

Stock code: 9946

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2023 and 2022**

Address : 12F., No. 30, Sec. 3, Bade Rd., Songshan Dist., Taipei City, Taiwan
Telephone : (02)2570-9988

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.

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3~4
4. Consolidated Balance Sheets	5
5. Consolidated Statements of Comprehensive Income	6
6. Consolidated Statements of Changes in Equity	7
7. Consolidated Statements of Cash Flows	8~9
8. Notes to the Consolidated Financial Statements	
(1) Company history	10
(2) Approval date and procedures of the consolidated financial statements	10
(3) New standards, amendments and interpretations adopted	10~11
(4) Summary of significant accounting policies	11~12
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	12
(6) Explanation of significant accounts	13~31
(7) Related-party transactions	31~34
(8) Pledged assets	34
(9) Commitments and contingencies	35
(10) Losses due to major disasters	35
(11) Subsequent Events	35
(12) Others	35~36
(13) Other disclosures	
(a) Information on significant transactions	36~38
(b) Information on investees	38
(c) Information on investment in mainland China	38
(d) Major shareholders	39
(14) Segment information	39~40

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 September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2023 and 2022, as well as the changes in equity and cash flows for the nine months ended September 30, 2023 and 2022, 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 September 30, 2023 and 2022, and of its consolidated financial performance for the three months and nine months ended September 30, 2023 and 2022, as well as its consolidated cash flow for the nine months ended September 30, 2023 and 2022 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(3) of the consolidated financial statements, the Ministry of Justice Investigation Bureau, Kaohsiung City has conducted an investigation in the group on February 17, 2022 and seized its subsidiary ledgers, as well as all the contracts entered into with, and the vouchers of commission paid to, the related three advertising companies, Yueteng Advertising Co., Ltd., Dage Advertising Co., Ltd., and Hong Tai Advertising Co., Ltd., within 2014 to 2020. Please refer to note 12(3) for information related to the above transactions. We did not revise the review opinion.

KPMG

Taipei, Taiwan (Republic of China)

November 10, 2023

Notes to Readers

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

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

(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 and nine months ended September 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

