

Stock code: 9946

**SAN FAR PROPERTY LIMITED
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2024 and 2023**

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

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Independent Auditors' Review Report

To the Board of Directors of San Far Property Limited:

Introduction

We have reviewed the accompanying consolidated balance sheets of San Far Property Limited and its subsidiaries as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material aspects, the consolidated financial position of San Far Property Limited and its subsidiaries as of March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flow for the three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Emphasis of Matter

As mentioned in note 12(c) of the consolidated financial statements, the Ministry of Justice Investigation Bureau, Kaohsiung City has conducted an investigation in the group on February 17, 2022 and seized its subsidiary ledgers, as well as all the contracts entered into with, and the vouchers of commission paid to, the related three advertising companies, Yueteng Advertising Co., Ltd., Dage Advertising Co., Ltd., and Hong Tai Advertising Co., Ltd., within 2014 to 2020. Please refer to note 12(c) for information related to the above transactions. We did not revise the review opinion.

KPMG

Taipei, Taiwan (Republic of China)

May 8, 2024

Notes to Readers

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

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

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2024, December 31, 2023, March 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Assets	March 31, 2024		December 31, 2023		March 31, 2023			Liabilities and Equity	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:						
1100 Cash and cash equivalents (note 6(a))	\$ 1,175,368	9	1,833,888	12	1,812,752	12	2100	Short-term borrowings (notes 6(g) and 8)	\$ 4,452,730	30	4,345,730	28	4,046,660	27
1140 Current contract assets (notes 6(p) and 7)	-	-	79,786	1	106,458	1	2110	Short-term notes and bills payable (notes 6(h) and 8)	140,000	1	-	-	-	-
1150 Notes receivable, net (note 6(p))	1,677	-	2,822	-	425	-	2130	Current contract liabilities (notes 6(j), (p), and 9)	659,891	5	560,113	4	387,812	3
1160 Notes receivable due from related party, net (notes 6(p) and 7)	39,893	-	16,590	-	33,627	-	2150	Notes payable (note 7)	38,970	-	65,026	-	134,045	1
1170 Accounts receivable, net (note 6(p))	4,318	-	2,523	-	18,909	-	2170	Accounts payable	329,498	2	321,729	2	206,501	1
1180 Accounts receivable due from related parties, net (notes 6(p) and 7)	-	-	-	-	49,990	-	2200	Other payables (note 7)	147,285	1	115,648	1	79,229	-
1300 Inventories, merchandising business, net (note 6(c))	2,325	-	2,187	-	4,245	-	2230	Current tax liabilities	5,085	-	2,808	-	4,930	-
1320 Inventories (for construction business), net (notes 6(c) and 8)	12,109,518	80	12,004,591	76	11,592,931	76	2321	Current Portion of puttable bonds (notes 6(i) and 8)	-	-	1,199,995	8	1,199,802	8
1410 Prepayment (note 7)	125,101	1	118,656	1	106,451	1	2399	Other current liabilities, others	54,128	-	48,759	-	23,744	-
1476 Other financial assets-current (note 8)	137,716	1	389,907	2	366,924	3		Non-Current liabilities:	5,827,587	39	6,659,808	43	6,082,723	40
1479 Other current assets, others	21,538	-	22,076	-	21,533	-	2530	Bonds payable (notes 6(i) and 8)	2,596,292	17	2,595,993	16	2,595,094	17
1480 Current assets recognised as incremental costs to obtain contract with customers (note 6(d))	198,356	1	159,611	1	128,320	1	2570	Deferred income tax liabilities	4	-	4	-	16	-
	13,815,810	92	14,632,637	93	14,242,565	94	2600	Other non-current liabilities	9,511	-	6,034	-	3,650	-
Non-current assets:								Total liabilities	2,605,807	17	2,602,031	16	2,598,760	17
1510 Non-current financial assets at fair value through profit or loss (note 6(4))	5,120	-	4,913	-	4,872	-	3100	Common stock	8,433,394	56	9,261,839	59	8,681,483	57
1517 Non-current financial assets at fair value through other comprehensive income (notes 6(b), and (4))	308,440	2	191,080	1	175,600	1	3200	Capital surplus						
1600 Property, plant and equipment (notes 6(e) and 8)	77,445	-	75,820	1	76,689	-	3300	Retained earnings	3,265,542	21	3,265,542	21	3,265,542	22
1760 Investment property (notes 6(f) and 8)	253,536	2	229,737	1	115,443	1	3400	Other equity	185,955	1	185,955	1	185,955	1
1780 Intangible assets	15,109	-	15,351	-	15,198	-		Total equity	2,938,832	20	2,898,493	18	2,953,028	19
1840 Deferred tax assets	150,309	1	149,526	1	133,509	1			246,240	2	128,880	1	113,400	1
1980 Other non-current financial assets (note 8)	428,856	3	431,457	3	429,345	3			6,636,569	44	6,478,870	41	6,517,925	43
1990 Other non-current assets, others	15,338	-	10,188	-	6,187	-								
	1,254,153	8	1,108,072	7	956,843	6								
Total assets	\$ 15,069,963	100	15,740,709	100	15,199,408	100		Total liabilities and equity	\$ 15,069,963	100	15,740,709	100	15,199,408	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**Consolidated Statements of Comprehensive Income****For the three months ended March 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)**

