Other Notes Receivable	14	General trade terms	-
0	LEALEA Enterprise Co., Ltd.	LIBOLON Enterprise Co., Ltd.	Parent Company to Subsidiary	Other Accounts Receivable	6	General trade terms	-
0	LEALEA Enterprise Co., Ltd.	LEA JIE Energy Co., Ltd.	Parent Company to Subsidiary	Rental Income	4,096	General trade terms	-
0	LEALEA Enterprise Co., Ltd.	LEA JIE Energy Co., Ltd.	Parent Company to Subsidiary	Service Fee	1,143	General trade terms	-
0	LEALEA Enterprise Co., Ltd.	LEA JIE Energy Co., Ltd.	Parent Company to Subsidiary	Other accrued expense	5,206	General trade terms	-
0	LEALEA Enterprise Co., Ltd.	LEA JIE Energy Co., Ltd.	Parent Company to Subsidiary	Other Notes Receivable	364	General trade terms	-
0	LEALEA Enterprise Co., Ltd.	LEA JIE Energy Co., Ltd.	Parent Company to Subsidiary	Other Notes payables	4,279	General trade terms	-
0	LEALEA Enterprise Co., Ltd.	LEA JIE Energy Co., Ltd.	Parent Company to Subsidiary	Other Accounts Receivable	6	General trade terms	-
0	LEALEA Enterprise Co., Ltd.	PT.INDONESIA LIBOLON FIBER SYSTEM	Parent Company to Subsidiary	Interest Receivable	1,476	General trade terms	-
0	LEALEA Enterprise Co., Ltd.	PT.INDONESIA LIBOLON FIBER SYSTEM	Parent Company to Subsidiary	Net revenue from sale of goods	60,430	General trade terms	1
0	LEALEA Enterprise Co., Ltd.	PT.INDONESIA LIBOLON FIBER SYSTEM	Parent Company to Subsidiary	Notes/Accounts Receivable	16,102	General trade terms	-
0	LEALEA Enterprise Co., Ltd.	PT.INDONESIA LIBOLON FIBER SYSTEM	Parent Company to Subsidiary	Interest Income	14,279	General trade terms	-
0	LEALEA Enterprise Co., Ltd.	PT.INDONESIA LIBOLON FIBER SYSTEM	Parent Company to Subsidiary	Receivable repayment of advance loans to related parties	593,681	General trade terms	3
1	LEA JIE Energy Co., Ltd.	LEALEA Enterprise Co., Ltd.	Subsidiary to Parent Company	Net revenue from sale of goods	93,013	General trade terms	1
1	LEA JIE Energy Co., Ltd.	LEALEA Enterprise Co., Ltd.	Subsidiary to Parent Company	Notes/Accounts Receivable	9,386	General trade terms	-
1	LEA JIE Energy Co., Ltd.	LEALEA Enterprise Co., Ltd.	Subsidiary to Parent Company	Other Accounts Receivable	100	General trade terms	-
1	LEA JIE Energy Co., Ltd.	LIBOLON Enterprise Co., Ltd.	Subsidiary to Subsidiary	Interest Income	390	General trade terms	-
2	LI HAO Investment Co., Ltd.	PT.INDONESIA LIBOLON FIBER SYSTEM	Subsidiary to Subsidiary	Interest Receivable	176	General trade terms	-
2	LI HAO Investment Co., Ltd.	PT.INDONESIA LIBOLON FIBER SYSTEM	Subsidiary to Subsidiary	Interest Income	1,666	General trade terms	-
2	LI HAO Investment Co., Ltd.	PT.INDONESIA LIBOLON FIBER SYSTEM	Subsidiary to Subsidiary	Receivable repayment of advance loans to related parties	66,016	General trade terms	-
3	LIBOLON Enterprise Co., Ltd.	LEALEA Enterprise Co., Ltd.	Subsidiary to Parent Company	Net revenue from sale of goods	40	General trade terms	-

Note 1: The business operations information between parent company and subsidiaries shall be indicated in column number, number filled in as follows:

(1) The Parent company is coded "0".

