

**SAN FAR PROPERTY LIMITED  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Report  
For the Years Ended December 31, 2023 and 2022**

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The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

## Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Representation Letter	3
4. Independent Auditors' Report	4
5. Consolidated Balance Sheets	5
6. Consolidated Statements of Comprehensive Income	6
7. Consolidated Statements of Changes in Equity	7
8. Consolidated Statements of Cash Flows	8
9. Notes to the Consolidated Financial Statements	
(1) Company history	9
(2) Approval date and procedures of the consolidated financial statements	9
(3) New standards, amendments and interpretations adopted	9~10
(4) Summary of material accounting policies	10~27
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	27~28
(6) Explanation of significant accounts	28~50
(7) Related-party transactions	50~53
(8) Pledged assets	53
(9) Commitments and contingencies	53~54
(10) Losses due to major disasters	54
(11) Subsequent Events	54
(12) Other	54~55
(13) Other disclosures	
(a) Information on significant transactions	56~57
(b) Information on investees	57
(c) Information on investment in mainland China	57
(d) Major shareholders	58
(14) Segment information	58~59

## **Representation Letter**

The entities that are required to be included in the combined financial statements of San Far Property 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 International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, San Far Property Limited and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: San Far Property Limited

Chairman: Ting Chen, Chung

Date: February 20, 2024.



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## Independent Auditors' Report

To the Board of Directors of San Far Property Limited:

### Opinion

We have audited the consolidated financial statements of San Far Property Limited and its subsidiaries (“the Group”), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, 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 of our opinion.

### Emphasis of Matter

As mentioned in Note 12 (b) of the consolidated financial statements, the Ministry of Justice Investigation Bureau, Kaohsiung City has conducted an investigation in the Company on February 17, 2022 and seized its subsidiary ledgers, as well as all the contracts entered into with, and the vouchers of commission paid to, the related three advertising companies, Yueteng Advertising Co., Ltd., Dage Advertising Co., Ltd., and Hong Tai Advertising Co., Ltd., within 2014 to 2020. Please refer to note 12 (b) for information related to the above transactions. We did not revise the review 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 of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters that, in our professional judgment, should be communicated are as follows:

### 1. Appropriateness of the period of revenue recognition from the sales of real estate

Please refer to note 4(n) for the Group's consolidated financial statement on revenue recognition, and 6(p) for detailed revenue from contract with customers.

Description of key audit matter:

The main income of the Group derived from selling real estate, wherein the sales revenue is recognized upon the transfer of ownership of the real estate and the actual delivery of the housing unit. In order to meet the market demand of construction industry, wherein the validity of the timing of sales revenue recognition plays a crucial role, the Group needs to thoroughly examine the transfer of ownership and delivery housing data for each transaction to recognize the sales revenue, which usually involves tremendous manual efforts. Thus, we considered the revenue recognition as one of our key audit matters.

Audit procedures performed:

- Understanding the control of real estate sales revenue and the revenue collection process, as well as testing the control effectiveness of revenue recognition on system design and implementation.
- Performing substantive tests, as well as sampling of sale contracts, real estate ownership transfer documents and deliverable sheets of house, and comparing the sales data and general ledger.
- Evaluating the period of revenue recognition by testing the sale transactions before and after the reporting date to confirm its consistency with the relevant documents.

### 2. Inventory valuation

Please refer to note 4(h) for Group's consolidated financial statement on inventory valuation policy, to note 5 for assumptions and uncertainties, and to note 6(d) for detailed inventory.

Description of key audit matter:

The key asset of the Group is its inventories, with a portion of 76% of the total assets. Inventory evaluation of the Group is in accordance with International Accounting Standards for Report No. 2. There may be a misstatement of financial report when the net realizable value is inappropriate. The real estate for sale is compared with the latest nearby transaction price or the contract price of the recent sale, and the uncertainty of the future investment cost of the land for construction and the land under construction is higher, and it is difficult to obtain a comparable sales price. Therefore, the judgment of net realizable value of the land for construction and the land under construction depends on the subjective judgment or estimation of the management. Thus, the valuation of the land for construction and the land under construction is one of the most important valuation in performing our audit procedures.

Audit procedures performed:

Through reviewing the recent selling price of the premises, or by inquiring the selling price of premises nearby from the "Actual Selling Price of Real Estate" website.

## **Other Matter**

San Far Property Limited has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unqualified plus emphasis of matter 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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group'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 Group 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 and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Han, Yi-Lien and Huang, Hsin-Ting.

KPMG

Taipei, Taiwan (Republic of China)

February 20, 2024

#### **Notes to Readers**

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

The auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2023		December 31, 2022		Liabilities and Equity		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (Note 6(a))	\$ 1,833,888	12	2,426,747	16	2100	Short-term borrowings (Notes 6(h) and 8)	\$ 4,345,730	28	4,366,060	29
1140	Current contract assets (Notes 6(p) and 7)	79,786	1	172,951	1	2130	Current contract liabilities (Notes 6(j), (p) and 9)	560,113	4	354,081	2
1150	Notes receivable, net (Notes 6(c) and (p))	2,822	-	173	-	2150	Notes payable (Note 7)	65,026	-	149,942	1
1160	Notes receivable due from related parties, net (Notes 6(c), (p) and 7)	16,590	-	-	-	2170	Accounts payable	321,729	2	227,092	1
1170	Accounts receivable, net (Notes 6(c) and (p))	2,523	-	4,519	-	2200	Other payables (Note 9(b))	115,648	1	98,323	1
1180	Accounts receivable due from related parties, net (Notes 6(c), (p) and 7)	-	-	16,590	-	2230	Current tax liabilities	2,808	-	3,935	-
1300	Inventories, merchandising business, net (Note 6(d))	2,187	-	4,787	-	2321	Current portion of puttable bonds (Notes 6(i) and 8)	1,199,995	8	-	-
1320	Inventories (for construction business), net (Notes 6(d) and 8)	12,004,591	76	11,352,790	73	2399	Other current liabilities, others	48,759	-	26,674	-
1410	Prepayment (Note 7)	118,656	1	88,653	1			<u>6,659,808</u>	<u>43</u>	<u>5,226,107</u>	<u>34</u>
1476	Other financial assets-current (Note 8)	389,907	2	116,193	1	<b>Non-Current liabilities:</b>					
1479	Other current assets, others	22,076	-	20,042	-	2530	Bonds payable (Notes 6(i) and 8)	2,595,993	16	3,794,540	25
1480	Current assets recognised as incremental costs to obtain contract with customers (Note 6(e))	<u>159,611</u>	<u>1</u>	<u>123,423</u>	<u>1</u>	2570	Deferred tax liabilities (Note 6(m))	4	-	-	-
		<u>14,632,637</u>	<u>93</u>	<u>14,326,868</u>	<u>93</u>	2600	Other non-current liabilities	6,034	-	3,867	-
<b>Non-current assets:</b>								<u>2,602,031</u>	<u>16</u>	<u>3,798,407</u>	<u>25</u>
1510	Non-current financial assets at fair value through profit or loss (Note 6(s))	4,913	-	4,914	-		<b>Total liabilities</b>	<u>9,261,839</u>	<u>59</u>	<u>9,024,514</u>	<u>59</u>
1517	Non-current financial assets at fair value through other comprehensive income (Notes 6(b) and (s))	191,080	1	117,280	1	<b>Equity attributable to owners of parent (Note 6(n)):</b>					
1600	Property, plant and equipment (Notes 6(f) and 8)	75,820	1	77,068	-	3100	Common stock	3,265,542	21	3,265,542	21
1760	Investment property (Notes 6(g) and 8)	229,737	1	115,799	1	3200	Capital surplus	185,955	1	185,955	1
1780	Intangible assets	15,351	-	15,507	-	3300	Retained earnings	2,898,493	18	2,949,314	19
1840	Deferred tax assets (Note 6(m))	149,526	1	133,654	1	3400	Other equity	<u>128,880</u>	<u>1</u>	<u>55,080</u>	<u>-</u>
1980	Other non-current financial assets (Note 8)	431,457	3	680,090	4		<b>Total equity</b>	6,478,870	41	6,455,891	41
1990	Other non-current assets, others	<u>10,188</u>	<u>-</u>	<u>9,225</u>	<u>-</u>						
		<u>1,108,072</u>	<u>7</u>	<u>1,153,537</u>	<u>7</u>						
<b>Total assets</b>		<u>\$ 15,740,709</u>	<u>100</u>	<u>15,480,405</u>	<u>100</u>	<b>Total liabilities and equity</b>		<u>\$ 15,740,709</u>	<u>100</u>	<u>15,480,405</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

