

**SAN FAR PROPERTY LIMITED****Parent Company Only Financial Statements****With Independent Auditors' Report  
For the Years Ended December 31, 2022 and 2021**

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The independent auditors' report and the accompanying parent company only 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 parent company only financial statements, the Chinese version shall prevail.

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## Independent Auditors' Report

To the Board of Directors of San Far Property Limited:

### Opinion

We have audited the financial statements of San Far Property Limited (“the Company”), which comprise the balance sheets as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. 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 parent-company-only 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## 1. Revenue recognition

Please refer to note 4(m) for the Company's individual financial statement on revenue recognition, and 6(q) for detailed contract revenue from customers.

Description of key audit matter:

A major income of the Company is from selling the real estate, and the risk of material misrepresentation lies in the authenticity of income. Since operating income involves the operating performance of the management, a possible risk of material misstatement may occur if the management does not recognize the income at the right point of time in accordance with the regulations. Therefore, the recognition of sales revenue is one of the most important evaluation in performing our audit procedures.

Audit procedures performed:

- Test on the control of sales and payments received, evaluate and eliminate any possible misstatement or fraud recognized;
- Test on the appropriateness of the time income is recognized; randomly select samples to check whether the contract and relevant documents are transferred between the Company and customers; check the documents in the selling systems and general ledger to evaluate whether the Company's revenue recognition policy is in accordance with relevant regulations.

## 2. Inventory valuation

Please refer to note 4(f) of individual financial statement for detailed inventory valuation policy, and to note 6(c) for assumptions and uncertainties.

Description of key audit matter:

The key asset of the Company is its inventories, with a portion of 74% of the total assets. Inventory evaluation of the Company 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.

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

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

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

Those charged with governance (including the Audit Committee or supervisors) are responsible for overseeing the Company's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the 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 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 Yilien Han and Hsin-Ting Huang.

KPMG

Taipei, Taiwan (Republic of China)

February 22, 2023

#### **Notes to Readers**

The accompanying parent company only financial statements are intended only to present the 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying parent company only 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 parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)  
SAN FAR PROPERTY LIMITED

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

| Assets                 |  | December 31, 2022    |            | December 31, 2021 |            | Liabilities and Equity                                     |  | December 31, 2022    |            | December 31, 2021 |            |
|------------------------|--|----------------------|------------|-------------------|------------|--|--|----------------------|------------|-------------------|------------|
|                        |  | Amount               | %          | Amount            | %          |  |  | Amount               | %          | Amount            | %          |
| <b>Current assets:</b> |  |                      |            |                   |            | <b>Current liabilities:</b>                                |  |                      |            |                   |            |
| 1100                   | Cash and cash equivalents (note 6(a))  | \$ 2,262,432         | 15         | 2,097,346         | 14         | 2100   | Short-term borrowings (notes 6(i) and 8)                           | \$ 4,366,060         | 28         | 4,967,892         | 33         |
| 1150                   | Notes receivable, net (note 6(q))  | -                    | -          | 30                | -          | 2110   | Short-term transaction instrument payables (notes 6(h), (q) and 9) | -                    | -          | 140,000           | 1          |
| 1170                   | Accounts receivable, net   | 100                  | -          | -                 | -          | 2130   | Current contract liabilities (notes (k), (q) and 9)                | 354,081              | 2          | 418,521           | 3          |
| 1320                   | Inventories (for construction business), net (notes 6(c), 7 and 8)                           | 11,345,441           | 74         | 11,815,464        | 77         | 2151   | Notes payable  | 101,659              | 1          | 44,998            | -          |
| 1410                   | Prepayment   | 79,602               | -          | 57,628            | -          | 2161   | Notes payable to related parties (note 7)                          | 36,336               | -          | 115,704           | 1          |
| 1476                   | Other financial assets-current (notes 6(k) and 8)  | 109,678              | 1          | 187,559           | 1          | 2170   | Accounts payable (note 11)   | 43,166               | -          | 28,694            | -          |
| 1479                   | Other current assets, others   | 16,872               | -          | 17,681            | -          | 2180   | Total accounts payable to related parties (note 7)                 | 145,919              | 1          | 91,750            | -          |
| 1480                   | Current assets recognised as incremental costs to obtain contract with customers (note 6(d)) | <u>123,423</u>       | <u>1</u>   | <u>128,927</u>    | <u>1</u>   | 2200   | Other payables (note 7)  | 84,839               | 1          | 106,402           | 1          |
|                        |  | <u>13,937,548</u>    | <u>91</u>  | <u>14,304,635</u> | <u>93</u>  | 2230   | Current tax liabilities (note 6(n))                                | -                    | -          | 105               | -          |
|                        | Non-current assets:  |                      |            |                   |            | 2321   | Current Portion of puttable bonds (notes 6(j) and 8)               | -                    | -          | 999,808           | 7          |
| 1510                   | Total non-current financial assets at fair value through profit or loss                      | 4,914                | -          | 4,429             | -          | 2399   | Other current liabilities, others                                  | <u>9,691</u>         | <u>-</u>   | <u>10,333</u>     | <u>-</u>   |
| 1517                   | Non-current financial assets at fair value through other comprehensive income (note 6(b))    | 117,280              | 1          | 122,580           | 1          |  |  | <u>5,141,751</u>     | <u>33</u>  | <u>6,924,207</u>  | <u>46</u>  |
| 1550                   | Investments accounted for using equity method, net (note 6(e))                               | 325,681              | 2          | 181,083           | 1          | <b>Non-Current liabilities:</b>                            |  |                      |            |                   |            |
| 1600                   | Property, plant and equipment (notes 6(f) and 8)   | 75,789               | -          | 76,501            | 1          | 2530   | Bonds payable (notes 6(j) and 8)                                   | 3,794,540            | 25         | 1,798,644         | 12         |
| 1760                   | Investment property (notes 6(g) and 8)   | 115,799              | 1          | 91,568            | 1          | 2600   | Total other non-current liabilities                                | <u>2,462</u>         | <u>-</u>   | <u>1,138</u>      | <u>-</u>   |
| 1780                   | Intangible assets  | 339                  | -          | 716               | -          |  | <b>Total liabilities</b>   | <u>8,938,753</u>     | <u>58</u>  | <u>8,723,989</u>  | <u>58</u>  |
| 1840                   | Deferred tax assets (note 6(n))  | 132,733              | 1          | 111,531           | 1          | <b>Equity attributable to owners of parent(note 6(o)):</b> |  |                      |            |                   |            |
| 1920                   | Guarantee deposits paid  | 2,108                | -          | 3,338             | -          | 3100   | Common stock   | 3,265,542            | 21         | 3,265,542         | 21         |
| 1980                   | Other non-current financial assets (note 8)  | 680,090              | 4          | 371,583           | 2          | 3200   | Capital surplus  | 185,955              | 1          | 185,955           | 1          |
| 1990                   | Other non-current assets, others   | <u>2,363</u>         | <u>-</u>   | <u>596</u>        | <u>-</u>   | 3300   | Total retained earnings  | 2,949,314            | 20         | 3,031,694         | 20         |
|                        |  | 1,457,096            | 9          | 963,925           | 7          | 3400   | Other equity (note 6(b))   | 55,080               | -          | 61,380            | -          |
|                        |  |                      |            |                   |            |  | <b>Total equity</b>  | <u>6,455,891</u>     | <u>42</u>  | <u>6,544,571</u>  | <u>42</u>  |
| <b>Total assets</b>    |  | <u>\$ 15,394,644</u> | <u>100</u> | <u>15,268,560</u> | <u>100</u> | <b>Total liabilities and equity</b>                        |  | <u>\$ 15,394,644</u> | <u>100</u> | <u>15,268,560</u> | <u>100</u> |

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
**SAN FAR PROPERTY LIMITED**

**Statements of Comprehensive Income**

**For the years ended December 31, 2022 and 2021**

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

|      |   | <u>2022</u>       |            | <u>2021</u>      |            |
|------|---|-------------------|------------|------------------|------------|
|      |   | <u>Amount</u>     | <u>%</u>   | <u>Amount</u>    | <u>%</u>   |
| 4000 | Operating revenue (note 6(q))   | \$ 1,977,670      | 100        | 1,438,415        | 100        |
| 5000 | Operating cost (Note 6(m))  | <u>1,658,053</u>  | <u>84</u>  | <u>1,065,646</u> | <u>74</u>  |
| 5900 | <b>Gross profit from operations</b>   | <u>319,617</u>    | <u>16</u>  | <u>372,769</u>   | <u>26</u>  |
| 6100 | Selling expenses (Notes 6(d), 7 and 11)   | 92,359            | 5          | 74,938           | 5          |
| 6200 | Administrative expenses (Notes 6(m), (r) and 7)   | <u>76,359</u>     | <u>4</u>   | <u>83,708</u>    | <u>6</u>   |
|      |   | <u>168,718</u>    | <u>9</u>   | <u>158,646</u>   | <u>11</u>  |
| 6900 | <b>Net operating income</b>   | <u>150,899</u>    | <u>7</u>   | <u>214,123</u>   | <u>15</u>  |
| 7000 | <b>Non-operating income and expenses:</b>   |                   |            |                  |            |
| 7100 | Total interest income   | 5,279             | -          | 3,425            | -          |
| 7010 | Other income (Notes 6(l) and 7)   | 4,633             | -          | 3,982            | -          |
| 7020 | Other gains and losses  | (1,160)           | -          | (134)            | -          |
| 7050 | Finance costs, net (Note 6(s))  | (38,016)          | (2)        | (18,001)         | (1)        |
| 7070 | Share of profit of associates and joint ventures accounted for using equity method, net   | <u>17,795</u>     | <u>1</u>   | <u>8,686</u>     | <u>1</u>   |
|      |   | <u>(11,469)</u>   | <u>(1)</u> | <u>(2,042)</u>   | <u>-</u>   |
| 7900 | <b>Profit from continuing operations before tax</b>   | 139,430           | 6          | 212,081          | 15         |
| 7950 | Less: Income tax expenses (profits) (Note 6(n))   | <u>(247)</u>      | <u>-</u>   | <u>(10,197)</u>  | <u>(1)</u> |
|      | <b>Profit</b>   | <u>139,677</u>    | <u>6</u>   | <u>222,278</u>   | <u>16</u>  |
| 8300 | <b>Other comprehensive income:</b>  |                   |            |                  |            |
| 8310 | <b>Components of other comprehensive income that will not be reclassified to profit or loss</b>                                       |                   |            |                  |            |
| 8316 | Unrealized (losses)gains from investments in equity instruments measured at fair value through other comprehensive income (note 6(o)) | (6,300)           | -          | 42,660           | 3          |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss                        | <u>-</u>          | <u>-</u>   | <u>-</u>         | <u>-</u>   |
| 8300 | <b>Other comprehensive income</b>   | <u>(6,300)</u>    | <u>-</u>   | <u>42,660</u>    | <u>3</u>   |
|      | <b>Total comprehensive income</b>   | <u>\$ 133,377</u> | <u>6</u>   | <u>264,938</u>   | <u>19</u>  |
|      | <b>Basic earnings per share (Note 6(p))</b>   |                   |            |                  |            |
|      | Basic earnings per share(NT dollars)  | <u>\$ 0.43</u>    |            | <u>0.68</u>      |            |
|      | Diluted earnings per share(NT dollars)  | <u>\$ 0.43</u>    |            | <u>0.68</u>      |            |