		For the three months ended March 31			
		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(p) and 7)	\$ 301,274	100	157,870	100
5000	Operating cost (notes 6(c) and (l))	<u>213,832</u>	<u>71</u>	<u>118,978</u>	<u>75</u>
5900	Gross profit from operations	<u>87,442</u>	<u>29</u>	<u>38,892</u>	<u>25</u>
6000	Operating expenses (notes 6(d), (l), (q), 7):				
6100	Selling expenses	18,264	6	9,629	6
6200	Administrative expenses	<u>24,674</u>	<u>8</u>	<u>25,918</u>	<u>17</u>
		<u>42,938</u>	<u>14</u>	<u>35,547</u>	<u>23</u>
6900	Operating profit	<u>44,504</u>	<u>15</u>	<u>3,345</u>	<u>2</u>
7000	Non-operating income and expenses:				
7100	Interest income	1,080	-	477	-
7010	Other income	836	-	1,466	1
7020	Other gains and losses	(468)	-	(365)	-
7050	Finance costs (note 6(r))	<u>(4,112)</u>	<u>(1)</u>	<u>(38)</u>	<u>-</u>
		<u>(2,664)</u>	<u>(1)</u>	<u>1,540</u>	<u>1</u>
7900	Profit before tax	41,840	14	4,885	3
7950	Less: Income tax expense (note 6(m))	<u>1,501</u>	<u>-</u>	<u>1,171</u>	<u>1</u>
8200	Profit	<u>40,339</u>	<u>14</u>	<u>3,714</u>	<u>2</u>
8300	Other comprehensive income:				
8310	Items that will not be reclassified to profit or loss				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (notes 6(b) and (n))	117,360	39	58,320	37
8349	Less: income tax related to items that will not be reclassified to profit or loss	-	-	-	-
		<u>117,360</u>	<u>39</u>	<u>58,320</u>	<u>37</u>
8300	Other comprehensive income	<u>117,360</u>	<u>39</u>	<u>58,320</u>	<u>37</u>
8500	Comprehensive income	<u>\$ 157,699</u>	<u>53</u>	<u>62,034</u>	<u>39</u>
	Earnings per share (note 6(o))				
9750	Basic net income per share	<u>\$ 0.12</u>		<u>0.01</u>	
9850	Diluted net income per share	<u>\$ 0.12</u>		<u>0.01</u>	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						Total equity
	Retained earnings				Total	Other equity	
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings		Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
Balance at January 1, 2023	<u>\$ 3,265,542</u>	<u>185,955</u>	<u>602,877</u>	<u>2,346,437</u>	<u>2,949,314</u>	<u>55,080</u>	<u>6,544,571</u>
Profit for the three months ended March 31, 2023	-	-	-	3,714	3,714	-	3,714
Other comprehensive income	-	-	-	-	-	58,320	58,320
Total comprehensive income	-	-	-	3,714	3,714	58,320	62,034
Balance at March 31, 2023	<u>\$ 3,265,542</u>	<u>185,955</u>	<u>602,877</u>	<u>2,350,151</u>	<u>2,953,028</u>	<u>113,400</u>	<u>6,517,925</u>
Balance at January 1, 2024	<u>\$ 3,265,542</u>	<u>185,955</u>	<u>616,845</u>	<u>2,281,648</u>	<u>2,898,493</u>	<u>128,880</u>	<u>6,478,870</u>
Profit for the three months ended March 31, 2024	-	-	-	40,339	40,339	-	40,339
Other comprehensive income	-	-	-	-	-	117,360	117,360
Total comprehensive income	-	-	-	40,339	40,339	117,360	157,699
Balance at March 31, 2024	<u>\$ 3,265,542</u>	<u>185,955</u>	<u>616,845</u>	<u>2,321,987</u>	<u>2,938,832</u>	<u>246,240</u>	<u>6,636,569</u>

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Cash Flows

For the three months ended March 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2024	2023
Cash flows from (used in) operating activities:		
Profit before tax	\$ 41,840	4,885
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,906	1,843
Amortization expense	393	543
Expected credit impairment loss benefit	(22)	(4)
Net gain on financial assets at fair value through profit or loss	(207)	42
Interest expense	4,112	38
Interest income	(1,080)	(447)
Gain on lease modification	(17)	(33)
Total adjustments to reconcile profit (loss)	5,085	1,952
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in contract assets	79,786	66,493
Increase in notes receivable (including related parties)	(22,158)	(33,879)
Increase in accounts receivable (including related parties)	(1,773)	(47,786)
Increase in inventories	(89,755)	(192,439)
Increase in other prepayments	(6,445)	(17,789)
Decrease (increase) in other current assets	640	(1,465)
Decrease in other financial assets	210	14
Increase in assets recognised as incremental costs to obtain contract with customers	(38,745)	(4,897)
Total changes in operating assets	(78,240)	(231,757)
Changes in operating liabilities:		
Increase in contract liabilities	99,778	33,731
Decrease in notes payable (including related parties)	(26,056)	(15,897)
Increase (decrease) in accounts payable	7,769	(20,591)
Increase (decrease) in other payables	43,083	(10,609)
Increase (decrease) in other current liabilities	4,334	(668)
Total changes in operating liabilities	128,908	(14,034)
Total changes in operating assets and liabilities	50,668	(245,791)
Total adjustments	55,753	(243,839)
Cash inflow (outflow) generated from operations	97,593	(238,954)
Interest paid	(54,996)	(55,327)
Income taxes paid	(109)	(41)
Net cash flows from (used in) operating activities	42,488	(294,332)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Consolidated Statements of Cash Flows

For the three months ended March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2024	2023
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(2,171)	(113)
Increase in refundable deposits	(1,003)	-
Acquisition of intangible assets	(151)	(234)
Decrease in other financial assets	254,582	-
Decrease in other non-current assets	-	603
Interest received	1,080	477
Net cash flows from (used in) investing activities	252,337	733
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	127,000	-
Decrease in short-term borrowings	(20,000)	(319,400)
Increase in short-term notes and bills payable	140,000	-
Repayments of bonds	(1,200,000)	-
Payment of lease liabilities	(319,400)	(1,003)
Increase in other non-current liabilities	369	(3)
Net cash flows from used in financing activities	(953,345)	(320,406)
Net decrease in cash and cash equivalents	(658,520)	(613,995)
Cash and cash equivalents at beginning of period	1,833,888	2,426,747
Cash and cash equivalents at end of period	\$ 1,175,368	1,812,752

See accompanying notes to consolidated financial statements.