For the years ended December 31, 2023 and 2022

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

		<u>2023</u>		<u>2022</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	<b>Operating revenue (Notes 6(p) and 7)</b>	\$ 963,121	100	2,273,704	100
5000	<b>Operating cost (Notes 6(d) and (l))</b>	<u>696,423</u>	<u>72</u>	<u>1,886,711</u>	<u>83</u>
5900	<b>Gross profit from operations</b>	<u>266,698</u>	<u>28</u>	<u>386,993</u>	<u>17</u>
6000	<b>Operating expenses (Notes 6(e), (l), (q) and 7):</b>				
6100	Selling expenses	43,214	4	107,994	5
6200	Administrative expenses	<u>108,009</u>	<u>11</u>	<u>103,851</u>	<u>5</u>
		<u>151,223</u>	<u>15</u>	<u>211,845</u>	<u>10</u>
6900	<b>Net operating profit</b>	<u>115,475</u>	<u>13</u>	<u>175,148</u>	<u>7</u>
7000	<b>Non-operating income and expenses:</b>				
7100	Interest income	17,973	2	5,611	-
7010	Other income (Note 6(k))	6,777	1	5,222	-
7020	Other gains and losses	(8,188)	(1)	(2,611)	-
7050	Finance costs (Note 6(r))	<u>(37,923)</u>	<u>(4)</u>	<u>(38,103)</u>	<u>(1)</u>
		<u>(21,361)</u>	<u>(2)</u>	<u>(29,881)</u>	<u>(1)</u>
7900	<b>Profit before tax</b>	94,114	11	145,267	6
7950	<b>Less: Income tax expense (Note 6(m))</b>	<u>5,258</u>	<u>1</u>	<u>5,590</u>	<u>-</u>
8200	<b>Profit</b>	<u>88,856</u>	<u>10</u>	<u>139,677</u>	<u>6</u>
8300	<b>Other comprehensive income (loss):</b>				
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (Notes 6(b) and (n))	73,800	8	(6,300)	-
8349	Less: Income tax related to items that will not be reclassified to profit or loss	-	-	-	-
8300	<b>Other comprehensive income</b>	<u>73,800</u>	<u>8</u>	<u>(6,300)</u>	<u>-</u>
8500	<b>Total comprehensive income</b>	<u>\$ 162,656</u>	<u>18</u>	<u>133,377</u>	<u>6</u>
	<b>Basic earnings per share (Note 6(o))</b>				
9750	Basic earnings per share	<u>\$ 0.27</u>		<u>0.43</u>	
9850	Diluted earnings per share	<u>\$ 0.27</u>		<u>0.43</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2023 and 2022**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent					Total other equity interest	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Retained earnings		Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	
				Unappropriated retained earnings	Total retained earnings		
<b>Balance at January 1, 2022</b>	\$ 3,265,542	185,955	594,244	2,437,450	3,031,694	61,380	6,544,571
Profit for the period	-	-	-	139,677	139,677	-	139,677
Other comprehensive income	-	-	-	-	-	(6,300)	(6,300)
Total comprehensive income	-	-	-	139,677	139,677	(6,300)	133,377
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	8,633	(8,633)	-	-	-
Cash dividends of ordinary share	-	-	-	(222,057)	(222,057)	-	(222,057)
Balance at December 31, 2022	3,265,542	185,955	602,877	2,346,437	2,949,314	55,080	6,455,891
Profit for the period	-	-	-	88,856	88,856	-	88,856
Other comprehensive income	-	-	-	-	-	73,800	73,800
Total comprehensive income	-	-	-	88,856	88,856	73,800	162,656
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	13,968	(13,968)	-	-	-
Cash dividends of ordinary share	-	-	-	(139,677)	(139,677)	-	(139,677)
<b>Balance at December 31, 2023</b>	\$ 3,265,542	185,955	616,845	2,281,648	2,898,493	128,880	6,478,870

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars)**

	2023	2022
<b>Cash flows from operating activities:</b>		
<b>Profit before tax</b>	\$ 94,114	145,267
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit :</b>		
Depreciation expense	6,838	7,925
Amortization expense	1,978	2,583
Expected credit loss	134	-
Net loss (gain) on financial assets at fair value through profit or loss	1	(485)
Gain on disposal of property, plan and equipment	-	(2)
Interest expense	37,923	38,103
Interest income	(17,973)	(5,611)
Profit from lease modification	(33)	-
<b>Total adjustments to reconcile profit</b>	28,868	42,513
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Decrease (increase) in contract assets	93,165	(133,058)
(Intereased) decrease in notes receivable (included related parties)	(19,239)	183
Decrease in accounts receivable (included related parties)	18,452	42,511
(Increase) decrease in inventories	(609,222)	551,405
Increase in other prepayments	(30,004)	(20,986)
(Increase) decrease other current assets	(643)	12,570
Increase in other financial assets	(21,133)	(90,738)
Decrease in deferred debits	-	5,636
(Increase) decrease in assets recognised as incremental costs to obtain contract with customers	(36,188)	5,504
<b>Total changes in operating assets</b>	(604,812)	373,027
<b>Changes in operating liabilities:</b>		
Increase (decrease) in contract liabilities	206,032	(67,771)
(Decrease) increase in notes payable (included related parties)	(84,915)	62,471
Increase in accounts payable	94,637	37,781
Increase (decrease) in other receivable	7,966	(30,039)
Increase (decrease) in other current liabilities	23,471	(253)
<b>Total changes in operating liabilities</b>	247,191	2,189
<b>Total changes in operating assets and liabilities</b>	(357,621)	375,216
<b>Total adjustments</b>	(328,753)	417,729
Cash (outflow) inflow generated from operations	(234,639)	562,996
Interest paid	(182,731)	(156,562)
Income taxes paid	(23,643)	(27,079)
<b>Net cash flows (used in) generated from operating activities</b>	(441,013)	379,355

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows (CONT'D)**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars)**

	2023	2022
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	-	(1,000)
Acquisition of property, plant and equipment	(708)	(732)
Proceeds from disposal of property, plant and equipment	-	2
Decrease in refundable deposits	(1,066)	-
Acquisition of intangible assets	(1,822)	(1,411)
Increase in other financial assets	(3,948)	(148,501)
Decrease in other non-current assets	-	1,113
Interest received	17,973	5,611
<b>Net cash flows generated from (used in) investing activities</b>	<b>10,429</b>	<b>(144,918)</b>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	778,870	410,460
Decrease in short-term borrowings	(799,200)	(1,012,292)
Decrease in short-term notes and bills payable	-	(140,000)
Proceeds from issuing bonds	-	1,994,787
Repayments of bonds	-	(1,000,000)
Payment of lease liabilities	(3,172)	(4,789)
Increase in other non-current liabilities	904	423
Cash dividends paid	(139,677)	(222,057)
<b>Net cash flows (used in) generated from financing activities</b>	<b>(162,275)</b>	<b>26,532</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(592,859)</b>	<b>260,969</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>2,426,747</b>	<b>2,165,778</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 1,833,888</b>	<b>2,426,747</b>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**For the years ended December 31, 2023 and 2022**  
**(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

**(1) Company history**

San Far Property Limited (the “Company”) was incorporated in 1993 as a company limited by shares under the Company Act of the Republic of China (R.O.C.). The major business activities are residential and building development, leasing and sales, and real estate leasing.

The company was renamed San Far Property Limited in May 2012 by a resolution of the shareholders’ meeting. It was listed and traded on the Taiwan Stock Exchange since September 17, 2013.

**(2) Approval date and procedures of the consolidated financial statements:**

These consolidated financial statements were authorized for issue by the Board of Directors on February 20, 2024.

**(3) New standards, amendments and interpretations adopted:**

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

- (b) The impact of IFRS endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS21 “Lack of Exchangeability”

**(4) Summary of material accounting policies:**

The material accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations” ) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

- (b) Basis of preparation

- (i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial instruments measured at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;

- (ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Basis of consolidation

(i) Principles for preparing consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements:

Name of investor	Subsidiaries	Principal activity	Shareholding		Description
			December 31, 2023	December 31, 2022	
The Company	Jing Fu Xiang Construction Co., Ltd . (here in after referred to as Jing Fu Xiang Company)	Civil and building works	100.00 %	100.00 %	Note 1
"	Jingo International Records Co., Ltd . (here in after referred to as Jingo Company)	Various CD and DVD production, production, publication and import and export trades	100.00 %	100.00 %	Note 1

Note 1:Subsidiaries in which the Company holds more than 50% of its total outstanding common shares.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(d) Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of each subsequent reporting period (hereinafter referred to as the reporting date) are retranslated to the functional currency at the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for the following differences which are recognized in other comprehensive income arising on the retranslation:

- (i) Fair value through other comprehensive income equity investment ;
- (ii) A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective ; or
- (iii) Qualifying cash flow hedges to the extent the hedge are effective.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost, FVTPL, and fair value through other comprehensive income (FVOCI) – equity investment.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Fair value through other comprehensive income (FVOCI )

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. Trade receivables that the Group intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'trade receivables' line item. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivables, other receivable, other financial assets and refundable deposits), debt investments measured at FVOCI and contract assets.

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 1 year past due.

The time deposits held by the Group was determined as low credit risk since the trading and performing parties are the financial institutions above the investment grade.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 1 year past due;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(h) Inventory

(i) Inventories, merchandising business

Inventories are measured at the lower of cost and net realizable value. Net realizable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and necessary selling expenses.