	For the three months ended				For the nine months ended				
	September 30				September 30				
	2023		2022		2023		2022		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue (notes 6(16) and 7)	\$ 207,478	100	1,024,970	100	602,193	100	2,018,849	100
5000	Operating cost (notes 6(3) and (12))	<u>147,629</u>	<u>71</u>	<u>859,395</u>	<u>84</u>	<u>444,830</u>	<u>74</u>	<u>1,681,613</u>	<u>83</u>
5900	Gross profit from operations	<u>59,849</u>	<u>29</u>	<u>165,575</u>	<u>16</u>	<u>157,363</u>	<u>26</u>	<u>337,236</u>	<u>17</u>
6000	Operating expenses (notes 6(4), (12), (17), 7):								
6100	Selling expenses	10,093	5	53,369	5	27,953	5	109,401	5
6200	Administrative expenses	<u>24,894</u>	<u>12</u>	<u>26,533</u>	<u>3</u>	<u>80,102</u>	<u>13</u>	<u>82,198</u>	<u>4</u>
		<u>34,987</u>	<u>17</u>	<u>79,902</u>	<u>8</u>	<u>108,055</u>	<u>18</u>	<u>191,599</u>	<u>9</u>
6900	Operating profit	<u>24,862</u>	<u>12</u>	<u>85,673</u>	<u>8</u>	<u>49,308</u>	<u>8</u>	<u>145,637</u>	<u>8</u>
7000	Non-operating income and expenses:								
7100	Interest income	2,517	1	217	-	10,742	1	1,324	-
7010	Other income	1,421	1	1,168	-	4,548	1	3,925	-
7020	Other gains and losses	(6,302)	(3)	(289)	-	(7,475)	(1)	(1,380)	-
7050	Finance costs (note 6(18))	<u>(32,350)</u>	<u>(16)</u>	<u>(8,931)</u>	<u>(1)</u>	<u>(32,409)</u>	<u>(5)</u>	<u>(26,040)</u>	<u>(1)</u>
		<u>(34,714)</u>	<u>(17)</u>	<u>(7,835)</u>	<u>(1)</u>	<u>(24,594)</u>	<u>(4)</u>	<u>(22,171)</u>	<u>(1)</u>
7900	Profit before tax	(9,852)	(5)	77,838	7	24,714	4	123,466	7
7950	Less: Income tax expense (note 6(13))	<u>8,206</u>	<u>4</u>	<u>11,562</u>	<u>1</u>	<u>11,362</u>	<u>2</u>	<u>25,303</u>	<u>1</u>
8200	Profit	<u>(18,058)</u>	<u>(9)</u>	<u>66,276</u>	<u>6</u>	<u>13,352</u>	<u>2</u>	<u>98,163</u>	<u>6</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(2) and (14))	(900)	-	4,860	-	50,400	8	900	-
8349	Less: income tax related to items that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8300	Other comprehensive income	<u>(900)</u>	<u>-</u>	<u>4,860</u>	<u>-</u>	<u>50,400</u>	<u>8</u>	<u>900</u>	<u>-</u>
8500	Comprehensive income	<u>\$ (18,958)</u>	<u>(9)</u>	<u>71,136</u>	<u>6</u>	<u>63,752</u>	<u>10</u>	<u>99,063</u>	<u>6</u>
	Earnings per share (note 6(15))								
9750	Basic net income per share	<u>\$ (0.06)</u>		<u>0.20</u>		<u>0.04</u>		<u>0.30</u>	
9850	Diluted net income per share	<u>\$ (0.06)</u>		<u>0.20</u>		<u>0.04</u>		<u>0.30</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 nine months ended September 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						Total equity
	Retained earnings				Other equity		
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings	Total	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
Balance at January 1, 2022	<u>\$ 3,265,542</u>	<u>185,955</u>	<u>594,244</u>	<u>2,437,450</u>	<u>3,031,694</u>	<u>61,380</u>	<u>6,544,571</u>
Profit for the nine months ended September 30, 2022	-	-	-	98,163	98,163	-	98,163
Other comprehensive income	-	-	-	-	-	900	900
Total comprehensive income	-	-	-	98,163	98,163	900	99,063
Appropriations and distribution of retained earnings:							
Legal reserve appropriated	-	-	8,633	(8,633)	-	-	-
Cash dividends of ordinary share	-	-	-	(222,057)	(222,057)	-	(222,057)
Balance at September 30, 2022	<u>\$ 3,265,542</u>	<u>185,955</u>	<u>602,877</u>	<u>2,304,923</u>	<u>2,907,800</u>	<u>62,280</u>	<u>6,421,577</u>
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>6,455,891</u>
Profit for the nine months ended September 30, 2023	-	-	-	13,352	13,352	-	13,352
Other comprehensive income	-	-	-	-	-	50,400	50,400
Total comprehensive income	-	-	-	13,352	13,352	50,400	63,752
Appropriations and distribution of retained earnings:							
Legal reserve appropriated	-	-	13,968	(13,968)	-	-	-
Cash dividends of ordinary share	-	-	-	(139,677)	(139,677)	-	(139,677)
Balance at September 30, 2023	<u>\$ 3,265,542</u>	<u>185,955</u>	<u>616,845</u>	<u>2,206,144</u>	<u>2,822,989</u>	<u>105,480</u>	<u>6,379,966</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 nine months ended September 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	For the nine months ended September 30	
	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ 24,714	123,466
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	4,910	5,832
Amortization expense	1,652	2,006
Expected credit impairment loss benefit	(33)	-
Net gain on financial assets at fair value through profit or loss	(249)	(651)
Interest expense	32,409	26,040
Interest income	(10,742)	(1,324)
Gain on lease modification	(33)	-
Total adjustments to reconcile profit (loss)	<u>27,914</u>	<u>31,903</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in contract assets	96,852	(66,845)
Increase in notes receivable (including related parties)	(160)	(16,684)
Decrease(increase) in accounts receivable (including related parties)	(16,584)	25,412
Decrease(increase) in inventories	(494,824)	682,917
Increase in other prepayments	(26,448)	(15,764)
Decrease in other current assets	502	7,405
Decrease in other financial assets	14	9,268
Decrease in net defined benefit assets	-	5,636
Decrease (increase) in assets recognised as incremental costs to obtain contract with customers	<u>(30,555)</u>	<u>11,645</u>
Total changes in operating assets	<u>(471,203)</u>	<u>642,990</u>
Changes in operating liabilities:		
Increase (decrease) in contract liabilities	125,691	(93,979)
Increase (decrease) in notes payable (including related parties)	(72,782)	64,077
Increase in accounts payable	53,745	32,875
Increase in other payables	31,367	38,543
Increase in other current liabilities	<u>1,552</u>	<u>4,766</u>
Total changes in operating liabilities	<u>139,573</u>	<u>46,282</u>
Total changes in operating assets and liabilities	<u>(331,630)</u>	<u>689,272</u>
Total adjustments	<u>(303,716)</u>	<u>721,175</u>
Cash inflow (outflow) generated from operations	(279,002)	844,641
Interest paid	(139,986)	(115,998)
Income taxes paid	<u>(13,847)</u>	<u>(26,550)</u>
Net cash flows from (used in) operating activities	<u>(432,835)</u>	<u>702,093</u>

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
Consolidated Statements of Cash Flows

For the nine months ended September 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2023	2022
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(1,000)
Acquisition of property, plant and equipment	(737)	(617)
Acquisition of intangible assets	(1,026)	(875)
Decrease (increase) in other financial assets	97,830	(147,712)
Decrease (increase) in other non-current assets	(1,184)	1,113
Interest received	10,742	1,324
Net cash flows from (used in) investing activities	105,625	(147,767)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	743,870	188,460
Decrease in short-term borrowings	(799,200)	(1,012,292)
Increase in short-term notes and bills payable	140,000	-
Decrease in short-term notes and bills payable	(140,000)	(140,000)
Proceeds from issuing bonds	-	1,994,787
Repayments of bonds	-	(1,000,000)
Payment of lease liabilities	(2,382)	(3,497)
Increase in other non-current liabilities	2	224
Cash dividends paid	(139,677)	-
Net cash flows from used in financing activities	(197,387)	27,682
Net increase (decrease) in cash and cash equivalents	(524,597)	582,008
Cash and cash equivalents at beginning of period	2,426,747	2,165,778
Cash and cash equivalents at end of period	\$ 1,902,150	2,747,786

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

September 30, 2023 and 2022

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

1. Company history

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

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

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

The consolidated financial statements were approved for issuance by the Board of Directors on November 10, 2023.

