

Stock code: 9946

# **SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**

## **Consolidated Financial Statements with Independent Auditors' Review Report**

**2023 and 2022 Q1**

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

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## **Independent Auditors' Review Report**

To the Board of Directors 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 sheets as of March 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods from January 1 to March 31, 2023 and 2022 as well as notes to the consolidated financial statements (including a summary of significant accounting policies.) for the years then ended

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and IAS 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to provide a conclusion on the consolidated financial statements based on our reviews.

### **Scope**

We conducted our reviews in accordance with the Review Standard No. 2410 “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusions**

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material aspects the consolidated financial position of the Company as of March 31, 2023 and 2022 and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022 in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and IAS 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

**Emphasis of Matter**

As mentioned in Note 12(3) of the consolidated financial statements, the Ministry of Justice Investigation Bureau, Kaohsiung City has conducted an investigation in the group 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(3) for information related to the above transactions. We did not revise the review opinion.

KPMG

Taipei, Taiwan (Republic of China)

May 11, 2023

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

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**

**Consolidated Balance Sheets**

March 31, 2023, December 31, 2022, March 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets	March 31, 2023		December 31, 2022		March 31, 2022		Liabilities and Equity	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
<b>Current assets:</b>							<b>Current liabilities:</b>						
1100 Cash and cash equivalents (note 6(1))	\$ 1,812,752	12	2,426,747	16	2,304,061	15	2100 Short-term borrowings (notes 6(7) and 8)	\$ 4,046,660	27	4,366,060	29	4,144,060	27
1140 Current contract assets (notes 6(15) and 7)	106,458	1	172,951	1	82,924	1	2130 Current contract liabilities (notes 6(9), (15), 7 and 9)	387,812	3	354,081	2	505,851	3
1150 Notes receivable, net (notes 6(15))	425	-	173	-	108	-	2150 Notes payable	134,045	1	149,942	1	123,292	1
1160 Notes receivable, Related party net (notes 6(15) and 7)	33,627	-	-	-	-	-	2170 Accounts payable	206,501	1	227,092	1	181,426	1
1170 Accounts receivable, net (notes 6(15))	18,909	-	4,519	-	16,783	-	2200 Other payables (notes 7)	79,229	-	98,323	1	123,799	1
1180 Accounts receivable due from related parties, net (notes 6(15) and 7)	49,990	-	16,590	-	-	-	2230 Current tax liabilities	4,930	-	3,935	-	4,388	-
1300 Inventories, merchandising business, net (note 6(3))	4,245	-	4,787	-	5,038	-	2321 Current Portion of puttable bonds (notes 6(8) and 8)	1,199,802	8	-	-	999,875	7
1320 Inventories (for construction business), net (notes 6(3), 7, 8)	11,592,931	76	11,352,790	73	11,961,058	77	2399 Other current liabilities, others	23,744	-	26,674	-	49,305	-
1410 Prepayment	106,451	1	88,653	1	87,754	1		<u>6,082,723</u>	<u>40</u>	<u>5,226,107</u>	<u>34</u>	<u>6,131,996</u>	<u>40</u>
1476 Other financial assets-current (notes 8)	366,924	3	116,193	1	29,099	-	<b>Non-Current liabilities:</b>						
1479 Other current assets, others	21,533	-	20,042	-	29,695	-	2530 Bonds payable (notes 6(8) and 8)	2,595,094	17	3,794,540	25	2,795,971	18
1480 Current assets recognised as incremental costs to obtain contract with customers (note 6(4))	128,320	1	123,423	1	145,682	1	2570 Deferred income tax liabilities	16	-	-	-	-	-
							2600 Total other non-current liabilities	3,650	-	3,867	-	3,727	-
								<u>2,598,760</u>	<u>17</u>	<u>3,798,407</u>	<u>25</u>	<u>2,799,698</u>	<u>18</u>
							<b>Total liabilities</b>	<u>8,681,483</u>	<u>57</u>	<u>9,024,514</u>	<u>59</u>	<u>8,931,694</u>	<u>58</u>
<b>Non-current assets:</b>							<b>Equity attributable to owners of parent (note 6(13)):</b>						
1510 Total non-current financial assets at fair value through profit or loss (note 6(18))	4,872	-	4,914	-	4,580	-	3100 Common stock	3,265,542	22	3,265,542	21	3,265,542	21
1517 Non-current financial assets at fair value through other comprehensive income (note 6(2), and (18))	175,600	1	117,280	1	123,760	1	3200 Capital surplus	185,955	1	185,955	1	185,955	1
1600 Property, plant and equipment (notes 6(5) and 8)	76,689	-	77,068	-	77,922	-	3300 Total retained earnings	2,953,028	19	2,949,314	19	3,047,248	20
1760 Investment property (notes 6(6) and 8)	115,443	1	115,799	1	105,706	1	3400 Other equity	113,400	1	55,080	-	61,560	-
1780 Intangible assets	15,198	-	15,507	-	16,252	-		<u>6,517,925</u>	<u>43</u>	<u>6,455,891</u>	<u>41</u>	<u>6,560,305</u>	<u>42</u>
1840 Deferred tax assets	133,509	1	133,654	1	112,481	1	<b>Total equity</b>						
1975 Net defined benefit asset, non-current	-	-	-	-	5,636	-							
1980 Other non-current financial assets (note 8)	429,345	3	680,090	4	371,583	2	<b>Total liabilities and equity</b>	<u>\$ 15,199,408</u>	<u>100</u>	<u>15,480,405</u>	<u>100</u>	<u>15,491,999</u>	<u>100</u>
1990 Other non-current assets, others	6,187	-	9,225	-	11,877	-							
<b>Total assets</b>	<u>\$ 15,199,408</u>	<u>100</u>	<u>15,480,405</u>	<u>100</u>	<u>15,491,999</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 Changes In Equity****For The Three Months Ended March 31, 2023 And 2022**