See accompanying notes to parent company only financial statements.



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

**SAN FAR PROPERTY LIMITED****Statements of Changes in Equity****For the years ended December 31, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars)**

|  | Ordinary shares     | Capital surplus | Legal reserve  | Retained earnings                |                         | Total other equity interest   | Treasury shares | Total equity     |
|--|---------------------|-----------------|----------------|----------------------------------|-------------------------|---|-----------------|------------------|
|  |                     |                 |                | Unappropriated retained earnings | Total retained earnings | Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income |                 |                  |
| <b>Balance at January 1, 2021</b>                    | \$ 3,309,030        | 196,752         | 575,954        | 2,618,211                        | 3,194,165               | 18,720  | (178,324)       | 6,540,343        |
| Profit (loss)  | -                   | -               | -              | 222,278                          | 222,278                 | -   | -               | 222,278          |
| Other comprehensive income                           | -                   | -               | -              | -                                | -                       | 42,660  | -               | 42,660           |
| Total comprehensive income                           | -                   | -               | -              | 222,278                          | 222,278                 | 42,660  | -               | 264,938          |
| Appropriation and distribution of retained earnings: |                     |                 |                |                                  |                         |   |                 |                  |
| Legal reserve appropriated                           | -                   | -               | 18,290         | (18,290)                         | -                       | -   | -               | -                |
| Cash dividends of ordinary share                     | -                   | -               | -              | (93,301)                         | (93,301)                | -   | -               | (93,301)         |
| Stock dividends of ordinary share                    | 155,502             | -               | -              | (155,502)                        | (155,502)               | -   | -               | -                |
| Other changes in capital surplus:                    |                     |                 |                |                                  |                         |   |                 |                  |
| Purchase of treasury share                           | -                   | -               | -              | -                                | -                       | -   | (167,409)       | (167,409)        |
| Retirement of treasury share                         | (198,990)           | (10,797)        | -              | (135,946)                        | (135,946)               | -   | 345,733         | -                |
| Balance at December 31, 2021                         | 3,265,542           | 185,955         | 594,244        | 2,437,450                        | 3,031,694               | 61,380  | -               | 6,544,571        |
| Profit (loss)  | -                   | -               | -              | 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)        |
| <b>Balance at December 31, 2022</b>                  | \$ <b>3,265,542</b> | <b>185,955</b>  | <b>602,877</b> | <b>2,346,437</b>                 | <b>2,949,314</b>        | <b>55,080</b>   | <b>-</b>        | <b>6,455,891</b> |

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
SAN FAR PROPERTY LIMITED

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

|   | 2022       | 2021        |
|---|------------|-------------|
| <b>Cash flows from (used in) operating activities:</b>  |            |             |
| <b>Profit before tax</b>  | \$ 139,430 | 212,081     |
| <b>Adjustments:</b>   |            |             |
| <b>Adjustments to reconcile profit (loss):</b>  |            |             |
| Depreciation expense  | 3,113      | 2,255       |
| Amortization expense  | 664        | 496         |
| Net (gain) loss on financial assets or liabilities at fair value through profit or loss                 | (485)      | 79          |
| Interest expense  | 38,016     | 18,001      |
| Interest income   | (5,279)    | (3,425)     |
| Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using equity method | (17,795)   | (8,686)     |
| <b>Total adjustments to reconcile profit (loss)</b>   | 18,234     | 8,720       |
| <b>Changes in operating assets and liabilities:</b>   |            |             |
| <b>Changes in operating assets:</b>   |            |             |
| Decrease (increase) in notes receivable   | 30         | (30)        |
| (Increase) decrease in accounts receivable  | (100)      | 44          |
| Decrease (increase) in inventories  | 572,734    | (4,449,717) |
| Increase in prepayments   | (21,974)   | (26,696)    |
| Decrease (increase) in other current assets   | 1,630      | (6,015)     |
| (Increase) decrease in other financial assets   | (82,125)   | 34,387      |
| Decrease (increase) in assets recognised as incremental costs to obtain contract with customers         | 5,504      | (54,798)    |
| <b>Total changes in operating assets</b>  | 475,699    | (4,502,825) |
| <b>Changes in operating liabilities:</b>  |            |             |
| (Decrease) increase in contract liabilities   | (64,440)   | 189,254     |
| (Decrease) increase in notes payable  | (22,707)   | 103,096     |
| Increase in accounts payable  | 68,641     | 64,789      |
| (Decrease) increase in other payable  | (29,952)   | 21,242      |
| (Decrease) increase in other current liabilities  | (1,494)    | 4,720       |
| <b>Total changes in operating liabilities</b>   | (49,952)   | 383,101     |
| <b>Total changes in operating assets and liabilities</b>  | 425,747    | (4,119,724) |
| <b>Total adjustments</b>  | 443,981    | (4,111,004) |
| Cash inflow (outflow) generated from operations   | 583,411    | (3,898,923) |
| Interest paid   | (156,475)  | (114,816)   |
| Income taxes paid   | (21,881)   | (62,022)    |
| <b>Net cash flows from (used in) operating activities</b>   | 405,055    | (4,075,761) |

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
**SAN FAR PROPERTY LIMITED**

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

**For the years ended December 31, 2022 and 2021**

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

|  | 2022                | 2021             |
|--|---------------------|------------------|
| <b>Cash flows from (used in) investing activities:</b>                           |                     |                  |
| Acquisition of financial assets at fair value through other comprehensive income | (1,000)             | (4,508)          |
| Acquisition of investments accounted for using equity method                     | (140,000)           | -                |
| Acquisition of property, plant and equipment                                     | (398)               | (422)            |
| Increase in refundable deposits  | 1,230               | 8                |
| Acquisition of intangible assets   | (287)               | (320)            |
| Increase in other financial assets   | (148,501)           | (231,303)        |
| Interest received  | 5,279               | 3,425            |
| Dividends received   | 13,197              | 3,810            |
| <b>Net cash flows from (used in) investing activities</b>                        | (270,480)           | (229,310)        |
| <b>Cash flows from (used in) financing activities:</b>                           |                     |                  |
| Increase in short-term loans   | 410,460             | 4,878,770        |
| Decrease in short-term loans   | (1,012,292)         | (1,451,088)      |
| Decrease(increase) in short-term notes and bills payable                         | (140,000)           | 140,000          |
| Proceeds from issuing bonds  | 1,994,787           | 599,155          |
| Repayments of bonds  | (1,000,000)         | -                |
| Increase in other non-current liabilities  | 396                 | 358              |
| Cash dividends paid  | (222,057)           | (93,301)         |
| Payments to acquire treasury shares  | -                   | (167,409)        |
| Lease liability principal repayment  | (783)               | (293)            |
| <b>Net cash flows from (used in) financing activities</b>                        | 30,511              | 3,906,192        |
| <b>Net increase (decrease) in cash and cash equivalents</b>                      | 165,086             | (398,879)        |
| <b>Cash and cash equivalents at beginning of period</b>                          | 2,097,346           | 2,496,225        |
| <b>Cash and cash equivalents at end of period</b>                                | <b>\$ 2,262,432</b> | <b>2,097,346</b> |

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)  
**SAN FAR PROPERTY LIMITED**

**Notes to the Financial Statements**

**For the years ended December 31, 2022 and 2021**

**(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 financial statements:**

The individual financial report was approved and released by the board of directors on February 22, 2023.

**(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 Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its financial statements:

- 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”

(Continued)

**SAN FAR PROPERTY LIMITED**  
**Notes to the Financial Statements**

- (c) 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 Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

| <u>Standards or Interpretations</u>   | <u>Content of amendment</u>   | <u>Effective date per IASB</u> |
|---|---|--------------------------------|
| Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” | 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.<br><br>The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.  | January 1, 2024                |
| Amendments to IAS 1 “Non-current Liabilities with Covenants”                  | 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.<br><br>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. | January 1, 2024                |

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

(Continued)

**SAN FAR PROPERTY LIMITED**  
**Notes to the Financial Statements**

The Company 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 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 IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

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

The significant accounting presented in the parent company only financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the individual financial statement.

(a) Statement of compliance

These 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”).

(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**  
**Notes to the Financial Statements**

(c) 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.

An entity shall classify a liability as current when:

- (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 Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(d) 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.

(e) 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 Company 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.

(Continued)

**SAN FAR PROPERTY LIMITED**  
**Notes to the Financial Statements**

(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 and fair value through other comprehensive income (FVOCI) – equity investment.

Financial assets are not reclassified subsequent to their initial recognition unless the Company 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.

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.