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

Notes to the Consolidated Financial Statements

March 31, 2024 and 2023

(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, real estate leasing, and production, agency with import & export trading of various music, and film & television & information software.

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

2. Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were approved for issuance by the Board of Directors on May 8, 2024.

3. New standards, amendments and interpretations adopted:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024:

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

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three categories of income and expenses, two income statements subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate	January 1, 2027

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

information, set the stage for better and more consistent information for users, and will affect all the entities.

- A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities.
- Management performance measures (MPMs): the new standard introduced a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.
- Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.

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

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

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

See accompanying notes to consolidated financial statements.

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

4. Summary of significant accounting policies

(1) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statements for the year ended December 31, 2023. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023.

(2) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

The details of the subsidiaries included in the consolidated financial statements are as follows:

Name of investor	Subsidiaries	Principal activity	Shareholding			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company	Jing Fu Xiang Construction Co., Ltd . (here in after referred to as Jing Fu Xiang Company)	Civil and building works	100.00%	100.00%	100.00%	Note 1
"	Jingo International Records Co., Ltd . (here in after referred to as Jingo Company)	Various CD and DVD production, production, publication and import and export trades	100.00%	100.00%	100.00%	Note 1

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

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

(3) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standard 34, Interim Reporting.

Income tax expenses for the period are the best estimated by multiplying pre-tax income

See accompanying notes to consolidated financial statements.

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

for the interim reporting period using the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

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

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;
- (iii) It expects to realize the asset 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.

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It expects to settle in its normal operating cycle;
- (ii) It holds the liability primarily for the purpose of trading;
- (iii) The liability is due to be settled within twelve months after the reporting period; or
- (iv) It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

5. Significant accounting assumptions and judgments, and major sources of estimates uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) required 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 preparation of the consolidated interim financial statements, estimates and underlying assumptions are received on an ongoing basis which is in conformity with the consolidated interim financial statements for the year ended December 31, 2023. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2023.

See accompanying notes to consolidated financial statements.

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

6. Explanation of significant accounts

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2023 consolidated financial statements. Please refer to note 6 of the 2023 annual consolidated financial statements.

(a) Cash and cash equivalents

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Petty cash	\$ 520	640	459
Demand deposits	1,169,359	1,329,527	995,594
Checking account deposits	489	133	779
Time deposits	5,000	5,000	756,000
Cash equivalents	<u>-</u>	<u>498,588</u>	<u>59,920</u>
	<u>\$ 1,175,368</u>	<u>1,833,888</u>	<u>1,812,752</u>

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

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Equity investments at fair value through other comprehensive income:			
Listed common share of domestic company	\$ 307,440	190,080	174,600
Unlisted common share of domestic company	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Total	<u>\$ 308,440</u>	<u>191,080</u>	<u>175,600</u>

- (i) The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purposes.
- (ii) The Group did not dispose any strategic investment for the three months ended March 31, 2024 and 2023, 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(s).
- (iv) The above financial assets have not been used as guarantees for long-term and short-term loans and financing collateral.

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(c) Inventory

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Inventories, merchandising business			
Merchandise inventory	<u>\$ 2,325</u>	<u>2,187</u>	<u>4,245</u>
Construction			
Land held for construction site	\$ 21,039	21,039	21,039
Construction in progress	9,860,498	10,522,785	9,517,345
Buildings and land held for sale	<u>2,227,981</u>	<u>1,460,767</u>	<u>2,054,547</u>
	<u>\$ 12,109,518</u>	<u>12,004,591</u>	<u>11,592,931</u>
Inventory that is expected to be recovered more than 12 months later	<u>\$ 9,247,442</u>	<u>9,685,530</u>	<u>8,362,088</u>

- (i) The details of the cost of goods sold related to inventories recognized by the Group for the three months ended March 31, 2024 and 2023 were as follows:

	<u>For the three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Merchandising:		
Inventory that has been sold	\$ 779	1,801
Write-off (gain) on reversal of inventory	<u>81</u>	<u>(19)</u>
	<u>\$ 860</u>	<u>1,782</u>
Construction:		
Inventory that has been sold	<u>\$ 212,339</u>	<u>74,344</u>

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

(d) Incremental costs to obtaining a contract

The Group expects to recover the commission paid to the agency company for obtaining the real estate sales contract, therefore, it is recognized as an asset. It is amortized when the revenue from the sale of real estate is recognized, and the amortization expenses of \$15,451 thousand, and \$5,443 thousand were recognized for the three months ended March 31, 2024 and 2023, respectively, under selling expense

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(e) Property, plant and equipment

	<u>Land</u>	<u>Buildings and construction</u>	<u>Leasehold improvements</u>	<u>Other equipment (including transportation and office equipment)</u>	<u>Total</u>
Carrying amounts:					
Balance on January 1, 2024	\$ <u>57,169</u>	<u>17,022</u>	<u>49</u>	<u>1,580</u>	<u>75,820</u>
Balance on March 31, 2024	\$ <u>57,169</u>	<u>16,847</u>	<u>-</u>	<u>3,429</u>	<u>77,445</u>
Balance on January 1, 2023	\$ <u>57,169</u>	<u>17,719</u>	<u>253</u>	<u>1,927</u>	<u>77,068</u>
Balance on March 31, 2023	\$ <u>57,169</u>	<u>17,545</u>	<u>201</u>	<u>1,774</u>	<u>76,689</u>

There were no significant additions, disposals, impairments, or reversals of property, plant and equipment for the three months ended March 31, 2024 and 2023. Information on depreciation for the period is discussed in note 12. Please refer to note 6(f) of the 2023 annual consolidated financial statement for the other related information.