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent					Total other equity interest Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total equity
	Retained earnings				Total retained earnings		
	Ordinary shares	Capital surplus	Legal reserve	Unappropriate d 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	-	-	-	15,554	15,554	-	15,554
Other comprehensive income (net for tax)	-	-	-	-	-	180	180
Comprehensive income	-	-	-	15,554	15,554	180	15,734
Balance at March 31, 2022	<b>\$ 3,265,542</b>	<b>185,955</b>	<b>594,244</b>	<b>2,453,004</b>	<b>3,047,248</b>	<b>61,560</b>	<b>6,560,305</b>
<b>Balance at January 1, 2023</b>	\$ 3,265,542	185,955	602,877	2,346,437	2,949,314	55,080	6,455,891
Profit	-	-	-	3,714	3,714	-	3,714
Other comprehensive income (net for tax)	-	-	-	-	-	58,320	58,320
Comprehensive income	-	-	-	3,714	3,714	58,320	62,034
Balance at March 31, 2023	<b>\$ 3,265,542</b>	<b>185,955</b>	<b>602,877</b>	<b>2,350,151</b>	<b>2,953,028</b>	<b>113,400</b>	<b>6,517,925</b>

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 Three Months Ended March 31, 2023 And 2022**

(Expressed in Thousands of New Taiwan Dollars)

	<b>January 1 to March 31, 2023</b>	<b>January 1 to March 31, 2022</b>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 4,885	18,968
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,843	1,794
Amortization expense	543	731
Expected credit impairment loss benefit	(4)	-
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	42	(151)
Interest expense	38	7,880
Interest income	(477)	(260)
Gain on lease modification	(33)	-
Total adjustments to reconcile profit (loss)	<u>1,952</u>	<u>9,994</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Decrease (increase) in contract assets	66,493	(43,031)
Decrease (increase) in notes receivable - related parties	(33,879)	248
Decrease(increase) in accounts receivable - related parties	(47,786)	46,837
Increase in inventories	(192,439)	(144,376)
Increase in other prepayments	(17,798)	(20,087)
Decrease (increase) other current assets	(1,465)	2,096
(Increase) decrease in other financial assets	14	(3,644)
Decrease (increase) in assets recognised as incremental costs to obtain contract with customers	(4,897)	(16,755)
Total changes in operating assets	<u>(231,757)</u>	<u>(178,712)</u>
<b>Changes in operating liabilities:</b>		
Increase in contract liabilities	33,731	83,999
Increase (decrease) in notes payable	(15,897)	35,821
Decrease in accounts payable	(20,591)	(7,885)
(Decrease) increase in other receivable	(10,609)	7,519
(Decrease) increase in other current liabilities	(668)	21,274
<b>Total changes in operating liabilities</b>	<u>(14,034)</u>	<u>140,728</u>
<b>Total changes in operating assets and liabilities</b>	<u>(245,791)</u>	<u>(37,984)</u>
<b>Total adjustments</b>	<u>(243,839)</u>	<u>(27,990)</u>
Cash inflow generated from operations	(238,954)	(9,022)
Interest paid	(55,327)	(41,125)
Income taxes paid	(41)	(2,456)
<b>Net cash flows from (used in) operating activities</b>	<u>(294,322)</u>	<u>(52,603)</u>

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
**For The Three Months Ended March 31, 2023 And 2022**  
(Expressed in Thousands of New Taiwan Dollars)

	<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	-	(1,000)
Acquisition of property, plant and equipment	(113)	(108)
Acquisition of intangible assets	(234)	(304)
Decrease in other financial assets	-	160,006
Decrease(increase) in other non current assets	603	(395)
Interest received	477	260
<b>Net cash flows from (used in) investing activities</b>	<u>733</u>	<u>158,459</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	-	138,460
Decrease in short-term borrowings	(319,400)	(962,292)
Decrease in short-term notes and bills payable	-	(140,000)
Proceeds from issuing bonds	-	997,098
Payment of lease liabilities	(1,003)	(1,069)
Increase(decrease) in other non-current liabilities	(3)	230
<b>Net cash flows from used in financing activities</b>	<u>(320,406)</u>	<u>32,427</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(613,995)	138,283
<b>Cash and cash equivalents at beginning of period</b>	<u>2,426,747</u>	<u>2,165,778</u>
<b>Cash and cash equivalents at end of period</b>	<u><b>\$ 1,812,752</b></u>	<u><b>2,304,061</b></u>

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 Q1**

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

**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:**

The accompanying consolidated financial statements were authorized for issue by the Board of Directors on May 11, 2023.

**3. New standards, amendments and interpretations adopted:**

- (1) 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"

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

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

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## SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	<p>Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance.</p> <p>The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.</p>	January1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	<p>After reconsidering certain aspects of the 2020 amendments<sup>1</sup>, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current.</p> <p>Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.</p>	January1, 2024

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have 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”
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(Continued)

## SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 4. Summary of Significant Accounting Policies

##### (1) Statement of Compliance

The consolidated financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and IAS 34 “Interim Financial Reporting” approved and released by the FSC. This consolidated financial statements does not include the requirements of the overall annual consolidated financial statements prepared by the subsequent International Financial Standards, International Accounting Standards, Interpretations and Interpretations recognized by the Financial Supervisory Commission and issued effective All necessary information to disclose.