(ii) Construction

The cost of inventories shall comprise all costs of purchase and other costs incurred in bring the inventories to their present location and condition. When the cost of inventories is higher than the net realizable value, it should be offset against the cost to net realizable value, and the amount of inventory should be recognized as cost of goods sold in the current period. The methods of determining the net realizable value are as follows:

- 1) Construction Site: Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses, or estimated by recent market value (development analytical method or comparison method).
- 2) Construction in progress: Net realizable value is the estimated selling price (prevailing market condition) in the ordinary course of business, less the estimated costs and selling expenses needed to complete.
- 3) Real estate for sale: Net realizable value is the estimated selling price (refer to the market condition estimated by authority) in the ordinary course of business, less the estimated selling cost and expenses need to sell the real estate.

(i) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straightline basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings	50 years
2) Transportation equipment	5 years
3) Office equipemnt	3~5 years
4) Leasehold improvement	3 years

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(k) Lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically evaluated and reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset; or
- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery, and instead, recognize related lease payments as expenses on a straight-line basis during the lease period.

For sale-and-leaseback transactions, the Group applies the requirements for determining when a performance obligation is satisfied in IFRS15 to determine whether the transfer of an asset is accounted for as a sale of the asset. If the transfer of an asset satisfies the requirement of IFRS15 to be accounted for as a sale of the asset, the Group derecognizes the transferred asset, then measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained. Accordingly, the Group recognizes only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. For leaseback transaction, the Group applies the lessee accounting policy. If the transfer of an asset does not satisfy the requirement of IFRS15 to be accounted for as a sale of the asset, the Group continues to recognize the transferred asset and recognizes the financial liability equal to the transfer proceeds.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The Group recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(l) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives of significant items of property, plant and equipment has an unlimited useful life and therefore are as follows:

- |                      |  |
|----------------------|--|
| 1) Computer software | 1 ~ 5 years                            |
| 2) Copyright         | is subject to the term of the contract |

Amortization methods, useful lives, and residual values are reviewed at the end of each financial period, and adjusted if needed.

(m) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or cash generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

- (n) Revenue recognition
  - (i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

- 1) Land development and sale of real estate

The Group develops and sells residential properties and usually sales properties in advance during construction or before construction begins. Revenue is recognized when control over the properties has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title of a property has passed to the customer. Therefore, revenue is recognized at a point in time when the legal title has passed to the customer and when the real property is actually delivered.

Revenue is measured under the agreed transaction price according in the contract. For sale of readily available house, in most cases, the payment is due when the legal title of a property has been transferred. While deferred payment terms may be agreed under rare circumstances, the deferral can never exceed twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component. For pre-selling properties, the payment is usually received by installment during the period from contract inception until the property is transferred to the customer. If the contract includes a significant financing component, the transaction price will be adjusted for the effects of the time value of money during the period using the specific borrowing rate of the construction project. Prepayments from customers is recognized as contract liability. Interest expense and contract liability are recognized when adjusting the effects of the time value of money. Accumulated amount of contract liability is recognized as revenue when control over the property is transferred to the customer.

Certain contracts include multiple deliverables, such as sale of residential properties and a decoration service. The Group accounts for the decoration service as a single performance obligation, and the transaction price is allocated to the decoration service on a relative stand alone selling price basis. If a stand alone selling price is not directly observable, it is estimated based on expected cost plus margin. Revenue from providing the decoration service is recognized in the accounting period in which the services are rendered and is determined based on the costs incurred to date as a proportion of the total estimated costs of the contract.

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Construction contracts

The Group enters into contracts to build residential properties, commercial buildings and public constructions. Because its customer controls the asset as it is constructed, the Group recognizes revenue over time on the basis of the construction costs incurred to date as a proportion of the total estimated costs of the contract. The consideration promised in the contract includes fixed and variable amounts. The customer pays the fixed amount based on a payment schedule. For some variable considerations (for example, a penalty payment calculated based on delay days) the Group recognizes revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. If the Group has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

If the Group cannot reasonably measure its progress towards complete satisfaction of the performance obligation of a construction contract, the Group shall recognize revenue only to the extent of the costs expected to be recovered.

A provision for onerous contracts is recognized when the Group expects the unavoidable costs of performing the obligations under a construction contract exceed the economic benefits expected to be received under the contract.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

3) Revenue of services

The Group recognizes revenue from providing project and concert services in the accounting period in which the services are rendered. For fixed price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on the costs incurred to date as a proportion of the total estimated costs of the transaction.

Estimates of revenues, costs, or extent of progress toward completion, are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by the management.

In case of fixed price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

If the contract includes an hourly fee, revenue is recognized in the amount to which the Group has a right to invoice. Customers are invoiced on a monthly basis and a consideration is payable when invoiced.

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

4) Financing components

The Group does not expect the time interval between the transfer of promised goods or services to customer and the payment made within any contract to exceeds more than one year. Therefore, the Group does not adjust any of the transaction price for the time value of money.

(ii) Contract costs

1) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred, regardless of whether the contract was obtained, shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria: the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify; the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Income Taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction 1) affects neither accounting nor taxable profits (losses) and 2) does not give rise to equal taxable and deductible temporary differences;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- 1) the same taxable entity; or
- 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(q) Earnings per share

The basic and diluted EPS attributable to shareholders of the Company are disclosed in the consolidated financial statements. Basic earnings per share is calculated as the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potential dilutive ordinary shares. The Group's dilutive potential common shares are profit sharing for employees to be settled in the form of common stock.

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may incur revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:**

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

The Group is likely to be facing economic uncertainty, such as, political changes, reforms in property taxes and inflation. Those events may have a significant impact on the following accounting estimates, which depend on the future forecasts.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) Inventory valuation

Inventories are measured at the lower of cost or net realizable value. The Group evaluate the selling price in the market is below the cost and write off the cost of inventory to net realizable value. The estimation of net realizable value is based on current market conditions. Please refer note 6(d) for inventory valuation.

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Evaluation process

The Group's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value. The fair value measurement of investment property is based on the website of Department of Land Administration and estate agency's website or the close deal in similar district.

Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liabilities that are not based on observable market data.

**(6) Explanation of significant accounts:**

(a) Cash and cash equivalents

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Petty cash	\$ 640	520
Demand deposits	1,329,527	2,421,186
Checking account deposits	133	41
Time deposits	5,000	5,000
Cash equivalents	<u>498,588</u>	<u>-</u>
Cash and cash equivalents in the consolidated statement of cash flows	<b><u>\$ 1,833,888</u></b>	<b><u>2,426,747</u></b>

Please refer to note 6(s) for the credit risk, fair value sensitivity analysis and interest rate risk of the financial assets and liabilities of the Group.

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Equity investments at fair value through other comprehensive income:		
Listed common share of domestic company	\$ 190,080	116,280
Unlisted common share of domestic company	<u>1,000</u>	<u>1,000</u>
Total	<b><u>\$ 191,080</u></b>	<b><u>117,280</u></b>

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (i) The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purposes.
- (ii) The Group did not dispose any strategic investment in 2023 and 2022, and the accumulated profits and losses during the period were not transferred in equity.
- (iii) For credit risk and market risk, please refer to note 6(s).
- (iv) The above financial assets have not been used as guarantees for long-term and short-term loans and financing collateral.
- (c) Note and account receivables

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Notes receivable from operating activities	\$ 19,412	173
Accounts receivable	2,696	21,148
Less: loss allowance	<u>(173)</u>	<u>(39)</u>
	<b><u>\$ 21,935</u></b>	<b><u>21,282</u></b>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including the macroeconomic and related industrial information. The loss allowance provisions were determined as follows:

	<b>December 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance Provision</b>
Current	\$ 21,625	0%	-
1 to 30 days past due	115	1%	1
31 to 120 days past due	205	10%	21
121 to 300 days past due	15	20%	3
300 days past due	<u>148</u>	100%	<u>148</u>
	<b><u>\$ 22,108</u></b>		<b><u>173</u></b>

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>December 31, 2022</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance Provision</b>
Current	\$ 20,896	0%	-
1 to 30 days past due	319	1%	3
31 to 120 days past due	45	10%	5
121 to 300 days past due	37	20%	7
365 days past due	24	100%	24
	<b>\$ 21,321</b>		<b>39</b>

The movement in the allowance for notes and accounts receivable was as follows:

	<b>For the years ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance on January 1	\$ 39	15
Impairment losses recognized	134	24
Balance on December 31	<b>\$ 173</b>	<b>39</b>

As of December 31, 2023 and 2022, accounts receivable of the Group did not have been pledged as collateral for long-term and short-term borrowings.

Please refer to note(t) for other credit risk information.