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

(f) Investment property

Investment property comprises office buildings that are leased to third parties under operating leases, including properties that are held as right-of-use assets, as well as properties that are owned by the Group. The leases of investment properties contain an initial non-cancellable lease term of 5 to 10 years. Some leases provide the lessees with options to extend at the end of the term.

The movements in the investment property of the Group were as follows:

	<u>Land</u>	<u>Buildings and construction</u>	<u>Total</u>
Cost:			
Balance on January 1, 2024	\$ 106,361	128,336	234,697
Transfer from inventory	<u>7,394</u>	<u>17,038</u>	<u>24,432</u>
Balance on March 31, 2024	<u>\$ 113,755</u>	<u>145,374</u>	<u>259,129</u>
Balance on January 1, 2023	\$ 46,345	72,716	119,061
Balance on March 31, 2023	<u>\$ 46,345</u>	<u>72,716</u>	<u>119,061</u>
Depreciation and Impairment:			
Balance on January 1, 2024	\$ -	4,960	4,960
Depreciation	<u>-</u>	<u>633</u>	<u>633</u>
Balance on March 31, 2024	<u>\$ -</u>	<u>5,593</u>	<u>5,593</u>
Balance on January 1, 2023	\$ -	3,262	3,262
Depreciation	<u>-</u>	<u>356</u>	<u>356</u>
Balance on March 31, 2023	<u>\$ -</u>	<u>3,618</u>	<u>3,618</u>

See accompanying notes to consolidated financial statements.

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	Land	Buildings and construction	Total
Carrying amounts:			
Balance on January 1, 2024	<u>\$ 106,361</u>	<u>123,376</u>	<u>229,737</u>
Balance on March 31, 2024	<u>\$ 113,755</u>	<u>139,781</u>	<u>253,536</u>
Balance on January 1, 2023	<u>\$ 46,345</u>	<u>69,454</u>	<u>115,799</u>
Balance on March 31, 2023	<u>\$ 46,345</u>	<u>69,098</u>	<u>115,443</u>

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

The fair value of the investment property was not significantly different from the disclosed in the note 6 (g) of the annual financial statements for the year ended December 31, 2023.

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

(g)

(g) Short-term borrowings

The short-term borrowings were summarized as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Unsecured bank loans	\$ 195,000	195,000	-
Secured bank loans	<u>4,257,730</u>	<u>4,150,730</u>	<u>4,046,660</u>
Total	<u>\$ 4,452,730</u>	<u>4,345,730</u>	<u>4,046,660</u>
Unused credit time	<u>\$ 3,739,470</u>	<u>3,902,170</u>	<u>5,763,880</u>
Range of interest rates	<u>2.095%~2.79%</u>	<u>2.095%~2.8%</u>	<u>2.10%~2.81%</u>

(i) The issue of bank loan and repayment

For the three months ended March 31, 2024 and 2023, the incremental amounts are \$127,000 thousand and \$0 thousand, respectively; the repayment amounts are \$20,000 thousand and \$319,400 thousand, respectively.

(ii) Collateral for bank loans

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

(h) Short-term notes payable

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Commercial Papers Issued	<u>\$ 140,000</u>	<u>-</u>	<u>-</u>

(i) The issue of short-terms notes and repayment

For the three months ended March 31, 2024 and 2023, the incremental amounts are \$140,000 thousand and \$0 thousand, respectively.

See accompanying notes to consolidated financial statements.

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(ii) Collateral for Short-terms notes

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

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

The details of unsecured convertible bonds were as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Secured convertible bonds, non-current	\$ 2,596,292	3,795,988	3,794,896
Less: Bonds due or executed with one year or one business cycle	-	(1,199,995)	(1,199,802)
	<u>\$ 2,596,292</u>	<u>2,595,993</u>	<u>2,595,094</u>

(i) Please refer to note 6(r) for information of the Group's recognition on ordinary bonds and amortized interest expenses for the three months ended March 31, 2024 and 2023.

(ii) For the three months ended March 31, 2024, the repayment amounts of first secured ordinary corporate bond in 2019 are \$1,200,000 thousand; the Group did not issue or repay bonds payable for the three months ended March 31, 2023. Information of the Group's secured corporate bonds were as follows:

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

<u>Item</u>	<u>First secured ordinary corporate bond in 2021</u>
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

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

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

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

(j) Contract liability

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Land	\$ 124,320	61,364	61,350
Buildings	<u>535,571</u>	<u>498,749</u>	<u>326,462</u>
	<u>\$ 659,891</u>	<u>560,113</u>	<u>387,812</u>
Amount expected to be realized after twelve months	<u>\$ 372,237</u>	<u>344,090</u>	<u>169,950</u>

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

(k) Operating lease

There were no significant changes in operating lease for three months ended March 31, 2024 and 2023. Please refer to note 6(k) of the consolidated financial statements for the year ended December 31, 2023 for other related information.

(l) Employee benefit

Defined contribution plans

The Group recognized its pension expenses under the defined contribution plans were as follows, which have been allocated to the Bureau of Labor Insurance:

	<u>For the three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Operating costs	\$ 1,009	864
Selling expenses	51	94
Administrative expenses	<u>254</u>	<u>182</u>
Total	<u>\$ 1,314</u>	<u>1,140</u>

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(m) Income taxes

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

	For the three months ended March 31,	
	2024	2023
Current tax expense		
Current period	\$ 2,277	1,010
Land value increment tax	<u>7</u>	<u>-</u>
Subtotal	<u>2,284</u>	<u>1,010</u>
Deferred tax expense		
Change in reversal and unrecognized deductible temporary differences	<u>(783)</u>	<u>161</u>
Income tax expense	<u>\$ 1,501</u>	<u>1,171</u>

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

Name	Approved year
The Company	2021
Jing Fu Xiang Construction Co., Ltd .	2021
Jingo International Records Co., Ltd .	2022

(n) Capital and other equity

Except for the following disclosure, there were no significant changes for capital and other equity for the three months ended March 31, 2024 and 2023. For the relevant information, please refer to note 6 (n) of the consolidated financial statements for the year ended December 31, 2023.