3. New standards, amendments and interpretations adopted:

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

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

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

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

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

- (2) The impact of IFRSs endorsed by the FSC but not yet effective

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

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liabilities in a Sale and Leaseback”

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9—Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

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, 2022. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

(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:

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investor	Subsidiaries	Principal activity	Shareholding			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
The Company	Jing Fu Xiang Construction Co., Ltd . (here in after referred to as Jing Fu Xiang Company)	Civil and building works	100.00%	100.00%	100.00%	Note 1
"	Jingo International Records Co., Ltd . (here in after referred to as Jingo Company)	Various CD and 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 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.

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, 2022. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2022.

(Continued)

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 2022 consolidated financial statements. Please refer to note 6 of the 2022 annual consolidated financial statements.

(1) Cash and cash equivalents

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Petty cash	\$ 570	520	517
Demand deposits	1,225,580	2,421,186	2,742,196
Checking account deposits	-	41	73
Time deposits	<u>676,000</u>	<u>5,000</u>	<u>5,000</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 1,902,150</u>	<u>2,426,747</u>	<u>2,747,786</u>

Please refer to note 6(19) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities of the Group.

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Equity investments at fair value through other comprehensive income:			
Listed common share of domestic company	\$ 166,680	116,280	123,480
Unlisted common share of domestic company	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Total	<u>\$ 167,680</u>	<u>117,280</u>	<u>124,480</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 nine months ended September 30, 2023 and 2022, and the accumulated profits and losses during the period were not transferred in equity.
- (iii) For credit risk (including the impairment of debt investments) and market risk, please refer to note 6(19).
- (iv) The above financial assets have not been used as guarantees for long-term and short-term loans and financing collateral.

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(3) Inventory

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Inventories, merchandising business			
Merchandise inventory	<u>\$ 3,568</u>	<u>4,787</u>	<u>4,974</u>
Construction			
Construction in progress	\$ 10,126,864	6,512,787	6,233,135
Buildings and land held for sale	1,812,344	2,126,868	2,251,181
Land held for construction site	<u>21,039</u>	<u>2,713,135</u>	<u>2,713,135</u>
	<u>\$ 11,960,247</u>	<u>11,352,790</u>	<u>11,197,451</u>
Inventory that is expected to be recovered more than 12 months later	<u>\$ 8,803,193</u>	<u>8,127,559</u>	<u>8,398,162</u>

- (i) The details of the cost of goods sold related to inventories recognized by the Group for the three months and nine months ended September 30, 2023 and 2022 were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Merchandising:				
Inventory that has been sold	\$ 659	1,627	4,068	5,692
Gain on reversal of inventory	<u>(31)</u>	<u>20</u>	<u>45</u>	<u>37</u>
	<u>\$ 628</u>	<u>1,647</u>	<u>4,113</u>	<u>5,729</u>
Construction:				
Inventory that has been sold	<u>\$ 147,002</u>	<u>787,103</u>	<u>325,363</u>	<u>1,505,753</u>

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

(4) Incremental costs to obtaining a contract

The Group expects to recover the commission paid to the agency company for obtaining the real estate sales contract, therefore, it is recognized as an asset. It is amortized when the revenue from the sale of real estate is recognized, and the amortization expenses of \$7,226 thousand, \$48,396 thousand, \$18,417 thousand and \$96,178 thousand were recognized for the three months and nine months ended September 30, 2023 and 2022, respectively, under selling expense.

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(5) 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, 2023	\$ <u>57,169</u>	<u>17,719</u>	<u>253</u>	<u>1,927</u>	<u>77,068</u>
Balance on September 30, 2023	\$ <u>57,169</u>	<u>17,196</u>	<u>99</u>	<u>1,888</u>	<u>76,352</u>
Balance on January 1, 2022	\$ <u>57,169</u>	<u>18,416</u>	<u>457</u>	<u>2,235</u>	<u>78,277</u>
Balance on September 30, 2022	\$ <u>57,169</u>	<u>17,893</u>	<u>304</u>	<u>2,081</u>	<u>77,447</u>

There were no significant additions, disposals, impairments, or reversals of property, plant and equipment for the nine months ended September 30, 2023 and 2022. Information on depreciation for the period is discussed in note 12. Please refer to note 6(6) of the 2022 annual consolidated financial statement for the other related information.

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

(6) Investment property

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

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, 2023	\$ <u>46,345</u>	<u>72,716</u>	<u>119,061</u>
Balance on September 30, 2023	\$ <u>46,345</u>	<u>72,716</u>	<u>119,061</u>
Balance on January 1, 2022	\$ <u>40,310</u>	<u>53,313</u>	<u>93,623</u>
Transfer from inventory	<u>3,416</u>	<u>10,983</u>	<u>14,399</u>
Balance on September 30, 2022	\$ <u>43,726</u>	<u>64,296</u>	<u>108,022</u>
Depreciation and Impairment:			
Balance on January 1, 2023	\$ -	<u>3,262</u>	<u>3,262</u>
Depreciation	<u>-</u>	<u>1,069</u>	<u>1,069</u>
Balance on September 30, 2023	\$ <u>-</u>	<u>4,331</u>	<u>4,331</u>
Balance on January 1, 2022	\$ -	<u>2,055</u>	<u>2,055</u>
Depreciation	<u>-</u>	<u>892</u>	<u>892</u>
Balance on September 30, 2022	\$ <u>-</u>	<u>2,947</u>	<u>2,947</u>

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Buildings and construction</u>	<u>Total</u>
Carrying amounts:			
Balance on January 1, 2023	\$ <u>46,345</u>	<u>69,454</u>	<u>115,799</u>
Balance on September 30, 2023	\$ <u>46,345</u>	<u>68,385</u>	<u>114,730</u>
Balance on January 1, 2022	\$ <u>40,310</u>	<u>51,258</u>	<u>91,568</u>
Balance on September 30, 2022	\$ <u>43,726</u>	<u>61,349</u>	<u>105,075</u>

The fair value of the investment property was not significantly different from the disclosed in the note 6 (7) of the annual financial statements for the year ended December 31, 2022. Please refer to note 8 for more information on pledged investment properties and financing collateral.