(d) Inventory

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Inventories, merchandising business		
Merchandise inventory	<b>\$ 2,187</b>	<b>4,787</b>
Construction		
Construction in progress	\$ 10,522,785	6,512,787
Buildings and land held for sale	1,460,767	2,126,868
Land held for construction site	21,039	2,713,135
	<b>\$ 12,004,591</b>	<b>11,352,790</b>
Inventory that is expected to be recovered more than 12 months later	<b>\$ 9,685,530</b>	<b>8,127,559</b>

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (i) The details of the cost of goods sold related to inventories recognized by the Group in 2023 and 2022 are as follows:

	<b>For the years ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Merchandising:		
Inventory that has been sold	\$ 4,920	6,252
Write-down of inventories	302	129
	<b>\$ 5,222</b>	<b>6,381</b>
Construction:		
Inventory that has been sold	<b>\$ 575,847</b>	<b>1,630,862</b>

- (ii) Please refer to note 8 for details of pledged inventory during the year ended December 31, 2023 and 2022.

- (e) Incremental costs to obtaining a contract

The Group expects to recover the commission paid to the agency company for obtaining the real estate sales contract, therefore, it is recognized as an asset. It is amortized when the revenue from the sale of real estate is recognized, and the amortization expenses of \$31,081 thousand and \$91,326 thousand were recognized in 2023 and 2022 under selling expense.

- (f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2023 and 2022, were as follows:

	<b>Land</b>	<b>Buildings and construction</b>	<b>Leasehold improvements</b>	<b>Other equipment (including transportation and office equipment)</b>	<b>Total</b>
Cost:					
Balance on January 1, 2023	\$ 57,169	35,554	1,728	8,704	103,155
Additions	-	-	-	708	708
Disposal	-	-	-	(1,592)	(1,592)
Balance on December 31, 2023	<b>\$ 57,169</b>	<b>35,554</b>	<b>1,728</b>	<b>7,820</b>	<b>102,271</b>
Balance on January 1, 2022	\$ 57,169	35,554	1,728	7,992	102,443
Additions	-	-	-	732	732
Disposal	-	-	-	(20)	(20)
Balance on December 31, 2022	<b>\$ 57,169</b>	<b>35,554</b>	<b>1,728</b>	<b>8,704</b>	<b>103,155</b>
Depreciation and Impairment:					
Balance on January 1, 2023	\$ -	17,835	1,475	6,777	26,087
Depreciation	-	697	204	1,055	1,956
Disposal	-	-	-	(1,592)	(1,592)
Balance on December 31, 2023	<b>\$ -</b>	<b>18,532</b>	<b>1,679</b>	<b>6,240</b>	<b>26,451</b>

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>Land</u>	<u>Buildings and construction</u>	<u>Leasehold improvements</u>	<u>Other equipment (including transportation and office equipment)</u>	<u>Total</u>
Balance on January 1, 2022	\$ -	17,138	1,271	5,757	24,166
Depreciation for the year	-	697	204	1,040	1,941
Disposal	-	-	-	(20)	(20)
Balance on January 1, 2022	<u>\$ -</u>	<u>17,835</u>	<u>1,475</u>	<u>6,777</u>	<u>26,087</u>
Carrying amounts:					
Balance on December 31, 2023	<u>\$ 57,169</u>	<u>17,022</u>	<u>49</u>	<u>1,580</u>	<u>75,820</u>
Balance on January 1, 2022	<u>\$ 57,169</u>	<u>18,416</u>	<u>457</u>	<u>2,235</u>	<u>78,277</u>
Balance on December 31, 2022	<u>\$ 57,169</u>	<u>17,719</u>	<u>253</u>	<u>1,927</u>	<u>77,068</u>

Please refer to note 8 for detail of pledged property, plant and equipment during the year ended December 31, 2023 and 2022.

(g) Investment property

Investment property comprises office buildings that are leased to third parties under operating leases, as well as properties that are owned by the Group. The leases of investment properties contain an initial non-cancellable lease term of 5 to 10 years. Some leases provide the lessees with options to extend at the end of the term. For all investment property leases, the rental income is fixed under the contracts.

	<u>Land</u>	<u>Buildings and construction</u>	<u>Total</u>
Cost:			
Balance on January 1, 2023	\$ 46,345	72,716	119,061
Transfer from inventory	60,016	55,620	115,636
Balance on December 31, 2023	<u>\$ 106,361</u>	<u>128,336</u>	<u>234,697</u>
Balance on January 1, 2022	\$ 40,310	53,313	93,623
Transfer from inventory	6,035	19,403	25,438
Balance on December 31, 2022	<u>\$ 46,345</u>	<u>72,716</u>	<u>119,061</u>
Depreciation and Impairment:			
Balance on January 1, 2023	\$ -	3,262	3,262
Depreciation	-	1,698	1,698
Balance on December 31, 2023	<u>\$ -</u>	<u>4,960</u>	<u>4,960</u>
Balance on January 1, 2022	\$ -	2,055	2,055
Depreciation	-	1,207	1,207
Balance on December 31, 2022	<u>\$ -</u>	<u>3,262</u>	<u>3,262</u>

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>Land</u>	<u>Buildings and construction</u>	<u>Total</u>
Carrying amounts:			
Balance on December 31, 2023	\$ <u>106,361</u>	<u>123,376</u>	<u>229,737</u>
Balance on January 1, 2023	\$ <u>40,310</u>	<u>51,258</u>	<u>91,568</u>
Balance on December 31, 2022	\$ <u>46,345</u>	<u>69,454</u>	<u>115,799</u>
Fair Value :			
Balance on December 31, 2023			\$ <u>417,684</u>
Balance on December 31, 2022			\$ <u>195,859</u>

Investment property includes the Company's own assets leased out by operating leases to third parties. Please refer to note 6(k) for other related information (including rental income and direct operating expense incurred).

The fair value of investment real estate refers to the recent transaction prices in similar locations and types on the Real Estate Transaction Real Price Inquiry Service Network of the Ministry of the Interior. The input values used in the fair value valuation technique are classified as Level 3.

As of December 31, 2023 and 2022, please refer to note 8 for more information on pledged investment properties and financing collateral of the Group.

(h) Short-term borrowings

The short-term borrowings were summarized as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unsecured bank loans	\$ 195,000	222,000
Secured bank loans	\$ <u>4,150,730</u>	<u>4,144,060</u>
Total	\$ <u>4,345,730</u>	<u>4,366,060</u>
Unused credit time	\$ <u>3,902,170</u>	<u>5,765,180</u>
Range of interest rates	<u>2.095%~2.8%</u>	<u>2.10%~2.67%</u>

(i) The issue of bank loan and repayment

For the years ended December 31, 2023 and 2022, the incremental amounts are \$778,870 thousand and \$410,460 thousand, respectively; the repayment amounts are \$799,200 thousand and \$1,012,292 thousand, respectively.

(ii) Collateral for bank loans

For the collateral for short-term borrowings, please refer to note 8.

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (i) Bonds payable/ Bonds due or executed within one year or one business cycle

The details of unsecured convertible bonds were as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Secured convertible bonds, non-current	\$ 3,795,988	3,794,540
Less: Bonds due or executed with one year or one business cycle	<u>(1,199,995)</u>	<u>-</u>
	<b><u>\$ 2,595,993</u></b>	<b><u>3,794,540</u></b>

- (i) Please refer to note 6(r) for information of the Group's recognition on ordinary bonds and amortized interest expenses in 2023 and 2022.
- (ii) Information of the Group's secured corporate bonds were as follows:

<b>Item</b>	<b>First secured ordinary corporate bond in 2017</b>
1)Total issuance	\$1,000,000 thousand
2)Issuance date	2017.09.14
3)Interest rate	0.97%
4)Period ended	2017.09.14~2022.09.14
5)Repayment	Due five years from the issuance date
6)Guarantee agency	Agricultural Bank of Taiwan

<b>Item</b>	<b>First secured ordinary corporate bond in 2019</b>
1)Total issuance	\$1,200,000 thousand
2)Issuance date	2019.01.07
3)Interest rate	0.96%
4)Period ended	2019.01.07~2024.01.07
5)Repayment	Due five years from the issuance date
6)Guarantee agency	Taiwan Cooperative Bank

<b>Item</b>	<b>First secured ordinary corporate bond in 2021</b>
1)Total issuance	\$600,000 thousand
2)Issuance date	2021.12.24
3)Interest rate	0.67%
4)Period ended	2021.12.24~2026.12.24
5)Repayment	Due five years from the issuance date
6)Guarantee agency	Agricultural Bank of Taiwan

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>Item</u>	<u>Second secured ordinary corporate bond in 2021</u>
(1)Total issuance	1,000,000 thousand
(2)Issuance date	2022.01.10
(3)Interest rate	0.68%
(4)Period ended	2022.01.10~2027.01.10
(5)Repayment	Due five years from the issuance date
(6)Guarantee agency	Hua Nan Commercial Bank,Co. Ltd.

<u>Item</u>	<u>First secured ordinary corporate bond in 2022</u>
(1)Total issuance	1,000,000 thousand
(2)Issuance date	2022.09.14
(3)Interest rate	1.70%
(4)Period ended	2022.09.14~2027.09.14
(5)Repayment	Due five years from the issuance date
(6)Guarantee agency	Agricultural Bank of Taiwan

Please refer to note 8 for details of pledged assets with guarantee.