Except for the following, the major accounting policies adopted in this consolidated financial statements are the same as those in the consolidated financial statements of 2022. For related information, please refer to Note 4 of the consolidated financial statements of 2022.

##### (2) Basis of consolidation

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

Name of investor	Subsidiaries	Principal activity	Shareholding			Description
			March 31, 2023	December 31, 2022	March 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%	100.00%	Note 1
"	Jingo International Records Co., Ltd . (here in after referred to as Jingo Company)	Various CD and DV production, publication and import and export trades	100.00%	100.00%	100.00%	Note 1

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

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

##### (3) Income Tax

The company measures and discloses the income tax expenses of the interim period in accordance with the provisions of paragraph B12 of the IAS No. 34 "Interim Financial Report".

Income tax expense is measured by multiplying the net profit before tax in the interim reporting period by the management's best estimate of the estimated effective tax rate for the whole year, and is fully recognized as current income tax expense.

(Continued)

## SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Income tax expenses that are directly recognized in equity items or other comprehensive profit and loss items are measured at the applicable tax rate when the expected realization or liquidation of the temporary difference between the carrying amount of the relevant assets and liabilities for financial reporting purposes and their tax base.

#### 5. Significant Accounting Assumptions and Judgments, and Major Sources of Estimates Uncertainty

When preparing this consolidated financial statements in accordance with the preparation standards and the IAS No. 34 "Interim Financial Report" recognized by the FSC, the management must make judgments, estimates and assumptions, which will affect the adoption of accounting policies and the assets, liabilities, reported amounts of income and expenses have been affected. Actual results may differ from these estimates.

When preparing the consolidated financial statements, the major judgments made by the management when adopting the accounting policies of the consolidated company and the main sources of estimation uncertainty are consistent with Note 5 to the consolidated financial statements of 2022.

#### 6. Explanation of Significant Accounts

Except for the following, there is no significant difference between the description of important accounting items in this consolidated financial statements and the consolidated financial statements of 2022. For relevant information, please refer to Note 6 of the consolidated financial statements of 2022.

##### (1) Cash and cash equivalents:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Petty cash	\$ 459	520	584
Demand deposits	995,594	2,421,186	2,298,426
Checking account deposits	779	41	51
Time deposits	756,000	5,000	5,000
Cash equivalents	59,920	-	-
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 1,812,752</u>	<u>2,426,747</u>	<u>2,304,061</u>

Please refer to note 6(18) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities of the Group.

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Equity investments at fair value through other comprehensive income:			

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

Listed common share of domestic company	\$ 174,600	116,280	122,760
Unlisted common share of domestic company	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
<b>Total</b>	<b><u>\$ 175,600</u></b>	<b><u>117,280</u></b>	<b><u>123,760</u></b>

- (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 the period from January 1 to March 31, 2023 and 2022, and the accumulated profits and losses during the period were not transferred in equity.
- (iii) For credit risk (including the impairment of debt investments) and market risk, please refer to Note 6(18).
- (iv) The above financial assets have not been used as guarantees for long-term and short-term loans and financing collateral.

(3) Inventory

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Inventories, merchandising business			
Merchandise inventory	<u>\$ 4,245</u>	<u>4,787</u>	<u>5,038</u>
Construction			
Construction in progress	\$ 9,517,345	6,512,787	6,760,824
Buildings and land held for sale	2,054,547	2,126,868	2,487,099
Land held for construction site	<u>21,039</u>	<u>2,713,135</u>	<u>2,713,135</u>
	<u>\$ 11,592,931</u>	<u>11,352,790</u>	<u>11,961,058</u>
Inventory that is expected to be recovered more than 12 months later	<u>\$ 8,362,088</u>	<u>8,127,559</u>	<u>8,383,702</u>

- (i) The details of the cost of goods sold related to inventories recognized by The Group in the period from January 1 to March 31, 2023 and 2022 are as follows:

	<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>
Mmerchandising:		
Inventory that has been sold	\$ 1,801	1,787
Gain on reversal of inventory	<u>(19)</u>	<u>-</u>
	<u>\$ 1,782</u>	<u>1,787</u>
Construction:		
Inventory that has been sold	<u>\$ 74,344</u>	<u>99,187</u>

- (ii) Please refer to note 8 for details of pledged inventory.

(Continued)

## SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(4) 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 \$5,443 thousand and \$7,483 thousand were recognized in the period from January 1 to March 31, 2023 and 2022 under selling expense.

(5) Property, plant and equipment

	Land	Buildings and construction	Leasehold improvements	Other equipment (including transportation and office equipment)	Total
Carrying amounts:					
Balance on January 1, 2023	\$ 57,169	17,719	253	1,927	77,068
Balance on March 31, 2023	\$ 57,169	17,545	201	1,774	76,689
Balance on January 1, 2022	\$ 57,169	18,416	457	2,235	78,277
Balance on March 31, 2022	\$ 57,169	18,241	406	2,106	77,922

The consolidated company's real estate, plant and equipment had no major additions, disposals, impairments, or reversals from the three months ended March 31, 2023 and 2022. The depreciation amount for the current period, please refer to Note 12 for details. For other relevant information, please refer to Note 6 (6) of the Consolidated Financial Statements of 2022.

Please refer to note 8 for more information on pledged inventories and financing collateral.

(6) Investment property

Investment property comprises office buildings that are leased to third parties under operating leases, including properties that are held as right-of-use assets, 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.