(7) Short-term notes payable

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Commercial Papers Issued	\$ <u>-</u>	<u>-</u>	<u>-</u>

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

For the nine months ended September 30, 2023 and 2022, the incremental amounts are \$140,000 thousand and \$80,000 thousand, respectively; the repayment amounts are \$140,000 thousand and \$220,000 thousand, respectively.

(ii) Collateral for Short-terms notes

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

(8) Short-term borrowings

The short-term borrowings were summarized as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Unsecured bank loans	\$ -	222,000	-
Secured bank loans	<u>4,310,730</u>	<u>4,144,060</u>	<u>4,144,060</u>
Total	\$ <u>4,310,730</u>	<u>4,366,060</u>	<u>4,144,060</u>
Unused credit time	\$ <u>5,136,470</u>	<u>5,765,180</u>	<u>5,765,180</u>
Range of interest rates	<u>2.29%~2.94%</u>	<u>2.10%~2.67%</u>	<u>1.76%~2.44%</u>

(i) The issue of bank loan and repayment

For the nine months ended September 30, 2023 and 2022, the incremental amounts are \$743,870 thousand and \$188,460 thousand, respectively; the repayment amounts are \$799,200 thousand and \$1,012,292 thousand, respectively.

(ii) Collateral for bank loans

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

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

The details of unsecured convertible bonds were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Secured convertible bonds, non-current	\$ 3,795,622	3,794,540	3,794,177
Less: Bonds due or executed with one year or one business cycle	(1,199,931)	-	-
	<u><u>\$ 2,595,691</u></u>	<u><u>3,794,540</u></u>	<u><u>3,794,177</u></u>

(i) Please refer to note 6(18) for information of the Group's recognition on ordinary bonds and amortized interest expenses for the nine months ended September 30, 2023 and 2022.

(ii) Information of the Group'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

<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

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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.

(10)Contract liability

	September 30, 2023	December 31, 2022	September 30, 2022
Land	\$ 63,240	61,350	64,090
Buildings	416,532	292,731	263,783
	<u>\$ 479,772</u>	<u>354,081</u>	<u>327,873</u>
Amount expected to be realized after twelve months	<u>\$ 240,535</u>	<u>138,117</u>	<u>95,007</u>

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

(11)Operating lease

There were no significant changes in operating lease for nine months ended September 30, 2023 and 2022. Please refer to note 6(12) of the consolidated financial statements for the year ended December 31, 2022 for other related information.

(12)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:

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Operating costs	\$ 773	722	2,567	2,406
Selling expenses	47	121	199	394
Administrative expenses	171	187	539	679
Total	\$ 991	1,030	3,305	3,479

(13) Income taxes

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Current tax expense				
Current period	\$ 1,736	2,006	4,344	4,348
Prior period adjustments	-	-	-	(417)
Land value increment tax	6,471	9,556	6,857	21,372
Subtotal	8,207	11,562	11,201	25,303
Deferred tax expense				
Change in reversal and unrecognized deductible temporary differences	(1)	-	161	-
Income tax expense	\$ 8,206	11,562	11,362	25,303

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

(14) Capital and other equity

Except for the following disclosure, there were no significant changes for capital and other equity for the nine months ended September 30, 2023 and 2022. For the relevant information, please refer to note 6 (15) of the consolidated financial statements for the year ended December 31, 2022.

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(i) Capital surplus

The balances of capital surplus were as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Capital surplus –	\$ 168,736	168,736	168,736
premium from issuance of stock			
Employee share options	16,860	16,860	16,860
Other	359	359	359
	<u>\$ 185,955</u>	<u>185,955</u>	<u>185,955</u>

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

(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.

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 Company was approved by the shareholder's meeting on May 29, 2023 and June 30, 2022 to allocate cash with capital reserve in 2022 and 2021.

The relevant dividend distributions to shareholders were as follows:

	2022		2021	
	Dividend per share (\$)	Total amount	Dividend per share (\$)	Total amount
Dividends distributed to common shareholders:				
Cash	\$ 0.43	139,677	0.68	222,057

(iii) Other equity, net of tax

	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income
Balance on January 1, 2023	\$ 55,080
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	50,400
Balance on September 30, 2023	\$ 105,480
Balance on January 1, 2022	\$ 61,380
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	900
Balance on September 30, 2022	\$ 62,280