(Continued)



**SAN FAR PROPERTY LIMITED**  
**Notes to the Financial Statements**

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 Company'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 Company 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 financial assets and refundable deposits), debt investments measured at FVOCI and contract assets.

The Company 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 Company 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 Company's historical experience and informed credit assessment as well as forward-looking information.

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

(Continued)

**SAN FAR PROPERTY LIMITED**  
**Notes to the Financial Statements**

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

The Company 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 Company is exposed to credit risk.

ECL 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 Company in accordance with the contract and the cash flows that the Company expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company 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 90 days 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 Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company 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 Company 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 Company’s procedures for recovery of amounts due.

(Continued)

**SAN FAR PROPERTY LIMITED**  
**Notes to the Financial Statements**

5) Derecognition of financial assets

The Company 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 Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company 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 Company 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.

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.

(Continued)

**SAN FAR PROPERTY LIMITED**  
**Notes to the Financial Statements**

5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company 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 Company 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.

(f) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. The cost of inventories includes expenditures incurred in bringing them to their existing location and condition and capitalized costs.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The net realizable value is estimated as follows:

(i) Land held for construction

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).

(ii) 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.

(iii) Properties and land held

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.

(Continued)

**SAN FAR PROPERTY LIMITED**  
**Notes to the Financial Statements**

(g) Investment in subsidiaries

The subsidiaries in which the Company holds controlling interest are accounted for under equity method in the parent company only financial statements. Under equity method, the net income, other comprehensive income, and equity in the parent company only financial statement are the same as those attributable to controlling interest in the consolidated financial statements.

If changes of ownership in the Company's subsidiaries does not lead to loss of control, the change is considered equity transaction between shareholders.

(h) 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.

(i) 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 expenditure

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

(iii) Depreciation

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

Land is not depreciated.

(Continued)

**SAN FAR PROPERTY LIMITED**  
**Notes to the Financial Statements**

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 |

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

(j) Lease

At inception of a contract, the Company 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 Company 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.

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 lives of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically 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 Company's incremental borrowing rate. Generally, the Company 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.

(Continued)

**SAN FAR PROPERTY LIMITED**  
**Notes to the Financial Statements**

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 Company'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 Company 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 Company 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.

The Company 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 Company 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 Company 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 Company recognizes only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. For leaseback transaction, the Company 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 Company continues to recognize the transferred asset and recognizes the financial liability equal to the transfer proceeds.

(Continued)

**SAN FAR PROPERTY LIMITED**  
**Notes to the Financial Statements**

(ii) As a lessor

When the Company 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 Company makes an overall assessment of whether the lease transfers to the lessee substantially all 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 Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company 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 Company 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 Company applies IFRS15 to allocate the consideration in the contract.

The Company 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 Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(k) Intangible assets

(i) Recognition and measurement

Intangible assets acquired by the Company 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 expenditure, 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 from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follow:

|                   |             |
|-------------------|-------------|
| Computer software | 1 ~ 3 years |
|-------------------|-------------|

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

(Continued)



**SAN FAR PROPERTY LIMITED**  
**Notes to the Financial Statements**

(l) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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 of 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.

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. 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.

(m) Revenue from contracts with customers

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company 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 Company's main types of revenue are explained below.

1) Land development and sale of real estate

The Company develops and sells residential properties and usually sales properties in advance during or before the 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 Company 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.

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**SAN FAR PROPERTY LIMITED**  
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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.

2) Financing components

The Company 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 Company 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 Company recognizes as an asset the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company 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 Company 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.

(n) Employee benefits

(i) Defined contribution plans

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

(ii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company 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.

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(o) 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 that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company 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 Company 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:
  - 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.

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(p) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic 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. 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 potentially dilutive ordinary shares. The company's potentially diluted ordinary shares include dividends to employees based on share-based payment.

(q) Operating segments

Please refer to the consolidated financial report of San Far Ltd. for the years ended December 31, 2022 and 2021 for operating segments information.

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

The preparation of the parent financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make 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 Company may face economic uncertainties, such as politics, reform of the real estate tax system and inflation. The following accounting estimates made by the Company may be significantly affected because these estimates involve forecasting the future.

Uncertainties in the following assumptions and estimates have the effect of causing the carrying amount of assets and liabilities to be adjusted in the next financial year Big risk, and has reflected the impact of the Covid-19, the relevant information is as follows:

(a) Inventory valuation

Inventories are measured at the lower of cost and net realizable value. Company's 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.

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

(a) Cash and cash equivalents

|  | December 31,<br>2022 | December 31,<br>2021 |
|--|----------------------|----------------------|
| Petty cash   | \$ 220               | 220                  |
| Demand deposits  | <u>2,262,212</u>     | <u>2,097,126</u>     |
| Cash and cash equivalents in the statement of cash flows | <u>\$ 2,262,432</u>  | <u>2,097,346</u>     |

Please refer to note 6(t) for the exchange rate risk, interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Company.

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**SAN FAR PROPERTY LIMITED**  
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(b) Financial assets at fair value through other comprehensive income

|   | <u>December 31,<br/>2022</u> | <u>December 31,<br/>2021</u> |
|---|------------------------------|------------------------------|
| Equity investments at fair value through other comprehensive income |                              |                              |
| Listed common share of domestic company                             | \$ 116,280                   | 122,580                      |
| Unlisted common share of domestic company                           | <u>1,000</u>                 | <u>-</u>                     |
| Total   | <u>\$ 117,280</u>            | <u>122,580</u>               |

- (i) The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long-term strategic purposes.
- (ii) The company did not dispose any strategic investment in 2022 and 2021, 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(t).
- (iv) The above financial assets have not been used as guarantees for long-term and short-term loans and financing collateral.

(c) Inventory

|  | <u>December 31,<br/>2022</u> | <u>December 31,<br/>2021</u> |
|--|------------------------------|------------------------------|
| Construction in progress   | \$ 6,476,329                 | 6,469,569                    |
| Buildings and Land held for sale                                 | 2,155,977                    | 2,632,760                    |
| Land held for construction sites                                 | <u>2,713,135</u>             | <u>2,713,135</u>             |
| Total  | <u>\$ 11,345,441</u>         | <u>11,815,464</u>            |
| Inventory expected to be recovered after more than twelve months | <u>\$ 8,131,430</u>          | <u>8,142,407</u>             |

- (i) Since construction inventory must be priced at the lower of cost and net realizable value, the Company must use judgment and estimation to determine the net realizable value of construction inventory at the end of the financial reporting period. The Company estimates the net realizable value based on historical experience and estimation of the future of the market, hence significant changes might occur.
- (ii) The Company did not recognize inventory loss in 2022 and 2021.
- (iii) Please refer to Note 8 for details of pledged inventory during the year ended December 31, 2022 and 2021.

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**SAN FAR PROPERTY LIMITED**  
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(d) Incremental costs of obtaining a contract

The Company 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 \$91,326 thousand and \$74,634 thousand were recognized in 2022 and 2021 under selling expense.

(e) Investments accounted for using equity method

A summary of the Company's financial information for investments accounted for using the equity method at the reporting date is as follows:

|            | <b>December 31,<br/>2022</b> | <b>December 31,<br/>2021</b> |
|------------|------------------------------|------------------------------|
| Subsidiary | <b>\$ 325,681</b>            | <b>181,083</b>               |

Please refer to the consolidated financial report for relevant information of Subsidiary.

On September 6, 2022, the board of directors of the company decided to increase the capital of Jing fu xiang Constuction Co., Ltd. by 14,000 thousand shares NT\$10 per share.

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2022 and 2021, were as follows:

|                                    | <b>Land</b>      | <b>Buildings<br/>and<br/>construction</b> | <b>Other facilities<br/>(Including<br/>transportation and<br/>office equipment)</b> | <b>Total</b>  |
|------------------------------------|------------------|---|---|---------------|
| Cost or deemed cost:               |                  |   |   |               |
| Balance on January 1, 2022         | \$ 57,169        | 35,554                                    | 2,704   | 95,427        |
| Additions                          | -                | -   | 398   | 398           |
| Balance on December 31, 2022       | <b>\$ 57,169</b> | <b>35,554</b>                             | <b>3,102</b>  | <b>95,825</b> |
| Balance on January 1, 2021         | \$ 57,169        | 35,554                                    | 3,064   | 95,787        |
| Additions                          | -                | -   | 422   | 422           |
| Disposal                           | -                | -   | (782)   | (782)         |
| Balance on December 31, 2021       | <b>\$ 57,169</b> | <b>35,554</b>                             | <b>2,704</b>  | <b>95,427</b> |
| Depreciation and impairments loss: |                  |   |   |               |
| Balance on January 1, 2022         | \$ -             | 17,138                                    | 1,788   | 18,926        |
| Depreciation                       | -                | 697                                       | 413   | 1,110         |
| Balance on December 31, 2022       | <b>\$ -</b>      | <b>17,835</b>                             | <b>2,201</b>  | <b>20,036</b> |

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**SAN FAR PROPERTY LIMITED**  
**Notes to the Financial Statements**

|                              | <u>Land</u>      | <u>Buildings<br/>and<br/>construction</u> | <u>Other facilities<br/>(Including<br/>transportation and<br/>office equipment)</u> | <u>Total</u>  |
|------------------------------|------------------|---|---|---------------|
| Balance on January 1, 2021   | \$ -             | 16,441                                    | 2,324   | 18,765        |
| Depreciation                 | -                | 697                                       | 246   | 943           |
| Disposal                     | -                | -   | (782)   | (782)         |
| Balance on December 31, 2021 | <u>\$ -</u>      | <u>17,138</u>                             | <u>1,788</u>  | <u>18,926</u> |
| Carrying amounts:            |                  |   |   |               |
| Balance on December 31, 2022 | <u>\$ 57,169</u> | <u>17,719</u>                             | <u>901</u>  | <u>75,789</u> |
| Balance on January 1, 2021   | <u>\$ 57,169</u> | <u>19,113</u>                             | <u>740</u>  | <u>77,022</u> |
| Balance on December 31, 2021 | <u>\$ 57,169</u> | <u>18,416</u>                             | <u>916</u>  | <u>76,501</u> |