(j) Contract liability

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Land	\$ 61,364	61,350
Buildings	498,749	292,731
	<u>\$ 560,113</u>	<u>354,081</u>
Amount expected to be realized after twelve months	<u>\$ 344,090</u>	<u>138,117</u>

Please refer to note 9(a) for the total price of the real estate of signed provisions listed above.

(k) Operating lease

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Less than one year	\$ 9,492	5,615
One to two years	9,520	5,784
Two to three years	8,214	5,812
Three to four years	7,352	4,479
Four to five years	6,437	3,536
More than five years	21,312	4,788
	<u>\$ 62,327</u>	<u>30,014</u>

Rental revenues from investment properties was \$5,393 thousand and \$4,364 thousand for the years ended December 31, 2023 and 2022, respectively.

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(l) Employee benefit

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The cost of the pension contributions to the Bureau of Labor Insurance for the years ended December 31, 2023 and 2022 amounted to \$4,469 thousand and \$4,848 thousand, respectively.

(m) Income tax

(i) The components of income tax for the years ended December 31, 2023 and 2022 were as follows:

	<b>For the years ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax expense		
Current period	\$ 5,765	5,808
Adjustment for prior periods	-	(417)
Land value increment tax	<u>15,361</u>	<u>21,372</u>
	<u>21,126</u>	<u>26,763</u>
Deferred tax expense		
Change in reversal and unrecognized deductible temporary differences	<u>(15,868)</u>	<u>(21,173)</u>
Income tax expense	<u><u>\$ 5,258</u></u>	<u><u>5,590</u></u>

(ii) The reconciliation of income tax and profit before income tax were as follows:

	<b>For the years ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit excluding income tax	\$ 94,114	145,267
Income tax expense at domestic statutory tax rate	18,823	29,053
Land tax exempt income	(30,162)	(54,395)
Book-tax difference of capitalization	(19,315)	(22,547)
Non-deductible expenses	-	49
Adjustment for prior periods	-	(417)
Land value increment tax	15,361	21,372
Other	<u>20,551</u>	<u>32,475</u>
	<u><u>\$ 5,258</u></u>	<u><u>5,590</u></u>

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Tax loss carryforward	<b>\$ 7,294</b>	<b>8,588</b>

The ROC Income Tax Act allows tax losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. The deferred tax assets have not been recognized in respect of these items because they are not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2023, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

<b>Year of loss</b>	<b>Unused tax losses</b>	<b>Expiry date</b>
2020	\$ 731	2030
2021	35,741	2031
	<b>\$ 36,472</b>	

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

	<b>Deferred Tax Assets</b>		
	<b>Tax loss carryforward</b>	<b>Other</b>	<b>Total</b>
<b>Balance on January 1, 2023</b>	\$ 132,467	1,187	133,654
Recognized in profit or loss	15,963	(91)	15,872
<b>Balance on December 31, 2023</b>	<b>\$ 148,430</b>	<b>1,096</b>	<b>149,526</b>
<b>Balance on January 1, 2022</b>	\$ 109,986	2,495	112,481
Recognized in profit or loss	22,481	(1,308)	21,173
<b>Balance on December 31, 2022</b>	<b>\$ 132,467</b>	<b>1,187</b>	<b>133,654</b>
		<b>Deferred tax liabilities</b>	
		<b>Unrealized exchange benefits</b>	
<b>Balance on January 1, 2023</b>		\$ -	
Recognized in profit or loss		4	
<b>Balance on December 31, 2023</b>		<b>\$ 4</b>	

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

As of December 31, 2023, the Group's estimated unused loss carry forwards was as follows:

<u>Year of loss</u>	<u>Unused tax losses</u>	<u>Expiry date</u>
2015	\$ 3,923	2025
2016	88,865	2026
2017	27,069	2027
2019	269,289	2029
2020	125,367	2030
2021	35,039	2031
2022	112,909	2032
2023	79,687	2033
	<u>\$ 742,148</u>	

(iv) The Group has income tax returns approved by the Tax Authority were as follows:

<u>Name</u>	<u>Approved year</u>
The Company	2021
Jing Fu Xiang Construction Co., Ltd .	2021
Jingo International Records Co., Ltd .	2021

(n) Capital and other equity

As of December 31, 2023 and 2022, the total value of authorized ordinary shares were both amounted to 4,500,000 thousand, with par value of \$10 per share. As of that date, the number of ordinary shares issued were both shares 326,554 thousand in December 31, 2023 and 2022. All issued shares were paid up upon issuance.

(i) Capital surplus

The balances of capital surplus as of December 31, 2023 and 2022, were as follows:

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Capital surplus — premium from issuance of stock	\$ 168,736	168,736
Employee share options	16,860	16,860
Other	359	359
	<u>\$ 185,955</u>	<u>185,955</u>

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Retain earning

According to the Company's articles of association, if there is a surplus after the annual accounts, it shall be distributed in the following order:

- 1) Tax payment;
- 2) Recovery of loss;
- 3) Attribute ten percent of the current net profit as a statutory surplus reserve unless the statutory surplus reserve has reached the paid-in capital.
- 4) The special surplus reserve shall be set aside or transferred as required by laws and regulations or operations.
- 5) If there is a balance, it will be combined with the accumulated undistributed surplus of the previous year. Then the board of directors shall decide to retain or distribute shareholder dividends according to the capital condition and economic development of the current year, and finally submit it to the shareholders meeting for approval.

To pursue sustainable and stable business development, the Company considers capital needs and long-term financial planning, set dividend policies, and considers retained earnings and future profitability comprehensively to determine the amount that can be allocated each year. Dividends are issued in two ways: stock dividends and cash dividends. The proportion of cash dividends shall not be less than 10% of the total dividends for the year by principle. However, when the cash dividend per share is less than \$0.5, issuing stock dividends is allowed.

If the company's surplus is distributed in cash, it shall be distributed by the board of directors in accordance with the provisions of Article 240, Paragraph 5 of the Company Law. The resolution is processed and reported to the shareholders' meeting, and there is no need to submit it to the shareholders' meeting for approval.

1) Legal reserve

When a company incurs no loss it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Earnings distribution

The amount of cash dividends of appropriations of earnings for 2022 and 2021 had been decided, in the Board meetings held on April 18, 2023 and May 6, 2022, respectively, and had been approved in the shareholders' meeting held on May 29, 2023 and June 30, 2022, respectively.

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

These earnings were appropriated as follows:

	<b>For the years ended December 31</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Dividend per share (\$)</b>	<b>Total amount</b>	<b>Dividend per share (\$)</b>	<b>Total amount</b>
Dividends distributed to common shareholders:				
Cash	\$ 0.43	<u>139,677</u>	0.68	<u>222,057</u>

(iii) Other comprehensive income accumulated in reserves, net of tax

	<b>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</b>
Balance on January 1, 2023	\$ 55,080
Unrealised gains on financial assets measured at fair value through other comprehensive income	73,800
Balance on December 31, 2022	<u>\$ 128,880</u>
Balance on January 1, 2022	\$ 61,380
Unrealised losses on financial assets measured at fair value through other comprehensive income	(6,300)
Balance on December 31, 2022	<u>\$ 55,080</u>

(o) Earnings per share

The Group's earnings per share are calculated as follows:

	<b>For the years ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<b>Basic earnings per share</b>		
Profit attributable to ordinary shareholders of the Company	<u>\$ 88,856</u>	<u>139,677</u>
Weighted average number of ordinary shares outstanding (shares in thousands)	<u>326,554</u>	<u>326,554</u>
Basic earnings per share	<u>\$ 0.27</u>	<u>0.43</u>
<b>Diluted earnings per share</b>		
Profit attributable to ordinary shareholders of the Company (diluted)	<u>\$ 88,856</u>	<u>139,677</u>
Weighted average number of ordinary shares (thousand shares)	326,554	326,554
Effect of employee share bonus	152	156
Weighted average number of ordinary shares outstanding (diluted)	<u>326,706</u>	<u>326,710</u>
Diluted earnings per share	<u>\$ 0.27</u>	<u>0.43</u>

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(p) Revenue from contracts with customers

(i) Disaggregation of revenue

	<b>For the year ended December 31, 2023</b>		
	<b>Construction Department</b>	<b>Audio/video</b>	<b>Total</b>
Primary geographical markets:			
Taiwan	\$ <b>937,057</b>	<b>26,064</b>	<b>963,121</b>
Major products/services lines:			
Sales of real estates	\$ 817,169	-	817,169
Sale of goods	-	7,330	7,330
Servicing rights	119,888	-	119,888
Other	-	18,734	18,734
	<b>\$ 937,057</b>	<b>26,064</b>	<b>963,121</b>
	<b>For the year ended December 31, 2022</b>		
	<b>Construction Department</b>	<b>Audio/video</b>	<b>Total</b>
Primary geographical markets:			
Taiwan	\$ <b>2,241,046</b>	<b>32,658</b>	<b>2,273,704</b>
Major products/services lines:			
Sales of real estates	\$ 1,977,670	-	1,977,670
Sale of goods	-	11,802	11,802
Servicing rights	263,376	-	263,376
Other	-	20,856	20,856
	<b>\$ 2,241,046</b>	<b>32,658</b>	<b>2,273,704</b>