Statement of Changes in Investment Property :

	Land	Buildings and construction	Total
Cost:			
Balance on January 1, 2023	\$ 46,345	72,716	119,061
Balance on March 31, 2023	\$ 46,345	72,716	119,061
Balance on January 1, 2022	\$ 40,310	53,313	93,623
Transfer from inventory	3,416	10,983	14,399
Balance on March 31, 2022	\$ 43,726	64,296	108,022

(Continued)

## SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### Depreciation and Impairment:

Balance on January 1, 2023	\$ -	3,262	3,262
Depreciation	-	356	356
Balance on March 31, 2023	<u>\$ -</u>	<u>3,618</u>	<u>3,618</u>
Balance on January 1, 2022	\$ -	2,055	2,055
Depreciation	-	261	261
Balance on March 31, 2022	<u>\$ -</u>	<u>2,316</u>	<u>2,316</u>

#### Carrying amounts:

Balance on January 1, 2023	<u>\$ 46,345</u>	<u>69,454</u>	<u>115,799</u>
Balance on March 31, 2023	<u>\$ 46,345</u>	<u>69,098</u>	<u>115,443</u>
Balance on January 1, 2022	<u>\$ 40,310</u>	<u>51,258</u>	<u>91,568</u>
Balance on March 31, 2022	<u>\$ 43,726</u>	<u>61,980</u>	<u>105,706</u>

There is no significant difference between the fair value of the investment real estate of the consolidated company and the information disclosed in Note 6 (7) of the consolidated financial statements of 2022.

Please refer to note 8 for more information on pledged Investment properties and financing collateral.

#### (7) Short-term borrowings

The short-term borrowings were summarized as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured bank loans	\$ -	222,000	-
Secured bank loans	4,046,660	4,144,060	4,144,060
Total	<u>\$ 4,046,660</u>	<u>4,366,060</u>	<u>4,144,060</u>
Unused credit time	<u>\$ 5,763,880</u>	<u>5,765,180</u>	<u>5,805,180</u>
Range of interest rates	<u>2.10%~2.81%</u>	<u>2.10%~2.67%</u>	<u>1.76%~2.10%</u>

##### (i) The issue of bank loan and repayment

In the period from January 1 to March 31, 2023 and 2022, the incremental amounts are \$0 thousand and \$138,460 thousand, respectively; the repayment amounts are \$319,400 thousand and 962,292 thousand, respectively.

##### (ii) Collateral for Bank Loans

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

#### (8) Bonds payable/ Bonds due or executed within one year or one business cycle

The details of unsecured convertible bonds were as follows:

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

	March 31, 2023	December 31, 2022	March 31, 2022
Secured convertible bonds, non-current	\$ 3,794,896	3,794,540	3,795,846
Less: Bonds due or executed with one year or one business cycle	(1,199,802)	-	(999,875)
	<b>\$ 2,595,094</b>	<b>3,794,540</b>	<b>2,795,971</b>

(i) Please refer to note 6(17) for information of the Group's recognition on ordinary bonds and amortized interest expenses in the period from January 1 to March 31, 2023 and 2022.

(ii) Information of Group's secured corporate bonds were as follows:

Item	First secured ordinary corporate bond in 2017
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

Item	First secured ordinary corporate bond in 2019
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

Item	First secured ordinary corporate bond in 2021
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

Item	Second secured ordinary corporate bond in 2021
(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.

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

<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.

(9) Contract liability

	March 31, 2023	December 31, 2022	March 31, 2022
	Land	\$ 61,350	61,350
Buildings	326,462	292,731	434,328
	<b><u>\$ 387,812</u></b>	<b><u>354,081</u></b>	<b><u>505,851</u></b>
Amount expected to be realized after twelve months	<b><u>\$ 169,950</u></b>	<b><u>138,117</u></b>	<b><u>207,726</u></b>

Please refer to note 9(1) for the total price of the real estate of signed provisions listed above.

(10)Operating lease

The company did not have any major new operating lease contracts from the three months ended March 31, 2023 and 2022. For related information, please refer to Note 6 (12) of the 2022 consolidated financial statements.

(11)Employee benefit

Defined contribution plans

The pension expenses under the method of confirming the allocation of pensions by the company are as follows, which have been allocated to the Bureau of Labor Insurance:

	<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>
Operating costs	\$ 864	804
Selling expenses	94	135
Administrative expenses	182	239
Total	<b><u>\$ 1,140</u></b>	<b><u>1,178</u></b>

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(12) Income tax

(i) The components of income tax expense were as follows:

	<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>
Current tax expense		
Current period	\$ 1,009	958
Land value increment tax	-	2,456
	<u>1,009</u>	<u>3,414</u>
Deferred tax expense		
Change in reversal and unrecognized deductible temporary differences	162	-
	<u>162</u>	<u>-</u>
Income tax expense	<u>\$ 1,171</u>	<u>3,414</u>

(ii) 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 .	2020
Jingo International Records Co., Ltd .	2021

(13) Capital and other equity

Except for the following, there were no significant changes in the capital and other interests of the company from the three months ended March 31, 2023 and 2022. For relevant information, please refer to Note 6 (15) of the 2022 consolidated financial statements.

(i) Capital surplus

The balances of capital surplus were as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Capital surplus—premium from issuance of stock	\$ 168,736	168,736	168,736
Employee share options	16,860	16,860	16,860
Other	359	359	359
	<u>\$ 185,955</u>	<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 profit distribution is made in cash, it shall be handled by the resolution of the board of directors in accordance with the Company Act, Article 240, paragraph 5 and reported to the shareholders' meeting, without submitting to the shareholders' meeting for approval.

1) Legal reserve

When a company incurs no loss for the year, 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

On April 18, 2023, the company passed the resolution of the board of directors on the cash dividend amount of the 2022 profit distribution plan, and on June 30, 2022, the resolution of the shareholders' meeting on the 2021 profit distribution case.