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

(g) 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 Company. 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<br/>construction</u> | <u>Total</u>   |
|------------------------------------|------------------|---------------------------------------|----------------|
| Cost or deemed cost:               |                  |                                       |                |
| 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> |
| Balance on January 1, 2021         | \$ 24,267        | 43,615                                | 67,882         |
| Transfer from inventory            | 16,043           | 9,698                                 | 25,741         |
| Balance on December 31, 2021       | <u>\$ 40,310</u> | <u>53,313</u>                         | <u>93,623</u>  |
| Depreciation and impairments loss: |                  |                                       |                |
| 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>   |
| Balance on January 1, 2021         | \$ -             | 1,041                                 | 1,041          |
| Depreciation                       | -                | 1,014                                 | 1,014          |
| Balance on December 31, 2021       | <u>\$ -</u>      | <u>2,055</u>                          | <u>2,055</u>   |

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|                              | <u>Land</u>      | <u>Buildings and<br/>construction</u> | <u>Total</u>      |
|------------------------------|------------------|---------------------------------------|-------------------|
| Carrying amounts:            |                  |                                       |                   |
| Balance on December 31, 2022 | \$ <u>46,345</u> | <u>69,454</u>                         | <u>115,799</u>    |
| Balance on January 1, 2021   | \$ <u>24,267</u> | <u>42,574</u>                         | <u>66,841</u>     |
| Balance on December 31, 2021 | \$ <u>40,310</u> | <u>51,258</u>                         | <u>91,568</u>     |
| Fair Value :                 |                  |                                       |                   |
| Balance on December 31, 2022 |                  |                                       | \$ <u>195,859</u> |
| Balance on December 31, 2021 |                  |                                       | \$ <u>107,755</u> |

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

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

(h) Short-term notes and bills payable

|                          | <u>December 31, 2021</u>                     |                                   |                   |
|--------------------------|--|-----------------------------------|-------------------|
|                          | <u>Guarantee or<br/>acceptance institute</u> | <u>Range of<br/>interest rate</u> | <u>Amount</u>     |
| Commercial paper payable |  | 1.94%                             | \$ <u>140,000</u> |

(i) Issuance and repayment of short-term notest

For the years ended December 31, 2022 and 2021, the incremental amounts are \$80,000 thousand and \$140,000 thousand, respectively; the repayment amounts are \$220,000 thousand and \$0, respectively.

(ii) Collateral for short-term notes

For collaterals of short-term notes pledged by the Company's assets, please refer to note 8.

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**SAN FAR PROPERTY LIMITED**  
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## (i) Short-term borrowings

The short-term borrowings were summarized as follows:

|                         | <u>December 31,<br/>2022</u> | <u>December 31,<br/>2021</u> |
|-------------------------|------------------------------|------------------------------|
| Unsecured bank loans    | \$ 222,000                   | -                            |
| Secured bank loans      | <u>4,144,060</u>             | <u>4,967,892</u>             |
| Total                   | <u>\$ 4,366,060</u>          | <u>4,967,892</u>             |
| Unused credit time      | <u>\$ 5,755,980</u>          | <u>5,315,900</u>             |
| Range of interest rates | <u>2.10%~2.67%</u>           | <u>0.94%~2.25%</u>           |

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

For the years ended December 31, 2022 and 2021, the incremental amounts are \$410,460 thousand and \$4,878,770 thousand, respectively; the repayment amounts are \$1,012,292 thousand and \$1,451,088, respectively.

## (ii) Collateral for Bank Loans

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

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

The details of unsecured convertible bonds were as follows:

|   | <u>December 31,<br/>2022</u> | <u>December 31,<br/>2021</u> |
|---|------------------------------|------------------------------|
| Secured convertible bonds, non-current                          | \$ 3,794,540                 | 2,798,452                    |
| Less: Bonds due or executed with one year or one business cycle | <u>-</u>                     | <u>(999,808)</u>             |
|   | <u>\$ 3,794,540</u>          | <u>1,798,644</u>             |

(i) Please refer to note 6(s) for information of the Company's recognition on ordinary bonds and amortized interest expenses in 2022 and 2021.

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

| <u>Item</u>         | <u>First secured ordinary corporate bond in 2017</u> |
|---------------------|--|
| 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                          |

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**SAN FAR PROPERTY LIMITED**  
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| <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 Business Bank Co., Ltd.                       |

| <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                          |

| <b>Item</b>         | <b>Second secured ordinary corporate bond in 2021</b> |
|---------------------|---|
| (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.                     |

| <b>Item</b>         | <b>First secured ordinary corporate bond in 2022</b> |
|---------------------|--|
| (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.

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**SAN FAR PROPERTY LIMITED**  
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## (k) Contract liability

|  | <b>December 31,<br/>2022</b> | <b>December 31,<br/>2021</b> |
|--|------------------------------|------------------------------|
| Land   | \$ 61,350                    | 48,514                       |
| Buildings  | <u>292,731</u>               | <u>370,007</u>               |
|  | <b><u>\$ 354,081</u></b>     | <b><u>418,521</u></b>        |
| Amount expected to be realized after twelve months | <b><u>\$ 138,117</u></b>     | <b><u>198,331</u></b>        |

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

## (l) Operating lease

## Leases as lessor

The Company leases out its investment property. The Company has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

|                      | <b>December 31,<br/>2022</b> | <b>December 31,<br/>2021</b> |
|----------------------|------------------------------|------------------------------|
| Less than one year   | \$ 5,615                     | 3,934                        |
| One to two years     | 5,784                        | 4,091                        |
| Two to three years   | 5,812                        | 4,164                        |
| Three to four years  | 4,479                        | 4,180                        |
| Four to five years   | 3,536                        | 2,807                        |
| More than five years | <u>4,788</u>                 | <u>7,349</u>                 |
|                      | <b><u>\$ 30,014</u></b>      | <b><u>26,525</u></b>         |

Rental income from investment properties was \$4,364 thousand and \$3,271 thousand for the years ended December 31, 2022 and 2021, respectively.

## (m) Employee benefit

The Company 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 Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$2,348 thousand and \$2,216 thousand for the years ended December 31, 2022 and 2021, respectively.

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**SAN FAR PROPERTY LIMITED**  
**Notes to the Financial Statements**

## (n) Income tax

(i) The components of income tax in the years 2022 and 2021 were as follows:

|  | <b>For the years ended December 31</b> |                        |
|--|--|------------------------|
|  | <b>2022</b>                            | <b>2021</b>            |
| Current tax expense  |  |                        |
| Current period   | \$ -                                   | 418                    |
| Adjustment for prior periods   | (417)                                  | -                      |
| Land value increment tax   | <u>21,372</u>                          | <u>10,502</u>          |
|  | <u>20,955</u>                          | <u>10,920</u>          |
| Deferred tax expense   |  |                        |
| Change in reversal and unrecognized deductible temporary differences | (21,202)                               | (5,330)                |
| Recognition of previously unrecognized tax losses                    | <u>-</u>                               | <u>(15,787)</u>        |
|  | <u>(21,202)</u>                        | <u>(21,117)</u>        |
| Tax expense (profit)   | <u><u>\$ (247)</u></u>                 | <u><u>(10,197)</u></u> |

(ii) Reconciliation of income tax and profit before tax for 2022 and 2021 is as follows.

|  | <b>For the years ended December 31</b> |                        |
|--|--|------------------------|
|  | <b>2022</b>                            | <b>2021</b>            |
| Profit excluding income tax                        | \$ <u>139,430</u>                      | <u>212,081</u>         |
| Income tax expense at domestic statutory tax rate  | 27,886                                 | 42,416                 |
| Land tax exempt income                             | (54,395)                               | (48,929)               |
| Book-tax difference of capitalization              | (22,547)                               | (15,011)               |
| Profit or loss from investment using equity method | (3,559)                                | (1,737)                |
| Unrecognized tax losses from the previous period   | -                                      | (15,787)               |
| Land value increment tax                           | 21,372                                 | 10,502                 |
| Adjustment for prior periods                       | (417)                                  | -                      |
| Others   | <u>31,413</u>                          | <u>18,349</u>          |
|  | <u><u>\$ (247)</u></u>                 | <u><u>(10,197)</u></u> |

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**SAN FAR PROPERTY LIMITED**  
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(iii) Deferred tax assets and liabilities

1) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2022 and 2021 were as follows:

|                                     | <b>Deferred Tax Assets</b>       |               |                |
|-------------------------------------|----------------------------------|---------------|----------------|
|                                     | <b>Tax loss<br/>carryforward</b> | <b>Others</b> | <b>Total</b>   |
| <b>Balance on January 1, 2022</b>   | \$ 109,986                       | 1,545         | 111,531        |
| Recognized in profit or loss        | 22,481                           | (1,279)       | 21,202         |
| <b>Balance on December 31, 2022</b> | <b>\$ 132,467</b>                | <b>266</b>    | <b>132,733</b> |
| <b>Balance on January 1, 2021</b>   | \$ 87,801                        | 2,613         | 90,414         |
| Recognized in profit or loss        | 22,185                           | (1,068)       | 21,117         |
| <b>Balance on December 31, 2021</b> | <b>\$ 109,986</b>                | <b>1,545</b>  | <b>111,531</b> |

As of December 31, 2022, the information of the Company's unused tax losses for which no deferred tax assets were recognized are as follows:

| <b>Year of loss</b> | <b>Unused tax loss</b> | <b>Expiry date</b> |
|---------------------|------------------------|--------------------|
| 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                | 112,785                | 2032               |
|                     | <b>\$ 662,337</b>      |                    |

(iv) Assessment of tax

The Company's tax returns for the years through 2020 were assessed by the Taipei National Tax Administration.