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Contract balances

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>January 1,</u> <u>2022</u>
Notes receivable (including related parties)	\$ 19,412	173	356
Accounts receivable (including related parties)	2,696	21,148	63,635
Less: allowance for impairment	<u>(173)</u>	<u>(39)</u>	<u>(15)</u>
Total	<u>\$ 21,935</u>	<u>21,282</u>	<u>63,976</u>
Contract assets	<u>\$ 79,786</u>	<u>172,951</u>	<u>39,893</u>
Contract liabilities-Sales of real estates	\$ 560,113	354,081	418,521
Contract liabilities-Building construction	<u>-</u>	<u>-</u>	<u>3,331</u>
	<u>\$ 560,113</u>	<u>354,081</u>	<u>421,852</u>

- 1) The amount of revenue recognized for years ended December 31, 2023 and 2022,, that were included in the contract liabilities balance at the beginning of the period were \$0 thousand and \$223,521 thousand, respectively.
- 2) The change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(q) Employee compensation and directors' and supervisors' remuneration

According to the Articles of Association of the Company, the profit before tax not included in the employees' and Directors' remuneration during the year, if there is a surplus after making up for the losses, no more than 5% should be provided for directors' remuneration, and no less than 1% for employees' remuneration. The recipients of shares and cash may include the employees of affiliated companies who meet certain conditions, such conditions shall be stipulated by the Board of Directors.

The remunerations to employees amounted to \$2,757 thousand and \$1,423 thousand, as well as the remunerations to directors amounted to \$919 thousand and \$1,423 thousand for the years ended December 31, 2023 and 2022, respectively. These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the percentage which is stated under the Company's Article of Association. These remunerations were expensed under operating expenses for each period. The related information can be accessed from market observation post system website. There were no differences between the amounts of employees' and directors' remuneration allocated by the aforesaid Board resolutions and the amounts in the consolidated financial statements of 2023 and 2022.

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (r) Finance costs

The details of finance expenses were as follows:

	<b>For the years ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Interest expense:		
Bank loans	\$ 107,606	87,785
Interest on corporate bonds (Including discount and amortization expense)	85,792	78,333
Interest expense, others	140	134
Less: Capitalized interest	<u>(155,615)</u>	<u>(128,149)</u>
Finance costs, net	<b><u>\$ 37,923</u></b>	<b><u>38,103</u></b>
Average capitalized interest rate	<b><u>0.67%~2.94%</u></b>	<b><u>0.67%~2.67%</u></b>

## (s) Financial instruments

## (i) Credit risk

## 1) Credit risk exposure

The carrying amounts of financial assets and contract assets represented the maximum credit risk exposure of the Group.

## 2) Concentration of credit risk

As the Group has a large customer base, it does not significantly concentrate on transactions with a single customer and the sales scope scattered; hence, geographically, there was no concentration of credit risk. To reduce credit risk, the Group also regularly and continuously evaluates the financial situation of customers, and usually does not require customers to provide collateral.

## (ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>1 year</b>	<b>1-5 years</b>	<b>Over 5 years</b>
<b>December 31, 2023</b>					
Non derivative financial liabilities					
Floating-interest-rate instruments	\$ 4,345,730	4,658,253	326,497	3,692,779	638,977
Fixed-interest-rate instruments	3,795,988	3,895,836	1,228,041	2,667,795	-
Non-interest-bearing liabilities	505,943	505,943	503,824	753	1,366
Lease liability (including current portion and non-current)	<u>4,851</u>	<u>4,989</u>	<u>2,453</u>	<u>2,536</u>	<u>-</u>
	<b><u>\$ 8,652,512</u></b>	<b><u>9,065,021</u></b>	<b><u>2,060,815</u></b>	<b><u>6,363,863</u></b>	<b><u>640,343</u></b>

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>
<b>December 31, 2022</b>					
Non derivative financial liabilities					
Floating-interest-rate instruments	\$ 4,366,060	4,633,005	721,601	3,911,404	-
Fixed-interest-rate instruments	3,794,540	3,935,176	39,340	3,895,836	-
Non-interest-bearing liabilities	477,992	477,992	476,773	752	467
Lease liability (including current portion and non-current)	<u>4,974</u>	<u>5,052</u>	<u>3,800</u>	<u>1,252</u>	<u>-</u>
	<u><b>\$ 8,643,566</b></u>	<u><b>9,051,225</b></u>	<u><b>1,241,514</b></u>	<u><b>7,809,244</b></u>	<u><b>467</b></u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk: None

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased/decreased by 1% basis points, the Group's interest expense would have increased/decreased by \$43,457 thousands and \$43,661 thousands for the years ended December 31, 2023 and 2022, respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at variable rates in variable-rate bills. The Group's other comprehensive income would have increased/decreased by \$8,515 thousands and \$10,006 thousands for the years ended December 31, 2023 and 2022 respectively.

(v) Other market price risk

For the years ended December 31, 2023 and 2022, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	<u>For the years ended December 31</u>			
	<u>2023</u>		<u>2022</u>	
	<u>Other comprehensive income after tax</u>	<u>Net income</u>	<u>Other comprehensive income after tax</u>	<u>Net income</u>
<u>Price of securities at reporting date</u>				
Increasing 5%	<u>\$ 9,554</u>	<u>197</u>	<u>5,864</u>	<u>197</u>
Decreasing 5%	<u>\$ (9,554)</u>	<u>(197)</u>	<u>(5,864)</u>	<u>(197)</u>

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(vi) Information of fair value

1) Valuation techniques for financial instruments measured at fair value

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, expect as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities disclosure of fair value information is not required:

	December 31, 2023				
	Book Value	Fair Value			Total
	Level 1	Level 2	Level 3		
Financial assets at fair value through other comprehensive income					
Listed stock	\$ 190,080	190,080	-	-	190,080
Unquoted equity instruments	1,000	-	-	1,000	1,000
Subtotal	<u>191,080</u>	<u>190,080</u>	<u>-</u>	<u>1,000</u>	<u>191,080</u>
Financial assets at fair value through profit or loss					
Privately offered fund	\$ 4,913	-	-	4,913	4,913
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,833,888	-	-	-	-
Notes and accounts receivable (incl. related parties)	21,935	-	-	-	-
Other financial assets, current	389,907	-	-	-	-
Other financial assets, non-current	431,457	-	-	-	-
Refundable deposits	5,388	-	-	-	-
Subtotal	<u>2,682,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,878,568</u>	<u>190,080</u>	<u>-</u>	<u>5,913</u>	<u>195,993</u>
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 4,345,730	-	-	-	-
Corporate bonds payable (incl. due within one year)	3,795,988	-	3,766,716	-	3,766,716
Notes payable, accounts payable (incl. related parties)	386,755	-	-	-	-
Other payables (incl. related parties)	115,648	-	-	-	-
Guarantee deposits	3,540	-	-	-	-
Lease liabilities (incl. non-current portion)	4,851	-	-	-	-
Total	<u>\$ 8,652,512</u>	<u>-</u>	<u>3,766,716</u>	<u>-</u>	<u>3,766,716</u>

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	December 31, 2022				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Listed stock	\$ 116,280	116,280	-	-	116,280
Unquoted equity instruments	1,000	-	-	1,000	1,000
Subtotal	<u>117,280</u>	<u>116,280</u>	<u>-</u>	<u>1,000</u>	<u>117,280</u>
Financial assets at fair value through profit or loss					
Privately offered fund	\$ 4,914	-	-	4,914	4,914
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 2,426,747	-	-	-	-
Notes and accounts receivable (incl. related parties)	21,282	-	-	-	-
Other financial assets, current	116,193	-	-	-	-
Other financial assets, non-current	680,090	-	-	-	-
Refundable deposits	4,322	-	-	-	-
Subtotal	<u>3,248,634</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,370,828</u>	<u>116,280</u>	<u>-</u>	<u>5,914</u>	<u>122,194</u>
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 4,366,060	-	-	-	-
Bonds payable (incl. due within one year)	3,794,540	-	3,738,989	-	3,738,989
Notes and accounts receivable (incl. related parties)	377,034	-	-	-	-
Other payables (incl. related parties)	98,323	-	-	-	-
Guarantee deposits	2,635	-	-	-	-
Lease liabilities (incl. non-current portion)	4,974	-	-	-	-
Total	<u>\$ 8,643,566</u>	<u>-</u>	<u>3,738,989</u>	<u>-</u>	<u>3,738,989</u>

2) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

a) Financial liabilities measured at amortized cost

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted. The fair value of ordinary corporate bonds payable is measured by Level 2 input value, and the fair value is calculated based on the weighted average price of one hundred dollars at the reporting date of the Taipei Exchange.

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

3) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

If the financial instruments held by the company have an active market, the fair values are listed below according to their categories and attributes:

If the financial instruments possessed by the Group has quoted market prices in active markets, the fair value was as follows:

- Fair value of listed redeemable corporate bonds listed(counter) company stocks, bills of exchange and corporate bonds are financial assets and financial liabilities that coordinate standard terms and conditions, are determined with reference to market quotes.