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(15) Earnings per share

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Basic earnings per share				
Profit attributable to ordinary shareholders of the Company	\$ (18,058)	66,276	13,352	98,163
Weighted average number of ordinary shares outstanding (shares in thousands)	326,554	326,554	326,554	326,554
Basic earnings per share	\$ (0.06)	0.20	0.04	0.30
Diluted earnings per share				
Profit attributable to ordinary shareholders of the Company (diluted)	\$ (18,058)	66,276	13,352	98,163
Weighted average number of ordinary shares (thousand shares)	326,554	326,554	326,554	326,554
Effect of employee share bonus	-	100	57	152
Weighted average number of ordinary shares outstanding (diluted)	326,554	326,654	326,611	326,706
Diluted earnings per share	\$ (0.06)	0.20	0.04	0.30

(16) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended September 30, 2023		
	Construction Department	Audio/video	Total
Primary geographical markets:			
Taiwan	\$ 202,204	5,274	207,478
Major products/services lines:			
Sales of real estates	\$ 202,204	-	202,204
Sale of goods	-	999	999
Other	-	4,275	4,275
	\$ 202,204	5,274	207,478

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	<u>For the three months ended September 30, 2022</u>		
	<u>Construction</u>		
	<u>Department</u>	<u>Audio/video</u>	<u>Total</u>
Primary geographical markets:			
Taiwan	<u>\$ 1,017,319</u>	<u>7,651</u>	<u>1,024,970</u>
Major products/services lines:			
Sales of real estates	\$ 938,693	-	938,693
Sale of goods	-	2,603	2,603
Construction service	78,626	-	78,626
Other	-	5,048	5,048
	<u>\$ 1,017,319</u>	<u>7,651</u>	<u>1,024,970</u>
	<u>Construction</u>		
	<u>Department</u>	<u>Audio/video</u>	<u>Total</u>
Primary geographical markets:			
Taiwan	<u>\$ 582,394</u>	<u>19,799</u>	<u>602,193</u>
Major products/services lines:			
Sales of real estates	\$ 462,506	-	462,506
Sale of goods	-	6,438	6,438
Construction service	119,888	-	119,888
Other	-	13,361	13,361
	<u>\$ 380,190</u>	<u>19,799</u>	<u>602,193</u>
	<u>Construction</u>		
	<u>Department</u>	<u>Audio/video</u>	<u>Total</u>
Primary geographical markets:			
Taiwan	<u>\$ 1,994,672</u>	<u>24,177</u>	<u>2,018,849</u>
Major products/services lines:			
Sales of real estates	\$ 1,813,221	-	1,813,221
Sale of goods	-	9,023	9,023
Construction service	181,451	-	181,451
Other	-	15,154	15,154
	<u>\$ 1,994,672</u>	<u>24,177</u>	<u>2,018,849</u>

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Contract balances

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable (including related parties)	\$ 333	173	17,040
Accounts receivable (including related parties)	37,732	21,148	38,255
Less: allowance for impairment	(6)	(39)	(47)
Total	\$ 38,059	21,282	55,248
Contract assets	\$ 76,099	172,951	106,738
Contract liabilities-Sales of real estates	\$ 479,772	354,081	327,873

- 1) The amount of revenue recognized for the nine months ended September 30, 2023 and 2022 that were included in the contract liabilities balance at the beginning of the period were \$20,550 thousand and \$220,190 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.

(17) 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 \$199 thousand, \$759 thousand, \$521 thousand and \$1,215 thousand, as well as the remunerations to directors amounted to \$199 thousand, \$759 thousand, \$521 thousand and \$1,215 thousand for the three months and nine months ended September 30, 2023 and 2022, respectively. These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the percentage which is stated under the Company's Article of Association. These remunerations were expensed under operating expenses for each period. If there is a discrepancy between the actual distribution amount and the estimated amount in the next year, it will be treated as a change in accounting estimate, and the difference will be recognized as profit or loss for the next year. If the board of directors decides to issue stock compensation to employees, the basis for calculating the number of shares for stock compensation is based on the closing price of common stock on the day before the board of directors resolution.

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

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(18) Finance costs

The details of finance expenses were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Bank loan	\$ 26,986	22,243	79,526	62,419
Interest on corporate bonds	21,533	19,268	64,171	56,987
Interest expense, others	67	39	126	104
Less: Capitalized interest	(16,236)	(32,619)	(111,414)	(93,470)
Finance costs, net	<u>\$ 32,350</u>	<u>8,931</u>	<u>32,409</u>	<u>26,040</u>
Average capitalized interest rate	<u>0.67%~2.94%</u>	<u>0.67%~2.44%</u>	<u>0.67%~2.94%</u>	<u>0.67%~2.44%</u>

(19) 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(20) of the consolidated financial statements for the year ended December 31, 2022.

(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. °

	Carrying amount	Contractual cash flows	1 year	1-5 years	Over 5 years
September 30, 2023					
Non derivative financial liabilities					
Floating-interest-rate instruments	\$ 4,310,730	4,549,474	835,119	3,714,355	-
Fixed-interest-rate instruments	3,795,622	3,908,579	1,233,848	2,674,731	-
Non-interest-bearing liabilities	493,079	493,079	491,861	752	466
Lease liabilities (including current and non-current)	5,641	5,814	2,664	3,150	-
	<u>\$ 8,605,072</u>	<u>8,956,946</u>	<u>2,563,492</u>	<u>6,392,988</u>	<u>466</u>

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	Carrying amount	Contractual cash flows	1 year	1-5 years	Over 5 years
December 31, 2022					
Non derivative financial liabilities					
Floating-interest-rate instruments	\$ 4,366,060	4,633,005	721,601	3,911,404	-
Fixed-interest-rate instruments	3,794,540	3,935,176	39,340	3,895,836	-
Non-interest-bearing liabilities	477,992	477,992	476,773	752	467
Lease liabilities (including current and non-current)	4,974	5,052	3,800	1,252	-
	\$ 8,643,566	9,051,225	1,241,514	7,809,244	467
September 30, 2022					
Non derivative financial liabilities					
Floating-interest-rate instruments	\$ 4,144,060	4,412,212	293,470	4,118,742	-
Fixed-interest-rate instruments	3,794,177	3,945,092	39,340	3,905,752	-
Non-interest-bearing liabilities	759,319	759,319	758,280	573	466
Lease liabilities (including current and non-current)	6,266	6,372	4,688	1,684	-
	\$ 8,703,822	9,122,995	1,095,778	8,026,751	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.