The relevant dividend distributions to shareholders were as follows:

	<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	<b>139,677</b>	0.68	<b>222,057</b>

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

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

	<u>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</u>
Balance on January 1, 2023	\$ 55,080
Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income	<u>58,320</u>
Balance on March 31, 2023	<u><b>\$ 113,400</b></u>
Balance on January 1, 2022	\$ 61,380
Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income	<u>180</u>
Balance on March 31, 2022	<u><b>\$ 61,560</b></u>

(14) Earnings per share

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

	<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>
<b>Basic earnings per share</b>		
Profit attributable to ordinary shareholders of the Company	<u>\$ 3,714</u>	<u>15,554</u>
Weighted average number of ordinary shares outstanding (shares in thousands)	<u>326,554</u>	<u>326,554</u>
Basic earnings per share	<u>\$ 0.01</u>	<u>0.05</u>
<b>Diluted earnings per share</b>		
Profit attributable to ordinary shareholders of the Company (diluted)	<u>\$ 3,714</u>	<u>15,554</u>
Weighted average number of ordinary shares (thousand shares)	326,554	326,554
Effect of employee share bonus	<u>71</u>	<u>170</u>
Weighted average number of ordinary shares outstanding (diluted)	<u>326,625</u>	<u>326,724</u>
Diluted earnings per share	<u>\$ 0.01</u>	<u>0.05</u>

(15) Revenue from contracts with customers

(i) Disaggregation of revenue

	<b>January to March 2023</b>		
	<b>Construction Department</b>	<b>Audio/video</b>	<b>Total</b>
Primary geographical markets:			
Taiwan	<u>\$ 150,019</u>	<u>7,851</u>	<u>157,870</u>
Major products/services lines:			

(Continued)

**SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

Sales of real estates	\$	105,471	-	105,471
Sale of goods		-	3,179	3,179
Servicing rights		44,548	-	44,548
Other		-	4,672	4,672
	<b>\$</b>	<b>150,019</b>	<b>7,851</b>	<b>157,870</b>
<b>January to March 2022</b>				
		<b>Construction</b>		
		<b>Department</b>	<b>Audio/video</b>	<b>Total</b>
Primary geographical markets:				
Taiwan	<b>\$</b>	<b>200,986</b>	<b>8,389</b>	<b>209,375</b>
Major products/services lines:				
Sales of real estates	\$	154,625	-	154,625
Sale of goods		-	3,491	3,491
Servicing rights		46,361	-	46,361
Other		-	4,898	4,898
	<b>\$</b>	<b>200,986</b>	<b>8,389</b>	<b>209,375</b>

(ii) Contract balances

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivable due from related parties	\$ 34,052	173	108
Accounts receivable due from related parties	68,934	21,148	16,798
Less: allowance for impairment	(35)	(39)	(15)
Total	<b>\$ 102,951</b>	<b>21,282</b>	<b>16,891</b>
Contract assets	<b>\$ 106,458</b>	<b>172,951</b>	<b>82,924</b>
Contract liabilities-Sales of real estates	<b>\$ 387,812</b>	<b>354,081</b>	<b>505,851</b>

- 1) The amount of revenue recognized for the three-months periods then ended on March 31, 2023 and 2022, that were included in the contract liabilities balance at the beginning of the period were \$0 thousand and \$14,316 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.

(16) 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.

(Continued)

## SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The remunerations to employees amounted to \$38 thousand and \$159 thousand, as well as the remunerations to directors amounted to \$38 thousand and \$159 thousand for the three-months periods then ended on March 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. If there is a discrepancy between the actual distribution amount and the estimated amount in the next year, it will be treated as a change in accounting estimate, and the difference will be recognized as profit or loss for the next year. If the board of directors decides to issue stock compensation to employees, the basis for calculating the number of shares for stock compensation is based on the closing price of common stock on the day before the board of directors resolution.

The company's employee remuneration provision in 2022 and 2021 was \$1,423 thousand and \$2,164 thousand respectively, and the director's remuneration provision was \$1,423 thousand and \$2,164 thousand, which was no different from the actual distribution. Relevant information can be found at MOPS.

#### (17) Finance costs

The details of finance expenses were as follows:

	<b>January 1 to March 31, 2023</b>	<b>January 1 to March 31, 2022</b>
Bank loan	\$ 25,910	19,128
Interest on corporate bonds	21,250	18,562
Interest expense, others	38	38
Less: Capitalized interest	(47,160)	(29,848)
Finance costs, net	<b>\$ 38</b>	<b>7,880</b>
Average capitalized interest rate	<b><u>0.67%~2.81%</u></b>	<b><u>0.67%~2.10%</u></b>

#### (18) Financial instruments

Except for the following, there has been no significant change in the fair value of the consolidated company's financial instruments and the exposure to credit risk, liquidity risk, and market risk due to financial instruments. For relevant information, please refer to Note 6 of the 2022 Consolidated Financial Statements.