Except for the above-mentioned financial instruments with active markets, the fair value of other financial instruments is based on evaluation techniques. technology or by referring to the counterparty's quotation. The fair value obtained through evaluation techniques can refer to other actual The current fair value of financial instruments with qualitatively similar conditions and characteristics, discounted cash flow method or other methods. Evaluation techniques, including calculations using models based on market information available on the day of the report (such as Heart reference yield curve, Reuters commercial paper rate average quotation).

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

If the financial instruments held by the company don,t have an inactive markets,the fair values are listed below according to their categories and attributes:

- Equity instruments without public quotations: the fair value is estimated using the market comparable company method, the main assumption is based on the estimated earnings before tax, interest, depreciation, and amortization of the investee and comparable listed (counter) companies. Based on the earnings multiplier derived from the company's market quotations. The estimate has been adjusted for the shortfall in equity securities. The discount impact of lack of market liquidity.

4) Transfers between Level 1 and Level 2

There were no transfers in either direction for the years ended December 31, 2023 and 2022.

(t) Financial risk management

(i) Overview

The Group have exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following likewise discusses the Group's exposure information, objectives, policies and processes for measuring and managing the above mentioned risks For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the consolidated financial statements.

(ii) Structure of risk management

The Group's risk management policies are established to identify and analyze the risks being faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

1) Accounts and other receivables

The credit risk of the Group is affected by its clients individually based on their conditions. Accounts receivable generated by selling real estate has a lower credit risk since the payment is completed mostly by individuals through transfers, checks, or loans from the bank. The Group's has full control on its construction quality and progress since all projects are contracted out to the conformed and reputable building contractors based on the Group's contracting operation methods.

The Group discloses the estimation of accounts receivables' and other receivables' loss with allowance for bad debt account. Allowance for bad debt account is composed with specific losses and batch of unrecognized losses components. Unrecognized losses components are determined by historically statistical data from similar financial assets.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

As of December 31, 2023 and 2022, respectively, the Group has no outstanding guarantees.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(u) Capital management

The Group's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders or issue new shares.

The Group and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

As of December 31, 2023, the Group's capital management strategy is consistent with the prior year as 2022, and the gearing ratio is maintained to ensure credit rating and ensure financing at reasonable cost. The Group's debt-to-equity ratio at the end of the reporting period as of December 31, 2023 and 2022, respectively, is as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Total liabilities	\$ 9,261,839	9,024,514
Less: cash and cash equivalents	<u>(1,833,888)</u>	<u>(2,426,747)</u>
Net debt	7,427,951	6,597,767
Total Equity	<u>6,478,870</u>	<u>6,455,891</u>
Adjusted equity	<b><u>\$ 13,906,821</u></b>	<b><u>13,053,658</u></b>
Debt-to-equity ratio	<b><u>53%</u></b>	<b><u>51%</u></b>

(7) **Related-party transactions:**

(a) Related-party transactions

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
San Fu Property Co., Ltd.	The chairman of San Fu Property Co., Ltd., as well as a board member
Sanfar Education Foundation	Other related party
Pleasant Hotels International Inc	Other related party
Zenfar Architecture Co., Ltd.	Other related party
Mingting Construction Co., Ltd.	Other related party
Yueteng Advertising Co., Ltd.	Other related party
Dage Advertising Co., Ltd.	Other related party
Hong Tai Advertising Co., Ltd	Other related party

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(b) Significant transactions with related parties

(i) Construction

- 1) The Group undertakes contracts with related party-pleasant Hotels International Inc. and receives payments in accordance with the contract as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Signed contract price	\$ <u>759,867</u>	<u>759,867</u>
Amount received on an agreement	\$ <u>663,491</u>	<u>505,229</u>

- 2) Construction revenue and contract assets

The following are the circumstances in which the combined company has secured income from the related party in respect of the project and the consideration is as follows:

	<b>Engineering service revenue</b>		
	<b>For the years ended December 31</b>		
	<b>2023</b>	<b>2022</b>	<b>Recognition Engineering service revenue</b>
Other related party-Pleasant Hotels	\$ <u>119,888</u>	<u>263,376</u>	<u>759,867</u>
	<b>The amount of the current period</b>		
	<b>For the years ended December 31</b>		
	<b>2023</b>	<b>2022</b>	<b>Accumulated Priced amount</b>
Other related party-Pleasant Hotels	\$ <u>238,048</u>	<u>141,886</u>	<u>759,867</u>

<b>Financial Statement Account</b>	<b>Related Party Categories</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Current contract assets			
The right to receive payment has not been reached	Pleasant Hotels International Inc.	\$ -	118,160
Construction retainage receivable	"	79,786	54,791
		<u>\$ 79,786</u>	<u>172,951</u>

The engineering works contracted by the merger company to the related party are carried out for the related party at a price charged by the head of the company with reasonable management fees and profits in accordance with the project budget. The profit margin and the terms of receipt for the contract works of the combined company are comparable to those of the non-related party.

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Accounts receivable from related parties

The amounts of accounts receivable between the Group and related parties were as follows:

<u>Accounted items</u>	<u>Catagories</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	Pleasant Hotels International Inc.	\$ 16,590	-
Accounts receivable	Pleasant Hotels International Inc.	-	16,590
		<u>\$ 16,590</u>	<u>16,590</u>

(iii) Rental

The amounts of sharing warehouse situation between the Group and related parties were as follows:

	<u>For the years ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Other related party-Pleasant Hotel International Inc.	<u>\$ 250</u>	<u>-</u>

(iv) Operating expenses

	<u>For the years ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Other related party	<u>\$ 1,404</u>	<u>(4,925)</u>

The Company cancelled the appropriation according to the annual plan and budget of Sanfar Education Foundation \$0 and \$4,925 thousand in 2023 and 2022, respectively, and actual donate \$1,404 thousand and \$1,500 thousand in 2023 and 2022, respectively.

(v) Guarantee

As of December 31, 2023 and 2022, the Group entered into three separate agreements with other related parties - San Fu property Co., Ltd., Mingting Construction Co., Ltd., and Zenfar Architecture Co., Ltd., to act as a guarantor for its pre-sale contracts in Liujiating Section, Yongkang District, Tainan City, and Yongxing Section, Yongkang District, Tainan City, as well as Chengde Section, Renwu District, Kaohsiung City. In 2023 and 2022, the handing fees for all of the above transactions totaled \$0 and \$618 thousand, respectively.

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Key management personnel compensation

The compensation of key management is as follows:

	<u>For the years ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 18,417	25,355
Post-employment benefits	559	664
	<u>\$ 18,976</u>	<u>26,019</u>

**(8) Pledged assets:**

The carrying amounts of the assets pledged as collateral are detailed below:

<u>Pledged assets</u>	<u>Object</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Inventories	Mortgage and bonds payable	\$ 10,121,943	10,117,193
Other financial assets classified under current and non-current	Mortgage and bonds payable	684,038	680,090
Property, plant and equipment	Short-term notes and bill payable	74,191	74,888
Investment property	Mortgage and bonds payable	86,415	87,569
		<u>\$ 10,966,587</u>	<u>10,959,740</u>

The book value of the above-mentioned assets, pledged as collateral for unused credits, amounted to \$539,443 thousand and \$541,251 thousand, respectively, as of December 31, 2023 and 2022, respectively.

**(9) Commitments and contingencies:**

(a) The Group's unrecognized contractual commitments are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Signed contract</u>		
Sale of real estate	\$ <u>3,266,522</u>	<u>2,155,689</u>
Contracted construction in progress	\$ <u>-</u>	<u>759,867</u>
<u>Received or paid contracts</u>		
Sale of real estate	\$ <u>560,113</u>	<u>354,081</u>
Contracted construction in progress	\$ <u>-</u>	<u>505,229</u>

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (b) The legal litigation cases related to the Group demanded an approximate amount totaling \$70,000 thousand, plus legal interest from the Group. Currently, the estimated liability provision amounted to \$1,984 thousand. All cases were still in progress as of the reporting date.
- (c) The Group made a donation, with an amount not exceeding \$2,500 thousand, to Kaohsiung City San Far Education Foundation for the purpose of promoting the Foundation's business, based on the resolutions approved by the board on September 21, 2023 and November 18, 2022. Please refer to note 7(b)(iv) for the actual amount.

**(10) Losses due to major disasters:None**

**(11) Subsequent Events:None**

**(12) Other:**

- (a) Employee benefits, depreciation and amortization expenses categorized by function were as follows:

	For the year ended December 31						
	By function	2023			2022		
		Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
<b>By item</b>							
Employee benefits							
Salary	68,279	29,110	97,389	74,295	31,944	106,239	
Labor and health insurance	6,794	2,454	9,248	6,285	3,483	9,768	
Pension	3,466	1,003	4,469	3,381	1,467	4,848	
Remuneration of directors	-	2,455	2,455	-	3,043	3,043	
Others	2,102	3,785	5,887	2,279	3,004	5,283	
Depreciation	-	6,838	6,838	-	7,925	7,925	
Amortization	403	1,575	1,978	632	1,951	2,583	

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (b) Other

The Ministry of Justice Investigation Bureau, Kaohsiung City has conducted an investigation on the group on February 17, 2022, wherein it seized the Company's subsidiary ledgers, as well as all the contracts entered into with, and the vouchers of commission paid to, the related three advertising companies. Since the case is still in progress, the group assessed that the above matter will not have an impact on its financial statements.