(o) Capital and other equity

As of December 31, 2022 and 2021, the total value of authorized ordinary shares were amounted to \$4,500,000 thousand with par value of \$10 per share. As of that date, the number of ordinary shares issued were 326,554 thousand in December 31, 2022 and 2021, respectively. All issued shares were paid up upon issuance.

(Continued)

**SAN FAR PROPERTY LIMITED**  
**Notes to the Financial Statements**

(i) Ordinary shares

A resolution was passed during the shareholder's meeting held on 27 July, 2021 for the issuance of capital surplus transferred to common stock with a 15,550 thousand shares, amounted to \$155,502 thousand . The related registration procedures were completed.

A resolution was passed during the shareholder's meeting held on 19, April, 2021, for the cancellation of the treasury stock 10,000 thousand amounting to \$100,000 thousand respectively. The related registration procedures were completed.

(ii) Capital surplus

|  | <b>December 31,<br/>2022</b> | <b>December 31,<br/>2021</b> |
|--|------------------------------|------------------------------|
| Capital surplus—premium from issuance of stock | \$ 168,736                   | 168,736                      |
| Employee share options                         | 16,860                       | 16,860                       |
| Other  | 359                          | 359                          |
|  | <b>\$ 185,955</b>            | <b>185,955</b>               |

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.

(iii) Retained earnings

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.

(Continued)

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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.

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

Earnings distribution for 2021 was decided by the resolution of the shareholder's meeting on 6 May, 2022 and 19 April, 2021 for that of 2020. In addition, the Company was approved by the shareholder's meeting on June 30, 2022 and July 27, 2021 to allocate cash with capital reserve in 2021 and 2020.

|   | For the years ended December 31  |                 |                                  |                 |
|---|----------------------------------|-----------------|----------------------------------|-----------------|
|   | 2021                             |                 | 2020                             |                 |
|   | Amount per<br>share<br>(dollars) | Total<br>amount | Amount per<br>share<br>(dollars) | Total<br>amount |
| Dividends distributed to ordinary shareholders: |                                  |                 |                                  |                 |
| Cash  | \$ 0.68                          | 222,057         | 0.30                             | 93,301          |
| Shares  | -                                | -               | 0.50                             | 155,502         |
| Total   |                                  | \$ 222,057      |                                  | 248,803         |

(iv) Treasury shares

In 2021, in accordance with the requirements under section 28(2) of the Securities and Exchange Act, the Company repurchased 10,000 thousand shares, amounted to and \$167,409 thousand, as treasury shares in order to protect the Company's integrity and shareholders' equity. As of December 31, 2022, a total of 19,899 thousand shares were cancelled, total amount \$345,733 thousand the related registration produres were completed.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

(Continued)

**SAN FAR PROPERTY LIMITED**  
**Notes to the Financial Statements**

(v) Other equity items

|   | <b>Unrealized gains<br/>(losses) from financial<br/>assets measured at fair<br/>value through other<br/>comprehensive income</b> |
|---|--|
| Balance on January 1, 2022  | \$ 61,380  |
| Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | (6,300)  |
| Balance on December 31, 2022  | <u>\$ 55,080</u>   |
| Balance on January 1, 2021  | \$ 18,720  |
| Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | 42,660   |
| Balance on December 31, 2021  | <u>\$ 61,380</u>   |

(p) Earnings per share

(i) Basic earnings per share

The details on the calculation of basic earnings per share as of December 31, 2022 and 2021 was based on the profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, respectively, as follows:

1) Profit attributable to ordinary shareholders of the Company

|   | <b>For the years ended December 31</b> |                |
|---|--|----------------|
|   | <b>2022</b>                            | <b>2021</b>    |
| Profit attributable to ordinary shareholders of the Company | <u>\$ 139,677</u>                      | <u>222,278</u> |

2) Weighted average number of ordinary shares

Unit: thousand shares

|  | <b>For the years ended December 31</b> |                |
|--|--|----------------|
|  | <b>2022</b>                            | <b>2021</b>    |
| Weighted average number of ordinary shares | <u>326,554</u>                         | <u>328,698</u> |
| Basic earnings per share (NTD)             | <u>\$ 0.43</u>                         | <u>0.68</u>    |

(Continued)



**SAN FAR PROPERTY LIMITED**  
**Notes to the Financial Statements**

(ii) Diluted earnings per share

The details on the calculation of diluted earnings per share as of December 31, 2022 and 2021 was based on the profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding after adjusting the effects of all dilutive potential ordinary shares, respectively, as follows:

1) Profit attributable to ordinary shareholders of the Company (diluted)

|  | <b>For the years ended December 31</b> |                |
|--|--|----------------|
|  | <b>2022</b>                            | <b>2021</b>    |
| Profit/(loss) attributable to ordinary shareholders of the Company (diluted) | \$ <b>139,677</b>                      | <b>222,278</b> |

2) Weighted average number of ordinary shares (diluted)

Unit: thousand shares

|   | <b>For the years ended December 31</b> |                |
|---|--|----------------|
|   | <b>2022</b>                            | <b>2021</b>    |
| Weighted average number of ordinary shares(basic)                   | 326,554                                | 328,698        |
| Effect of employee share bonus                                      | 156                                    | 170            |
| Weighted average number of ordinary shares (diluted) at December 31 | <b>326,710</b>                         | <b>328,868</b> |
| Diluted earnings per share (NTD)                                    | \$ <b>0.43</b>                         | <b>0.68</b>    |

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

|                                | <b>For the years ended December 31</b> |                  |
|--------------------------------|--|------------------|
|                                | <b>2022</b>                            | <b>2021</b>      |
| Primary geographical markets:  |  |                  |
| Taiwan                         | \$ <b>1,977,670</b>                    | <b>1,438,415</b> |
| Major products/services lines: |  |                  |
| Sales of real estate           | \$ <b>1,977,670</b>                    | <b>1,438,415</b> |

(ii) Contract balances

|                                | <b>December 31,<br/>2022</b> | <b>December 31,<br/>2021</b> | <b>January 1,<br/>2021</b> |
|--------------------------------|------------------------------|------------------------------|----------------------------|
| Notes receivables              | \$ -                         | 30                           | -                          |
| Accounts receivables           | 100                          | -                            | 44                         |
| Less: allowance for impairment | -                            | -                            | -                          |
| Total                          | \$ <b>100</b>                | <b>30</b>                    | <b>44</b>                  |

(Continued)

**SAN FAR PROPERTY LIMITED**  
**Notes to the Financial Statements**

|  | <u>December 31,</u><br><u>2022</u> | <u>December 31,</u><br><u>2021</u> | <u>January 1,</u><br><u>2021</u> |
|--|------------------------------------|------------------------------------|----------------------------------|
| Contract liabilities, selling of real estate | <u>\$ 354,081</u>                  | <u>418,521</u>                     | <u>229,267</u>                   |

- 1) The amount of revenue recognized for the years ended December 31, 2022 and 2021 that was included in the contract liability balance at the beginning of the period were \$220,190 thousand and \$37,525 thousand, respectively.
- 2) The contract liabilities differences primarily relate to the time when the Company meets its performance obligations, which is transferring goods or services to the customers, and the time the payments are made.

(r) 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 remuneration to employees amounted to \$1,423 thousand and \$2,164 thousand as well as the remunerations to directors amounted to \$1,423 thousand and \$2,164 thousand for the years ended December 31, 2022 and 2021, 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 2022 and 2021.

(s) Finance costs

The details of finance costs were as follows:

|                                   | <u>For the years ended December 31</u> |                    |
|-----------------------------------|--|--------------------|
|                                   | <u>2022</u>                            | <u>2021</u>        |
| Interest expense                  |  |                    |
| Bank loans                        | \$ 87,785                              | 67,302             |
| Interest on corporate bonds       | 78,333                                 | 48,106             |
| Other interest expense            | 47                                     | 19                 |
| Less: Capitalized interest        | <u>(128,149)</u>                       | <u>(97,426)</u>    |
|                                   | <u>\$ 38,016</u>                       | <u>18,001</u>      |
| Average capitalized interest rate | <u>0.67%~2.67%</u>                     | <u>0.67%~2.25%</u> |

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**SAN FAR PROPERTY LIMITED**  
**Notes to the Financial Statements**

(t) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

As the Company 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 Company also regularly and continuously evaluates the financial situation of customers, and usually does not require customers to provide collateral.

3) Credit risk of receivables and debt securities

Other financial assets at amortized cost includes other receivables.

All the above mentioned are financial assets considered to have a low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected credit losses. Regarding how the financial instruments are considered to have low risk, please refer to note 4(e).

There is no loss allowance for the period ended December 31, 2022 and 2021, hence no losses are recognized.

(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<br/>amount</u> | <u>Contractual<br/>cash flows</u> | <u>1 year</u>    | <u>1-5<br/>years</u> | <u>Over 5<br/>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                            | 413,150                    | 412,159                           | 410,940          | 752                  | 467                     |
| Lease liability (including current portion and non-current) | <u>2,381</u>               | <u>2,442</u>                      | <u>1,190</u>     | <u>1,252</u>         | <u>-</u>                |
|   | <u>\$ 8,576,131</u>        | <u>8,982,782</u>                  | <u>1,173,071</u> | <u>7,809,244</u>     | <u>467</u>              |

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**SAN FAR PROPERTY LIMITED**  
**Notes to the Financial Statements**

|                                      | <u>Carrying<br/>amount</u> | <u>Contractual<br/>cash flows</u> | <u>1 year</u>    | <u>1-5<br/>years</u> | <u>Over 5<br/>years</u> |
|--------------------------------------|----------------------------|-----------------------------------|------------------|----------------------|-------------------------|
| <b>December 31, 2021</b>             |                            |                                   |                  |                      |                         |
| Non derivative financial liabilities |                            |                                   |                  |                      |                         |
| Floating-interest-rate instruments   | \$ 5,107,892               | 5,405,042                         | 777,071          | 4,627,971            | -                       |
| Fixed-interest-rate instruments      | 2,798,452                  | 2,852,840                         | 1,025,240        | 1,827,600            | -                       |
| Non-interest-bearing liabilities     | 388,383                    | 388,383                           | 387,560          | 357                  | 466                     |
| Trade payables                       | <u>601</u>                 | <u>613</u>                        | <u>307</u>       | <u>306</u>           | <u>-</u>                |
|                                      | <u>\$ 8,295,328</u>        | <u>8,646,878</u>                  | <u>2,190,178</u> | <u>6,456,234</u>     | <u>466</u>              |

The Company 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 Company'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 Company management's assessment of the reasonably possible interest rate change.