##### (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.

(Continued)

## SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>
<b>March 31, 2023</b>					
Non derivative financial liabilities					
Floating-interest-rate instruments	\$ 4,046,660	4,296,068	953,848	3,342,220	-
Fixed-interest-rate instruments	3,794,896	3,925,399	1,236,720	2,688,679	-
Non-interest-bearing liabilities	422,407	422,407	421,188	753	466
Lease liability (including current portion and non-current)	2,498	2,549	1,518	1,031	-
	<b><u>\$ 8,266,461</u></b>	<b><u>8,646,423</u></b>	<b><u>2,613,274</u></b>	<b><u>6,032,683</u></b>	<b><u>466</u></b>
<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)	4,974	5,052	3,800	1,252	-
	<b><u>\$ 8,643,566</u></b>	<b><u>9,051,225</u></b>	<b><u>1,241,514</u></b>	<b><u>7,809,244</u></b>	<b><u>467</u></b>
<b>March 31, 2022</b>					
Non derivative financial liabilities					
Floating-interest-rate instruments	\$ 4,144,060	4,409,140	76,807	4,332,333	-
Fixed-interest-rate instruments	3,795,846	3,876,368	1,026,778	2,849,590	-
Non-interest-bearing liabilities	430,960	430,960	429,921	357	682
Lease liability (including current portion and non-current)	6,131	6,213	4,396	1,817	-
	<b><u>\$ 8,376,997</u></b>	<b><u>8,722,681</u></b>	<b><u>1,537,902</u></b>	<b><u>7,184,097</u></b>	<b><u>682</u></b>

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.

(Continued)



## SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Financial liabilities measured at amortized cost					
Short-term loans	\$ 4,046,660	-	-	-	-
Corporate bonds payable	3,794,896	-	3,756,414	-	3,756,414
Notes payable, accounts payable (incl. related parties)	340,546	-	-	-	-
Other payables to related parties	79,229	-	-	-	-
Guarantee deposits	2,632	-	-	-	-
Lease liabilities	2,498	-	-	-	-
<b>Total</b>	<b>\$ 8,266,461</b>	<b>-</b>	<b>3,756,414</b>	<b>-</b>	<b>3,756,414</b>
<b>December 31, 2022</b>					
<b>Fair Value</b>					
<b>Book Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	\$ 116,280	116,280	-	-	116,280
Equity instruments without public quotations measured at fair value	1,000	-	-	1,000	1,000
<b>Subtotal</b>	<b>117,280</b>	<b>116,280</b>	<b>-</b>	<b>1,000</b>	<b>117,280</b>
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	21,282	-	-	-	-
Other current financial assets	116,193	-	-	-	-
Other non-current financial assets	680,090	-	-	-	-
Refundable deposits	4,322	-	-	-	-
<b>Subtotal</b>	<b>3,248,634</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>\$ 3,370,828</b>	<b>116,280</b>	<b>-</b>	<b>5,914</b>	<b>122,194</b>

(Continued)

### 3SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

#### Notes to the Consolidated Financial Statements

		December 31, 2022			
		Fair Value			
Book Value	Level 1	Level 2	Level 3	Total	
Financial liabilities measured at amortized cost					
Short-term loans	\$ 4,366,060	-	-	-	-
Bonds payable	3,794,540	-	3,738,989	-	3,738,989
Notes and Accounts receivable (included related parties)	377,034	-	-	-	-
Other payables to related parties	98,323	-	-	-	-
Guarantee deposits	2,635	-	-	-	-
Lease liabilities	4,974	-	-	-	-
<b>Total</b>	<b>\$ 8,643,566</b>	<b>-</b>	<b>3,738,989</b>	<b>-</b>	<b>3,738,989</b>
		March 31, 2022			
		Fair Value			
Book Value	Level 1	Level 2	Level 3	Total	
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	\$ 122,760	122,760	-	-	122,760
Equity instruments without public quotations measured at fair value	1,000	-	-	1,000	1,000
Subtotal	123,760	122,760	-	1,000	123,760
Financial assets at fair value through profit or loss					
Privately offered fund	\$ 4,580	-	-	4,580	4,580
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 2,304,061	-	-	-	-
Notes and accounts receivable	16,891	-	-	-	-
Other current financial assets	29,099	-	-	-	-
Other non-current financial assets	371,583	-	-	-	-
Refundable deposits	15,502	-	-	-	-
Subtotal	2,737,136	-	-	-	-
<b>Total</b>	<b>\$ 2,865,476</b>	<b>122,760</b>	<b>-</b>	<b>5,580</b>	<b>128,340</b>
Financial liabilities measured at amortized cost					
Short-term loans	\$ 4,144,060	-	-	-	-
Bonds payable	3,795,846	-	3,787,743	-	3,787,743
Notes and Accounts receivable (included related parties)	304,718	-	-	-	-
Other payables to related parties	123,799	-	-	-	-
Guarantee deposits	2,443	-	-	-	-
Lease liabilities	6,131	-	-	-	-
<b>Total</b>	<b>\$ 8,376,997</b>	<b>-</b>	<b>3,787,743</b>	<b>-</b>	<b>3,787,743</b>

(Continued)

## 3SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 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.

#### 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 the remaining financial instruments is based on evaluation technology or by referring to the counterparty's quotation. The fair value obtained through valuation techniques may be calculated by reference to the current fair value of other financial instruments with substantially similar conditions and characteristics, discounted cash flow method or other valuation techniques, including the use of models based on market information available at the reporting date (e.g., over-the-counter (OTC) reference yield curves, Reuters average quoted commercial paper rates).

If the financial instruments held by the Company don not have an active market, the fair values are listed below according to their categories and attributes:

·Equity instruments without public quotations: the fair value is estimated

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### 3SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

#### Notes to the Consolidated Financial Statements

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 the earnings multiplier derived from market quotations of comparable listed (over-the-counter) companies. The estimate has been adjusted for the effect of discount on the lack of marketability of the equity securities.

4) Transfers between Level 1 and Level 2

There were no transfers in either direction for the three-months periods then ended on March 31, 2023 and 2022.

(19) Financial risk management

The consolidated company's financial risk management objectives and policies have not changed significantly from those disclosed in Note 6 (21) of the 2022 consolidated financial statements.