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

If the interest rate had increased (decreased) by 1% basis points, the Group's interest expense would have decreased (increased) by \$32,330 thousand and \$31,080 thousand for the nine months ended September 30, 2023 and 2022, respectively, with all other variable factors remaining constant. The Group's net profit from interest capitalization would have decreased (increased) by \$1,588 thousand and \$6,751 thousand for the nine months ended September 30, 2023 and 2022, respectively. This is mainly due to the Group's borrowing at variable interest rates.

3) Other market price risk

For the nine months ended September 30, 2023 and 2022, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

Price of securities at reporting date	For the nine months ended September 30, 2023		For the nine months ended September 30, 2022	
	Other		Other	
	comprehensive income after tax	Net income	comprehensive income after tax	Net income
Increasing 5%	\$ 8,384	207	6,224	203
Decreasing 5%	\$ (8,384)	(207)	(6,224)	(203)

(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:

	September 30, 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	\$ 166,680	166,680	-	-	166,680
Equity instruments without public quotations measured at fair value	1,000	-	-	1,000	1,000
Subtotal	167,680	166,680	-	1,000	167,680
Financial assets at fair value through profit or loss					
Privately offered fund	\$ 5,163	-	-	5,163	5,163
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,902,150	-	-	-	-
Notes and accounts receivable (including related parties)	38,059	-	-	-	-
Other financial assets, current	268,109	-	-	-	-
Other financial assets- non-current	430,330	-	-	-	-
Refundable deposits	5,506	-	-	-	-
Subtotal	2,644,154	-	-	-	-
Total	\$ 2,816,997	166,680	-	6,163	172,843

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	September 30, 2023				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 4,310,730	-	-	-	-
Corporate bonds payable (including current portion)	3,795,622	-	3,765,790	-	3,765,790
Notes payable, accounts payable (including related parties)	357,997	-	-	-	-
Other payables (including related parties)	132,445	-	-	-	-
Guarantee deposits	2,637	-	-	-	-
Lease liabilities (including non-current)	5,641	-	-	-	-
Total	\$ 8,605,072	-	3,765,790	-	3,765,790
	December 31, 2022				
	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	\$ 116,280	116,280	-	-	116,280
Equity instruments without public quotations measured at fair value	1,000	-	-	1,000	1,000
Subtotal	117,280	116,280	-	1,000	117,280
Financial assets at fair value through profit or loss					
Privately offered fund	\$ 4,914	-	-	4,914	4,914
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 2,426,747	-	-	-	-
Notes and accounts receivable (including related parties)	21,282	-	-	-	-
Other current financial assets	116,193	-	-	-	-
Other non-current financial assets	680,090	-	-	-	-
Refundable deposits	4,322	-	-	-	-
Subtotal	3,248,634	-	-	-	-
Total	\$ 3,370,828	116,280	-	5,914	122,194
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 4,366,060	-	-	-	-
Corporate bonds payable (including current portion)	3,794,540	-	3,738,989	-	3,738,989
Notes payable, accounts payable (including related parties)	377,034	-	-	-	-
Other payables (including related parties)	98,323	-	-	-	-
Guarantee deposits	2,635	-	-	-	-
Lease liabilities (including non-current)	4,974	-	-	-	-
Total	\$ 8,643,566	-	3,738,989	-	3,738,989

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	September 30, 2022				
	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	\$ 123,480	123,480	-	-	123,480
Equity instruments without public quotations measured at fair value	1,000	-	-	1,000	1,000
Subtotal	124,480	123,480	-	1,000	124,480
Financial assets at fair value through profit or loss					
Privately offered fund	\$ 5,080	-	-	5,080	5,080
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 2,747,786	-	-	-	-
Notes and accounts receivable (including related parties)	55,248	-	-	-	-
Other current financial assets	16,187	-	-	-	-
Other non-current financial assets	679,301	-	-	-	-
Refundable deposits	4,322	-	-	-	-
Subtotal	3,502,844	-	-	-	-
Total	\$ 3,632,404	123,480	-	6,080	129,560
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 4,144,060	-	-	-	-
Corporate bonds payable (including current portion)	3,794,177	-	3,748,738	-	3,748,738
Notes payable, accounts payable (including related parties)	373,734	-	-	-	-
Other payables (including related parties)	383,147	-	-	-	-
Guarantee deposits	2,438	-	-	-	-
Lease liabilities (including non-current)	6,266	-	-	-	-
Total	\$ 8,703,822	-	3,748,738	-	3,748,738

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

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

a) Financial liabilities measured at amortized cost

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

3) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 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 AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

4) Transfers between Level 1 and Level 2

There were no transfers from one level to another of the Group for the nine months ended September 30, 2023 and 2022.