(i) Capital surplus

The balances of capital surplus were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Capital surplus –			
premium from issuance of stock	\$ 168,736	168,736	168,736
Employee share options	16,860	16,860	16,860
Other	<u>359</u>	<u>359</u>	<u>359</u>
	<u>\$ 185,955</u>	<u>185,955</u>	<u>185,955</u>

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

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The Company's Boards of Directors meeting held on April 10, 2024 approved to distribute the cash dividend of \$150,215 thousand by using the additional paid-in capital.

(ii) Retain earning

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

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

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

If the Company's profit distribution is made in cash, it shall be handled by the resolution of the board of directors in accordance with the Company Act, Article 240, Paragraph 5 and reported to the shareholders' meeting, without submitting to the shareholders' meeting for approval.

1) Legal reserve

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

2) Earnings distribution

The amount of cash dividends of appropriations of earnings for 2023 and 2022 had been decided, in the Board meetings held on April 10, 2024 and April 18, 2023, respectively. The amount of cash dividends of appropriations of earnings for 2022 had been approved in the shareholders' meeting held on May 29, 2023.

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The relevant dividend distributions to shareholders were as follows:

	2023		2022	
	Dividend per share (\$)	Total amount	Dividend per share (\$)	Total amount
Dividends distributed to common shareholders:				
Cash	\$ 0.24	78,373	0.43	139,677
(iii) Other equity, net of tax				
			Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
Balance on January 1, 2024			\$ 128,880	
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income			117,360	
Balance on March 31, 2024			\$ 246,240	
Balance on January 1, 2023			\$ 55,080	
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income			58,320	
Balance on March 31, 2023			\$ 113,400	

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(o) Earnings per share

The calculations of basic and diluted earnings per share were as follows:

	For the three months ended March 31,	
	2024	2023
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	\$ 40,399	3,714
Weighted average number of ordinary shares outstanding (shares in thousands)	326,554	326,554
Basic earnings per share	\$ 0.12	0.01
Diluted earnings per share		
Profit attributable to ordinary shareholders of the Company (diluted)	\$ 40,399	3,714
Weighted average number of ordinary shares (thousand shares)	326,554	326,554
Effect of employee share bonus	86	71
Weighted average number of ordinary shares outstanding (diluted)	326,640	326,625
Diluted earnings per share	\$ 0.12	0.01

See accompanying notes to consolidated financial statements.

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(p) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended March 31, 2024		
	Construction		
	Department	Audio/video	Total
Primary geographical markets:			
Taiwan	\$ 296,061	5,213	301,274
Major products/services lines:			
Sales of real estates	\$ 293,653	-	293,653
Sale of goods	-	927	927
Other	2,408	4,286	6,694
	\$ 296,061	5,213	301,274
	For the three months ended March 31, 2023		
	Construction		
	Department	Audio/video	Total
Primary geographical markets:			
Taiwan	\$ 150,019	7,851	157,870
Major products/services lines:			
Sales of real estates	\$ 105,471	-	105,471
Sale of goods	-	3,179	3,179
Construction service	44,548	-	44,548
Other	-	4,672	4,672
	\$ 150,019	7,851	157,870

(ii) Contract balances

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable (including related parties)	\$ 41,570	19,412	34,052
Accounts receivable (including related parties)	4,469	2,696	68,934
Less: allowance for impairment	(151)	(173)	(35)
Total	\$ 45,888	21,935	102,951
Contract assets	\$ -	79,786	106,458
Contract liabilities-Sales of real estates	\$ 659,891	560,113	387,812

1) The amount of revenue recognized for the three months ended March 31, 2024 and 2023

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that were included in the contract liabilities balance at the beginning of the period were \$58,973 thousand and \$0 thousand, respectively.

- 2) The change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

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

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

The remunerations to employees amounted to \$410 thousand and \$38 thousand, as well as the remunerations to directors amounted to \$410 thousand and \$38 thousand for the three months ended March 31, 2024 and 2023, respectively. These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the percentage which is stated under the Company's Article of Association. These remunerations were expensed under operating expenses for each period. If there is a discrepancy between the actual distribution amount and the estimated amount in the next year, it will be treated as a change in accounting estimate, and the difference will be recognized as profit or loss for the next year. If the board of directors decides to issue stock compensation to employees, the basis for calculating the number of shares for stock compensation is based on the closing price of common stock on the day before the board of directors resolution.

The company's employee remuneration provision in 2023 and 2022 was \$2,757 thousand and \$1,423 thousand respectively, and the director's remuneration provision was \$919 thousand and \$1,423 thousand, which was no different from the actual distribution. Relevant information can be found at MOPS.

(r) Finance costs

The details of finance expenses were as follows:

	For the three months ended March 31,	
	2024	2023
Bank loan	\$ 28,664	25,910
Interest on corporate bonds	15,113	21,250
Interest expense, others	77	38
Less: Capitalized interest	(39,742)	(47,160)
Finance costs, net	\$ 4,112	38
Average capitalized interest rate	0.67%~2.79%	0.67%~2.81%

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(s) Financial instruments

Except for the contention mentioned below, there has been no significant change in the fair value of the Group financial instruments and degree of exposure to credit risk, liquidity risk, and market risk arising from financial instruments. For the related information, please refer to note 6(s) of the consolidated financial statements for the year ended December 31, 2023.