(20) Capital management

The capital management objectives, policies, and procedures of the consolidated company are consistent with those disclosed in the consolidated financial statements of 2022; and the aggregated quantitative data of capital management items have not changed significantly from those disclosed in the consolidated financial statements of 2022. For relevant information, please refer to Note 6 (22) of the 2022 Consolidated Financial Statements.

#### 7. Related-party transactions:

(1) Related-party transactions

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

Name of related party	Relationship with the Group
Sanfu Property Limited	The chairman of the company is a director of the company
Sanfar Education Foundation	Other related parties
Pleasant Hotels International Inc	Other related parties
Zenfar Architecture Co., Ltd.	Other related parties

(2) Significant transactions with related parties

(i) Construction

1) The Group undertakes contracts with related parties and receives payments in accordance with the contract as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Signed contract price	<b>\$ 759,867</b>	<b>759,867</b>	<b>759,867</b>
Amount received on an agreement	<b>\$ 562,270</b>	<b>505,229</b>	<b>379,933</b>

2) Construction contracts

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:

(Continued)

**3SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

	<u>Engineering service revenue</u>		<u>Recognition Engineering service revenue</u>
	<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>	
Other related party	\$ 44,548	46,361	684,527

	<u>The amount of the current period</u>		<u>Accumulated Priced amount</u>
	<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>	
Other related party-Pleasant Hotels	\$ 124,068	-	645,887

<u>Financial Statement Account</u>	<u>Related Party Categories</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Current contract assets				
The right to receive payment has not been reached	Pleasant Hotels International Inc.	\$ 38,640	118,160	43,031
Construction retainage receivable	//	67,818	54,791	39,893
		\$ 106,458	172,951	82,924

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.

(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>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Notes receivable	Pleasant Hotels International Inc.	\$ 33,627	-	-
Accounts receivable	Pleasant Hotels International Inc.	49,990	16,590	-
		\$ 83,617	16,590	-

(iii) Accounts payable to Related Parties

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

(Continued)

### 3SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

#### Notes to the Consolidated Financial Statements

<u>Accounted items</u>	<u>Related Party Categories</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Other payable	Other Related party- Sanfar Education Foundation	\$ -	-	6,457
	// Pleasant Hotels International Inc.	21	-	-
		<u>\$ 21</u>	<u>-</u>	<u>6,457</u>

(iv) Operating expenses

	<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>
Other related party	<u>\$ 21</u>	<u>32</u>

(v) Guarantee

In January 2023 and February 2023, the company signed joint and several guarantees for pre-sale housing with other related parties—Sanfu Property Limited. and other related parties—Zenfar Architecture Co., Ltd. Contracts, respectively acted as the joint guarantee company for the pre-sale house sales contract of Liujiading Section, Yongkang District, Tainan City, and Chengde Section, Renwu District, Kaohsiung City.

(3) Transactions with key management personnel

Transactions with key management personnel

	<u>January 1 to March 31, 2023</u>	<u>January 1 to March 31, 2022</u>
Short-term employee benefits	\$ 5,215	7,723
Post-employment benefits	133	151
	<u>\$ 5,348</u>	<u>7,874</u>

## 8. Pledged assets:

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

<u>Pledged assets</u>	<u>Object</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Inventories	Mortgage and bonds payable	\$ 10,407,892	10,117,193	10,393,569
Other financial assets classified under current and non-current)	Mortgage and bonds payable	680,090	680,090	371,583
Property, plant and equipment	Short-term notes and bill payable	74,714	74,888	75,411
Investment property	Mortgage and bonds payable	87,280	87,569	62,873
		<u>\$ 11,249,976</u>	<u>10,959,740</u>	<u>10,903,436</u>

The book value of the above-mentioned pledged assets, which were pledged as collateral for unused credits, amounted to \$540,835 thousand, \$541,251 thousand and \$0 as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively.

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### 3SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

#### Notes to the Consolidated Financial Statements

#### 9. Commitments and contingencies:

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

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Signed contract price</u>			
Contractual liabilities - Sale of real estates	<u>\$ 2,307,759</u>	<u>2,155,689</u>	<u>2,488,034</u>
Construction in progress	<u>\$ 759,867</u>	<u>759,867</u>	<u>759,867</u>
<u>Price charged or paid</u>			
Contractual liabilities - Sale of real estates	<u>\$ 387,812</u>	<u>354,081</u>	<u>505,851</u>
Construction in progress	<u>\$ 562,270</u>	<u>505,229</u>	<u>379,933</u>

(2) The legal litigation cases related to the Company demanded a total amount of \$11,209 thousand plus legal interest from the Company. The lawsuits are all under trial, and have not been finalized as of the reporting date.

(3) The Company was approved by the board of directors on November 18, 2022, to donate an amount not to exceed \$2,500 thousand to Kaohsiung City San far Education Foundation for the purpose of promoting the Foundation's business. In 2022, \$1,500 thousand was actually donated.

#### 10. Losses due to major disasters: None

#### 11. Subsequent Events: None

#### 12. Others

(1) Statements of Labor, Depreciation and Amortization by Function :

By item	By function	January 1 to March 31, 2023			January 1 to March 31, 2022		
		Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employee benefits							
Salary		16,917	7,485	24,402	18,181	9,225	27,406
Labor and health insurance		1,739	628	2,367	1,515	1,091	2,606
Pension		864	276	1,140	804	374	1,178
Others		564	1,366	1,930	579	470	1,049
Depreciation		-	1,843	1,843	-	1,794	1,794
Amortization		94	449	543	266	465	731

(2) Seasonality of operation:

The construction department of the merged company is affected by the cyclical factors of the completion time of construction projects.