If the interest rate had increased/decreased by 1 basis points, the Company's net income would have increased/decreased by \$43,661 thousand and \$51,079 thousand for the years ended December 31, 2022 and 2021, respectively, with all other variable factors remaining constant. This is mainly due to the Company's borrowing at variable rates and investment in variable-rate bills. The Company's other comprehensive income would have increased/decreased by \$9,989 thousand and \$7,966 thousand for the years ended December 31, 2022 and 2021, respectively.

(v) Other market price risk

For the years ended December 31, 2022 and 2021, 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>Price of securities at<br/>reporting date</u> | <u>For the years ended December 31</u>              |                   |   |                   |
|--|---|-------------------|---|-------------------|
|  | <u>2022</u>   |                   | <u>2021</u>   |                   |
|  | <u>Other<br/>comprehensive<br/>income after tax</u> | <u>Net income</u> | <u>Other<br/>comprehensive<br/>income after tax</u> | <u>Net income</u> |
| Increasing 5%                                    | <u>\$ 5,864</u>                                     | <u>197</u>        | <u>6,129</u>  | <u>177</u>        |
| Decreasing 5%                                    | <u>\$ (5,864)</u>                                   | <u>(197)</u>      | <u>(6,129)</u>                                      | <u>(177)</u>      |

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**SAN FAR PROPERTY LIMITED**  
**Notes to the Financial Statements**

(vi) Fair value of financial instruments

1) Valuation techniques for financial instruments measured at fair value

The Company is not required to disclose fair value information for loans, receivables, and financial liabilities measured at amortized cost whose carrying amount is reasonably close to the fair value and financial assets measured at cost that cannot be measured reasonably are not quoted in the active market. The Company disclosure of fair value information of financial assets and liabilities were as follows:

|   | 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   | \$ 2,262,432        | -              | -                | -            | -                |
| Notes and accounts receivable                                     | 100                 | -              | -                | -            | -                |
| Other financial assets, current                                   | 109,678             | -              | -                | -            | -                |
| Other financial assets, non-current                               | 680,090             | -              | -                | -            | -                |
| Refundable deposits   | 2,108               | -              | -                | -            | -                |
| Subtotal  | <u>3,054,408</u>    | <u>-</u>       | <u>-</u>         | <u>-</u>     | <u>-</u>         |
| Total   | <u>\$ 3,176,602</u> | <u>116,280</u> | <u>-</u>         | <u>5,914</u> | <u>122,194</u>   |
| Financial liabilities measured at amortized cost                  |                     |                |                  |              |                  |
| Short-term loans  | \$ 4,366,060        | -              | -                | -            | -                |
| Corporate bonds payable   | 3,794,540           | -              | 3,738,989        | -            | 3,738,989        |
| Notes payable, accounts payable (incl. related parties)           | 327,080             | -              | -                | -            | -                |
| Other payables (incl. related parties)                            | 84,839              | -              | -                | -            | -                |
| Guarantee deposits  | 1,231               | -              | -                | -            | -                |
| Lease liabilities   | 2,381               | -              | -                | -            | -                |
| Total   | <u>\$ 8,576,131</u> | <u>-</u>       | <u>3,738,989</u> | <u>-</u>     | <u>3,738,989</u> |

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**SAN FAR PROPERTY LIMITED**  
**Notes to the Financial Statements**

|   | December 31, 2021   |                |                  |              |                  |
|---|---------------------|----------------|------------------|--------------|------------------|
|   | Book Value          | Fair Value     |                  |              | Total            |
|   |                     | Level 1        | Level 2          | Level 3      |                  |
| Financial assets at fair value through other comprehensive income |                     |                |                  |              |                  |
| Listed stock  | \$ 122,580          | 122,580        | -                | -            | 122,580          |
| Financial assets at fair value through profit or loss             |                     |                |                  |              |                  |
|   | 4,429               | -              | -                | 4,429        | 4,429            |
| Financial assets measured at amortized cost                       |                     |                |                  |              |                  |
| Cash and cash equivalents   | \$ 2,097,346        | -              | -                | -            | -                |
| Notes and accounts receivable                                     | 30                  | -              | -                | -            | -                |
| Other financial assets, current                                   | 187,559             | -              | -                | -            | -                |
| Other financial assets, non-current                               | 371,583             | -              | -                | -            | -                |
| Refundable deposits   | 3,338               | -              | -                | -            | -                |
| Subtotal  | 2,659,856           | -              | -                | -            | -                |
| Total   | <u>\$ 2,786,865</u> | <u>122,580</u> | <u>-</u>         | <u>4,429</u> | <u>127,009</u>   |
| Financial liabilities measured at amortized cost                  |                     |                |                  |              |                  |
| Short-term loans  | \$ 4,967,892        | -              | -                | -            | -                |
| Bonds are or executed with one year or one business cycle         | 140,000             | -              | -                | -            | -                |
| Corporate bonds payable (incl. related parties)                   | 2,798,452           | -              | 2,815,448        | -            | 2,815,448        |
| Notes and accounts payable (incl. related parties)                | 281,146             | -              | -                | -            | -                |
| Other payables (incl. related parties)                            | 106,402             | -              | -                | -            | -                |
| Guarantee deposits  | 835                 | -              | -                | -            | -                |
| Deposits received   | 601                 | -              | -                | -            | -                |
| Total   | <u>\$ 8,295,328</u> | <u>-</u>       | <u>2,815,448</u> | <u>-</u>     | <u>2,815,448</u> |

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

The Company'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.

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**SAN FAR PROPERTY LIMITED**  
**Notes to the 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:

· 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 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.

(Continued)

**SAN FAR PROPERTY LIMITED**  
**Notes to the Financial Statements**

4) Transfers between Level 1 and Level 2

No transfers are made during 2022 and 2021, respectively.

(u) Financial risk management

(i) Overview

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

- 1) credit risk
- 2) liquidity risk
- 3) market risk

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

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, 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 Company's activities. The Company, 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.

The Company Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(iii) Credit risk

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

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**SAN FAR PROPERTY LIMITED**  
**Notes to the Financial Statements**

1) Accounts and other receivables

The credit risk of the Company 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 Company'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 Company's contracting operation methods.

The Company 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 Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

At December 31, 2022 and 2021, respectively, the Company has no outstanding guarantees.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company'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 Company'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 Company'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.

**SAN FAR PROPERTY LIMITED**  
**Notes to the Financial Statements**

(v) Capital management

The Company'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 Company may adjust the dividend payment to the shareholders or issue new shares.

The Company 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, 2022, the Company's capital management strategy is consistent with the prior year as 2019, and the gearing ratio is maintained to ensure credit rating and ensure financing at reasonable cost. The Company's debt-to-equity ratio at the end of the reporting period as of December 31, 2022 and 2021, respectively, is as follows:

|                                 | <b>December 31,<br/>2022</b> | <b>December 31,<br/>2021</b> |
|---------------------------------|------------------------------|------------------------------|
| Total liabilities               | \$ 8,938,753                 | 8,723,989                    |
| Less: cash and cash equivalents | <u>(2,262,432)</u>           | <u>(2,097,346)</u>           |
| Net debt                        | 6,676,321                    | 6,626,643                    |
| Total Equity                    | <u>6,455,891</u>             | <u>6,544,571</u>             |
| Adjusted equity                 | <u>\$ 13,132,212</u>         | <u>13,171,214</u>            |
| Debt-to-equity ratio            | <u>51%</u>                   | <u>50 %</u>                  |

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

(a) Names and relationship with related parties

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 Company</u> |
|--|--------------------------------------|
| Jing Fu Xiang Construction Co., Ltd .    | Subsidiary company                   |
| Jingo International Records Co., Ltd .   | Subsidiary company                   |
| San Far Education Foundation             | Other related parties                |
| Pleasant Hotels International Inc.       | Other related parties                |
| Minfar Real Estate Development Co., Ltd. | Other related parties                |
| Zenfar Architecture Co., Ltd.            | Other related parties                |
| Xian Ling, Yang                          | Other related parties                |

(Continued)

**SAN FAR PROPERTY LIMITED**  
**Notes to the Financial Statements**

| <u>Name of related party</u>  | <u>Relationship with the Company</u> |
|-------------------------------|--------------------------------------|
| Zeng Rong, Zhung              | Other related parties                |
| Yueteng Advertising Co., Ltd. | Other related parties                |
| Dage Advertising Co., Ltd.    | Other related parties                |
| Hong Tai Advertising Co., Ltd | Other related parties                |

(b) Significant transactions with related parties

(i) Sales

The amounts of significant sales by the Company to related parties were as follows:

|   | <u>Total contract price</u>      |                  | <u>Purchasing</u>          |                  | <u>Accumulated amount</u>  |                  |
|---|----------------------------------|------------------|----------------------------|------------------|----------------------------|------------------|
|   | <u>December 31, December 31,</u> |                  | <u>For the years ended</u> |                  | <u>For the years ended</u> |                  |
|   | <u>2022</u>                      | <u>2021</u>      | <u>December 31</u>         |                  | <u>December 31</u>         |                  |
|   | <u>2022</u>                      | <u>2021</u>      | <u>2022</u>                | <u>2021</u>      | <u>2022</u>                | <u>2021</u>      |
| Subsidiary company –<br>JinFuXiang          | \$ 4,110,337                     | 3,460,407        | 527,613                    | 552,897          | 940,370                    | 763,284          |
| Other related parties –<br>Minfar           | -                                | 135,700          | -                          | 135,700          | -                          | 135,700          |
| Other related parties –<br>Sian Ling, Yang  | -                                | 1,596,000        | -                          | 1,596,000        | -                          | 1,596,000        |
| Other related parties –<br>Zeng Rong, Zhung | -                                | 287,860          | -                          | 287,860          | -                          | 287,860          |
| Other related parties                       | -                                | 407              | -                          | 407              | -                          | 407              |
|   | <u>\$ 4,110,337</u>              | <u>5,480,374</u> | <u>527,613</u>             | <u>2,572,864</u> | <u>940,370</u>             | <u>2,783,251</u> |

The Company signed a contract with its subsidiary – Jing Fu Xian Construction Co., Ltd., with the price based on the pricing procedure and the construction budget. The payment method is according to the contractual requirements and the progress of the construction in accordance with the estimation of the numbers of trials, with duration period ranging from 60 to 120 days. There is no relevant profit rate from, and payment condition to, non-related parties to compare with for the construction agreements entered into by the Company.