(2) The subsidiaries are numbered sequentially starting from Arabic numeral “1” according to company type.

Note 2: The relationships are categorized into the following three types. Please specify the type. The same transaction between parent and subsidiary or between subsidiaries shall not be disclosed repetitively. For example, for transactions between the Parent company and its subsidiaries, if the parent company discloses the information, the subsidiaries are exempted from doing so. The same applies to transactions betweensubsidiaries where only one subsidiary needs to disclose the same transaction.

(1) The parent company to subsidiary.

(2) Subsidiary to the parent company.

(3) Subsidiaries to subsidiaries.

Note 3: Regarding the percentage of transaction amount to consolidated net revenue or total assets, if it is an asset-liability item, it is computed based on the ending balance to consolidated total assets; if it is a profit and loss item, it is computed based on interim accumulated amount to consolidated total revenue.

Note 4: Whether to describe the important transactions in this table is determined by the company based on the principle of materiality.

LEALEA ENTERPRISE CORPORATION LIMITED AND SUBSIDIARIES

TABLE 7

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE

FOR THE YEAR ENDED DECEMBER 31, 2023

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

Investor Company	Investee Company (Note 1, 2)	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Profit and loss for current period of the investee company (Note 2(2))	Profit and loss recognized for current period (Note 2(3))	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value			
LEALEA Enterprise Co., Ltd.	LI HAO Investment Co., Ltd.	11F., No. 162, Songjiang Rd., Taipei City 104, Taiwan	Investments of various production businesses, securities investment companies, banks, etc.	$ 416,616	$ 416,616	40,356,000	53.38	$ 458,001	($ 40,755)	($ 21,756)	
	LI ZAN Investment Co., Ltd.	〃	〃	359,877	359,877	24,460,000	53.17	255,620	(12,291)	(6,535)	
	LI XING Investment Co., Ltd.	〃	〃	376,000	376,000	37,600,000	47.00	399,592	8,717	4,097	
	HONG XING Investment Co., Ltd.	〃	〃	364,595	364,595	23,304,000	46.98	333,658	(2,111)	(992)	
	LI MAO Investment Co., Ltd.	〃	〃	363,629	363,629	35,244,000	46.62	439,443	1,160	541	
	LEALEA Technology Co., Ltd.	〃	Information software and data processing services	74,031	74,031	15,349,777	28.51	251,834	170,317	49,327	
	LIBOLON Enterprise Co., Ltd.	6F., No. 162, Songjiang Rd., Taipei City 104, Taiwan	Sporting and recreation goods wholesaling and retailing business	50,000	50,000	5,000,000	100.00	14,280	2,802	2,802	
	FU LI Express Co., Ltd.	No. 122, Zili 2nd Street, Wuqi District, Taichung City, Taiwan	Container trucking carrier	35,000	35,000	3,500,000	25.00	45,044	128	32	
	LI PENG Enterprise Co., Ltd.	6F., No. 162, Songjiang Rd., Taipei City 104, Taiwan	Manufacturing of weaving, dyeing and finishing, processing of artificial fiber and woven fabrics	1,235,465	1,221,597	147,192,853	16.17	1,544,925	(463,801)	(74,534)	
	Rich Development Co., Ltd.	8F., No.99, Jilin Road, Taipei City, Taiwan	Appointment of construction enterprises for commercial building construction, rent and sales of public housing, etc.	461,253	481,268	51,839,894	6.97	918,037	240,599	16,764	
	LEA JIE Energy Co., Ltd.	4F., No. 162, Songjiang Rd., Taipei City 104, Taiwan	Coal wholesaling and retailing business	210,000	210,000	21,000,000	70.00	230,434	7,504	5,232	
	LI LING Film Co., Ltd.	11F., No. 162, Songjiang Rd., Taipei City 104, Taiwan	Manufacturing of nylon film	39,580	39,580	2,100,000	3.50	-	(211,573)	(7,126)	
	PT. INDONESIA LIBOLON FIBER SYSTEM	Lantai 1 JI. Cideng Barat No. 15, RT.011/RW.001 Kel. Duri Pulo. Kec, Gambir. DKZ Jakarta	Manufacturing and sales of weaving, dyeing and finishing, processing of artificial fiber fabrics	2,100,950	2,100,950	16,170,000	70.00	1,351,306	(63,917)	(44,742)	
LI HAO Investment Co., Ltd.	LI PENG Enterprise Co., Ltd.	6F., No. 162, Songjiang Rd., Taipei City 104, Taiwan	Manufacturing of weaving, dyeing and finishing, processing of artificial fiber and woven fabrics	571,232	571,232	49,467,968	5.44	521,481	(463,801)		
	LI LING Film Co., Ltd.	11F., No. 162, Songjiang Rd., Taipei City 104, Taiwan	Manufacturing of nylon film	95,010	95,010	3,167,000	5.28	-	(211,573)		
LI ZAN Investment Co., Ltd.	LI PENG Enterprise Co., Ltd.	6F., No. 162, Songjiang Rd., Taipei City 104, Taiwan	Manufacturing of weaving, dyeing and finishing, processing of artificial fiber and woven fabrics	378,920	375,826	36,582,763	4.02	385,360	(463,801)		13,076,000 shares pledged as collateral for the issuance of short-term notes
	LI LING Film Co., Ltd.	11F., No. 162, Songjiang Rd., Taipei City 104, Taiwan	Manufacturing of nylon film	105,000	105,000	3,500,000	5.83	-	(211,573)		
LEA JIE Energy Co., Ltd.	VIRTUE ELITE Ltd.	Samoa	Coal wholesaling and retailing business	5,701	5,701	179,300	99.61	347	5		
	HONG KANG Shipping Co., Ltd.	8F.-2, No. 216, Siwei 4th Rd., Lingya Dist., Kaohsiung City 802, Taiwan	Shipping	-	9,000	-	-	-	-		