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

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

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>
March 31, 2024					
Non derivative financial liabilities					
Floating-interest-rate instruments	\$ 4,452,730	4,898,360	578,669	3,746,894	572,797
Fixed-interest-rate instruments	2,736,292	2,831,945	171,086	2,660,859	-
Non-interest-bearing liabilities	519,662	519,662	517,198	753	1,711
Lease liabilities (including current and non-current)	8,994	9,346	3,575	5,771	-
	<u>\$ 7,717,678</u>	<u>8,259,313</u>	<u>1,270,528</u>	<u>6,414,277</u>	<u>574,508</u>
	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>
December 31, 2023					
Non derivative financial liabilities					
Floating-interest-rate instruments	\$ 4,345,730	4,658,253	326,497	3,692,779	638,977
Fixed-interest-rate instruments	3,795,988	3,895,836	1,228,041	2,667,795	-
Non-interest-bearing liabilities	505,943	505,943	503,824	753	1,366
Lease liabilities (including current and non-current)	4,851	4,989	2,453	2,536	-
	<u>\$ 8,652,512</u>	<u>9,065,021</u>	<u>2,060,815</u>	<u>6,363,863</u>	<u>640,343</u>

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	Carrying amount	Contractual cash flows	1 year	1-5 years	Over 5 years
March 31, 2023					
Non derivative financial liabilities					
Floating-interest-rate instruments	\$ 4,046,660	4,296,068	953,848	3,342,220	-
Fixed-interest-rate instruments	3,794,896	3,925,399	1,236,720	2,688,679	-
Non-interest-bearing liabilities	422,407	422,407	421,188	753	466
Lease liabilities (including current and non-current)	2,498	2,549	1,518	1,031	-
	\$ 8,266,461	8,646,423	2,613,274	6,032,683	466

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

(iii) Market risk

1) Currency risk: None

2) Interest rate analysis

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

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

If the interest rate had increased (decreased) by 1% basis points, the Group's interest expense would have decreased (increased) by \$11,132 thousand and \$ 10,117 thousand for the three months ended March 31, 2024 and 2023, respectively, with all other variable factors remaining constant. The Group's net profit from interest capitalization would have decreased (increased) by \$1,044 thousand and \$8 thousand for the three months ended March 31, 2024 and 2023, respectively. This is mainly due to the Group's borrowing at variable interest rates.

3) Other market price risk

For the three months ended March 31, 2024 and 2023, 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:

	For the three months ended March 31, 2024		For the three months ended March 31, 2023	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Price of securities at reporting date				
Increasing 5%	\$ 15,422	204	8,780	195
Decreasing 5%	\$ (15,422)	(205)	(8,780)	(195)

See accompanying notes to consolidated financial statements.

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(iv) Information of fair value

1) Valuation techniques for financial instruments measured at fair value

The Group 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 Group disclosure of fair value information of financial assets and liabilities were as follows:

	March 31, 2024				
	Book Value	Fair Value			Total
Level 1		Level 2	Level 3		
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	\$ 307,440	307,440	-	-	307,440
Equity instruments without public quotations measured at fair value	1,000	-	-	1,000	1,000
Subtotal	308,400	307,440	-	1,000	308,400
Financial assets at fair value through profit or loss					
Privately offered fund	\$ 5,120	-	-	5,120	5,120
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,175,368	-	-	-	-
Notes and accounts receivable (including related parties)	45,888	-	-	-	-
Other financial assets, current	137,716	-	-	-	-
Other financial assets- non-current	428,856	-	-	-	-
Refundable deposits	6,391	-	-	-	-
Subtotal	1,794,219	-	-	-	-
Total	\$ 2,107,779	307,440	-	6,120	313,560
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 4,452,730	-	-	-	-
Short-term notes and bills payable	140,000	-	-	-	-
Corporate bonds payable (including current portion)	2,596,292	-	2,568,185	-	2,568,185
Notes payable, accounts payable (including related parties)	368,468	-	-	-	-
Other payables (including related parties)	147,285	-	-	-	-
Guarantee deposits	3,909	-	-	-	-
Lease liabilities (including non-current)	8,994	-	-	-	-
Total	\$ 7,717,678	-	2,568,185	-	2,568,185

See accompanying notes to consolidated financial statements.

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	December 31, 2023				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	\$ 190,080	190,080	-	-	190,080
Equity instruments without public quotations measured at fair value	1,000	-	-	1,000	1,000
Subtotal	191,080	190,080	-	1,000	191,080
Financial assets at fair value through profit or loss					
Privately offered fund	\$ 4,913	-	-	4,913	4,913
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,833,888	-	-	-	-
Notes and accounts receivable (including related parties)	21,935	-	-	-	-
Other current financial assets	389,907	-	-	-	-
Other non-current financial assets	431,457	-	-	-	-
Refundable deposits	5,388	-	-	-	-
Subtotal	2,682,575	-	-	-	-
Total	\$ 2,878,568	190,080	-	5,913	195,993
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 4,345,730	-	-	-	-
Corporate bonds payable (including current portion)	3,795,988	-	3,766,716	-	3,766,716
Notes payable, accounts payable (including related parties)	386,755	-	-	-	-
Other payables (including related parties)	115,648	-	-	-	-
Guarantee deposits	3,540	-	-	-	-
Lease liabilities (including non-current)	4,851	-	-	-	-
Total	\$ 8,652,512	-	3,766,716	-	3,766,716

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	March 31, 2023				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	\$ 174,600	174,600	-	-	174,600
Equity instruments without public quotations measured at fair value	1,000	-	-	1,000	1,000
Subtotal	175,600	174,600	-	1,000	175,600
Financial assets at fair value through profit or loss					
Privately offered fund	\$ 4,872	-	-	4,872	4,872
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,812,752	-	-	-	-
Notes and accounts receivable (including related parties)	102,951	-	-	-	-
Other current financial assets	366,924	-	-	-	-
Other non-current financial assets	429,345	-	-	-	-
Refundable deposits	3,719	-	-	-	-
Subtotal	2,715,691	-	-	-	-
Total	\$ 2,896,163	174,600	-	5,872	180,472
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 4,046,660	-	-	-	-
Corporate bonds payable (including current portion)	3,794,896	-	3,756,414	-	3,756,414
Notes payable, accounts payable (including related parties)	340,546	-	-	-	-
Other payables (including related parties)	79,229	-	-	-	-
Guarantee deposits	2,632	-	-	-	-
Lease liabilities (including non-current)	2,498	-	-	-	-
Total	\$ 8,266,461	-	3,756,414	-	3,756,414

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

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

a) Financial liabilities measured at amortized cost

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

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

3) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

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

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

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

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

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

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

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

If the financial instruments held by the Group do 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 estimate 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

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

the equity securities.