(20) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(21) of the consolidated financial statements for the year ended December 31, 2022.

(21) Capital management

The capital management objectives, policies, and procedures of the consolidated company are consistent with those disclosed in the consolidated financial statements of 2022; and the aggregated quantitative data of capital management items have not changed significantly from those disclosed in the consolidated financial statements of 2022. For relevant information, please refer to note 6 (22) of the consolidated financial statements for the year ended December 31, 2022.

7. Related-party transactions:

(1) Related-party transactions

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

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

	September 30, 2023	December 31, 2022	September 30, 2022
Signed contract price	<u>\$ 759,867</u>	<u>759,867</u>	<u>759,867</u>
Amount received on an agreement	<u>\$ 648,657</u>	<u>505,229</u>	<u>454,493</u>

2) Construction contracts

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

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	Engineering service revenue				Recognition Engineering service revenue
	For the three months ended September 30,		For the nine months ended September 30,		
	2023	2022	2023	2022	
Other related party-Pleasant Hotels	\$ -	78,626	119,888	181,451	759,867

	The amount of the current period				Accumulated Priced amount
	For the three months ended September 30,		For the nine months ended September 30,		
	2023	2022	2023	2022	
Other related party -Pleasant Hotels	\$ -	70,222	238,048	124,330	759,867

Financial Statement Account	Related Party Categories	September 30, 2023	December 31, 2022	September 30, 2022
Current contract assets				
The right to receive payment has not been reached	Other Related party - Pleasant Hotels	\$ -	118,160	53,790
Construction retainage receivable	"	76,099	54,791	52,948
		\$ 76,099	172,951	106,738

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:

Accounted items	Catagories	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable	Other Related party - Pleasant Hotels	\$ -	-	16,590
Accounts receivable	Other Related party - Pleasant Hotels	35,111	16,590	33,180
		\$ 35,111	16,590	49,770

(iii) Accounts payable to related parties

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

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Accounted items	Catagories	September 30, 2023	December 31, 2022	September 30, 2022
Notes payable	Other Related party - Pleasant Hotels	<u>\$ 79</u>	-	-
Other payable	Other Related party - Sanfar Education Foundation	-	-	<u>6,669</u>

(iv) Prepayments of related parties

Account items	Related party category	September 30, 2023	December 31, 2022	September 30, 2022
Prepayments	Other Related party - Pleasant Hotels	<u>\$ 75</u>	-	-

(v) Lease

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

	For the three months ended September 30, 2023	2022	For the nine months ended September 30, 2023	2022
Other Related party - Pleasant Hotels	<u>\$ 75</u>	-	<u>175</u>	-

(vi) Operating expenses

	For the three months ended September 30, 2023	2022	For the nine months ended September 30, 2023	2022
Other Related party - Sanfar Education Foundation	<u>\$ 1,004</u>	<u>153</u>	<u>1,004</u>	<u>244</u>

(vii) Guarantee

As of September 30, 2023 and 2022, 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 \$0 thousand and \$618 thousand for the nine ended September 30, 2023 and 2022, respectively.

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(3) Transactions with key management personnel

Transactions with key management personnel

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Short-term employee benefits \$	5,212	6,583	14,521	20,632
Post-employment benefits	133	164	412	515
\$	5,345	6,747	14,933	21,147

8. Pledged assets:

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

Pledged assets	Object	September 30, 2023	December 31, 2022	September 30, 2022
Inventories	Mortgage and bonds payable	\$ 10,982,479	10,117,193	9,855,179
Other financial assets- current and non-current	Mortgage and bonds payable	682,254	680,090	679,301
Property, plant and equipment	Short-term notes and bill payable	74,365	74,888	75,062
Investment property	Mortgage and bonds payable	86,703	87,569	76,778
		\$ 11,825,801	10,959,740	10,686,320

The book value of the above-mentioned pledged assets, which were pledged as collateral for unused credits, amounted to \$539,970 thousand, \$541,251 thousand and \$0 as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

9. Commitments and contingencies:

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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Signed contract price</u>			
Contractual liabilities - Sale of real estates	<u>\$ 2,868,583</u>	<u>2,155,689</u>	<u>2,337,836</u>
Construction in progress	<u>\$ 759,867</u>	<u>759,867</u>	<u>759,867</u>
<u>Price charged or paid</u>			
Contractual liabilities - Sale of real estates	<u>\$ 479,772</u>	<u>354,081</u>	<u>327,873</u>
Construction in progress	<u>\$ 648,657</u>	<u>505,229</u>	<u>454,493</u>

(2) The legal litigation cases related to the Group involve a claimed amount of approximately ten million, including statutory interest and other claims. The legal litigation cases related to the Group demanded a total amount of \$5,486 thousand

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(recognized under other gains and losses) plus legal interest from the Group. The lawsuits are all under trial, and have not been finalized as of the reporting date.

- (3) The Group was approved by the board of directors on September 21, 2023 and 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.