In January 2021, the Company purchased the land located in Kaohsiung, amounting to \$1,596,000 thousand, from a related party, Yang Hsien Ling, for its building construction to be sold thereafter. All relevant payments had been completed as of the reporting date.

In May 2021, the Company purchased the land located in Tainan, amounting to \$287,860 thousand, from a related party, Chung Tseng Jung, for its building construction to be sold thereafter. All relevant payments had been completed as of the reporting date. The above engagement with non-related parties is not comparable to other transactions.

(Continued)

**SAN FAR PROPERTY LIMITED**  
**Notes to the Financial Statements**

In January and May 2021, the Company purchased the construction permits of the lands located in Kaohsiung and Tainan, amounting to \$108,000 thousand and \$27,700 thousand, respectively, from a related party, Ming Fa, for its building construction to be sold thereafter. All relevant payments had been completed as of the reporting date. The above engagements with non-related.

parties is not comparable to other transactions.

(ii) Payables to Related Parties

The payables to related parties were as follows:

| <u>Accounte</u>             | <u>Relationship</u>                                     | <u>December 31,<br/>2022</u> | <u>December 31,<br/>2021</u> |
|-----------------------------|---|------------------------------|------------------------------|
| Notes and accounts payables | Subsidiary company –<br>Jing Fu Xiang                   | \$ 182,246                   | 207,402                      |
| Notes payables              | Subsidiary company                                      | 9                            | 52                           |
| Other payables              | Subsidiary company –<br>San Far Education<br>Foundation | -                            | 6,425                        |
| Other payables              | Subsidiary company                                      | 12                           | 16                           |
|                             |   | <u>\$ 182,267</u>            | <u>213,895</u>               |

(iii) Operating expense

| <u>Relationship</u>   | <u>December 31,<br/>2022</u> | <u>December 31,<br/>2021</u> |
|-----------------------|------------------------------|------------------------------|
| Subsidiary Company    | \$ 999                       | 6,265                        |
| Other related parties | (4,925)                      | (4,191)                      |
|                       | <u>\$ (3,926)</u>            | <u>2,074</u>                 |

The Company cancels the contribution fund in according with the annual plan of the San far Education Foundation, which amounted to \$4,925 thousand and \$4,616 thousand for the years ended December 31, 2022 and 2021, respectively. The actual amount of donation was \$1,500 thousand in both 2022 and 2021.

(iv) Lease

Jing Fu Xiang Construction Co., Ltd. leases office buildings from the Company and refer to the neighboring office rental price when signing lease contract. The rental income were \$137 thousand in the year ended 31 December 2022 and 2021.

(Continued)

**SAN FAR PROPERTY LIMITED**  
**Notes to the Financial Statements**

## (v) Guarantee

In February 2022, the Company signed a contract with other related parties – Zenfar Architecture Co., Ltd. to act as a joint and several guarantor for the Company's pre-sale contract in Chengde Section, Renwu District, Kaohsiung City. According to the contract, the paid a handling fee of \$618 thousand in 2022.

## (vi) Other

The remaining amount of \$4,662 thousand paid by the Company to its other related parties in 2021 resulted in the total amount of the retention in construction of \$66,062 thousand to be reclassified from account payable to sales and marketing expenses in December 31, 2020. Please refer to note 12 (b) for more details.

## (c) Key management personnel compensation

Key management personnel compensation comprised:

|                              | <b>For the years ended December 31</b> |               |
|------------------------------|--|---------------|
|                              | <b>2022</b>                            | <b>2021</b>   |
| Short-term employee benefits | \$ 18,942                              | 17,961        |
| Post-employment benefits     | 440                                    | 459           |
|                              | <b>\$ 19,382</b>                       | <b>18,420</b> |

**(8) Pledged assets:**

The carrying values of pledged assets were as follows:

| <b>Pledged assets</b>  | <b>Object</b>                     | <b>December 31,<br/>2022</b> | <b>December 31,<br/>2021</b> |
|--|-----------------------------------|------------------------------|------------------------------|
| Inventories  | Mortgage and bonds payable        | \$ 10,095,688                | 10,793,912                   |
| Other financial assets classified under current and non-current) | Mortgage and bonds payable        | 680,090                      | 531,589                      |
| Property, plant and equipment                                    | Short-term notes and bill payable | 74,888                       | 75,585                       |
| Investment property  | Mortgage and bonds payable        | 87,569                       | 37,485                       |
|  |                                   | <b>\$ 10,938,235</b>         | <b>11,438,571</b>            |

The book value of the above-mentioned pledged assets, which were pledged as collateral for unused credits, amounted to \$549,670 thousand and \$0 as of December 31, 2022 and 2021, respectively.

(Continued)

**SAN FAR PROPERTY LIMITED**  
**Notes to the Financial Statements**

**(9) Commitments and contingencies:**

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

|                                     | December 31,<br>2022 | December 31,<br>2021 |
|-------------------------------------|----------------------|----------------------|
| <u>Signed contracts</u>             |                      |                      |
| Sales of real estate                | \$ <u>2,155,689</u>  | <u>2,316,566</u>     |
| Contracted construction in progress | \$ <u>3,785,512</u>  | <u>3,138,928</u>     |
| <u>Received or paid contracts</u>   |                      |                      |
| sales of real estate                | \$ <u>354,081</u>    | <u>418,521</u>       |
| Contracted construction in progress | \$ <u>615,545</u>    | <u>438,190</u>       |

(b) The legal litigation cases related to the Company demanded a total amount of \$7,245 thousand plus legal interest from the Company. The lawsuits are all under trial, and have not been finalized as of the reporting date.

(c) 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) Other:**

(a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

|                            |             | For the year ended December 31 |                   |        |              |                   |        |
|----------------------------|-------------|--------------------------------|-------------------|--------|--------------|-------------------|--------|
|                            |             | 2022                           |                   |        | 2021         |                   |        |
| By item                    | By function | Cost of Sale                   | Operating Expense | Total  | Cost of Sale | Operating Expense | Total  |
| Employee benefits          |             |                                |                   |        |              |                   |        |
| Salary                     |             | 47,854                         | 7,900             | 55,754 | 47,465       | 8,412             | 55,877 |
| Labor and health insurance |             | 3,850                          | 874               | 4,724  | 3,572        | 773               | 4,345  |
| Pension                    |             | 2,109                          | 239               | 2,348  | 1,975        | 241               | 2,216  |
| Remuneration of directors  |             | -                              | 3,043             | 3,043  | -            | 3,826             | 3,826  |
| Others                     |             | 1,363                          | 1,250             | 2,613  | 1,357        | 1,297             | 2,654  |
| Depreciation               |             | -                              | 3,113             | 3,113  | -            | 2,255             | 2,255  |
| Amortization               |             | -                              | 664               | 664    | -            | 496               | 496    |

(Continued)

**SAN FAR PROPERTY LIMITED**  
**Notes to the Financial Statements**

More detailed information on the Company's number of employees and employee benefits for 2022 and 2021 were as follows:

|  | <u>2022</u>     | <u>2021</u>  |
|--|-----------------|--------------|
| Number of employees                      | <u>61</u>       | <u>60</u>    |
| Number of directors not act as employees | <u>6</u>        | <u>6</u>     |
| Average employee benefits                | <u>\$ 1,190</u> | <u>1,205</u> |
| Average employee salaries                | <u>\$ 1,014</u> | <u>1,035</u> |
| Adjusted average employee salaries       | <u>(2.03)%</u>  |              |
| Supervisor's remuneration                | <u>\$ -</u>     | <u>-</u>     |

Information on the Company's salary and remuneration policy (including directors, managers and employees) is as follows:

(i) Director's remuneration

In addition to the fixed remuneration, the director's remuneration is also entitled. If there is a balance after making up the loss based on the pre-tax benefits excluding the employee and director's remuneration of the current year, the Company shall allocate no more than 5% of it as the director's remuneration.

(ii) Managers remuneration:

In addition to the base salary, year-end and performance bonuses are evaluated based on the Company's operational performance.

(iii) Employees remuneration:

In addition to the base salary, year-end and performance bonuses are also given and adjusted based on annual performance.

(b) Others

The Ministry of Justice Investigation Bureau, Kaohsiung City has conducted an investigation on the Company 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 Company assessed that the above matter will not have an impact on its financial statements.

(Continued)

**SAN FAR PROPERTY LIMITED**  
**Notes to the 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 incremental costs to obtain contract with customers | \$ -                     | 47,550                 | 109,612               | 47,974                | 23,786                | 11,034            | -                  |
| Notes payable  | \$ -                     | 2,694                  | 7,282                 | 8,743                 | 8,494                 | -                 | -                  |
| Construction Retainage Received ( under Accounts Payable)                        | \$ 4,662                 | 4,461                  | 1,778                 | 1,907                 | 205                   | -                 | -                  |
| Other payables   | \$ -                     | 6,814                  | 5,313                 | 932                   | 5,911                 | -                 | -                  |
| Selling expense  | <u>2020</u><br>\$ 66,062 | <u>2019</u><br>204,103 | <u>2018</u><br>24,076 | <u>2017</u><br>47,693 | <u>2016</u><br>77,332 | <u>2015</u><br>-  | <u>2014</u><br>995 |

The Company paid of construction retainage received to the other parties 4,662 thousand (account on Accounts Payable) on 2021.