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Current assets recognized as incremental costs to obtain contract with customers	\$ -	47,550	47,550	47,974	23,786	11,034	-
Notes payable	\$ -	2,694	2,694	8,743	8,494	-	-
Construction Retainage	\$ 4,662	4,461	4,461	1,907	205	-	-
Received (account on Accounts Payable)							
Other payables	\$ -	6,814	6,814	932	5,911	-	-
Selling expense	\$ 66,062	204,103	24,076	47,693	77,332	-	995

- (i) On February 17, 2022, the Company was prosecuted and searched. Since it is still in the investigation stage and based on the principle of secret investigation, the general finding and legal liability will wait for the investigation by the Prosecutors Office and the Judiciary to clarify before taking relative measures. At present, according to the project audit accountants appointed by the audit committee of the Company, the project attorney appointed by the board of directors and the Company's own review, the consignment sales and construction transactions between the three advertising companies, Dage Advertising Co., Ltd., Yueteng Advertising Co., Ltd. and Hong tai Advertising Co., Ltd. and the Company are authentic. The transaction conditions have no significant unreasonable circumstances compared with the same industry in the market.
- (ii) In order to be conservative, although the case is still under investigation, the Company disclosed the above three advertising companies in the form of other related parties in the 2021 financial report based on protecting the rights and interests of investors. Due to the principle of secret investigation, the method of prior disclosure may not be the final result. The Company will deal with the case appropriately after the case is clarified by the judicial proceeding.
- (iii) At present, the Company's finance and business are normal, and the investigation case has no significant impact on the Company's operations.

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(13) Other disclosures:**

## (a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

- (i) Loans to other parties: None
- (ii) Guarantees and endorsements for other parties: None
- (iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	Stock - Pleasant Hotels International Inc.	Other related party	Financial assets at fair value through other comprehensive income, non-current	3,600	190,080	4.11 %	190,080	4.26 %	
The Company	Stock - Best Education Service & Tech Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	20	1,000	0.33 %	1,000	0.33 %	
The Company	Privately offered fund-Sparklabs Taipei Fund I	-	Financial assets at fair value through profit or loss, non-current	-	4,913	-	4,913	-	

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Jin Fu Xiang Co.,Ltd	Subsidiary Company	Contracting project	656,053	55.27 %	Pay by contract terms	-	-	(264,510)	(72.86)%	Note
Jin Fu Xiang Co.,Ltd	The Company	Parent Company	Contracted project	(846,571)	(87.59)%	Receive by contract terms	-	-	264,510	73.28%	Note
Jin Fu Xiang Co.,Ltd	Pleasant Hotels Co.,LTD	Other related parties	Contracted project	(119,888)	(12.41)%	Receive by contract terms	-	-	96,376	26.72%	Note 1

Note: The transactions were written off in the consolidated financial statements.

Note 1: There is \$79,786 thousand belongs the retainage receivable (accounted for as contract assets)

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Jin Fu Xiang Co.,Ltd	The Company	Parent Company	264,510 (Note)	3.79 %	-		59,481	-

Note: The transactions were written off in the consolidated financial statements.

(ix) Trading in derivative instruments: None.

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	Jin Fu Xiang Construction Co., Ltd	The Company	2	Sale revenue	846,571	As agreed in the agreement	87.89%
			2	Receivables	264,510	//	1.68%

Note 1: The numbering is as follows:

1. "0" represents the parent company.
2. Subsidiaries are sequentially numbered from 1 by company.

Note 2: Relation between related parties are as follows:

1. Parent company to subsidiaries.
2. Subsidiaries to parent company.
3. Between subsidiaries.

Note 3: All intra-group transactions were eliminated when preparing the consolidated financial statements.

Note 4: It is calculated by dividing the transaction amount by consolidated operating income or consolidated total assets.

Note 5: The transactions were written off in the consolidated financial statements.

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2023 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	Jing Fu Xiang Construction Co., Ltd.	Taiwan	Construction industry	295,875	295,875	30,000	100.00 %	282,560	100.00 %	23,150	(5,582)	
"	Jingo International Records Co., Ltd.	Taiwan	Record industry	22,529	22,529	2,000	100.00 %	22,652	100.00 %	5,905	5,905	

Note: The transactions were written off in the consolidated financial statements.

(c) Information on investment in mainland China: None

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Chengxin Investment Co., Ltd.		49,482,844	15.15 %
Jinji Investment Co., Ltd.		27,263,263	8.34 %
Zhiyi Investment Co., Ltd.		20,657,313	6.32 %
Shangfeng Investment Co., Ltd.		20,482,290	6.27 %
Jun Rong, Zhong		19,282,287	5.90 %
Xian Ling, Yang trust property account for UBS Taipei Branch		19,000,000	5.81 %
Changyi Investment Co., Ltd.		17,478,869	5.35 %

Note: (i) The main shareholder information in this table is calculated based on the last business day at the end of each quarter by Security Company, for shareholders holding more than 5% of the company's ordinary and preference shares that have been delivered without physical registration. There may be differences between actual shares recorded in of the Group's financial statement and shares delivered without physical registration due to different calculation bases.

(ii) If the above-mentioned shareholder delivers the shares to the trust, it is disclosed in individual accounts of the trustee who opens the trust account. As for the shareholders' declaration of insider's equity holdings exceeding 10%, it is filed based on the shareholding, including their own shareholding plus the shares delivered to the trust, in accordance with the Securities and Exchange Act. Please refer to Market Observation Post System for more detailed information

**(14) Segment information:**

(a) General information

The Group has two reportable segments, which are the Group's strategic divisions. The Group's strategic divisions provide different products and services, and are managed separately because they require different technology and marketing strategies. Operating results of the strategic divisions are quarterly reviewed by the Group's chief operating decision maker. The four reportable segments are described as follows:

- (i) Construction department: Mainly responsible for residential development, building, construction, civil and construction business.
- (ii) The AV department: Mainly responsible for CD and DVD production, Production, publication and import and export trading.

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(b) Information about reportable segments and their measurement and reconciliations

	<u>Construction Department</u>	<u>Audio/ video</u>	<u>Adjustment and Elimination</u>	<u>Total</u>
<b>For the year ended December 31, 2023</b>				
Revenue:				
Revenue from external customers	\$ 937,057	26,064	-	963,121
Intersegment revenues	846,571	477	(847,048)	-
Interest income	<u>17,762</u>	<u>211</u>	<u>-</u>	<u>17,973</u>
Total revenue	<u>\$ 1,801,390</u>	<u>26,752</u>	<u>(847,048)</u>	<u>981,094</u>
Interest expenses	<u>\$ 37,917</u>	<u>6</u>	<u>-</u>	<u>37,923</u>
Depreciation and amortization	<u>\$ 6,622</u>	<u>2,194</u>	<u>-</u>	<u>8,816</u>
Reportable segment net operating income (loss)	<u>\$ 88,149</u>	<u>5,965</u>	<u>-</u>	<u>94,114</u>
Reportable segment assets	<u>\$ 15,700,990</u>	<u>39,746</u>	<u>(27)</u>	<u>15,740,709</u>
Reportable segment liabilities	<u>\$ 9,244,773</u>	<u>17,068</u>	<u>(2)</u>	<u>9,261,839</u>
<b>For the year ended December 31, 2022</b>				
Revenue:				
Revenue from external customers	\$ 2,241,046	32,658	-	2,273,704
Intersegment revenues	551,070	321	(551,391)	-
Interest revenue	<u>5,512</u>	<u>99</u>	<u>-</u>	<u>5,611</u>
Total revenue	<u>\$ 2,797,628</u>	<u>33,078</u>	<u>(551,391)</u>	<u>2,279,315</u>
Interest expenses	<u>\$ 38,032</u>	<u>71</u>	<u>-</u>	<u>38,103</u>
Depreciation and amortization	<u>\$ 4,898</u>	<u>5,610</u>	<u>-</u>	<u>10,508</u>
Reportable segment net operating income (loss)	<u>\$ 148,331</u>	<u>(3,064)</u>	<u>-</u>	<u>145,267</u>
Reportable segment assets	<u>\$ 15,441,671</u>	<u>38,764</u>	<u>(30)</u>	<u>15,480,405</u>
Reportable segment liabilities	<u>\$ 9,002,528</u>	<u>22,016</u>	<u>(30)</u>	<u>9,024,514</u>

(c) Product information

Revenue from the external customers of the Group's continuing operations please refer to note 6(p).

(d) Geographic information

The Group did not set up department overseas for the years ended December 31, 2023 and 2022.

(e) Major customers

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Construction Department-Customer A	<u>\$ 119,888</u>	<u>263,376</u>