4) Transfers between Level 1 and Level 2

There were no transfers from one level to another of the Group for the three months ended March 31, 2024 and 2023.

(t) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(t) of the consolidated financial statements for the year ended December 31, 2023.

(u) Capital management

The capital management objectives, policies, and procedures of the consolidated company are consistent with those disclosed in the consolidated financial statements of 2023; and the aggregated quantitative data of capital management items have not changed significantly from those disclosed in the consolidated financial statements of 2023. For relevant information, please refer to note 6 (u) of the consolidated financial statements for the year ended December 31, 2023.

7. Related-party transactions:

(1) Related-party transactions

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

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

(2) Significant transactions with related parties

(i) Construction

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Signed contract price	\$ -	759,867	759,867
Amount received on an agreement	\$ -	663,491	562,270

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Notes to the Consolidated Financial Statements

2) Construction contracts

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

T	<u>Engineering service revenue</u>		<u>Recognition</u>
	<u>For the three months ended March 31,</u>		<u>Engineering service</u>
	<u>2024</u>	<u>2023</u>	<u>revenue</u>
Other related party-Pleasant Hotels	<u>\$ -</u>	<u>44,548</u>	<u>759,867</u>
	<u>The amount of the current period</u>		<u>Accumulated</u>
	<u>For the three months ended March 31,</u>		<u>Priced amount</u>
	<u>2024</u>	<u>2023</u>	
Other related party-Pleasant Hotels	<u>\$ -</u>	<u>124,068</u>	<u>759,867</u>
<u>Financial Statement</u>	<u>Related Party</u>	<u>December 31,</u>	
<u>Account</u>	<u>Categories</u>	<u>March 31, 2024</u>	<u>2023</u>
			<u>March 31, 2023</u>
Current contract			
assets			
The right to receive	Other Related party		
payment has not	- Pleasant Hotels	\$ -	-
been reached			38,640
Construction	"	-	
retainage receivable			79,786
			67,818
		<u>\$ -</u>	<u>79,786</u>
			<u>106,458</u>

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

(ii) Accounts receivable from related parties

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

<u>Accounted</u>	<u>Catagories</u>	<u>March 31, 2024</u>	<u>December 31,</u>	<u>March 31, 2023</u>
<u>items</u>			<u>2023</u>	
Notes	Other Related party - Pleasant	\$ 39,893	16,590	33,627
receivable	Hotels			
Accounts	Other Related party - Pleasant	-	-	49,990
receivable	Hotels			
		<u>\$ 39,893</u>	<u>16,590</u>	<u>83,617</u>

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Notes to the Consolidated Financial Statements

(i) Prepayments of related parties

<u>Account items</u>	<u>Related party category</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Prepayments	Other Related party - Pleasant Hotels	<u>\$ 225</u>	<u>-</u>	<u>-</u>

(iv) Lease

The Sublease situation between the Group and related parties were as follows:

	<u>For the three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Other Related party - Pleasant Hotels	<u>\$ 75</u>	<u>21</u>

(v) Guarantee

As of March 31, 2024 and 2023, the Group signed joint and several guarantees for pre-sale housing with other related parties—Sanfu Property Limited., other related parties—Mingding Construction Co., Ltd., and other related parties—Zenfar Architecture Co., Ltd. Contracts, respectively acted as the joint guarantee company for the pre-sale house sales contract of Liujiading Section, Yongkang District, Tainan City, Yongxing Section, Yongkang District, Tainan City, and Chengde Section, Renwu District, Kaohsiung City. The amounts of handling fee were both \$0 thousand for the three ended March 31, 2024 and 2023.

(3) Transactions with key management personnel

Transactions with key management personnel

	<u>For the three months ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 5,887	5,215
Post-employment benefits	<u>132</u>	<u>133</u>
	<u>\$ 6,019</u>	<u>5,348</u>

8. Pledged assets:

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

<u>Pledged assets</u>	<u>Object</u>	<u>March 31,</u> <u>2024</u>	<u>December</u> <u>31, 2023</u>	<u>March 31,</u> <u>2023</u>
Inventories	Mortgage and bonds payable	\$ 10,095,459	10,121,943	10,407,892
Other financial assets- current and non-current	Mortgage and bonds payable	429,456	684,038	680,090
Property, plant and equipment	Short-term notes and bill payable	74,016	74,191	74,714
Investment property	Mortgage and bonds payable	<u>199,044</u>	<u>86,415</u>	<u>87,280</u>
		<u>\$ 10,797,975</u>	<u>10,966,587</u>	<u>11,249,976</u>

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9. Commitments and contingencies:

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Signed contract price</u>			
Contractual liabilities - Sale of real estates	\$ 3,569,636	3,266,522	2,307,759
Construction in progress	\$ -	-	759,867
<u>Price charged or paid</u>			
Contractual liabilities - Sale of real estates	\$ 659,891	560,113	387,812
Construction in progress	\$ -	-	562,270

(2) The legal litigation cases related to the Group demanded an approximate amount totaling \$8,000 thousand, plus legal interest from the Group. Currently, the estimated liability provision amounted to \$1,984 thousand. All cases were still in progress as of the reporting date.