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## 3SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (3) Other

The Ministry of Justice Investigation Bureau, Kaohsiung City has conducted an investigation on the group on February 17, 2022, wherein it seized the group'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>2020.12.31</u>	<u>2019.12.31</u>	<u>2018.12.31</u>	<u>2017.12.31</u>	<u>2016.12.31</u>	<u>2015.12.31</u>	<u>2014.12.31</u>
Current assets recognized as	\$ -	47,550	109,612	47,974	23,786	11,034	-
incremental costs to obtain							
contract with customers							
Notes payable	\$ -	2,694	7,282	8,743	8,494	-	-
Construction Retainage Received	\$ 4,662	4,461	1,778	1,907	205	-	-
(account on Accounts Payable)							
Other payables	\$ -	6,814	5,313	932	5,911	-	-
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
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., Yuedeng Advertising Co., Ltd. and Hongtai 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.

#### 13. Other disclosures:

##### (1) 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

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### 3SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

#### Notes to the Consolidated Financial Statements

(iii) Securities held (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and	Relationship with company	Account title	Ending balance				Note
	name of security			Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Stock - Pleasant Hotels International Inc.	Other related parties	Financial assets at fair value through other comprehensive income, non-current	3,600	174,600	4.26%	174,600	
The Company	Stock - Best Education Service & Tech Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	2	1,000	0.33%	1,000	
The Company	Privately offered fund-Sparklabs Taipei Fund I	-	Financial assets at fair value through profit or loss, non-current	-	4,872	-%	4,872	

(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\$300 million or 20% of the capital stock :

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	113,649	39.13%	Pay by contract terms	-	-	(181,142)	(56.21)%	Note
Jin Fu Xiang Co.,Ltd	The Company	Parent Company	Contracting project	(113,649)	(47.81)%	Receive by contract terms	-	-	181,142	68.42%	Note
Jin Fu Xiang Co.,Ltd	Pleasant Hotels Co.,LTD	Other related parties	Contracting project	(124,068)	(52.19)%	Receive by contract terms	-	-	151,435	45.33%	Note 1

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

Note1: Among the receivables, \$67,818 thousand is the engineering retention receivable (account contract assets).

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## 3SAN 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	181,142	2.50%	-		84,218	-

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

(ix) Trading in derivative instruments: None.

(x) Business relationships and significant intercompany transactions:

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	144,390	As agreed in the agreement	91.46%
			2	Receivables	181,142	//	1.19%
			2	Construction in progress	729,194	//	4.80%

Note 1: The numbers denote the following

(1) 0 represents the Company.

(2) Subsidiaries are numbered sequentially from the Arabic numeral 1 according to the company.

Note 2: Relationship with the listed companies :

(1) The Company to subsidiary.

(2) Subsidiary to the Company.

(3) Subsidiary to subsidiary.

Note 3: For the business and important transactions between the parent company and the subsidiary company, only the sales and accounts receivable information are disclosed, and the corresponding purchases and accounts payable will not be described in detail.

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

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

(2) Information on investees:

The following is the information on investees for the January 1 to March 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		Ending shareholding			Net income (losses) of investee	Share of profits/losses of investee	Note
				End of the period	End of last year	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%	286,379	3,754	(1,762)	
"	Jingo International Records Co., Ltd.	Taiwan	Record industry	22,529	22,529	2,000	100.00%	16,083	55	55	

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

(3) Information on investment in mainland China: None

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## 3SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(4) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Chengxin Investment Co., Ltd.		49,482,844	15.15%
Jinji Investment Co., Ltd.		27,263,263	8.35%
Zhiyi Investment Co., Ltd.		20,657,313	6.33%
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	5.82%
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 Group, 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:

(1) 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.

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## 3SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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

	<b>Construction Department</b>	<b>Audio/ video</b>	<b>Adjustment and Elimination</b>	<b>Total</b>
<b><u>January 1 to March 31, 2023</u></b>				
Revenue:				
Revenue from external customers	\$ 150,019	7,851	-	157,870
Intersegment revenues	144,390	2	(144,392)	-
Total revenue	<b><u>\$ 294,409</u></b>	<b><u>7,853</u></b>	<b><u>(144,392)</u></b>	<b><u>157,870</u></b>
Reportable segment net operating income (loss)	<b><u>\$ 4,668</u></b>	<b><u>217</u></b>	<b><u>-</u></b>	<b><u>4,885</u></b>
	<b>Construction Department</b>	<b>Audio/ video</b>	<b>Adjustment and Elimination</b>	<b>Total</b>
<b><u>January 1 to March 31, 2022</u></b>				
Revenue:				
Revenue from external customers	\$ 200,986	8,389	-	209,375
Intersegment revenues	110,558	34	(110,592)	-
Total revenue	<b><u>\$ 311,544</u></b>	<b><u>8,423</u></b>	<b><u>(110,592)</u></b>	<b><u>209,375</u></b>
Reportable segment net operating income (loss)	<b><u>\$ 20,570</u></b>	<b><u>(1,602)</u></b>	<b><u>-</u></b>	<b><u>18,968</u></b>
Reportable segment assets				
March 31, 2023	<b><u>\$ 15,165,921</u></b>	<b><u>33,773</u></b>	<b><u>(286)</u></b>	<b><u>15,199,408</u></b>
December 31, 2022	<b><u>\$ 15,441,671</u></b>	<b><u>38,764</u></b>	<b><u>(30)</u></b>	<b><u>15,480,405</u></b>
March 31, 2022	<b><u>\$ 15,449,430</u></b>	<b><u>42,624</u></b>	<b><u>(55)</u></b>	<b><u>15,491,999</u></b>