Note 1: If a public company has a foreign holding company that uses consolidated statements as the main financial statements in accordance with local laws and regulations, the disclosure of information about the foreign investee company may only disclose the relevant information of the holding company.

Note 2: If it is not in the situation described in Note 1, fill in according to the following regulations:

(1) For "Investee Company", "Location", "Main Businesses and Products", "Original Investment Amount" and "Balance as of December 31, 2021" columns, the information should be filled out in order in accordance with the investment circumstances of the public company or the investment circumstances of each directly or indirectly controlled investee company. The relationship between each investee company and the public company should also be indicated in the note column, such as subsidiary or second-tier subsidiary.

(2) The "Profit and loss for current period of the investee company" column should be filled in with the current profit and loss amount of each investee company.

(3) The "Profit and loss recognized for current period" column should only be filled in the amount of profits and losses of the public Company’s direct investment in subsidiaries and the amount of profit and loss of each investee company measured by using the equity method. The rest is not required. When filling in the "Profit and loss recognized for current period" column, we should confirm that the current profit and loss of each subsidiary already includes the investment profit and loss of its investees required to be recognized by laws.

LEALEA ENTERPRISE CORPORATION LIMITED AND SUBSIDIARIES

TABLE 8

INFORMATION ON MAJOR SHAREHOLDERS

FOR THE YEAR ENDED DECEMBER 31, 2023

Shareholders	Shares	
	Total Shares Owned	Total Shares Owned
DONG TING Investment Co., Ltd.	79,390,255	7.97%
LI PENG Enterprise Co., Ltd.	75,221,924	7.55%

Note 1: This table is based on the information provided by the Taiwan Depository & Clearing Corporation for stockholders holding greater than 5% of the Company's ordinary and special stocks, including treasury stocks, completed the process of registration and book-entry delivery in dematerialized from on the last business date of current quarter. There may be a discrepancy in the number of shares recorded on the Company's consolidated financial statements and its dematerialized securities arising from the difference in basis of preparation.

Note 2: As table above, the shareholder who delivers the shares to the trust is disclosed by the individual trustee, who opened the trust account, in accordance with the Securities Exchange Act, the shareholders have to disclose the insider equity more than 10% of the shares, include their own shares and their delivery to the trust and have the right to make decisions on the trust property. Information on insider equity declaration is available on the Market Observation Post System website.