10. Losses due to major disasters: None

11. Subsequent Events: None

12. Others

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

		For the three months ended September 30,					
		2023			2022		
By item	By function	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employee benefits							
Salary		15,707	7,925	23,632	20,696	8,318	29,014
Labor and health insurance		1,474	432	1,906	1,319	629	1,948
Pension		772	219	991	722	308	1,030
Others		493	1,204	1,697	556	1,115	1,671
Depreciation		-	1,707	1,707	-	2,298	2,298
Amortization		147	442	589	156	486	642

		For the nine months ended September 30,					
		2023			2022		
By item	By function	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employee benefits							
Salary		52,327	22,361	74,688	55,823	26,328	82,151
Labor and health insurance		5,058	1,601	6,659	4,429	2,612	7,041
Pension		2,567	739	3,306	2,406	1,073	3,479
Others		1,582	3,083	4,665	1,703	2,355	4,058
Depreciation		-	4,910	4,910	-	5,832	5,832
Amortization		343	1,309	1,652	538	1,468	2,006

- (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 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

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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.

	2020.12.31	2019.12.31	2018.12.31	2017.12.31	2016.12.31	2015.12.31	2014.12.31
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	-	-
	2020	2019	2018	2017	2016	2015	2014
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 nine months ended September 30, 2023:

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

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(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	166,680	4.11%	166,680	
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	-	5,163	-%	5,163	

- (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	432,092	50.14%	Pay by contract terms		-	(235,831)	(68.52)%	Note
Jin Fu Xiang Co.,Ltd	The Company	Parent Company	Contracting project	(552,130)	(82.16)%	Receive by contract terms		-	235,831	67.99%	Note
Jin Fu Xiang Co.,Ltd	Pleasant Hotels Co.,LTD	Other related parties	Contracting project	(119,888)	(17.84)%	Receive by contract terms		-	111,210	32.06%	Note 1

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

Note1: Among the receivables, \$76,099 thousand is the engineering retention receivable (account contract assets).

- (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	235,831 (Note)	3.52	-		58,436	-
Jin Fu Xiang Co.,Ltd	Pleasant Hotels International Inc.	Other related parties	111,210 (Note 1)	2.87	-		-	

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

Note1: Among the receivables, \$76,099 thousand is the engineering retention receivable (account contract assets).

(ix) Trading in derivative instruments: None.

(x) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	Jin Fu Xiang Construction Co., Ltd	The Company	2	Sale revenue	552,130	As agreed in the agreement	91.69%
			2	Receivables	235,831	//	1.52%
			2	Construction in progress	1,047,637	//	6.75%

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 nine months ended September 30, 2023 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Ending shareholding			Net income (losses) of investee	Share of profits/losses of investee	Note
				End of the period	End of last year	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Jing Fu Xiang Construction Co., Ltd.	Taiwan	Construction industry	295,875	295,875	30,000	100.00%	282,926	15,186	(5,215)	
"	Jingo International Records Co., Ltd.	Taiwan	Record industry	22,529	22,529	2,000	100.00%	20,418	3,670	3,670	

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

(3) Information on investment in mainland China: None

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(4) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Chengxin Investment Co., Ltd.		49,482,844	15.15%
Jinji Investment Co., Ltd.		27,263,263	8.34%
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 Group, for shareholders holding more than 5% of the company's ordinary and preference shares that have been delivered without physical registration. There may be differences between actual shares recorded in of the Group's financial statement and shares delivered without physical registration due to different calculation bases.

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

14. Segment information:

(1) General information

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

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

(Continued)

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(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 September 30,2023</u>				
Revenue:				
Revenue from external customers	\$ 202,204	5,274	-	207,478
Intersegment revenues	192,411	96	(192,507)	-
Total revenue	<u>\$ 394,615</u>	<u>5,370</u>	<u>(192,507)</u>	<u>207,478</u>
Reportable segment profit or loss	<u>\$ (11,484)</u>	<u>1,632</u>	<u>-</u>	<u>(9,852)</u>
<u>For the three months ended September 30,2022</u>				
Revenue:				
Revenue from external customers	\$ 1,017,319	7,651	-	1,024,970
Intersegment revenues	133,265	49	(133,314)	-
Total revenue	<u>\$ 1,150,584</u>	<u>7,700</u>	<u>(133,314)</u>	<u>1,024,970</u>
Reportable segment profit or loss	<u>\$ 79,059</u>	<u>(1,221)</u>	<u>-</u>	<u>77,838</u>
<u>For the nine months ended September 30,2023</u>				
Revenue:				
Revenue from external customers	\$ 582,394	19,799	-	602,193
Intersegment revenues	552,130	292	(552,422)	-
Total revenue	<u>\$ 1,134,524</u>	<u>20,091</u>	<u>(552,422)</u>	<u>602,193</u>
Reportable segment profit or loss	<u>\$ 20,882</u>	<u>3,832</u>	<u>-</u>	<u>24,714</u>
<u>For the nine months ended September 30,2022</u>				
Revenue:				
Revenue from external customers	\$ 1,994,672	24,177	-	2,018,849
Intersegment revenues	400,371	182	(400,553)	-
Total revenue	<u>\$ 2,395,043</u>	<u>24,359</u>	<u>(400,553)</u>	<u>2,018,849</u>
Reportable segment profit or loss	<u>\$ 128,098</u>	<u>(4,632)</u>	<u>-</u>	<u>123,466</u>
September 30, 2023	<u>\$ 15,452,362</u>	<u>38,449</u>	<u>(100)</u>	<u>15,490,711</u>
December 31, 2022	<u>\$ 15,441,671</u>	<u>38,764</u>	<u>(30)</u>	<u>15,480,405</u>
September 30, 2022	<u>\$ 15,445,723</u>	<u>38,031</u>	<u>(60)</u>	<u>15,483,694</u>