(3) The Group was approved by the Board of Directors on September 21, 2023, 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. The actual amount were both \$0 thousand for the three ended March 31, 2024 and 2023.

10. Losses due to major disasters: None

11. Subsequent Events: None

12. Others

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

		For the three months ended March 31,					
		2024			2023		
By item	By function	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employee benefits							
Salary		25,985	8,519	34,504	16,917	7,485	24,402
Labor and health insurance		1,974	619	2,593	1,739	628	2,367
Pension		1,009	305	1,314	864	276	1,140
Others		566	559	1,125	564	1,366	1,930
Depreciation		633	1,273	1,906	-	1,843	1,843
Amortization		132	261	393	94	449	543

(2) Seasonality of operation:

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

(3) Other

The Ministry of Justice Investigation Bureau, Kaohsiung City has conducted an

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

investigation on the group on February 17, 2022, wherein it seized the group's subsidiary ledgers, within the year of 2014 to 2020, as well as all the contracts entered into with, and the vouchers of commission paid to, the related three advertising companies. Since the case is still in progress, the group assessed that the above matter will not have an impact on its financial statements.

	<u>2020.12.31</u>	<u>2019.12.31</u>	<u>2018.12.31</u>	<u>2017.12.31</u>	<u>2016.12.31</u>	<u>2015.12.31</u>	<u>2014.12.31</u>
Current assets recognized as 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 (account on Accounts Payable)	\$ 4,662	4,461	1,778	1,907	205	-	-
Other payables	\$ -	6,814	5,313	932	5,911	-	-
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Selling expense	\$ 66,062	204,103	24,076	47,693	77,332	-	995

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

13. Other disclosures:

(1) Information on significant transactions:

The followings were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the three months ended March 31, 2024:

- (i) Loans to other parties: None
- (ii) Guarantees and endorsements for other parties: None

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Notes to the Consolidated Financial Statements

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

(In Thousands of New Taiwan Dollars)

Name of holder	Category and 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	307,440	4.11%	307,440	
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	-	5,120	-	5,120	

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

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	326,225	78.56%	Pay by contract terms		-	(382,198)	(86.38)%	Note
Jin Fu Xiang Co.,Ltd	The Company	Parent Company	Contracting project	(256,570)	(99.93)%	Receive by contract terms		-	382,198	90.55%	Note

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

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

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
Jin Fu Xiang Co.,Ltd	The Company	Parent Company	382,198 (Note)	0.79	-		81,217	-

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

- (ix) Trading in derivative instruments: None.

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Notes to the Consolidated Financial Statements

(x) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	Jin Fu Xiang Construction Co., Ltd	The Company	2	Sale revenue	256,570	As agreed in the agreement	85.16%
			2	Receivables	382,198	//	2.54%

Note 1: The numbers denote the following

(1) 0 represents the Company.

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

Note 2: Relationship with the listed companies :

(1) The Company to subsidiary.

(2) Subsidiary to the Company.

(3) Subsidiary to subsidiary.

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

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

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

(2) Information on investees:

The following is the information on investees for the three months ended March 31, 2024 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Ending shareholding			Net income (losses) of investee	Share of profits/losses of investee	Note
				End of the period	End of last year	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Jing Fu Xiang Construction Co., Ltd.	Taiwan	Construction industry	295,875	295,875	30,000	100.00%	262,586	5,973	(300)	
"	Jingo International Records Co., Ltd.	Taiwan	Record industry	22,529	22,529	2,000	100.00%	24,529	1,877	1,877	

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

(3) Information on investment in mainland China: None

(4) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Chengxin Investment Co., Ltd.		49,482,844	15.15%
Jinji Investment Co., Ltd.		27,263,263	8.34%
Zhiyi Investment Co., Ltd.		20,657,313	6.32%
Jun Rong, Zhong		19,628,464	6.01%
Xian Ling, Yang trust property account for UBS Taipei Branch		19,000,000	5.81%
Changyi Investment Co., Ltd.		17,478,869	5.35%
Shangfeng Investment Co., Ltd.		16,374,290	5.01%

Note: (i) The main shareholder information in this table is calculated based on the last business day at the end of each quarter by Security Group, for shareholders holding more than 5% of the company's ordinary and preference shares that have been delivered without

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

physical registration. There may be differences between actual shares recorded in of the Group's financial statement and shares delivered without physical registration due to different calculation bases.

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

14. Segment information:

(1) General information

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

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

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

	<u>Construction Department</u>	<u>Audio/ video</u>	<u>Adjustment and Elimination</u>	<u>Total</u>
<u>For the three months ended March 31,2024</u>				
Revenue:				
Revenue from external customers	\$ 296,061	5,213	-	301,274
Intersegment revenues	256,653	31	(256,684)	-
Total revenue	<u>\$ 552,714</u>	<u>5,244</u>	<u>(256,684)</u>	<u>301,274</u>
Reportable segment profit or loss	<u>\$ 39,963</u>	<u>1,877</u>	<u>-</u>	<u>41,840</u>
<u>For the three months ended March 31,2023</u>				
Revenue:				
Revenue from external customers	\$ 150,019	7,851	-	157,870
Intersegment revenues	144,390	2	(144,392)	-
Total revenue	<u>\$ 294,409</u>	<u>7,853</u>	<u>(144,392)</u>	<u>157,870</u>
Reportable segment profit or loss	<u>\$ 4,668</u>	<u>217</u>	<u>-</u>	<u>4,885</u>
Reportable segment assets				
March 31, 2024	<u>\$ 15,026,782</u>	<u>43,332</u>	<u>(151)</u>	<u>15,069,963</u>
December 31, 2023	<u>\$ 15,700,990</u>	<u>39,746</u>	<u>(27)</u>	<u>15,740,709</u>
March 31, 2023	<u>\$ 15,165,921</u>	<u>33,773</u>	<u>(286)</u>	<u>15,199,408</u>