- (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.

(Continued)



## SAN FAR PROPERTY LIMITED

### Notes to the 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 Company:

- (i) Loans to other parties: None
- (ii) Guarantees and endorsements for other parties: None
- (iii) Securities held as of December 31, 2022 (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           |                |                             |            | Note |
|----------------|--|---------------------------|--|--------------------------|----------------|-----------------------------|------------|------|
|                |  |                           |  | 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                    | 116,280        | 4.26 %                      | 116,280    |      |
| 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      |      |
| The Company    | Privately offered fund - Sparklabs Taipei Fund I | -                         | Financial assets at fair value through profit or loss, non-current             | -                        | 4,914          | -                           | 4,914      |      |

- (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:

(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 | 527,613   | 43.64%                              | Pay by contract terms     | -   | -             | (182,246)                           | (55.72)%  |      |
| Jin Fu Xiang Co.,Ltd | The Company             | Parent Company         | Contracting project | (527,613) | (78.81)%                            | Receive by contract terms | -   | -             | 182,246                             | 71.86%  |      |
| Jin Fu Xiang Co.,Ltd | Pleasant Hotels Co.,LTD | Other related parties  | Contracting project | (141,886) | (21.19)%                            | Receive by contract terms | -   | -             | 71,381                              | 28.14%  |      |

- (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         | 182,246        | 2.71%         | -       | -            | 51,551                                | -                       |

- (ix) Trading in derivative instruments: None.

(Continued)

## SAN FAR PROPERTY LIMITED

### Notes to the Financial Statements

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2022 (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, 2022 |                         |                | Net income (losses) of investee | Share of profits/losses of investee | Note |
|------------------|---------------------------------------|----------|------------------------------|----------------------------|-------------------|---------------------------------|-------------------------|----------------|---------------------------------|-------------------------------------|------|
|                  |                                       |          |                              | December 31, 2022          | December 31, 2021 | Shares (thousands)              | Percentage of ownership | Carrying value |                                 |                                     |      |
| The Company      | Jing Fu Xiang Construction Co., Ltd.  | Taiwan   | Construction industry        | 295,875                    | 155,875           | 30,000                          | 100.00 %                | 308,934        | 23,103                          | 20,859                              |      |
| The Company      | Jingo International Records Co., Ltd. | Taiwan   | Record industry              | 22,529                     | 22,529            | 2,000                           | 100.00 %                | 16,747         | (3,064)                         | (3,064)                             |      |

(c) Information on investment in mainland China: None

(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 Company'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:**

Please refer to the consolidated financial statements of 2022.

**SAN FAR PROPERTY LIMITED**  
**Statement of cash and cash equivalents**  
**December 31, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

Please refer to note 6(a) for relevant information.

**Statement of inventories**

| <u>Item</u>              | <u>Summary</u>   | <u>Amount</u>        |
|--------------------------|------------------|----------------------|
| Land for construction    | G015             | \$ 1,225,057         |
|                          | G020             | 1,084,484            |
|                          | G023             | 575,881              |
|                          | G025             | 569,305              |
|                          | G026             | 2,530,205            |
|                          | G028             | 482,153              |
|                          | Others           | 9,244                |
|                          |                  | <u>6,476,329</u>     |
| Real estate for sale     | G008             | 247,423              |
|                          | G009             | 15,180               |
|                          | G011             | 56,533               |
|                          | G012             | 699,613              |
|                          | G013             | 256,171              |
|                          | G014             | 17,705               |
|                          | G017             | 11,440               |
|                          | G019             | 655,252              |
|                          | G022             | 196,660              |
|                          | <u>2,155,977</u> |                      |
| Construction in progress | G027             | 2,692,095            |
|                          | Others           | 21,040               |
|                          | <u>2,713,135</u> |                      |
| Total                    |                  | <u>\$ 11,345,441</u> |

Note: Due to the nature of the construction company's industry, land under construction, land for sale, and land for construction are stated at the lower of cost or net realizable value, and the market value of the above inventory as of December 31, 2022 was \$21,573,609 thousand.

**SAN FAR PROPERTY LIMITED**  
**Statement of short-term borrowings**  
**December 31, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

| <u>Types of loans</u> | <u>Year-end balance</u>    | <u>Contract period</u> | <u>Interest rate</u> | <u>Financing amount</u> | <u>Nortgage/<br/>guarantee</u> | <u>Note</u> |
|-----------------------|----------------------------|------------------------|----------------------|-------------------------|--------------------------------|-------------|
| Unsecured loan        | \$ 222,000                 | 112.10.11              | Note                 | 222,000                 | -                              |             |
| Secured loan          | 1,037,400                  | 115.04.12              | "                    | 1,037,400               | Inventories                    |             |
| "                     | 77,580                     | 115.04.12              | "                    | 1,551,500               | "                              |             |
| "                     | 1,474,000                  | 115.06.09              | "                    | 1,742,000               | "                              |             |
| "                     | 197,400                    | 112.11.07              | "                    | 552,400                 | "                              |             |
| "                     | 203,800                    | 112.09.03              | "                    | 215,000                 | "                              |             |
| "                     | 558,000                    | 113.01.03              | "                    | 558,000                 | "                              |             |
| "                     | 396,900                    | 114.09.30              | "                    | 396,900                 | "                              |             |
| "                     | 187,100                    | 115.07.21              | "                    | 187,100                 | "                              |             |
| "                     | <u>11,880</u>              | 115.07.21              | "                    | 198,000                 | "                              |             |
|                       | <b><u>\$ 4,366,060</u></b> |                        |                      |                         |                                |             |

Note1: All the money is borrowed from the bank.

Note2: The interest rate for loans is between 2.10%~2.67% .

**SAN FAR PROPERTY LIMITED**

**Statement of bonds payable**

**December 31, 2022**

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

| <u>Title of the Bond</u>       | <u>Trustee</u>              | <u>Issuance Date</u> | <u>Interest Payment Date</u> | <u>Interest Rate</u> | <u>Account</u>             |                           |                   | <u>Repayment Method</u> | <u>Guarantee Condition</u>                          |
|--------------------------------|-----------------------------|----------------------|------------------------------|----------------------|----------------------------|---------------------------|-------------------|-------------------------|---|
|                                |                             |                      |                              |                      | <u>Taoal Issued Amount</u> | <u>Unamortized Amount</u> | <u>Book Value</u> |                         |   |
| Ordinary Corporate Bonds (II)  | Taiwan Cooperative Bank     | 2019.01.07           | Annual                       | 0.96 %               | \$ 1,200,000               | 261                       | 1,199,739         | Bullet loan             | Other financial assets, non-current and inventories |
| Ordinary Corporate Bonds (III) | Agricultural Bank of Taiwan | 2021.12.24           | Annual                       | 0.67 %               | 600,000                    | 675                       | 599,325           | Bullet loan             | Other financial assets, non-current                 |
| Ordinary Corporate Bonds (IV)  | Hua Nan Commercial Bank     | 2022.01.10           | Annual                       | 0.68 %               | 1,000,000                  | 2,346                     | 997,654           | Bullet loan             | Inventories and investment properties               |
| Ordinary Corporate Bonds (V)   | Agricultural Bank of Taiwan | 2022.09.14           | Annual                       | 1.70 %               | <u>1,000,000</u>           | <u>2,178</u>              | <u>997,822</u>    | Bullet loan             | Other financial assets, non-current                 |
|                                |                             |                      |                              |                      | <u>\$ 3,800,000</u>        | <u>5,460</u>              | <u>3,794,540</u>  |                         |   |

**SAN FAR PROPERTY LIMITED**

**Statement of operating revenue**

**For the year ended December 31, 2022**

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

| <u>Item</u>      | <u>Description (section)</u>                | <u>Amount</u>              | <u>Note</u> |
|------------------|---|----------------------------|-------------|
| Land Revenue     | Linkou Lilin, Fu Dou Sin<br>235, Qiyan, etc | \$ 1,252,116               |             |
| Building Revenue | "   | <u>725,554</u>             |             |
| Total            |   | <u><u>\$ 1,977,670</u></u> |             |

**Statement of operating costs**

| <u>Item</u>   | <u>Description (Section)</u>                | <u>Amount</u>              | <u>Note</u> |
|---------------|---|----------------------------|-------------|
| Land cost     | Linkou Lilin, Fu Dou Sin<br>235, Qiyan, etc | \$ 793,421                 |             |
| Building cost | "   | <u>864,632</u>             |             |
| Total         |   | <u><u>\$ 1,658,053</u></u> |             |

**SAN FAR PROPERTY LIMITED**  
**Statement of administrative expenses**  
**For the year ended December 31, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

| <u>Item</u>                    | <u>Selling Expense</u> | <u>Administration Expense</u> | <u>Total</u>   |
|--------------------------------|------------------------|-------------------------------|----------------|
| Salaries and Wages Expenses    | \$ -                   | 10,943                        | 10,943         |
| Repair and Maintenance Expense | -                      | 3,117                         | 3,117          |
| Advertising expense            | 129                    | 26                            | 155            |
| Insurance Expense              | -                      | 1,115                         | 1,115          |
| Entertainment Expense          | -                      | 2,519                         | 2,519          |
| Tax Expense                    | -                      | 39,304                        | 39,304         |
| Depreciation Expense           | -                      | 3,113                         | 3,113          |
| Employee Benefits              | -                      | 989                           | 989            |
| Administration Expense         | -                      | 2,159                         | 2,159          |
| Service Expense                | -                      | 8,130                         | 8,130          |
| Commission Expense             | 91,326                 | -                             | 91,326         |
| Other Expense                  | 904                    | 4,944                         | 5,848          |
|                                | <u>\$ 92,359</u>       | <u>76,359</u>                 | <u>168,718</u> |